Shapoorji Pallonji

FORBES & COMPANY LIMITED

Reports and Accounts of Subsidiary Companies

ANNUAL REPORT
2011-2012

FORBES

Since 1767, A tradition of excellence

FORBES & COMPANY LIMITED
Reports and Accounts of Subsidiary Companies
2011-2012

C O N T E N T S

DIRECTORS

P. J. Reddy *Chairman*

Giridhar J. Gyani

Venkatesh Tuppil

Govind Bommi

BANKERS

HDFC

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 Fourth Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2012.

1. FINANCIAL RESULTS:

	Current Year (₹)	*Previous Year (₹)*
Income from testing charges & others	4,063,206	*3,222,755*
Loss before Tax	(3,711,116)	*(3,798,152)*
Provision for Tax		
– Current Tax	NIL	*NIL*
Loss after Tax	(3,711,116)	*(3,798,152)*
Loss brought forward	(12,049,079)	*(8,260,927)*
Loss carried to Balance Sheet	(15,760,195)	*(12,049,079)*

2. DIVIDEND

The Company is in its fourth year of operation with an accumulated loss of Rs.157.60 lakhs including the loss in the current year of Rs. 37.11 lakhs. Your directors, therefore, do not propose to declare any Dividend for the year 2011-12.

3. OPERATIONS

a) During the year, the Company has added new test facilities in the form of a UV Visible Spectrometer, replacing the existing old instrument. This equipment is a vital instrument for the Company in determining Inorganic elements in water. Most of general test parameters are analysed on this equipment. General revenue is linked to this instrument.

b) KSPCB empanelment was granted to AWRTCL during October 2011. This has opened up a new avenue of business in the form of testing the Waste water and Sewage-treated water from Industries and Residential apartments.

c) This year, out of the total revenue, about 65% has been contributed by external customer, thus showing a growth path in the external clientele. This year, we have succeeded in adding two more International customers to our clientele, which has helped us to achieve higher revenue from abroad (nearly 22% of the total revenue).

Due to the addition of these facilities and efforts of marketing team, the Company has been able to achieve a revenue growth of 25% in the current year. The Directors are confident that the Company would be able to further improve the revenues during next year and would break-even (without taking interest outflow into account).

4. DIRECTORATE :

The Board noted the letter of resignation dated 20th Sept., 2011, from Shri S. L. Goklaney and placed on record its deep appreciation of the valuable services rendered by Shri S. L. Goklaney during his tenure as Director.

At the request of the Company, Dr. Giridhar J Gyani, has joined the Board of Directors of the Company in the casual vacancy caused by the resignation of Shri S. L. Goklaney.

The Board noted the letter of resignation dated 26th Sept., 2011, from Shri J. N. Ichhaporia and placed on record its deep appreciation of the valuable services rendered by Shri J. N. Ichhaporia during his tenure as Director.

At the request of the Company, Dr. Venkatesh Tuppil, has joined the Board of Directors of the Company in the casual vacancy caused by the resignation of Shri J. N. Ichhaporia.

The Board noted the letter of resignation dated 13th January, 2012, from Shri A. V. Suresh and placed on record its deep appreciation of the valuable services rendered by Shri A. V. Suresh during his tenure as Director.

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

Dr. Venkatesh Tuppil 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 :

M/s TAM & Co., 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 TAM & Co., Chartered Accountants as Statutory Auditors of the Company from the conclusion of ensuring Annual General Meeting till the conclusion of the next Annual General Meeting.

Reference is invited to qualifications at paragraph 3 (d) to the Annexure to the Auditor's Report. As regards paragraph 3 (d) of the Annexure, attention is invited to Note No. 26 to the Accounts. The Note is self-explanatory.

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 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures if any;

ii. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the 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 2012 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 : Bangalore *(Chairman)*

Dated : 1st May, 2012

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, 2012.]

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 and it is being continued. Saves electrical energy.
- Sourced good quality Demineralised water and replaced Distilled water. This has saved electricity and no generation of heat & humidity in the ambient.
- Usage of Centralised A/C in chemistry section is restricted between 8.30 to 4.30 pm.
- Other ACs (individual) are being used as need based for a required time period.
- Without fail the Computers being switched off the evening. Head of the Laboratory has taken personal responsibility for this.
- In certain areas, we disconnected Fluorescent lamps so that there is no access to use them in any case.
- Arranging timer circuits for Heating devices where possible.
- As far as possible, we started operating AAS m/c with pooled samples. So that its utility can be optimised.

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

Proposal of Milli Q Water generating plant is taken forward to next financial year for further improvements to save electrical energy substantially

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

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

B. TECHNOLOGY ABSORPTION

Research and Development (R & D)

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

Standardised using Laboratory l grade of Chemicals for routine tests and Analytical grade chemicals for certification jobs has given financial benefit without compromising Quality

2. Benefits derived as a result of above efforts :

We can estimate 2-3% benefit in the cost initially but it is an on going process.

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

- To develop and recommend a new Disinfection technology/ treatment to the water purifier manufacturers
- To propose and implement Quality Assurance programme (by testing Component / Product performance quality) to help Water Purifier manufacturers
- To add on new accreditations from national / 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.

Only one Instrument called UV visible Spectrophotometer has been imported.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Earnings in Foreign Exchange during the year under review was ₹ 1063898/- and the Outgo was ₹ 6,12,955/-.

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 2012 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 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, 2012;

      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 : Bangalore
Date : 1st May, 2012

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. 1.64 crores and the year-end balance of loans taken from these parties was Rs. 1.64 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 : Bangalore
Date : 1st May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	Notes	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	800,000	*800,000*
(b) Reserves and Surplus	3	(15,760,195)	*(12,049,079)*
		(14,960,195)	***(11,249,079)***
2. Non-current Liabilities			
(a) Long-term Borrowings	4	16,401,360	*15,051,360*
(b) Other Long-Term Liabilities	6	3,508,432	*2,479,423*
		19,909,792	***17,530,783***
3. Current Liabilities			
(a) Trade Payables	5	3,625,796	*2,340,844*
(b) Other Current Liabilities	6	2,101,409	*1,423,693*
		5,727,205	***3,764,537***
TOTAL		**10,676,801**	***10,046,241***
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets			
Tangible Assets	7	7,577,118	*6,845,239*
(b) Long-Term Loans And Advances	8	984,420	*2,341,869*
		8,561,538	***9,187,108***
2. Current Assets			
(a) Trade Receivables	9	755,611	*234,190*
(b) Cash And Cash Equivalents	10	587,756	*250,284*
(c) Short-Term Loans and Advances	8	771,896	*374,659*
		2,115,263	***859,133***
TOTAL		**10,676,801**	***10,046,241***
Significant Accounting Policies	1	—	—

The notes referred to above form an integral part of the financial statements

As per our report attached

For **TAM & CO**
Chartered Accountants
Registration No.: 122707W

M. Y. BAMBOAT
Partner
Membership No.: 105794

Bangalore, Date: 1st May, 2012

For and on behalf of the Board of Directors

P.J. REDDY
DR. GIRIDHAR J. GYANI
DR. VENKATESH TUPPIL
MR. GOVIND BOMMI
Directors

Bangalore, Date: 1st May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

		Notes	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
	Income			
I	Revenue from operation	11	3,994,352	*3,222,755*
II	Other income	12	68,852	—
III	**Total Revenue**		**4,063,204**	***3,222,755***
IV	**Expenses**			
	Employee Benefit Expense	13	1,372,459	*1,144,452*
	Other Expenses	14	3,276,906	*3,076,894*
	Finance Cost	15	1,888,042	*1,644,919*
	Depreciation and Amortisation Expense	16	1,236,913	*1,144,642*
	Total Expenses		**7,774,320**	***7,010,907***
	Profit before exceptional items, extraordinary items and tax		(3,711,116)	*(3,788,152)*
	Exceptional items			
	Profit before extraordinary items and tax		(3,711,116)	*(3,788,152)*
	Extraordinary items			
	Profit before tax		(3,711,116)	*(3,788,152)*
	Tax expense		—	—
	Profit/(Loss) for the period		**(3,711,116)**	***(3,788,152)***
	Earnings per equity share (₹)	17		
	Basic and Diluted-Par value of ₹ 10/- per share		(46)	*(47)*
	Significant accounting policies	1		

As per our report attached

For **TAM & CO**
Chartered Accountants
Registration No.: 122707W

M. Y. BAMBOAT
Partner
Membership No.: 105794

Bangalore, Date: 1st May, 2012

For and on behalf of the Board of Directors

P.J. REDDY
DR. GIRIDHAR J. GYANI
DR. VENKATESH TUPPIL
MR. GOVIND BOMMI
Directors

Bangalore, Date: 1st May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-12		*2010-11*	
	₹	₹	₹	₹
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		(3,711,116)		*(3,788,152)*
Adjusted For -				
Depreciation, amortisation and impairment	1,236,913		*1,144,642*	
Finance cost	1,888,042		*1,644,919*	
		3,124,955		*2,789,561*
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		(586,161)		*(998,591)*
Adjustments for (increase)/ decrease in operating assets:				
Trade Receivables	(521,421)		*74,241*	
Inventories -				
Short Term Loans and advances	(397,237)		*577,695*	
Long-Term Loans and advances	—		*(725,040)*	
Other current assets	—		—	
Other non-current assets	—		—	
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	1,284,952		*483,843*	
Other current liabilities	677,715		*1,178,344*	
	1,044,009		*1,589,083*	
Cash generated from operations		457,848		*590,492*
(a) **NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES**		457,848		*590,492*
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets(Including adjustment on account of Capital Advances)	(611,343)		*(1,616,829)*	
(b) **NET CASH FROM /(USED) IN INVESTING ACTIVITIES**		(611,343)		*(1,616,829)*
CASH FLOW FROM FINANCING ACTIVITIES				
Buyback of Shares at premium				
Proceeds from long term borrowings	2,379,009		*2,788,297*	
Finance cost	(1,888,042)		*(1,644,919)*	
(c) **NET CASH FROM/ (USED) IN FINANCING ACTIVITIES**		490,967		*1,143,378*
NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)		337,472		*117,041*
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	13,860		—	
Balances with scheduled banks on Current accounts,	236,424		*133,243*	
		250,284		*133,243*
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:				
Cash, Cheques on hand	32,914		*13,860*	
Balances with scheduled banks on Current accounts,	554,842		*236,424*	
		587,756		*250,284*
NET INCREASE /(DECREASE) AS DISCLOSED ABOVE		337,472		*117,041*

As per our report attached
For **TAM & CO**
Chartered Accountants
Registration No.: 122707W

M. Y. BAMBOAT
Partner
Membership No.: 105794

Bangalore, Date: 1st May, 2012

For and on behalf of the Board of Directors

P.J. REDDY
DR. GIRIDHAR J. GYANI
DR. VENKATESH TUPPIL
MR. GOVIND BOMMI
} *Directors*

Bangalore, Date: 1st May, 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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

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

(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) 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.

(h) 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.

(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.

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	As at 31st March, 2012		*As at 31st March, 2011*	
	Number of shares	₹	*Number of shares*	*₹*
2. SHARE CAPITAL				
Authorised				
Equity shares of ₹ 10/ each *	100,000	1,000,000	*100,000*	*1,000,000*
	100,000	1,000,000	*100,000*	*1,000,000*
Issued				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	80,000	800,000	*80,000*	*800,000*
Add: Issued during the year	—	—	—	—
Less: Bought back during the year	—	—	—	—
At the end of the year	80,000	800,000	*80,000*	*800,000*
Subscribed				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	80,000	800,000	*80,000*	*800,000*
Add: Issued during the year	—	—	—	—
Less: Bought back during the year	—	—	—	—
At the end of the year	80,000	800,000	*80,000*	*800,000*
Fully Paid up				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	80,000	800,000	*80,000*	*800,000*
Add: Issued during the year	—	—	—	—
Less: Bought back during the year	—	—	—	—
At the end of the year	80,000	800,000	*80,000*	*800,000*

* Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders. During the year ended 31st March 2012, the Company has recorded per share dividend of Rs.NIL (previous year: Rs.NIL) to equity shareholders.

2(a) 80000 (previous year 80000) equity shares of ₹ 10/- each fully paid are held by Aquamall Water Solutions Limited, holding company. This contributes to 100% (previous year 100 %) of equity shares outstanding as at year end. There is no other party holding more than 5% of equity shares outstanding as at year end.

Details of shareholders holding more than 5% shares of the Company

		As at 31st March, 2012		*As at 31st March, 2011*	
		Number of shares	% holding	*Number of shares*	*% holding*
Equity shares of ₹ 10/- each fully paid up held by					
Aquamall Water Solutions Limited	Holding company	80000	100	*80000*	*100*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
3.	**RESERVES AND SURPLUS**		
	(Deficit)/ surplus in the Statement of Profit and Loss		
	Balance at the beginning of the year	(12,049,079)	*(8,260,927)*
	Add/ (less): Profit/ (loss) for the year	(3,711,116)	*(3,788,152)*
	Balance at the end of the year	(15,760,195)	*(12,049,079)*
	TOTAL	**(15,760,195)**	***(12,049,079)***

		Secured / Unsecured	Non-current portion		*Current maturities*	
			As at 31st March, 2012 ₹	As at 31st March, 2011 ₹	*As at 31st March, 2012 ₹*	*As at 31st March, 2011 ₹*
4.	**LONG-TERM BORROWINGS**					
	Other loans and advances					
	From related parties	Unsecured	16,401,360	15,051,360	—	—
	TOTAL		**16,401,360**	**15,051,360**	**—**	**—**
	The above amount includes					
	Unsecured borrowings		16,401,360	15,051,360	—	—
	Net Amount		**16,401,360**	**15,051,360**	—	—

		Long-term		*Current*	
		As at 31st March, 2012 ₹	As at 31st March, 2011 ₹	*As at 31st March, 2012 ₹*	*As at 31st March, 2011 ₹*
5.	**TRADE PAYABLES**				
	Trade payables (including acceptances)	—	—	*145,985*	*39,435*
	Trade payables (including acceptances) to related parties	—	—	*3,479,811*	*2,301,409*
	TOTAL	**—**	**—**	***3,625,796***	***2,340,844***
	Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company are given below:				
	(a) The principal amount remaining unpaid to any supplier as at the end of the year	—	—	—	—
	(b) The interest due on the principal remaining outstanding as at the end of the year	—	—	—	—
	(c) The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year	—	—	—	—
	(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	—	—	—	—
	(e) The amount of interest accrued and remaining unpaid at the end of the year	—	—	—	—

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

	Long-term		*Current*	
	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹	*As at 31st March, 2012 ₹*	*As at 31st March, 2011 ₹*
(f) The amount of further 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 enterprise, for the purpose of disallowance as a deductible expenditure under the Act	—	—	—	—
	—	—	—	—

6. OTHER CURRENT LIABILITIES

	Long-term As at 31st March, 2012 ₹	Long-term As at 31st March, 2011 ₹	*Current As at 31st March, 2012 ₹*	*Current As at 31st March, 2011 ₹*
Interest accrued and due on borrowings	3,508,432	2,479,423	*1,597,277*	*1,164,955*
Advance From Customers			*48,237*	*1,065*
Statutory liabilities (Contributions to PF, Pension, ESIC, withholding Taxes, VAT etc.)	—	—	*219,201*	*174,380*
Other payables	—	—	*236,694*	*83,293*
TOTAL	**3,508,432**	**2,479,423**	***2,101,409***	***1,423,693***

7. TANGIBLE ASSETS

Cost or Valuation	**Plant and machinery** ₹	**Furniture and fixtures** ₹	***Computers*** ₹	***Total*** ₹
As at 1 April 2010	8,651,575	780,969	*38,500*	*9,471,044*
Additions	—	—	—	—
Deletions	—	—	—	—
As at 31st March, 2011	8,651,575	780,969	*38,500*	*9,471,044*
Additions	1,968,792	—	—	*1,968,792*
Deletions	—	—	—	—
As at 31st March, 2012	**10,620,367**	**780,969**	***38,500***	***11,439,836***
Depreciation				
As at 1 April 2010	1,267,886	204,290	*8,987*	*1,481,163*
Charge for the year	1,028,458	104,378	*11,806*	*1,144,642*
Deletions	—	—	—	—
As at 31st March, 2011	2,296,344	308,668	*20,793*	*2,625,805*
Charge for the year	1,144,344	85,486	*7,083*	*1,236,913*
Deletions	—			
As at 31st March, 2012	**3,440,688**	**394,154**	***27,876***	***3,862,718***
Net Block				
As at 31st March, 2011	**6,355,231**	**472,301**	***17,707***	***6,845,239***
As at 31st March, 2012	**7,179,679**	**386,815**	***10,624***	***7,577,118***

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		Long-term		Short-term	
		As at 31st March, 2012 ₹	As at 31st March, 2011 ₹	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
8.	**LOANS AND ADVANCES**				
	Capital Advances				
	Unsecured, considered good	259,380	*1,616,829*	—	—
	Security Deposits				
	Unsecured, considered good	720,040	*720,040*	—	—
	Other Loans and Advances				
	Unsecured considered good, unless stated otherwise				
	Balance with statutory/ government authorities	5,000	*5,000*	14,574	*7,733*
	Advance income-tax (Net of provision of taxation)	—	—	354,554	*366,926*
	Advances recoverable in cash or kind	—	—	402,768	—
		5,000	*5,000*	771,896	*374,659*
	TOTAL	**984,420**	***2,341,869***	**771,896**	***374,659***
9.	**TRADE RECEIVABLES**				
	Debts outstanding for a period exceeding six months from the date they are due for payment				
	Unsecured, considered good	—	—	88,715	—
		—	—	88,715	—
	Less: Provision for doubtful debts				
		—	—	88,715	—
	Other Debts				
	Unsecured, considered good	—	—	666,896	*234,190*
		—	—	666,896	*234,190*
	Less: Provision for doubtful debts				
		—	—	666,896	*234,190*
	TOTAL	**—**	**—**	**755,611**	***234,190***
10.	**CASH AND CASH EQUIVALENTS**				
	Balance with Banks in				
	Current accounts	—	—	554,842	*236,424*
	Cheques/ drafts on hand	—	—	24,894	—
	Cash on hand	—	—	8,020	*13,860*
	TOTAL	**—**	**—**	**587,756**	***250,284***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
11.	**REVENUE FROM OPERATION**		
	Sale of services		
	Testing Service	3,994,352	*3,214,405*
	Other operating income		
	Other	—	*8,350*
	Revenue from operations	**3,994,352**	***3,222,755***
12.	**OTHER INCOME**		
	Exchange difference (net)	31,173	—
	Miscellaneous Income	37,679	—
	TOTAL	**68,852**	**—**
13.	**EMPLOYEE BENEFIT EXPENSE**		
	Salaries, wages and bonus	1,229,639	*1,026,797*
	Contribution to provident and other fund	39,139	*22,055*
	Staff welfare expense	103,681	*95,600*
	TOTAL	**1,372,459**	***1,144,452***
14.	**OTHER EXPENSES**		
	Chemical & Gas	400,243	*679,135*
	Power & fuel	359,792	*336,002*
	Rent	1,012,468	*926,100*
	Repairs and Maintenance		
	Machinery	515,232	*328,258*
	Insurance	15,811	*9,356*
	Advertisement	5,350	—
	Postage	39,095	*11,858*
	Payment to Auditors (Refer details Below)	33,240	*25,000*
	Printing and Stationery	38,186	*61,992*
	Communication cost	119,066	*81,424*
	Travelling and Conveyance	412,682	*303,701*
	Legal and Professional Fees	25,688	*54,740*
	Rates and taxes, excluding taxes on income	36,229	*9,507*
	Water Charges	149,355	*113,058*
	Testing Charges	103,424	*64,328*
	Other Establishment Expenses	11,045	*62,170*
	Exchange difference (net) (other than considered as finance cost)	—	10,265
	TOTAL	**3,276,906**	**3,076,894**
	Payment to Auditors		
	As Auditor		
	Audit fee	33,240	25,000
	TOTAL	**33,240**	**25,000**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
15.	**FINANCE COST**		
	Interest Expense	1,878,343	*1,633,473*
	Other borrowing cost	9,699	*11,446*
	TOTAL	**1,888,042**	***1,644,919***
16.	**DEPRECIATION AND AMORTISATION EXPENSE**		
	Depreciation on tangible assets	1,236,913	*1,144,642*
	TOTAL	**1,236,913**	***1,144,642***
17.	**EARNINGS PER EQUITY SHARE**		
	Number of Equity Shares	80,000	*80,000*
	Weighted average number of equity shares	80,000	*80,000*
	Face Value per share	10	*10*
	Profit After Tax available to Equity Shareholders	(3,711,116)	*(3,788,152)*
	Basic and Diluted Earning Per Share	(46)	*(47)*
18.	**Estimated amount of contracts remaining to be executed on Capital accounts and not provided for**	—	*Nil*
19.	**Contingent liabilities not provided for**	—	*Nil*

20. The amount of exchange differences included in the profit and loss account is a net profit of ₹ 31173/- (Previous Year net loss of ₹ 10265).

21. 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.

22. As required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the list of related parties and their transactions is attached in Note No.27

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

24. 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.

25. 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 ₹ 9.72 lakhs (previous year ₹ 9.26 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.

26. During the year 2011-12,Aquadiagnostics Water Research & Technology Centre Limited (AWRTC) , has taken a number of initiatives to boost up its growth in the coming years. A new UV Visible Spectrometer was added which is a very critical and vital instrument for determining Inorganic elements in water. AWRTC has obtained the empanelment of KSPCB (Karnataka State Pollution Control Board) during the year, which has opened up a totally new avenue of business in the area of testing of Waste-water and Sewage-treated-water.

AWRTC have succeeded in getting three eminent personalities, each of them a leader in his field of activity, as independent Directors. During the year 2011-12 itself, the initial effect of the above actions have resulted in a 25% growth in the yearly revenue. 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.

26(a) The Financial statements for the year ended 31 march 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Cpanies Act,1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassfied to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of the financial statements.

27. (a) Related Party Disclosures

(i) Names of related parties and nature of related party relationship.

(A) Holding Company / Ultimate Holding Company:

Aquamall Water Solutions Limited

Eureka Forbes Limited

Forbes & Company Limited

Shapoorji Pallonji & Co. Ltd.

Sterling Investment Corp. Pvt. Ltd

(B) Enterprises that are under common control:

1 Forbes Doris & Naess Maritime Ltd

2 Forbes Finance Ltd

3 Forbes Sterling Star Ltd.

4 Next Gen Publishing Ltd.

5 Forbes Container Lines Ltd.

6 Forbes Smart Data Ltd.

7 Latham India Limited

8 Forbes Tinsley Company Limited

9 Forbes Campbell Services Limited

10 Volkart Fleming Shipping & Services Limited

11 Forbes Aquatech Ltd.

12 Euro Forbes International PTE Ltd

13 Forbes Facility Services Ltd

14 Forbes Technosys Limited

15 Forbes Bumi Armada Ltd.

16 Forbes Concept Hospitality Services Limited

17 ForbesLux group AG

18 Infinite Water Solutions pvt. ltd

In ₹

		A	A		B	B		
		Eureka Forbes Ltd.	**Aquamall Water Solutions Ltd.**	**Parties in A above**	**Forbes Aquatech Ltd.**	**Infinite Water Solutions Pvt Ltd.**	**Parties in B above**	**Total**
	Nature of Transaction							
	Purchases							
	Sales							
1.	Goods and Materials	–	19,300	**19,300**	22,570	31,424	**53,994**	**73,294**
2.	Services Rendered	820,371	495,433	**1,315,804**	–	–	**–**	**1,315,804**
	Expenses	–	–	**–**				
1.	Repairs & Other Expenses	–	1,147,684	**1,147,684**	–	–	**–**	**1,147,684**
2.	Interest Paid	735,000	1,143,343	**1,878,343**	–	–	**–**	**1,878,343**
	Income	–	–	**–**	–	–	**–**	**–**
	Other Receipts	–	–	**–**	–	–	**–**	**–**
	Finance	–	–	**–**	–	–	**–**	**–**
1.	Loans and Advances Taken	–	1,350,000	**1,350,000**	–	–	**–**	**1,350,000**
	Outstandings							
1.	Trade Payable	–	3,479,811	**3,479,811**	–	–	**–**	**3,479,811**
2.	Loans and Advances-Taken	6,000,000	10,401,360	**16,401,360**	–	–	**–**	**16,401,360**
3.	Interest accrued & due	1,597,277	3,508,432	**5,105,709**	–	–	**–**	**5,105,709**
	Remuneration	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	Guarantees	–	–	–	–	–	–	–

As per our report attached

For **TAM & CO**
Chartered Accountants
Registration No.: 122707W

M. Y. BAMBOAT
Partner
Membership No.: 105794

Bangalore, Date: 1st May, 2012

For and on behalf of the Board of Directors

P.J. REDDY
DR. GIRIDHAR J. GYANI
DR. VENKATESH TUPPIL
MR. GOVIND BOMMI

Directors

Bangalore, Date: 1st May, 2012

DIRECTORS

S.L. Goklaney Chairman

N.D. Khurody

P.J. Reddy

A.V. Suresh

J.N. Ichhaporia

P.V.K. Raman

K. Raman Venkatesh

BANKERS

State Bank of India
Axis Bank Limited

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 – 500 037

REPORT OF THE DIRECTORS OF AQUAMALL WATER SOLUTIONS LIMITED

To

The Shareholders,

Gentlemen,

Your Directors submit herewith their Report and the Audited Accounts of the Company for the year ended 31st March, 2012.

1. FINANCIAL RESULTS:

	Current Year (In ₹)	***Previous Year (In ₹)***
Sales & Other Income	4,467,512,398	*4,093,152,886*
Profit Before Depreciation	571,657,610	*470,289,560*
Less : Depreciation	62,858,641	*64,866,912*
Profit Before Tax	508,798,969	*405,422,648*
Less : Provision for Tax	102,000,000	*80,801,000*
Profit After Tax	406,798,969	*324,621,648*
Less : Prior Years' Tax Adjustments (Net)	-548,185	*0*
Profit After Prior Years' Tax Adjustments	407,347,154	*324,621,648*
Add : Balance brought forward from Previous year	609,313,146	*545,998,206*
Amount Available for Appropriation	1,016,660,300	*870,619,854*
Less : Appropriations		
Interim Dividend on Equity Shares	100,004,000	*50,002,000*
Tax on dividend on equity shares	16,223,150	*8,304,708*
Transfer to General Reserve	248,500,740	*203,000,000*
Balance at the end of the year	651,932,410	*609,313,146*

2. BONUS SHARES

The company has successfully completed the issue of bonus shares in the month of March, 2012 and accordingly 2,000,080 Equity Shares of ₹ 10/- each were issued in the form of bonus shares. The bonus shares were issued in the ratio of 1 equity share of ₹ 10/- each for every One equity share of ₹ 10/- each. An amount of ₹ 20,000,800 was capitalized out of Share Premium Account and General Reserve to make issue of such bonus shares.

3. DIVIDEND

Your Company has paid 250% interim dividend amounting to ₹ 100004000 *(Previous Year – ₹ 50002000)* on the enhanced Capital base. 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)*.

4. TRANSFER TO RESERVES:

The Company propose to transfer ₹ 248,500,740 to the General Reserve out of the amount available for appropriations and an amount of ₹ 651,932,410 is proposed to be retained in the Profit and Loss Account.

5. OPERATIONS:

During the year under review your Company continues its impressive growth with an increase in sales of 8.3% over previous year, the profit before tax has shown a growth of 25% over the previous year, i.e., from ₹ 405,422,648 to ₹ 508,798,969.

The Company continues to focus on upgrading technology and has considerably improved the quality of the products being manufactured. New models of off-line and on-line UV based storage Water Purifiers were developed. 'Aquaguard Enhance UV' is widely popular as the Company's first online UV Storage model and 'Aquaguard Pride' is in pipeline as the Company's off-line UV storage model. Other models which were added to the new product portfolio are Aquasure Elite UV (Company's first LCD based UV model), New Aquaguard Infinity and Aquasure Smart UV.

The company has put in a lot of effort to expand the vacuum cleaners category through continuous developmental activity.

Constant up-gradations are being made in the manufacturing infrastructure to improve the quality and productivity. The company has launched a high end dry canister model in two versions, premium and economy, EUROCLEAN EXTREAME AND EUROCLEAN INTELLIGENT, which has been developed by Lux international, Europe. This model has several special features which was well received in the market.

As part of the continuous improvement program, the company continued its process re-engineering approach and improved the productivity further, thus meeting the market demand well in time. To consolidate the quality improvement plans, few structural quality initiatives were taken up, helping the products to go one step up on quality. Further the company had carried out Structured Value Engineering measures and introduced robust strategic supply chain plan to partly offset the impact of rising material cost and to bring value addition to the products.

During the year, your company has received the following awards and accolades –

- Frost & Sullivan 'Green Manufacturing Excellence award' (April 2011, Mumbai)
- CII Environmental Best practices award 2012 in two categories (February 2012, Hyderabad):
    - o Most Innovative Environmental Project
    - o Most Useful Environmental Project
- Featured in 'Fortune India' magazine's June 2011 issue under the 'Tunnel of Good Hope' article, on the Geo Thermal Air Circulation System in the Dehradun plant.
- Featured in 'Green Digest' magazine in December 2011 issue with article titled 'A Green Initiative'.
- Featured in 'Buildotech' magazine's November 2011 issue.

As you are aware that both your company and erstwhile M/s Forbes Aquamall Limited were involved in the same major product line, the directors had proposed a vertical merger of the business of both the companies in the previous year and accordingly petition was filed with Hon'ble High Courts of Uttrakhand and Andhra Pradesh respectively. We are happy to inform you that the scheme has been sanctioned by the Hon'ble High Court of Uttrakhand and Hon'ble High Court of Andhra Pradesh. Accordingly, amalgamation has become effective on 29th August, 2011 (effective date) and operative w.e.f. 1st April, 2010 (the Appointed Date under the Scheme). Consequently the accounts for the 2011-12, have been prepared with the previous year's figures, i.e., 2010-11 restated to include the figures of the merged entity Forbes Aquamall Limited.

6. SUBSIDIARY COMPANIES :

During the year under review, the Company's subsidiary Aquadiagnostics Water Research & Technology Centre Limited (AWRTC) 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 ₹ 4 Million.

It 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.

Looking at the growing demand for the Company's services, the Directors are confident that the Company would break-even in the near future.

7. COMMUNITY SERVICES:

Your Company continues to focus on Community Services by providing the Water Purifiers to 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. During the year under review your Company has also launched pilot project at Gujarat for providing clean drinking water across rural India. Plans for the year 2012-13 includes expansion pan India.

8. DIRECTORATE :

Mr. N. D. Khurody, Mr. S. L. Goklaney & Mr. A. V. Suresh, Directors retire by rotation and being eligible offer themselves for re-appointment.

9. INSURANCE :

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

10. 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 ensuring Annual General Meeting till the conclusion of the next Annual General Meeting.

Reference is invited to qualifications at paragraph (4) of the Auditors' Report and in paragraph (iii) (c) of the Annexure thereto. As regards paragraph (4) read with paragraph (iii) (c) of the Annexure, attention is invited to Note 38 of the Accounts. The Note is self-explanatory.

11. 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.

12. PARTICULARS REGARDING EMPLOYEES:

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

13. 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.

14. 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 **S.L. Goklaney**
Dated : 5th May, 2012 *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, 2012.]

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 is engaged extensively in research and development activities in the field of drinking water purification technology.

   The company developed two new technologies in RO segment and filed patents with Indian Patent Office.

   Patent one titled "A system and method for water purification" and was filed on 21.11.11. This is an innovative technique for increasing the recovery of purified water upto 60% against a usual level of 25% by reducing the wastage of water to less than 40% of feed volume which is five times less than other conventional ROs. This technology addresses the core issue of water wastage in RO systems and furthers the agenda of water conservation at national and global level. This technology has the potential of altering the RO segment in a big way.

   Patent two titled "A system and method for providing pure water having user derived taste" was filed on 13.04.12". The objective of this invention is to provide a method for providing an option for the user to select the final TDS/Hardness of the purified water and consequently obtain the desired taste by selecting the taste/TDS options offered by an RO water purifier. This technology addresses the problem of changing water quality of feedwater affecting the taste of RO purified water. The benefit of this new system is that the user can himself/herself alter the taste of produced water by simple selection of his/her taste preferences.

   The company got its Iodinated resin manufacturing facility registered by EPA in Jan 2012. EPA, a US governing body, makes it mandatory for a water purification product to have an EPA registration in order to be sold in USA.

   New models of off-line and on-line UV based storage models were developed. 'Aquaguard Enhance UV' is widely popular as the company's first Online UV Storage model and 'Aquaguard Pride' is in pipeline as the company off-line UV Storage model. Other models which were added to the new product portfolio are Aquasure Elite UV (company's first LCD based UV model), New Aquaguard Infinity and Aquasure Smart UV. In off-line non electrical category, products based on WATSECO technology were developed.

   The company also engaged in a structured Value Engineering measures to partly offset the impact of rising material costs and also to bring value addition to the products. The measures met with a fair degree of success and the VE exercise has now become a key deliverable for the technical and sourcing team of the company. Research was carried out to replace the external pre-filter of all RO models with an internal and more compact plus efficient pre-filtration module.

   Other important and tactical advancement has been the collaborative research work carried out with Philips for development of a new kind of highly potent and swift disinfection technology in lieu of regular UV lamps. The technology challenges the conventional UV method of disinfection and has the potential of altering the basic design and thought process concerning UV purifiers.

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

As a result of the research for patent, a new one-of-its-kind RO purifier 'Dial A Taste' has been developed for launch in 2012. The other 'High-Recovery RO' model has gone into field trials as a precursor to the final go for its development.

Two models namely, 'Aquapura Al Natural' and 'Aquasure Vardaan' were developed based on WATSECO Iodinated Resin technology and were successfully launched in Mexico and in India.

New products like Elite UV and SMART UV gave the company design credibility and added to its competitive edge in the market.

The Value Engineering (VE) projects added significant value. Amongst VE projects, the design and development of 'Interphase Cartridge' saved much needed cost as well as added a lot of value to all the RO models in terms of design simplification, better performance, increased productivity, inventory control, ease of installation, ease of servicing and finally in maintaining the decor' of the user's kitchen and the aesthetic appeal of Aquaguard RO models.

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 ₹ 188,521,395/- and the Outgo was ₹ 806,557,187/-.

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, 2012, and also the statement of profit and loss 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 38 to the Financial Statements, the management has not made any provision in respect of investment of ₹ 0.8 million in and advances of ₹ 10.40 million to Aquadiagnostics Water Research & Technology Centre Ltd. (AWRTC), a wholly owned subsidiary Company, even though the accumulated losses have exceeded the net worth. Consequently, the effect, if any, on the carrying value of investment and advances cannot be ascertained. Our audit report on the Financial statements for the year ended 31 March, 2011 contained a similar modification.

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, statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (iv) In our opinion, the Balance Sheet, statement of Profit and Loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (l) 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, 2012;

      (b) in the case of the statement of Profit and Loss, of the profit for the year ended on that date; and

      (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

ATUL MEHTA
Partner
Membership No. 15935

Place : Mumbai
Date : 5th May, 2012

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 one Company, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 10.40 million and the year- end balance of loans granted to such parties was ₹ 10.40 million.(Also refer our comments in para 4above)

(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 are not prima facie prejudicial to the interest of the Company.

(c) The loan granted are re-payable on demand. As informed, the company has not demanded repayment of any such loan during the year, thus, there has been no default on the part of the party to whom the money has been lent. The payment of interest is not regular.

(d) In respect of overdue amount of loans granted to the above party listed in the register maintained under section 301 of the Companies Act, 1956 refer our comments in para of the Report above.

(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 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 ₹ 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) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(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.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance income tax, wealth tax, service tax, sales tax, customs duty and excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the company, the dues outstanding of income tax, sales tax, excise duty on account of any dispute are as follows:

Name of the Statute	**Nature of dues**	**Amount (₹ in millions)**	**Forum where the Dispute is pending**
Sales Tax Act	Sales Tax	150.44	Trade Tax Tribunal
		199.96	High Court
		2.29	Dy. Commissioner of Commercial Taxes (Appeals)
Income Tax Act	Income Tax	183.61	Commissioner of Income Tax (Appeals)
Central Excise Act	Excise Duty	100.10	Commissioner of Central Excise

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks and the company has not borrowed / taken loans from any financial institutions nor has it issued any debentures.

(xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) The company did not have any term loans outstanding during the year.

(xvii) According to the information and explanations given to us and 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 Reg. No. 101048W

ATUL MEHTA
Partner
Membership No. 15935

Place : Mumbai
Date : 5th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

			Notes No.	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
1.	**EQUITY AND LIABILITIES**				
	1.	**Shareholders' funds**			
	a.	Share Capital	2	40,001,600	*20,000,800*
	b.	Reserves and Surplus	3	1,658,192,827	*1,384,073,623*
				1,698,194,427	*1,404,074,423*
	2.	Non-Current Liabilities			
	a.	Other Long-term Liabilities	4	37,405,869	*39,620,812*
	b.	Long-term Provisions	5	55,084,346	*58,676,208*
				92,490,215	*98,297,020*
	3.	Current Liabilities			
	a.	Short-term Borrowings	6	53,828,290	*202,662,670*
	b.	Trade Payables	7	372,041,085	*330,938,954*
	c.	Other Current Liabilities	4	47,813,803	*33,852,234*
	d.	Short-term Provisions	5	6,096,116	*145,682*
				479,779,294	*567,599,539*
		Total		**2,270,463,936**	***2,069,970,982***
II.	**ASSETS**				
	1.	**Non-Current Assets**			
	a.	Fixed Assets			
		(i) Tangible Assets	8	369,681,921	*404,514,525*
		(ii) Intangible Assets	9	5,200,000	*15,600,000*
		(iii) Capital Work-in-Progress		523,919	*–*
	b.	Non-Current Investment	10	1,194,943	*1,194,943*
	c.	Deferred Tax Assets (Net)	11	12,517,778	*12,517,778*
	d.	Long-term Loans and Advances	12	200,046,626	*164,156,258*
	e.	Other Non-Current Assets	13	1,575,471	*3,475,471*
				590,740,658	*601,458,975*
	2.	**Current Assets**			
	a.	Inventories	14	667,361,094	*585,558,052*
	b.	Trade Receivables	15	634,156,241	*788,989,930*
	c.	Cash and Bank Balance	16	258,451,690	*16,454,666*
	d.	Short-term Loans and Advances	12	118,733,430	*77,474,317*
	e.	Other Current Assets	13	1,020,822	*35,042*
				1,679,723,277	*1,468,512,007*
		Total		**2,270,463,936**	***2,069,970,982***

Significant Accounting Policies 1

The notes referred to above form an integral part of the financial statements

Per our report attached

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

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated : 5th May, 2012

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 : 5th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

		Notes No.	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
Income				
I.	Revenue from Operation (Gross)	17	4,395,477,676	*4,048,012,370*
	Less : Excise Duty		4,619,228	*5,305,384*
	Revenue from Operation (Net)		4,390,858,448	*4,042,706,986*
II.	**Other Income**	18	76,653,950	*50,445,900*
III.	**Total Revenue**		4,467,512,398	*4,093,152,886*
IV.	**Expenses**			
	Cost of Materials Consumed	19	3,393,262,904	*3,011,379,365*
	Cost of Traded Goods Sold		106,795,370	*167,677,777*
	Changes in Inventories of Finished Goods, Work in Progress and Stock-in-Trade	20	(24,746,182)	*1,473,178*
	Employee Benefit Expense	21	90,020,075	*78,764,022*
	Other Expenses	22	316,506,324	*350,656,213*
	Finance Cost	23	14,016,298	*12,912,772*
	Depreciation and Amortisation Expense	24	62,858,641	*64,866,912*
	Total Expenses		3,958,713,429	*3,687,730,238*
	Profit Before Exceptional Items, Extraordinary Items and Tax		508,798,969	*405,422,648*
	Exceptional Items		–	–
	Profit Before Extraordinary Items and Tax		508,798,969	*405,422,648*
	Extraordinary Items		–	–
	Profit Before Tax		508,798,969	*405,422,648*
	Tax Expense			
	Current Tax (Minimum Alternate Tax)		102,000,000	*80,801,000*
	Prior Years' Tax Adjustments (Net)		(548,185)	
			101,451,815	*80,801,000*
	Profit / (Loss) For The Period		**407,347,154**	***324,621,648***
	Earnings Per Equity Share (₹)	25		
	Basic and Diluted-Par value of ₹ 10/- per share		102	*81*
Significant accounting policies		1		

The notes referred to above form an integral part of the financial statements

Per our report attached

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

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated : 5th May, 2012

S.L. GOKLANEY — *Chairman*

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K. RAMAN VENKATESH — *Directors*

SACHIKANT CHAUDHURY — *Company Secretary and DGM Finance*

Mumbai, Dated : 5th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-12		*2010-11*	
	₹	₹	₹	₹
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		**50,87,98,969**		***40,54,22,648***
Adjusted For -				
Depreciation, amortisation and impairment	62,858,641		*64,866,912*	
Unrealised foreign exchange gain	(6,101,054)		*1,539,572*	
Loss / (Profit) on sale of assets (net)	(3,571,489)		*159,256*	
Finance cost	14,016,298		*12,912,772*	
Interest income	(4,334,908)		*(1,185,861)*	
Provision / write-off of doubtful debts, advances and other current assets	1,346,480		*3,281,471*	
		6,42,13,968		*8,15,74,122*
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		57,30,12,937		*48,69,96,770*
Adjustments for (increase) / decrease in operating assets:				
Trade Receivables	158,559,905		*(387,072,059)*	
Inventories	(81,803,042)		*(83,036,366)*	
Short Term Loans and advances	(49,250,474)		*(420,929)*	
Long-Term Loans and advances	(10,735,521)		*(1,390,009)*	
Other non-current assets	1,900,000		*(1,900,000)*	
Adjustments for increase / (decrease) in operating liabilities:				
Trade Payables	42,130,489		*8,752,595*	
Other current liabilities	13,961,570		*(20,537,866)*	
Other long term liabilities	(2,214,943)		*19,091,869*	
Long-Term Provisions	747,197		*445,729*	
Short Term Provisions	(49,566)	73,245,614	*145,682*	*(465,921,353)*
Cash generated from operations		646,258,551		*21,075,417*
Direct Taxes Paid (net of refunds)	(108,334,416)		*(97,178,684)*	
(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES		537,924,135		*(76,103,268)*
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Including adjustment on account of Capital Advances)	(26,432,249)		*(50,599,384)*	
Sale of Fixed Assets	5,777,181		*1,654,185*	
Purchase of non current Investments			*(500)*	
Interest Received	2,205,785		*252,349*	
Capital Subsidy Received	3,000,000		*–*	
Deposits Given/Received back from other Companies	(1,400,000)		*(1,600,000)*	
(b) NET CASH FROM /(USED) IN INVESTING ACTIVITIES		(16,849,283)		*(50,293,350)*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	2011-12		*2010-11*	
	₹	₹	₹	₹
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long term borrowings				
Net increase / (decrease) in working capital borrowings	(148,834,380)		*85,543,809*	
Finance cost	(14,016,298)		*(12,912,772)*	
Dividend Paid (including Dividend tax)	(116,227,150)		*(58,306,708)*	
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		(279,077,827)		*1,43,24,329*
NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)		**24,19,97,024**		***(11,20,72,288)***
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
Cash , Cheques on hand	238,973		*298,750*	
Balances with scheduled banks on Current accounts,	16,215,693	16,454,666	*128,228,204*	*12,85,26,954*
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	360,027		*238,973*	
Balances with scheduled banks on Current accounts,	258,091,663	258,451,690	*16,215,693*	*1,64,54,666*
NET INCREASE / (DECREASE) AS DISCLOSED ABOVE		**24,19,97,024**		***(11,20,72,288)***

Per our report attached

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

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated : 5th May, 2012

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 : 5th May, 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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

(h) Retirement Benefits

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES ***(Contd.)***

(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."

(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.

(p) Government Grants

Government Grants received in the nature of Investment Subsidy are recognised on capital approach basis as per Accounting Standard 12 – Accounting for Government Grants.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	As at 31st March, 2012		*As at 31st March, 2011*	
	Number of shares	₹	*Number of shares*	*₹*
2. SHARE CAPITAL				
Authorised				
Equity Shares of ₹ 10/ each *	5,500,000	55,000,000	*5,500,000*	*55,000,000*
	5,500,000	**55,000,000**	***5,500,000***	***55,000,000***
Issued				
Equity Shares of ₹ 10/ each fully paid up *				
At the beginning of the Year	2,000,080	20,000,800	*2,000,080*	*20,000,800*
Add : Bonus Shares Issued during the year	2,000,080	20,000,800	–	–
At the end of the year	**4,000,160**	**40,001,600**	***2,000,080***	***20,000,800***
Subscribed				
Equity Shares of ₹ 10/ each fully paid up *				
At the Beginning of the year	2,000,080	20,000,800	*2,000,080*	*20,000,800*
Add : Bonus Shares Issued during the year	2,000,080	20,000,800	–	–
At the end of the year	**4,000,160**	**40,001,600**	***2,000,080***	***20,000,800***
Fully Paid up				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	2,000,080	20,000,800	*2,000,080*	*20,000,800*
Add : Bonus Shares Issued during the year	2,000,080	20,000,800	–	–
At the end of the year	**4,000,160**	**40,001,600**	***2,000,080***	***20,000,800***

* Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders. During the year ended 31 March, 2012, the Company has declared and paid interim dividend of ₹ 25 per share *(previous year: ₹ 25 per share)* to equity shareholders.

2. (a) Issued, subscribed and paid up capital of equity shares of ₹ 10/- each fully paid up includes aggregate following type of transactions which occurred during the period of five years immediately preceding the reporting date:

[i] 2000080 *(previous year NIL)* equity shares of ₹ 10 each allotted as fully paid bonus shares by capitalisation out of Share Premium and General Reserves.

2. (b) 4,000,148 *(previous year 2,000,074)* equity shares of ₹ 10/- each fully paid are held by Eureka Forbes Limited, holding company and 12 shares *(previous year 6 shares)* held by Eureka Forbes Ltd. jointly with individuals. This contributes to 100% *(previous year 100%)* of equity shares outstanding as at year end. There is no other party holding more than 5% of equity shares outstanding as at year end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
3.	**RESERVES AND SURPLUS**		
	CAPITAL RESERVE		
	At the beginning of the year	3,260,417	*3,260,417*
	Additions during the Year	3,000,000	*–*
	At the end of the year	**6,260,417**	***3,260,417***
	SECURITIES PREMIUM ACCOUNT		
	At the beginning of the year	1,500,060	*1,500,060*
	Less : Utilized for Issue of Bonus Shares	1,500,060	*0*
	At the end of the year	**0**	***1,500,060***
	GENERAL RESERVE		
	At the beginning of the year	770,000,000	*567,000,000*
	Less : Utilized for Issue of Bonus Shares	18,500,740	
	Add : Transferred from surplus balance in the statement of profit and loss	248,500,740	*203,000,000*
	At the end of the year	**1,000,000,000**	***770,000,000***
	(Deficit) / Surplus in the Statement of Profit and Loss		
	Balance at the beginning of the year	609,313,146	*545,998,206*
	Add : Profit for the year	407,347,154	*324,621,648*
	Less : Appropriations		
	Interim Dividend on Equity Shares *	100,004,000	*50,002,000*
	Tax on dividend on equity shares	16,223,150	*8,304,708*
	Transfer to general reserve	248,500,740	*203,000,000*
	Balance at the end of the year	**651,932,410**	***609,313,146***
	Total	**1,658,192,827**	***1,384,073,623***

* ₹ 25/- *(previous year ₹ 25/-)* per equity share

		Long-term		Current	
		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
4.	**OTHER LIABILITIES**				
	Current Maturities of Long-Term Borrowings	–	*–*	–	*–*
	Income Received in Advance	–	*–*	3,990,823	*–*
	Security Deposit Received	37,405,869	*39,620,812*	2,285,000	*–*
	Statutory Liabilities (Contributions to PF, Pension, ESIC, withholding Taxes, VAT etc.)	–	*–*	11,936,102	*13,124,394*
	Advance from Customers	–	*–*	202,800	*–*
	Other Payables	–	*–*	29,399,078	*20,727,839*
	Total	**37,405,869**	***39,620,812***	**47,813,803**	***33,852,234***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	Long-term		*Short-term*	
	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
5. PROVISIONS				
Provision for Employee Benefits				
Gratuity (note 35)	4,928,316	*4,514,374*	–	–
Leave Encashment (note 35)	2,690,481	*2,357,226*	96,116	*145,682*
	7,618,797	*6,871,600*	96,116	*145,682*
Other Provisions				
Provision for Taxation (Net of Advance Tax)	8,963,843	*13,302,902*	6,000,000	–
Litigations ##	38,501,706	*38,501,706*	–	–
	47,465,549	*51,804,608*	6,000,000	–
Total	**55,084,346**	***58,676,208***	**6,096,116**	***145,682***

Represents provision for Sales Tax ₹ 4.58 Million and for Excise ₹ 33.92 Million

	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
At the beginning of the year	38,501,706	*38,501,706*
Additions during the year	–	–
Utilization during the year	–	–
Unused amount reversed during the year	–	–
At the end of the year	**38,501,706**	***38,501,706***

	Secured/ unsecured	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
6. SHORT-TERM BORROWINGS			
Loans Repayable on Demand from Banks	Secured	53,828,290	*202,662,670*
Total		**53,828,290**	***202,662,670***
The Above Amount Includes			
Secured Borrowings		53,828,290	*202,662,670*
Net Amount		**53,828,290**	***202,662,670***

– Short term borrowing from Axis bank and State Bank of India is 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 certain immovable properties and carries interest @ 12.25% to 13.75% p.a.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	Long-term		Current	
	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	**As at 31st March, 2012 ₹**	*As at 31st March, 2011 ₹*
7. TRADE PAYABLES				
Trade Payables (Including Acceptances)	–	–	342,029,093	*330,813,934*
Trade Payables (Including Acceptances) to Related Parties	–	–	30,011,992	*125,020*
Total	**0**	***0***	**372,041,085**	***330,938,954***

Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company are given below:

	Current As at 31st March, 2012 ₹	Current As at 31st March, 2011 ₹
The principal amount remaining unpaid to any supplier as at the end of the year.	84,878,826	*51,279,000*
The interest due on the principal remaining outstanding as at the end of the year.	–	–
The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year.	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	–	–
The amount of interest accrued and remaining unpaid at the end of the year.	–	–
The amount of further 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 enterprise, for the purpose of disallowance as a deductible expenditure under the Act.	–	–
	84,878,826	***51,279,000***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

8. TANGIBLE ASSETS

Cost or Valuation	Land - Freehold	Land - Leasehold	Buildings*	Buildings Leased Out	Plant and machinery	Patterns & Dies	Furniture and fixtures	Vehicles	Computers	Electrical Intallation	Office Equipment	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
As At 1 April 2010	34,739,485	5,171,913	177,812,330	117,143,064	98,868,958	127,470,809	20,096,235	10,829,198	16,200,268	45,718,963	5,828,626	659,879,849
Additions	–	–	9,258,164	4,114,667	7,151,200	36,191,936	2,408,826	5,717,902	760,267	1,013,317	366,385	66,982,664
Deletions	–	–	(326,137)	–	(530,465)	–	(63,500)	(2,237,710)	(444,081)	(50,184)	–	(3,652,077)
As at 31 March 2011	*34,739,485*	*5,171,913*	*186,744,357*	*121,257,731*	*105,489,693*	*163,662,745*	*22,441,561*	*14,309,390*	*16,516,454*	*46,682,096*	*6,195,011*	*723,210,436*
Additions	–	–	1,442,115	–	5,417,432	4,580,129	416,386	6,701,928	641,468	474,501	157,770	19,831,729
Deletions	–	–	–	–	(2,005,964)	(20,250)	(356,599)	(3,452,909)	(126,379)	(1,028,084)	(175,405)	(7,165,590)
As at 31 March 2012	34,739,485	5,171,913	188,186,472	121,257,731	108,901,161	168,222,624	22,501,348	17,558,409	17,031,543	46,128,513	6,177,376	735,876,575

Depreciation	Land - Freehold	Land - Leasehold	Buildings*	Buildings Leased Out	Plant and machinery	Patterns & Dies	Furniture and fixtures	Vehicles	Computers	Electrical Intallation	Office Equipment	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
As At 1 April 2010	–	350,356	45,612,272	42,668,547	42,578,084	77,343,336	13,164,171	5,627,212	12,402,564	23,106,826	3,214,267	266,067,635
Charge for the year	–	33,372	12,325,500	3,823,492	8,775,918	20,657,520	1,723,794	1,775,042	1,665,780	3,297,225	389,269	54,466,912
Deletions	–	–	(190,151)	–	(35,174)	–	(36,037)	(1,251,249)	(313,314)	(12,711)	–	(1,838,636)
As at 31 March 2011	–	*383,728*	*57,747,621*	*46,492,039*	*51,318,828*	*98,000,856*	*14,851,928*	*6,151,005*	*13,755,030*	*26,391,340*	*3,603,536*	*318,695,911*
Charge for the year	–	33,375	11,573,640	3,738,286	8,260,596	19,977,231	1,513,205	2,881,124	1,231,345	2,871,732	378,107	52,458,641
Deletions	–	–	–	–	(1,031,727)	(20,271)	(343,810)	(2,488,252)	(84,504)	(836,927)	(154,407)	(4,959,898)
As at 31 March 2012	–	417,103	69,321,261	50,230,325	58,547,697	117,957,816	16,021,323	6,543,877	14,901,871	28,426,145	3,827,236	366,194,654
Net Block												
As at 31 March 2011	*34,739,485*	*4,788,185*	*128,996,736*	*74,765,692*	*54,170,865*	*65,661,889*	*7,589,633*	*8,158,385*	*2,761,424*	*20,290,756*	*2,591,475*	*404,514,525*
As at 31 March 2012	34,739,485	4,754,810	118,865,211	71,027,406	50,353,464	50,264,808	6,480,025	11,014,532	2,129,672	17,702,368	2,350,140	369,681,921

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

9. INTANGIBLE ASSETS

TRADE MARK

Gross Block	**As at 31st March, 2012 ₹**	***As at 31st March, 2011 ₹***
Opening Balance	238,066,800	*238,066,800*
Purchase	–	
	238,066,800	*238,066,800*
Amortisation		
Opening Balance	222,466,800	*212,066,800*
Charge for the year	10,400,000	*10,400,000*
	232,866,800	*222,466,800*
Net Block	**5,200,000**	***15,600,000***

10. NON-CURRENT INVESTMENT

	As at 31st March, 2012 ₹	***As at 31st March, 2011 ₹***
Non-Current Investments (valued at cost unless otherwise stated)		
Trade Investments		
Unquoted Equity Shares		
Investment in Subsidiaries		
80,000 *(previous year 80,000)* equity shares of ₹ 10/- fully paid up in Aquadiagnostic Water Research & Technology Centre Ltd.	800,000	*800,000*
	800,000	***800,000***
Non-Trade Investments		
Quoted Equity Shares		
174 *(previous year 174)* Equity Shares of ₹ 10/- fully paid up in Reliance Industries Ltd.	83,940	*83,940*
2491 *(previous year 2491)* Equity Shares of ₹ 10/- fully paid up in Power Finance Corp.	211,735	*211,735*
1909 *(previous year 1909)* Equity Shares of ₹ 10/- fully paid up in Power Grid Corporation of India Ltd.	99,268	*99,268*
	394,943	*394,943*
	1,194,943	***1,194,943***
Aggregate Book Value of Quoted Investments (net of provision for diminution in the value of investment)	394,943	*394,943*
Market value of quoted investments	794,521	*1,000,026*
Aggregate Book Value of Unquoted Investments (net of provision for diminution in the value of investment)	800,000	*800,000*
Aggregate Provision in the Value of Investments	–	–

11. DEFERRED TAX ASSETS (NET)	12,517,778	*12,517,778*
Gross Deferred Tax Asset	12,517,778	*12,517,778*
Net Deferred Tax Asset	**12,517,778**	***12,517,778***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	Long-term		Short-term	
	As at 31st March, 2012 ₹	***As at 31st March, 2011 ₹***	**As at 31st March, 2012 ₹**	***As at 31st March, 2011 ₹***
12. LOANS AND ADVANCES				
Capital Advances				
Unsecured, considered good	12,279,010	*6,202,409*	–	–
	12,279,010	*6,202,409*		
Less : Provision for doubtful capital advances	–	–	–	–
	12,279,010	*6,202,409*	–	–
Security Deposits				
Unsecured, considered good	5,542,722	*5,595,638*	121,000	*121,000*
	5,542,722	*5,595,638*	121,000	*121,000*
Less : Provision for doubtful security deposits	–	–	–	–
	5,542,722	*5,595,638*	121,000	*121,000*
Loans and Advances to Related Parties				
Inter Corporate Deposits Unsecured, considered good	10,401,360	*9,001,360*	–	–
	10,401,360	*9,001,360*	–	–
Other Loans and Advances				
(Unsecured considered good, unless stated otherwise)				
Loans to Employees	698,890	*388,700*	381,977	*518,076*
Balance with Statutory / Government Authorities	118,756,171	*110,787,013*	2,059,768	*989,262*
Prepaid Expenses	144,000	–	2,150,424	*1,577,365*
Advance Income-Tax (Net of provision of taxation)	48,716,041	*32,181,138*	6,952,495	*15,492,041*
Advances recoverable in cash or kind				
Related Party	3,508,432	–	1,038,263	*13,832,191*
Others	–	–	106,029,503	*44,944,382*
	171,823,534	*143,356,851*	118,612,430	*77,353,317*
Total	**200,046,626**	***164,156,258***	**118,733,430**	***77,474,317***

	Non Current		Current	
	As at 31st March, 2012 ₹	***As at 31st March, 2011 ₹***	**As at 31st March, 2012 ₹**	***As at 31st March, 2011 ₹***
13. OTHER ASSETS				
(Unsecured considered good, unless otherwise stated)				
Interest accrued on Fixed Deposits	–	–	1,020,822	*35,042*
Margin Money with Bank	1,575,471	*3,475,471*	–	–
	1,575,471	*3,475,471*	1,020,822	*35,042*
Less : Provision for doubtful other assets	–	–	–	–
	1,575,471	***3,475,471***	**1,020,822**	***35,042***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
14.	**INVENTORIES**		
	(As valued and certified by Management)		
	Stock in Trade		
	– Raw Material & Components	514,722,458	*412,338,869*
	– Packing Material	6,646,021	*5,824,109*
	– Spares & Accessories	1,663,606	*1,699,953*
	– Finished Goods	63,289,747	*38,543,565*
	– Stock in Transit (Raw Material & Components)	81,039,262	*127,151,558*
		667,361,094	***585,558,052***

		Non Current		Current	
		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
15.	**TRADE RECEIVABLES**				
	Debts outstanding for a period exceeding six months from the date they are due for payment				
	Unsecured, considered good	–	–	4,173,606	*9,782,445*
	Debts due from related parties, unsecured	–	–	31,219,481	*74,771,136*
		–	–	35,393,087	*84,553,581*
	Less : Provision for doubtful debts				
		–	–	35,393,087	*84,553,581*
	Other Debts				
	Unsecured, considered good	–	–	10,789,555	–
	Debts due from related parties, unsecured	–	–	587,973,598	*704,436,349*
		–	–	598,763,154	*704,436,349*
	Less : Provision for doubtful debts				
		–	–	598,763,154	*704,436,349*
	Total	**–**	**–**	**634,156,241**	***788,989,930***
16.	**CASH AND BANK BALANCE**				
	Cash & Cash Equivalents				
	Balance with Banks in				
	Current accounts	–	–	28,091,663	*16,215,693*
	Deposits with original maturity of less than 3 months			230,000,000	–
	Cheques / drafts on hand	–	–	–	
	Cash on Hand	–	–	360,027	*238,973*
		–	–	258,451,690	*16,454,666*
	Other Bank Balances				
	Balance in Banks for Margin Money	1,575,471	*3,475,471*		
		1,575,471	***3,475,471***	–	–
	Amount disclosed under Non-Current Assets	(1,575,471)	*(3,475,471)*		
	Total	**–**	**–**	**258,451,690**	***16,454,666***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
17.	**REVENUE FROM OPERATION**		
	Sale of Products *		
	– Finished Goods	4,190,545,797	*3,788,455,374*
	– Traded Goods	198,153,756	*252,831,006*
	Other Operating Income		
	Scrap Sales	6,778,123	*6,725,990*
	Revenue from Operations	**4,395,477,676**	***4,048,012,370***
	* Sale of Products		
	Vacuum Cleaners		
	– Finished Goods	753,950,048	*753,446,021*
	– Traded Goods	19,587,925	*54,704,245*
	Water Filter-cum-Purifiers		
	– Finished Goods	2,972,807,177	*2,695,865,110*
	– Traded Goods	1,776,446	*–*
	Spares & Accessories (Finised Goods)		
	– Finished Goods	463,788,572	*339,144,243*
	– Traded Goods	176,789,385	*198,126,761*
		4,388,699,553	***4,041,286,380***
18.	**OTHER INCOME**		
	Interest Income on		
	Bank Deposits	3,150,933	*–*
	Loans and Advances	1,143,343	*898,470*
	Others	40,632	*287,391*
	Exchange Difference (net)	1,401,165	*(11,674,860)*
	Net Profit on Sale of Assets	3,571,489	*(20,955)*
	Rental Income	60,948,487	*57,163,883*
	Miscellaneous Income	6,397,901	*3,791,971*
		76,653,950	***50,445,900***
19.	**COST OF RAW MATERIAL AND COMPONENTS CONSUMED**		
	Inventory at the Beginning of the Year	547,014,488	*462,504,944*
	Add : Purchases	3,450,319,764	*3,095,888,908*
		3,997,334,251	*3,558,393,852*
	Less : Inventory at the End of the Year	604,071,347	*547,014,488*
	Cost of Raw Material & Components consumed	**3,393,262,904**	***3,011,379,365***
	Raw Material & Components Consumed		
	– Printed Circuit Boards	284,925,644	*179,035,904*
	– U V Lamps	41,860,665	*37,618,774*
	– Pumps	356,766,252	*342,202,899*
	– Electric Motors	124,479,571	*120,925,800*
	– Membrane	193,543,298	*206,409,169*
	– Others	2,391,687,474	*2,125,186,818*
		3,393,262,904	***3,011,379,365***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
20.	**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE**		
	Opening stock		
	Finished goods	38,543,565	*40,016,743*
		38,543,565	*40,016,743*
	Less : Closing stock		
	Finished goods	63,289,747	*38,543,565*
		63,289,747	*38,543,565*
	Net (Increase) / Decrease	**(24,746,182)**	***1,473,178***
	Details of Inventory		
	Finished goods		
	Vacuum Cleaners	17,726,563	*11,897,999*
	Water filter-cum-purifiers	45,563,185	*26,645,566*
		63,289,747	***38,543,565***
21.	**EMPLOYEE BENEFIT EXPENSE**		
	Salaries, wages and bonus	80,231,642	*69,225,471*
	Contribution to provident and other fund	4,340,883	*3,618,723*
	Staff welfare expense	5,447,550	*5,919,828*
		90,020,075	***78,764,022***
22.	**OTHER EXPENSES**		
	Electricity	7,240,589	*7,410,196*
	Rent	8,846,232	*10,111,147*
	Repairs and Maintenance		
	Building	1,106,413	*2,258,146*
	Machinery	1,039,848	*1,874,054*
	Others	12,351,244	*14,692,468*
	Insurance	4,402,764	*4,696,180*
	Advertisement	251,552	*100,467*
	Freight, Forwarding and Delivery	98,909,579	*100,673,940*
	Payment to Auditors (Refer details Below)	793,117	*779,421*
	Printing and Stationery	1,873,200	*1,779,844*
	Communication cost	5,531,082	*6,204,844*
	Wages to Contractual Workers	50,602,812	*44,551,096*
	Travelling and Conveyance	9,697,878	*12,334,053*
	Legal and Professional Fees	11,647,087	*23,506,873*
	Vehicle Expenses and Maintenance	9,833,815	*7,402,929*
	Rates and taxes, excluding taxes on income	6,250,156	*6,015,749*
	Information Technology Expenses	64,732,315	*80,383,000*
	Other Establishment Expenses	19,700,161	*22,245,335*
	Directors' Sitting Fees	350,000	*355,000*
	Bad Debts/Advances Written-Off	1,346,480	*3,281,471*
		316,506,324	***350,656,213***
	Payment to Auditors		
	As Auditor		
	Audit fee	674,160	*646,350*
	Tax audit fee	42,135	*40,075*
	For Reimbursement of Expenses	76,822	*92,996*
		793,117	***779,421***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
23.	**FINANCE COST**		
	Interest Expense	11,492,736	*12,769,382*
	Other Borrowing Cost	2,523,562	*143,390*
		14,016,298	***12,912,772***
24.	**DEPRECIATION AND AMORTISATION EXPENSE**		
	Depreciation on Tangible Assets	52,458,641	*54,466,912*
	Amortization on Intangible Assets	10,400,000	*10,400,000*
		62,858,641	***64,866,912***
25.	**EARNINGS PER EQUITY SHARE**		
	Number of Equity Shares*	4,000,160	*4,000,160*
	Weighted average number of equity shares	4,000,160	*4,000,160*
	Face Value per share	10	*10*
	Profit After Tax available to Equity Shareholders	407,347,154	*324,621,648*
	Basic and Diluted Earning Per Share *	**₹ 101.83**	***₹ 81.15***
	* Previous Year Fiqures restated for Bonus Shares issued during the year.		
26.	**CONTINGENT LIABILITIES AND COMMITMENTS (To the extent not provided for)**		
	(A) Estimated amount of contracts remaining to be executed on Capital accounts and not provided for	12,010,192	–
		12,010,192	**–**
	(B) Contingent liabilities not provided for on account of		
	– Disputed Sales Tax demands	348,119,910	*348,119,910*
	– Disputed Central Excise demands	100,098,448	*100,098,448*
	– Disputed Income Tax demand	183,614,638	*50,390,000*
	– Disputed Civil Suit	2,710,000	*2,710,000*
		634,542,996	***501,318,358***
27.	Raw Material and Components Consumption includes write off obsolete stocks	–	*25,408,455*
28.	Value of Imports on CIF basis :		
	– Raw Materials & Components	815,469,942	*842,999,333*
29.	Expenditure in Foreign Currency on account of Royalty, Know-how, Professional, Consultancy Fees, Travel etc.	5,315,823	*10,523,967*
30.	Earnings in Foreign Exchange		
	– Export of Goods on F.O.B. basis	60,376,651	*65,730,296*
	– Other Income (Sale of mould)	–	*1,553,162*
		60,376,651	***67,283,458***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

31. 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.

32. As required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the list of related parties and their transactions is attached in Note No 39.

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

	Excise Duty	Sales Tax
Balance as on 1-4-2011	33,926,418	4,575,288
Additional provision during the year		
Provision for extraordinary item		
Provision reversed during the year		
Balance as at 31-3-2012	**33,926,418**	**4,575,288**

34. 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".

35. 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:

	For The Year Ended 31.03.2012 ₹	***For The Year Ended 31.03.2011 ₹***
– Employer's contribution to Provident Fund	929,336	*756,251*
– Employer's contribution to Superannuation fund	738,996	*485,428*
– Employer's contribution to Pension scheme	1,302,525	*1,143,614*

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

(A) Reconciliation of opening and closing balances of Defined obligation ₹

	Gratuity (Funded)		Gratuity (Non Funded)		Leave Encashment (Non-Funded)	
	2011-12	***2010-11***	**2011-12**	***2010-11***	**2011-12**	***2010-11***
Defined Benefit obligation at beginning of year	5,766,050	*4,991,512*	–	*349,244*	2,502,908	*2,445,058*
Current service cost	620,719	*436,355*	–	*79,462*	525,213	*361,142*
Interest cost	490,114	*399,321*	–	*27,940*	212,747	*195,605*
Actuarial (gain)/loss	(211,448)	*(206,391)*	–	*53,815*	(281,235)	*(24,698)*
Benefits paid	(55,385)	*(365,208)*	–	–	(173,036)	*(474,199)*
Defined Benefit obligation at year end	6,610,050	*5,255,589*	–	*510,461*	2,786,597	*2,502,908*

(B) Reconciliation of opening and closing balances of fair value of plan assets ₹

	Gratuity (Funded)		Gratuity (Non Funded)		Leave Encashment (Non-Funded)	
	2011-12	***2010-11***	**2011-12**	**2010-11**	**2011-12**	***2010-11***
Fair value of plan assets at beginning of the year	1,251,676	*1,359,943*	–	–	–	–
Expected return on plan assets	112,651	*124,435*	–	–	–	–
Actuarial gain/(loss)	(2,964)	*(15,359)*	–	–	–	–
Employer contribution	375,756	*147,865*	–	–	–	–
Benefits paid	(55,385)	*(365,208)*	–	–	–	–
Fair value of plan assets at year end	1,681,734	*1,251,676*	–	–	–	–
Actual return on plan assets	109,687	*109,076*	–	–	–	–

(C) Reconciliation of fair value of assets and obligations ₹

	Gratuity (Funded)		Gratuity (Non Funded)		Leave Encashment (Non-Funded)	
	2011-12	***2010-11***	**2011-12**	***2010-11***	**2011-12**	**2010-11**
Fair value of plan assets as at 31st March,2012	1,681,734	*1,251,676*	–	–	–	–
Present value of obligation as at 31st March,2012	6,610,050	*5,255,589*	–	*510,461*	2,786,597	*2,502,908*
Amount recognised in Balance Sheet	(4,928,316)	*(4,003,913)*	–	*(510,461)*	(2,786,597)	*(2,502,908)*

(D) Actuarial Assumptions :-

– Discounting Rate	8.50%
– Future Salary Increase	6.00%
– Expected Rate of Return on Plan Assets	9%
– Mortality Table	LIC (1994-96)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

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

	2011-12		***2010-11***	
	₹	**% to Total Consumption**	***₹***	***% to Total Consumption***
Indigenous	2,569,973,543	75.74	*1,994,970,123*	*66.25*
Imported	823,289,361	24.26	*1,016,409,242*	*33.75*
	3,393,262,904	**100.00**	***3,011,379,365***	***100.00***

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

	As at 31st March, 2012 ₹	***As at 31st March, 2011 ₹***
(A) (i) The Company has taken certain office/factory premises on operating lease basis. Lease payments in respect of such leases recognised in profit and loss account	8,846,232	*10,111,147*

(ii) Except for escalation contained in certain lease arrangements providing for increase in the lease contain in certain lease arrangements providing for increase in the lease payment by specified percentage /amounts after completion of specified period. Further the lease terms do not contain any exceptional / restrictive covenants other that prior approval of the lessee before the renewal of lease.

(iii) There are no restrictions such as those concerning dividend and additional debt other that 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 ₹

Class of Asset	**Gross Carrying amount**	**Accumulated Depreciation**	**Depreciation for the year**
Building	121,257,731	50,230,325	3,738,285
Moulds	3,566,439	1,515,943	878,783

38. During the year 2011-12, Aquadiagnostics Water Research & Technology Centre Limited (AWRTC), a wholly owned subsidiary company, has taken a number of initiatives to boost up its growth in the coming years. A new UV Visible Spectrometer was added which is a very critical and vital instrument for determining Inorganic elements in water. AWRTC has obtained the empanelment of KSPCB (Karnataka State Pollution Control Board) during the year, which has opened up a totally new avenue of business in the area of testing of Waste-water and Sewage-treated-water. AWRTC have succeeded in getting three eminent personalities, each of them a leader in his field of activity, as independent Directors. During the year 2011-12 itself, the initial effect of the above actions have resulted in a 25% growth in the yearly revenue. AWRTC is confident that during the year 2012-13, the full benefit of the above actions would accrue thus enabling AWRTC to break-even (before interest). In view of the above the Company has not provided for the impairment of its investment in and loans given to AWRTC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

39. 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:

Shapoorji Pallonji & Co. Ltd.

Forbes & Company Limited

Eureka Forbes Limited

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

Aquadiagnostics Water Research & Technology Centre Ltd.

(C) Enterprises that are under common control:

E4 Development & Coaching Ltd.

EFL Mauritius Ltd.

Forbes Facility Service (P) Ltd.

Euro Forbes Financial Service Ltd.

Euro Forbes International PTE Ltd.

Forbes Enviro Solutions Ltd.

Radiant Energy System (P) Ltd.

Waterwings Equipments (P) Ltd.

Euro Forbes Ltd – Dubai

Forbes LUX FZCO – Dubai

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

Volkart Fleming Shipping & Services Limited

Euro P2P (Thailand) Co. Ltd.

Forbes LUX Group AG

LUX International AG

Forbes Aquatech Limited

Forbes Concept Hospitality Services (P) Limited

Infinite Water Solutions (P) Limited

Forbes G4S Solutions (P) Limited

₹

	Nature of Transactions	A		B	C						
		Forbes & Company Limited	Eureka Forbes Limited	Aquadiagnostics Water Research & Technology Centre Limited (Subsidiary of Aquamall Water Solutions Ltd.)	Forbes Facility Service (P) Ltd.	Euro Forbes International PTE Ltd.	Waterwings Equipments Pvt. Limited	Forbes Aquatech Limited	Forbes Lux FZE	Infinite Water Solutions Pvt. Ltd.	Total
	Purchases										
1	Goods and Materials	–	–	19,300	–	–	–	1,763,224	–	119,909,714	**121,692,237**
2	Fixed Assets	–	–	–	–	–	553,790	–	–	–	**553,790**
	Sales	–									
3	Goods and Materials	–	4,265,318,899	–	–	–	–	54,650,629	50,030,007	89,852	**4,370,089,387**
4	Fixed Assets	–	276,665	–	26,612	–	–	115,516	–	–	**418,793**
	Expenses	–									
5	Repairs & Other Expenses	13,000	66,233,909	549,168	3,149,735	–	–	2,814,873	–	3,217,076	**75,977,761**
6	Dividend Paid	–	100,040,000	–	–	–	–	–	–	–	**100,040,000**
	Income	–									
7	Rent and Other Service Charges	–	3,428,033	–	210,000	–	–	5,082,604	–	1,920,719	**10,641,355**
8	Interest Received	–	–	1,143,343	–	–	–	–	–	–	**1,143,343**
9	Misc. Income	–	–	–	–	–	–	1,843,250	–	–	**1,843,250**
	Other Receipts	–									
10	Other Reimbursements	–	3,193,197	1,147,684	–	–	–	1,337,924	–	545,032	**6,223,837**
	Finance	–									
11	Loans and Advances Given	–	–	1,350,000	–	–	–	–	–	–	**1,350,000**
	Outstandings	–									
13	Sundry Creditors	–	–	–	188,969	–	553,790	–	–	29,401,445	**30,144,204**
14	Trade Receivable	–	549,358,638	3,479,811	–	39,841	–	11,428,184	55,767,413	–	**620,073,886**
15	Loans and Advances-Given	–	–	10,401,360	–	–	–	–	–	–	**10,401,360**
16	Interest accrued & due (Receivable)	–	–	3,508,432							
17	Deposits Payable	–	105,000	–	–	–	–	2,214,000	–	751,232	**3,070,232**
	Remuneration Guarantees										

₹

	Nature of Transactions	C			
		Parties in A above	Parties in B above	Parties in C above	Total
	Purchases				
1.	Goods and Materials	–	19,300	121,672,937	121,692,237
2.	Fixed Assets	–	–	553,790	553,790
	Sales	–			
3.	Goods and Materials	4,265,318,899	–	104,770,488	4,370,089,387
4.	Fixed Assets	276,665	–	142,128	418,793
	Expenses	–			
5.	Repairs & Other Expenses	66,246,909	549,168	9,181,684	75,977,761
6.	Dividend Paid	100,040,000	–	–	100,040,000
	Income	–			
7.	Rent and Other Service Charges	3,428,033	–	7,213,323	10,641,355
8.	Interest Received	–	1,143,343	–	1,143,343
9.	Misc. Income	–	–	1,843,250	1,843,250
	Other Receipts	–			
10.	Other Reimbursements	3,193,197	1,147,684	1,882,956	6,223,837
	Finance	–			
11.	Loans and Advances Given	–	1,350,000	–	1,350,000
	Outstandings	–			
13.	Sundry Creditors	–	–	30,144,204	30,144,204
14.	Trade Receivable	549,358,638	3,479,811	67,235,437	620,073,886
15.	Loans and Advances – Given	–	10,401,360	–	10,401,360
16.	Interest accrued & due (Receivable)	–	3,508,432	–	–
17.	Deposits Payable	105,000	–	2,965,232	3,070,232
	Remuneration Guarantees				

40 DISCLOSURES AS PER AS 14 ACCOUNTING FOR AMALGAMATIONS:

(a) Names and general nature of business of the amalgamating company: M/s Forbes Aquamall Limited (Transferor Company or FAML)

(b) Effective date of amalgamation for accounting purposes: The scheme operative from the Appointed date, i.e., 01.04.2010 and effective on the date of filing certified copies of High Court Order, i.e., 30th August, 2011.

(c) The method of accounting used to reflect the amalgamation: Pooling of Interest Method

(d) Particulars of the scheme sanctioned under a statute:

The Company (Transferee Company) had filed the petition under section 391 and 394 of the Companies Act, 1956 dated 07.01.2011 & 21.02.2011 for the amalgamation of its wholly owned subsidiary, M/s Forbes Aquamall Limited with effect from 1st April, 2010 with Hon'ble High Court of Uttrakhand and Andhra Pradesh respectively and received order for the same on 7th July, 2011 and 19th July, 2011 respectively. Accordingly, amalgamation has become effective on 29th August, 2011 (effective date) and operative w.e.f. 1st April, 2010 (the Appointed Date under the Scheme). Consequently the accounts for the 2011-12, have been prepared with the previous year's figures, i.e., 2010-11 restated to include the figures of the merged entity Forbes Aquamall Limited.

(e) Description and number of shares issued as Purchase Consideration:

As per the Scheme of merger sanctioned by Honourable High Court, Andhra Pradesh and High Court of Uttrakhand, the Transferor Company being the wholly owned subsidiary of the Company, in consideration of the transfer and vesting of all the said assets and liabilities of the Transferor Company to the Transferee Company in terms of the Scheme, the investment in the shares of the Transferor Company by the Transferee Company stands cancelled and accordingly no shares were issued or allotted to the Shareholders of the Transferor Company.

41. 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	**Foreign Currency**				**(₹)**			
	Payables		**Receivables**		**Payables**		**Receivables**	
	2011-12	***2010-11***	**2011-12**	***2010-11***	**2011-12**	***2010-11***	**2011-12**	***2010-11***
SGD	–	*67,280*	66,486	*183,638*	–	*2,392,517*	2,741,803	*6,511,933*
USD	506,035	*145,684*	2,948,056	*4,278,000*	26,238,977	*6,548,000*	152,862,875	*193,487,000*
EURO	–	*2,766*	957	*–*	–	*174,440*	66,185	*–*
					26,238,977	***9,114,957***	**155,670,863**	***199,998,933***

42. The financial statements for the year ended 31 March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements."

Per our report attached

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

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated : 5th May, 2012

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 : 5th May, 2012

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

Name of the subsidiary Company	Aquadiagnostics Water Research & Technology Center Ltd.
The financial year of the subsidiary company ended on	31st March, 2012
(a) Number of shares in the subsidiary Company held by Aquamall Water Solutions Limited at the above date	
(i) Fully paid	80,000
(ii) Partly paid	Nil
Percentage holding	100%
(b) The net aggregate amount of profits of the subsidiary company for the financial year so far as it concerns the members of Aquamall Water Solutions Limited which has not been dealt with in the accounts of Aquamall Water Solutions Limited up to 31st March, 2012 are as follows:	
For the year (₹)	-3,711,116
For the previous years (₹)	-12,049,079
(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, 2012 being the dividends received are as under	Nil
For the year	Nil
For the previous years	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 : 5th May, 2012

Annual Report and Accounts
for the year ended 31st March, 2012

DIRECTORS

Shapoor P. Mistry	*Chairman*
S.L. Goklaney	*Executive Vice Chairman (w.e.f. 1st June 2010)*
D.E. Udwadia	
J.C. Chopra	
N.D. Khurody	
Indu Shahani	
Reinhard von der Becke	
Jai Mavani	
Shankar Krishnan	

PRINCIPAL BANKERS

State Bank of India

The Bank of Nova Scotia

BNP Paribas

Axis Bank Ltd.

HDFC Bank Ltd.

SOLICITORS AND ADVOCATES

Udwadia & Udeshi

AUDITORS

Batliboi and Purohit

CORPORATE HEAD OFFICE

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 March 31, 2012.

1. **FINANCIAL RESULTS:**

	2011-12 Rupees	*2010-11* *Rupees*
Sales and Other Income	12,34,45,60,300	*10,95,81,17,153*
Profit before Depreciation	53,56,57,774	*26,69,44,899*
Less : Depreciation	12,92,18,862	*12,55,31,873*
Profit before Tax	40,64,38,912	*14,14,13,026*
Less : Provision for Current and Deferred Tax	8,42,47,550	*3,68,01,546*
Profit After Tax	32,21,91,362	*10,73,47,620*
Less : Prior Years' Tax Adjustments (Net)	—	*27,36,140*
Profit After Tax and Prior Years' Adjustments	32,21,91,362	*10,46,11,480*
Add : Balance brought forward from		
Previous year	29,85,54,059	*25,37,26,579*
Amount available for appropriation	62,07,45,421	*35,83,38,059*
APPROPRIATIONS :		
Transferred to General Reserve	4,25,00,000	*5,97,84,000*
Balance carried to Balance Sheet	57,82,45,421	*29,85,54,059*

2. **DIVIDEND:**

   Considering the future growth plans and investments that may be required to achieve the annualized growth, your directors do not recommend any dividend for the year 2011-12.

3. **TRANSFER TO RESERVES:**

   The Company proposes to transfer ₹ 42.50 million to the General Reserve out of the amount available for appropriations and an amount of ₹ 578.24 million is proposed to be retained in the Profit and Loss Account.

4. **OPERATIONS:**

   In a year of global gloom, low consumer sentiments and the news of slowdown in almost all segments of the economy, your Company has performed commendably well with a growth in revenue by 13% over previous year i.e. from ₹ 10,958 million in previous year to ₹ 12,345 million in current year and an increase in net profit after tax by 208% over previous year i.e. from ₹ 105 million in previous year to ₹ 322 million in current year.

   Transformation truly was the mantra in Direct Sales which evolved to focus on the 'digital medium' becoming very active on the 'social media', 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', productivity increase and movement to high value selling made Direct Sales succeed in its endeavor during this tough year.

   The Company entered into Packaged Drinking Water (PDW) business through the franchisee model during the financial year. Further, your Company ventured into a new product category of solar products for mass markets under the brand name "Eurodiya" and with a mission to “light up a million lives” whereas 100% subsidiary, Aquamall Water Solutions Ltd., introduced automated water dispensing units with pre-paid smart cards for 24x7 water dispensing and monitoring.

To strengthen the infrastructure and product availability, the IT and the supply chain process were streamlined leading to optimization of the resources and improving operating efficiencies.

Towards its brand building exercise, the Company took a number of new initiatives right from creating its presence on social media, launching new websites, explore avenues for online lead generation & sale of its products, alongwith diverse promotional and public relation activities.

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

- Golden Peacock Award for Corporate Social Responsibility - 2012
- Award for ‘Best Use of Technology’ at the 2nd exchange for media Indian Digital Media Awards
- The CSI 2011 Award for Excellence in IT for the Business Sector – Consumer Goods, Retail, Food & Beverages category, India’s most prestigious IT Award.
- Entered into the Limca Book of Records for creating largest personalized corporate flag
- Euroclean was voted as Trusted Brand by Reader’s Digest
- Aircel Express Intelligent Enterprise Award 2011 in the Retail & Consumer Product Category
- India’s Business Superbrands (3rd time in row)
- Rotary CSR Award
- CII Environmental Best Practices Award – 2012 for ‘Most Innovative Project & Most Useful Project’ by Aquamall Water Solutions Ltd. (100% subsidiary)
- Frost & Sullivan Green Manufacturing Excellence award under the ‘aspirants’ category for small and medium level enterprises to Aquamall Water Solutions Ltd. (100% subsidiary)
- Prestigious (4^{th} 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

Your Directors are confident that, barring unforeseen circumstances, in the ensuing year your Company shall maintain the growth momentum.

5. HUMAN RESOURCE DEVELOPMENT, INDUSTRIAL RELATIONS AND CSR :

The Human Resource contributes to the development of and accomplishment of the organization-wide business plan and objectives. The HR business objectives are established to support the attainment of the overall strategic business plans. Your company and Directors wish to extend their sincere thanks to the Executives, staff and workers at all levels for their continuous cooperation and cordial relations.

Your Company continues to take various initiatives for the development of its human resources. EuroAble, an initiative by the Company to provide employment opportunity to people with special needs, was given recognition by the Golden Peacock Award for Corporate Social Responsibility– 2012. EuroAble is India’s first state-of-the-art call centre manned and operated entirely by people with special needs– in association with NASEOH India (National Society for Equal Opportunities for the Handicapped). It harnesses the talent of these ‘special’ people, underlines our belief in their abilities, strives to facilitate their integration into the mainstream of society and makes them part of the value chain. EuroAble has completed a year and has grown from 30 team members handling 300 calls per day to 80 members, handling 3,000 calls per day.

6. DIRECTORS :

Mr. N D Khurody and Mr. J C Chopra retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

At the board of directors meeting held on May 14, 2012, Mr. Jai Mavani, Executive Director and Mr. Shankar Krishnan, Group Head – Strategy of Shapoorji Pallonji Group have been appointed as Directors of the Company.

Under the provisions of Section 260 of the Companies Act, 1956, Mr. Jai Mavani and Mr. Shankar Krishnan shall hold office upto the date of the Annual General Meeting. The Company has received a notice from a member signifying his intention to propose the candidature of Mr. Jai Mavani and Mr. Shankar Krishnan under the provisions of Section 257 of the Companies Act, 1956.

Accordingly resolutions for the reappointments/appointments are included in the notice of the Annual General Meeting.

7. SUBSIDIARIES AND JOINT VENTURES :

Aquamall Water Solutions Ltd. (AWSL): During the year under review, the Company's 100% subsidiary, Aquamall Water Solutions Ltd., continued its impressive growth with an increase in sales of 8.3 % over previous year, profit before tax grew 25% over the previous year, i.e. from ₹ 405 million to ₹ 509 million. During the year, AWSL continued to focus on upgrading technology and has considerably improved the quality of its products. AWSL issued bonus shares of 1:1 in March, 2012.

The Scheme of amalgamation of AWSL and Forbes Aquamall Ltd. has been sanctioned by the High Court of Uttrakhand and High Court of Andhra Pradesh, effective August 29, 2011 and operative w.e.f. April 1, 2010.

Aquadiagnostics Water Research & Technology Centre Ltd. (AWRTC): A subsidiary of AWSL, has grown and recorded a turnover of ₹ 4 million compared to ₹ 3.2 million in the previous year. During the year, Karnataka State Pollution Control Board (KSPCB) empanelment has been granted to the company opening business avenues in the form of testing industrial and residential waste water and sewage treated water. Looking at the growing demand for the Company's services, the Directors are confident that the Company would break-even in the near future.

Forbes Facility Services Pvt. Ltd. (FFSPL): During the year under review, FFSPL has grown by over 75% in terms of revenue compared to the previous year, however, due to high manpower and material cost, especially in catering business, the margins were under pressure, resulting in loss for the year. The revenue growth is contributed mainly by FFSPL growing its presence in automobile segment and new foray into refineries segment.

E4 Development & Coaching Ltd. (E4) : E4 has shown a degrowth in the turnover for the year under review due to constant postponement of the assignments by clients in the fourth quarter. Costs for new business development this year have been higher and more time consuming resulting in negative business results for the year. However the Company has taken steps to improve and consolidate the business operations next year as a number of new business acquisition initiatives have yielded positive results. It has been decided to divest fully from the E4 with effect from April 1, 2012 so as to concentrate on Company's core business activities.

Forbes Enviro Solutions Ltd. (FESL): Forbes Enviro Solutions Ltd has not commenced its commercial operations in the year under review. During the ensuring year, FESL 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.

Radiant Energy Systems Private Ltd. (RESPL): During the year under review, RESPL has recorded excellent results with turnover of ₹ 73. 23 million compared to ₹ 51.59 million in the previous year recording a growth of 42% and has made a profit after tax of ₹ 7.65 million compared ₹ 5.2 million in previous year, a growth of 47%.

Waterwings Equipments Private Ltd. (WEPL): WEPL has also recorded excellent results with turnover of ₹ 159 million compared to ₹ 145.27 million in the previous year recording a growth of 9% and has made a profit after tax of ₹ 8.9 million compared to ₹ 8.2 million in the previous year recording a growth of 8.5%.

Euro Forbes International Pte. Ltd.(EFIPL), Singapore: During the year under review, EFIPL, a wholly owned subsidiary, has reported a loss net of tax, of Singapore $ 0.3 million. The process of transfer of business of EFIPL to Forbes Lux FZE (now FZCO), commenced in the year 2009-10 and has been completed in the year 2011-12. The company had therefore no business operations during the year.

Forbes Lux FZCO (FLFZCO): FLFZCO was incorporated during the year under review under the laws of Jebel Ali Free Zone, Dubai. During the year, Forbes Lux FZE transferred all its assets and liabilities at book value to FLFZCO against the settlement of the dues.

Euro Forbes Ltd., Dubai (EFL, Dubai): During the year under review, EFL Dubai (incorporated on April 14, 2011) has completed the process of acquisition of 75% stake in an overseas entity Forbes Lux FZCO. Consequently, the assets, liabilities and business of Euro Forbes International Pte. Ltd., Singapore (100% subsidiary of Eureka Forbes Ltd.) has been transferred to EFL, Dubai and Forbes Lux FZCO. EFL, Dubai has reported a loss of US$ 2,54,226 for the year ended December, 2011.

EFL Mauritius Ltd., Mauritius (EML): EML is holding 25% stake in Lux International AG, Switzerland, a premium direct sales company. EML's main business is investments in business entities. During the year under review EML has reported a Net Profit of 4,09,972 Euro.

Euroforbes Mauritius Ltd. (EFML): EFML is 100% subsidiary of EFL Mauritius Ltd., Mauritius. EFML's main business is investments in business entities. During the year under review the FEML has reported a loss of 8,815 Euro.

Euro Forbes Financial Services Ltd. (EFFSL): During the year under review, EFFSL has not commenced its commercial operations. It is expected that the operations of EFFSL shall commence during the financial year 2012-13.

Forbes Concept Hospitality Services Pvt Ltd (FCHSPL): A 50:50 joint venture of the Company, had to discontinue its business operations w.e.f. April 1, 2011 in view of its accumulated losses. During the year under review, the management of the FCHSPL took special efforts to revive its operations by inviting strategic partners and also made special attempts to arrange for its takeover by similar players in the industry but were not successful. Hence, the management of the FCHSPL have decided to take steps for effective closure of the company during the ensuring year.

Forbes Aquatech Ltd. (FATL): During the year under review, turnover of FATL, (a 50:50 joint venture of the Company), reduced to ₹ 449 million from ₹ 549 million in the previous year and also profit after tax from ₹ 19.40 million to ₹ 15.71 million due to revised offtake mix by the parent company.

Infinite Water Solutions Pvt. Ltd. (IWSL): During the year under review, 50% of the equity held by GE Energy Europe was transferred to Pentair Global S.ar.l w.e.f. September 30, 2011. IWSL recorded sales of ₹ 14.32 Crores and Profit After Tax of ₹ 2.24 Crores as against the sales of ₹ 1.73 Crores and loss of ₹ 0.97 Crores in previous year.

Forbes G4S Solutions Pvt. Ltd. (FGSPL): During the year under review, FGSPL has not commenced its commercial operations. It is expected that the operations of FGSPL shall commence during the financial year 2012-13.

8. 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 to paragraph ii) c) and iii) c) of the Annexure thereto. As regards paragraph (5) and (6) read with paragraph 7(f), attention is invited to Note 28 (XVI) and (X) respectively to the Notes forming part of the Accounts, the Notes are self explanatory.

With reference to paragraph ii) c) in the Annexure to the Auditors' Report, the explanation is as follows, 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 stock of 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 to their report. The Company has in the year 2010-11 installed a new IT system to ensure online accounting, the system has been implemented fully during the year 2011-12 and is expected to stabilize and be operational in due course.

With reference to paragraph iii) c) in the Annexure to the Auditors' Report, the Company has received a representation from the concerned overseas subsidiaries to defer the payment of interest. Considering the improvement in the business operations of the respective overseas subsidiaries, the request has been acceded to. In the opinion of the management the loan alongwith interest is fully recoverable.

9. INSURANCE :

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

10. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

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

11. PARTICULARS REGARDING EMPLOYEES :

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

12. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(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.

13. APPRECIATION :

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

Your Board would like to place on record its sincere appreciation 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: 14th May, 2012

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, 2012.

A. CONSERVATION OF ENERGY

1. Energy Conservation Methods Undertaken:

The manufacturing operations of the Company's wholly owned subsidiary, Aquamall Water Solutions Ltd. (AWSL) 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 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 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 of (1) and (2) above for reduction of energy consumption and consequent impact on company's production of goods:

Your company's flagship subsidiary company AWSL's Dehradun plant is the recipient of Gold LEED (USA) certification, 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 2011-12 year, your company also won the Frost & Sullivan Green 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:

AWSL has carried out extensive Research and Developmental activities in the field of Water purification for drinking and other consumptive uses. AWSL entered into an agreement with a US based company to further develop and deploy a revolutionary new medium for Water Purification. AWSL 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 the properties of this technology to provide Safe, Clean, Potable water without the use of any disinfecting chemicals.

AWSL also utilized the technology transfer arrangement with another US based company for production of advanced US 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 very successful right in the first batch of production, where the resin quality matched with that expected by the US based company.

In addition, AWSL 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. Also, AWSL installed community water treatment plants to help rural India realize the dream of safe and affordable drinking water on a pay-per-liter type of concept. This was successfully piloted and commercialized in India.

One important R&D milestone has also been development of relatively low-cost UV sensor and associated products 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. Substantial cost savings were realized in PCBs through standardization along with much higher field reliability (field failure rates of PCBs declined substantially in the 2011-12 year compared to prior years) as a result of sustained R&D efforts. A breakthrough in RO technology was also conceived and developed in 2011-12, which will be field tested and commercially implemented in 2012-13 year.

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

As a result of the developmental activities with Disruptor medium, AWSL has 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 iAmrit®) is the first of many new product variants launched using this advanced electro-positive nano-scale filtration medium. Another major R&D achievement is the development of a line of 'portable' and 'extensible' water purifiers. These will be rolled out in 2012-13 year.

A path-breaking 'Green RO' technology was commercialized in 2011-12, which has allowed the company to retain its premium and leading edge image among all water purifiers in India. This technology also won the coveted Water Digest 'Distinguished R&D Breakthrough' award.

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. Launch of Enhance UV – a premium, aesthetic water purifier that offers the best benefits of both online and storage water purification methods has allowed the company to revive the UV category in India.

Our water quality awareness site, waterwonderfulworld.org, was made extremely powerful through the addition of PIN-Code mapping 'water doctor' feature that recommends the appropriate water technology based on the PIN Code of an interested user or customer.

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, AWSL'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 2012-13 year, a major area of focus for R&D is launching premium new products with differentiated value proposition and technology advantage. Another main focus area is Value Engineering of existing products to significantly reduce costs and deliver more shareholder value to all Stakeholders in the company. More than a dozen such projects have been identified, prioritized in order of potential impact, and will be executed in 2012-13 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	₹ 2.48 mn
(b)	Recurring	₹ 37.97 mn
(c)	Total	₹ 40.45 mn
(d)	Total Expenditure as percentage to total Turnover	0.34 %

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 ₹ 236.80 million and the outgo ₹ 365.80 million.

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 2012, and also the statement of Profit and Loss 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 note 28 (xiv) 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 31 March, 2011 contained a similar modification where approval of the Central Government has since been received by the Company.

(5) *As explained in note 28 (xvi) to the financial statements Company has outstanding loans and advances of Rs.39.53 crores and Rs.16.58 crores receivable from its overseas subsidiaries Forbes Lux FZCO and Euro Forbes Ltd respectively. The company has also given a corporate guarantee to a bank of Rs. 114 crores for loan taken by Forbes Lux FZCO. Since the losses in the above subsidiaries have exceeded their respective net worth adjustments may be required in the carrying value of loans & advances.*

(6) *In view of the explanation given in note 28 (x) of the Financial Statements, the Management has not made any provision in respect of loan 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 loan given can not be ascertained.*

(7) Further to our comments in the Annexure referred to in paragraph 3 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the said books of account.

(d) In our opinion the balance sheet, statement of profit and loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (l) 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 2012;

(ii) in the case of the statement of profit and loss , of the profit for the year ended on that date; and

(iii) in the case of the cash flow statement of the cash flows for the year ended on that date.

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

ATUL MEHTA
Partner
Membership No.15935

Mumbai, Dated: 14th May, 2012

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 six companies/parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 96.62 crores and the year end balance of loans given was Rs. 43.69 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 were not prima facie prejudicial to the interest of the Company.

c) The loans granted are repayable on demand and payment of interest has been regular, *except in case of two overseas subsidiaries.* As informed the Company has not demanded any repayment of any such loan during the year.(Also refer comments in para 5 of our report)

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 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 301that 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.

(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 .
		966.23	A.Y. 2006-07, 2008-09 and 2009-10	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
		413.15	1982-83, 96-97, 98-99, 1999-00, 2000-01, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2009-10, 2011-12.	Deputy Commissioner of Commercial Taxes
		224.37	1990-91, 1991-92, 1992-93, 1993-94, 1994-95, 1995-96, 1996-97, 1999-00, 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, 1996-97, 1997-98, 1998-99, 1999-00, 2000-01, 2001-02, 2002-03	Appellate Assistant Commissioner
		7.43	1989-90, 1990-91, 1991-92, 1992-93, 1993-94	Assistant Commissioner (Assessment) Trade Tax
		6.04	1991-92	High Court
		12.30	1990-91, 1992-93, 1994-95, 1995-96, 1996-97, 1998-99, 1999-00, 2000-01, 2003-04, 2004-05 , 2005-06	Assessing Authority
		74.93	2003-04, 2004-05, 2005-06	Joint Commissioner (Appeals) Trade Tax
		17.75	2006-07, 2007-08, 2008-09	Assistant Commissioner of Commercial Taxes
		11.99	2004-05	Appellate Tribunal
Central Excise Act	Service tax	723.43	2009-10 & 2010-11	Commissioner of service tax

x) There are no accumulated losses of the company at the end of the financial year and it has not incurred any cash losses in the current and the immediately preceding financial year.

xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks and the company did not have any dues to financial institutions or debenture holders during the year.

xii) Based on our examination of the records and the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures or other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by a step down subsidiary 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 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 have not been used for long term investments.

xviii) According to the information and explanations given to us the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

xix) The company has not issued any debentures during the year or in earlier years.

xx) The company has not raised any money by public issues during the year.

xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud of material significance on or by the Company has been noticed or reported during the course of our audit.

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

ATUL MEHTA
Partner
Membership No.15935

Mumbai, Dated: 14th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	Notes	As at 31 March 2012 ₹	*As at 31 March 2011 ₹*
I EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	2	37,280,000	*37,280,000*
(b) Reserves and Surplus	3	1,265,469,724	*943,278,362*
		1,302,749,724	***980,558,362***
2. Non-current liabilities			
(a) Long-term borrowings	4	–	*70,714,210*
(b) Deferred tax liabilities, net		–	–
(c) Long-term trade payables		–	–
(d) Other long-term liabilities	5	227,083,477	*178,175,355*
(e) Long-term provisions	6	22,034,072	*31,436,938*
		249,117,549	***280,326,503***
3. Current liabilities			
(a) Short-term borrowings	7	373,148,195	*1,230,440,692*
(b) Trade payables	8	1,187,653,381	*1,130,246,431*
(c) Other current liabilities	5	2,607,800,760	*2,390,260,658*
(d) Short-term provisions	6	85,098,210	*67,360,299*
		4,253,700,546	***4,818,308,080***
Total		**5,805,567,819**	***6,079,192,945***
II ASSETS			
1. Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	9	738,909,414	*756,861,084*
(ii) Intangible assets	10	18,805,571	*20,800,000*
(b) Non-current investment	11	677,090,799	*768,100,049*
(c) Deferred tax assets (net)	12	27,484,865	*24,232,415*
(d) Long-term loans and advances	13	672,718,316	*793,271,547*
(e) Other non-current assets	14	11,260,775	*17,134,885*
		2,146,269,740	***2,380,399,980***
2. Current assets			
(a) Current investments	15	1,028,711	*1,498,950*
(b) Inventories	16	1,215,407,664	*1,127,810,442*
(c) Trade receivables	17	1,305,602,712	*996,613,636*
(d) Cash and Bank balance	18	563,943,847	*497,112,561*
(e) Short-term loans and advances	13	572,825,233	*1,075,580,701*
(f) Other current assets	14	489,912	*176,675*
		3,659,298,079	***3,698,792,965***
Total		**5,805,567,819**	***6,079,192,945***
Significant accounting policies and notes on accounts	1 to 28		

The notes referred to above form an integral part of the financial statements

Per our report attached

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

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated : 14th May, 2012

S.P. Mistry — *Chairman*

S.L. Goklaney — *Executive Vice Chairman*

D E Udwadia
J C Chopra
N.D. Khurody
Indu Shahani
Reinhard Von Der Becke
Jai Mavani
Shankar Krishnan
— *Directors*

Dattaram Shinde — *Company Secretary*

Mumbai, Dated: 14th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012

		Notes	For the year ended 31 March 2012 ₹	*For the year ended 31 March 2011 ₹*
	Income			
I	Revenue from operation (gross)	19	12,002,883,801	*10,673,860,228*
	Less: Excise duty			
	Revenue from operation (net)		12,002,883,801	*10,673,860,228*
II	Other income	20	341,676,499	*284,256,925*
III	**Total Revenue**		**12,344,560,300**	***10,958,117,153***
IV	**Expenses**			
	Purchase of Traded goods	21	6,256,146,543	*5,723,272,319*
	Changes in inventories of finished goods, work in progress and stock-in-trade	22	(87,597,222)	*(109,299,715)*
	Emloyee benefit expense	23	1,827,518,746	*1,669,967,084*
	Other expenses	24	3,739,752,779	*3,325,584,560*
	Finance cost	25	73,081,680	*81,648,006*
	Depreciation and amortisation expense	26	129,218,862	*125,531,873*
	Total Expenses		**11,938,121,388**	***10,816,704,127***
	Profit before exceptional items, extraordinary items and tax		406,438,912	*141,413,026*
	Exceptional items			
	Profit before extraordinary items and tax		406,438,912	*141,413,026*
	Extraordinary items			
	Profit before tax		406,438,912	*141,413,026*
	Tax expense			
	Current tax		87,500,000	*36,000,000*
	Deferred tax		(3,252,450)	*(1,934,594)*
	Prior Years' Tax Adjustments (Net)		–	*2,736,140*
			84,247,550	***36,801,546***
	Profit/(Loss) for the period		**322,191,362**	***104,611,480***
	Earnings per equity share (₹)	27		
	Basic and Diluted-Par value of ₹ 10/- per share		86.42	*26.46*
	Significant accounting policies and notes on accounts	1 to 28		
	The notes referred to above form an integral part of the financial statements			

Per our report attached

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

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated : 14th May, 2012

S.P. Mistry — *Chairman*

S.L. Goklaney — *Executive Vice Chairman*

D E Udwadia
J C Chopra
N.D. Khurody
Indu Shahani
Reinhard Von Der Becke
Jai Mavani
Shankar Krishnan
Directors

Dattaram Shinde — *Company Secretary*

Mumbai, Dated: 14th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

	2011-12		*2010-11*	
	₹	₹	₹	₹
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		406,438,912		*141,413,026*
Adjusted For –				
Depreciation, amortisation and impairment	129,218,862		*125,531,873*	
Unrealised foreign exchange gain	(68,904,616)		*(82,508,211)*	
Dividend income	(110,882,103)		*(61,972,563)*	
Profit on disposal of investments	(2,429,223)		*(12,870,948)*	
Unclaimed balances/ excess provision written back				
Profit on sale of assets (net)	(56,638,852)		*(22,416,399)*	
Reversal of provision for diminution in value of long term investments				
Provision for diminution in value of investment (net)	19,767,739		*26,230,840*	
Finance cost	73,081,680		*81,648,006*	
Interest income	(82,358,710)		*(113,970,262)*	
Investment written off				
Prior Period Items	–		*(2,736,140)*	
Provision / write-off of doubtful debts, advances and other current assets	77,744,480		*25,160,209*	
		(21,400,743)		*(37,903,595)*
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS				
		385,038,169		*103,509,431*
Adjustments for (increase)/ decrease in operating assets:				
Trade Receivables	(362,049,209)		*(251,948,489)*	
Inventories	(87,597,222)		*(109,299,715)*	
Short Term Loans and advances	82,651,341		*(948,804,943)*	
Long-Term Loans and advances	127,278,718		*737,964,399*	
Other current assets	–		–	
Other non-current assets	–		–	
Adjustments for increase/ (decrease) in operating liabilities: Trade Payables	54,786,832		*489,947,848*	
Other current liabilities	217,540,102		*287,599,900*	
Other long term liabilities	48,908,122		*55,197,003*	
Short Term Provisions	1,543,074		*20,275,998*	
Long-Term Provisions	(10,563,410)		*(1,247,970)*	
	72,498,348		*279,684,031*	
Cash generated from operations		457,536,517		*383,193,462*
Direct Taxes Paid (net of refunds)	(76,870,106)		*(95,555,722)*	
(a) **NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES**		380,666,411		*287,637,740*
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets(Including adjustment on account of Capital Advances)	(131,848,246)		*(115,818,550)*	
Sale of Fixed Assets	79,214,335		*61,766,851*	
Bank Balance not considered as Cash and Cash equivalents	5,874,110		*(4,693,576)*	
Purchase and subscription of non current Investments	(8,545,750)		*(535,607,984)*	
Purchase of current Investments	(660,000,000)		*(1,342,220,631)*	
Proceeds from non current Investments	80,257,500		–	
Proceeds from current Investments	662,429,223		*1,329,392,571*	
ICD given	(8,001,550)		*(44,965,750)*	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

		2011-12		*2010-11*	
		₹	₹	₹	₹
	ICD recevied back	474,875,482		*4,000,000*	
	Interest Received	82,045,473		*118,733,694*	
	Dividend Received	110,882,103		*61,972,563*	
(b)	**NET CASH FROM /(USED) IN INVESTING ACTIVITIES**		687,182,680		*(467,440,812)*
	CASH FLOW FROM FINANCING ACTIVITIES				
	Buyback of Shares at premium	–		*(179,784,000)*	
	Proceeds from long term borrowings				
	Repayment of long term borrowings	(70,714,210)		*(70,714,284)*	
	Net increase / (decrease) in working capital borrowings	(857,221,915)		*551,152,816*	
	Proceeds from other short term borrowings				
	Repayment of other short term borrowings				
	Finance cost	(73,081,680)		*(81,648,006)*	
	Dividend Paid (including Dividend tax)	–		*–*	
(c)	**NET CASH FROM/ (USED) IN FINANCING ACTIVITIES**		(1,001,017,805)		*219,006,526*
	NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)		66,831,286		*39,203,454*
	CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
	Cash, Cheques on hand	71,563,159		*106,806,993*	
	Balances with scheduled banks on Current accounts *	425,549,402		*351,102,114*	
			497,112,561		*457,909,107*
	CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
	Cash, Cheques on hand	111,241,824		*71,563,159*	
	Balances with scheduled banks on Current accounts *	452,702,023		*425,549,402*	
			563,943,847		*497,112,561*
	NET INCREASE /(DECREASE) AS DISCLOSED ABOVE		66,831,286		*39,203,454*
*	Balances with scheduled banks on Current accounts includes Deposits with original maturity of more than 3 months but less than 12 months				
	– At the commencement of the year	6,701,335		*11,948,958*	
	– At the end of the year	15,603,445		*6,701,335*	

Significant accounting policies and notes on accounts 1 to 28

The notes referred to above form an integral part of the financial statements

Per our report attached

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

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated : 14th May, 2012

S.P. Mistry — *Chairman*

S.L. Goklaney — *Executive Vice Chairman*

D E Udwadia
J C Chopra
N.D. Khurody
Indu Shahani
Reinhard Von Der Becke
Jai Mavani
Shankar Krishnan
} *Directors*

Dattaram Shinde — *Company Secretary*

Mumbai, Dated: 14th May, 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

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 recongnised 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.

(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) Rules2006.Income Tax comprises both current and deferred tax. Current tax in 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

	As at 31 March 2012		*As at 31 March 2011*	
	Number of shares	₹	*Number of shares*	*₹*
2. SHARE CAPITAL				
Authorised				
Equity shares of ₹ 10/ each *	15,000,000	150,000,000	*15,000,000*	*150,000,000*
	15,000,000	150,000,000	*15,000,000*	*150,000,000*
Issued				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	3,728,000	37,280,000	*3,955,000*	*39,550,000*
Add: Issued during the year	–	–	–	–
Less: Bought back during the year	–	–	*227,000*	*2,270,000*
At the end of the year	3,728,000	37,280,000	*3,728,000*	*37,280,000*
Subscribed				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	3,728,000	37,280,000	*3,955,000*	*39,550,000*
Add: Issued during the year	–	–	–	–
Less: Bought back during the year	–	–	*227,000*	*2,270,000*
At the end of the year	3,728,000	37,280,000	*3,728,000*	*37,280,000*
Fully Paid up				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	3,728,000	37,280,000	*3,955,000*	*39,550,000*
Add: Issued during the year	–	–	–	–
Less: Bought back during the year	–	–	*227,000*	*2,270,000*
At the end of the year	3,728,000	37,280,000	*3,728,000*	*37,280,000*

* Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders.

2 (a) Issued, subscribed and paid up capital of equity shares of ₹ 10/- each fully paid up includes aggregate following type of transactions which occurred during the period of five years immediately preceding the reporting date:

Company has made buy back of equity shares as follows

Year	No. of Equity Shares	Face Value per share	₹
2010-2011	227,000	10	2,270,000
2009-2010	305,000	10	3,050,000
2008-2009	690,000	10	6,900,000

2 (b) Details of shareholders holding more than 5% shares of the Company

		As at 31 March 2012		***As at 31 March 2011***	
		Number of shares	% holding	*Number of shares*	*% holding*
Equity shares of ₹ 10/- each fully paid up held by					
Forbes & Company Limited	Holding company	3,728,000	100	*3,728,000*	*100*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		As at 31 March 2012 ₹	*As at 31 March 2011 ₹*
3.	**RESERVES AND SURPLUS**		
	CAPITAL RESERVE		
	At the beginning of the year	2,504,303	*2,504,303*
	At the end of the year	**2,504,303**	***2,504,303***
	CAPITAL REDEMPTION RESERVE		
	At the beginning of the year	12,220,000	*9,950,000*
	Add: Transfer from General Reserve in accordance with Section 77AA of the Companies Act, 1956 on buy-back of equity shares	–	*2,270,000*
	At the end of the year	**12,220,000**	***12,220,000***
	GENERAL RESERVE		
	At the beginning of the year	630,000,000	*750,000,000*
	Less: Amount transfer to Capital Redemption Reserve	–	2,270,000
	Less: Buy back of equity share capital	–	*177,514,000*
	Add: Transferred from surplus balance in the statement of profit and loss	42,500,000	*59,784,000*
	At the end of the year	**672,500,000**	***630,000,000***
	(Deficit)/ surplus in the Statement of Profit and Loss		
	Balance at the beginning of the year	298,554,059	*253,726,579*
	Add/ (less): Profit/ (loss) for the year	322,191,362	*104,611,480*
	Less: Appropriations		
	Transfer to general reserve	42,500,000	*59,784,000*
	Balance at the end of the year	**578,245,421**	***298,554,059***
	Total	**1,265,469,724**	***943,278,362***

			Non-current portion		Current maturities	
		Secured / unsecured	As at 31 March 2012 ₹	*As at 31 March 2011 ₹*	As at 31 March 2012 ₹	*As at 31 March 2011 ₹*
4.	**LONG-TERM BORROWINGS**					
	Term loans from					
	Banks - Rupee denominated loans	Secured	–	*70,714,210*	70,714,210	*70,714,284*
			–	*70,714,210*	70,714,210	*70,714,284*
	Total		**–**	***70,714,210***	**70,714,210**	***70,714,284***
	The above amount includes					
	Secured borrowings		–	*70,714,210*	70,714,210	*70,714,284*
	Unsecured borrowings		–	–	–	–
	Amount disclosed under the head "Other Current Liabilities " (note 5)		–	–	(70,714,210)	*(70,714,284)*
	Net Amount		–	70,714,210	–	–

a. Indian Rupee loan from Bank carries interest @ 10.35 % p.a. The loan is repayable in 42 monthly installments of ₹ 5,892,857 each along with interest from the date of loan viz 11.05.2009. The loan is secured by mortgage of immovable property at Mumbai - Marathon Innova.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		Long-term		Current	
		As at 31 March 2012 ₹	*As at 31 March 2011* ₹	As at 31 March 2012 ₹	*As at 31 March 2011* ₹
5.	**OTHER LIABILITIES**				
	Current maturities of long-term borrowings (note 4)	–	–	70,714,210	*70,714,284*
	Interest accrued but not due on borrowings	–	–	8,099	–
	Income received in advance	–	–	1,688,502,671	*1,478,302,771*
	Advance from customer	–	–	59,985,836	*52,233,321*
	Interest free Trade Deposits	179,477,339	*130,366,194*	9,216,289	*22,904,368*
	Gratuity payable (note 28(V))	–	–	4,638,497	*5,937,811*
	Statutory liabilities (Contributions to PF, Pension, ESIC, withholding Taxes,VAT etc.)	–	–	173,059,282	*124,110,846*
	Other payables	47,606,138	*47,809,161*	601,675,876	*636,057,257*
	Total	**227,083,477**	***178,175,355***	**2,607,800,760**	***2,390,260,658***

		Long-term		Short-term	
		As at 31 March 2012 ₹	*As at 31 March 2011* ₹	As at 31 March 2012 ₹	*As at 31 March 2011* ₹
6.	**PROVISIONS**				
	Provision for employee benefits				
	Leave encashment (note 28(V))	20,758,528	31,321,938	4,380,095	–
		20,758,528	31,321,938	4,380,095	–
	Other provisions				
	Warranties	–	–	64,523,278	*67,360,299*
	Provision for Taxation (Net of Advance Tax)	1,275,544	115,000	16,194,837	–
		1,275,544	115,000	80,718,115	*67,360,299*
	Total	**22,034,072**	**31,436,938**	**85,098,210**	***67,360,299***

Provision for Warranties

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 where no reimbursements are expected and estimated based on using historical information on the nature frequency and average cost of warranty claims. The Table given below gives information about movement in warranty provisions.

	As at 31 March 2012 ₹	*As at 31 March 2011* ₹
At the beginning of the year	67,360,299	*47,084,301*
Additions during the year	64,523,278	*67,360,299*
Utilization during the year	65,507,259	*47,084,301*
Unused amount reversed during the year	1,853,040	
At the end of the year	**64,523,278**	***67,360,299***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		Secured / unsecured	As at 31 March 2012 ₹	*As at 31 March 2011 ₹*
7.	**SHORT-TERM BORROWINGS**			
	Loans repayable on demand			
	From banks	Secured	373,148,195	*730,440,692*
	From banks	Unsecured	–	*500,000,000*
	Total		**373,148,195**	***1,230,440,692***
	The above amount includes			
	Secured borrowings		373,148,195	*730,440,692*
	Unsecured borrowings		–	*500,000,000*
	Net Amount		**373,148,195**	***1,230,440,692***

a. Short term borrowing from banks is secured by first mortgage charge on company's immovable properties and hypothecation of stock-in-trade & book debts and carries interest @ 8.5% to 15% p.a.

		Long-term		Current	
		As at 31 March 2012 ₹	*As at 31 March 2011 ₹*	As at 31 March 2012 ₹	*As at 31 March 2011 ₹*
8.	**TRADE PAYABLES**				
	Trade payables (including acceptances)	–	–	566,469,660	391,528,008
	Trade payables (including acceptances) to related parties	–	–	621,183,721	738,718,423
	Total	**–**	**–**	**1,187,653,381**	**1,130,246,431**

Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company are given below:

	As at 31 March 2012 ₹	*As at 31 March 2011 ₹*
The principal amount remaining unpaid to any supplier as at the end of the year	58,252,554	6,765,527
The interest due on the principal remaining outstanding as at the end of the year	–	–
The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	–	–
The amount of interest accrued and remaining unpaid at the end of the year	–	–
The amount of further 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 enterprise, for the purpose of disallowance as a deductible expenditure under the Act	–	–

Dues to Micro and Small Enterprises have been determined to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

9. TANGIBLE ASSETS

Cost or Valuation	Land - Freehold	Land - Leasehold	Buildings *	Plant and Equipments	Furniture and fixtures	Vehicles	Computers	Total
	₹	₹	₹	₹	₹	₹	₹	₹
As at 1 April 2010	2,467,955	–	586,961,383	86,049,121	43,898,570	292,196,503	258,687,328	1,270,260,860
Additions	–	–	–	7,608,165	4,925,105	85,248,841	18,036,439	115,818,550
Deletions	–	–	(22,286,050)	(3,027,235)	(1,581,991)	(68,193,960)	(15,874,950)	(110,964,186)
As at 31 March 2011	2,467,955	–	564,675,333	90,630,051	47,241,684	309,251,384	260,848,817	1,275,115,224
Additions	–	–	–	12,047,741	4,077,586	84,925,862	16,955,677	118,006,866
Deletions	(1,744,265)	–	(7,736,393)	(1,716,305)	(918,082)	(44,748,730)	(3,892,219)	(60,755,994)
As at 31 March 2012	723,690	–	556,938,940	100,961,487	50,401,188	349,428,516	273,912,275	1,332,366,096

Depreciation	Land - Freehold	Land - Leasehold	Buildings *	Plant and Equipments	Furniture and fixtures	Vehicles	Computers	Total
	₹	₹	₹	₹	₹	₹	₹	₹
As at 1 April 2010	–	–	75,748,414	41,122,228	33,968,767	139,419,466	186,557,126	476,816,001
Charge for the year	–	–	24,874,226	7,755,638	3,731,215	44,870,391	31,820,403	113,051,873
Deletions	–	–	(5,003,476)	(1,439,451)	(852,919)	(48,908,134)	(15,409,754)	(71,613,734)
As at 31 March 2011	–	–	95,619,164	47,438,415	36,847,063	135,381,723	202,967,775	518,254,140
Charge for the year	–	–	23,411,369	7,459,395	3,580,710	51,429,529	27,502,050	113,383,053
Deletions			(6,736,664)	(1,238,587)	(553,841)	(25,948,629)	(3,702,790)	(38,180,511)
As at 31 March 2012	–	–	112,293,869	53,659,223	39,873,932	160,862,623	226,767,035	593,456,682
Net Block								
As at 31 March 2011	**2,467,955**	**–**	**469,056,169**	**43,191,636**	**10,394,621**	**173,869,661**	**57,881,042**	**756,861,084**
As at 31 March 2012	**723,690**	**–**	**444,645,071**	**47,302,264**	**10,527,256**	**188,565,893**	**47,145,240**	**738,909,414**

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

10. INTANGIBLE ASSETS

Gross Block	Computer Software	Total
	₹	₹
As at 1 April 2010	63,384,714	63,384,714
Purchase		
As at 31 March 2011	63,384,714	63,384,714
Purchase	13,841,380	13,841,380
As at 31 March 2012	77,226,094	77,226,094
Amortisation		
As At 1 April 2010	30,104,714	30,104,714
Charge for the year	12,480,000	12,480,000
As at 31 March 2011	42,584,714	42,584,714
Charge for the year	15,835,809	15,835,809
As at 31 March 2012	58,420,523	58,420,523
Net Block		
As at 31 March 2011	**20,800,000**	**20,800,000**
As at 31 March 2012	**18,805,571**	**18,805,571**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		As at 31 March 2012 ₹	*As at 31 March 2011 ₹*
11.	**NON-CURRENT INVESTMENT**		
	Non-current investments (valued at cost unless otherwise stated)		
	Trade investments		
	Unquoted equity shares		
	Investment in subsidiaries		
4,000,160	(previous year2,000,080) equity shares of ₹ 10/- fully paid up in Aquamall Water Solutions Ltd	19,501,280	*19,501,280*
500,000	(previous year 3,500,000) equity shares of Singapore $ 1 each fully paid up in Euro Forbes Intrenational Pte Ltd	13,627,500	*93,885,000*
1,000,000	(previous year 1,000,000) equity shares of ₹ 10/- fully paid up in Forbes Facility Services Pvt Ltd.	10,000,000	*10,000,000*
7,50,000	(previous year 7,50,000) equity shares of ₹ 10/- fully paid up in E4 Development & Coaching Ltd.	7,500,000	*7,500,000*
50,000	(previous year 50,000) equity shares of ₹ 10/- fully paid up in Forbes Enviro Solutions Ltd	500,000	*500,000*
50,000	(previous year 44,000) equity shares of ₹ 10/- fully paid up in Waterwings Equipments Private Limited	21,074,500	*18,152,500*
7,250	(previous year 6,380) equity shares of ₹ 100/- fully paid up in Radiant Energy Systems Private Limited	10,311,135	*8,919,135*
15,001	(previous year 15001) ordinary shares of Euro 1/- fully paid up in EFL Mauritius Limited	945,546	*945,546*
8,835,000	(previous year 8,835,000) preference shares of Euro 1/- fully paid up in EFL Mauritius Limited	556,892,138	*556,892,138*
300	(previous year Nil) equity shares of AED 1000 each fully paid up in Euro Fobres Limited	3,681,750	*–*
50,000	(previous year Nil) equity shares of ₹ 10/- fully paid up in Euro Forbes Financial Serivces Limited	500,000	*–*
	Investment in Joint Ventures		
500,000	(previous year 500,000) equity shares of ₹ 10/- fully paid up in Forbes Aqauatech Ltd.	5,000,000	*5,000,000*
2,625,000	(previous year2,625,000) equity shares of ₹ 10/- fully paid up in Forbes Concept Hospitality Services Pvt. Ltd	26,250,000	*26,250,000*
3,500,000	(previous year 3,500,000) equity shares of ₹ 10/- fully paid up in Infinite Water Solutions Private Ltd	35,000,000	*35,000,000*
5000	(previous year Nil) equity shares of ₹ 10/- fully paid up in Forbes G4S Solution Private Ltd.	50,000	*–*
	Investment in Associates		
250	(previous year 250) equity shares of Swiss Franc 1000/- fully paid up in ForbesLux Group AG	9,297,500	*9,297,500*
		720,131,349	*791,843,099*
	Less: Provision for diminution in value of investment	45,547,500	*26,250,000*
		674,583,849	*765,593,099*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

	As at 31 March 2012 ₹	*As at 31 March 2011 ₹*
Non-trade investments		
Quoted equity shares		
8913 (previous year 8913) equity shares of ₹ 10/- fully paid up in Reliance Power Limited	2,506,950	*2,506,950*
Less: Provision for diminution in value of investment	2,506,950	*2,506,950*
	677,090,799	*768,100,049*
Aggregate book value of quoted investments (net of provision for diminution in the value of investment)	2,506,950	*2,506,950*
Market value of quoted investments	1,044,158	*1,162,255*
Aggregate book value of unquoted investments (net of provision for diminution in the value of investment)	674,583,849	*765,593,099*
Aggregate provision in the value of investments	45,547,500	*26,250,000*
12. DEFERRED TAX ASSETS (NET)		
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	19,708,979	*20,330,916*
Fixed Assets : Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting.	7,775,886	*3,901,499*
Gross deferred tax asset	27,484,865	*24,232,415*
Deferred tax liability		
Fixed Assets : Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting.		
Gross deferred tax liability	–	*–*
Net deferred tax asset	27,484,865	*24,232,415*

	Long-term		Short-term	
	As at 31 March 2012 ₹	*As at 31 March 2011 ₹*	As at 31 March 2012 ₹	*As at 31 March 2011 ₹*
13. LOANS AND ADVANCES				
Capital advances				
Secured, considered good				
Unsecured, considered good	57,632	*7,948,081*	–	*–*
Unsecured, good - capital advances to related parties				
Unsecured, considered doubtful				
	57,632	*7,948,081*	–	*–*
Less: Provision for doubtful capital advances	–	*–*	–	*–*
	57,632	*7,948,081*	–	*–*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

	Long-term		Short-term	
	As at 31 March 2012 ₹	*As at 31 March 2011* ₹	As at 31 March 2012 ₹	*As at 31 March 2011* ₹
Security deposits				
Secured, considered good				
Unsecured, considered good	100,388,835	*83,948,588*	10,109,119	*10,530,915*
Unsecured, good - security deposits to related parties	–	*105,000*	–	–
Unsecured, considered doubtful				
	100,388,835	*84,053,588*	10,109,119	*10,530,915*
Less: Provision for doubtful security deposits	–	–	–	–
	100,388,835	*84,053,588*	10,109,119	*10,530,915*
Loans and advances to related parties				
Inter Corporate Deposits Unsecured, considered good	–	–	436,909,240	*938,826,146*
Advances Unsecured, considered good	154,752,900	*358,475,669*	974,848	*4,660,030*
	154,752,900	*358,475,669*	437,884,088	*943,486,176*
Other loans and advances				
Unsecured considered good, unless stated otherwise				
Loans to employees	18,037,487	*28,173,868*	12,297,929	*3,889,593*
Balance with statutory/ government authorities	246,871,696	*168,184,845*	1,365,925	*20,508,360*
Prepaid expenses	4,417,990	*4,969,207*	44,015,847	*41,190,348*
Advance income-tax (Net of provision of taxation)	148,191,776	*141,466,289*	–	–
Advances recoverable in cash or kind	–	–	67,152,325	*55,975,309*
Others	–	–	–	–
	417,518,949	*342,794,209*	124,832,026	*121,563,610*
Total	**672,718,316**	***793,271,547***	**572,825,233**	***1,075,580,701***

		Non Current		Current	
		As at 31 March 2012 ₹	*As at 31 March 2011* ₹	As at 31 March 2012 ₹	*As at 31 March 2011* ₹
14.	**OTHER ASSETS**				
	Unsecured considered good, unless otherwise stated				
	Interest accrued on fixed deposits	–	–	489,912	*176,675*
	Bank balance (Note 18)	11,260,775	*17,134,885*	–	–
		11,260,775	***17,134,885***	**489,912**	***176,675***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

	As at 31 March 2012 ₹	*As at 31 March 2011 ₹*
15. CURRENT INVESTMENTS		
Current investments (valued at cost or market value whichever is lower)		
Quoted equity shares		
100 (previous year 100) equity shares of ₹ 10/- fully paid up in Bajaj Holding and Investment Limited	123,743	*123,743*
3785 (previous year 3785) equity shares of ₹ 10/- fully paid up in MOIL Ltd	1,419,375	*1,419,375*
Less: Provision for diminution in value of investment	514,407	*44,168*
	1,028,711	*1,498,950*
Total	**1,028,711**	***1,498,950***
Aggregate book value of quoted investments	1,028,711	*1,498,950*
Market value of quoted investments	1,028,711	*1,573,704*
Aggregate book value of unquoted investments	–	–
Aggregate provision in the value of investments	514,407	*44,168*
16. INVENTORIES		
Finished goods		
Stock in Traded (includes in transit ₹ 28170802/- (31 March 2011: ₹ 74,278,509/-)) (refer note 22)	745,946,585	*640,286,390*
Spares and Accessories (includes in transit ₹ 3098427/- (31 March 2011: ₹ 32,212,228/-))	469,461,079	*487,524,052*
	1,215,407,664	*1,127,810,442*

	Non Current		Current	
	As at 31 March 2012 ₹	*As at 31 March 2011 ₹*	As at 31 March 2012 ₹	*As at 31 March 2011 ₹*
17. TRADE RECEIVABLES				
Debts outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good				
Unsecured, considered good	–	–	173,630,778	*152,847,512*
Debts due from related parties, unsecured	–	–	15,535,967	*42,427,945*
Unsecured, considered doubtful from related parties	–	–	4,902,140	–
	–	–	194,068,885	*195,275,457*
Less: Provision for doubtful debts	–	–	4,902,140	–
	–	–	189,166,745	*195,275,457*
Other debts				
Secured, considered good				
Unsecured, considered good	–	–	1,101,160,606	*789,510,179*
Debts due from related parties, unsecured	–	–	15,275,361	*11,828,000*
Unsecured, considered doubtful				
	–	–	1,116,435,967	*801,338,179*
Less: Provision for doubtful debts				
	–	–	1,116,435,967	*801,338,179*
Total	**–**	**–**	**1,305,602,712**	***996,613,636***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

	Non Current		Current	
	As at 31 March 2012 ₹	*As at 31 March 2011 ₹*	As at 31 March 2012 ₹	*As at 31 March 2011 ₹*
18. CASH AND BANK BALANCE				
Cash and cash equivalents				
Balance with banks in:				
- Current accounts	–	–	428,429,842	*418,798,067*
- Deposits with original maturity of less than 3 months	–	–	8,668,736	*50,000*
- Unpaid dividend account	–	–	–	–
Cheques/ drafts on hand	–	–	88,917,559	*58,728,759*
Cash on hand	–	–	22,324,265	*12,834,400*
Others	–	–	–	–
	–	–	548,340,402	*490,411,226*
Other bank balances				
Balance in banks for margin money	7,285,009	*3,485,009*	–	–
Deposits with original maturity of more than 12 months *	3,975,766	*13,649,876*	–	–
Deposits with original maturity of more than 3 months but less than 12 months *	–	–	15,603,445	*6,701,335*
	11,260,775	*17,134,885*	15,603,445	*6,701,335*
Amount disclosed under non-current assets (note 14)	(11,260,775)	*(17,134,885)*	–	–
Total	**–**	**–**	**563,943,847**	***497,112,561***

* FDR lodged as security with Govt authorities

	As at 31 March 2012 ₹	*As at 31 March 2011 ₹*
19. REVENUE FROM OPERATION		
Sale of products *	9,334,495,745	*8,456,298,427*
Sale of services **	2,588,268,053	*2,145,096,345*
Other operating income		
Scrap sales	9,782,710	*9,551,047*
Other	70,337,293	*62,914,409*
Revenue from operations	**12,002,883,801**	***10,673,860,228***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		As at 31 March 2012 ₹	*As at 31 March 2011* ₹
*	Sale of products		
	Vacuum Cleaners	2,234,381,703	*1,991,711,640*
	Water filter-cum-purifiers	5,981,901,008	*5,664,553,792*
	Water & Waste Water Treatment Plants	255,100,357	*90,876,731*
	Electronic air cleaning systems	31,077,182	*15,193,153*
	Digital Security Systems	210,469,190	*163,804,763*
	Chemicals	383,589	*1,526,893*
	Solar Lamps	8,410,848	–
	Spares & Accessories	612,771,868	*528,631,455*
		9,334,495,745	***8,456,298,427***
**	Sale of services		
	Maintenance Service	2,273,911,366	*1,853,046,761*
	Cleaning Service	271,427,978	*236,481,138*
	Others	42,928,709	*55,568,446*
		2,588,268,053	***2,145,096,345***
20.	**OTHER INCOME**		
	Interest income on		
	Bank deposits	2,029,076	*1,408,943*
	Current investment	–	–
	Long-term investments	–	–
	Loans and Advances	80,320,767	*112,561,319*
	Others	8,867	–
	Exchange difference (net)	72,497,724	*57,471,033*
	Dividend Income	–	–
	Subsidiaries	110,854,000	*56,954,000*
	Long-term Investments Trade	–	*5,000,000*
	Current investment - Others	28,103	*18,563*
	Long-term investments		
	Net profit on sale of assets	56,638,852	*22,416,399*
	Net gain on sale of long term investments	–	–
	Net gain on sale of current investments	2,429,223	*12,870,948*
	Miscellaneous Income	16,869,887	*15,555,720*
		341,676,499	***284,256,925***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		As at 31 March 2012 ₹	*As at 31 March 2011 ₹*
21.	**PURCHASE OF TRADED GOODS**		
	Vacuum Cleaners	1,211,492,147	*1,102,412,089*
	Water filter-cum-purifiers	3,341,735,509	*3,219,579,783*
	Water & Waste Water Treatment Plants	244,293,966	*85,908,556*
	Electronic air cleaning systems	18,742,622	*8,370,386*
	Digital Security Systems	98,688,928	*92,574,485*
	Chemicals	4,659,554	*2,547,583*
	Solar Lamps	30,330,351	*–*
	Spares & Accessories	1,306,203,466	*1,211,879,437*
	Total	**6,256,146,543**	***5,723,272,319***
22.	**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE**		
	Opening stock		
	Finished goods		
	- Traded	1,127,810,442	*1,018,510,727*
		1,127,810,442	*1,018,510,727*
	Less :		
	Closing stock		
	Finished goods		
	- Traded	1,215,407,664	*1,127,810,442*
		1,215,407,664	*1,127,810,442*
	Net(increase)/ decrease	**(87,597,222)**	***(109,299,715)***
	Details of Inventory		
	Finished goods		
	- Traded		
	Vacuum Cleaners	217,701,043	*201,090,617*
	Water filter-cum-purifiers	381,158,165	*394,010,045*
	Water & Waste Water Treatment Plants	73,455,811	*4,991,223*
	Electronic air cleaning systems	7,290,102	*3,854,271*
	Digital Security Systems	41,896,196	*35,554,198*
	Chemicals	4,028,753	*786,036*
	Solar Lamps	20,416,515	*–*
	Spares & Accessories	469,461,079	*487,524,052*
	Total	**1,215,407,664**	***1,127,810,442***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		As at 31 March 2012 ₹	*As at 31 March 2011 ₹*
23.	**EMLOYEE BENEFIT EXPENSE**		
	Salaries, wages and bonus	1,671,879,727	*1,514,518,616*
	Contribution to provident and other fund	101,685,649	*104,803,279*
	Staff welfare expense	53,953,370	*50,645,189*
		1,827,518,746	***1,669,967,084***
24.	**OTHER EXPENSES**		
	Electricity	23,853,190	*22,107,654*
	Rent	118,721,612	*124,852,243*
	Repairs and Maintenance		
	Building	776,312	*472,539*
	Machinery	69,450	*2,725*
	Others	42,273,972	*40,965,451*
	Insurance	25,970,728	*22,337,166*
	Advertisement	425,215,820	*492,433,638*
	Selling and Sales Promotion	465,710,497	*342,530,595*
	Freight, Forwarding and Delivery	177,324,465	*176,456,841*
	Payment to Auditors (Refer details Below)	2,097,588	*1,558,437*
	Printing and Stationery	36,951,158	*34,126,092*
	Communication cost	91,314,048	*88,688,990*
	Travelling and Conveyance	202,899,586	*148,334,487*
	Legal and Professional Fees	81,265,288	*66,896,307*
	Vehicle Expenses and Maintenance	227,270,259	*198,111,742*
	Rates and taxes, excluding taxes on income	86,783,334	*80,323,863*
	Conference Expenses	79,909,965	*85,654,833*
	Service Charges	1,173,150,696	*993,038,806*
	Information Technology Expenses	102,441,984	*144,450,329*
	Logistics Expenses	77,727,700	*25,106,881*
	Other Establishment Expenses	186,472,908	*176,218,892*
	Directors' Sitting Fees	540,000	*500,000*
	Bad Debts/Advances Written-Off	72,842,340	*25,160,209*
	Provision for Doubtful Debts	4,902,140	–
	Provision for diminution in value of investments	19,767,739	*26,230,840*
	Commission to Directors	13,500,000	*9,025,000*
		3,739,752,779	***3,325,584,560***
	Payment to auditors		
	As auditor		
	Audit fee	1,797,760	*1,323,600*
	Tax audit fee	196,630	*193,025*
	In other capacity		
	Management services		
	For other services	26,472	–
	For reimbursement of expenses	76,726	*41,812*
		2,097,588	***1,558,437***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		As at 31 March 2012 ₹	*As at 31 March 2011 ₹*
25.	**FINANCE COST**		
	Interest expense	66,643,400	*74,720,760*
	Other borrowing cost	5,889,016	*6,927,246*
	Net foreign currency transactions and translation	549,264	*–*
		73,081,680	***81,648,006***
26.	**DEPRECIATION AND AMORTISATION EXPENSE**		
	Depreciation on tangible assets	113,383,053	*113,051,873*
	Amortization on intangible assets	15,835,809	*12,480,000*
		129,218,862	***125,531,873***
27.	**EARNINGS PER EQUITY SHARE**		
	Number of Equity Shares	3,728,000	*3,728,000*
	Weighted average number of equity shares	3,728,000	*3,953,756*
	Face Value per share	10	*10*
	Profit After Tax available to Equity Shareholders	322,191,362	*104,611,480*
	Basic and Diluted Earning Per Share ₹	86.42	*26.46*

28. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

I Contingent liabilities and commitments (to the extent not provided for)

(a) Contingent liabilities :

(i) Corporate Guarantee given to Bank on behalf of a Subsidiary Company ₹ 1140746200/- *(previous year ₹.Nil)*

(ii) Bank Guarantees issued on behalf of the Company - ₹ 44313446/- *(previous year ₹.44313446/-)*

(iii) Disputed Income Tax Demands - ₹ 99256536/- *(previous year ₹.86142112/-).*

(iv) Disputed Central Excise Demands - ₹ 10359694/- *(previous year ₹.10359694/-).*

(v) Disputed Sales Tax demands - ₹ 243695884/- *(previous year ₹.276760000/-).*

(vi) Disputed Service Tax demands - ₹ 72343375/- *(previous year ₹ 47985735/-)*

(b) Commitments :

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹. 103787/-(previous year ₹.Nil).

(ii) Towards product performance ₹ 67678005/- (previous year ₹ 61370760/-)

(ii) Towards service performance ₹ 50939759/- (previous year ₹ 44571485/-)

			2011-12 ₹	*2010-11 ₹*
II	(a)	Expenditure in foreign currency on account of :		
		Subscription, travelling, advertisement, testing charges, training, professional fees, royalty samples etc.	15,866,871	*8,688,910*
	(b)	Remittance in Foreign Currency :		
		On account of investment in shares of Subsidiary	3,681,750	*557,837,684*
		On account of Inter corporate deposit to subsidiary company	8,001,550	*29,965,750*
III		Value of Imports on C.I.F basis :		
		Finished goods, Components & Spare parts	337,250,785	*261,816,848*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

28. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS *(Contd.)*

			2011-12 ₹	*2010-11 ₹*
IV	Earnings in Foreign Exchange :			
	Export of goods on F.O.B basis		12,667,981	*20,067,364*
	Commission & other receipts		16,304,645	*5,938,931*
	Capital reduction in wholly owned subsidiary		87,491,875	–
	Repayment of Inter corporate deposit by subsidiary company		474,875,482	–
	Interest on Inter corporate deposit to subsidiary company		72,846,369	*14,019,705*

V 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 :

		2011-12 ₹	*2010-11 ₹*
Employer's contribution to Provident Fund	*	17,070,950	*16,322,077*
Employer's contribution to Superannuation Fund	*	7,694,134	*7,470,411*
Employer's contribution to Pension Scheme		27,105,123	*26,018,582*

* 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.

		2011-12		*2010-11*	
		Gratuity (Funded) ₹	Leave Encashment (non Funded) ₹	*Gratuity (Funded) ₹*	*Leave Encashment (non Funded) ₹*
a.	**Change in benefit obligations**				
	Defined benefit obligation at the beginning of the year	83,141,660	31,321,938	*80,528,920*	*32,569,908*
	Current Service cost	6,943,053	6,114,548	*9,442,308*	*5,593,531*
	Interest cost	6,651,333	2,505,755	*6,442,314*	*2,605,593*
	Actuarial (gain)/loss on obligations	3,326,817	(8,226,970)	*2,261,394*	*(1,312,097)*
	Benefit paid	(11,529,294)	(6,576,648)	*(15,533,276)*	*(8,134,997)*
	Defined benefit obligation at the end of the year	88,533,569	25,138,623	*83,141,660*	*31,321,938*
b.	**Change in fair value of Plan Assets**				
	Fair value of Plan Assets at the beginning of the year	77,203,849	–	85,068,358	–
	Expected return on Plan Assets	6,369,318	–	6,805,469	–
	Employer Contribution	13,957,687	–	3,941,424	–
	Benefit paid	(11,529,294)	–	(15,533,276)	–
	Actuarial gain/(loss) on Plan Assets	464,289	–	(3,078,126)	–
	Fair value of Plan Assets at year end	86,465,849	–	77,203,849	–
	Total Actuarial gain / (loss) to be recognised	2,862,528	–	5,339,520	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

28. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS *(Contd.)*

		2011-12		*2010-11*	
		Gratuity (Funded) ₹	Leave Encashment (non Funded) ₹	*Gratuity (Funded)* ₹	*Leave Encashment (non Funded)* ₹
c.	**Expenses recognised during the year (under the head "Payments to and provisions for employees" - note 23)**				
	Current Service cost	6,943,053	6,114,548	*9,442,308*	*5,593,531*
	Interest Cost	6,651,333	2,505,755	*6,442,314*	*2,605,593*
	Expected Returns on Plan Assets	(6,369,318)	–	*(6,805,469)*	–
	Actuarial Gain or Loss	2,862,528	(8,226,970)	*5,339,520*	*(1,312,097)*
	Expense Recognised in the Profit and Loss account	10,087,596	393,333	*14,418,673*	*6,887,027*
d	**Category of Assets**				
	Central Government Securities	20,791,180	–	*18,342,680*	–
	Special Deposit Scheme	4,103,019	–	*4,103,069*	–
	State Government Bonds	4,859,100	–	*12,939,100*	–
	Others	56,712,550	–	*41,819,000*	–
	Total Investments	86,465,849	–	*77,203,849*	–
e	**Assumptions used in the accounting for defined benefit plans**				
	Discount Rate	8.50%	8.50%	*8.25%*	*8.00%*
	Rate of Return on Plan Assets	8.80%	–	*8.00%*	–
	Salary Escalation Rate	3.50%	3.50%	*3.50%*	*3.50%*

The estimates for rate of escalation in salary considered in the actuarial valuation takes into account the present salary suitable projected for future taking into consideration the general trend in salary raise and inflation rates. The above information is certified by the actuary.

VI 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.

VII 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.

VIII 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 ₹.118,721,612/-*(Previous Year ₹.124,852,243/-)*. None 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

28. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS *(Contd.)*

IX 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	Amount ₹		
	Opening Asset/ (Liability) as at 01.04.2011	During the year Asset/ (Liability)	Closing Asset / (Liability) as at 31.03.2012
Depreciation	3,901,499	3,874,387	7,775,886
Expenses allowed for tax purpose on payment basis	20,330,916	(621,937)	19,708,979
Total	**24,232,415**	**3,252,450**	**27,484,865**

X During the year 2011-12,Aquadiagnostics Water Research & Technology Centre Limited (AWRTC), has taken a number of initiatives to boost up its growth in the coming years. A new UV Visible Spectrometer was added which is a very critical and vital instrument for determining Inorganic elements in water. AWRTC has obtained the empanelment of KSPCB (Karnataka State Pollution Control Board) during the year, which has opened up a totally new avenue of business in the area of testing of Waste-water and Sewage-treated-water. AWRTC have succeeded in getting three eminent personalities, each of them a leader in his field of activity, as independent Directors. During the year 2011-12 itself, the initial effect of the above actions have resulted in a 25% growth in the yearly revenue. AWRTC is confident that during the year 2012-13, the full benefit of the above actions would accrue thus enabling AWRTC to breaking even (before interest). In view of the above the Company has not provided for the loans given to AWRTC.

XI 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 given below -

a. The aggregate amount of Assets, Liabilities, Income and Expenses related to the Company's interests in the JV as at 31.03.2012 is as follows:

Sl. No.	**Name of the Company**	**Country of Incor-poration**	**Year Ended on**	**% Hold-ing**	**Eureka Forbes Ltd. Share**			
					Assets ₹	**Liabilities ₹**	**Income ₹**	**Expenses ₹**
1.	Forbes Concept Hospitality Services Pvt Ltd.	India	31.03.2012	50%	3,010,782	9,995,874	439,687	1,258,983
2.	Forbes Aquatech Limited	India	31.03.2012	50%	71,590,387	49,177,578	225,598,226	215,989,420
3.	Infinite Water Solutions Limited	India	31.03.2012	50%	73,492,486	44,973,681	86,492,818	75,252,468
4.	Forbes G4S Solutions	India	30.09.2012	50%	136,500	141,500	–	5,000

b. The Company's share of contingent liabilities of the JV Forbes Aquatech Limited as at 31.03.2012 is ₹. 10177320/- *(Previous Year ₹.584775/-)*

XII ₹. 37,971,777 (previous year ₹.*40,932,479/-*) revenue expenses incurred during the year on Research and Development has been charged to the respective heads of accounts.

XIII Net foreign exchange difference gain, included in the profit and loss account is ₹. 71,948,461 (Previous Year ₹.*5,7471,033*). Exchange difference (gain) on outstanding forward exchange contract to be recognised in the profit and loss account of the subsequent year aggregates to ₹. Nil (previous year *Nil*).

XIV Remuneration paid to Executive Vice Chairman exceeds the limit prescribed under schedule XIII to the Companies Act ,1956 by ₹ 9,440,764 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.

During the year the company has received the approval of Central Government in respect of Managerial Remuneration of ₹ 21,802,426 paid in excess of limits specified in the aforesaid schedule XIII for the previous year 2010-11

XV 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

28. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS *(Contd.)*

The Foreign currency exposure not hedged as at 31st March 2012 are as under:

			31st March, 2012		*31st March, 2011*	
		Currency	FC Amount	INR Amount	*FC Amount*	*INR Amount*
a.	Receivable -					
	Debtors	USD	59,419	3,081,019	*291,025*	*13,179,192*
	Loans	USD	2,830,000	146,741,443	*6,880,000*	*311,563,552*
		SGD	6,277,333	258,867,797	*16,012,359*	*574,462,594*
	Advances	SGD				
		USD	201,987	10,473,442		
		EUR	1,513	104,603		
b.	Payable					
	Creditors	USD	244,888	12,697,962	*241,126*	*10,919,485*
		SGD	336	13,861	*41,598*	*1,492,373*
		EUR	673,721	46,594,080	*476,063*	*30,393,211*
	Loans - Buyers Credit	USD	52,954	2,745,755		
c.	Investments					
	Equity Shares	SGD	500,000	13,627,500	*3,500,000*	*93,885,000*
		CHF	250,000	9,297,500	*250,000*	*9,297,500*
		EUR	15,001	945,546	*15,001*	*945,546*
		AED	300	3,681,750		
	Preference shares	EUR	8,835,000	556,892,138	*8,835,000*	*556,892,138*

INR	Indian Rupees
USD	United States Dollar
SGD	Singapore Dollar
EUR	Euro
CHF	Swiss Francs
AED	United Arab Emirates Dirham

XVI During the year the company has completed the process of acquisition started in 2010-11 of 75% stake in overseas entity Forbes Lux FZCO in Dubai through a wholly owned subsidiary Euroforbes Ltd incorporated in Dubai. Consequently the assets, liabilities and business of another wholly owned subsidiary Euro Forbes International Pte Ltd has also been transferred to Euro Forbes Ltd and Forbes Lux FZCO.

The Company has outstanding loans and advances of Rs 395,257,227/- and Rs.165,757,337/- receivable from its overseas subsidiaries Forbes Lux FZCO and Euro Forbes Ltd respectively. Further the Company has also given a corporate guarantee to a Bank of Rs.11,407,462,000/- for loan taken by Forbes Lux FZCO at Dubai. The losses in the above subsidiaries have exceeded their respective net worth due to the finance cost incurred by the overseas subsidiaries and a portion of the bad debts being written off from the long overdue receivables which are considered good. In the opinion of the management due to the growth in the business of the ASEAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

28. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS *(Contd.)*

region, the subsidiaries will have future profitable operations; hence no provision has been made by the Management for the above loans.

XVII The financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

Per our report attached

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

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated : 14th May, 2012

S.P. Mistry — *Chairman*

S.L. Goklaney — *Executive Vice Chairman*

D E Udwadia
J C Chopra
N.D. Khurody
Indu Shahani
Reinhard Von Der Becke
Jai Mavani
Shankar Krishnan
Directors

Dattaram Shinde — *Company Secretary*

Mumbai, Dated: 14th May, 2012

Details required under Accounting Standard 18 on "Related Party Disclosures" issued by The Institute of Chartered Accountants of India - referred in Note No. 28 (VII) for the year ended 31st March, 2012.

(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 Ltd.
E4 Development & Coaching Ltd
EFL Mauritius Ltd
Euroforbes Mauritius Ltd.
Euro Forbes International Pte. Ltd.
Euro Forbes Limited
Forbes Lux FZCO
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 under Common Control

Forbes Bumi Armada Limited
Forbes Bumi Armada Offshore Limited
Forbes Campbell Services Limited
Forbes Container Lines Pte. Limited
Forbes Edumetry Limited
Forbes Smart Data Limited
Forbes Technosys Limited
Forbes Campbell Finance Limited
Volkart Fleming Shipping and Services Limited
Gokak Textile Ltd
Nypro Forbes Products Pvt. Ltd

D. Associate Company

Euro P2P Direct (Thailand) Co.Ltd.
Forbes Lux Group AG
Lux International AG

E. Joint Venture

Forbes Aquatech Limited
Forbes Concept Hospitality Services Ltd
Infinite Water Solutions Pvt. Ltd
Forbes G4S Solutions Pvt. Limited

F. Key Management Personnel

Mr. S.L. Goklaney

(II) Transactions with Related Parties for the year ended 31st March 2012

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	–	4,444,097,843	–	–	452,447,261	–
Fixed Assets	–	276,665	1,014,702	–	–	–
	–	**4,444,374,508**	**1,014,702**	**–**	**452,447,261**	**–**
Sales						
Goods, Materials and Services	8,153,261	19,462,029	–	–	–	–
Expenses						
Rent and other services	4,110,128	30,700,880	–	–	12,061,857	–
Provision/Write offs	–	70,923,440	–	9,297,500	3,070,872	–
	4,110,128	**101,624,320**	**–**	**9,297,500**	**15,132,729**	**–**
Income						
Rent and other services	569,000	493,700	120,500	–	9,000	–
Interest	–	76,441,869	–	–	2,850,000	–
Dividend	–	110,854,000	–	–	–	–
Provision/Write offs						
	569,000	**187,789,569**	**120,500**	**–**	**2,859,000**	**–**
Other Recoveries						
Recovery of Expenses		75,548,252	–	–	8,924,467	–
Finance						
ICDs Given		8,001,550	–	–	–	–
ICDs Repayment		474,875,482	–	–	–	–
Investment in shares		4,181,750	–	–	50,000	–
Sunder for Investment		80,257,500	–	–	–	–
Dividend paid						
Outstanding						
Payable		567,641,534	–	–	53,542,187	–
Receivables	5,923,516	117,014,868	141,250	–	136,500	–
ICDs Given		411,909,240	–	–	25,000,000	–
Interest Receivables		80,229,896	–	–	–	–
Other Deposits Given		105,000	–	–	–	–
Remuneration						
Paid / Payable		–	–	–	–	30,643,140
Guarantees						
Given	–	1,140,746,200	–	–	–	–
Outstanding	–	1,140,746,200	–	–	–	–

(II) The above Transaction includes :

Nature of Transactions	A	A	B	B	B	B	B
	Shapoorji Pallonji & Company Ltd	**Forbes & Company Ltd**	**Aquamall Water Solutions Ltd**	**Aquadiagno-stics Water Research & Technology Center Ltd**	**Euro Forbes Financials Services Ltd.**	**Euro Forbes Ltd.**	**Euro Forbes Inter-national Pte. Ltd**
	₹	₹	₹	₹	₹	₹	₹
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**
Purchases							
Goods and Materials	–	–	4,322,152,234	–	–	–	–
Fixed Assets			276,665				
	–	**–**	**4,322,428,899**	**–**	**–**	**–**	**–**
Sales							
Goods, Materials and Services	8,153,261	–	–	–	–	–	–
Expenses							
Rent and other services	4,110,086	42	6,952,687	904,869	–		753,259
Provision/Write offs							
	4,110,086	**42**	**6,952,687**	**904,869**	**–**	**–**	**753,259**
Income							
Rent and other services	496,000	73,000	430,700	–	–	–	–
Interest	–	–	–	735,000	–	17,039,472	–
Dividend	–	–	100,004,000				
Provision/Write offs							
	496,000	**73,000**	**100,434,700**	**735,000**	**–**	**17,039,472**	**–**
Other Recoveries							
Recovery of Expenses	–	–	65,803,209	–	18,500	–	–
Finance							
ICDs Given	–	–	–	–	–	8,001,550	–
ICDs Repayment	–						
Investment in shares	–	–	–	–	500,000	3,681,750	–
Sunder for Investment	–	–	–	–	–	–	80,257,500
Dividend paid							
Outstanding							
Payable	–	–	549,358,638	–	–	–	–
Receivables	5,787,516	136,000	–	–	18,500	–	–
ICDs Given	–	–	–	6,000,000	–	148,717,865	–
Interest Receivables	–	–	–	1,597,277	–	17,039,472	–
Other Deposits Given	–	–	105,000	–	–	–	–
Other Deposits Given	–	–	–	–	–	–	–
Remuneration							
Paid / Payable	–	–	–	–	–	–	–
Guarantees							
Given	–	–	–	–	–	–	–
Outstanding	–	–	–	–	–	–	–

(III) The above Transaction includes :

Nature of Transactions	B Forbes Lux FZCO ₹ (8)	B EFL Mauritius Ltd ₹ (9)	B E4 Development & Coaching Ltd ₹ (10)	B Forbes Facility Services Pvt. Ltd ₹ (11)	B Radiant Energy Systems Pvt. Ltd ₹ (12)	B Waterwings Equipments Pvt. Ltd ₹ (13)
Purchases						
Goods and Materials	–	–	–	–	8,615,035	113,330,574
Fixed Assets						
	–	**–**	**–**	**–**	**8,615,035**	**113,330,574**
Sales						
Goods, Materials and Services	2,164,891	–	–	17,297,138	–	–
Expenses						
Rent and other services	–	–	1,163,866	20,926,199	–	–
Provision/Write offs	–	–	–	70,923,440	–	–
	–	**–**	**1,163,866**	**91,849,639**	**–**	**–**
Income						
Rent and other services				63,000	–	–
Interest	55,806,897		25,500	2,835,000	–	–
Dividend	–	–	–	–	4,350,000	6,500,000
Provision/Write offs						
	55,806,897	**–**	**25,500**	**2,898,000**	**4,350,000**	**6,500,000**
Other Recoveries						
Recovery of Expenses	4,619,048	–	1,487	5,058,945	25,102	21,961
Finance						
ICDs Given	–	–	–	–	–	–
ICDs Repayment	474,875,482					
Investment in shares	–	–	–	–	–	–
Sunder for Investment	–	–	–	–	–	–
Dividend paid						
Outstanding						
Payable	–	–	58,996	–	–	18,223,900
Receivables	76,772,705	27,280,175	–	12,525,260	418,228	–
ICDs Given	256,891,375		300,000	–	–	–
Interest Receivables	61,593,147	–	–	–	–	–
Other Deposits Given	–	–	–	–	–	–
Other Deposits Given	–	–	–	–	–	–
Remuneration						
Paid / Payable	–	–	–	–	–	–
Guarantees						
Given	1,140,746,200	–	–	–	–	–
Outstanding	1,140,746,200	–	–	–	–	–

(III) The above Transaction includes :

Nature of Transactions	C	C	C	D	E	E	E	E	F
	Forbes Technosys Ltd	Gokak Textile Ltd	Nypro Forbes Products Pvt. Ltd	Forbes Lux Group AG, BAAR	Forbes Aquatech Ltd	Forbes Concept Hospitality Services Pvt. Ltd	Forbes G4S Solutions Pvt. Ltd	Infinite Water Solutions Pvt. Ltd	Executive Vice Chairman Mr S L Goklaney
	₹	₹	₹	₹	₹	₹	₹	₹	₹
	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Purchases									
Goods and Materials	–	–	–		452,421,987	–	–	25,274	–
Fixed Assets	1,014,702								
	1,014,702	**–**	**–**	**–**	**452,421,987**	**–**	**–**	**25,274**	**–**
Sales									
Goods, Materials and Services	–	–	–	–	–	–	–	–	–
Expenses	–	–	–	–	–	–	–	–	–
Rent and other services	–	–	–	–	12,061,857	–	–	–	–
Provision/Write offs	–	–	–	9,297,500	–	3,070,872	–	–	–
	–	**–**	**–**	**9,297,500**	**12,061,857**	**3,070,872**	**–**	**–**	**–**
Income									
Rent and other services	60,000	57,500	3,000	–	9,000	–	–	–	–
Interest	–	–	–	–	2,850,000	–	–	–	–
Dividend	–	–	–	–	–	–	–	–	–
Provision/Write offs									
	60,000	**57,500**	**3,000**	**–**	**2,859,000**	**–**	**–**	**–**	**–**
Other Recoveries									
Recovery of Expenses	–	–	–	–	7,036,146	–	–	1,888,321	–
Finance									
ICDs Given	–	–	–	–	–	–	–	–	–
ICDs Repayment	–	–	–	–	–	–	–	–	–
Investment in shares	–	–	–	–	–	–	50,000	–	–
Sunder for Investment	–	–	–	–	–	–	–	–	–
Dividend paid									
Outstanding									
Payable	–	–	–	–	53,542,187	–	–	–	–
Receivables	18,000	120,250	3,000	–	–	–	136,500	–	–
ICDs Given	–	–	–	–	25,000,000	–	–	–	–
Interest Receivables	–	–	–	–	–	–	–	–	–
Other Deposits Given	–	–	–	–	–	–	–	–	–
Other Deposits Given	–	–	–	–	–	–	–	–	–
Remuneration									
Paid / Payable	–	–	–	–	–	–	–	–	30,643,140
Guarantees									
Given	–	–	–	–	–	–	–	–	–
Outstanding	–	–	–	–	–	–	–	–	–

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 Interna-tional Pte Limited	Forbes Facility Services Pvt. Limited	E4 Deve-lopment and Coaching Limited	Waterwings Equipments Private Limited	Radiant Energy Systems Private Limited	Forbes Enviro Solutions Ltd.	EFL Mauritius Limited	Aquadi-gnostics Water Research & Technology Center*	Euroforbes Mauritius Ltd NBA *	Euro Forbes Financial Serivce Ltd	Euro Forbes Limited	Forbes Lux FZCO*
The Financial Year of the Subsidiary Company ended on		31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31.12.2011	31.12.2011
(a) Number of Shares in the Subsidiary Company held by Eureka Forbes Limited at the above date														
(i) Fully paid	Nos.	4,000,160	500,000	10,00,000	7,50,000	50,000	7,250	50,000	88,50,001	80,000	1	50,000	300	9
(ii) Partly paid	Nos.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Percentage Holding	%	100	100	100	75	100	100	100	100	100	100	100	100	75
(b) The net aggregate amount of profits of the Subsidiary Company for the financial year so far as it concerns the members of Eureka Forbes Limited which has not been dealt with in the accounts of Eureka Forbes Limited upto 31st March, 2012 are as follows:														
31st March, 2012 are as follows:														
For the year	₹	3073,43,154	(110,03,487)	(187,46,352)	(13,57,600)	23,62,674	33,00,532	(,19,096)	278,93,285	(37,11,116)	(5,99,750)	(1,11,963)	(123,63,188)	(762,83,213)
For the previous years	₹	14134,62,232	(46,54,044)	(2,27,247)	(85,72,731)	44,82,483	36,95,745	(1,23,060)	(160,44,393)	(120,49,079)				
(c) The net aggregate amount of profits of the Subsidiary Company which has been dealt with in Eureka Forbes Limited accounts upto 31st March, 2012 being the dividends received are as under :														
For the year	₹	1000,04,000				65,00,000	43,50,000							
For the previous years	₹	3322,69,365				91,25,000	50,75,000							

* Note :

(a) 80,000 Equity of Aquadignostics Water Research & Technology Center are held by Aquamall Water Solutions Limited.

(b) 1 Equity share of Euroforbes Mauritius Ltd NBA * is held by EFL Mauritius Ltd

(c) 9 Equity Forbes Lux FZCO are held by Euro Fobres Limited - Dubai

S.P. Mistry
Chairman

S.L.Goklaney
Executive Vice Chairman

D E Udwadia
Directors

J C Chopra
Directors

N.D.Khurody
Directors

Indu Shahani
Directors

Reinhard Von Der Becke
Directors

Jai Mavani
Directors

Shankar Krishnan
Directors

Dattaram Shinde
Company Secretary

Mumbai , Dated : 14th May 2012

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.

REPORT OF THE DIRECTORS

To,

The Members,

Your Directors are pleased to submit their Report and the audited Accounts of the Company for the Year ended 31st March 2012.

1. FINANCIAL RESULTS:

	Current Year ₹	*Previous Year* ₹
Income from services and Other Income	64,10,482	*74,66,889*
Profit/ (Loss) before Depreciation	(5,99,419)	*7,56,419*
Less: Depreciation	8,29,554	*3,59,196*
Profit/ (Loss) Before Tax	(14,28,973)	*3,97,223*
Less/ (Add): Prov. for Current Tax and Deferred Tax	(71,373)	*74,751*
Profit/ (Loss) after Tax	(13,57,600)	*3,22,472*
Balance Brought Forward from Last Year	(85,72,731)	*(88,95,203)*
Profit/ (Loss) Transferred to Balance Sheet	(99,30,331)	*(85,72,731)*

2. OPERATIONS:

The Company has shown a degrowth in the Turnover for the year under review due to constant postponement of the assignments by clients in the fourth quarter. Overall the market for the training and development industry slowed down in the last quarter. Costs for new business development this year have been higher and more time consuming resulting in negative business results for the year. However the Company has taken steps to improve and consolidate the business operations next year as a number of new business acquisition initiatives have yielded positive results.

During the year your Company has made significant progress in adding to its existing list of new clientele while retaining almost all its existing clientele. The Company has increased its existing base of clientele from 16 to 22 clients in the current year across 7 different industry verticals .The Company also forged ahead into the auto industry vertical by adding few prestigious business accounts.

Your Company has also created a new business segment aimed at the retiring professionals and also for enabling skills education to undergraduate students. Apart from a business opportunity this also becomes a good cause for corporate social responsibility.

The Company hosted the Brand Maharashtra seminar along with COME – A Consortium of Management Education Institutes in Maharashtra and Directorate of Technical Education with a focus on Industry Academic Interface.

In the education sector too the Company has made a significant progress with tie ups / enrollments for its courses and students certificate projects with over 44 Business Schools.

The Company also hosted the Intercollegiate Summer Trainee awards, the first of its kind in the industry. This will continue to be hosted exclusively by the Company in the coming years.

The Company has trained over 1000 students and industry professionals through the Industry academia interface offering classroom and experiential learning support to create skills competency and employability for students. For this the Company has tied up with several leading multinational corporate and leading Indian Business Houses. The same is enabled through co-branded industry certified courses.

We hope to capitalize and grow the business in the next financial year with the help of various academic and industry partners .In the coming years the company shall strive to grow this segment of business and create a sustainable business model for the same.

3. DIVESTMENT :

Eureka Forbes Ltd, who holds 75% of the equity of the company has decided to divest its holdings in order to concentrate on its core business .The said 75% of the Equity will be purchased by Mr Rawalnath Krishna Lawande (Director and CEO) who already holds 25% of the paid up share capital of the company. The transfer of shares to take effect from 1st April 2012 and the required legal formalities are in process of finalisation Effective from 1st April 2012 the company will be fully owned and managed by Mr Rawalnath Krishna Lawande.

4. 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.

5. 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.

6. PARTICULARS REGARDING EMPLOYEES:

The Company has no employee drawing remuneration of ₹ 60,00,000/- per annum or over ₹ 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.

7. DIRECTORS' RESPONSIBLITY STATEMENT:

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

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

(ii) That the directors have selected such accounting policies and applied them consistently and prudent such as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period.

(iii) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the company and detecting fraud and other irregularities.

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

On behalf of the Board of Directors

R K. Lawande
(Director)

Place : Mumbai
Date : 09th May, 2012

Mr. Marzin R Shroff
(Director)

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, 2012. 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, 2011 to March 31, 2012, as under:
    1. June 2, 2011
    2. September 20, 2011
    3. November 18, 2011
    4. March 27, 2012

    For 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.
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 of Association 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 of Association 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 8, 2012

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, 2012.

i) Form No. 23AC and Form No. 23ACA (Annual Accounts for the year ending March 31, 2011 in XBRL format)

ii) Form No. 20B (Annual Return for the year ending March 31, 2011).

iii) Form 66 for filing Compliance Report of M/s R.R. Mallar & Associates.

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 2012 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 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, 2012;

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

Paresh Chokshi
Partner
Membership No. 33597

Mumbai, 9th May, 2012

ANNEXURE TO THE AUDITOR'S REPORT

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

i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) All fixed assets have been physically verified by the management during the year. As informed, no material discrepancies were noticed on such verification.

c) There was no substantial disposal of fixed assets during the year.

ii) Since the business of the Company is Service Oriented, the provision of clause 4 (ii) of the Companies (Auditor's report) Order, 2003 (as amended) in respect of physical verification of inventory is not applicable to the Company.

iii) a) As informed the Company has not granted any loans secured or unsecured to any Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

b) The Company had taken loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 3 lakhs and the year-end balance of loans taken from such party was Rs. 3 lakhs.

c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

d) The loan taken is repayable on demand and payment of interest has been regular.

iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

v) a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi) The Company has not accepted any deposits during the year from the public within the meaning of provisions of Sections 58A, 58AA or any other provisions relevant to the Companies Act, 1956 and rules made there under.

vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii) According to the information and explanations given to us the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.

ix) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including, income-tax, wealth-tax, sales tax, service tax, customs duty, cess and other material statutory dues applicable to it. Since the Company is rendering services excise duty is not applicable.

b) According to the information and explanations given to us, no undisputed amount payable in respect of , income tax, wealth tax, sales tax service tax, customs duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

c) According to the records of the company, there are no dues outstanding of income-tax, wealth-tax, sales tax, service tax, customs duty and cess on account of any dispute.

x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.

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

Paresh Chokshi
Partner
Membership No. 33597

Mumbai, 9th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	Notes	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
I EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	2	10,000,000	*10,000,000*
(b) Reserves and Surplus	3	(9,930,331)	*(8,572,731)*
		69,669	*1,427,269*
2. Non-current liabilities			
(a) Deferred tax liabilities, net	4	–	*43,899*
		–	*43,899*
3. Current liabilities			
(a) Short-term borrowings	5	300,000	*300,000*
(b) Trade payables	6	604,075	*3,269,242*
(c) Other current liabilities	7	3,292,009	*679,829*
		4,196,084	*4,249,071*
TOTAL		**4,265,753**	***5,720,239***
II ASSETS			
1. Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	8	109,169	*88,862*
(ii) Intangible assets	9	1,592,791	*2,274,702*
(b) Deferred tax assets (net)	4	27,474	–
(c) Long-term loans and advances	10	1,736,665	*1,092,598*
		3,466,099	*3,456,162*
2. Current assets			
(a) Trade receivables	11	334,060	*1,603,591*
(b) Cash and Bank Balances	12	358,957	*466,579*
(c) Short-term loans and advances	10	106,637	*193,907*
		799,654	*2,264,077*
TOTAL		**4,265,753**	***5,720,239***
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements

Per our report attached

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

Paresh Chokshi
Partner
M.No. 33597

Mumbai , Dated : 9th May, 2012

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

Mumbai , Dated : 9th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2012

		Notes	For the year ended 31st March, 2012 ₹	For the year ended 31st March, 2011 ₹
	Income			
I	Revenue From Operation	13	6,410,482	*7,466,889*
II	**Total Revenue**		**6,410,482**	***7,466,889***
III	**Expenses**			
	Cost of Services	14	1,652,150	*847,830*
	Emloyee benefit expense	15	2,898,668	*2,711,713*
	Other expenses	16	2,433,583	*3,125,424*
	Finance cost	17	25,500	*25,502*
	Depreciation and amortisation expense	18	829,554	*359,196*
	Total Expenses		**7,839,455**	***7,069,665***
	Profit / (Loss) before exceptional items, extraordinary items and tax		(1,428,973)	*397,224*
	Profit / (Loss) before tax		(1,428,973)	*397,224*
	Tax expense			
	Current tax		–	*38,672*
	Deferred tax		(71,373)	*36,080*
			(71,373)	*74,752*
	Profit/(Loss) for the period		(1,357,600)	*322,472*
	Earnings per equity share (₹)	19		
	Basic and Diluted-Par value of ₹ 10/- per share		(1)	*0.32*
	Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements

Per our report attached

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

Paresh Chokshi
Partner
M.No. 33597

Mumbai , Dated : 9th May, 2012

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

Mumbai , Dated : 9th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

	2011-12 (₹)		*2010-11* (₹)	
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		(1,428,973)		*397,224*
Adjusted For -				
Depreciation, amortisation and impairment	829,554		*359,196*	
Finance cost	25,500		*25,502*	
		855,054		*384,698*
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		(573,919)		*781,922*
Adjustments for (increase)/ decrease in operating assets:				
Trade Receivables	1,269,531		*(788,144)*	
Short Term Loans and advances	87,270		—	
Long -Term Loans and advances	(644,067)		—	
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	(2,665,167)		*2,296,215*	
Other current liabilities	2,612,180		—	
		659,747		*1,508,071*
Cash generated from operations		85,828		*2,289,993*
Direct Taxes Paid (net of refunds)	—		—	
(a) **NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES**		85,828		*2,289,993*
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets(Including adjustment on account of Capital Advances)	(167,950)		*(2,587,757)*	
(b) **NET CASH FROM /(USED) IN INVESTING ACTIVITIES**		(167,950)		*(2,587,757)*
CASH FLOW FROM FINANCING ACTIVITIES				
Finance cost	(25,500)		*(25,502)*	
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		(25,500)		*(25,502)*
NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)		(107,622)		*(323,266)*
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	19,141		*3,480*	
Balances with scheduled banks on Current accounts,	447,438		*786,365*	
		466,579		*789,845*
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	10,216		*19,141*	
Balances with scheduled banks on Current accounts,	348,741		*447,438*	
		358,957		*466,579*
NET INCREASE /(DECREASE) AS DISCLOSED ABOVE		(107,622)		*(323,266)*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012 *(Contd.)*

	2011-12		*2010-11*	
Working for changes	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Trade and Other Receivables				
Trade Receivable	1,269,531.00		*(788,144.00)*	
Unrelasied Foreign Exchange Loss on Drs				
Changes in Trade Receivables -		1,269,531.00		*(788,144.00)*
Short Term Loans and advances	(87,270.00)		—	
Less: ICD	—		—	
Unrelasied Foreign Exchange Gain on Advances				
		(87,270.00)		—
Long-Term Loans and advances	644,067.00		—	
Less: Adv tax	—		—	
Less ICD	—			
Unrelasied Foreign Exchange Gain on Advances				
		644,067.00		—
	—		***(788,144.00)***	
Trade Payables				
Trade Payables	**(2,665,167.00)**		*2,296,215.00*	
Unrelasied Foreign Exchange Gains on S.crs				
		(2,665,167.00)		*2,296,215.00*

Per our report attached

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

Paresh Chokshi
Partner
M.No. 33597

Mumbai , Dated : 9th May, 2012

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

Mumbai , Dated : 9th May, 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

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) Revenue Recognition

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

(d) 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.

(e) 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 reveiwed at each year end and adjusted to reflect the best current estimate.

(f) Taxation

Income Taxes are accounted for in accordance with Accounting Standard 22 "Accounting for Taxes on Income" notified under the Companies (Accounting Standard) Rules2006.Income Tax comprises both current and deferred tax. Current tax in 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.

(g) "The financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements."

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

	As at 31st March, 2012		*As at 31st March, 2011*	
	Number of shares	₹	*Number of shares*	*₹*
2. Share Capital				
Authorised				
Equity shares of ₹ 10/ each *	1,250,000	12,500,000	*1,250,000*	*12,500,000*
	1,250,000	12,500,000	*1,250,000*	*12,500,000*
Issued				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	1,000,000	10,000,000	*1,000,000*	*10,000,000*
At the end of the year	1,000,000	10,000,000	*1,000,000*	*10,000,000*
Subscribed				
Equity shares of ₹ 10/ each fully paid up *	1,000,000	10,000,000	*1,000,000*	*10,000,000*
At the beginning of the year	–	–	–	–
Add: Issued during the year	–			
At the end of the year	1,000,000	10,000,000	*1,000,000*	*10,000,000*
Fully Paid up				
Equity shares of ₹ 10/ each fully paid up *	1,000,000	10,000,000	*1,000,000*	*10,000,000*
At the beginning of the year	–	–	–	–
Add: Issued during the year	–			
At the end of the year	1,000,000	10,000,000	*1,000,000*	*10,000,000*

* Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders.

2 (a) 7,50,000 (previous year 7,50,000) equity shares of ₹ 10/- each fully paid are held by Eureka Forbes Limited , holding company. This contributes to 75% (previous year 75 %) of equity shares outstanding as at year end.

2 (b) Details of shareholders holding more than 5% shares of the Company

		As at 31st March, 2012		*As at 31st March, 2011*	
		Number of shares	% holding	*Number of shares*	*% holding*
Equity shares of ₹ 10/- each fully paid up held by					
i) Eureka Forbes Limited	Holding company	750000	75	*7500000*	*75*
ii) Rawalnath K Lawande		250000	25	*2500000*	*25*
TOTAL		**1,000,000**	**100**	***10,000,000***	***100***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

			As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
3.	**Reserves and surplus**			
	(Deficit)/ surplus in the Statement of Profit and Loss			
	Balance at the beginning of the year		(8,572,731)	*(8,895,203)*
	Add / (less) : Profit/ (loss) for the year		(1,357,600)	*322,472*
	Balance at the end of the year		(9,930,331)	*(8,572,731)*
	TOTAL		**(9,930,331)**	***(8,572,731)***
4.	**Deferred tax assets (net)**			
	Fixed Assets : Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting.		80,830	*(129,154)*
			80,830	*(129,154)*
	Gross deferred tax asset/ (Liability)		27,474	–
	Deferred tax liability		–	*(43,899)*
	Net deferred tax asset/ (Liability)		27,474	*(43,899)*
5.	**Short-term borrowings**			
	Deposits from related parties	Unsecured	300,000	*300,000*
	TOTAL		**300,000**	***300,000***

		Long-term		*Current*	
		As at 31st March, 2012 ₹	As at 31st March, 2011 ₹	*As at 31st March, 2012* ₹	*As at 31st March, 2011* ₹
6.	**Trade Payables**				
	Trade payables (including acceptances)	–	–	604,075	*3,269,242*
	TOTAL	**–**	**–**	**604,075**	***3,269,242***
7.	**Other liabilities**				
	Statutory liabilities (Contributions to withholding Taxes, Service Tax etc.)	–	–	477,097	*679,829*
	Other payables	–	–	2,814,912	–
	TOTAL	**–**	**–**	**3,292,009**	***679,829***

8. Tangible Assets

Cost or Valuation	**Furniture and fixtures ₹**	**Computers ₹**	**Total ₹**
As at 1 April 2010	81,146	230,496	311,642
As at 31 March 2011	81,146	230,496	311,642
Additions	–	57,950	57,950
As at 31 March 2012	81,146	288,446	369,592

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

Depreciation	Furniture and fixtures ₹	Computers ₹	Total ₹
As at 1 April 2010	27,151	156,096	183,247
Charge for the year	9,773	29,760	39,533
As at 31 March 2011	36,924	185,856	222,780
Charge for the year	8,004	29,639	37,643
As at 31 March 2012	44,928	215,495	260,423
Net Block			
As at 31 March 2011	**44,222**	**44,640**	**88,862**
As at 31 March 2012	**36,218**	**72,951**	**109,169**

9. Intangible Assets

Gross Block	Computer Software ₹	Total ₹
As at 1 April 2010	12,000	12,000
Purchase	2,587,757	2,587,757
As at 31 March 2011	2,599,757	2,599,757
Purchase	110,000	110,000
As at 31 March 2012	2,709,757	2,709,757
Amortisation		
As At 1 April 2010	5,392	5,392
Charge for the year	319,663	319,663
As at 31 March 2011	325,055	325,055
Charge for the year	791,911	791,911
As at 31 March 2012	1,116,966	1,116,966
Net Block		
As at 31 March 2011	**2,274,702**	**2,274,702**
As at 31 March 2012	**1,592,791**	**1,592,791**

	Long-term		Current	
	As at 31st March, 2012 ₹	**As at 31st March, 2011 ₹**	**As at 31st March, 2012 ₹**	**As at 31st March, 2011 ₹**
10. Loans and Advances				
Other loans and advances				
Advance income-tax (Net of provision of taxation)	1,736,665	*1,092,598*	–	–
Advances recoverable in cash or kind	–	–	106,637	*193,907*
	1,736,665	*1,092,598*	106,637	*193,907*
TOTAL	**1,736,665**	***1,092,598***	**106,637**	***193,907***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		Non Current		Current	
		As at 31st March, 2012 ₹	As at 31st March, 2011 ₹	*As at 31st March, 2012* ₹	*As at 31st March, 2011* ₹
11.	**Trade receivables**				
	Other debts				
	Unsecured, considered good	–	–	334,060	*1,603,591*
	(Less Than Six Months)				
		–	–	334,060	*1,603,591*
	TOTAL	**–**	**–**	**334,060**	***1,603,591***
12.	**Cash and Bank Balances**				
	Cash and cash equivalents				
	Balance with banks in				
	Current accounts	–	–	348,741	*447,438*
	Cash on hand	–	–	10,216	*19,141*
		–	–	358,957	*466,579*
	TOTAL	**–**	**–**	**358,957**	***466,579***

		As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹
13.	**Revenue from operation**		
	Sale of services - Training	6,410,482	*7,466,889*
	Revenue from operations	6,410,482	*7,466,889*
14.	**Cost of Services**		
	Faculty Charges	1,652,150	*847,830*
		1,652,150	***847,830***
15.	**Emloyee benefit expense**		
	Salaries, wages and bonus	2,692,711	*2,555,237*
	Staff welfare expense	205,957	*156,476*
		2,898,668	***2,711,713***
16.	**Other expenses**		
	Electricity	30,220	*72,807*
	Rent	480,000	*480,000*
	Others	4,835	–
	Advertisement	–	*99,712*
	Selling and Sales Promotion	16,350	–
	Payment to Auditors (Refer details Below)	35,000	*33,075*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
	Printing and Stationery	243,507	*365,021*
	Communication cost	117,387	*74,980*
	Travelling and Conveyance	918,051	*1,017,603*
	Rates and taxes, excluding taxes on income	5,519	*11,000*
	Information Technology Expenses	–	–
	Other Establishment Expenses	582,714	*971,226*
		2,433,583	*3,125,424*
	Payment to auditors		
	As auditor		
	Audit fee	27,000	*25,000*
	Tax audit fee	8,000	*7,000*
	For reimbursement of expenses	–	*1,075*
		35,000	*33,075*
17.	**Finance cost**		
	Interest expense	25,500	*25,502*
		25,500	*25,502*
18.	**Depreciation and amortisation expense**		
	Depreciation on tangible assets	37,643	*39,533*
	Amortization on intangible assets	791,911	*319,663*
		829,554	*359,196*
19.	**Earnings per equity share**		
	Number of Equity Shares	1,000,000	*1,000,000*
	Face Value per share	10	*10*
	Profit After Tax available to Equity Shareholders	(1,357,600)	*322,472*
	Basic and Diluted Earning Per Share	(1)	*0.32*

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, 2012.

(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

	Related Party	
Nature of Transactions	**Referred to in A above**	**Referred to in B above***
Expenses		
Services charges	–	480,000
Reimbursement of Expenses	–	–
Interest	25,500	–
Salary	–	1,800,000
Income		
Services Rendered	12,22,544	–
Finance		
Inter corpoate deposit taken	300,000	–
Outstanding		
Payable	–	2,794,235
Receivables	58,996	–

(Incorporated as per the laws of Jebel Ali Free Zone Authority
Offshore Companies Regulations, Dubai, UAE)

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

DIRECTORS

Rajagopalan Sambamoorthy

Sunil Dhondiram Uphale

PRINCIPLE BANKERS

HSBC Bank Middle East Limited

AUDITORS

KSI Shah & Associates

REGISTERED OFFICE

1003, Khalid Al Attar Tower, Sh. Zayed Road,
PO. Box 71241, Dubai, United Arab Emirates

DIRECTOR'S REPORT

The director submits his report together with the financial statements for the period ended 31 December 2011.

Activity

The company carried out the investment activities during the period.

Results and dividends

The results of the company and the appropriations made for the period ended 31 December 2011 are se out on page 4 & 5 of the financial statements.

Capital

The authorized share capital of the company is AED 1,000,000 divided into 1,000 shares of AED 1,00 each. The issued and paid up capital of the company is AED 300,000 divided into 300 shares of AED 1,000 each.

Directors

The directors who served during the period were as follows:

– Mr. Rajagopalan Sambamoorthy

– Mr. Sunil Dhondiram Uphale

Shareholder

The shareholder and their shareholding as of 31 December 2011 was as follows:

Name	**No. of Shares**
Eureka Forbes Limited	300
	300

Auditors

A resolution to re-appoint the auditors and fix their remuneration will be put to the shareholder at in annual general meeting.

On behalf of the board

DIRECTOR

AUDITORS' REPORT TO THE SHAREHOLDER OF EURO FORBES LIMITED

We have audited the accompanying financial statements of **EURO FORBES LIMITED,** which comprises the statement of financial position as of 31 December 2011, and the statement of income, statement of changes in equity and statement of cash flow for the period then ended, and a summary of significant accounting policies and explanatory information.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentations of these financial statements in accordance with International Financial Reporting Standards and with the implementing rules and regulations issued by the Jebel Ali Free Zone Authority, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply that 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 give a true and fair view of the financial position of **EURO FORBES LIMITED** as of 31 December 2011 and of the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards and with the implementing rules and regulations issued by the Jebel Ali Free Zone Authority.

Matter of Emphasis

Without qualifying our opinion, we draw attention to note 2 to the financial statements which states that as of 31 December 2011 the company had a deficiency of assets amounting to US $ 172,533 resulting from loss, without considering impairment in the value of the investment and that the loss significantly exceeds the company's share capital. The continuation of the company's operations is dependent upon the continued financial support from the shareholders and in particular the parent company of one of the shareholders which and the shareholders of the company have confirmed that they will continue to provide such financial support to enable the company to meet its obligation as they fall due and the shareholders are confident that the company will have future profitable operations.

Other matters

We also confirm that, in our opinion, proper books of account have been kept by the company and the financial statements are in agreement with the books of account. To the best of our knowledge and belief no violations of the Laws of Jebel Ali Free Zone Authority Regulation have occurre during the period, which would have had a material effect on the business of the concern or on its financial position.

KSI SHAH & ASSOCIATES
Chartered Accountants

Dubai
5-May-2012

STATEMENT OF FINANCIAL POSITION 31ST DECEMBER, 2011

	Notes	2011 US $	2011 INR
ASSETS			
Non-current assets			
Investments	4	2,708,317	147,023,426
Loans to a related party	5	140,000	7,600,026
Current assets			
Interest receivable	6	5,903	320,450
Bank Balance		40,849	2,217,525
Total current assets		**46,752**	**2,537,975**
Total Assets		**2,895,069**	**157,161,427**
EQUITY AND LIABILITIES			
Capital and reserves			
Shareholder's funds			
Share capital	7	81,693	3,681,750
Accumulated losses		(254,226)	(12,363,188)
Foreign Currency Translation Reserve		–	(684,670)
Total shareholder's funds		**(172,533)**	**(9,366,108)**
Non-current liabilities			
Loans from a related party	8	2,807,470	152,406,035
Current liabilities			
Other payables & accrual	9	260,132	14,121,500
Total Current liabilities		**260,132**	14,121,500
Total equity and liabilities		**2,895,069**	**157,161,427**

The notes on pages 7 to 10 form an integral part of these financial statements.

STATEMENT OF INCOME 31ST DECEMBER, 2011

	Notes	9 months period ended 31 December 2011 US $	9 months period ended 31 December 2011 INR
Revenue		–	–
Interest Income	10	5,908	287,310
Expenses			
Interest Expenses	10	(253,552)	(12,330,411)
Administrative Exp		(6,582)	(320,087)
Net Loss for the period		**(254,226)**	**(12,363,188)**

The notes on pages 7 to 10 form an integral part of these financial statements.

Statement of Changes in Equity for the nine months period ended 31 December 2011

	Share Capital US $	Accumulated losses US $	Total US $	Total INR
Contribured during the period	81,693	–	81,693	3,681,750
Net loss for the period	–	(254,226)	(254,226)	(12,363,188)
As at 31 December 2011	81,693	(254,226)	(172,533)	(8,681,438)

The notes on pages 7 to 10 form an integral part of these financial statements.

Statement of Cash Flows for the period ended 31 December 2011

	Notes	9 months period ended 31 December 2011 US $	9 months period ended 31 December 2011 INR
Cash flows from operating activities			
Net loss from ordinary activities		(254,226)	(12,363,188)
Adjustment for:			
Interest income		(5,908)	(287,310)
Interest expense		253,552	12,330,411
Operating profit/ (loss) before working capital changes		(6,582)	(320,087)
Trade and other payables net of receivables		6,580	1,470,639
Net cash from/ (used in) operating activities		**(2)**	**1,150,551**
Cash flows from investing activities			
Investment in subsidiary (net)		(40,847)	(2,217,417)
Interest received		5	287,310
Net cash from/ (used in) investing activities		**(40,842)**	**(1,930,107)**
Cash flows from financing activities			
Share capital introduced		81,693	3,681,750
Foreign Currency Translation Reserve			(684,670)
Net cash introduced from/(used in) financing activities		**81,693**	**2,997,080**
Cash and cash equivalents at end of period	6	**40,849**	**2,217,525**

Notes to the Financial Statements for the period ended 31 December, 2011

1. Legal status and business activity

a) **EURO FORBES LIMITED** is a private limited liability company incorporated as per the laws of Jebel Ali Free Zone Authority Offshore Companies Regulations under registration number 145214 with Eureka Forbes Limited as its sole shareholder. The registered address of the company is P O Box 71241, Dubai, U. A. E.

b) The company is engaged general trading and investment holdings globally.

c) These financial statements are prepared for the period less than twelve months to coincide the financial year to 31 December.

2. Basis of preparation

During the first period the company has incurred a net loss of US$ 254,226, without considering impairment in the value of investment in a subsidiary, which exceeds its share capital and its current liabilities, exceeds current assets by US $ 213,380. As of 31 December 2011, the company's subsidiary company Forbes Lux FZCO has an accumulated loss of US $ 1,527,424 which exceeds its share capital.

The accompanying financial statements have been prepared on the basis that the company and its subsidiary will continue as a going concern. The continuation of these entities as a going concern is dependent upon the banks and related parent entities continuing to provide the necessary financial support and upon the operations of the company and its subsidiary remaining profitable in the future. The parent company has extended their written assurance about the injection of adequate funds in the company to ensure that all short, medium and long term liabilities are met as they fall due to carry on their businesses without any significant curtailment of operations and also to ensure compliance with the rules and regulations of Jebel Ali Free Zone Authorities.

The financial statements have been prepared in accordance with the International Accounting Standards, and applicable requirements of U. A. E. laws. These financial statements have been prepared under the historical cost convention and have been presented in United States Dollar.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are described in note 4.

These financial statements contains information about the company as an individual company and do not contain consolidated financial information as the parent of a group. The company has availed itself of the exemption under IAS 27 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" from the requirement to prepare consolidated financial statements as it, and its subsidiary are included by consolidation in the consolidated financial statements of the ultimate parent company.

The functional currency of the company is US Dollars since the majority of the company's transactions are conducted in that currency or in currencies pegged to the US Dollar. The financial statements are also presented in US Dollars.

3. Significant accounting policies

The financial statements are prepared under the historical cost convention. The significant accounting policies adopted are as follows:

Investments:

Investments are accounted for using cost method. Provision is made for any impairment in value of investments if of a permanent in nature. Dividend income is recognized in the statement of income when received.

Trade and other receivables:

Trade receivables are stated at original invoice amount less a provision for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable and provided for in the accounts. Bad debts are written off when there is no possibility of recovery.

Trade & other payables:

Liabilities are recognized for amounts to be paid for goods or services received whether invoiced by the supplier or not.

Revenue:

Interest income is recognized as the interest accrues.

Foreign currency transactions:

Transactions in foreign currencies are converted into US Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into US Dollars at the rate of exchange ruling at the date of statement of financial position. Gains/losses arising from the foreign currency transactions are taken to the statement of income.

Cash and cash equivalents:

Cash and cash equivalents for the purpose of the statement of cash flows comprise cash and cheques on hand, bank balance in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

4. Investments

	Country of Incorporation	% of Ownership	2011 *US $*	2011 *INR*
Investment in subsidiary:				
Forbes LuxFZCO 9 shares of AED 100,000 each Purchased at US$ 300,924 per share (Converted @1 US $. = AED 3.67)	U A E	75	2,708,317	147,023,426
Share of net book value of investments			US $ (900,634)	

The company, swapping liability, acquired shares using valuation methodology applied by the management. The premium paid is for the acquisition of ASEAN business. The principal activity of company is trading and distribution of water purifiers, filters & purifications devices, electrical & electronics appliances and related items and spare parts manufactured by an overseas relatedparty(s) and also sourcingfrom the other vendors. As of 31 December 2011 this company had a deficiency of assets amounting to US $ 1,200,845 resulting from losses incurred in earlier years.

5. Loan to a related party

This represents unsecured 6 % interest bearing loan of US$ 140,000 advanced to Forbes Lux FZCO a related subsidiary company to meet with its investments, working capital and general corporate requirements. The loan, created by swapping liability as mentioned in note 8, is repayable on demand after period of three years from the first draw down.

6. Bank balance

This represents balance with a bank in current account.

7. Share capital

	2011 US $	2011 INR
Authorized capital		
1,000 share of nominal value of AED 1,000 each *(Converted @1 US$. =AED3.67)*	272,480	14,791,822
Issued and paid up capital		
300 share of nominal value of AED 1,000 each (Converted @1 USS. = AED 3.67)	81,693	3,681,750

8. Loan from a related party

This represents secured loan of USS 2,807,470 from Eureka Forbes Limited, the parent shareholder company to acquire 75% stake in a subsidiary company. This loan has been created by swapping of liability owed to Eureka Forbes Limited by Euro Forbes International Pte Ltd, Singapore, an overseas related party. The loan carries interest calculated at prime Indian bank lending rate. The loan is repayable on demand after period of three years from the first draw down.

9. Other payable and accrual

	2011 US $	2011 INR
Interest payable on loan	253,552	13,764,299
Accrual	6,580	357,201
	260,132	14,121,500

10. Related party transactions & balances

The company in the normal course of business enters into transactions with other business enterprises that fall within the definition of related party as contained in the International Accounting Standard - 24.

Related parties are the shareholder, entities under common ownership and/or common management control, directors and associates as under:

– Eureka Forbes Limited, India	Shareholder company
– Forbes Lux FZCO, Dubai, UAE	Subsidiary company
– Mr. Rajagopalan Sambamoorthy	Director
– Mr. Sunil Dhondiram Uphale	Director

The nature of significant related party transactions during the period represents receiving and advance of interest bearing loans to the related parties. The transactions and balances are reflected in the statement of financial position and income statement.

11. Comparative figures

This being the first period of company's operations there are no comparative figures.

12. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 5 May 2012.

(Subsidiary of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2012

DIRECTORS

J.N. Ichhaporia

Marzin R Shroff

A.V.Suresh

PRINCIPAL BANKERS

State Bank of India

AUDITORS

Batliboi & Purohit

REGISTERED OFFICE

B1 / B2 , 7th Floor, 701, Marathon Innova
Off Ganpatrao Kadam Marg
Lower Parel
Mumbai - 400013

REPORT OF THE DIRECTORS

To,
The Members

The Directors are pleased to submit their Report and the First Audited Accounts of the Company for the period ended 31st March, 2012.

1. **FINANCIAL RESULTS**

Particulars	***Current Year*** ₹
Income from Operations and other income	*Nil*
Profit / (loss) before Depreciation	*(111,963)*
Less : Depreciation	*Nil*
Profit / (loss) before Tax	*(111,963)*
Less : Provision for Taxation	*Nil*
Profit / (loss) after Tax	*(111,963)*
Profit / (loss) brought forward from previous year	*Nil*
Balance Carried to Balance Sheet	*(111,963)*

2. **OPERATIONS**

The Company was incorporated on 7th March 2011.It is a wholly owned subsidiary of Eureka Forbes Limited.The Company is yet to commence operation. The Company has been formed with the objective of leasing and financing of consumer durables including the products marketed by its parent company.

3. **CAPITAL**

During the year under review, Eureka Forbes Limited subscribed the paid up capital of the Company which stands at ₹ 5,00,000 comprising of 50,000 equity shares of ₹ 10/- each.

4. **DIRECTORS**

None of the Directors retire by rotation as specified in the Articles of Association.

5. **AUDITORS**

M/S Batliboi & Purohit were appointed as the first statutory auditor for the Company on 2nd April 2011 and will hold office till the conclusion of the 1st Annual General Meeting of the Company hence, they retire at this AGM and offer themselves for re-appointment

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217 (2AA), your Directors confirm that :-

(i) In the preparation of the Annual Accounts for the period ended March 31, 2012, 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 judgement and estimates are made so as to give 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 adequete accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities

(iv) The Directors have prepared the Annual Accounts on a going concern basis.

7. **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.

8. 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 (I) 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

Mumbai,

Director

Dated: 8th May, 2012

AUDITORS' REPORT TO THE MEMBERS OF EURO FORBES FINANCIAL SERVICES LIMITED

1. We have audited the attached Balance Sheet of Euro Forbes Financial Services Limited (‘the company) as at 31st March 2012 and the Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 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,2012;

   ii) in the case of the Statement of Profit and Loss, 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 **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Reg.No. 101048W

ATUL MEHTA
Partner
Membership No.15935

Place : Mumbai
Dated : 8th May, 2012

ANNEXURE TO THE AUDITOR'S REPORT

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

i) The Company has not commenced any business operations during the 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 **BATLIBOI & PUROHIT**
Chartered Accountants
Firm Reg.No. 101048W

ATUL MEHTA
Partner
Membership No.15935

Place : Mumbai
Dated : 8th May, 2012

BALANCE SHEET AS AT 31 ST MARCH, 2012

				Notes	As at 31st March 2012 ₹
I.	**EQUITY AND LIABILITIES**				
	1.	Shareholders' funds			
		(a)	Share Capital	2	500,000
		(b)	Reserves and Surplus	3	(111,963)
					388,037
	2.	Non-current liabilities			–
	3.	Current liabilities			
		(a)	Trade payables	4	103,725
		(b)	Other current liabilities	5	7,500
					111,225
			TOTAL		**499,262**
II.	**ASSETS**				
	1.	Non-current assets			
		(a)	Fixed Assets		–
	2.	Current assets			
		(a)	Cash and cash equivalents	6	499,262
					499,262
			TOTAL		**499,262**
	Significant accounting policies and notes			1	–

The notes referred to above form an integral part of the financial statements

Per our report attached

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

Atul Mehta
Partner
Membership No. 15935

Mumbai, Dated : 8th May, 2012

J.N. Ichhaporia
Marzin R Shroff
A.V. Suresh
Directors

Mumbai, Dated: 8th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2012

		Notes	For the year ended 31st March, 2012 ₹
	Income		
I	Revenue from operation (gross)		–
II	Other income		–
III	**Total Revenue**		–
IV	**Expenses**		
	Other expenses	7	111,963
	Total Expenses		111,963
	Profit before exceptional items, extraordinary items and tax		(111,963)
	Exceptional items		–
	Profit before extraordinary items and tax		(111,963)
	Extraordinary items		–
	Profit before tax		(111,963)
	Tax expense		
	Current tax		
	Deferred tax		
			–
	Profit/(Loss) for the period		(111,963)
	Earnings per equity share (₹)		
	Basic and Diluted-Par value of ₹ 10/- per share		(2)
	Significant accounting policies and notes	1	

The notes referred to above form an integral part of the financial statements

Per our report attached

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

Atul Mehta
Partner
Membership No. 15935

Mumbai, Dated : 8th May, 2012

J.N. Ichhaporia
Marzin R Shroff
A.V. Suresh
Directors

Mumbai, Dated: 8th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

	2011-12	
	₹	₹
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		(111,963)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		(111,963)
Adjustments for increase/ (decrease) in operating liabilities:		
Trade Payables	103,725	
Other current liabilities	7,500	
	111,225	
Cash generated from operations		(738)
(a) **NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES**		(738)
(b) **NET CASH FROM /(USED) IN INVESTING ACTIVITIES**	–	–
CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital	500,000	
(c) **NET CASH FROM/ (USED) IN FINANCING ACTIVITIES**		500,000
NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)		499,262
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :		
Cash, Cheques on hand	—	
Balances with scheduled banks on Current accounts,	—	
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :		
Cash, Cheques on hand	—	
Balances with scheduled banks on Current accounts,	499,262	
		499,262
NET INCREASE /(DECREASE) AS DISCLOSED ABOVE		499,262

Per our report attached

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

Atul Mehta
Partner
Membership No. 15935

Mumbai, Dated : 8th May, 2012

J.N. Ichhaporia
Marzin R Shroff
A.V. Suresh
Directors

Mumbai, Dated: 8th May, 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

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) 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 OTHER NOTES

(a) Euro Forbes Financial Services Limited (the Company) is a wholly owned subsidiary of Eureka Forbes Limited, a Company incorporated under the Companies Act 1956. The Company was incorporated on 7th March 2011 and is yet to commence the business. These are the first annual accounts of the Company for the period starting from 7th March 2011 and ended on 31st March 2012.

(b) 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.

(c) 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.

(d) Since this is the first accounts for the Company, no previous years' figures are given.

Per our report attached

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

Atul Mehta
Partner
Membership No. 15935

Mumbai, Dated : 8th May, 2012

J.N. Ichhaporia
Marzin R Shroff
A.V. Suresh
Directors

Mumbai, Dated: 8th May, 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		As at 31st March, 2012	
		Number of shares	₹
2.	**SHARE CAPITAL**		
	Authorised		
	Equity shares of ₹ 10/ each *	50,000	500,000
		50,000	**500,000**
	Issued		
	Equity shares of ₹ 10/ each fully paid up *		
	At the beginning of the year		
	Add: Issued during the year	50,000	500,000
	Less: Bought back during the year		
	At the end of the year	**50,000**	**500,000**
	Subscribed		
	Equity shares of ₹ 10/ each fully paid up *		
	At the beginning of the year		
	Add: Issued during the year	50,000	500,000
	Less: Bought back during the year		
	At the end of the year	**50,000**	**500,000**
	Fully Paid up		
	Equity shares of ₹ 10/ each fully paid up *		
	At the beginning of the year		
	Add: Issued during the year	50,000	500,000
	Less: Bought back during the year		
	At the end of the year	**50,000**	**500,000**

* Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders.

Equity shares of ₹ 10/- each fully paid up held by

Eureka Forbes Limited	Holding company	100%

		As at 31st March, 2012 ₹
3.	**RESERVES AND SURPLUS**	
	(Deficit)/ surplus in the Statement of Profit and Loss	
	Balance at the beginning of the year	–
	Add/ (less): Profit/ (loss) for the year	(111,963)
	TOTAL	**(111,963)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		Current As at 31st March, 2012 ₹
4.	**TRADE PAYABLES**	
	Trade payables (including acceptances)	103,725
	TOTAL	**103,725**
5.	**OTHER CURRENT LIABILITIES**	
	Other Payables - TDS	7,500
	TOTAL	**7,500**
6.	**CASH AND CASH EQUIVALENTS**	
	Balance with banks in	
	Current accounts	499,262
	TOTAL	**499,262**
7.	**OTHER EXPENSES**	
	Payment to Auditors (Refer details Below)	10,000
	Other Establishment Expenses	738
	Preliminary Expenses	101,225
		111,963
	Payment to auditors	
	As auditor	—
	Audit fee	10,000
	Tax audit fee	—
	In other capacity	
	Management services	—
	For other services	—
	For reimbursement of expenses	
		10,000
8.	**EARNINGS PER EQUITY SHARE**	
	Number of Equity Shares	50,000
	Weighted average number of equity shares	50,000
	Face Value per share	10
	Profit After Tax available to Equity Shareholders	(111,963)
	Basic and Diluted Earning Per Share	(2)

Details required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India - referred in note No. 2 (b) in Significant Accounting policies and Notes to the Accounts for the year ended 31st March, 2012.

(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 -

Shapoorji Pallonji & Company Limited

Forbes & Comopany Ltd

Eureka Forbes Ltd

B. Enterprises that are controlled - (Subsidiary Company) - None

C. Enterprises that are under common control -

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

Euro Forbes Limited - Dubai

Forbes Lux FZCO - Dubai

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.

Euro P2P Direct (Thailand) Co. Limited

Forbes Lux Group AG, BAAR

Lux International AG

Forbes Aquatech Limited

Forbes Concept Hospitality Services Pvt. Limited

Forbes G4S Solutions Pvt. Limited

Infinite Water Solutions Pvt. Limited

(II) Transactions with Related Parties

Nature of Transactions	Related Party		
	Referred to in A above ₹	Referred to in B above ₹	Referred to in C above ₹
Equity Infusion by Eureka Forbes Limited	500,000	–	–
	500,000	–	–
Expenses			
Preliminary expenses	18,500	–	–
	18,500	–	–
Outstandings			
Trade Payables	18,500	–	–
	18,500	–	–

DIRECTORS:

A.V. Suresh

J.N. Ichhaporia

Govind Bommi

PRINCIPLE BANKERS

The Hongkong & Shanghai Banking Corporation Limited

AUDITORS

RSM Chio Lim LLP

REGISTERED OFFICE

35, Selegie Road, # 04-07,
Parklane Shopping Mall,
Singapore - 188 307

DIRECTORS' REPORT

The directors of the company are pleased to present their report together with the audited financial statements of the company for the reporting year ended 31 March 2012.

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, Chapter 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, Chapter 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.

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.

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

6. 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

30 April 2012

TATEMENT 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 2012 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

30 April 2012

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 2012, 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 information.

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, Chapter 50 (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.

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.

Opinion

In our opinion, the accompanying financial statements are property 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 2012 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.

Other Matter

The financial statements for the year ended 31 March 2011 was qualified on no allowance for impairment loss made to the investment in an associate of $84,851. An allowance for impairment for the same amount has been made during the year.

RSM Chio Lim LLP
Public Accountants and
Certified Public Accountants
Singapore

30 April 2012

Partner in charge of audit: Woo E-Sah

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 MARCH, 2012

	Notes	2012 SG$	2012 INR	*2011 SG$*	*2011 INR*
Revenue		–	–	–	–
Other Items of Income					
Other Credit	4	3,031	119,698	*163,001*	*5,634,325*
Other Items of Expenses					
Administrative Expenses		(51,099)	(2,018,008)	*(58,000)*	*(2,004,886)*
Finance Costs	5	–	–	*(395,762)*	*(13,679,997)*
Other Charges	4	(247,852)	(9,105,177)	–	–
Loss Before Tax From Continuing Operations		(295,920)	(11,003,486)	*(290,761)*	*(10,050,557)*
Income Tax Income	6	–	–	*23,931*	*827,220*
Loss From Continuing Operations, Net of Tax		(295,920)	(11,003,486)	*(266,830)*	*(9,223,338)*
Other Comprehensive Income for the Year, Net of Tax		–	–	–	–
Total Comprehensive Loss		**(295,920)**	**(11,003,486)**	***(266,830)***	***(9,223,338)***

The accompanying notes form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH, 2012

	Notes	2012 SG$	2012 INR	*2011 SG$*	*2011 INR*
ASSETS					
Non-Current Assets					
Investment in an Associate	7	–	–	*84,851*	*2,667,713*
Total Non-Current Assets		**–**	**–**	*84,851*	*2,667,713*
Current Assets					
Other Receivables	8	–	–	*6,964,550*	*249,861,588*
Other Assets	9	–	–	*34,905*	*1,252,270*
Cash and Cash Equivalents	10	261,134	10,768,788	*62,270*	*2,234,001*
Total Current Assets		**261,134**	**10,768,788**	***7,061,725***	***253,347,859***
Total Assets		**261,134**	**10,768,788**	***7,146,576***	***256,015,572***
EQUITY AND LIABILITIES					
Equity					
Share Capital	11	500,000	13,627,500	*3,500,000*	*93,885,000*
(Accumulated Losses) Retained Earnings		(248,087)	(13,628,463)	*47,833*	*(2,624,977)*
Foreign Currency Translation Reserve		–	10,389,479	–	*35,646,338*
Total Equity		**251,913**	**10,388,516**	***3,547,833***	***126,906,361***
Non-Current Liabilities					
Other Financial Liabilities	12	–	–	*3,526,321*	*126,510,994*
Total Non-Current Liabilities		**–**	**–**	*3,526,321*	*126,510,994*
Current Liabilities:					
Trade and Other Payables	13	9,221	380,273	*72,422*	*2,598,217*
Total Current Liabilities		**9,221**	**380,273**	***72,422***	***2,598,217***
Total Liabilities		**9,221**	**380,273**	***3,598,743***	***129,109,211***
Total Equity and Liabilities		**261,134**	**10,768,788**	***7,146,576***	***256,015,572***

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

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH, 2012

	Total Equity SG$	**Share Capital SG$**	(Accumulated Losses/ Retained Earnings) SG$	INR
Current Year:				
Opening Balance at 1 April 2011	3,547,833	3,500,000	47,833	91,260,024
Movement in Equity:				
Total Comprehensive Loss for the Year	(295,920)	—	(295,920)	(11,003,486)
Reduction in Share Capital	(3,000,000)	(3,000,000)	—	(80,257,500)
Closing Balance at 31 March 2012	**251,914**	**500,000**	**(248,087)**	**(962)**
Previous 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***

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS YEAR ENDED 31 MARCH, 2012

	2012 SG$	2012 INR	*2011 SG$*	*2011 INR*
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before Tax	(295,920)	(11,003,486)	*(290,761)*	*(10,050,557)*
Adjustments for :				
Interest Expense	—	—	*395,762*	*13,679,997*
Impairment allowance on investment associate	84,851	2,667,713	—	—
Foreign exchange adjustment Gains	—	—	*(261,650)*	*(9,044,246)*
Operating Cash Flows before Changes in Working Capital	(211,069)	(8,335,773)	*(156,649)*	*(5,414,807)*
Other Receivables	—	—	*151,653*	*(21,213,708)*
Other Assets	34,905	1,252,270	*24,751*	*664,517*
Trade and Other Payables	(63,201)	(2,217,945)	*7,681*	*518,028*
Net Cash Flows From Operations Before Interest & Tax	(239,365)	(9,301,448)	*27,436*	*(25,445,969)*
Income Taxes Refunded	—	—	*23,931*	*827,220*
Net Cash Flows (Used in) From Operating Activities	(239,365)	(9,301,448)	*51,367*	*(24,618,749)*
CASH FLOWS FROM FINANCING ACTIVITIES				
Reduction in Shares	(3,000,000)	(80,257,500)	—	—
Decrease in Other Financial Liabilities	(3,526,321)	(126,510,994)	*(71,949)*	*10,569,764*
Other Receivables	6,964,550	249,861,588	—	—
Foreign Currency Translation Reserve	—	(25,256,859)	—	*13,620,910*
Net Cash Flows From (Used in) Financing Activities	438,229	17,836,236	*(71,949)*	*24,190,674*
Net Increase (Decrease) in Cash and Cash Equivalents	198,864	8,534,788	*(20,582)*	*(428,075)*
Cash and Cash Equivalents, Beginning Balance	62,270	2,234,001	*82,852*	*2,662,076*
Cash and Cash Equivalents, Ending Balance (Note 10)	**261,134**	**10,768,788**	***62,270***	***2,234,001***

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 2012 : SG$ 1 = Rs.41.2385

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH, 2012

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 30 April 2012.

The company's principal operations are those of trading in water purifiers, vacuum cleaners and air purifiers. The company remained dormant during the year.

The registered office address is: 35 Selegie Road, #04-07 Parklane Shopping Mall, Singapore 188307. The company is situated 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, Chapter 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 judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

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

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2012 *(Contd.)*

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.

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.

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. When the fair value less costs to sell method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial Assets

Initial recognition and measurement and derecognition:

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: As at end of the reporting year date there were no financial assets 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 and derecognition:

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. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

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

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

Fair Value of Financial Instruments

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the 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 total of the fair value of the financial assets and other financial instruments: the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any commitments on borrowings 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 available are not active, the fair value is established by using an acceptable valuation technique. The fair value measurements are classified using a fair value hierarchy of 3 levels that reflects the significance of the inputs used in making the measurements, that is, Level 1 for the use of quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 for the use of inputs other than quoted prices

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2012 *(Contd.)*

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

There were no critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements. There were no 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.

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 (iii) 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.

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2012 *(Contd.)*

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Contd.)*

3.1 Related companies *(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 2012 SG$	Parent Co 2012 INR	*Parent Co 2,011 SG$*	*Parent Co 2,011 INR*
Interest Expenses	–	–	*395,762*	*13,679,997*

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 2012 SG$	Parent Co 2012 INR	*Parent Co 2,011 SG$*	*Parent Co 2,011 INR*
Other Payables:				
Balance at beginning of year	(489,523)	(20,187,194)	*(427,360)*	*(15,332,053)*
Amount refunded to parent company upon capital reduction	(3,000,000)	(123,715,500)	–	–
Amount paid out and settlement of liabilities on behalf of Parent Company	3,810,537	157,140,830	*71,950*	*2,581,293*
Interest Expenses	–	–	*(395,762)*	*(14,198,437)*
Transfer to Related Party	–	–	–	–
Foreign exchange difference	(321,014)	(13,238,136)	*261,650*	*9,387,008*
Balance at end of the year(Notes 8 and 12)	–	–	*(489,522)*	*(17,562,189)*

	Related parties 2,012 SG$	Related parties 2,012 INR	*Related parties 2,011 SG$*	*Related parties 2,011 INR*
Other Receivable:/Other Payables:				
Balance at beginning of year	3,926,252	161,912,743	*4,077,905*	*131,025,534*
Amount paid out and settlement of liabilities on behalf of Related Party	80,781	3,331,287	*969,021*	*34,764,791*
Amount paid in and settlement of liabilities on behalf of the Company	(4,105,682)	(169,312,167)	*(1,022,025)*	*(36,666,373)*
Foreign exchange difference	98,649	4,068,137	*(98,649)*	*(3,539,151)*
Balance at end of the year(Notes 8)	–	–	*3,926,252*	*125,584,801*

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2012 *(Contd.)*

	Related parties 2,012 SG$	Related parties 2,012 INR	*Related parties 2,011 SG$*	*Related parties 2,011 INR*
4. OTHER CREDITS AND (OTHER CHARGES)				
Foreign exchange adjustment gains / (loss)	(163,001)	(6,437,464)	*163,001*	*5,634,325*
Impairment allowance on investment in associate	(84,851)	(3,351,054)	–	–
Other income	3,031	119,704	–	–
Net	(244,821)	(9,668,814)	*163,001*	*5,634,325*
Presented in profit or loss as:				
Other Credits	3,031	119,698	*163,001*	*5,634,325*
Other charges	(247,852)	(9,105,177)	–	–
Net	(244,821)	(8,985,479)	*163,001*	*5,634,325*

5. FINANCE COSTS

	2012 SG$	2012 INR	*2011 SG$*	*2011 INR*
Interest expense	–	–	*(395,762)*	*(13,679,997)*

6. INCOME TAX

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

	2012 SG$	2012 INR	*2011 SG$*	*2011 INR*
Over adjustments to current tax in respec of prior periods	–	–	*(23,931)*	*(827,220)*
Total income tax benefit	–	–	*(23,931)*	*(827,220)*

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% (2011:17%) to profit or loss before income tax as a result of the following differences:

	2012 SG$	2012 INR	*2011 SG$*	*2011 INR*
Loss before Tax	(295,920)	(11,003,486)	*(290,761)*	*(10,050,557)*
Income tax benefit at the above rate	(50,306)	(2,074,544)	*(49,429)*	*(1,773,325)*
Not deductible items	50,306	2,074,544	*49,429*	*1,773,325*
Over adjustments to tax in respect of prior periods	–	–	*(23,931)*	*(858,553)*
Total income tax benefit	–	–	*(23,931)*	*(858,553)*

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

7. INVESTMENT IN AN ASSOCIATE

	2012 SG$	2012 INR	*2011 SG$*	*2011 INR*
Movement during the year :				
Cost at beginning of year	84,851	2,667,713	*84,851*	*2,667,713*
Allowance for impairment	(84,851)	(2,667,713)	–	–

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2012 *(Contd.)*

	2012 SG$	2012 INR	*2011 SG$*	*2011 INR*
Cost at end of the year	–	–	*84,851*	*2,667,713*
Movement in above allowance :				
Impairment loss charge to profit or loss included in other charges	84,851	2,667,713	–	–
Balance at end of the year	84,851	2,667,713	–	–

The associate held by the company is listed below :

Name of Associate, Country of Incorporation Place of Operations and Principal Activities	Effective of Percentage of equity held	
	2012 %	*2011 %*
Euro P2P Direct (Thailand) Co Ltd (a) Thailand	49	*49*
Direct selling of water purifiers and other health products		

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

8. OTHER RECEIVABLES

	2012 SG$	2012 INR	*2011 SG$*	*2011 INR*
Other Receivables				
Outside Parties	–	–	*1,500*	*53,814*
Parent Company (Note 3) (a)	–	–	*3,036,798*	*108,948,772*
Related parties (Note 3)	–	–	*3,926,252*	*140,859,002*
Total other receivables	–	–	*6,964,550*	*249,861,588*

9. OTHER ASSETS, CURRENT

	2012 SG$	2012 INR	*2011 SG$*	*2011 INR*
Deposits to secure services	–	–	*26,905*	*965,260*
Prepayments	–	–	*8,000*	*287,010*
	–	–	*34,905*	*1,252,270*

10. CASH AND CASH EQUIVALENTS

	2012 SG$	2012 INR	*2011 SG$*	*2011 INR*
Not restricted in use	261,134	10,768,789	*62,270*	*2,234,001*

The interest earning balances are not significant.

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2012 *(Contd.)*

11. SHARE CAPITAL

	Number of Shares issued	Share capital SG$	Share capital INR
Ordinary Shares of no par value:			
Balance at beginning of the year 1 April 2010 and end of year 31 March 2011	3,500,000	3,500,000	93,885,000
Reduction of shares satisfied by cash distribution	(3,000,000)	(3,000,000)	80,257,500
Balance at end of the year 31 March 2012	500,000	500,000	13,627,500

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

12. OTHER FINANCIAL LIABILITIES

	2012 SG$	2012 INR	*2011 SG$*	*2011 INR*
Non Current:				
Parent Company Loans Payable (Note 3) (a)	–	–	*3,526,321*	*126,510,994*
The range of floating rate interest rate paid were as follows:				
Parent company loans payable (Note 3)			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. During the year, the amount due to parent has been settled by way of offsetting with the amount due from a related party.

13. TRADE AND OTHER PAYABLES

	2012 SG$	2012 INR	*2011 SG$*	*2011 INR*
Trade Payables;				
Outside parties and accrued liabilities	9,221	380,273	*72,422*	*2,598,217*

14. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

14A 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.

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2012 *(Contd.)*

	2012 SG$	2012 INR	*2011 SG$*	*2011 INR*
Financial Assets				
Cash and Bank Balances	261,134	10,768,789	*62,270*	*2,234,001*
Loans and Receivables	–	–	*6,964,550*	*249,861,588*
At end of the year	261,134	10,768,789	*7,026,820*	*252,095,589*

	2012 SG$	2012 INR	*2011 SG$*	*2011 INR*
Financial Liabilities				
Borrowing at Amortised Cost	–	–	*3,526,321*	*126,510,994*
Trade and Other Payables at Amortised Cost	9,221	380,273	*72,422*	*2,598,217*
At end of the year	9,221	380,273	*3,598,743*	*129,109,211*

Further quantitative disclosures are included throughout these financial statements.

14B 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. 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.

14C 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.

14D 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 and cash equivalents. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. The company does not have any customers at year end.

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.

14E Liquidity Risk

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

	Less than 1 year SG$	1 - 3 years SG$	Total SG$
Non-derivative financial liabilities :			
2012			
Trade and Other financial liabilities	9,221	–	9,221
At end of the year	9,221	–	9,221

NOTES TO FINANCIAL STATEMENTS 31 MARCH, 2012 *(Contd.)*

	Less than 1 year SG$	*1 - 3 years SG$*	*Total SG$*
2011			
Other financial liabilities	*–*	*3,526,321*	*3,526,321*
Trade and other payables	*72,423*	*–*	*72,423*
At end of the year	*72,423*	*3,526,321*	*3,598,744*

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.

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 (2011: 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.

14F Interest Rate Risk

There is exposure to interest rate risk as part of its normal business. However, the effect on post tax profit or loss is not significant.

15. 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:

	2012 SG$	***2011 SG$***
Not later than one year	–	*44,000*
Rental expense for the year	36,000	*94,953*

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.

16. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the reporting year ended 31 March 2012 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**
FRS1	Presentation of Financial Statements Disclosures (Amendments to)
FRS 24	Related Party Disclosures (revised)
FRS 27	Consolidated and Separate Financial Statements (Amendments to)
FRS 32	Classification Of Rights Issues (Amendments to) (*)
FRS 34	Interim Financial Reporting (Amendments to) (*)
FRS 103	Business Combinations (Amendments to) (*)
FRS 107	Financial Instruments: Disclosures (Amendments to)
FRS 107	Financial Instruments: Disclosures (Amendments to) - Transfers of Financial Assets (*)
INT FRS 113	Customer Loyalty Programmes (Amendments to)
INT FRS 114	Prepayments of a Minimum Funding Requirement (revised) (*)
INT FRS 115	Agreements for the Construction of Real Estate (*)
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments (*)

(*) Not relevant to the entity.

17. 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	Amendments to FRS 1 - Presentation of Items of Other Comprehensive Income	1 Jul 2012
FRS 12	Deferred Tax (Amendments to) - Recovery of Underlying Assets (*)	1 Jan 2012
FRS 19	Employee Benefits	1 Jan 2013
FRS 27	Consolidated and Separate Financial Statements (Amendments to)	1 Jul 2011
FRS 27	Separate Financial Statements	1 Jan 2013
FRS 28	Investments in Associates and Joint Ventures	1 Jan 2013
FRS 107	Financial Instruments: Disclosures (Amendments to) -Transfers of Financial Assets (*)	1 Jul 2011
FRS 110	Consolidated Financial Statements (*)	1 Jan 2013
FRS 111	Joint Arrangements (*)	1 Jan 2013
FRS 112	Disclosure of Interests in Other Entities (*)	1 Jan 2013
FRS 113	Fair Value Measurements (*)	1 Jan 2013

(*) Not relevant to the entity.

	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 YEAR ENDED 31 MARCH, 2012

PRINCIPAL ACTIVITY

The principal activity of **Euroforbes Mauritius Limited** (the "Company") is to act as an investment holding company.

RESULTS AND DIVIDEND

The results for the year are shown in the statement of comprehensive income and related notes. No dividend was declared during the year (2011: Nil).

DIRECTORS

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

STATEMENT OF 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 cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001 and International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, **Nexia Baker & Arenson** have been re-appointed as auditors and they have indicated their willingness to remain in office until the next Annual Meeting.

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 **Euroforbes Mauritius Limited** under the Mauritian Companies Act 2001, during the financial year ended 31 March 2012.

For Apex Fund Services (Mauritius) Limited
Secretary

Registered Office:

4th Floor, Raffles Tower
19, Cybercity
Ebene
Mauritius

Date: 11th May, 2012

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EUROFORBES MAURITIUS LIMITED

Report on the Financial Statements

We have audited the financial statements of **Euroforbes Mauritius Limited** set out on pages 7 to 19, which comprise the statement of financial position as at 31 March 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 as at 31 March 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

Emphasis of Matter

We draw attention to note 12 of the financial statements concerning the Company's ability to continue as a going concern. The Company incurred a net loss of USD 8,815 for the year ended 31 March 2012 and, at that date the Company's total liabilities exceeded its total assets by USD 14,218. The shareholder of the Company has confirmed that he will continue to provide financial support to the Company, to enable it to meet its obligations as they fall due for the foreseeable future. Accordingly, the financial statements are prepared on the going concern basis.

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: 11th May, 2012

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2012

	Notes	For the year ended 31 March 2012 EUR	For the year ended 31 March 2012 INR	*For the period from 02 December 2010 to 31 March 2011 EUR*	*For the period from 02 December 2010 to 31 March 2011 INR*
Revenue		–	–	–	–
Expenses					
Audit fees		**1,920**	**130,632**	*1,236*	*76,570*
Accounting fees		**1,452**	**98,790**	*706*	*43,736*
Taxation fees		**1,089**	**74,093**	*707*	*43,798*
FSC fees		**1,089**	**74,093**	*485*	*30,046*
Directors fees		**1,089**	**74,093**	*374*	*23,169*
Annual TRC fees		**545**	**37,080**	*187*	*11,585*
Disbursement fees		**512**	**34,835**	*4*	*248*
Registered office and secretarial fees		**508**	**34,563**	*174*	*10,779*
ROC fees		**163**	**11,090**	*42*	*2,602*
Set up cost		–	–	*1,599*	*99,058*
		8,367	**569,269**	***5,514***	***341,591***
Operating loss for the year/period before taxation		**(8,367)**	**(569,269)**	***(5,514)***	***(341,591)***
Realised foreign exchange loss/gain		**(448)**	**(30,481)**	***110***	***6,814***
Taxation	4	–	–	–	–
Loss for the year/period		**(8,815)**	**(599,750)**	***(5,404)***	***(334,777)***
Other comprehensive income for the year/period		–	–	–	–
Total comprehensive loss for the year/period		**(8,815)**	**(599,750)**	***(5,404)***	***(334,777)***

The notes on pages 11 to 19 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31ST MARCH, 2012

	Notes	2012 EUR	2012 EUR	*2011* *EUR*	*2011* *EUR*
ASSET					
Current asset					
Other receivables	5	**1,882**	**130,158**	***1,775***	***107,465***
Total asset		**1,882**	**130,158**	***1,775***	***107,465***
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	6	**1**	**61**	*1*	*61*
Accumulated losses		**(14,219)**	**(934,527)**	*(5,404)*	*(334,777)*
Foreign Currency Translation Reserve		**–**	**(48,841)**	*–*	*7,597*
		(14,218)	**(983,307)**	***(5,403)***	***(327,119)***
LIABILITY					
Curent liability					
Other payables	7	**16,100**	**1,113,465**	*7,178*	*434,584*
Total equity and liability		**1,882**	**130,158**	***1,775***	***107,465***

Approved by the Board of Directors on 11th May 2012 and signed on its behalf by:

Maheshwar Doorgakant
Navun Dussoruth
Directors

The notes on pages 11 to 19 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2012

	Stated Capital		Accumulated losses		Total	
	EUR	INR	EUR	INR	EUR	INR
At 02 December 2010	–	–	–	–	–	–
Issuance of share	1	61	–	–	1	61
Total comprehensive loss for the period	–	–	(5,404)	(334,777)	(5,404)	(334,777)
At 31 March 2011	1	61	(5,404)	(334,777)	(5,403)	(334,716)
Total comprehensive loss for the year	–	–	(8,815)	(599,750)	(8,815)	(599,750)
At 31 March 2012	**1**	**61**	**(14,219)**	**(934,527)**	**(14,218)**	**(934,466)**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2012

	For the year ended 31 March 2012 EUR	For the year ended 31 March 2012 INR	*For the period from 02 December 2010 to 31 March 2011 EUR*	*For the period from 02 December 2010 to 31 March 2011 INR*
Cash flows from operating activities				
Loss before taxation	**(8,815)**	**(599,750)**	*(5,404)*	*(334,777)*
Adjustment for:				
Realised foreign exchange loss/(gain)	**448**	**30,481**	*(110)*	*(6,814)*
Operating loss before working capital changes	**(8,367)**	**(569,269)**	*(5,514)*	*(341,591)*
Increase in other receivables	**(107)**	**(22,693)**	*(1,775)*	*(107,465)*
Increase in other payables	**8,922**	**678,881**	*7,178*	*434,584*
Net cash from/(used in) operating activities	**448**	**86,919**	***(111)***	***(14,472)***
Cash flows from financing activity				
Issuance of share	–	–	*1*	*61*
Foreign Currency Translation Reserve		**(56,438)**		*7,597*
Net cash from financing activity	**–**	**(56,438)**	***1***	***7,658***
Net movement in cash and cash equivalents	**448**	**30,481**	***(110)***	***(6,814)***
Cash and cash equivalents at beginning of year/period	**–**	**–**	–	
Realised foreign exchange (loss)/gain	**(448)**	**(30,481)**	***110***	***6,814***
Cash and cash equivalents at end of year/period	**–**	**–**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1. General information

The Company was incorporated in Mauritius under the Mauritian Companies Act 2001 on 02 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 that of investment holding.

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

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements, which have been applied consistently, are set out below:

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in accordance with IFRS requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued financial support of its shareholder. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

(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 2011 but not currently relevant to the Company*

The adoption of the standards or interpretations is described below:

- **IAS 24** Related Party Transactions (Amendment)

  The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect the related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Company.

- **IAS 32** Financial Instruments: Presentation (Amendment)

  The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Company because the Company does not have these types of instruments.

- **IFRIC 14** Prepayment of a minimum funding required (Amendment)

  The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Company is not subject to minimum funding requirements; therefore the amendment of the interpretation has no effect on the financial position nor on the performance of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

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 2011 and not early adopted.*

- **IAS 1** Financial Statement Presentation – Presentation of Items of Other Comprehensive Income

  The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Company's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

- **IAS 12** Income Taxes – Recovery of Underlying Assets

  The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012.

- **IFRS 7** Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

  The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Company's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Company's financial position or performance.

- **IFRS 9** Financial Instruments: Classification and Measurement

  IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the course of 2011 or the first half of 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

- **IFRS 13** Fair Value Measurement

  IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

(c) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency"). The Financial Statements are presented in Euro (EUR) and all values are rounded to the nearest thousand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2012

2. Accounting policies *(continued)*

(c) Foreign currency translation *(continued)*

(ii) *Transactions and balances*

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the year end's date and gains or losses on translation are accounted for in the statement of comprehensive income.

(d) Financial instruments

Financial instruments carried on the statement of financial position include other receivables, cash and cash equivalents and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(i) *Other receivables*

Receivables are carried at anticipated realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off in the year in which they are identified.

(ii) *Cash and cash equivalents*

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(iii) *Other payables*

Other payables 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.

(e) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous year.

(f) Stated capital

Ordinary shares are classified as equity.

(g) Revenue recognition

Interest income is recognised on the accruals basis unless collectibility is in doubt.

(h) Expense recognition

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

(i) Related parties

For the purpose of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company is subject to common significant influence. Related parties may be individuals or other entities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

2. Accounting policies *(continued)*

(j) 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.

(k) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. At the time of the effective payment, the provision is deducted from the corresponding expenses. All known risks at the end of the reporting period are reviewed in detail and provision is made where necessary.

3. Accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgment in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could by definition therefore, differ from the related accounting estimates. Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Functional currency

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising there are dependent on the functional currency selected. As described in note 1, the directors have considered those factors therein and have determined that the functional currency of the Company is the Euro ("EUR").

4. Taxation

(a) Income tax

The taxation of income and capital gains of the Company is subject to the fiscal law and practice in Mauritius and the countries in which the Company invests or intends to invest.

The Company has received a Tax Residence Certificate from the Mauritius Revenue Authority, which entitles it to certain reliefs pursuant to the treaty concluded between Mauritius and India for avoidance of double taxation. The tax residence certificate is renewed on an annual basis, subject to the tax residency conditions being satisfied. Capital gains from sale of securities are exempted from Mauritius tax and any dividends paid by the Company to its shareholders are exempt in Mauritius from any withholding tax. The Company under current laws and regulations 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 the Mauritius tax payable in respect of its foreign source income tax thus reducing its maximum effective tax rate to a minimum of 3%.

At 31 March 2012, the Company had tax loss of **EUR 6,733** and therefore, no provision for income tax arises for the year (2011: EUR (5,404)).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

5. Other receivables

	2012	2012	*2011*	*2011*
	EUR	INR	*EUR*	*INR*
Prepayments	1,882	130,158	*1,775*	*107465*

6. Stated capital

	2012	2012	*2011*	*2011*
	EUR	INR	*EUR*	*INR*
Issued and fully paid up:				
Ordinary share of EUR 1	1	61	*1*	*61*

7. Other payables

	2012	2012	*2011*	*2011*
	EUR	INR	*EUR*	*INR*
Payable to related parties (see note 8)	12,993	898,587	*4,526*	*274,022*
Accruals	3,107	214,878	*2,652*	*160,562*
	16,100	**1,113,465**	***7,178***	***434,584***

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 EUR 1,089 (2011: EUR 374) and secretarial fees of EUR 254 (2011: EUR 174) to the Administrator.

The nature, relationship and balances with the related party at 31 March 2012 are as follows:

Name of related parties	Relationship	Nature of transactions	Balance at 31 March 2012	Balance at 31 March 2012
			EUR	INR
Eureka Forbes Ltd	Ultimate Beneficiary	Amount payable	**6,014**	**415,924**
EFL Mauritius Limited	Parent	Amount payable	**6,979**	**482,663**
			12,993	**898,587**

9. Financial instruments and associated risks

(a) Financial risk factors

The Company's activities expose it to a variety of financial risks such as market risk (including currency risk, cash flow interest risk and other price risk), credit risk, concentration risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(i) Market risk

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2012

9. Financial instruments and associated risks *(continued)*

(ii) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet commitments it has entered to with the Company. The Company limits its credit risk by carrying out transactions only with its related parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

(iii) Currency risk

All the financial assets and liabilities of the Company are denominated in Euro ("EUR").

(iv) Cash flows and fair value interest rate risk

The Company's exposure to interest rate risk is limited as its only interest bearing financial instrument is in the form of cash at bank.

Interest on cash at bank is based on market rates.

(v) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

(vi) 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 for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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 year ended 31 March 2012.

11. Holding company and ultimate holding company

The directors consider EFL Mauritius Limited and Eureka Forbes Limited, companies incorporated in Mauritius and India respectively as the Company's holding and ultimate holding companies.

12. Going concern

The financial statements are prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Company incurred a net loss of USD 8,815 during the year ended 31 March 2012 and, at that date the Company’s total liabilities exceeded its total assets by USD 14,218. The validity of the assumption depends on the continued financial support of the shareholder of the Company. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

13. Comparatives

The current figures are for a 12 months period from 01 April 2011 to 31 March 2012 whilst the comparative figures are for the period from 02 December 2010 to 31 March 2011. Therefore, comparative for the statement of comprehensive income, statement of changes in equity, statement of cash flows and the related notes are not comparable.

DIRECTORS :	**Date of appointment**
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 YEAR ENDED 31 MARCH, 2012

PRINCIPAL ACTIVITY

The principal activity of **EFL Mauritius Limited** (the "Company") is to act as an investment holding company. As at 31 March 2012, the Company's primary investment holding was in Lux International AG, ZUG.

RESULTS AND DIVIDEND

The results for the year are shown in the statement of comprehensive income and related notes. No dividend was declared during the year under review (2011:Nil).

DIRECTORS

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

STATEMENT OF 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 cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001 and International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Nexia Baker & Arenson, have indicated their willingness to continue in office until the next Annual Meeting.

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 year ended 31 March 2012.

For Apex Fund Services (Mauritius) Limited
Secretary

Registered Office:

4th Floor, Raffles Tower
19, Cybercity
Ebene
Mauritius

Date: 11th May, 2012

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 25, which comprise the statement of financial position as at 31 March 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 as at 31 March 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritian Companies Act 2001 for companies holding a Category 1 Global Business Licence, 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: 11th May, 2012

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2012

	Notes	For the year ended 31 March 2012 EUR	For the year ended 31 March 2012 INR	*For the period from 02 December 2010 to 31 March 2011 EUR*	*For the period from 02 December 2010 to 31 March 2011 INR*
Revenue		–	–	–	–
Expenses					
Audit fees		**1,586**	**107,907**	*989*	*61,268*
Accounting fees		**1,089**	**74,093**	*1,408*	*87,225*
FSC fees		**1,089**	**74,093**	*487*	*30,170*
Directors' fees		**1,089**	**74,093**	*379*	*23,479*
Annual tax return		**545**	**37,046**	*530*	*32,833*
Annual TRC fees		**545**	**37,046**	*189*	*11,708*
APS fees		**545**	**37,046**	*177*	*10,965*
Registered office and Secretarial fees		**508**	**34,563**	*177*	*10,965*
Disbursement fees		**259**	**17,622**	*41*	*2,540*
Bank charges		**181**	**12,383**	*97*	*6,009*
ROC fees		**163**	**11,090**	*43*	*2,664*
Due diligence & legal fees		–	–	*435,347*	*26,969,616*
Set up cost		–	–	*1,590*	*98,500*
Realised foreign exchange loss		**69**	**4,695**	*28*	*1,735*
		7,667	**521,677**	***441,482***	***27,349,677***
Operating loss for the year/period		**(7,667)**	**(521,677)**	*(441,482)*	*(27,349,677)*
Share of profit of associated company	5	**417,638**	**28,414,962**	*174,664*	*10,820,404*
Unrealised foreign exchange gain		–	–	*7,827*	*484,880*
Profit/(loss) before taxation		**409,971**	**27,893,285**	***(258,991)***	***(16,044,393)***
Taxation	6	–	–	–	
Total comprehensive income/(loss) for the year / period		**409,971**	**27,893,285**	***(258,991)***	***(16,044,393)***

The notes on pages 11 to 25 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2012

	Notes	For the year ended 31 March 2012 EUR	For the year ended 31 March 2012 INR	*Restated For the period from 02 December 2010 to 31 March 2011 EUR*	*Restated For the period from 02 December 2010 to 31 March 2011 INR*
ASSETS					
Non-current assets					
Investment in subsidiary company	4	**1**	**69**	*1*	*64*
Investment in associated company	5	**9,392,302**	**649,565,032**	*8,974,664*	*572,968,599*
		9,392,303	**649,565,101**	***8,974,665***	***572,968,663***
Current assets					
Other receivables	7	**8,862**	**612,890**	*3,041*	*194,146*
Cash and cash equivalents		**34,953**	**2,417,325**	*49,903*	*3,185,952*
		43,815	**3,030,215**	***52,944***	***3,380,098***
Total assets		**9,436,118**	**652,595,316**	***9,027,609***	***576,348,761***
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	8	**8,850,001**	**557,837,684**	*8,850,001*	*557,837,684*
Retained earnings		**150,980**	**11,848,892**	*(258,991)*	*(16,044,393)*
Foreign Currency Translation Reserve		—	**52,814,970**	—	*6,681,724*
		9,000,981	**622,501,546**	***8,591,010***	***548,475,015***
Current liability					
Other payables	9	**435,137**	**30,093,770**	*436,599*	*27,873,746*
Total equity and liabilities		**9,436,118**	**652,595,316**	***9,027,609***	***576,348,761***

Approved by the Board on 11th May 2012 and signed on its behalf by:

Maheshwar Doorgakant
Navun Dussoruth
} *Directors*

The notes on pages 11 to 25 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2012

	Stated capital		Retained earning		Total	
	EUR	INR	EUR	INR	EUR	INR
At 02 December 2010	–	–	–	–	–	–
Issuance of shares:						
– ordinary shares	15,001	945,546	–	–	15,001	945,546
– preference shares	8,835,000	556,892,138	–	–	8,835,000	556,892,138
Total comprehensive loss for the period	–	–	(258,991)	(16,044,393)	(258,991)	(16,044,393)
At 31 March 2011	8,850,001	557,837,684	(258,991)	(16,044,393)	8,591,010	541,793,291
At 01 April 2011						
As previsouly stated	8,850,001	557,837,684	(258,991)	(16,044,393)	8,591,010	541,793,291
Prior year adjustment	–	–	–	–	–	–
As restated	8,850,001	557,837,684	(258,991)	(16,044,393)	8,591,010	541,793,291
Issue of shares:						
– ordinary shares	–	–	–	–	–	–
– preference shares	–	–	–	–	–	–
Total comprehensive profit for the year	–	–	409,971	27,893,285	409,971	27,893,285
At 31 March 2012	**8,850,001**	**557,837,684**	**150,980**	**(11,848,892)**	**9,000,981**	**569,686,576**

The prior year adjustment is due to investment in Euroforbes Mauritius Limited omitted in 2011. Accordingly, the financial statements of 2011 have been restated to reflect the correct figures. However, the amendments made have a nil effect on equity.

The notes on pages 11 to 25 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2012

		For the year ended 31 March 2012 EUR	For the year ended 31 March 2012 INR	*For the period from 02 December 2010 to 31 March 2011 EUR*	*For the period from 02 December 2010 to 31 March 2011 INR*
Cash flows from operating activities					
Profit/(loss) before taxation		**409,971**	**27,893,285**	***(258,991)***	***(16,044,393)***
Adjustment for:					
Share of profit of associated company		**(417,638)**	**(28,414,962)**	***(174,664)***	***(10,820,404)***
Operating loss before working capital changes		**(7,667)**	**(521,676)**	*(433,655)*	*(26,864,797)*
Increase in other receivables		**(5,821)**	**(418,744)**	*(3,041)*	*(194,146)*
(Decrease)/increase in other payables		**(1,462)**	**2,220,024**	*436,599*	*27,873,746*
Net cash used in operating activities		**(14,950)**	**1,279,604**	***(97)***	***814,803***
Cash flow from investing activities					
Investment in subsidiary company		–	–	*(1)*	*(64)*
Investment in associated company		–	**(48,181,476)**	*(8,800,000)*	*(562,148,195)*
Net cash used in investing activities		**–**	**(48,181,476)**	***(8,800,000)***	***(562,148,259)***
Cash flows from financing activities					
Issue of shares:					
– ordinary shares		–	–	*15,001*	*945,546*
– preference shares		–	–	*8,835,000*	*556,892,138*
Forein Currency Translation Reserve		–	**46,133,246**	–	*6,681,724*
Net cash from financing activities		**–**	**46,133,246**	***8,850,001***	***564,519,408***
Net increase in cash and cash equivalents		**(14,950)**	**(768,626)**	*49,903*	*3,185,952*
Cash and cash equivalents at beginning of year/period		**49,903**	**3,185,952**	–	–
Cash and cash equivalents at end of year/period	EUR	**34,953**	**2,417,325**	***49,903***	***3,185,952***

The notes on pages 11 to 25 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

1. General information

The Company was incorporated in Mauritius under the Mauritian Companies Act 2001 on 02 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 **EFL Mauritius Limited** (the "Company") is to act as an investment holding company. As at 31 March 2012, the Company's primary investment holding was in Lux International AG, ZUG.

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

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements, which have been applied consistently, are set out below:

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention except as modified by the fair valuation of the investment in subsidiary company.

The preparation of financial statements in accordance with IFRS requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

(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 2011 but not currently relevant to the Company

The adoption of the standards or interpretations is described below:

- IAS 24 Related Party Transactions (Amendment)

  The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect the related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Company.

- IAS 32 Financial Instruments: Presentation (Amendment)

  The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Company because the Company does not have these types of instruments.

- IFRIC 14 Prepayment of a minimum funding required (Amendment)

  The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Company is not subject to minimum funding requirements, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

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 2011 and not early adopted.*

- IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income

  The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Company's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

- IAS 12 Income Taxes – Recovery of Underlying Assets

  The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012.

- IAS 27 Separate Financial Statements (as revised in 2011)

  As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

- IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

  As a consequence of the new IFRS 11 and IFRS 12. IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

- IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements

  The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Company's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Company's financial position or performance.

- IFRS 9 Financial Instruments: Classification and Measurement

  IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the course of 2011 or the first half of 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

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 2011 and not early adopted. (continued)*

- IFRS 10 Consolidated Financial Statements

  IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation – Special Purpose Entities.

  IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27.

  This standard becomes effective for annual periods beginning on or after 1 January 2013.

- IFRS 12 Disclosure of Involvement with Other Entities

  IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013.

- IFRS 13 Fair Value Measurement

  IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

(c) Foreign currency transactions

(i) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency"). The financial statements are presented in Euro (Eur) and all values are rounded to the nearest thousands.

(ii) Transactions and balances

Transactions denominated in foreign currencies are recorded in Euro at the rates of exchange rating at the dates of transactions. Monetary assets and liabilities at the reporting date which are denominated in foreign currencies are translated into Euro at the rate of exchange rating at that date. Exchange differences are taken to the statement of comprehensive income.

(d) Income tax

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

(e) Investment in subsidiary company

Separate financial statements of the investor

In the separate financial statements of the investor, investments in subsidiaries are carried at cost.

Consolidated financial statements

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect

2. Accounting policies *(continued)*

(e) Investment in subsidiary company *(continued)*

of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree’s net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(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.

(g) Stated capital

Ordinary shares and Preference shares are classified as equity.

(h) Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowing using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

2. Accounting policies *(continued)*

(h) Borrowings *(continued)*

Borrowings are classified as current liabilities the Company has an unconditional right to defer set to of the liability at least twelve months after the end of the reporting period.

(i) Financial instruments

Financial instruments carried on the statement of financial position include other receivables, cash and cash equivalents and other payable 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 11.

(i) Other receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at period end. Bad debts are written off during the year in which they are identified. Loan to related party

(ii) 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.

(iii) Other payables

Other payables 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) Revenue recognition

Interest income is recognised on the accruals basis unless collectibility is in doubt.

(k) Expense recognition

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

(l) 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.

(m) 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.

(n) 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.

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

3. Significant accounting judgements, estimates and assumptions *(continued)*

Judgements

In the process of applying the accounting policies, which are described in Note 2, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Functional currency

The determination of the functional currency is critical since recording of transactions and exchange differences arising there from are dependent on the functional currency selected. As described in Note 1, the directors have considered those factors described therein and have determined that the functional currency of the Company is the Euro.

4. Investment in subsidiary company

	2012	**2012**	*2011*	*2011*
	EUR	**INR**	*EUR*	*INR*
At beginning and end of the year/period	**1**	**69**	*1*	*64*

The details of the investment in subsidiary company as at 31 March 2012 are as follows:

Name of subsidiary company	Country of incor-poration	Number and type of shares	% holding	Cost	Cost	Fair value	Fair value
				EUR	**INR**	**EUR**	**INR**
Euroforbes Mauritius Limited	Mauritius	1 ordinary share	100%	**1**	**69**	1	69

No consolidated accounts have been prepared as the directors of the Company have taken advantage of the exemption under the Mauritian Companies Act 2001, which exempts a Company holding a Global Business Licence 1 from preparing consolidated financial statements when it is a wholly owned or a virtually wholly owned subsidiary of a Company incorporated outside Mauritius. The Company is wholly owned by Eureka Forbes Limited, a Company based in India.

5. Investment in associated company

	2012	**2012**	*2011*	*2011*
	EUR	**INR**	*EUR*	*INR*
At beginning of the year/period	**8,974,664**	**572,968,599**	–	–
Addition during the year/period	–	–	*8,800,000*	*561,817,520*
Share of profit of associated company for the year/period	**417,638**	**76,596,433**	*174,664*	*11,151,079*
At end of the year/period	**9,392,302**	**649,565,032**	***8,974,664***	***572,968,599***

The details of the investment in associated company as at 31 March 2012 are as follows:

Name of associated company	Country of incorporation	Type of shares	Number of shares	% held	Cost EUR	Cost INR
Lux International AG	Switzerland	Equity share	18,750	25%	**8,800,000**	**561,817,520**

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

5. Investment in associated company *(continued)*

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

Year ended	Assets		Liabilities		Revenues		Profit	
	EUR'000	INR'000	EUR'000	INR'000	EUR'000	INR'000	EUR'000	INR'000
31 March 2012	**33,914**	**2,345,469**	**16,377**	**1,132,622**	**10,364**	**705,139**	**1,670**	**113,622**
31 March 2011	*33,663*	*2,149,153*	*17,699*	*1,129,927*	*1,843*	*114,180*	*701*	*43,408*

6. 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

	For the year ended 31 March 2012	**For the year ended 31 March 2012**	***For the period from 02 December 2010 to 31 March 2011***	***For the period from 02 December 2010 to 31 March 2011***
	EUR	**INR**	***EUR***	***INR***
Profit/(loss) for the year/period	**409,971**	**27,893,285**	*(258,991)*	*(16,044,393)*
Adjustment for non taxable items				
Less exempt income	–	–	–	–
Less non allowable income	**(417,638)**	**(28,414,962)**	*(182,491)*	*(11,305,284)*
Add unauthorised deductions	–	–	*1,618*	–
Tax loss for the year/period	**(7,668)**	**(521,677)**	***(439,864)***	***(27,349,677)***
Tax calculated at 15%	**(1,150)**	**(78,252)**	*(65,980)*	*(4,102,452)*
Deemed tax credit at 80%	**920**	**62,601**	*52,784*	*3,281,962*
Deferred tax asset not recognised	**230**	**15,650**	*13,196*	*820,490*
Tax charge	–	–	–	–

7. Other receivables

	2012	**2012**	*2011*	*2011*
	EUR	**INR**	*EUR*	*INR*
Receivable from third party (see note 10)	**6,980**	**482,732**	–	
Prepayments	**1,882**	**130,158**	*3,041*	*194,146*
	8,862	**612,890**	***3,041***	***194,146***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

8. Stated capital

	2012	**2012**	*2011*	*2011*
	EUR	**INR**	*EUR*	*INR*
Issued and fully paid up:				
– Ordinary shares of EUR1 each	**15,001**	**945,546**	*15,001*	*945,546*
– Preference shares of EUR1 each	**8,835,000**	**556,892,138**	*8,835,000*	*556,892,138*
	8,850,001	**557,837,684**	***8,850,001***	***557,837,684***

The Preference Shares shall have the following rights:

(a) The holder of the Preference Shares shall not be entiled to receive notice of any meeting of the Shareholders, and shall not have any voting rights except on a variation of their rights.

(b) The Preference Shares shall be redeemable at the option of the Company at any time between the period following the second year of their issue until the nineteenth year of their issue. The Preference Shares shall be redeemed at their par value, or at such other price as may be determined by the Directors.

9. Other payables

	2012	**2012**	*2011*	*2011*
	EUR	**INR**	*EUR*	*INR*
Payable to related parties (See note 10)	**432,374**	**29,902,683**	*432,374*	*27,604,010*
Accruals	**2,763**	**191,087**	*4,225*	*269,736*
	435,137	**30,093,770**	***436,599***	***27,873,746***

10. 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 EUR 1,089 (2011: EUR 1,089) and secretarial fees of EUR 508 (2011: EUR 177) to the Administrator.

Name of related parties	**Relationship**	**Nature of transactions**	**Balance**	**Balance**
			EUR	**INR**
Apex Fund Services (Mauritius) Limited	Administrator & Secretary	Amount payable	562	38,868
Eureka Forbes Ltd	Shareholder	Amount payable	432,374	29,902,683
Euroforbes Mauritius Limited	Subsidiary	Amount receivable	6,780	468,900
Euroforbes Mauritius Limited	Subsidiary	Amount receivable	1	69
			439,717	**30,410,520**

11. Financial instruments and associated risks

(a) Fair values

The carrying amounts of other receivables, cash and cash equivalents and other payables and accruals approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

11. Financial instruments and associated risks *(continued)*

(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.

Currency profile

	2012				***2011***			
	Financial assets		**Financial liabilities**		***Financial assets***		***Financial liabilities***	
	EUR	**INR**	**EUR**	**INR**	***EUR***	***INR***	***EUR***	***INR***
United States Dollars ("USD")	–	–	**2,762**	**80,538**	–	–	*4,224*	*269,671.42*
Euro ("EUR")	**34,953**	**1,019,205**	**432,374**	**12,607,723**	*49,903*	*3,185,952*	*432,374*	*27,604,011*
	34,953	**1,019,205**	**435,136**	**12,688,261**	***49,903***	***3,185,952***	***436,598***	***27,873,682***

(c) Concentration risk

At 31 March 2012, a significant portion of the Company's net assets consisted of investment in a Swiss company, which involve certain considerations and risks.

(d) 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.

(e) 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.

(f) Credit risk

Credit risk arises when a failure by counterparty to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date.

The Company's credit risk arises principally from cash and cash equivalents and loan to related party. The Company's policy is to maintain its cash and bank balance with a reputable banking institution and to monitor the placement of cash and bank balances on an ongoing basis.

	2012	**2012**	*2011*	*2011*
	EUR	**INR**	*EUR*	*INR*
Counter party				
Cash and cash equivalents	**34,953**	**2,417,325**	***49,903***	***3,185,952***

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

11. Financial instruments and associated risks *(continued)*

(h) Liquidity risk

Liquidity risk arises when the maturity of assets and liabilities of a company do not match.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows. The following financial instruments may be affected by the liquidity risk:

The maturity profile of the financial instruments as at 31 March 2012 is summarised as follows:

		31 March 2012			
		On demand	**1-3 months**	**3 months to 1 year**	**Total**
		EUR	**EUR**	**EUR**	**EUR**
Other payables	EUR	435,137	–	–	**435,137**
	INR	30,093,770	–	–	**30,093,770**
		31 March 2011			
		On demand	*1-3 months*	*3 months to 1 year*	*Total*
		EUR	*EUR*	*EUR*	*EUR*
Other payables	EUR	*436,599*	–	–	***436,599***
	INR	*27,873,746*	–	–	***27,873,746***

(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 for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

12. 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 year ended 31 March 2012.

13. Holding company and ultimate holding company

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

14. Comparatives

The current figures are for a 12 months period from 1 April 2011 to 31 March 2012 whilst the comparative figures are for the period from 02 December 2010 to 31 March 2011. Therefore, comparative for the statement of comprehensive income, statement of changes in equity, statement of cash flows and the related notes are not comparable.

The 2011 figures have been restated, following the adjustment of the omission of investment made in Euroforbes Mauritius Limited.

DIRECTORS :

N.C. Singhal	*Chairman*
Ashok Barat	
Ravishankar S	
Hassan Assad Basma	
Jonathan Edward Duckett	
Chan Chee Beng	
Shaharul Rezza Bin Hassan	*Alternate to Mr. Hassan Assad Basma*

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, 2012.

1. FINANCIAL RESULTS:

	Current Year ₹	*Previous Year* ₹
PROFIT/(LOSS) BEFORE TAX	97,904	*(1,595,457)*
Less: Provision for Taxation		
(i) Current Tax	–	–
(ii) Deferred Tax	(6,077)	–
PROFIT/(LOSS) AFTER TAX	103,982	*(1,595,457)*
Add: Balance brought forward from the last year	3,134,478	*4,729,935*
Balance carried to Balance Sheet	3,238,460	*3,134,478*

2. OPERATIONS:

During the year the Company submitted offers for charter hiring of vessels to various Exploration & Production (E & P) companies, Engineering Procurement, Installation Commissioning (EPIC) companies and Rig companies.

3. DIRECTORATE:

Mr. Ashok Barat and Mr. Ravishankar S are due to retire by rotation. Board of Directors commend 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 of the Companies Act, 1956.

5. PARTICULARS REGARDING EMPLOYEES:

The Company did not have any employee who was drawing a remuneration of ₹ 60,00,000 or more in aggregate, if employed throughout the financial year or ₹ 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 & Assoiates, Company Secretaries in whole time practice pursuant to the provisions of Section 383A 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 ₹ Nil whereas the expenditure in foreign currency aggregated to ₹ 5,55,369 (previous year ₹ 2,98,034).

For and on behalf of the
Board of Directors

(N.C. Singhal)
Chairman

Mumbai
Dated: 27th April, 2012.

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, 2012. 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 31st May, 2011, 10th July, 2011, 22nd November, 2011 and 13th January, 2012 and passed Circular Resolutions dated 1st November, 2011, 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, 2011 was held on 28th June, 2011 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 Extraordinary General Meeting was held on 10th July, 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/transfer/transmission of securities during the financial year.

    (ii) not declared any dividend during the financial year.

    (iii) not paid any cheques/drafts to 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 no change in the Board of Directors during the financial year.

15. No Managing Director/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 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**

(Sanjay R. Dholakia)
Practising Company Secretary
Proprietor

Place : Mumbai
Date : 27th April, 2012

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 : 27th April, 2012

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, 2012.

1. Form 23AC-XBRL for Balance Sheet as at 31st March, 2011 and Form 23ACA-XBRL for Profit & Loss Account for the year ended 31st March, 2011 filed with the Registrar of Companies, Maharashtra on 25th November, 2011.
2. Form 66 for Compliance Certificate for financial year ended 31st March, 2011 in compliance with the provisions of Section 383A of the Companies Act, 1956 was filed with the Registrar of Companies, Maharashtra on 27th July, 2011.
3. Form 20B for Annual Return made up to 28th June, 2011 filed with the Registrar of Companies, Maharashtra on 25th August, 2011.
4. Form 23 in respect of resolutions passed at Extra Ordinary General Meeting held on 10th July, 2011, filed with the Registrar of Companies, Maharashtra on 18th August, 2011.

For **Sanjay Dholakia & Associates**

(Sanjay R. Dholakia)
Practising Company Secretary
Proprietor

Place : Mumbai
Date : 27th April, 2012

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 2012 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 & 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 2012 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, 2012;
      (ii) In the case of the Profit & 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: 27th April, 2012

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 301of 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, 2012 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 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: 27th April, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	Particulars	Note No.	As at 31st March, 2012 ₹	₹	*As at 31st March, 2011* ₹
I	**EQUITY AND LIABILITIES**				
	1. Shareholders' funds				
	(a) Share capital	2	55,000,000		*12,500,000*
	(b) Reserves and surplus	3	3,238,458		*3,134,476*
				58,238,458	*15,634,476*
	2. Non-current liabilities				
	(a) Long-term borrowings		—		—
	(b) Deffered Tax Liab (Net)	17	17,183		*23,260*
	(c) Long-term provisions			17,183	*23,260*
	3. Current liabilities				
	(a) Short-term borrowings		—		—
	(b) Trade payables	21	360,968		*55,110*
	(c) Other current liabilities	4	25,506		*6,163*
	(d) Short-term provisions	5	—		—
				386,474	*61,273*
	TOTAL			**58,642,114**	*15,719,009*
II	**ASSETS**				
	1. Non-current assets				
	(a) Fixed assets				
	(i) Tangible assets	6	61,314		*82,794*
	(ii) Intangible assets		—		—
	(iii) Capital work-in-progress				
				61,314	*82,794*
	(b) Non-current investments		—		—
	(c) Long-term loans and advances	7	410,282		*350,091*
				410,282	*350,091*
	2. Current assets				
	(a) Current investments	8	34,500,000		—
	(b) Inventories		—		—
	(c) Trade receivables		—		—
	(d) Cash and bank balances	9	10,182,871		*12,871,466*
	(e) Short-term loans and advances	10	13,160,099		*2,189,026*
	(f) Other current assets	11	327,548		*225,632*
				58,170,518	*15,286,124*
	TOTAL			**58,642,114**	*15,719,009*
	Significant accounting policies	1	0.07		

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For **U.V. Shah & Co.**
Chartered Accountants
FRN 109814W

Uday V Shah
Proprietor
Membership No. 35626

Mumbai,
Dated : 27th April, 2012

N.C. Singhal — *Chairman*

Ashok Barat
Ravishankar S.
Jonathan Edward Duckett
Shaharul Rezza Bin Hassan
(Alternate to Mr. Hassan A. Basma)
— *Directors*

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Particulars	Note No.	Year ended 31st March, 2012 ₹	₹	*Year ended 31st March, 2011* ₹
I	**Revenue from operations (gross)**		–		–
	Less: Excise duty		–		–
	Revenue from operations (net)		–		–
II	**Other income**	12		1,383,253	*539,155*
III	**Total revenue (I + II)**			**1,383,253**	***539,155***
IV	**Expenses:**				
	Cost of materials consumed		–		–
	Purchases of stock-in-trade		–		–
	Changes in inventories of finished goods, work-in-progress and stock-in-trade		–		–
	Employee benefits expense	13	–		*616,148*
	Finance cost –				
	Depreciation and amortisation expense	14	21,480		*21,480*
	Other expenses	15	1,263,868		*1,496,984*
	Total expenses			***1,285,348***	***2,134,612***
V	**Profit / (loss) before exceptional items and tax (III - IV)**			97,904	*(1,595,457)*
VI	**Exceptional items**		–		–
VII	**Profit before tax (V - VI)**			97,904	*(1,595,457)*
VIII	**Tax expense / (credit):**				
	(1) Income-tax	–	–		
	(2) Deferred Tax	17		(6,077)	–
IX	**Profit for the year (VII - VIII)**			**103,982**	***(1,595,457)***
X	**Earning per equity share:**	20			
	Basic and diluted earnings per equity share (nominal value of share ₹ 10)			0.02	*(1.28)*
	Significant accounting policies	1			

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For **U.V. Shah & Co.**
Chartered Accountants
FRN 109814W

Uday V Shah
Proprietor
Membership No. 35626

Mumbai,
Dated : 27th April, 2012

N.C. Singhal — *Chairman*

Ashok Barat
Ravishankar S.
Jonathan Edward Duckett
Shaharul Rezza Bin Hassan
(Alternate to Mr. Hassan A. Basma)
— *Directors*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31st March, 2012		*31st March, 2011*	
	₹	₹	₹	₹
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS		97,904		*(1,595,457)*
Adjusted for –				
Depreciation	21,480		*21,480*	
Foreign Exchange Gain Unrealised	12,304		–	
Interest and Other Finance Charges	–		–	
		33,784		*21,480*
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		131,689		*(1,573,977)*
Changes in –				
Trade and Other Receivables	–		*77,826,997*	
Long term - Loans and Advances	16,556		*(2,107,587)*	
Short term - Loans and Advances	(11,072,989)		*(53,646)*	
Bank Deposits with Original Maturity more than Three Months	(528,410)		*(5,206,863)*	
Other Current Liabilites	19,343		*(1,172,593)*	
Trade Payables and Others	282,249		*(78,483,641)*	
	(11,283,251)		*(9,197,333)*	
OTHER ADJUSTMENTS				
Less: Direct Taxes paid (net of refund)	(76,747)		*30,390*	
		(11,359,998)		*(9,166,943)*
(a) **NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES**		**(11,228,309)**		***(10,740,920)***
CASH FLOW FROM INVESTING ACTIVITIES:				
Invested in Mutual Funds - Current Investments	(34,500,000)		–	
Purchase of Fixed Assets (including adjustments on account of capital work-in-progress and capital advances)	–		–	
(b) **NET CASH (USED IN) / GENERATED INVESTING ACTIVITIES**		**(34,500,000)**		**–**
CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long Term Borrowings	–		–	
Call Money Received	42,500,000		–	
Interest Paid	–		–	
(c) **NET CASH (USED IN) / GENERATED FINANCING ACTIVITIES**		**42,500,000**		**–**
(d) **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (a)+ (b)+(c)**		**(3,228,309)**		***(10,740,920)***

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31st March, 2012		*31st March, 2011*	
	₹	₹	₹	₹
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT 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	5,005,009		*15,730,914*	
		5,008,791		*15,749,711*
Foreign Exchange Gain/Loss on Bank Accounts		(11,305)		–
CASH AND CASH EQUIVALENTS AS AT THE				
END OF THE YEAR, COMPRISING:				
Cash, Cheques on hand and remittances in transit	12,131		*3,782*	
Balances with scheduled banks on current accounts and deposit accounts"	1,779,655	1,791,786	*5,005,009*	*5,008,791*
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(3,228,310)**		***(10,740,920)***

In terms of our report attached

For **U.V. Shah & Co.**
Chartered Accountants
FRN 109814W

Uday V Shah
Proprietor
Membership No. 35626

Mumbai,
Dated : 27th April, 2012

N.C. Singhal — *Chairman*

Ashok Barat
Ravishankar S.
Jonathan Edward Duckett
Shaharul Rezza Bin Hassan
(Alternate to Mr. Hassan A. Basma)
— *Directors*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. SIGNIFICANT ACCOUNTING POLICIES :

A BASIS OF ACOUNTING:

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 liabilites determined in foreign currency are stated at the exchange rates prevailing at the year end.

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

	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
2. SHARE CAPITAL		
Authorised:		
10,000,000 (Previous year: 10,000,000) equity shares of ₹ 10 each	100,000,000	*100,000,000*
Issued, subscribed and fully paid:		
5,500,000 (Previous year: 5,000,000) equity shares of ₹ 10 each	55,000,000	*5,000,000*
(Previous year: 50,00,000) equity shares of ₹ 10 each ₹ 1.5 paid up	–	*7,500,000*
TOTAL	**55,000,000**	***12,500,000***

(a) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:

	As at 31st March, 2012		***As at 31st March, 2011***	
Name of Shareholder	**Number of equity shares held**	**% holding**	***Number of equity shares held***	***% holding***
Forbes Campbell Finance Ltd & Nominees	Fully Paid 2805000	51	*Fully Paid 2,55,000* *Partly Paid 25,50,000*	*51*
Bumi Armada (Singapore) Pte Ltd	Fully Paid 2695000	49	*Fully Paid 2,45,000* *Partly Paid 24,50,000*	*49*
	5,500,000	100	*5,500,000*	*100*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		As at 31st March, 2012 ₹	As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹
3.	**RESERVES AND SURPLUS**			
(a)	Surplus / (deficit) in the statement of profit and loss:			
	Balance as per last balance sheet	3,134,476		*4,729,933*
	Add: Profit for the year	103,982		–
	Less: Loss for the year	–		*1,595,457*
			3,238,458	***3,134,476***
	TOTAL		**3,238,458**	***3,134,476***

		As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹
4.	**OTHER CURRENT LIABILITIES**		
(a)	Payables to statutory authorities	25,506.00	*6,163.00*
	TOTAL	**25,506.00**	***6,163.00***
5.	**SHORT-TERM PROVISIONS**		
(a)	Tax provisions less payments including Fringe Benefit tax (other than deferred tax)	–	–
	TOTAL	**–**	**–**

6. FIXED ASSETS

(₹ in Lakhs)

Description of Assets	GROSS BLOCK (at cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31st March, 2011	Additions during the year	Deductions during the year	As at 31st March, 2012	*Upto 31st March, 2011*	For the year	On deduction during the year	Upto 31st March, 2012	As at 31st March, 2012	*As at 31st March, 2011*
A. Tangible assets										
1. Furniture and fixtures/Computers	*132,518.00*	–	–	132,518.00	*49,724.00*	21,480.00	–	71,204.00	61,314.00	*82,794.00*
	132,518.00	**–**	**–**	**132,518.00**	***49,724.00***	**21,480.00**	**–**	**71,204.00**	**61,314.00**	***82,794.00***
Previous Year	*132,518.00*	–	–	132,518.00	*28,244.00*	21,480.00	–	49,724.00	82,794.00	*104,724.00*

		As at 31st March, 2012 ₹	As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹
7.	**LONG-TERM LOANS AND ADVANCES** (unsecured, considered good unless otherwise stated)			
(a)	Prepaid expenses	–		–
(b)	Balances with statutory / government authorities			
	(i) Unsecured, considered good	410,282		*350,091*
	(ii) Doubtful	–		–
		410,282		*350,091*
	Less: Provision for doubtful balances	–		–
			410,282	*350,091*
	TOTAL		**410,282**	***350,091***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		Quoted ₹	Unquoted ₹	Total as at 31st March, 2012 ₹	*As at 31st March, 2011* ₹
8.	**CURRENT INVESTMENTS**				
	1. Investment in Mutual Funds				
	TATA Liquid Super High Inv. Fund - Appreciation	–	34,500,000	34,500,000	–
	TOTAL	**–**	**–**	**34,500,000**	**–**
	Footnotes:				
	1. Aggregate amount of quoted investments	–	–	–	–
	2. Aggregate market value of listed and quoted investments	–	–	–	–
	3. Aggregate value of listed but not quoted investments	–	–	–	–
	4. Aggregate amount of unquoted investments	–	–	34,500,000	–
	5. Aggregate provision for diminution (write down) in the value of other current investments	–	–	–	–

		As at 31st March, 2012 ₹	₹	*As at 31st March, 2011* ₹
9.	**CASH AND BANK BALANCES**			
(a)	Cash and cash equivalents			
	1. Balances with banks:			
	(A) In current accounts		623,992	*3,923,359*
	(B) Deposits with original maturity of less than three months		1,155,663	*1,081,650*
	2. Cheques, drafts on hand		–	–
	3. Cash on hand		12,131	*3,782*
			1,791,786	***5,008,791***
(b)	Others			
	1. Balance with banks:			
	(A) Deposits with Orignal Maturity of more tha three months		8,391,085	*7,862,675*
	TOTAL		**10,182,871**	***12,871,466***
10.	**SHORT-TERM LOANS AND ADVANCES** (unsecured, considered good unless otherwise stated)			
(a)	Loans and advances to related parties			
	(i) Forbes Bumi Armada Offshore Ltd.	13,000,000		*2,040,514*
	(ii) Bumi Armada Behrad	32,605		*32,605*
			13,032,605	*2,073,119*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		As at 31st March, 2012 ₹	₹	*As at 31st March, 2011* ₹
10.	**SHORT-TERM LOANS AND ADVANCES** ***(Contd.)***			
(b)	Prepaid expenses	–		–
(c)	Balances with statutory / government authorities			
	(i) Unsecured, considered good	127,494		*115,907*
	(ii) Doubtful	–		–
			127,494	*115,907*
	Less: Provision for doubtful balances		–	–
			127,494	*115,907*
	TOTAL		**13,160,099**	***2,189,026***
11.	**OTHER CURRENT ASSETS**			
(a)	Interest accrued on deposits with bank		327,548	*225,632*
(b)	Interest accrued on investments		–	–
	TOTAL		**327,548**	***225,632***
12.	**OTHER INCOME**			
(a)	Interest			
	(i) on long-term investments		–	–
	(ii) from customers and others		–	–
	(iii) on bank deposit	764,530		*539,155*
			764,530	*539,155*
(b)	Foreign exchange gain (net)		609,071	–
(c)	Credit balances / excess provision written back		9,652	–
(d)	Other non-operating income		–	–
	TOTAL		**1,383,253**	***539,155***

		Year ended 31st March, 2012 ₹	*Year ended 31st March, 2011* ₹
13.	**EMPLOYEE BENEFITS EXPENSE**		
(a)	Salaries and wages	–	616,148
(b)	Contribution to provident and other funds	–	–
(c)	Staff welfare expense	–	–
	TOTAL	**–**	**616,148**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

			Year ended 31st March, 2012 ₹	₹	*Year ended 31st March, 2011* ₹
14.	**DEPRECIATION AND AMORTISATION EXPENSE**				
	(a)	Depreciation of tangible assets		21,480	*21,480*
	(b)	Amortization of intangible assets		–	–
	(c)	Depreciation of investment property		–	–
		TOTAL		**21,480**	***21,480***
15.	**OTHER EXPENSES**				
	(a)	Selling and Sales Promotion Expenses		–	*649,454.00*
	(b)	Rent		–	–
	(c)	Rates and taxes (excluding taxes on income)		–	–
	(d)	Stamps, telegrams, stationery, printing and telephones		12,258	*38,578.00*
	(e)	Legal and professional charges		270,000	*331,162.00*
	(f)	Accounting Charges		15,000	*202,152.00*
	(g)	Travelling and conveyance		932,269	*120,075.00*
	(h)	Net loss on foreign currency transactions		–	*88,576.00*
	(i)	Payments to the auditor (excluding service tax):			
		(i) Audit fees	16,545		*11,030.00*
		(ii) For taxation matters	–		*5,515.00*
		(iii) For company law matters	–		
		(iv) For other services	6,109		–
		(v) For reimbursement of expenses	–		–
				22,654	*16,545.00*
	(j)	Miscellaneous expenses		11,687	*50,442.00*
		TOTAL		**1,263,868**	***1,496,984.00***

16 EXPENDITURE IN FOREIGN CURRENCY

	Current Year	*Previous Year*
Travelling Expenses	415,369	194,384
Director Sitting Fees	140,000	103,650
TOTAL	**555,369**	**298,034**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

17. 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 (-) / Asset (+) As at 01.04.2011	Deferred Tax Liability (-) / Assets (+) for the Current Year	Deferred Tax Liability (-) / Assets (+) As at 31.03.2012
Depreciation	(23,260)	6,077	(17,183)
Carried Forward of Business Losses	–	–	–
Total	**(23,260)**	**6,077**	**(17,183)**

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.

18. 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 BH
Forvol International Services Limited
Bumi Armada Navigation Sdn Bhd.

II. Transactions with related parties:

Nature of Transactions	A Forbes & Company Limited	B Forbes Bumi Armada Offshore Limited	C Bumi Armada Sdn Bhd	C Bumi Armada BH	C Forvol International Services Limited
1. Expenses					
a) Travelling Expenses					521,560 *39,969*
b) Travelling Services (reimbursement given)	 –		205,774	– –	
c) Sales Promotion Expenses (Reimbursement given)	– *459,500*		–		
2. Reimburesment of Expenses	47,550	 *2,040,514*			
3. Outstanding Balance					
a) Trade Payables	44,671 *12,600*		229,353 –	–	29,154
b) Advances Recoverable		13,000,000 *2,040,514*		32,605 *32,605*	

Transactions indicated in Italics indicate corresponding figures for the previous year.

19. FOREIGN CURRENCY EXPOSURE

Unhedged Foreign Currency Exposure is as follows

Particulars	**Amount in Foreign Currency**	**Amount in ₹**
Trade Payable	13,568 RM	229,353
Bank Account	1,602.48 US$	81,759

20. EARNINGS PER SHARE

Particulars	**No. of Weighted Average Shares**	**Profit for the Year**	**Earning Per Share**
Current Year	4,571,038	103,982	0.02
Previous Year	*1,250,000*	*(1,595,457)*	*(1.28)*

21. 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.

22. There are no retirement benefits applicable to the employee of the company therefore AS-15 (Retirement Benefits) is not applicable to the company

23. There are no reportable Segments therefore AS-17 (Segment Reporting) is not applicable to the company

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

25. Till the year ended 31st March, 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

For **U.V. Shah & Co.**
Chartered Accountants
FRN 109814W

Uday V Shah
Proprietor
Membership No. 35626

Mumbai,
Dated : 27th April, 2012

N.C. Singhal — *Chairman*

Ashok Barat
Ravishankar S.
Jonathan Edward Duckett
Shaharul Rezza Bin Hassan
(Alternate to Mr. Hassan A. Basma)
— *Directors*

DIRECTORS:

N.C. Singhal *Chairman*
Ashok Barat
Ravishankar S.
Hassan Assad Basma
Jonathan Edward Duckett
Shaharul Rezza Bin Hassan

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, 2012.

1. FINANCIAL RESULTS:

	1.4.2011 to 31.3.2012 (₹)	***29.10.2010 to 31.3.2011 (₹)***
PROFIT/(LOSS) BEFORE TAX	(8,796,704)	*(2,381,412)*
Less: Provision for Taxation		
(I) Current Tax	–	–
(II) Fringe Benefit Tax	–	–
PROFIT/(LOSS) AFTER TAX	(8,796,704)	*(2,381,412)*
Add: Balance brought forward from the last year	(2,381,412)	–
Balance carried to Balance Sheet	(11,178,116)	*(2,381,412)*

2. OPERATIONS:

The Company was awarded 7 years contract by Oil and Natural Gas Corporation Ltd. (ONGC) for providing 1 No. Floating Production Storage and Offloading Vessel (FPSO) on Charter Hire including O&M to them. The Company has signed a contract with an overseas company for supply of FPSO. It is preparing its office setup in India for the O&M of the FPSO. The operations are expected to commence at the specified location in December 2012.

3. DIRECTORATE:

Mr. N C. Singhal and Mr. Hassan Basma are due to retire by rotation. Board of Directors commend 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.

5. PARTICULARS REGARDING EMPLOYEES:

The Company did not have any employee who was drawing a remuneration of ₹ 60,00,000 or more in aggregate, if employed throughout the financial year or ₹ 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 383A of the Companies Act, 1956 read with Companies (Compliance Certificate) Rule, 2001, is attached herewith and forms part of this Report.

7. DIRECTOR’S RESPONSIBILITY STATEMENT:

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

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

(b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for 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 ₹ Nil whereas the expenditure in foreign currency aggregated to ₹ 3,551,706 (previous year ₹ 20,730).

For and on behalf of the
Board of Directors

(N.C. Singhal)
Chairman

Mumbai

Dated : 27th April, 2012.

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 year ended on 31st March, 2012. 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 6 times on 28th June, 2011, 10th July, 2011, 9th August, 2011, 22nd November, 2011, 13th January, 2012 and 9th March, 2012 and Circular Resolutions passed on 6th April, 2011, 10th May, 2011, 27th June, 2011, 3rd August, 2011, 28th September, 2011 and 1st November, 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 Annual General Meeting for the financial year ended on 31st March, 2011 was held on 28th June, 2011 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 Extraordinary General Meeting were held on 10th July, 2011 and 9th March, 2012 and one Statutory meeting was held on 16th May, 2011 during the financial period after giving due notice to the members of the company and the resolutions passed there 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/transfer/transmission of securities during the financial year.
    (ii) not declared any Dividend during the financial year.
    (iii) not paid any cheques/drafts to the members of the Company as no dividend was declared during the financial year.
    (iv) no unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid and as are required to be transferred to Investor Education and Protection Fund.
    (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There were appointment of one Director and resignation of three Directors during the year under review.
15. No Managing Director / 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 during the financial year.

20. The Company has not bought back any 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 deposits during the financial year.

24. The Company has made borrowings during the financial year. However the same is within the limits mentioned in Section 293(1)(d) of the Companies Act, 1956 as approved by Members in the Extra Ordinary General Meeting held on 10th July, 2011.

25. The Company has not made any investments, given loans and given guarantees to other bodies corporate and consequently no entries have been made in the register kept for the purpose during the year.

26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.

27. The Company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.

28. The Company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.

29. The Company has not altered the provisions of the memorandum with respect to share capital of the company regarding during the year under scrutiny.

30. The Company has altered its articles of association during financial year after complying with the provisions of the Companies Act, 1956.

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 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 : 27th April, 2012

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 : 27th April, 2012

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, 2012.

1. Form 23AC-XBRL for Balance Sheet as at 31st March, 2011 and Form 23ACA-XBRL for Profit & Loss Account for the year ended 31st March, 2011 filed with the Registrar of Companies, Maharashtra on 25th November, 2011.
2. Form 66 for Compliance Certificate for financial year ended 31st March, 2011 in compliance with the provisions of Section 383A of the Companies Act, 1956 was filed with the Registrar of Companies, Maharashtra on 27th July, 2011.
3. Form 20B for Annual Return made up to 28th June, 2011 filed with the Registrar of Companies, Maharashtra on 25th August, 2011.
4. Form 22 in respect of Statutory Meeting of the company held on 16th May, 2011 filed with the Registrar of Companies, Maharashtra on 12th May, 2011.
5. Form 32 with respect to Resignation of 2 Directors w.e.f. 22nd June, 2011 and 27th June, 2011 filed with the Registrar of Companies, Maharashtra on 23rd July, 2011.
6. Form 32 with respect to Regularisation of Appointment of Director w.e.f. 28th June, 2011 filed with the Registrar of Companies, Maharashtra on 27th July, 2011.
7. Form 23 in respect of resolutions passed at Extra Ordinary General Meeting held on 10th July, 2011 filed with the Registrar of Companies, Maharashtra on 18th August, 2011.
8. Form 32 with respect to Appointment of One Director and Resignation of One Director w.e.f. 26th July, 2011 filed with the Registrar of Companies, Maharashtra on 18th August, 2011.
9. Form 32 with respect to Regularisation of Appointment of Director filed with the Registrar of Companies, Maharashtra on 2nd September, 2011.
10. Form 23 for resolutions passed at the Extra Ordinary General Meeting held on 9th March, 2012 was filed with the Registrar of Companies, Maharashtra on 4th April, 2012.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

Place : Mumbai
Date : 27th April, 2012

AUDITORS' REPORT TO THE MEMBERS OF FORBES BUMI ARMADA OFFSHORE LIMITED

1. We have audited the attached Balance Sheet of FORBES BUMI ARMADA OFFSHORE LIMITED as at 31st March, 2012 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 & 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, 2012 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, 2012;

      (ii) In the case of the Profit & 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. 109814W)

Mumbai, Dated : 27th April, 2012

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 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, 2012 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 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
FRN 109814W

(Uday V. Shah)
Proprietor
Membership No. : 35626

Mumbai, Dated : 27th April, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	Notes No.	₹	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
I. EQUITY AND LIABILITIES				
1. Shareholders' funds				
(a) Share capital	2	1,000,000		*1,000,000*
(b) Reserves and surplus	3	(11,178,116)		*(2,381,412)*
			(10,178,116)	*(1,381,412)*
2. Current liabilities				
(a) Trade payables	16	8,925,900		*2,054,502*
(b) Short Term Borrowing (Deposits)		13,000,000		–
(c) Other current liabilities	4	153,886		–
			22,079,786	*2,054,502*
TOTAL			**11,901,671**	***673,090***
II. ASSETS				
1. Non-current assets				
(a) Long-term loans and advances	5	7,120,247		–
			7,120,247	–
2. Current assets				
(a) Cash and bank balances	6	178,348		*566,229*
(b) Short-term loans and advances	7	4,603,076		*25,000*
(c) Other current assets	8	–		*81,861*
			4,781,424	*673,090*
TOTAL			**11,901,671**	***673,090***
Significant accounting policies	1		–	

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For **U.V. SHAH & CO**
Chartered Accountants
FRN 109814W

Uday V. Shah
Proprietor
Membership No. 35626

Mumbai
Dated : 27th April, 2012

N.C. Singhal — *Chairman*

Ashok Barat
Ravishankar S.
Jonathan Edward Duckett
Shaharul Rezza Bin Hassan
Directors

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

		Notes No.	₹	Year ended 31st March, 2012 ₹	*Year ended 31st March, 2011 ₹*
I.	Other income	9		659	–
II.	Total revenue			659	–
III.	Expenses:				
	Other expenses	10	8,797,363		*2,381,412*
	Total expenses			8,797,363	*2,381,412*
IV.	Profit before tax (III - IV)			(8,796,704)	*(2,381,412)*
V.	Tax expense / (credit):				
	(1) Income-tax			–	–
	(2) Deferred Tax	12		–	–
VI.	Profit for the year (IV - V)			(8,796,704)	*(2,381,412)*
VII.	Earning per equity share:	15			
	Basic and diluted earnings per equity share (nominal value of share ₹ 10)			(8.80)	*(2.38)*
	Significant accounting policies	1			
	The accompanying notes are an integral part of the financial statements				

In terms of our report attached

For **U.V. SHAH & CO**
Chartered Accountants
FRN 109814W

Uday V. Shah
Proprietor
Membership No. 35626

Mumbai
Dated : 27th April, 2012

N.C. Singhal — *Chairman*

Ashok Barat
Ravishankar S.
Jonathan Edward Duckett
Shaharul Rezza Bin Hassan
— *Directors*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-12		*2010-11*	
	₹	₹	₹	₹
PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		**(8,796,704)**		***(2,381,412)***
Foreign Exchange Gain/Loss Unrealized		(659)		
Preliminary Expenses Written Off		81,861		*–*
		(8,715,502)		*(2,381,412)*
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS				
Changes in:				
Trade and Other Current Receivables	(4,578,314)		*(25,000)*	
Long Term Loans & Advances	(7,120,247)		*–*	
Other Current Liabilties	153,886		*–*	
Trade Payable and Others	6,872,295		*2,054,502*	
		(4,672,379)		*2,029,502*
CASH GENERATED FROM OPERATIONS		(13,387,881)		*(351,910)*
Direct Taxes Adjusted		–		*–*
Preliminary expenses		–		*(81,861)*
(A) NET CASH FLOW FROM OPERATING ACTIVITIES		(13,387,881)		*(433,771)*
CASH FLOW FROM INVESTING ACTIVITIES				
(B) NET CASH FLOW FROM INVESTING ACTIVITIES		–		*–*
CASH FLOW FROM FINANCING ACTIVITIES				
Short Term deposit Received	13,000,000		*–*	
Equity Contribution	–		*1,000,000*	
(C) NET CASH FLOW FROM FINANCING ACTIVITIES		13,000,000		*1,000,000*
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENT (A) + (B) + (C)				
		(387,881)		***566,229***
CASH AND CASH EQUIVALENT AS AT THE COMMENCEMENT 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		*–*
CASH AND CASH EQUIVALENT AS AT THE END OF THE YEAR, COMPRISING:				
Cash, Cheques on Hand and Remittances in transit	23,164		*16,167*	
Balance with Schedule Banks on current Accounts and Deposit Accounts	155,184		*550,062*	
		178,348		*566,229*
NET (DECREASE) / INCREASE AS DISCLOSED ABOVE		**(387,881)**		***566,229***

In terms of our report attached

For **U.V. SHAH & CO**
Chartered Accountants
FRN 109814W

Uday V. Shah
Proprietor
Membership No. 35626

Mumbai
Dated : 27th April, 2012

N.C. Singhal — *Chairman*

Ashok Barat
Ravishankar S.
Jonathan Edward Duckett
Shaharul Rezza Bin Hassan
} *Directors*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note About the Business of the Company

The Company has been awarded a 7-year contract by ONGC for providing 01 No. FPSO to ONGC on charter hire. The Mobilization date is 1st January, 2013. At present the Company has only furnished the Bank Guarantee to ONGC for guaranteeing Performance. Resource Mobilization, Sub-Contracting, Arrangements and Recruitments will be undertaken in the near future.

1. SIGNIFICANT ACCOUNTING POLICIES :

A. BASIS OF ACOUNTING:

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 liabilites determined in foreign currency are stated at the exchange rates prevailing at the year end.

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

F. PRELIMINARY EXPENDITURE

Preliminary Expenditure is written off completely during the current year

G. CONTRACT EXPENSES

Contract expenses incurred before Mobilization Date are written off except when they relate to a period cost extending beyond reporting date wherein the expenditure is shown as a prepaid expense to the extent related to subsequent period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
2.	**SHARE CAPITAL**		
	Authorised:		
	10,000,000 *(Previous year : 10,000,000)* equity shares of ₹ 10 each	1,000,000	*1,000,000*
	Issued, subscribed and fully paid:		
	100,000 *(Previous year : 100,000)* equity shares of ₹ 10 each	1,000,000	*1,000,000*
	TOTAL	**1,000,000**	***1,000,000***

	Name of Shareholder	As at 31st March, 2012		*As at 31st March, 2011*	
		Number of equity shares held	% holding	*Number of equity shares held*	*% holding*
(a)	Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:				
	Forbes & Co. Ltd. & Nominees	50,001	50.001	*50,001*	*50*
	Bumi Armada Behrad	49,999	49.999	*49,999*	*50*
		5,500,000	**100**	***5,500,000***	***100***

			₹	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
3.	**RESERVES AND SURPLUS**				
	(a)	**Surplus / (deficit) in the statement of profit and loss:**			
		Balance as per last balance sheet	(2,381,412)		–
		Add : Profit for the year	(8,796,704)		–
		Less : Loss for the year	–		*2,381,412*
				(11,178,116)	*(2,381,412)*
		TOTAL		**(11,178,116)**	***(2,381,412)***
4.	**OTHER CURRENT LIABILITIES**				
	(a)	Payables to statutory authorities		153,886	–
		TOTAL		**153,886**	**–**
5.	**LONG-TERM LOANS AND ADVANCES**				
	(unsecured, considered good unless otherwise stated)				
	(a)	Prepaid expenses		7,120,247	–
		TOTAL		**7,120,247**	**–**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		₹	As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹
6.	**CASH AND BANK BALANCES**			
(a)	Cash and cash equivalents			
	1. Balances with banks:			
	(A) In current accounts		155,184	*550,062*
	2. Cash on hand		23,164	*16,167*
	TOTAL		**178,348**	***566,229***
7.	**SHORT-TERM LOANS AND ADVANCES (unsecured, considered good unless otherwise stated)**			
(a)	Prepaid expenses		3,170,051	
(b)	Balances with statutory / government authorities			
	(i) Unsecured, considered good	1,433,025		*25,000*
	(ii) Doubtful	–		*–*
			1,433,025	*25,000*
	Less : Provision for doubtful balances		–	*–*
			1,433,025	*25,000*
	TOTAL		**4,603,076**	***25,000***
8.	**OTHER CURRENT ASSETS**			
(a)	Preliminary Expenditure (Not Written Off)		–	*81,861*
	TOTAL		**–**	***81,861***

		Year ended 31st March, 2012 ₹	*Year ended 31st March, 2011* ₹
9.	**OTHER INCOME**		
(a)	Foreign exchange gain (net)	659	*–*
	TOTAL	**659**	***–***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

				Year ended 31st March, 2012	*Year ended 31st March, 2011*
			₹	₹	*₹*
10.	**OTHER EXPENSES**				
(a)	Accounting Charges			15,000	*–*
(b)	Bank Charges (Includes Bank Guarantee Commission)			6,490,264	*196,618*
(c)	Tender Expenses			45,000	*58,488*
(d)	Stamps, telegrams, stationery, printing and telephones			11,392	*298*
(e)	Legal and professional charges			1,732,334	*2,017,600*
(f)	Rates and Taxes			–	*5,000*
(g)	Travelling and conveyance			354,811	*79,826*
(h)	Business Development and Board Meeting Expenses			40,375	*–*
(i)	Payments to the auditor (excluding service tax):				
	(i)	Audit fees	19,302		*8,273*
	(ii)	For taxation matters	–		*5,515*
	(iii)	For other services	5,515		*–*
				24,817	*13,788*
(j)	Miscellaneous expenses			1,509	*9,794*
(k)	Preliminary Expenses Written Off			81,861	*–*
	TOTAL			**8,797,363**	***2,381,412.00***

		Current Year	*Previous Year*
		₹	*₹*
11.	**EXPENDITURE IN FOREIGN CURRENCY**		
	Bank Guarantee Commision Reimbursed (Net of Prepaid Portion)	3,361,706.00	*–*
	Director Sitting Fees	190,000.00	*20,730.00*
	TOTAL	**3,551,706.00**	***20,730.00***

12. THE BREAK-UP OF DEFERRED TAX LIABILITY AND ASSETS ARE AS UNDER:-

Break-up of Deferred Tax liability and assets

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.

13. RELATED PARTY DISCLOSURE

I. List of related parties and relationships

A. Holding Company / Ultimate Holding Company

Forbes & Company Limited (Holding Company)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

13. RELATED PARTY DISCLOSURE *(Contd.)*

I. List of related parties and relationships *(Contd.)*

B. Fellow Subsidiary company

Forbes Bumi Armada Limited

C. Group companies

Bumi Armada Behrad

Forvol International Services Limited

Bumi Armada Navigation Sdn Bhd.

II. Transactions with related parties:

	A	B	C	C
Nature of Transactions	**Forbes & Company Ltd.**	**Forbes Bumi Armada Ltd.**	**Bumi Armada Behrad**	**Forvol International Services Ltd.**
1. Expenses				
(a) Travelling Expenses				31,501 –
(b) Guest House Charges	122,100 –			
(c) Misc Expenses	45,000 –			
2. Reimburesment of Expenses	12,283,828 271,610		4,578,442 –	
3. Outstanding Balance				
(a) Trade Payables	3,121,752 200	13,000,000 2,040,514	4,577,545 –	
(b) Advances Recoverable				
3. Guarantees given on Our behalf	228,314,500 20,000,000		228,314,500 –	

Transactions indicated in Italics indicate corresponding figures for the previous year.

14. FOREIGN CURRENCY EXPOSURE

Unhedged Foreign Currency Exposure is as follows

	Current Year		*Previous Year*	
Particulars	**Amount in Foreign Currency**	**Amount in ₹**	***Amount in Foreign Currency***	***Amount in ₹***
Trade Payable	89720.60 US $	4,577,545	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

15. EARNINGS PER SHARE

Particulars	**No. of Weighted Average Shares**	**Profit for the Year**	**Earning Per Share**
Current Year	1,000,000	(8,796,704)	(8.80)
Previous Year	*1,000,000*	*(2,381,412)*	*(2.38)*

16. 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.

17. There are no retirement benefits applicable to the employee of the company therefore AS-15 (Retirement Benefits) is not applicable to the company

18. There are no reportable Segments therefore AS-17 (Segment Reporting) is not applicable to the company

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

20. Contingent Liabilites not Provided For

	Current Year	***Previous Year***
Bank Guarantees (Current Year US $ 89,50,000, *Previous Year US $ N.A.*)	456,629,000	*20,000,000*

Bank Guarantees are in the Nature of Performance Guarantee for Contract Awarded by ONGC.

The Security against such Guarantees has been provided by the Venturers in this Entity i.e. Forbes & Co. Ltd. and Bumi Armada Behrad from their own Lines of Credit with the Bankers,

21. Till the year ended 31st March, 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

For **U.V. SHAH & CO**
Chartered Accountants
FRN 109814W

Uday V. Shah
Proprietor
Membership No. 35626

Mumbai
Dated : 27th April, 2012

N.C. Singhal — *Chairman*

Ashok Barat
Ravishankar S.
Jonathan Edward Duckett
Shaharul Rezza Bin Hassan
Directors

(a wholly owned Subsidiary Company)

Annual Report and Accounts
for the year ended 31st March, 2012

DIRECTORS:

Ashok Barat	*Chairman*
C.A. Karnik	
Amit Mittal	
A.T. Shah	
Sunetra Ganesan	
S.P. Kadakia	

BANKERS:

Standard Chartered Bank

AUDITORS:

Messrs. Batliboi & Purohit

REGISTERED OFFICE:

Catholic Center,
64, Armenian Street,
Chennai - 600 001

DIRECTORS' REPORT

To

The Shareholders

1. Your Directors submit their Report with the Audited Accounts of the Company for the year ended 31st March, 2012.

2. **FINANCIAL RESULTS:**

Summarised figures are as under :

		Current year ended 31st March, 2012 ₹	*Previous year ended 31st March, 2011 ₹*
(a)	Profit / Loss before Depreciation	(5,68,27,809)	*(9,18,74,126)*
(b)	Less : Depreciation	32,111	*51,706*
(c)	Profit/Loss for the year before tax	(5,68,59,920)	*(9,19,25,832)*
(d)	Less : Provision for Taxation		
	– For current year	–	–
	– For earlier year	–	–
(e)	Profit / Loss after Tax	(5,68,59,920)	*(9,19,25,832)*
	Add : Balance brought forward from last year	(16,14,33,133)	*(6,95,07,301)*
(f)	Balance carried to Balance Sheet	(21,82,93,053)	*(16,14,33,133)*

3. **DIRECTORS:**

Mr. Ashok Barat and Mr. S.P. Kadakia are due to retire by rotation. The Board of Directors commends their reappointment as Directors of the Company.

4. **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".

5. **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.

6. **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.

7. **AUDITORS:**

You are requested to appoint Auditors for the current year and to fix their remuneration. It is proposed to re-appoint M/s Batliboi & Purohit, Chartered Accountants as Statutory

Auditors of the Company to hold office from the conclusion of the forthcoming Annual General Meeting of the Company to the following Annual General Meeting of the Company.

8. PARTICULARS REGARDING EMPLOYEES:

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

9. INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998.

(A) Conservation of energy and technology absorption:

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 : 17th April, 2012

COMPLIANCE CERTIFICATE

To

The Members,

Forbes Campbell Finance Limited

We have examined the registers, records, books and papers of Forbes Campbell Finance Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company is a public limited company and the restrictions mentioned in section 3(1)(iii) of the Act are not applicable to public limited companies.
4. The Board of Directors duly met 5 times on 23rd June, 2011, 12th August, 2011, 15th September, 2011, 18th November, 2011 and 9th March, 2012 and Circular Resolutions were passed on 5th April, 2011, 28th April, 2011, 13th May, 2011, 29th June, 2011, 19th July, 2011, 17th August, 2011, 28th December, 2011 and 10th February, 2012 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, 2011 was held on 24th June, 2011 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 12th August, 2011 during the financial year after giving due notice to the members of the company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
8. The company has not advanced any loans to its directors and/or persons or firms or companies referred in the section 295 of the Act.
9. The company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The company has made necessary entries in the Register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The company has not issued any duplicate share certificates during the financial year.
13. The Company has:
    (i) not made any allotment/ transmission of securities during the financial year. The Company has approved the transfer of 2 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.

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 made not made any borrowings during the financial year.
25. The company has not given loans or made investments in other bodies corporate and consequently no entries have been made in the register kept for the purpose during the year. However the Company has given Bank Guarantee in respect of the credit facilities granted by Bank to Forbes Technosys Limited and necessary entries have been made in the Register kept for the purpose during the year.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny after complying with the provisions of the Act.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny 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 not 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 : 17th April , 2012

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 : 17th April , 2012

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, 2012.

1. Form 23AC for Balance Sheet as at 31st March, 2011 and Form 23ACA for Profit & Loss Account for the year ended 31st March, 2011 filed with the Registrar of Companies, Tamilnadu on 29th November, 2011.

2. Form 20B for Annual Return made up to 24th June, 2011, filed with the Registrar of Companies, Tamilnadu on 18th August, 2011.

3. Form 66 for Compliance Certificate for the year ended 31st March, 2011 as required u/s. 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Tamilnadu on 21st July, 2011.

4. Form 23 for Resolution passed at the Annual General Meeting held on 24th June, 2011 was filed with the Registrar of Companies, Tamilnadu on 23rd July, 2011.

5. Form 23 for Resolution passed at the Extra Ordinary General Meeting held on 12th August, 2011 was filed with the Registrar of Companies, Tamilnadu on 9th September, 2011.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

Place : Mumbai
Date : 17th April , 2012

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 ('the company') as at 31st March, 2012 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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, 2012;

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

Kaushal Mehta
Partner
Membership No. : 111749

Place : Mumbai
Dated : 17th April, 2012

ANNEXURE 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), (vi), (viii), (xii), (xiii), (xiv), (xvi), (xviii), 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.

(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) As informed, the Company has taken unsecured loan from Holding Company, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was 3 Lakhs and the year end balance of loan taken from above party is 3 Lakhs.

(c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(d) In respect of loans taken, repayment of the principal amount is on demand and payment of interest has been regular.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, 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 explanation given to us, the transaction made in pursuance of such contracts or arrangements and exceeding the value of ₹ 5,00,000 have been entered into during the financial year at price which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company does not have an internal audit system

(vii) 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 ₹ 15,69,598.

(c) Details of dues of income tax and sales tax which have not been deposited as on 31st March, 2012 on account of disputes are given below:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹)
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

(viii) 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.

(ix) 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.

(x) 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.

(xi) The Company has unsecured debentures outstanding during the year. In respect of these unsecured debentures, no security or charge is required to be created.

(xii) 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.

(xiii) 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
Membership No. : 111749

Place : Mumbai
Dated : 17th April, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	₹	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
I. EQUITY AND LIABILITIES				
(1) Shareholders' funds				
(a) Share capital	2	38,641,310		*38,641,310*
(b) Reserves and surplus	3	89,482,708		*146,342,628*
			128,124,018	*184,983,938*
(2) Non-current liabilities				
(a) Long-term borrowings	4		114,675,000	*43,000,000*
(3) Current liabilities				
(a) Short-term borrowings	5	300,000		–
(b) Trade payables		2,095,342		*2,608,106*
(c) Other current liabilities	6	91,267		*15,385*
			2,486,609	*2,623,491*
TOTAL			**245,285,627**	***230,607,429***
II. ASSETS				
(1) Non-current assets				
(a) Fixed assets				
(i) Tangible assets	7	681,134		*713,245*
(ii) Intangible assets				
(iii) Capital work-in-progress				
(b) Non-current investments	8	222,375,831		*207,436,661*
(c) Long-term loans and advances	9	22,086,630		*22,207,914*
			245,143,595	*230,357,820*
(2) Current assets				
(a) Cash and bank balances	10		142,032	*249,609*
TOTAL			**245,285,627**	***230,607,429***

Significant accounting policies 1

The accompanying notes are an integral part of the financial statements

In terms of our report attached

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

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, Dated : 17th April, 2012

Ashok Barat *Chairman*

C.A. Karnik
Amit Mittal
A.T. Shah
Sunetra Ganesan
S.P. Kadakia
Directors

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

		Note No.	₹	Year ended 31st March, 2012 ₹	*Year ended 31st March, 2011 ₹*
I.	Other income	11		603,754	*488,202*
II.	**Total revenue**			603,754	*488,202*
III.	**Expenses:**				
	Finance cost	12	115,843		*24,131*
	Depreciation and amortisation expense		32,111		*51,706*
	Other expenses	13	57,315,720		*422,567*
	Total expenses			**57,463,674**	***498,404***
IV.	**Profit / (loss) before exceptional items and tax (II - III)**			(56,859,920)	*(10,202)*
V.	Exceptional items				*91,915,631*
VI.	**Profit before tax (IV- V)**			(56,859,920)	*(91,925,832)*
VII.	**Tax expense / (credit):**				
	Income-tax			–	*–*
VIII.	**Profit for the year (VI - VII)**			(56,859,920)	*(91,925,832)*
IX.	**Earning per equity share:**				
	Basic and diluted earnings per equity share (nominal value of share ₹ 10)			(14.71)	*(23.79)*

Significant accounting policies 1

The accompanying notes are an integral part of the financial statements

In terms of our report attached

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

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, Dated : 17th April, 2012

Ashok Barat *Chairman*

C.A. Karnik
Amit Mittal
A.T. Shah
Sunetra Ganesan
S.P. Kadakia

Directors

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES:-

I. SIGNIFICANT ACCOUNTING POLICIES :-

(a) Basis of Accounting

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

(b) Use of Estimates

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on the Management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

(c) Financial Income and Borrowing Costs

Financial income and borrowing cost include interest income on bank deposits and interest expenses on loans. Interest income is accrued evenly over the period of the instruments. Borrowing costs are recognized in the period to which they relate regardless of how the funds have been utilized. Dividend income is accounted when the right to receive payment is established and known.

(d) Fixed Assets

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

(e) Depreciation

Depreciation is provided on straight line basis at the rates prescribed in Schedule XIV of the Companies Act, 1956.

(f) Investments

Long Term Investments are valued at cost less provision for diminution other than temporary in value, if any.

(g) Taxes on Income

The Company's Income Taxes include taxes on the Company's taxable profits, fringe benefits, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities/receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or in the case of deferred taxes, those that have been substantially enacted. Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognized in the financial statements. Deferred tax are recognized with regard to all deductible timing differences to the extent that is probable that taxable profits will be available against which deductible timing differences can be utilized. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognized only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilized.

(h) Provisions and Contingencies

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Reimbursement against a provision is recognized as a separate asset based on the virtual certainty of recovery. Contingent liabilities are disclosed in the notes to the financial statements. A contingent asset is neither recognized nor disclosed.

(i) Cash Flow Statements

Cash Flow Statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Cash Flow Statements (AS-3) notified under the Companies (Accounting Standards) Rules, 2006.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES ***(Contd.)***

(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	31st March, 2012	*31st March, 2011*
Net Profit / (Loss) for the year (₹)	(124,089)	*(91,925,832)*
Weighted average number of equity shares (Nos.)	3,864,131	*3,864,131*
Basic / diluted earnings per share (₹)	(0.03)	*(23.79)*
Nominal value per share (₹)	10	*10*

2. Contingent liabilities and other amounts not provided for are as follows:

		31st March, 2012 (₹)	*31st March, 2011 (₹)*
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	Income Tax matters in dispute under appeal.	814,228	*814,228*
C	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 :**

i. Shapoorji Pallonji & Company Limited (Ultimate Holding Company) (SPCL)

ii. Forbes & Company Limited (Holding Company) (F&CL)

(B) **Subsidiary Companies :**

i. Forbes Bumi Armada Limited (FBAL)

ii. Forbes Campbell Services Limited (FCSL)

iii. Forbes Edumetry Limited (FEL)

iv. Forbes Technosys Limited (FTL)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES ***(Contd.)***

II. NOTES FORMING PART OF ACCOUNTS ***(Contd.)***

3. Related Party Disclosures *(Contd.)*

   (C) **Joint Ventures :**

   i. Nypro Forbes Products Limited (NFPL)

   ii. Nypro Forbes Moulds Limited (NFML)

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.

Ashok Barat — *Chairman*

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

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, Dated : 17th April, 2012

C.A. Karnik
Amit Mittal
A.T. Shah
Sunetra Ganesan
S.P. Kadakia
} *Directors*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
2.	**SHARE CAPITAL**		
	Authorised:		
	46,14,200 *(Previous Year : 46,14,200)* equity shares of ₹ 10 each	46,142,000	*46,142,000*
	Issued, subscribed and fully paid:		
	38,64,131 *(Previous Year : 38,64,131)* equity shares of ₹ 10 each	38,641,310	*38,641,310*
	TOTAL	**38,641,310**	***38,641,310***

(a) Rights, preferences and restrictions attached to equity shares

The Company has only one class of share referred to as equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Equity shares held by holding company and subsidiary company

38,64,131 *(Previous Year – 38,64,131)* equity shares are held by holding company – Forbes & Company Ltd.

(c) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:

Name of Shareholder	As at 31st March, 2012		*As at 31st March, 2011*	
	Number of equity shares held	**% holding**	***Number of equity shares held***	***% holding***
Forbes & Company Ltd.	3,864,131	100	*3,864,131*	*100*

			As at 31st March, 2012	*As at 31st March, 2011*
3.	**RESERVES AND SURPLUS**	₹	₹	₹
(a)	**CAPITAL REDEMPTION RESERVE:**			
	Per last Balance Sheet		7,500,000	*7,500,000*
			7,500,000	*7,500,000*
(b)	**SECURITIES PREMIUM:**			
	Per last Balance Sheet		300,071,700	*300,071,700*
			300,071,700	*300,071,700*
(c)	**AMALGAMATION RESERVE:**			
	Per last Balance Sheet		204,061	*204,061*
			204,061	*204,061*
(d)	**Surplus / (deficit) in the statement of profit and loss:**			
	Balance as per last balance sheet	(161,433,133)		*(69,507,301)*
	Add : Profit for the year	(56,859,920)		*(91,925,832)*
			(218,293,053)	*(161,433,133)*
	TOTAL		**89,482,708**	***146,342,628***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	Non-current portion		Current maturities	
	As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹	As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹
4. LONG-TERM BORROWINGS				
UNSECURED:				
(I) Bonds / Debentures				
0.1% unsecured non convertible redeemable debentures	114,675,000	*43,000,000*	–	–
TOTAL	**114,675,000**	***43,000,000***	**–**	**–**

5. SHORT-TERM BORROWINGS

		₹	As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹
(a)	**Unsecured borrowings:**			
	(i) Loans from related parties – Repayable on demand	300,000		–
	(ii) From other parties	–		
			300,000	–
	TOTAL		**300,000**	**–**

6. OTHER CURRENT LIABILITIES

		As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹
(a)	Interest accrued but not due on borrowings	91,267	*15,385*
	TOTAL	**91,267**	***15,385***

7. FIXED ASSETS

Description of Assets	GROSS BLOCK (at cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31st March, 2011	Additions during the year	Deductions during the year	As at 31st March, 2012	*Upto 31st March, 2011*	For the year	On deduction during the year	Upto 31st March, 2012	As at 31st March, 2012	*As at 31st March, 2011*
A. Tangible assets										
1 Land:										
Freehold				–				–	–	–
Leasehold		–	–	–		–	–	–	–	–
2 Buildings	*1,331,694*			1,331,694	*675,490*	21,707		697,197	634,497	*656,204*
3 Plant and equipment: Owned	–	–	–	–	–	–				
4 Furniture and fixtures	*102,600*	–		102,600	*49,469*	6,495	–	55,964	46,636	*53,131*
5 Vehicles		–	–	–		–	–	–	–	
6 Office equipment	*145,000*	–	–	145,000	*141,090*	3,909	–	144,999	1	*3,910*
	1,579,294	**–**	**–**	**1,579,294**	***866,049***	**32,111**	**–**	**898,160**	**681,134**	***713,245***
B. Intangible assets		–	–	–		–	–	–		
Previous Year	*1,579,294*	*–*	*–*	*1,579,294*	*814,342*	*51,706*	*–*	*866,049*	*713,246*	*764,952*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	₹	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
8. NON - CURRENT INVESTMENTS			
(A) Other than trade investments [Long-term – unquoted (fully paid) (valued at cost unless stated otherwise)]			
In equity shares			
In subsidiaries			
1. 49,000 *(Previous Year : 49,000)* equity shares of ₹ 10 each in Forbes Campbell Services Ltd.	493,994		*493,994*
2. 118,97,200 *(Previous Year : 68,97,200)* equity shares of ₹ 10 each in Forbes Technosys Ltd.	117,826,350		*67,826,350*
3. 28,05,000 *(Previous Year : 28,05,000)* equity shares of ₹ 10 each in Forbes Bumi Armada Limited	28,056,395		*6,381,395*
4. 16,56,000 *(Previous Year : 16,56,000)* equity shares of ₹ 10 each in Forbes Edumetry Ltd.	14,436,124		*14,436,124*
		160,812,863	***89,137,863***
In Other Entities (Unquoted)			
1. 13,49,260 *(Previous Year : 13,49,260)* equity shares of ₹ 10 each in The Swadeshi Mills Co. Ltd.	13,492,600		*13,492,600*
2. 1,67,80,000 *(Previous Year : 1,67,80,000)* equity shares of ₹ 10 each in Nypro Forbes Products Pvt. Ltd.	103,777,083		*103,777,083*
3. 39,75,000 *(Previous Year : 39,75,000)* equity shares of ₹ 10 each in Nypro Forbes Moulds Pvt. Ltd.	12,210,546		*12,210,546*
		129,480,229	*129,480,229*
In Holding Company (Quoted)			
1. 166,398 *(Previous Year : 166,398)* equity shares of ₹ 10 each in Forbes & Company Ltd. (Market Value – ₹ 7,38,30,712)		3,254,692	*3,254,692*
TOTAL		**293,547,784**	***221,872,784***
Less : Provision for dimunition in value of investments		71,171,953	*14,436,123*
TOTAL		**222,375,831**	***207,436,661***

Footnotes:

1. Aggregate amount of unquoted investments		219,121,139	*204,181,969*
Carrying value of investment property		–	
Aggregate provision for other than temporary diminution in value of investments			

2. Subscribed to 50 Lac equity shares of ₹ 10 each in Forbes Technosys Ltd. during the year

3. Paid Call money of ₹ 8.50 per share on 25.50 Lac equity shares of Forbes Bumi Armada Ltd. to make it fully paid up

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		₹	As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹
9.	**LONG-TERM LOANS AND ADVANCES** (unsecured, considered good unless otherwise stated)			
(a)	Security deposits & Loans			
	(i) Unsecured, considered good	105,169		*175,299*
	(ii) Doubtful	–		*2,645,472*
			105,169	*2,820,771*
	Less : Provision for doubtful deposits		–	*2,645,472*
			105,169	*175,299*
(b)	Loans and advances to related parties (considered doubtful)	3,826,000		*3,826,000*
	Less : Provision for doubtful loans	3,826,000		*3,826,000*
			–	–
(c)	Taxes paid less provision including fringe benefit tax (other than deferred tax)		21,779,808	*21,779,808*
(d)	Balances with statutory / government authorities			
	(i) Unsecured, considered good	201,653		*252,807*
	(ii) Doubtful			
			201,653	*252,807*
	Less : Provision for doubtful balances		–	–
			201,653	*252,807*
	TOTAL		**22,086,630**	***22,207,914***
10.	**CASH AND BANK BALANCES**			
(a)	**Cash and cash equivalents**			
	1. Balances with banks:			
	(A) In current accounts			
	(i) Earmarked balances towards:			
	– Unpaid dividends		–	–
	– Interest acrued on unpaid matured deposits		–	–
			–	–
	(ii) Others		134,638	*243,345*
			134,638	*243,345*
	2. Cheques, drafts on hand		–	–
	3. Cash on hand		7,394	*6,264*
(b)	**Other bank balances**			
	Margin money deposits			–
	TOTAL		**142,032**	***249,609***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		Year ended 31st March, 2012 ₹	*Year ended 31st March, 2011 ₹*
11.	**OTHER INCOME**		
(a)	Dividend on long-term investments in:		
	(i) subsidiary companies	–	*488,202*
	(ii) other entities	–	–
(b)	Credit balances / excess provision written back	603,754	–
	TOTAL	**603,754**	***488,202***

		Year ended 31st March, 2012 ₹	*Year ended 31st March, 2011 ₹*
12.	**FINANCE COSTS**		
(a)	Interest expense	115,843	*24,131*
	TOTAL	**115,843**	***24,131***

		Year ended 31st March, 2012 ₹	*Year ended 31st March, 2011 ₹*
13.	**OTHER EXPENSES**		
(a)	Rates & Taxes	274,870	*252,250*
(b)	Property Tax & Maintenance	38,930	*50,427*
(c)	Legal & Professional Expenses	57,462	*39,625*
(d)	Balance Written off	121,284	–
(e)	Provision for diminution in the value of investments	56,735,831	–
(f)	Auditor's Remuneration		
(i)	Statutory Audit fees	27,575	*27,575*
(g)	Miscellaneous Expenses	59,768	*52,690*
	TOTAL	**57,315,720**	***422,566***

		Year ended 31st March, 2012 ₹	*Year ended 31st March, 2011 ₹*
15.	**Exceptional items – Income / (expense)**		
(a)	Loss on sale of Long term investment	–	*156,220*
(b)	Write off of investment in a subsidiary company	–	*91,759,411*
	TOTAL	**–**	***91,915,631***

Transactions with related parties for the year ended 31st March, 2012 (April-2011 to March-2012)

	Nature of Transaction	Forbes & Co. Ltd.	Forbes Technosys Ltd.	Nypro Forbes Products P L	Forbes Bumi Armada Ltd.	Forbes Edumetry Ltd.
	Purchases					
1.	Goods and Materials					
2.	Services Rendered	36				
3.	Fixed Assets					
4.	Investment		50,000,000	–	21,675,000	
	Sales					
5.	Goods and Materials					
6.	Services Rendered					
7.	Fixed Assets					
8.	Investment – Write off	–				
	Expenses					
9.	Rent					
10.	Repairs & Other Expenses					
11.	Recovery of Expenses	55,145				
12.	Agency Commission					
13.	Interest Paid	115,843				
14.	Directors Fees					
15.	Provision / Write offs	–				
16.	Loss on sale of Investments					
	Income					
17.	Rent and Other Service Charges					
18.	Interest Received					
19.	Dividend Received				–	
20.	Profit on sale of Investment					
21.	Provision /Write backs					
22.	Misc. Income					
23.	Deputation of Staff					
24.	Other Reimbursements					
	Finance					
25.	Debentures Issued	71,675,000				
26.	Loans and Advances Taken					
27.	Deposits Given					
28.	Deposits Taken	300,000				
29.	Repayment of Deposits Taken					
30.	Repayment of Deposits Given					
	Outstandings					
31.	Sundry Creditors	135,964				
32.	Interest accrued but not due					
33.	Sundry Debtors					
34.	Loans and Advances					3,826,000
35.	Advance for Capital Purchase					
36.	Prov. for Doubtful Loans and Adv.					
37.	Provision for Doubtful Debts					3,826,000
38.	Deposits Payable	300,000				
39.	Deposits Receivable					
40.	Prepaid Expenses					
	Remuneration					
41.	Paid / Payable					
42.	Outstanding					
43.	Recoverable					
	Guarantees					
44.	Given					
45.	Outstanding		15,000,000			

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-12		*2010-11*	
	₹	₹	₹	₹
Profit / (Loss) Before Tax		(56,859,920)		*(91,925,832)*
Adjusted for -				
Depreciation	32,111		*51,706*	
Loss on Sale of Investments	–		*156,220*	
Balances written off	51,154		–	
Provision for dimunition in value of investments	5,67,35,831		–	
Investments in a subsidiary company written off	–		*91,759,411*	
Credit balance / provision for expenses no longer required	(603,754)		–	
Interest on Deposits	–		*(488,202)*	
Interest Expenses	115,843		*15,385*	
	5,63,31,185		*(431,313)*	
Operating Profit/(Loss) Before Working Capital Changes				
Adjustments for changes in working capital:				
Increase / (decrease) in trade payables	90,990		*(205,102)*	
Increase / (decrease) in short-term borrowings	300,000			
Increase / (decrease) in other current liabilities	75,882			
Decrease / (increase) in long-term loans and advances	70,130			
		5,68,68,187		
Cash Generated From Operations		8,267		*(636,415)*
Income Taxes paid		–		–
(A) Net Cash From/(Used In) Operating Activities		8,267		*(636,415)*
CASH FLOW FROM INVESTING ACTIVITIES				
Dividend Received	–		*488,202*	
Subscrption to equity shares of subsidiary companies	(71,675,000)		*(46,000,000)*	
company on liquidation	–		*345,050*	
(B) Net Cash From Investng Activities		(71,675,000)		*(45,166,748)*
CASH FLOW FROM FINANCING ACTIVITIES				
Payment of interest	(115,843)		–	
Debentures Issued	71,675,000		*43,000,000*	
(C) Net Cash From/(Used In) Financing Activities		71,559,157		*43,000,000*
Net Increase/(Decrease) In Cash And Cash Equivalents (A) + (B) + (C)		1,07,576		*(2,803,163)*
Cash and Cash equivalent as at the commencement of the Year		249,608		*3,052,771*
Cash and cash equivalent taken over on Amalgamation (Refer Note II(6) on Schedule 10)		–		–
Cash and Cash equivalent as at the end of the year (Refer Schedule 6)		**1,42,032**		***249,608***

In terms of our report attached

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

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, Dated : 17th April, 2012

Ashok Barat — *Chairman*

C.A. Karnik
Amit Mittal
A.T. Shah
Sunetra Ganesan
S.P. Kadakia
Directors

(a wholly owned Subsidiary Company of Forbes Campbell Finance limited)

Annual Report and Accounts
for the year ended 31st March, 2012

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 Marg, Fort,

Mumbai - 400 001.

DIRECTORS' REPORT

To,

The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March,2012.

1. FINANCIAL RESULTS:

	Current Year ₹	*Previous Year* ₹
Profit / (Loss) for the year	745	*53,045*
Less : Provision for Taxation	250	*16,391*
Profit / (Loss) after Tax	495	*36,654*
Add : Amount brought forward from previous year	97,325	*60,671*
Balance carried to Balance Sheet	97,820	*97,325*

2. DIRECTORATE:

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

3. AUDITORS:

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

4. PARTICULARS REGARDING EMPLOYEES:

The Company did not have any employee who was entitled to receipt of remuneration of Rs.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 (2AA) of the Companies Act, 1956, the Directors confirm –

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

(b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period;

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

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

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

A. Conservation of energy and technology absorption.

The Company's operations involve low energy consumption, wherever possible energy conservation measures have already been implemented and there are no major areas where further energy conservation measures can be taken. However, efforts to conserve and optimize the use of energy through operational methods will continue.

B. Foreign Exchange earning and outgo

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

For and on behalf of the Board of Directors

C. A. KARNIK
Chairman

Mumbai, 17th April, 2012

AUDITOR'S REPORT TO THE MEMBERS OF FORBES CAMPBELL SERVICES LTD. (ERSTWHILE FORBES SERVICES LTD.)

1. We have audited the attached Balance Sheet of FORBES CAMPBELL SERVICES LTD., as at 31st March 2012 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, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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 few 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 2012,
      (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
FRN No.: 124043W

Hemanshu M. Vora
Partner
Mem. No.: 100283

Mumbai, 17th April, 2012

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of our Report of even date to the Members of **FORBES CAMPBELL SERVICES LTD.** (the Company) (erstwhile Forbes Services Ltd.) on the Financial Statements for the year ended 31st March, 2012.

1. The company does not have any fixed assets. Accordingly the provision of clause 4(i) of the Companies (Auditor's Report) Order, 2003 are not applicable.

2. The Company does not have any inventory. Accordingly the provision of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 are not applicable.

3. The Company has neither granted nor taken any loan, secured or unsecured to/from the Companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, clauses (iii) (b), (iii) (c), (iii) (d), (iii) (f) & (iii) (g) of paragraph 4 of the Order are not applicable.
4. There are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of stores and assets and for provision of services. There is no sale of goods by the Company. Further, on the basis of our examination of books and records of the company and according to the information and explanation given to us we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. a) According to the information and explanation given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained u/s 301 of Companies Act, 1956 have been so entered.
5. b) In our opinion and according to the information and explanations given to us, the transaction for sale or services made in pursuance of such contracts or arrangements aggregating during the year to ₹ 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, 2012. 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
FRN No.: 124043W

Hemanshu M. Vora
Partner
Mem. No.: 100283

Mumbai, 17th April, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

			Note No.	₹	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
I.	**EQUITY AND LIABILITIES**					
	1.	**Shareholders' funds**				
	a	Share capital	2	500,000		*500,000*
	b	Reserves and surplus	3	97,820		*97,325*
					597,820	*597,325*
	2.	**Non-current liabilities**				
	a	Long-term provisions	4	95,782		*72,957*
					95,782	*72,957*
	3.	**Current liabilities**				
	a	Trade payables		224,210		*224,983*
	b	Other current liabilities	5	22,911		*22,911*
	c	Short-term provisions	6	50,530		*58,038*
					297,651	*305,932*
		TOTAL			**991,252**	***976,214***
II.	**ASSETS**					
	1.	**Non-current assets**				
	a	Long-term loans and advances	7	231,836		*304,555*
					231,836	*304,555*
	2.	**Current assets**				
	a	Trade receivables	8	483,404		*136,752*
	b	Cash and bank balances	9	270,702		*388,264*
	c	Short-term loans and advances	10	5,312		*146,642*
					759,416	*671,658*
		TOTAL			**991,252**	***976,214***
Significant accounting policies			1			

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For **Atul HMV & Associates**
Chartered Accountants
FRN No.: 124043W

HEMANSHU M. VORA
Partner
Mem No.: 100283

Mumbai, 17th April, 2012

C.A. Karnik — *Chairman*

A.T. Shah
Sunetra Ganesan } *Directors*

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

		Note No.	Year ended 31st March, 2012 ₹	*Year ended 31st March, 2011 ₹*
I.	Revenue from operations	11	4,166,623	*3,876,689*
II.	Other income	12	10,831	*73,400*
III.	Total revenue (I + II)		4,177,454	*3,950,089*
IV.	Expenses:			
	Employee benefits expense	13	2,043,251	*1,888,813*
	Other expenses	14	2,133,458	*2,008,231*
	Total expenses		4,176,709	*3,897,044*
V.	Profit / (loss) before exceptional items and tax (III - IV)		745	*53,045*
VI.	Exceptional items		–	–
VII.	Profit before tax (V - VI)		745	*53,045*
VIII.	Tax expense / (credit):			
	Income-tax		250	*16,391*
IX.	**Profit for the year (VII - VIII)**		**495**	***36,654***
X.	Earning per equity share:			
	Basic and diluted earnings per equity share (nominal value of share ₹ 10)		0.01	*0.73*

Significant accounting policies 1

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For **Atul HMV & Associates**
Chartered Accountants
FRN No.: 124043W

HEMANSHU M. VORA
Partner
Mem No.: 100283

Mumbai, 17th April, 2012

C.A. Karnik *Chairman*

A.T. Shah
Sunetra Ganesan } *Directors*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 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:

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, 2012.

6. The name of the Company was changed to "Forbes Campbell Services Ltd." from "Forbes Services Ltd." with effect from 9th January, 2008.

7. Related Party Disclosures : As required by Accounting Standard 18

   I. Name of the Related Party and nature of relationship where control exists are as under :

   A. Enterprises collective having more than one half of voting powers :

   As on 31-3-2012

   Shapoorji Pallonji & Co. Ltd. (Ultimate holding Co.)

   Forbes & Co. Ltd. [erstwhile Forbes Gokak Ltd.]

   Forbes Campbell Finance Ltd.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

B. Fellow Subsidiaries:-

As on 31-3-2012		As on 31-3-2011	
Forbes Bumi Armada Ltd.	Forbes Aquamall Ltd. (Upto 8.8.11, amlagamated with Aquamall Water Solutions Ltd.)	Forbes Bumi Armada Ltd.	Forbes Aquamall Ltd.
Forbes Edumetry Ltd.	Forbes Facility Services Pvt. Ltd.	Forbes Edumetry Ltd.	Forbes Facility Centre Pvt. Ltd.
Forbes Technosys Ltd.	Euro Forbes International Pte. Ltd.	Forbes Technosys Ltd.	Euro Forbes International Pte. Ltd.
Aquadiagnostics Water Res. & Tech. Centre Ltd.	Forbes Enviro Solutions Ltd.	Aquadiagnostics Water Res. & Tech. Centre Ltd.	Forbes Enviro Solutions Ltd.
E4 Development & Coaching Pvt. Ltd.	Radiant Energy Sys. Pvt. Ltd.	E4 Development & Coaching Pvt. Ltd.	Radiant Energy Sys. Pvt. Ltd.
Aquamall Water Solutions Ltd.	Waterwings Equip. Pvt. Ltd.	Aquamall Water Solutions Ltd.	Waterwings Equip. Pvt. Ltd.
Eureka Forbes Ltd.	Euro Forbes Ltd., Dubai	Eureka Forbes Ltd.	Euro Forbes Ltd., Dubai
Volkart Fleming Shipping & Services Ltd.	EFL Mauritius Ltd.	Volkart Fleming Shipping & Services Ltd.	EFL Mauritius Ltd.
Euro Forbes Financial Services Ltd.	Forbes Lux FZCO	Euro Forbes Financial Services Ltd.	Forbes Lux FZCO
Euro Forbes International Pte Ltd.	Forbes Container Lines Pte Ltd.	Euro Forbes International Pte Ltd.	Forbes Container Lines Pte Ltd.
Forbes Bumi Armada Offshore Ltd.		Forbes Bumi Armada Offshore Ltd.	

II. Transactions with related parties

Nature of Transactions

		Referred to in "A" Above	
		31.03.2012	31.03.2011
1	**Income**		
	Service Charges	4,166,623	3,876,689
2	**Expenses**		
	Royalty to Forbes	36	–
3	Sundry Debtors	337,091	5,757

Note : All transactions and outstanding balance referred to in table "A" are with a single party Viz. Forbes & Co. Ltd.

In terms of our report attached

For **Atul HMV & Associates**
Chartered Accountants
FRN No.: 124043W

HEMANSHU M. VORA
Partner
Mem No.: 100283

Mumbai, 17th April, 2012

C.A. Karnik — *Chairman*

A.T. Shah
Sunetra Ganesan — *Directors*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
2. SHARE CAPITAL		
Authorised:		
50,000 (Previous year: 50,000) equity shares of ₹ 10 each	500,000	*500,000*
Issued, subscribed and fully paid:		
50,000 (Previous year: 50,000) equity shares of ₹ 10 each	500,000	*500,000*
TOTAL	**500,000**	***500,000***

(a) Rights, preferences and restrictions attached to equity shares

The Company has only one class of share referred to as equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Equity shares held by holding company and subsidiary company

49,000 (Previous year - 49,000) equity shares are held by holding company - Forbes Campbell Finance Ltd.

(c) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:

Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	Number of equity shares held	% holding	Number of equity shares held	% holding
Forbes Campbell Finance Ltd.	49,000	98.00	49,000	98.00

3. RESERVES AND SURPLUS

	₹	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
(a) Surplus / (deficit) in the statement of profit and loss:			
Balance as per last balance sheet	97,325		*60,671*
Add: Profit for the year	495		*36,654*
		97,820	*97,325*
TOTAL		**97,820**	***97,325***

4. LONG-TERM PROVISIONS

	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
Provision for employee benefits		
(a) Compensated absences	95,782	*72,957*
(b) Gratuity	–	–
(c) Other post retirement benefits	–	–
TOTAL	**95,782**	***72,957***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
5.	**OTHER CURRENT LIABILITIES**		
(a)	Security deposits	22,911	*22,911*
	TOTAL	**22,911**	***22,911***

6. SHORT-TERM PROVISIONS

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
(a)	Provision for employee benefits		
	(i) Compensated absences	10,542	*18,050*
	(ii) Gratuity		
	(iii) Other post retirement benefits		
		10,542	*18,050*
(b)	Others		
	(i) Bonus to Employees	39,988	*39,988*
	TOTAL	**50,530**	***58,038***

7. LONG-TERM LOANS AND ADVANCES
(unsecured, considered good unless otherwise stated)

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
(a)	Security deposits		
	(i) Unsecured, considered good	84,777	*84,775*
	(ii) Doubtful	–	–
		84,777	*84,775*
	Less: Provision for doubtful deposits	–	–
		84,777	*84,775*
	Less: Provision for doubtful loans	–	–
		84,777	*84,775*
(b)	Loans to employees	–	*5,312*
(c)	Taxes paid less provision including fringe benefit tax (other than deferred tax)	147,059	*214,468*
	Less: Provision for doubtful balances		
	TOTAL	**231,836**	***304,555***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
8. TRADE RECEIVABLES		
(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
(i) Unsecured, considered good	–	–
(ii) Doubtful	–	–
Less: Provision for doubtful debts	–	–
	–	–
(b) Other trade receivables:		
Unsecured, considered good	483,404	*136,752*
TOTAL	**483,404**	***136,752***

9. CASH AND BANK BALANCES

	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
(a) Cash and cash equivalents		
1. Balances with banks:		
(A) In current accounts		
(i) Others	258,253	*379,652*
2. Cash on hand	12,449	*8,612*
TOTAL	**270,702**	***388,264***

10. SHORT-TERM LOANS AND ADVANCES
(unsecured, considered good unless otherwise stated)

	₹	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
(a) Loans and advances to employees		5,312	*23,471*
(b) Balances with statutory / government authorities			
(i) Unsecured, considered good	–		*123,171*
(ii) Doubtful	–		–
		5,312	*146,642*
Less: Provision for doubtful balances			–
		5,312	*146,642*
TOTAL		**5,312**	***146,642***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		Year ended 31st March, 2012 ₹	*Year ended 31st March, 2011 ₹*
11.	**REVENUE FROM OPERATIONS**		
(a)	Service Charges	4,166,623	*3,876,689*
	TOTAL	**4,166,623**	***3,876,689***

12. OTHER INCOME

		Year ended 31st March, 2012 ₹	*Year ended 31st March, 2011 ₹*
(a)	Interest on Income tax refund	8,329	*69,718*
(b)	Interest Received	1,729	*3,682*
(c)	Credit balances / excess provision written back	773	–
	TOTAL	**10,831**	***73,400***

13. EMPLOYEE BENEFITS EXPENSE

		Year ended 31st March, 2012 ₹	*Year ended 31st March, 2011 ₹*
(a)	Salaries and wages	1,935,492	*1,746,185*
(b)	Contribution to provident and other funds	97,348	*92,707*
(c)	Staff welfare expense	10,411	*49,921*
	TOTAL	**2,043,251**	***1,888,813***

14. OTHER EXPENSES

		₹	Year ended 31st March, 2012 ₹	*Year ended 31st March, 2011 ₹*
(a)	Legal & Professional Charges		1,992,804	*1,847,882*
(b)	Motor Car Expense		–	*10,932*
(c)	Conveyance Expense		113,568	*92,193*
(d)	Professional Tax		2,500	*2,500*
(e)	Telephone Expense		–	*6,207*
(f)	Office Expense		3,104	*4,960*
(g)	Miscellaneous Expense		7,482	*28,783*
(q)	Payments to the auditor			
	(i) Audit fees	7,500		*8,273*
	(ii) Consulting fees	6,500	14,000	*6,500*
	TOTAL		**2,133,458**	***2,008,230***

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended 31st March, 2012		*Year ended 31st March, 2011*	
	₹	₹	₹	₹
PROFIT / (LOSS) BEFORE TAX		745		*53,045*
Adjustments for -				
Interest from Income tax refund & Others	(10,831)		*(73,400)*	
		(10,831)		*(73,400)*
OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES		(10,086)		*(20,355)*
Adjustments for changes in working capital:				
Increase / (decrease) in trade payables	(773)		*(9,838)*	
Increase / (decrease) in long-term provisions	22,825		*(17,248)*	
Increase / (decrease) in short-term provisions	(7,508)		*12,538*	
Increase / (decrease) in other current liabilities	–		*(750)*	
Decrease / (increase) in trade receivables	(346,650)		*8,562*	
Decrease / (increase) in inventories				
Decrease / (increase) in long-term loans and advances	5,310		*428,184*	
Decrease / (increase) in short-term loans and advances	141,330		*(117,859)*	
Decrease / (increase) in other current assets	–		*–*	
		(185,466)		*303,589*
CASH GENERATED FROM / (USED IN) OPERATIONS		(195,552)		*283,234*
Income taxes paid (net of refunds)		67,159		*(101,390)*
(A) NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES		(128,393)		*181,844*
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	10,831		*73,400*	
(B) NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES		10,831		*73,400*
CASH FLOWS FROM FINANCING ACTIVITIES:				
(C) NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES		–		*–*
(D) NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)		(117,562)		*255,244*
(E) CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR		388,264		*133,020*
(F) CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR (D + E)		**270,702**		***388,264***

Footnotes:

1 Cash flow statement is prepared in accordance with "Indirect method" as explained in the Accounting Standard on Cash Flow Statements (AS-3).

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For **Atul HMV & Associates**
Chartered Accountants
FRN No.: 124043W

HEMANSHU M. VORA
Partner
Mem No.: 100283

Mumbai, 17th April, 2012

C.A. Karnik — *Chairman*

A.T. Shah
Sunetra Ganesan — *Directors*

(a wholly owned Subsidiary Company)

Annual Report and Accounts
for the year ended 31st March, 2012

DIRECTORS:

Amit Mittal

Padmakumar Unnikrishnan

BANKERS:

OCBC Bank Ltd.
65, Chulia Street,
01-00 OCBC Centre,
Singapore - 049 513

Citibank N.A. Singapore
3 Temasek Avenue,
12-00, Centennial Tower,
Singapore - 039 190

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 2012

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, 2012.

1. Directors

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

Padmakumar Unnikrishnan
Amit Mittal

2. Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

3. Directors' Interests in Shares or Debentures

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

4. Directors' Contractual Benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except, in respect of director's remuneration as disclosed in the financial statements.

5. Options to take up Unissued Shares

During the financial year, no options to take up unissued shares of the Company have been granted.

6. Options Exercised

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

7. Options Outstanding

There are no unissued shares of the Company under option at the end of the financial year.

8. Independent Auditors

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

Board of Directors,

………………………………………..	………………………………………..
PADMAKUMAR UNNIKRISHNAN	AMIT MITTAL

Singapore
Date : 23 May 2012

STATEMENT BY THE DIRECTORS 31 MARCH 2012

In the opinion of the directors,

(a) the financial statements as set out on pages 6 to 27 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2012 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, as the ultimate holding company has undertaken to provide continuing financial support to the Company, as mentioned in Note 2 to the financial statements.

Board of Directors,

……………………………………….. ………………………………………..

PADMAKUMAR UNNIKRISHNAN AMIT MITTAL

Singapore
Date : 23 May 2012

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 27,* comprising the balance sheet as at 31 March 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 March 2012 and a summary of significant accounting policies and other explanatory information.

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 2012 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.

Moore Stephens LLP

Public Accountants and Certified Public Accountants

Singapore

Date : 23 May 2012

* Page nos. 260 to 274 of this report.

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

BALANCE SHEET AS AT 31 MARCH 2012

		01.04.2011 to 31.3.2012		*01.04.2010 to 31.3.2011*	
	Note	**S$**	**₹**	***S$***	***₹***
Assets					
Non-Current Assets					
Plant and equipment	8	299,802	12,363,396	*336,849*	*12,084,870*
Current Assets					
Trade receivable	9	1,799,016	74,188,734	*2,316,192*	*83,096,167*
Other receivables	10	296,613	12,231,855	*231,058*	*8,289,483*
Cash and bank balances	11	386,948	15,957,155	*521,049*	*18,693,258*
		2,482,577	102,377,744	*3,068,299*	*110,078,909*
Total Assets		**2,782,379**	**114,741,140**	***3,405,148***	***122,163,779***
EQUITY AND LIABILITIES					
Share Capital and Reserves					
Share Capital	12	864,960	35,669,653	*864,960*	*31,031,478*
Other liability – preference shares	13	2,118,750	87,374,072	*2,118,750*	*76,012,699*
Accumulated Losses		(1,194,757)	(49,086,044)	*(524,957)*	*(23,240,315)*
Translation Reserve		(383,554)	(15,817,192)	*(159,432)*	*(5,176,408)*
Foreign Currency Translation Reserve on Conversion		–	(183,939)	*–*	*3,863,454*
Total Equity		**1,405,399**	**57,956,550**	***2,299,321***	***82,490,908***
Current Liabilities					
Trade Payable	14	1,012,083	41,736,785	*907,939*	*32,573,401*
Other payables	15	364,897	15,047,805	*197,888*	*7,099,469*
Advances received from third parties	16	–	–	*–*	*–*
Income Tax Payable		–	–	*–*	*–*
Total Liabilities		**1,376,980**	**56,784,590**	***1,105,827***	***39,672,871***
Total Equity and Liabilities		**2,782,379**	**114,741,140**	***3,405,148***	***122,163,779***

Date : 23 May 2012

PROFIT AND LOSS STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

		01.04.2011 to 31.3.2012		***01.04.2010 to 31.3.2011***	
	Note	**S$**	**₹**	***S$***	***₹***
Revenue	3	164,39,239	635,401,927	*154,51,833*	*531,029,411*
Cost of Sales		(15,791,700)	(610,373,566)	*(14,176,102)*	*(487,186,672)*
Gross Profit		647,539	25,028,362	*1,275,731*	*43,842,739*
Other Operating Income		43,520	1,725,193	*51,889*	*1,846,618*
Administrative Expenses		(1,191,359)	(46,047,847)	*(973,522)*	*(33,456,795)*
Finance Cost		(169,500)	(6,551,436)	*(169,500)*	*(5,825,166)*
Other Operating Expenses		–	–	–	–
(Loss) / profit before Income Tax	4	(6,69,800)	(258,45,729)	*1,84,598*	*64,07,397*
Income Tax	7	–	–	–	–
Other Comprehensive Loss: Exchange differences from translation to reporting currency		(224,122)	(9,242,455)	*(11,699)*	*(419,716)*
(Loss) / profit for the year/period		**(893,922)**	**(35,088,184)**	***172,899***	***5,987,681***

Date : 23 May 2012

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 APRIL 2011 TO 31 MARCH 2012

Particulars	Share Capital		Translation Reserve		Accumulated Loss		Total	
	S$	₹	S$	₹	S$	₹	S$	₹
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)	(419,715.66)	–	–	(11,699)	(419,716)
Net Profit for the Year					184,598	6,407,397	184,598	6,407,397
Total recognised income and expense for the year	864,960	24,849,896	(11,699)	(419,716)	184,598	6,407,397	172,899	5,987,681
Issuance share during the year	–	–	–	–	–	–	–	–
Foreign Exc rate diff	–	6,181,582	–	–	–	–	–	(243,498)
Dividend paid (Note 16)	–	–	–	–	–	–	–	–
Balance at 31 March 2011	***864,960***	***31,031,478***	***(159,432)***	***(5,176,408)***	***(524,957)***	***(23,240,315)***	***180,571***	***6,478,201***
Balance at 1 April 2011	864,960	31,031,478	(159,432)	(5,176,408)	(524,957)	(23,240,315)	180,571	6,478,201
Translation difference recognised directly in equity	–	–	(224,122)	(9,242,455)	–	–	(224,122)	(9,242,455)
Net Profit for the Year	–	–	–	–	(669,800)	(25,845,729)	(669,800)	(25,845,729)
Total recognised income and expense for the year	864,960	31,031,478	(224,122)	(9,242,455)	(669,800)	(25,845,729)	(893,922)	(35,088,184)
Issuance share during the year	–	–	–	–	–	–	–	–
							–	–
Foreign Exc rate diff	–	4,638,175	–	(1,398,329)	–	–	–	807,525
Dividend paid (Note 16)	–	–	–	–	–	–	–	–
Balance at 31 March 2012	**864,960**	**35,669,653**	**(383,554)**	**(15,817,192)**	**(1,194,757)**	**(49,086,044)**	**(713,351)**	**(29,417,507)**

CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

	01.04.2011 to 31.3.2012		*01.04.2010 to 31.3.2011*	
	S$	₹	*S$*	*₹*
Cash Flows from Operating Activities				
(Loss) / Profit before income tax	(669,800)	(25,845,729)	*184,598*	*6,407,397*
Adjustments for:				
Depreciation of plant and equipment	86,836	3,356,307	*63,231*	*2,173,037*
Finance cost	169,500	6,551,436	*169,500*	*5,825,166*
Foreign Currency Translation Reserve		2,404,053	*–*	*(7,816,088)*
Operating cash flows before working capital changes	(413,464)	(13,533,933)	*417,329*	*6,589,512*
Changes in working capital:				
Trade Receivables	541,024	20,911,412	*(1,378,169)*	*(49,443,467)*
Other Receivables	(65,555)	(2,533,783)	*(9,136)*	*(327,765)*
Trade Payables	105,986	4,096,522	*37,872*	*1,358,703*
Other Payables	9,208	355,903	*4,225*	*151,577*
			(927,879)	*(41,671,440)*
Cash generated from / used in operations	177,199	9,296,122	*–*	*–*
Income tax paid	–	–	*–*	*–*
Net cash used in operating activities	177,199	9,296,122	*(927,879)*	*(41,671,440)*
Cash Flows from Investing Activities				
Purchase of Plant and equipment	(49,789)	(1,924,422)	*(321,262)*	*(11,040,734)*
Net cash used in investing activities	(49,789)	(1,924,422)	*(321,262)*	*(11,040,734)*
Cash Flows from Financing Activities				
Proceeds from issuance of share capital	–	–	*–*	*–*
Proceeds from issuance of preference shares	–	–	*2,118,750*	*72,814,569*
Repayment of advances from thrid party	–	–	*(2,100,000)*	*(72,170,193)*
Advances received from third parties	–	–	*–*	*–*
ICD taken from 3rd parties	–	–	*–*	*–*
Dividend paid	–	–	*–*	*–*
Net cash generated from financing activities	–	–	*18,750*	*644,377*
Foreign Exchange difference	(261,511)	(10,107,803)	*(80,464)*	*11,777,593*
(Decrease) / Increase in cash and cash equivalents	(134,101)	(2,736,103)	*(1,310,855)*	*(40,290,204)*
Cash and cash equivalents at the beginning of the year/period	521,049	18,693,258	*1,831,904*	*58,983,462*
Cash and cash equivalents at the end of the year/period	**386,948**	**15,957,155**	***521,049***	***18,693,258***

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

1. GENERAL

Forbes Container Line Pte. Ltd. (the "Company") is a limited liability company domiciled and incorporated in Singapore. The address of the Company's registered office and principal place of business is 19 Keppel Road, #03-08 Jit Poh Building, Singapore 089 058.

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. GOING CONCERN

The Company incurred a net loss of S$669,800 (2011 : net profit of S$184,598) during the financial year ended 31 March 2012. As at that date, the Company is in a net shareholder's deficit position of S$713,351 (2011: net asset position of S$180,571). These factors indicate the existence of conditions which may cast doubt about the Company's ability to continue as a going concern.

The financial statements of the Company have been prepared on a going concern basis as the holding company has undertaken to provide continuing financial support to the Company to enable it to meet its obligations as they fall due.

3. 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 management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the balance sheet date, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

Critical Accounting Estimates, Assumptions and Judgements

In the application of the Company's accounting policies, which are described below, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

In the preparation of these financial statements, there were no critical accounting estimates and assumptions made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Critical judgements in applying accounting policies

In the process of applying the Company's accounting policies, which are described below, the application of judgements that are expected to have a significant effect on the amounts recognised in the financial statements is discussed below.

(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.

NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2012 *(Contd.)*

3. SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

(a) Basis of Preparation *(Contd.)*

(i) Impairment of trade receivables (Contd.)

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 2012 was S$1,799,016 (2011 : S$ 2,316,192) and is disclosed in Note 10. No impairment loss on trade receivables has been recognised in profit or loss for the financial year ended 31 March 2012 and 2011.

(b) New and Revised FRS and Interpretations to FRS (INT FRS)

Adoption of New / Revised FRS

On 1 April 2011, the Company adopted the following Financial Reporting Standards ("FRS") and interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

FRS 24 Related Party Disclosures (Revised)

The revised FRS 24 simplifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application and provides partial exemption for government-related entities. 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 FRS 24 simplifies the definition of a related party and provides partial exemption for government-related entities. The revised FRS 24 applies retrospectively for annual periods beginning on or after 1 January 2011 but earlier application is permitted. As this is a disclosure standard, it has no impact on the financial position or financial performance of the Company upon implementation.

Amendments to FRS 1 *Presentation of Financial Statements*

The amendments to FRS 1 clarifies that the analysis of the components of other comprehensive income by item can be presented either in the statement of changes in equity or within the Notes. The Company has presented the analysis of the components of other comprehensive income by item in the statement of changes in equity. As this is a disclosure requirement, there is no impact on the financial position or financial performance of the Company when implemented in the current financial year.

New / Revised FRS issued but not yet effective

At the date of authorisation of these financial statements, the relevant revised FRS that has been issued but is not yet effective is as follows:

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The amendment to FRS 1 requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss. The changes are effective for accounting periods beginning on or after 1 July 2012. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Company when implemented.

(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.

NOTES TO THE FINANCIAL STATEMENTS - 31ST MARCH, 2012 *(Contd.)*

3. SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

(d) Functional Currency and Foreign Currency Transactions *(Contd.)*

(i) Functional currency and presentation currency (Contd.)

The results and financial position in the functional currency translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing rates at the date of that statement of financial position;

(ii) income or expense for each statements of comprehensive income or separate income statement presented (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and

(iii) all resulting exchange differences are recognised in other comprehensive income.

(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. Currency translation gains and losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(e) Income Tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is accounted for using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used for the taxation purposes.

Deferred tax liabilities are generally recognised for all the taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unutilised tax losses can be utilised.

Deferred tax is calculated at the tax rate that is expected to apply in the period when the liability is settled or the asset 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.

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012 *(Contd.)*

3. 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. Preference share dividends are recognised as a finance cost in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012 *(Contd.)*

4. REVENUE

	2012		*2011*	
	S$	**₹**	***S$***	***₹***
Freight service income	16,439,239	635,401,927	*15,451,833*	*531,029,411*

5. (LOSS) / PROFIT BEFORE INCOME TAX

Net (loss) / profit for the year has been arrived at after charging / (crediting):

	2012 S$	2012 ₹	*2011 S$*	*2011 ₹*
Depreciation of plant and equipment (included in administrative expenses) (Note 9)	86,836	3,356,307	*63,231*	*2,173,044*
Rental – operating lease expense (included in administrative expenses)	82,458	3,187,129	*81,482*	*2,800,272*
Exchange gain – realised (included in other operating income)	(26,634)	(1,029,445)	*(9,912)*	*(340,643)*
Preference share dividends (included in finance costs)	169,500	6,551,436	*169,500*	*5,825,166*

6. STAFF COSTS

	2012 S$	2012 ₹	*2011 S$*	*2011 ₹*
Staff salaries and related costs	498,175	19,255,232	*400,850*	*13,775,915*
Staff welfare benefits	10,400	401,976	*5,376*	*184,756*
	508,575	**19,657,208**	***406,226***	***13,960,671***

The above staff costs exclude director's remuneration. Director's remuneration is disclosed in Note 7.

The above staff cost is included in administrative expenses.

7. DIRECTOR'S REMUNERATION

	2012 S$	2012 ₹	*2011 S$*	*2011 ₹*
Salaries and other costs	259,800	10,041,671	*197,717*	*6,794,892*
Contributions to defined contribution plans	10,596	409,552	*8,622*	*296,310*
	270,396	**10,451,223**	***206,339***	***7,091,202***

The above director's remuneration is included in administrative expense.

8. INCOME TAX

	2012		*2011*	
	S$	**₹**	***S$***	***₹***
Current tax	–	–	–	–

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2011 : 17%) to profit before tax as a result of the following differences:

	2012		*2011*	
	S$	**₹**	***S$***	***₹***
(Loss) / profit before income tax	(669,800)	(25,845,729)	*184,598*	*6,407,397*
Income tax (benefit) / expense at statutory rate of 17% (2011 : 17%)	(113,866)	(4,695,663)	*31,382*	*1,125,867*
Expenses not deductible for tax purposes	14,762	608,763	*10,857*	*389,508*
Deferred tax assets not recognised	99,104	4,086,900	–	–
Benefits from previously unutilised tax benefits	–	–	*(42,239)*	*(1,515,375)*
	–	–	–	–

As at the balance sheet date, unutilised tax losses amounting to approximately S$ 1,813,670 (2011 : S$ 1,230,707) are available for off-setting against future taxable income subject to there being no substantial charges in shareholdings and other requirements as provided in the Income Tax Act. The related tax benefits of S$ 308,323 (2011 : S$ 209,220) have not been recognised in the financial statements in accordance with accounting policy Note 3(e).

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012 *(Contd.)*

9. PLANT AND EQUIPMENT

	Software System		Computers		Office Equipment		Furniture & Fittings		Containers		Total	
	S$	₹	S$	₹	S$	₹	S$	₹	S$	₹	S$	₹
2012												
Cost												
At 1 April 2011	74,080	2,657,709	54,963	1,971,864	1,948	69,887	18,906	678,275	385,873	13,843,657	535,770	19,221,392
Additions	–	–	2,396	92,609	–	–	–	–	47,393	1,831,813	49,789	1,924,422
At 31 March 2012	**74,080**	**3,054,948**	**57,359**	**2,365,399**	**1,948**	**80,333**	**18,906**	**779,655**	**433,266**	**17,867,240**	**585,559**	**21,007,632**
Accumulated depreciation												
At 1 April 2011	74,080	2,657,709	54,963	1,971,864	1,727	61,958	14,571	522,759	53,580	1,922,232	198,921	7,136,522
Charge for the year	–	–	1,353	52,296	202	7,808	1,210	46,768	84,071	3,249,471	86,836	3,356,343
At 31 March 2012	74,080	3,054,948	56,316	2,322,387	1,929	79,549	15,781	650,793	137,651	5,676,501	285,757	11,784,179
Net book value												
At 31 March 2012	**–**	**–**	**1,043**	**43,012**	**19**	**784**	**3,125**	**128,862**	**295,615**	**12,190,739**	**299,802**	**12,363,396**
2011												
Cost												
At 1 April 2010	*74,080*	*2,385,376*	*53,843*	*1,733,745*	*1,948*	*62726*	*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	***74,080***	***2,657,709***	***54,963***	***1,971,864***	***1,948***	***69,887***	***18,906***	***678,275***	***385,873***	***13,843,657***	***535,770***	***19,221,392***
Accumulated depreciation												
At 1 April 2010	72,688	2,340,554	50,875	1,638,175	1,337	43,051	10,790	3,474,398	–	–	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	74,080	2,657,709	54,963	1,971,864	1,727	61,958	14,571	522,759	53,580	1,922,232	198,921	7,136,522
Net book value												
At 31 March 2011	**–**	**–**	**–**	**–**	**221**	**7,929**	**4,335**	**155,516**	**332,293**	**11,921,425**	**336,849**	**12,084,870**

10. TRADE RECEIVABLES

	2012		*2011*	
	S$	₹	*S$*	₹
Receivables from customers				
Receivables from agents:				
— Related companies	1,480,977	61,073,290	*1,442,633*	*51,756,190*
— Third parties	313,864	12,943,281	*871,120*	*31,252,475*
GST receivable	4,175	172,163	*2,439*	*87,502*
	1,799,016	**74,188,734**	***2,316,192***	***83,096,167***

11. OTHER RECEIVABLES

Deposits	174,307	7,188,159	*176,521*	*6,332,903*
Prepayments	4,974	205,120	*11,707*	*420,003*
Tax recoverable	117,332	4,838,575	*42,830*	*1,536,578*
	296,613	**12,231,855**	***231,058***	***8,289,483***

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012 *(Contd.)*

12. CASH AND BANK BALANCES

	2012		*2011*	
	S$	**₹**	***S$***	***₹***
Cash on hand	500	20,619	*500*	*17,938*
Cash at bank	386,448	15,936,536	*520,549*	*18,675,320*
	386,948	**15,957,155**	***521,049***	***18,693,258***

13. ISSUED CAPITAL

	2012			*2011*		
	No. of shares	**S$**	**₹**	***No. of shares***	***S$***	***₹***
Issued and fully paid;						
At the beginning and end of year	864,960	864,960	35,669,653	*864,960*	*864,960*	*31,031,478*

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.

14. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

	2012			*2011*		
	No. of prefe-rence shares	**S$**	**₹**	***No. of prefe-rence shares***	***S$***	***₹***
Issued and fully paid:						
Balance at the beginning of the year	2,118,750	2,118,750	87,374,072	–	–	–
Issued during the year	–	–	–	*2,118,750*	*2,118,750*	*76,012,699*
Balance at the end of the year	**2,118,750**	**2,118,750**	**87,374,072**	***2,118,750***	***2,118,750***	***76,012,699***

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 2011). 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.

15. TRADE PAYABLES

	2012		*2011*	
	S$	**₹**	***S$***	***₹***
Payables to:				
— A related company	–	–	*80,078*	*2,872,894*
— Third parties	1,012,083	41,736,785	*827,861*	*29,700,507*
	1,012,083	**41,736,785**	***907,939***	***32,573,401***

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012 *(Contd.)*

16. OTHER PAYABLES

	2012		*2011*	
	S$	₹	*S$*	*₹*
Accrued expenses	25,897	1,067,953	*28,388*	*1,018,454*
Preference share dividends payable	339,000	13,979,852	*169,500*	*6,081,016*
	364,897	**15,047,805**	***197,888***	***7,099,469***

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:

	2012		*2011*	
	S$	₹	*S$*	*₹*
With related companies:				
Agent commission paid/payable	**241,177**	**9,321,863**	***414,974***	***14,261,311***

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 7.

18. LEASE COMMITMENTS

The Company leased its office premises from 1 August 2011 to 31 July 2012 renewable for such terms and conditions as may be agreed upon with the lessor. In addition, the Company also has container lease rental from 20 October 2010 to 20 October 2015. At the balance sheet date, the Company was committed to make the following payments in respect of operating leases:

	2012		*2011*	
	S$	₹	*S$*	*₹*
Payable:				
Within 1 year	123,138	4,231,854	*80,184*	*2,755,664*
After 1 year but within 5 years	241,158	8,287,819	*26,728*	*918,555*
	364,296	**12,519,673**	***106,912***	***3,674,219***

19. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Company does not have specific risk management policies and guidelines. Generally, the Company adopts conservative strategies on its risk management. The Company continually monitors the risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management 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 shareholder, to support the Company's stability and growth; and to provide capital for the purpose of strengthening the Company's financial management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012 *(Contd.)*

19. FINANCIAL INSTRUMENTS *(Contd.)*

(a) Financial Risk Management Policies *(Contd.)*

(i) Capital risk (Contd.)

investment opportunities. As part of the capital risk management process, the Board monitors regularly the Company's ratio of net debt to shareholder's equity as shown below:

	2012		*2011*	
	S$	₹	*S$*	*₹*
Net debt	3,108,782	12,821,507	*2,703,528*	*96,992,311*
Shareholders' equity	(713,351)	(29,417,525)	*180,571*	*6,478,201*
Net debt to shareholder's equity Ratio	**N.M**	**N.M**	***14.97***	***14.97***

N.M - not meaningful

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 in United States dollar. The Company is exposed to foreign currency risk when transactions such as sales and purchases are denominated in currencies other than Singapore dollar. The currency giving rise to this risk is primarily Singapore dollar (S$).

The Company has not entered into any forward currency contracts or any hedging instruments to manage the foreign currency risk. This exposure is managed as far as possible by natural hedges of matching assets and liabilities.

The Company's foreign currency exposures based on the information provided by key management are as follows:

	Denominated in the following currencies					
	Singapore dollar S$	Indian Rupees ₹	United States dollar S$	Indian Rupees ₹	Total S$	Total ₹
2012						
Financial assets						
Trade receivables	14,193	585,298	1,780,648	73,431,253	1,794,841	74,016,551
Other receivables	174,307	7,188,159	–	–	174,307	7,188,159
Due from immediate holding company	–	–	–	–	–	–
Cash and cash equivalents	33,474	1,380,418	353,474	14,576,738	386,948	15,957,155
	221,974	**9,153,875**	**2,134,122**	**88,007,990**	**2,356,096**	**97,161,865**
Financial liabilities						
Redeemable convertible preference shares	–	–	2,118,750	87,374,072	2,118,750	87,374,072
Trade payables	35,737	1,473,740	976,346	40,263,045	1,012,083	41,736,785
Other payables	25,897	1,067,953	339,000	13,979,852	364,897	15,047,805
	61,634	**2,541,694**	**3,434,096**	**141,616,968**	**3,495,730**	**144,158,662**
Net financial assets/ (liabilities)	160,340	6,612,181	(1,299,974)	(53,608,978)	(1,139,634)	(46,996,797)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2012 *(Contd.)*

19. FINANCIAL INSTRUMENTS *(Contd.)*

(a) Financial Risk Management Policies *(Contd.)*

(ii) Foreign currency risk (Contd.)

2011	*S$*	*₹*	*S$*	*₹*	*S$*	*₹*
Financial assets						
Trade receivables	*141,292*	*5,069,020*	*2,172,461*	*77,939,645*	*2,313,753*	*83,008,665*
Other receivables	*176,521*	*6,332,903*	*–*	*–*	*176,521*	*6,332,903*
Due from immediate holding company	*–*	*–*	*–*	*–*	*–*	*–*
Cash and cash equivalents	*20,708*	*742,924*	*500,341*	*17,950,334*	*521,049*	*18,693,258*
	338,521	***12,144,847***	***2,672,802***	***95,889,979***	***3,011,323***	***108,034,826***
Financial liabilities						
Redeemable convertible preference shares	*–*	*–*	*2,118,750*	*76,012,699*	*2,118,750*	*76,012,699*
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*
	209,224	*7,506,162*	*3,015,353*	*108,179,407*	*3,224,577*	*115,685,569*
Net financial assets/ (liabilities)	*129,297*	*4,638,685*	*(342,551)*	*(12,289,428)*	*(213,254)*	*(7,650,743)*

Sensitivity Analysis

A change of 5% (2011 : 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 (2011 : increase / (decrease) the Companys 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$	₹	S$	₹
2012				
US$ against S$				
– strengthened	(6,654)	(274,401)	(53,948)	(2,224,735)
– weakened	6,654	274,401	53,948	2,224,735
2011				
US$ against S$				
– strengthened	*(5,366)*	*(192,512)*	*(14,215)*	*(509,980)*
– weakened	*5,366*	*192,512*	*14,215*	*509,980*

(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 (2011 : 3 agents) and the holdingcompany that represented 9% and 82% of the total trade receivables balances respectively (2011 : 10% and 62% respectively)

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 2012 *(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 0-3 months		3-6 months		Total	
	S$	₹	S$	₹	S$	₹	S$	₹
2012								
Trade receivables	650,136	26,810,633	1,148,880	47,378,088	–	–	1,799,016	74,188,721
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*

Based on the Company's monitoring of customer credit risk, the Company believes that no impairment allowance is necessary in respect of the trade receivables not past due as part due by up to 3 months.

(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.Additional fundinf is obtained through support from the holding company to meet any obligations as they fall due whever necessary.

The table analyses the maturity profile of the Company's financial liablities based on the contractual undiscounted cashflows.

	Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		Over 5 years		Total	
	S$	₹	S$	₹	S$	₹	S$	₹	S$	₹
At 31 March 2012										
Redeemable convertible preference shares	169500	6,989,926	169500	6,989,926	508500	20,969,777	4322250	178,243,107	5169750	213,192,735
Trade payables	1012083	41,736,785		–		–		–	1012083	41,736,785
Other payables	364897	15,047,805		–		–		–	364897	15,047,805
	1546480	**63,774,515**	**169500**	**6,989,926**	**508,500**	**20,969,777**	**4,322,250**	**178,243,107**	**6,546,730**	**269,977,325**
At 31 March 2011										
Redeemable convertible preference shares	*169500*	*6,081,016*	*169500*	*6,081,016*	*508500*	*18,243,048*	*4491750*	*161,146,921*	*5339250*	*191,552,001*
Trade payables	*907939*	*32,573,401*		–		–		–	*907939*	*32,573,401*
Other payables	*197888*	*7,099,469*		–		–		–	*197888*	*7,099,469*
	1275327	***45,753,887***	***169500***	***6,081,016***	***508,500***	***18,243,048***	***4,491,750***	***161,146,921***	***6,445,077***	***231,224,871***

(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 convertible preference shares by evaluating the present value of cash flows of similar instrument that does not have the option to convert to equity shares.

Based on the 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.

(Subsidiary Company of Forbes Campbell Finance Limited)

Annual Report and Accounts
for the year ended 31st March, 2012

DIRECTORS :

Ravishankar S *Chairman*

Chandrashekar Rasam

Eddie Poonawala

Amit Mittal

BANKERS :

IDBI Bank Ltd.

AUDITORS :

Messrs. V Ramaswamy Iyer & 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 2012.

1. FINANCIAL RESULTS:

	Current Year ended 31.3.2012 ₹	*Previous Year ended 31.3.2011* ₹
Profit / (Loss) Before Tax	(27,85,652)	*(1,461,326)*
Less: Provision for Tax	—	—
Profit / (Loss) after Tax	(27,85,652)	*(1,461,326)*
Balance brought forward from previous year	(6,19,22,335)	*(60,461,009)*
Profit / (Loss) carried to Balance Sheet	(6,47,07,987)	*(61,922,336)*

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. There was no service income during the current year as against ₹ 16.16 lakhs in the previous year. The loss after tax was ₹ 27.85 lakhs as against ₹ 14.61 lakhs in the previous year.

3. DIRECTORATE:

Mr. Ravishankar S., 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 to the following Annual General Meeting of the Company and to fix their remuneration.

5. COMPLIANCE AUDIT CERTIFICATE:

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

6. PARTICULARS REGARDING EMPLOYEES :

The Company did not have any employee who was entitled to receipt of remuneration of ₹ 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:

There was foreign exchange earnings and outgo during the year.

For and on behalf of
the Board of Directors,

Ravishankar S.
Chairman

Mumbai, Dated: 21st May, 2012

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, 2012. 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 10th June, 2011, 30th June, 2011, 10th July, 2011, 22nd November, 2011 and 13th February, 2012 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, 2011 was held on 24th August, 2011 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 Extraordinary General Meeting was held on 28th June, 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 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/transfers/transmission of securities during the financial year.

    (ii) not deposited any amount in a separate bank account as no dividend was declared during the financial year.

    (iii) not posted warrants to any member of the company, as no dividend was declared during the financial year.

    (iv) no unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid and as are required to be transferred to Investor Education and Protection Fund.

    (v) duly complied with the requirements of section 217 of the Act.

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 regarding during the year under scrutiny.
30. The Company has not altered its articles of association during financial year.
31. There was no prosecution initiated against or show cause notices received by the company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year under certification as per provisions of section 417(1) of the Act.
33. The Company was not required to deposit both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

For **Sanjay Dholakia & Associates**

(Sanjay R. Dholakia)
Practising Company Secretary
Proprietor

Place : Mumbai
Date : 21st May, 2012

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 : 21st May, 2012

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, 2012.

1. Form 23ACXBRL for Balance Sheet as at 31st March, 2011 and Form 23ACAXBRL for Profit & Loss Account for the year ended 31st March, 2010 filed with the Registrar of Companies, Maharashtra on 28th November, 2011.
2. Form 66 for Compliance Certificate for the year ended 31st March, 2011, as required u/s. 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Maharashtra on 12th September, 2011.
3. Form 20B for Annual Return made up to 24th August, 2011 filed with the Registrar of Companies, Maharashtra on 3rd October, 2011.

For **Sanjay Dholakia & Associates**

(Sanjay R. Dholakia)
Practising Company Secretary
Proprietor

Place : Mumbai
Date : 21st May, 2012

AUDITORS' REPORT TO THE MEMBERS OF FORBES EDUMETRY LIMITED

1. We have audited the attached Balance Sheet of Forbes Edumetry Limited, Mumbai as at 31st March, 2012 and also the annexed 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 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 (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on matters specified in paragraphs 4 and 5 of the Order.

4. **We invite your attention to the fact that despite continuing losses incurred by the Company and the accumulated losses exceeding the Paid up Capital by more than two times, the accounts of the Company have been prepared on Going Concern basis, on which aspect we are unable to express any opinion.**

5. Further to our comments in the statement 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 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 & Loss Account and Cash Flow dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Profit & Loss Account, Cash flow 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 of the company, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2011 from being appointed as Director in terms of Section 274(1)(g) of the Companies Act, 1956.

   (f) Subject to our remarks 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 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i. In the case of Balance Sheet, of the State of affairs of the Company as at 31st March, 2012;

      ii. In the case of Profit & Loss Account, of the loss for the year ended on that date; and

      iii. In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For **V. Ramaswamy Iyer & Co.,**
Chartered Accountants
Firm Regn No. 002974S

(Srinivas Subramaniam)
Partner
Membership No. 033782

Date : 21st May, 2012
Place : Bangalore

ANNEXURE TO AUDITORS' REPORT

Statement 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) We are informed that all the fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.

(c) During the year, the Company has not disposed off a substantial part of its fixed assets.

ii. Being a company rendering services, the reporting requirement under Clause (ii) of the Companies (Auditors' Report) Order, 2003 as applicable to Inventories will not apply to the company.

iii. According to the information and explanations given to us, the Company has taken loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹ 3,94,59,982 *(Prev. Year ₹ 3,94,26,387)* and the year end balances amounted to ₹ 3,94,59,982 *(Prev. Year ₹ 3,94,26,387)*. The rate of interest and other terms and conditions of loans given or taken by the company, are not prima facie prejudicial to the interest of the company.

The Company has not granted loans, secured or unsecured, to companies, firms and other parties listed in the register maintained under section 301 of the Companies Act 1956 during the year.

iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems 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 systems in respect of these areas.

v. According to the information and explanations given to us, the Company has not entered into any transaction that needs to be entered into the register maintained under section 301 of the Act.

vi. The Company has not accepted any deposits from the public within the meaning of section 58A, 58AA or any relevant provisions of the Companies Act, 1956 and rules framed there under.

vii. **No Internal Audit was conducted by the company during the year under review.**

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) From our examination of the books and records of the company as produced to us and from the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Income-tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us and the records of the Company produced and examined by us no disputed amounts were payable in respect of Income-tax, Customs Duty, Excise Duty, Cess and other statutory dues.

x. The accumulated losses of the Company at the end of the financial year are more than Two Hundred percent of its net worth. Further the Company has incurred cash losses of ₹ 1,24,657 in the current financial year and ₹ 1,78,509 in the immediately preceding financial year. The amount of cash losses have been arrived at after giving effect to the amounts quantified in the audit qualifications, if any.

xi. Based on our audit procedures and as per the information and explanations given by the management, the Company did not have any dues to a financial institution or debenture holders and has not defaulted in repayment of dues to banks.

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 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 bank or financial institutions.

xvi. From our examination of the records of the Company and according to the information and explanations given to us by the management, the Company has not taken term loans from banks or financial institutions.

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

xviii. During the year under review, the Company has not made any preferential allotment of shares to partners or 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.

xx. The Company has not raised any money by way of public issue during the year.

xxi. According to the information and explanations given to us and on the basis of examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **V. Ramaswmy Iyer & Co.,**
Chartered Accountants
Firm Registration No. 002974S

(Srinivas Subramaniam)
Partner
Membership No. 033782

Place : Bangalore
Date : 21st May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	Particulars	Note No.	₹	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
I	**EQUITY AND LIABILITIES**				
	1 Shareholders' funds				
	(a) Share capital	2	28,800,000.00		*28,800,000.00*
	(b) Reserves and surplus	3	(64,707,987.82)		*(61,922,335.78)*
				(35,907,987.82)	*(33,122,335.78)*
	2 Non-current liabilities				
	(a) Long-term borrowings	4	39,459,982.00		*39,426,387.00*
				39,459,982.00	*39,426,387.00*
	3 Current liabilities				
	(a) Trade payables	18	14,352.00		*14,352.00*
	(b) Other current liabilities	5	1,620,954.36		*1,001,564.00*
	(c) Short-term provisions	6	3,607,282.00		*3,607,284.00*
				5,242,588.36	*4,623,200.00*
	TOTAL			8,794,582.54	*10,927,251.22*
II	**ASSETS**				
	1 Non-current assets				
	(a) Fixed assets				
	(i) Tangible assets	7A	399,773.71		*725,077.71*
	(ii) Intangible assets	7B	8,143,059.29		*313,966.29*
	(iii) Intangible assets under development	7C	—		*9,511,801.00*
				8,542,833.00	*10,550,845.00*
	(b) Other non-current assets			—	—
				8,542,833.00	*10,550,845.00*
	2 Current assets				
	(a) Cash and cash equivalents	8	248,726.54		*373,383.22*
	(b) Short-term loans and advances		3,023.00		*3,023.00*
				251,749.54	*376,406.22*
	TOTAL			8,794,582.54	*10,927,251.22*
	Significant accounting policies	1			
	The accompanying notes are an integral part of the financial statements				

In terms of our report attached

For **V RAMASWAMY IYER & CO.,**
Chartered Accountants
FRN - 002974S

SRINIVAS SUBRAMANIAM
Partner
M.No. 036135

Place : Bangalore
Dated : 21st May, 2012

Ravishankar Srinivasan — *Chairman*

Eddie Poonawala — *Director*

Amit Mittal — *Director*

Mumbai, dated 21st May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Particulars	Note No.	₹	Year ended 31st March, 2012 ₹	*Year ended 31st March, 2011 ₹*
I	Revenue from operations	9	—		*1,616,130.00*
II	Other income	10	—		*13,000.00*
III	Total revenue (I + II)			—	*1,629,130.00*
IV	Expenses:				
	Employee benefits expense	11	—		*2,395,480.00*
	Finance cost	12	607,124.36		*(487,117.60)*
	Depreciation and amortisation expense	13	2,008,012.00		*466,149.00*
	Audit Fees		28,090.00		*27,575.00*
	Other expenses	14	142,425.68		*688,369.75*
	Total expenses			2,785,652.04	*3,090,456.15*
V	Profit / (loss) before Tax (III - IV)			(2,785,652.04)	*(1,461,326.15)*
VI	Tax expense / (credit):			—	—
VII	Profit for the year (V - VI)			(2,785,652.04)	*(1,461,326.15)*
VIII	Earning per equity share:	17			
	Basic and diluted earnings per equity share (nominal value of share ₹ 10)			(0.97)	(0.51)
	Significant accounting policies	1			
	The accompanying notes are an integral part of the financial statements				

In terms of our report attached

For **V RAMASWAMY IYER & CO.,**
Chartered Accountants
FRN - 002974S

SRINIVAS SUBRAMANIAM
Partner
M.No. 036135

Place : Bangalore
Dated : 21st May, 2012

Ravishankar Srinivasan — *Chairman*

Eddie Poonawala — *Director*

Amit Mittal — *Director*

Mumbai, dated 21st May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended 31st March, 2012 ₹		*Year ended 31st March, 2011* ₹	
Profit / (Loss) before tax		(2,785,652.04)		*(1,461,326.15)*
Adjustments for -				
Depreciation and amortisation expense	2,008,012.00		*466,149.00*	
Bank Charges	—		*10,394.00*	
Unrealised exchange (gain) / loss [net]	607,124.36		*(497,511.60)*	
		2,615,136.36		*(20,968.60)*
Operating profit / (loss) before working capital changes		(170,515.68)		*(1,482,294.75)*
Adjustments for changes in working capital:				
Increase / (decrease) in short-term provisions	(2.00)		*(29,783.00)*	
Increase / (decrease) in other current liabilities	619,390.36		*(135,171.38)*	
Decrease / (increase) in trade receivables	—		*677,102.45*	
Decrease / (increase) in short-term loans and advances	—		*8,120.00*	
Decrease / (increase) in other current assets	—		*300,000.00*	
		619,388.36		*820,268.07*
Cash generated from / (used in) operations		448,872.68		*(662,026.68)*
Income taxes paid (net of refunds)				
(a) Net cash generated from / (used in) operating activities		448,872.68		*(662,026.68)*
Cash flows from investing activities:				
(b) Net cash generated from / (used in) investing activities	—	—		
Cash flows from financing activities:				
Proceeds from long-term borrowings	33,595.00		*(3,600.00)*	
Bank Charges	—		*(10,394.00)*	
Unrealised exchange (gain) / loss [net]	(607,124.36)		*497,511.60*	
(c) Net cash generated from / (used in) financing activities		(573,529.36)		*483,517.60*
(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)		(124,656.68)		*(178,509.08)*
(e) Cash and cash equivalents as at the commencement of the year		373,383.22		*551,892.30*
(f) Cash and cash equivalents as at the end of the year (d + e)		248,726.54		*373,383.22*
Footnotes:				
1. Cash-flow statement is prepared in accordance with "Indirect method" as explained in the Accounting Standard on Cash Flow Statements (AS-3).				
The accompanying notes are an integral part of the financial statements				

In terms of our report attached

For **V RAMASWAMY IYER & CO.,**
Chartered Accountants
FRN - 002974S

SRINIVAS SUBRAMANIAM
Partner
M.No. 036135

Place : Bangalore
Dated : 21st May, 2012

Ravishankar Srinivasan *Chairman*

Eddie Poonawala *Director*

Amit Mittal *Director*

Mumbai, dated 21st May, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The financial statements are prepared under historical cost convention on an accrual basis and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956 and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006.

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 management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

c) Fixed assets and depreciation / amortisation

1. Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price (excluding refundable taxes), borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

The company depreciates Tangible Fixed Assets under the Straight Line Method according to the rates prescribed under Schedule XIV of the Companies Act, 1956.

2. Intangible assets and amortisation

Intangible assets, being computer software, are carried at cost, net of accumulated amortisation and accumulated impairment losses, if any. The cost comprises acquisition and implementation cost of software for internal use (including software coding, installation, testing and certain data conversion).

Research costs are charged to the statement of profit and loss as they are incurred.

The company depreciates Intangible Fixed Assets under the Straight Line Method according to the rates prescribed under Schedule XIV of the Companies Act, 1956.

d) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the lower of recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised.

e) Borrowing cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

f) Foreign currency transactions and translation

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 arises, 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.

g) Earnings per share

Basic Earnings per Share are calculated by 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 outstanding during the year.

h) 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.

i) Taxes 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.

k) 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.

l) 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.

m) Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation as a result of past events 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 reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

In terms of our report attached

For **V RAMASWAMY IYER & CO.,**
Chartered Accountants
FRN - 002974S

SRINIVAS SUBRAMANIAM
Partner
M.No. 036135

Place : Bangalore
Dated : 21st May, 2012

Ravishankar Srinivasan *Chairman*

Eddie Poonawala *Director*

Amit Mittal *Director*

Mumbai, dated 21st May, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
2.	**SHARE CAPITAL**		
Authorised:			
30,00,000	(Previous year: 30,00,000) equity shares of ₹ 10 each	30,000,000.00	*30,000,000.00*
	Issued, subscribed and fully paid:		
28,80,000	(Previous year: 28,80,000) equity shares of ₹ 10 each	28,800,000.00	*28,800,000.00*
	TOTAL	28,800,000.00	*28,800,000.00*

(a) Rights, preferences and restrictions attached to equity shares

The Company has only one class of share referred to as equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Equity shares held by holding company and subsidiary company

16,56,000 (Previous year: 16,56,000) equity shares are held by the holding company, Forbes Campbell Finance Ltd; and

(c) **Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:**

Name of Shareholder	As at 31st March, 2012		*As at 31st March, 2011*	
	Number of equity shares held	% holding	*Number of equity shares held*	*% holding*
Forbes Campbell Finance Ltd	1,656,000	57.50	*1,656,000*	*57.50*
Indovina International Establishment	720,000	25.00	*720,000*	*25.00*
Ravishankar S	360,000	12.50	*360,000*	*12.50*
Dr. Chandrasekaran Rajam	144,000	5.00	*144,000*	*5.00*

		₹	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
3.	**RESERVES AND SURPLUS**			
	Surplus / (deficit) in the statement of profit and loss:			
	Balance as per last balance sheet	(61,922,335.78)		*(60,461,009.63)*
	Add: Loss for the year	(2,785,652.04)		*(1,461,326.15)*
			(64,707,987.82)	*(61,922,335.78)*
	TOTAL		*(64,707,987.82)*	*(61,922,335.78)*

		Non - current portion		*Current maturities*	
		As at 31st March, 2012 ₹	As at 31st March, 2011 ₹	*As at 31st March, 2012 ₹*	*As at 31st March, 2011 ₹*
4.	**LONG-TERM BORROWINGS**				
	(a) Unsecured Loans and Advances from Related Parties	39,459,982.00	39,426,387.00	—	—
	TOTAL	39,459,982.00	39,426,387.00	—	—

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
5.	**OTHER CURRENT LIABILITIES**		
(a)	Trade Deposits and advances	868,580.23	*261,455.87*
(b)	Duties and Taxes Payable	26,416.14	*17,048.14*
(c)	Due to Directors	27,219.00	*27,219.00*
(d)	Other Payables	698,738.99	*695,840.99*
	TOTAL	1,620,954.36	*1,001,564.00*
6.	**SHORT-TERM PROVISIONS**		
(a)	Provision for accrued expenses	3,607,282.00	*3,607,284.00*
	TOTAL	3,607,282.00	*3,607,284.00*

7. FIXED ASSETS

Description of Assets	GROSS BLOCK (at cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31st March, 2011 ₹	Additions during the year ₹	Deductions during the year ₹	As at 31st March, 2012 ₹	*Upto 31st March, 2011 ₹*	For the year ₹	On deduction during the year ₹	Upto 31st March, 2012 ₹	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
A. Tangible assets										
1. Computer Hardware	*1,969,830.00*	–	–	1,969,830.00	*1,343,748.46*	318,165.00	–	1,661,913.46	307,916.54	*626,081.54*
2. Furniture & Fixtures	*44,308.00*	–	–	44,308.00	*26,460.00*	2,504.00	–	28,964.00	15,344.00	*17,848.00*
3. Office Equipment	*97,579.00*	–	–	97,579.00	*16,430.83*	4,635.00	–	21,065.83	76,513.17	*81,148.17*
Total Tangible Assets	*2,111,717.00*	–	–	2,111,717.00	*1,386,639.29*	325,304.00	–	1,711,943.29	399,773.71	*725,077.71*
Previous Year	*2,111,717.00*	–	–	2,111,717.00	*1,061,335.29*	325,304.00	–	1,386,639.29	725,077.71	–
B. Intangible assets										
1 Computer software	*868,882.00*	9,511,801.00	–	10,380,683.00	*554,915.71*	1,682,708.00	–	2,237,623.71	8,143,059.29	*313,966.29*
Total Intangible Assets	*868,882.00*	9,511,801.00	–	10,380,683.00	*554,915.71*	1,682,708.00	–	2,237,623.71	8,143,059.29	*313,966.29*
Previous Year	*868,882.00*	–	–	868,882.00	*414,070.71*	140,845.00	–	554,915.71	313,966.29	–
C. Intangible assets under development										
1. Computer software development	*9,511,801.00*	–	9,511,801.00	–	–	–	–	–	–	*9,511,801.00*
Total Intangible Assets under Development	*9,511,801.00*	–	9,511,801.00	–	–	–	–	–	–	*9,511,801.00*
Previous Year	*9,511,801.00*	–	–	9,511,801.00	–	–	–	–	9,511,801.00	–
Grand Total	*12,492,400.00*	9,511,801.00	9,511,801.00	12,492,400.00	*1,941,555.00*	2,008,012.00	–	3,949,567.00	8,542,833.00	*10,550,845.00*
Previous Year	*12,492,400.00*	-	-	12,492,400.00	*1,475,406.00*	466,149.00	-	1,941,555.00	10,550,845.00	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		₹	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
8.	**CASH AND CASH EQUIVALENTS**			
	1. Balances with banks:			
	(A) In current accounts		248,662.97	*373,319.65*
	2. Cash on hand		63.57	*63.57*
	TOTAL		248,726.54	*373,383.22*
9.	**REVENUE FROM OPERATIONS**			
	Sale of services			
	Client Service Revenue		–	*1,616,130.00*
			–	*1,616,130.00*
	TOTAL		–	*1,616,130.00*
10.	**OTHER INCOME**			
	Miscellaneous Income		–	*13,000.00*
	TOTAL		–	*13,000.00*
11.	**EMPLOYEE BENEFITS EXPENSE**			
	(a) Salaries, Wages, Bonus, Gratuity & Allowance		–	*2,351,186.00*
	(b) Staff welfare expense		–	*44,294.00*
	TOTAL		–	*2,395,480.00*
12.	**FINANCE COSTS**			
(a)	Bank Charges		–	*10,394.00*
(b)	Net gain / loss on foreign currency transactions and translation		607,124.36	*(497,511.60)*
	TOTAL		607,124.36	*(487,117.60)*

		₹	Year ended 31st March, 2012 ₹	*Year ended 31st March, 2011 ₹*
13.	**DEPRECIATION AND AMORTISATION EXPENSE**			
	(a) Depreciation of tangible assets (see note 7A)		325,304.00	*325,304.00*
	(b) Amortization of intangible assets (see note 7B)		1,682,708.00	*140,845.00*
	TOTAL		2,008,012.00	*466,149.00*
14.	**OTHER EXPENSES**			
	(a) General Expenses		14,354.68	*36,024.00*
	(b) Legal, Professional & Consultancy Charges		128,071.00	*330,900.00*
	(c) Repairs & Maintenance		–	*59,999.75*
	(d) Telephone & Communication Charges		–	*48,054.00*
	(e) Rent		–	*187,000.00*
	(f) Travel		–	*24,612.00*
	(g) Water Charges		–	*1,780.00*
	TOTAL		142,425.68	*688,369.75*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

15. CONTINGENT LIABILITIES:

The Management is of the view that there is no contingent liability at the Balance Sheet date.

16. RELATED PARTY DISCLOSURES

(a) Names of related parties and nature of related party relationship

(A) Holding company / Ultimate holding company:
Forbes Campbell Finance Limited [Holding Company]

(B) Fellow subsidiaries (where there are transactions):
Edumetry Inc.

(C) Associate companies (where there are transactions):
Forbes & Company Limited

(D) Key management personnel:
Chairman, Mr. S. Ravishankar
Director, Mr. Eddie Poonawala
Director, Mr. Amit Mittal

(b) Total amount of transactions that have been entered into with related parties for the year:

(₹)

	Nature of Transaction	Financial year	Parties in A above	Parties in B above	Parties in C above	Parties in D above	Total
	Income						
1.	Client Service Revenue	2011 12	–	–	–	–	–
		2010 11	–	(1,616,130.00)	–	–	(1,616,130.00)
	Finance						
2.	Loans Taken	2011 12	–	–	33,595.00		33,595.00
		2010 11	–	–	(300,000.00)		(300,000.00)
3.	Loans Repaid	2011 12	–				
		2010 11	–	–	(3,600.00)		(3,600.00)
	Outstandings						
4.	Trade payables	2011 12	–	868,580.23			868,580.23
		2010 11	–	(261,455.87)			(261,455.87)
5.	Unsecured Loans and advances (Long Term Borrowings)	2011 12	3,826,000.00	34,737,044.00	38,563,044.00		
		2010 11	(3,826,000.00)		(34,703,449.00)		(38,529,449.00)
6.	Accrued Interest on the above loans	2011 12			1,196,938.00		1,196,938.00
		2010 11			(1,196,938.00)		(1,196,938.00)
7.	Other dues	2011 12				27,219.00	27,219.00
		2010 11				(27,219.00)	(27,219.00)

Footnote

Figures in brackets and italics are in respect of the previous year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

16. RELATED PARTY DISCLOSURES *(Contd.)*

(c) The above transactions includes:-

(₹)

			A	B	C	D
	Nature of Transaction	Financial year	Forbes Campbell Finance Limited	Edumetry Inc.	Forbes and Company Limited	Chairman, Mr. S. Ravishankar
	Income					
1	Client Service Revenue	2011 12	–	–	–	–
		2010 11	–	(1,616,130.00)	–	–
	Finance					
2	Loans Taken	2011 12	–	–	33,595.00	–
		2010 11	–	–	(300,000.00)	–
3	Loans Repaid	2011 12	–	–	–	–
		2010 11	(3,600.00)	–	–	–
	Outstandings					
4	Trade payables	2011 12	–	868,580.23	–	–
		2010 11	–	(261,455.87)	–	–
5	Loans and advances	2011 12	3,826,000.00	–	34,737,044.00	–
		2010 11	(3,826,000.00)	–	(34,703,449.00)	–
6	Accrued Interest on the above loans	2011 12	–	–	1,196,938.00	–
		2010 11	–	–	(1,196,938.00)	–
7	Other dues	2011 12	–	–	–	27,219.00
		2010 11	–	–	–	(27,219.00)

Footnote

Figures in brackets and italics are in respect of the previous year.

17. EARNINGS PER SHARE

Earnings per share is computed as under:

Sr. No.	Particulars	Remarks	For the year ended 31st March, 2012	*For the year ended 31st March, 2011*
1.	Profit after tax (₹ In Lakhs)	A	(2,785,652.04)	*(1,461,326.15)*
2.	Weighted average number of equity shares outstanding during the year	B	2,880,000	*2,880,000*
3.	Earning per share (Nominal value of share ₹ 10)- (Basic & Diluted) (₹)	C=A/B	(0.97)	*(0.51)*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

18. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006

The information as required under Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by Auditors, is as follows:-

	Particulars	31st March, 2012 ₹	31st March, 2011 ₹
a)	Principal amount remaining unpaid as at 31st March	See note below	*See note below*
b)	Interest due thereon as at 31st March	NIL	*NIL*
c)	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	NIL	*NIL*
d)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	NIL	*NIL*
e)	Interest accrued and remaining unpaid as at 31st March	NIL	*NIL*
f)	Further 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 enterprise.	NIL	*NIL*

Note: Based on the information available with the company, there are no parties that are registered inder the Micro, Small and Medium Enterprises Development Act, 2006 and hence the amounts outstanding or remaining unpaid to such parties is NIL.

19. EARNINGS IN FOREIGN EXCHANGE:

		For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011* ₹
(a)	Client Service Revenue	–	*1,616,130.00*
		–	*1,616,130.00*

20. OTHER NOTES

(a) The company has incurred substantial losses and the accumulated losses far exceed the Paid up capital of the company. Further, the company has not received any fresh business during the year under review and as such there is no immediate visibility of business in the near term, giving rise to the doubt about the entity's ability to continue as a going concern. The company is however supported financially by its holding company, and as such there is no doubt that the company would be able to meet all its financial obligations to its creditors. Further, the management of the company is making efforts to revive the company by procuring fresh business. Under these circumstances, the accounts of the company have been prepared on a going concern basis.

(b) Till the year ended 31st March, 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31st March, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

(c) There is no unexpired capital commitment as at the Balance Sheet date.

(d) Balances of Debtors, Advances and Creditors are subject to confirmation.

(e) The figures for the previous period have been regrouped and rearranged wherever necessary.

Ravishankar Srinivasan *Chairman*
Eddie Poonawala *Director*
Amit Mittal *Director*

Mumbai, 21st May, 2012

DIRECTORS:

S. L. Goklaney *Chairman*
J. N. Ichhaporia
Marzin Shroff
A. V. Suresh

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 First Audited Accounts of the Company for the year ended 31st March 2012

1. FINANCIAL RESULTS

Particulars	Current Year ₹	*Previous Year ₹*
Income from Operations and other income	Nil	*Nil*
Profit / (loss) before Depreciation	(19,096)	*(20,060)*
Less : Depreciation	Nil	*Nil*
Profit / (loss) before Tax	(19,096)	*(20,060)*
Less : Provision for Taxation	Nil	*Nil*
Profit / (loss) after Tax	(19,096)	*(20,060)*
Profit / (loss) brought forward from previous year	(123,060)	*(103,000)*
Balance Carried to Balance Sheet	(142,156)	*(123,060)*

2. OPERATIONS

The Company has not yet commenced its commercial operation since in the ensuing year 2012—13 the Company is expected to complete the take over of the operation of two of the subsidiary companies of its parent Company, Eureka Forbes Limited, namely Radiant Energy Systems Pvt Limited and Waterwings Equipment Pvt Limited.

3. CAPITAL

During the year under review, there has been no change in the Share Capital of the Company and the subscribed and paid up capital of the Company stands at ₹ 5,00,000 comprising of 50,000 equity shares of ₹ 10 each

4. DIRECTORS

Since the Company is a 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 Mr.A.V.Suresh and Mr. Marzin R.Shroff will retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

5. AUDITORS

Messrs. TAM and Co., Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment.

6. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA), your Directors confirm that :-

(i) In the preparation of the Annual Accounts for the year ended March 31, 2012, 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 judgement and estimates are made so as to give 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) The Directors had taken proper & sufficient care for the maintenance of adequete accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities

(iv) The Directors have prepared the Annual Accounts on a going concern basis.

7. 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.

8. 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 (I) 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

Mumbai, 8th May, 2012

A V SURESH
Chairman

AUDITORS' REPORT TO THE MEMBERS OF FORBES ENVIRO SOLUTIONS LIMITED

1. We have audited the attached Balance Sheet of Forbes Enviro Solutions Limited ('the company') as at 31st March 2012 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 Statement of Profit & Loss 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 Statement of Profit & Loss 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 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, 2012;

      ii) in the case of the Statement of Profit & Loss, 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

Mumbai, 8th May, 2012

ANNEXURE TO THE AUDITOR'S REPORT

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

i) The Company has not commenced any business operations during the 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 **TAM & CO.**
Chartered Accountants
Firm Reg. No.122707W

M.Y. Bamboat
Partner
Membership No.105794

Mumbai, 8^{th} May, 2012

BALANCE SHEET AS AT 31 ST MARCH, 2012

			Notes	As at 31st March 2012 ₹	*As at 31st March 2011* ₹
I	**EQUITY AND LIABILITIES**				
	1.	Shareholders' funds			
		(a) Share Capital	2	500,000	*500,000*
		(b) Reserves and Surplus	3	(142,156)	*(123,060)*
				357,844	*376,940*
	2.	Non-current liabilities		—	—
	3.	Current liabilities			
		(a) Trade payables	4	19,096	*112,760*
				19,096	*112,760*
		TOTAL		**376,940**	***489,700***
II	**ASSETS**				
	1.	Non-current assets			
		(a) Fixed Assets		—	—
	2.	Current assets			
		(a) Cash and cash equivalents	5	376,940	*489,700*
		TOTAL		**376,940**	***489,700***

Significant accounting policies and notes 1

The notes referred to above form an integral part of the financial statements

Per our report attached

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

M.Y. BAMBOAT
Partner
Membership No. 105794

Mumbai, Dated: 8th May, 2012

S.L. GOKLANEY
MARZIN R SHROFF
A.V. SURESH
J.N. ICHHAPORIA
Directors

Mumbai, Dated: 8th May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2012

		Notes	As at 31st March 2012 ₹	*As at 31st March 2011 ₹*
	INCOME			
I	Revenue from operation		—	—
II	Other income		—	—
III	Total Revenue		—	—
IV	Expenses			
	Other expenses	6	19,096	*20,060*
	Total Expenses		19,096	*20,060*
	Profit before exceptional items, extraordinary items and tax		(19,096)	*(20,060)*
	Exceptional items		—	—
	Profit before extraordinary items and tax		(19,096)	*(20,060)*
	Extraordinary items		—	—
	Profit before tax		(19,096)	*(20,060)*
	Tax expense			
	Current tax		—	—
	Deferred tax		—	—
			—	—
	Profit/(Loss) for the period		(19,096)	*(20,060)*
	Earnings per equity share (₹)			
	Basic and Diluted - Par value of ₹ 10/- per share		(0.38)	*(0.40)*
	Significant accounting policies and notes	1		
	The notes referred to above form an integral part of the financial statements			

Per our report attached

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

M.Y. BAMBOAT
Partner
Membership No. 105794

Mumbai, Dated: 8th May, 2012

S.L. GOKLANEY
MARZIN R SHROFF
A.V. SURESH
J.N. ICHHAPORIA
} *Directors*

Mumbai, Dated: 8th May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

	2011-12		*2010-11*	
	₹	₹	₹	₹
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		(19,096)		*(20,060)*
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		(19,096)		*(20,060)*
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	(93,664)		*9,760*	
	(93,664)		*9,760*	
Cash generated from operations		(112,760)		*(10,300)*
(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES		(112,760)		*(10,300)*
(b) NET CASH FROM /(USED) IN INVESTING ACTIVITIES		—		—
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		—		—
NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)		(112,760)		*(10,300)*
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
Cash, Cheques on hand				
Balances with scheduled banks on Current accounts,	489,700		*500,000*	
		489,700		*500,000*
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash , Cheques on hand	—		—	
Balances with scheduled banks on Current accounts,	376,940		*489,700*	
		376,940		*489,700*
NET INCREASE /(DECREASE) AS DISCLOSED ABOVE		(112,760)		*(10,300)*

Per our report attached

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

M.Y. BAMBOAT
Partner
Membership No. 105794

Mumbai, Dated: 8th May, 2012

S.L. GOKLANEY
MARZIN R SHROFF
A.V. SURESH
J.N. ICHHAPORIA
Directors

Mumbai, Dated: 8th May, 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

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) 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 OTHER NOTES

(a) 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

(b) 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

(c) The Company does not have any contingent liabilities

(d) The figures of the previous year have been regrouped wherever necessary.

Per our report attached

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

M.Y. BAMBOAT
Partner
Membership No. 105794

Mumbai, Dated: 8th May, 2012

S.L. GOKLANEY
MARZIN R SHROFF
A.V. SURESH
J.N. ICHHAPORIA
Directors

Mumbai, Dated: 8th May, 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		As at 31st March, 2012		*As at 31st March, 2011*	
		Number of shares	₹	*Number of shares*	₹
2.	**Share Capital**				
	Authorised				
	Equity shares of ₹ 10/ each *	50,000	500,000	*50,000*	*500,000*
		50,000	500,000	*50,000*	*500,000*
	Issued				
	Equity shares of ₹ 10/ each fully paid up *				
	At the beginning of the year	50,000	500,000	*50,000*	*500,000*
	Add: Issued during the year				
	Less: Bought back during the year				
	At the end of the year	50,000	500,000	*50,000*	*500,000*
	Subscribed				
	Equity shares of ₹ 10/ each fully paid up *				
	At the beginning of the year	50,000	500,000	*50,000*	*500,000*
	Add: Issued during the year				
	Less: Bought back during the year				
	At the end of the year	50,000	500,000	*50,000*	*500,000*
	Fully Paid up				
	Equity shares of ₹ 10/ each fully paid up *				
	At the beginning of the year	50,000	500,000	*50,000*	*500,000*
	Add: Issued during the year				
	Less: Bought back during the year				
	At the end of the year	50,000	500,000	*50,000*	*500,000*

* Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders.

Eureka Forbes Limited	Holding company	100%	100%

		As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹
3.	**Reserves and surplus**		
	(Deficit)/ surplus in the Statement of Profit and Loss		
	Balance at the beginning of the year	(123,060)	*(103,000)*
	Add/ (less): Profit/ (loss) for the year	(19,096)	*(20,060)*
	Total	**(142,156)**	***(123,060)***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
4.	**Trade Payables**		
	Trade payables (including acceptances)	19,096	*112,760*
	TOTAL	**19,096**	***112,760***
5.	**Cash and cash equivalents**		
	Balance with banks in		
	Current accounts	376,940	*489,700*
	TOTAL	**376,940**	***489,700***

		For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
6.	**Other expenses**		
	Payment to Auditors (Refer details Below)	5,618	*6,030*
	Legal and Professional Fees	13,478	*14,030*
		19,096	***20,060***
	Payment to Auditors		
	As auditor		
	Audit fee	5,618	*6,030*
	Tax audit fee	—	—
	In other capacity		
	Management services	—	—
	For other services	—	—
	For reimbursement of expenses	—	—
		5,618	***6,030***
7.	**Earnings per equity share**		
	Number of Equity Shares	50,000	*50,000*
	Weighted average number of equity shares	50,000	*50,000*
	Face Value per share	10	*10*
	Profit After Tax available to Equity Shareholders	(19,096)	*(20,060)*
	Basic and Diluted Earning Per Share	(0)	*(0)*

Per our report attached

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

M.Y. BAMBOAT
Partner
Membership No. 105794

Mumbai, Dated: 8th May, 2012

S.L. GOKLANEY
MARZIN R SHROFF
A.V. SURESH
J.N. ICHHAPORIA
Directors

Mumbai, Dated: 8th May, 2012

Details required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India – referred in note no. 2(a) in Significant Accounting policies and notes to the Accounts for the year ended 31st March, 2012.

(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 –**

Shapoorji Pallonji & Company Limited

Forbes & Comopany Ltd

Eureka Forbes Ltd

B. **Enterprises that are controlled – (Subsidiary Company) –** None

C. **Enterprises that are under common control –**

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

Euro Forbes Limited – Dubai

Forbes Lux FZCO – Dubai

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.

Euro P2P Direct (Thailand) Co. Limited

Forbes Lux Group AG, BAAR

Lux International AG

Forbes Aquatech Limited

Forbes Concept Hospitality Services Pvt. Limited

Forbes G4S Solutions Pvt. Limited

Infinite Water Solutions Pvt. Limited

(II) There are no transaction with the related parties as listed above.

Annual Report and Accounts
for the year ended 31st March, 2012

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 :

HDFC Bank Ltd.,
Kamala Mills Compound Branch,
Mumbai

REGISTERED OFFICE :

B1/B2, 7th Floor, 701, Marathon Innova,
Off Ganpatrao Kadam Marg,
Lower Parel, Mumbai - 400 013

REPORT OF THE DIRECTORS

To,

The Members,

Your Directors have pleasure in presenting the Eighth Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended March 31, 2012.

FINANCIAL RESULTS

Particulars	**Current Year 2011-2012 (In ₹)**	***Previous Year 2010-2011 (In ₹)***
Income From Operation & Other Income	58,08,23,908	*33,25,23,630*
Profit/(Loss) before Depreciation	(1,03,03,357)	*(34,12,874)*
Less : Depreciation	84,42,995	*64,37,502*
Profit/(Loss) before Tax	(1,87,46,352)	*(98,50,376)*
Less: Provision for Deferred Taxation	–-	*9,53,122*
Profit/(Loss) after Tax	(1,87,46,352)	*(88,97,254)*
Profit/(Loss) b/fd of previous year	(2,27,250)	*86,70,004*
Balance carried to Balance Sheet	**(1,89,73,602)**	***(2,27,250)***

DIVIDEND:

In view of the loss for the year, your Directors do not propose any dividend for the year.

OPERATIONS:

In the year 2011-12, your Company has registered a growth on income of 75% over the previous year but due to high manpower and material cost, especially in catering business, the margins were under pressure, resulting in loss for the year. Management have taken steps to give up the loss-generating catering sites to improve the profitability in the ensuing year. The revenue growth is contributed by the Company growing its presence in automobile segment and new foray into refineries segment. This new segment has contributed in business when your Company started operations with reputed Refineries at Bina, MP and with at Jamnagar.

Your Company has strengthened its presence in East India with operations in Jamshedpur and Kharagpur. The operation of Ginger properties has been further expanded from 8 nos. to 11 nos.

The Company is looking at strengthening its facility management business, mainly housekeeping and make its operations profitable in the coming years.

APPOINTMENT OF "OFFICER WHO IS IN DEFAULT" FOR THE COMPANY UNDER CLAUSE (F) OF SECTION 5 OF THE COMPANIES ACT, 1956

The Company at its Board Meeting held on November 18, 2011, appointed Mr. Vinay Deshmukh as "Officer who is in default" for the Company under clause (f) of section 5 of the Companies Act, 1956.

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.L Goklaney and Mr. Marzin R. Shroff 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.

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, 2012, 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 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 ₹ Nil and the out-go ₹ 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

Director *Director*

Mumbai,
Dated : May 10, 2012

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, 2012 and also the statement of profit and loss 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. *a. The Company has given unsecured loan to Forbes Concept hospitality services Pvt Ltd (FCHSPL) of ₹ 80.78 lakhs. Based on the financial statements of FCHSPL the losses have exceeded the net worth and it has ceased the business operations. These conditions indicate the existence of material uncertainty that may cast significant doubt about FCHSPL's ability to continue as a going concern and its ability to repay the loan. No provision has been made by the Company for loans granted. Based on the facts, we are unable to comment on the recoverability of this loan.*

   b. Trade receivables include ₹ 157.82 lakhs outstanding for more than 365 days which are doubtful of recovery. No provision for the doubtful debts has been made by the Company. We are unable to comment on the realisable value of the Trade receivables.

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, statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (iv) In our opinion, the Balance Sheet, statement of Profit and Loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (l) 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, 2012;

   (b) in the case of the statement of Profit and Loss, 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 Reg.No. 101048W

KAUSHAL MEHTA
Partner
Membership No.111749

Mumbai, Dated: 10th May, 2012

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 ₹ 80.78 lakhs and the year- end balance of loans granted to such party was ₹ 80.78 lakhs.

(b) In our opinion and according to the information and explanations given to us, the other terms and conditions for such loans were not prima facie prejudicial to the interest of the Company.

(c) *In respect of loans granted on demand to the above party, repayment of the principal amount is doubtful and the loan given is interest free. (Refer our comments in para 4a above)*

(d) In respect of overdue amount of loans granted to the above party listed in the register maintained under section 301 of the Companies Act, 1956 refer our comment in para 4a of the report.

(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 ₹ 215 lakhs and the year-end balance is ₹ 215 lakhs.

(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 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 (₹)	Period to which the amount relates	Due Date	Date of Payment
State Value added Tax (VAT) Act	VAT	1.15 lakhs	April 09 to March 11	20th 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 more than fifty per cent of its net worth and it has incurred cash losses in the current and immediately preceding financial year.*

(xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks and the company has not borrowed / taken loans from any financial institutions nor has it issued any debentures.

(xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flow Statement of the company, we report that no funds raised on short term basis have been used for long term investment.

(xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by way of public issues during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

KAUSHAL MEHTA
Partner
Membership No.111749

Mumbai, Dated: 10th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

			Notes No.	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
1.	**EQUITY AND LIABILITIES**				
	1.	**Shareholders' funds**			
	a	Share Capital	2	1,00,00,000	*1,00,00,000*
	b	Reserves and Surplus	3	(1,89,73,602)	*(2,27,250)*
				(89,73,602)	*97,72,750*
	2.	**Non-current liabilities**			
	a	Other long-term liabilities	4	6,27,201	*7,45,054*
	b	Long-term provisions	5	10,32,574	*3,80,951*
				16,59,775	*11,26,005*
	3.	**Current liabilities**			
	a	Short-term borrowings	6	5,26,30,889	*3,91,71,515*
	b	Trade payables	7	11,47,77,065	*7,86,32,383*
	c	Other current liabilities	4	4,59,46,287	*3,27,45,994*
	d	Short-term provisions	5	4,32,572	*5,60,031*
				21,37,86,813	*15,11,09,923*
		Total		**20,64,72,986**	***16,20,08,678***
II	**ASSETS**				
	1.	**Non-current assets**			
	a	Fixed Assets			
		(i) Tangible assets	8	5,14,43,685	*4,23,78,558*
	b	Deferred tax assets (net)	9	10,58,461	*10,58,461*
	c	Long-term loans and advances	10	3,84,23,303	*2,11,70,713*
	d	Other non-current assets	11	22,93,173	*7,36,417*
				9,32,18,622	*6,53,44,149*
	2.	**Current assets**			
	a	Inventories	12	58,55,909	*45,33,590*
	b	Trade receivables	13	10,54,20,848	*9,10,91,692*
	c	Cash and Bank Balances	14	11,45,524	*6,51,153*
	d	Short-term loans and advances	10	7,16,401	*3,84,774*
	e	Other current assets	11	1,15,682	*3,320*
				11,32,54,364	*9,66,64,529*
		Total		**20,64,72,986**	***16,20,08,678***

Significant accounting policies and notes on accounts 1-29

The accompanying notes are an integral part of the financial statements

Per our report attached

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

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, Dated : 10 May, 2012

S.L. Goklaney
A.V. Suresh
J.N. Ichhaporia
C.A. Karnik
Marzin Shroff
S.K. Palekar
Director

Mumbai, Dated : 10 May, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

		Notes No.	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
Income				
I.	Revenue from operation (Net)	15	57,95,97,252	*33,03,08,421*
II.	Other income	16	12,26,656	*22,15,209*
III.	Total Revenue		58,08,23,908	*33,25,23,630*
IV.	Expenses			
	Cost of Services & Material Consumed	17	34,29,52,752	*18,99,39,975*
	Emloyee benefit expense	18	19,46,53,482	*10,95,49,155*
	Other expenses	19	4,52,11,197	*3,27,52,182*
	Finance cost	20	83,09,834	*36,95,192*
	Depreciation and amortisation expense	21	84,42,995	*64,37,502*
	Total Expenses		**59,95,70,260**	***34,23,74,006***
	Profit / (Loss) before tax		(1,87,46,352)	*(98,50,376)*
	Tax expense			
	Deferred tax		–	*(9,53,122)*
			–	*(9,53,122)*
	Profit / (Loss) for the period		(1,87,46,352)	*(88,97,254)*
	Earnings per equity share (₹)	22		
	Basic and Diluted-Par value of ₹ 10/- per share		–18.75	*–8.90*

Significant accounting policies 1

The notes referred to above form an integral part of the financial statements

Per our report attached

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

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, Dated : 10 May, 2012

S.L. Goklaney
A.V. Suresh
J.N. Ichhaporia
C.A. Karnik
Marzin Shroff
S.K. Palekar
} Director

Mumbai, Dated : 10 May, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-12		*2010-11*	
	₹	₹	₹	₹
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		**(1,87,46,352)**		***(98,50,376)***
Adjusted For -				
Depreciation, amortisation and impairment	84,42,995		*64,37,502*	
(Profit) / loss on sale of assets (net)	1,13,242		*(2,20,651)*	
Finance cost	83,09,834		*36,95,192*	
Interest income	(1,34,956)		*(7,73,385)*	
Provision / write-off of doubtful debts, advances and other current assets	40,35,334		*–*	
		2,07,66,449		*91,38,658*
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		20,20,097		*(7,11,718)*
Adjustments for (increase)/ decrease in operating assets:				
Trade Receivables	(1,83,64,490)		*(3,45,07,935)*	
Inventories	(13,22,319)		*(29,31,320)*	
Short Term Loans and advances	(3,31,627)		*12,91,931*	
Long -Term Loans and advances	(52,68,088)		*(12,17,268)*	
Other current assets	(1,12,362)		*(3,320)*	
Other non -current assets	(15,56,756)		*(7,36,417)*	
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	3,61,44,682		*1,86,59,007*	
Other current liabilities	1,32,00,293		*2,14,48,856*	
Other long term liabilities	(1,17,853)		*7,45,054*	
Short Term Provisions	(1,27,459)		*2,04,085*	
Long -Term Provisions	6,51,623		*(4,23,201)*	
		2,27,95,644		*25,29,472*
Cash generated from operations		2,48,15,741		*18,17,754*
Direct Taxes Paid (net of refunds)		(1,19,84,502)		*(51,51,419)*
(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES		1,28,31,239		*(33,33,665)*
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Including adjustment on account of Capital Advances)	(1,89,01,018)		*(1,63,81,540)*	
Sale of Fixed Assets	12,79,654		*8,97,000*	
Interest Received	1,34,956			*7,73,385*
(b) NET CASH FROM /(USED) IN INVESTING ACTIVITIES		(1,74,86,408)		*(1,47,11,155)*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	2011-12		*2010-11*	
	₹	₹	₹	₹
CASH FLOW FROM FINANCING ACTIVITIES				
Net increase / (decrease) in working capital borrowings	1,34,59,374		*1,66,50,877*	
Finance cost	(83,09,834)		*(36,95,192)*	
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		51,49,540		*1,29,55,685*
NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)		**4,94,371**		***(50,89,135)***
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
Cash , Cheques on hand	2,92,764		*1,07,915*	
Balances with scheduled banks on Current accounts,	3,58,389		*56,32,373*	
		6,51,153		*57,40,288*
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash , Cheques on hand	8,20,377		*2,92,764*	
Balances with scheduled banks on Current accounts,	3,25,147		*3,58,389*	
		11,45,524		*6,51,153*
NET INCREASE /(DECREASE) AS DISCLOSED ABOVE		**4,94,371**		***(50,89,135)***

Per our report attached

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

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, Dated : 10 May, 2012

S.L. Goklaney
A.V. Suresh
J.N. Ichhaporia
C.A. Karnik
Marzin Shroff
S.K. Palekar

Director

Mumbai, Dated : 10 May, 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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 effected to the customers at the agreed rates and revenue is recongnised 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES *(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) Rules2006.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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	As at 31st March, 2012		*As at 31st March, 2011*	
	Number of shares	₹	*Number of shares*	*₹*
2. SHARE CAPITAL				
Authorised				
Equity shares of ₹ 10/ each *	20,00,000	2,00,00,000	*20,00,000*	*2,00,00,000*
	20,00,000	**2,00,00,000**	***20,00,000***	***2,00,00,000***
Issued				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	10,00,000	1,00,00,000	*10,00,000*	*1,00,00,000*
Add : Issued during the year	–	–	–	–
Less : Bought back during the year	–	–	–	–
At the end of the year	**10,00,000**	**1,00,00,000**	***10,00,000***	***1,00,00,000***
Subscribed				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	10,00,000	1,00,00,000	*10,00,000*	*1,00,00,000*
Add : Issued during the year	–			
Less : Bought back during the year	–	–	–	–
At the end of the year	**10,00,000**	**1,00,00,000**	***10,00,000***	***1,00,00,000***
Fully Paid up				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	10,00,000	1,00,00,000	*10,00,000*	*1,00,00,000*
Add : Issued during the year	–			
Less : Bought back during the year	–	–	–	–
At the end of the year	**10,00,000**	**1,00,00,000**	***10,00,000***	***1,00,00,000***

A. Details of shareholders holding more than 5% shares of the Company

		As at 31st March, 2012		*As at 31st March, 2011*	
		Number of shares	% holding	*Number of shares*	*% holding*
Equity shares of ₹ 10/- each fully paid up held by					
Eureka Forbes Limited	Holding company	10,00,000	100%	*10,00,000*	*100%*

B. Terms /rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting.

In the event of liquidation of the company, the share holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
3.	**(DEFICIT)/ SURPLUS IN THE STATEMENT OF PROFIT AND LOSS**		
	Balance at the beginning of the year	(2,27,250)	*86,70,004*
	Add / (less) : Profit/ (loss) for the year	(1,87,46,352)	*(88,97,254)*
	Less : Appropriations	–	–
	Balance at the end of the year	**(1,89,73,602)**	***(2,27,250)***
	Net deficit in the statement of Profit and Loss	**(1,89,73,602)**	***(2,27,250)***

		Long-term		Current	
		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
4.	**OTHER LIABILITIES**				
	A Current maturities of long-term borrowings				
	Interest accrued and due on borrowings	–	–	–	*23,01,096*
	Deposit from Employees	6,27,201	*7,45,054*	94,133	*4,89,689*
	Statutory liabilities (Contributions to PF, Pension, ESIC, withholding Taxes,VAT etc.)	–	–	2,46,53,745	*1,12,81,677*
	Other payables	–	–	2,11,98,409	*1,86,73,532*
	Total	**6,27,201**	***7,45,054***	**4,59,46,287**	***3,27,45,994***

** Not due for deposit to Investor Education and Protection Fund

		Long-term		*Short-term*	
		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
5.	**PROVISIONS**				
	Provision for employee benefits				
	Gratuity (note 24)	6,93,217	*3,80,951*	65,775	–
	Leave encashment (note 24)	3,39,357	–	3,66,797	*5,60,031*
	Total	**10,32,574**	***3,80,951***	**4,32,572**	***5,60,031***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		Secured/ unsecured	**As at 31st March, 2012 ₹**	***As at 31st March, 2011 ₹***
6.	**SHORT-TERM BORROWINGS**			
	Loans repayable on demand			
	From banks	Secured	3,11,30,889	*1,76,71,515*
	Deposits from related parties	Unsecured	2,15,00,000	*2,15,00,000*
	Total		**5,26,30,889**	***3,91,71,515***
	The above amount includes			
	Secured borrowings		3,11,30,889	*1,76,71,515*
	Unsecured borrowings		2,15,00,000	*2,15,00,000*
	Net Amount		**5,26,30,889**	***3,91,71,515***

(a) Short term borrowing from banks is secured by first and exclusive charge by way of hypothecation of entire current assets including stock of raw material, consumable stores and spare and book debts and carries interest @ 11% to 12.75% p.a.

		Long-term		***Current***	
		As at 31st March, 2012 ₹	***As at 31st March, 2011 ₹***	**As at 31st March, 2012 ₹**	***As at 31st March, 2011 ₹***
7.	**TRADE PAYABLES**				
	Trade payables (including acceptances)	–	–	6,28,28,365	*1,99,39,494*
	Trade payables (including acceptances) to related parties	–	–	5,19,48,700	*5,86,92,889*
	TOTAL	**–**	**–**	**11,47,77,065**	***7,86,32,383***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

8. TANGIBLE ASSETS

Cost or Valuation	Plant and Equipment ₹	Furniture and fixtures ₹	Vehicles ₹	Computers ₹	Electrical ₹	Office Equip ₹	Total ₹
As At 1 April 2010	4,61,17,315	3,78,993	11,01,526	18,39,928	31,735	32,000	4,95,01,497
Additions	1,38,83,432	68,329	19,45,483	3,98,911	–	85,385	1,63,81,540
Deletions	(6,87,852)	–	–	–	–	–	(6,87,852)
As at 31 March 2011	5,93,12,895	4,47,322	30,47,009	22,38,839	31,735	1,17,385	6,51,95,185
Additions	1,70,34,370	1,71,079	9,38,415	5,69,414	87,491	1,00,249	1,89,01,018
Deletions	(13,05,598)	(63,005)	(11,01,526)	(5,03,797)	–	(12,799)	(29,86,725)
As at 31 March 2012	7,50,41,667	5,55,396	28,83,898	23,04,456	1,19,226	2,04,835	8,11,09,478
Depreciation							
As At 1 April 2010	1,44,06,806	1,48,775	7,72,611	10,45,142	16,285	1,009	1,63,90,628
Charge for the year	54,09,503	46,279	4,76,486	4,13,389	2,149	89,696	64,37,502
Deletions	(11,503)	–	–	–	–	–	(11,503)
As at 31 March 2011	***1,98,04,806***	***1,95,054***	***12,49,097***	***14,58,531***	***18,434***	***90,705***	***2,28,16,627***
Charge for the year	72,65,779	1,60,740	4,91,761	4,51,438	51,452	21,825	84,42,995
Deletions	(3,51,195)	(63,004)	(8,57,767)	(3,09,055)	–	(12,808)	(15,93,829)
As at 31 March 2012	**2,67,19,390**	**2,92,790**	**8,83,091**	**16,00,914**	**69,886**	**99,722**	**2,96,65,793**
Net Block							
As at 31 March 2011	***3,95,08,089***	***2,52,268***	***17,97,912***	***7,80,308***	***13,301***	***26,680***	***4,23,78,558***
As at 31 March 2012	**4,83,22,277**	**2,62,606**	**20,00,807**	**7,03,542**	**49,340**	**1,05,113**	**5,14,43,685**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

9. DEFERRED TAX ASSETS (NET)

	As at 31st March, 2012 ₹	***As at 31st March, 2011 ₹***
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	19,94,080	*19,94,080*
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.	–	–
Gross deferred tax asset	19,94,080	*19,94,080*
Deferred tax liability		
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.	9,35,619	*9,35,619*
Gross deferred tax liability	9,35,619	*9,35,619*
Net deferred tax asset	**10,58,461**	***10,58,461***

The Company has unabsorbed depreciation and losses under Income tax laws during the year. The Company has not recogonised any deferred tax since there is no virtual certainty supported by convincing evidence that there will be sufficient future taxable income against which deferred tax assets can be realised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	Long-term		Short-term	
	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
10. LOANS AND ADVANCES				
Security deposits				
Secured, considered good	38,80,750	*17,62,795*	–	–
	38,80,750	*17,62,795*	–	–
Less : Provision for doubtful security deposits	–	–	–	–
	38,80,750	*17,62,795*	–	–
Loans and advances to related parties				
Unsecured, considered good	80,78,565	*49,28,432*	–	–
	80,78,565	*49,28,432*	–	–
Other loans and advances				
Unsecured considered good, unless stated otherwise				
Loans to employees	–	–	87,288	*1,800*
Prepaid expenses	–	–	4,17,159	*3,12,687*
Advance income-tax (Net of provision of taxation)	2,64,63,988	*1,44,79,486*	–	–
Advances recoverable in cash or kind	–	–	2,11,954	*70,287*
	2,64,63,988	*1,44,79,486*	7,16,401	*3,84,774*
Total	**3,84,23,303**	***2,11,70,713***	**7,16,401**	***3,84,774***

	Non Current		Current	
	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
11. OTHER ASSETS				
Unsecured considered good, unless otherwise stated				
Interest accrued on fixed deposits	–	–	1,15,682	*3,320*
Bank balance	22,93,173	*7,36,417*	–	–
	22,93,173	*7,36,417*	1,15,682	*3,320*
Less : Provision for doubtful other assets	–	–	–	–
	22,93,173	***7,36,417***	**1,15,682**	***3,320***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
12. INVENTORIES		
Spares & Consumables	47,93,839	*24,70,808*
Foods & Beverages	10,62,070	*20,62,782*
	58,55,909	***45,33,590***

	Non Current		Current	
	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
13. TRADE RECEIVABLES				
Debts outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	–	–	1,44,49,465	*1,62,11,032*
	–	–	1,44,49,465	*1,62,11,032*
Less : Provision for doubtful debts	–	–	–	–
	–	–	1,44,49,465	*1,62,11,032*
Other debts				
Unsecured, considered good	–	–	9,07,72,510	*6,08,10,630*
Debts due from related parties, unsecured	–	–	1,98,873	*1,40,70,030*
	–	–	9,09,71,383	*7,48,80,660*
Less : Provision for doubtful debts	–	–	–	–
	–	–	9,09,71,383	*7,48,80,660*
Total	**–**	**–**	**10,54,20,848**	***9,10,91,692***

	Non Current		Current	
	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
14. CASH AND BANK BALANCE				
Balance with banks in				
Current accounts	–	–	3,25,147	*3,58,389*
Cash on hand	–	–	8,20,377	*2,92,764*
	–	–	11,45,524	*6,51,153*
Other bank balances				
Balance in banks for margin money	6,95,673	*6,98,917*	–	–
Deposits with original maturity of more than 12 months *	15,97,500	*37,500*	–	–
	22,93,173	*7,36,417*	–	–
Amount disclosed under non-current assets (note 14)	(22,93,173)	*(7,36,417)*	–	–
Total	**–**	**–**	**11,45,524**	***6,51,153***

* FDR lodged as security with Govt authorities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
15.	**REVENUE FROM OPERATION**		
	Sale of services - Cleaning	40,85,98,943	*28,71,31,759*
	Sale of Foods & Beverages	17,09,98,309	*4,31,76,662*
	Revenue from operations	**57,95,97,252**	***33,03,08,421***
16.	**OTHER INCOME**		
	Interest income on		
	Bank deposits	1,27,891	*6,45,591*
	Others	7,065	*1,27,794*
	Net profit on sale of assets	–	*2,20,651*
	Excess Provision Written Back	9,39,833	*4,32,261*
	Miscellaneous Income	1,51,867	*7,88,912*
		12,26,656	***22,15,209***
17.	**COST OF SERVICES AND MATERIAL CONSUMED**		
	Cost of Services	18,52,15,458	*13,84,39,874*
	Consumption of Consumables		
	Inventory at the beginning of the year	24,70,808	*16,02,270*
	Add : Purchases	3,65,12,540	*2,54,65,212*
		3,89,83,348	*2,70,67,482*
	Less : Inventory at the end of the year	47,93,839	*24,70,808*
		3,41,89,509	***2,45,96,674***
	Consumption of Foods & Beverages		
	Inventory at the beginning of the year	20,62,782	–
	Add : Purchases	12,25,47,073	*2,89,66,209*
		12,46,09,855	*2,89,66,209*
	Less : Inventory at the end of the year	10,62,070	*20,62,782*
		12,35,47,785	***2,69,03,427***
	Total	**34,29,52,752**	***18,99,39,975***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
18.	**EMLOYEE BENEFIT EXPENSE**		
	Salaries, wages and bonus	16,96,29,789	*9,46,53,640*
	Contribution to provident and other fund	1,58,16,536	*86,49,116*
	Staff welfare expense	92,07,157	*62,46,399*
		19,46,53,482	***10,95,49,155***
19.	**OTHER EXPENSES**		
	Electricity	8,21,865	*51,29,481*
	Rent	72,95,784	*50,00,397*
	Repairs and Maintenance		
	Others	15,63,760	*19,12,102*
	Insurance	17,69,468	*8,62,007*
	Advertisement	6,28,285	*5,12,411*
	Selling and Sales Promotion	39,28,693	*5,37,038*
	Freight, Forwarding and Delivery	19,537	*6,04,092*
	Payment to Auditors (Refer details Below)	1,96,180	*1,32,500*
	Printing and Stationery	16,99,202	*11,35,405*
	Communication cost	29,16,184	*19,41,679*
	Travelling and Conveyance	73,50,076	*42,11,833*
	Legal and Professional Fees	36,40,686	*69,18,340*
	Vehicle Expenses and Maintenance	18,88,125	*11,31,592*
	Rates and taxes, excluding taxes on income	5,17,311	*4,12,763*
	Information Technology Expenses	32,36,616	–
	Other Establishment Expenses	35,45,849	*22,56,542*
	Directors' Sitting Fees	45,000	*54,000*
	Bad Debts / Advances Written-Off	40,35,334	–
	Loss on sale of fixed assets (net)	1,13,242	–
		4,52,11,197	***3,27,52,182***
	Payment to auditors		
	As auditor		
	Audit fee	1,66,180	*1,00,000*
	Tax audit fee	30,000	*30,000*
	Reimbursement of expenses	–	*2,500*
		1,96,180	***1,32,500***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
20.	**FINANCE COST**		
	Interest expense	77,37,435	*33,87,478*
	Other borrowing cost	5,72,399	*3,07,714*
		83,09,834	***36,95,192***
21.	**DEPRECIATION AND AMORTISATION EXPENSE**		
	Depreciation on tangible assets	84,42,995	*64,37,502*
	Amortization on intangible assets	–	–
		84,42,995	***64,37,502***
22.	**EARNINGS PER EQUITY SHARE**		
	Number of Equity Shares	10,00,000	*10,00,000*
	Weighted average number of equity shares	10,00,000	*10,00,000*
	Face Value per share	10	*10*
	Profit After Tax available to Equity Shareholders	(1,87,46,352)	*(88,97,254)*
	Basic and Diluted Earning Per Share	₹ – 18.75	*₹ – 8.90*

23. Contingent Liabilities not provided for on account of Bank Guarantees issued on behalf of the company ₹ 47.71 Lacs *(Previous Year ₹ 46.37 Lacs)*

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

Defined Contribution Plan	**FY 2011-12**	***FY 2010-11***
Employers contribution to Provident fund	₹ 29,41,084	*₹ 16,29,600*
Employers contribution to Pension fund	₹ 68,16,419	*₹ 37,75,881*

Defined Benefit Plan

(a) Change in Benefit Obligation Leave	**Gratuity (Non Funded)**	**Encashment (Non Funded)**
Defined benefit obligation at the beginning of the year	3,80,951	5,60,031
Current Service cost	2,05,465	1,22,593
Interest Cost	28,571	42,002
Actuarial (gain) / loss on obligations	1,44,005	5,33,606
Benefit Paid	–	5,52,079
Defined benefit obligation at the end of the year	7,58,992	7,06,153

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(b) Expenses recognized during the year
(Under the Head Employee Benefit Expense (Note 18)

Current Service cost	2,05,465	1,22,593
Interest Cost	28,571	42,002
Actuarial (gain) / loss on obligations	1,44,005	5,33,606
Expense Recognized in the Statement of profit & loss	3,78,041	6,98,201

(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.

25. 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**

26. The company's business consist of a single segment viz. Facility Management Services.

27. 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.

28. The company has taken various residential / commercial premises under cancelable operating lease included in the profit & loss account for the year is ₹ 72.96 Lakhs (Previous Year ₹ 50.00 Lakhs). None of the lease agreement entered into by the company contains a clause on contingent rent. The Company has taken more than 36 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

29. The Financial statements for the year ended 31st March, 2011 had been prepared as per the applicable, pre-revised Schedule VI to the Companies Act 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956 the financial statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's' classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statement.

Per our report attached

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

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, Dated : 10 May, 2012

S.L. Goklaney
A.V. Suresh
J.N. Ichhaporia
C.A. Karnik
Marzin Shroff
S.K. Palekar
Director

Mumbai, Dated : 10 May, 2012

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. 29 for the year ended 31st March, 2012.

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.

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. 29 for the year ended 31st March, 2012.

Transactions with Related Parties

Nature of Transactions	Related Party		
	Refer A	Refer B	Refer C
Purchases			
Goods and Materials	45,90,326	–	–
Fixed Assets	1,27,06,812	26,612	32,71,233
Sales			
Goods and Materials / Services	2,09,26,199	31,49,680	1,05,668
Expenses			
Rent and other services	51,21,945	2,10,000	–
Interest	28,35,000	–	–
Outstanding			
Payable	5,19,48,700	–	–
Receivables	–	1,88,969	9,904
ICDs Given	–	–	80,78,565
ICDs Received	2,15,00,000	–	–

DIRECTORS:

Ashok Barat	*Chairman*
C.A. Karnik	
Amit Mittal	
S. Kupuswamy	
Pallon S. Mistry	

BANKERS:

Development Credit Bank Limited

AUDITORS:

Messrs. Deloitte Haskins & Sells

REGISTERED OFFICE:

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

DIRECTORS' REPORT

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2012.

1. FINANCIAL RESULTS:

	Current Year ₹ in lakhs	***Previous Year ₹ in lakhs***
Revenue	**9,118.78**	***4,484.98***
Profit / (Loss) after Tax	(882.53)	*(600.32)*
Add : Balance brought forward	(1,187.12)	*(586.81)*
Balance carried to Balance Sheet	(2,069.65)	*(1,187.12)*

2. OPERATIONS AND FUTURE PLANS & STRATEGY

During the last one year, the Company has made great strides in multiple dimensions. Its turnover doubled as some of its businesses like Kiosk business, Recharge business have grown substantially.

The Company has a strong order book with orders from large nationalized banks and other Government Departments. It also made an entry into new market segments and added several new customers like Volkswagen, Shriram Finance, Maruti Suzuki, Eureka Forbes, etc. It secured DGS & D approval for kiosks and got its first order for 80 ATVMs (Automatic Ticket Vending Machines) from Western Railway. Its product portfolio has been enhanced with the successful introduction of Bulk Cash Deposit kiosks, The Megabanker, a multi-function ATM, ATVMs, Enterprise Mobility Solutions etc. In order to meet the growing market demand for kiosks and ATMs, the Company has established its second manufacturing facility.

The Company has received several awards both at the National and International levels. It has been actively involved with sustainability issues, and some of its products have been designed to operate on solar power. It will be taking further actions towards undertaking sustainability measures that will enable it to become a corporation that offers products that enhance sustainability to its customers through “green” products and services.

3. DIRECTORATE:

Mr. Ashok Barat retires from the Board by rotation and is eligible for re-appointment. The Board recommends his reappointment.

Mr. Pallon S. Mistry was appointed as an Additional Director of the Company on 26th March, 2012. He holds office up to the date of the ensuing Annual General Meeting and an item regarding his appointment is included in the Notice convening the Annual General Meeting. The Board of Directors commend his appointment as Director of the Company.

4. AUDITORS AND AUDIT REPORT:

You are requested to appoint Auditors for the current year and to fix their remuneration. The retiring Auditors M/s. Deloitte Haskin & Sells Chartered Accountants, offer themselves for re-appointment as Auditors of the Company.

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
Director

Dated : 5th May, 2012

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	None
2. Benefits derived as result of the above R&D	None
3. Future Plan of action	Appointed Energy Auditor
4. Expenditure on R&D	Nil
(a) Capital	
(b) Recurring	
(c) Total	
(d) Total R&D expenditure as percentage of total turnover.	

Technology Absorption, Adaptation and Innovation :

1. Efforts in brief, made towards technology absorption Adaptation and Innovation.	None
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.	None
3. In case of imported technology (imported during last five years reckoned from the beginning of the Financial Year), following information may be furnished :-	None
(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.	We are working on making our Products work with multiple currencies
2. Total Foreign Exchange used and earned.	
Earned	Nil
Used	₹ 6,99,80,718/-

STATEMENT UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES [PARTICULARS OF EMPLOYEES] RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED ON 31ST MARCH, 2012

Sr. No.	Name of the employee	Designation and Nature of duties	Remuneration ₹	Quali-fications	Experience (Years)	Date of commence-ment of employment	Age (In Years)	Previous Employment and Designation
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**
[A]	**Employed through the year under review and were in receipt of remuneration in the aggregate of not less than ₹ 60,00,000/- per annum**							
1.	Mr. Ajay Singh	VP & CEO	8,775,832	M.Sc, PGDCS, DIM	34	11.12.2007	54	Director Product Management Vistaar Technologies Inc.

NOTES –

(1) The remuneration as shown above includes salary, other allowances, bonus, commission, leave salary, contribution towards Provident and Superannuation Fund and taxable perquisites but does not include payment on account of Voluntary Retirement Scheme.

(2) Other Terms and Conditions – The above employees are entitled to

- (i) Gratuity benefit, in accordance with the Company's Scheme / Gratuity Act;
- (ii) Leave Travel Assistance;
- (iii) Reimbursement of medical expenses;
- (iv) Personal Accident Insurance;
- (v) Medical Insurance.

(3) The above employees is not related to any of the Directors of the Company.

AUDITORS' REPORT TO THE MEMBERS OF FORBES TECHNOSYS LIMITED

1. We have audited the attached Balance Sheet of **FORBES TECHNOSYS LIMITED** ("the Company") as at 31st March, 2012, the Statement of 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 Statement of 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 Statement of 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, 2012;

      (ii) in the case of the Statement of 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, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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 : 5th May, 2012

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), (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 neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(v) 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.

(vi) 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.

(vii) 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.

(viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(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, 2012 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, 2012 on account of disputes.

(x) The Company has accumulated losses at the end of the financial year; which are in excess of fifty percent of its net worth. The Company has incurred cash losses in the current financial year and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, and financial institutions.

(xii) In our opinion and according to the information and explanations given to us, the term loans have been prima facie applied for the purposes for which they were obtained, other than temporary deployment pending application.

(xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.

(xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares to the Holding Company which is a party covered in the Register maintained under Section 301 of the Companies Act, 1956 at a price which is prima facie not prejudicial to the interests of the Company.

(xv) To the best of our knowledge and according to the information and explanations given to us, no fraud by and on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)

Z.F. Billimoria
Partner
(Membership No. 42791)

Place : Mumbai
Dated : 5th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	Particulars	Notes No.	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
A.	**EQUITY AND LIABILITIES**			
1.	**Shareholders' funds**			
	(a) Share capital	2	238,972,000	*188,972,000*
	(b) Reserves and surplus	3	(206,965,367)	*(118,712,316)*
			32,006,633	*70,259,684*
2.	**Non-current liabilities**			
	(a) Long-term borrowings	4	24,172,999	*8,566,000*
	(b) Other long-term liabilities	5	5,732,770	*7,911,953*
	(c) Long-term provisions	6	2,106,904	*3,834,757*
			32,012,673	*20,312,710*
3.	**Current liabilities**			
	(a) Short-term borrowings	7	196,734,078	*67,769,785*
	(b) Trade payables	8	179,253,327	*137,308,640*
	(c) Other current liabilities	9	34,400,022	*29,159,578*
	(d) Short-term provisions	10	4,352,110	*3,568,920*
			414,739,537	*237,806,923*
	TOTAL		**478,758,843**	***328,379,317***
B.	**ASSETS**			
1.	**Non-current assets**			
	(a) Fixed assets	11		
	(i) Tangible assets		46,549,272	*37,123,129*
	(ii) Intangible assets		18,912,258	*14,121,322*
			65,461,530	*51,244,451*
	(iii) Capital work-in-progress		16,155,340	*16,387,548*
	(iv) Intangible assets under development		19,905,084	*26,332,463*
			101,521,954	*93,964,462*
	(b) Long-term loans and advances	12	5,813,547	*4,342,295*
			5,813,547	*4,342,295*
2.	**Current assets**			
	(a) Inventories	13	80,139,135	*74,175,464*
	(b) Trade receivables	14	242,373,141	*114,361,114*
	(c) Cash and cash equivalents	15	22,682,219	*17,267,801*
	(d) Short-term loans and advances	16	25,463,098	*23,513,345*
	(e) Other current assets	17	765,749	*754,836*
			371,423,342	*230,072,560*
	TOTAL		**478,758,843**	***328,379,317***

See accompanying notes forming part of the financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Z.F. BILLIMORIA
Partner

Mumbai, Dated : 5th May, 2012

For and on behalf of the Board of Directors

Ashok Barat — *Chairman*

C.A. Karnik
Amit Mittal
S. Kuppuswamy
Pallon S. Mistry
— *Directors*

V.K. Vora — *Company Secretary*

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Particulars	Notes No.	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
A.	**CONTINUING OPERATIONS**			
1.	Revenue from operations (gross)	18	917,450,275	*452,073,719*
	Less : Excise duty	18	19,238,724	*9,052,176*
	Revenue from operations (net)		898,211,551	*443,021,543*
2.	Other income	19	13,666,929	*5,476,687*
3.	**Total revenue (1+2)**		**911,878,480**	***448,498,230***
4.	**Expenses**			
	(a) Cost of materials consumed	20.a	123,287,355	*90,559,570*
	(b) Purchases of traded goods	20.b	564,865,983	*228,387,214*
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20.c	335,040	*(23,453,053)*
	(d) Employee benefits expense	21	81,699,627	*71,429,972*
	(e) Finance costs	22	23,184,937	*9,808,159*
	(f) Depreciation and amortisation expense	11	16,317,320	*11,780,839*
	(g) Other expenses	23	190,441,269	*120,017,270*
	Total expenses		**1,000,131,531**	***508,529,971***
5.	**Loss for the year from continuing operations (3 - 4)**		**(88,253,051)**	***(60,031,741)***
6.	**Earnings per share (of ₹ 10/- each):**			
	Basic & Diluted			
	Continuing operations	33.a	**(8.49)**	***(8.70)***

See accompanying notes forming part of the financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Z.F. BILLIMORIA
Partner

Mumbai, Dated : 5th May, 2012

For and on behalf of the Board of Directors

Ashok Barat	*Chairman*
C.A. Karnik Amit Mittal S. Kuppuswamy Pallon S. Mistry	*Directors*
V.K. Vora	*Company Secretary*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	For the year ended 31 March, 2012		*For the year ended 31 March, 2011*	
	₹	₹	₹	₹
NET LOSS BEFORE TAX		**(88,253,051)**		***(60,031,741)***
Depreciation	16,317,320		*11,780,839*	
Interest Income	(1,084,228)		*(618,408)*	
Interest and Other Finance Charges	23,184,937		*9,689,273*	
Unrealised Foreign Exchange Fluctuation Loss	–		*(8,314)*	
Loans and advances written off	424,733		*–*	
Bad Debts Written Off	3,033,131			
Provision for Employee Benefits	(944,663)		*1,277,101*	
		40,931,230		***22,120,491***
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES		**(47,321,821)**		***(37,911,250)***
Changes in –				
Trade and Other Receivables	(131,045,158)		*(40,212,029)*	
Loans and Advances	(2,346,951)		*(5,135,786)*	
Inventories	(5,963,671)		*(23,220,636)*	
Trade Payables and Others	43,353,948		*22,730,168*	
	(96,001,832)		*(45,838,283)*	
CASH USED IN OPERATING ACTIVITIES		**(143,323,653)**		***(83,749,533)***
Less : Taxes Paid		1,498,788		*1,441,225*
(a) NET CASH USED IN OPERATING ACTIVITIES		**(144,822,441)**		***(85,190,758)***
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (including adjustments on account of capital work-in-progress and capital advances)	(23,874,810)		*(56,702,033)*	
Fixed deposits with banks having maturity over three months (Net)	(7,919,256)		*(6,109,605)*	
Proceeds from sale of Fixed assets	–		*1,448,751*	
Inter Corporate Deposits Placed	–		*(21,000,000)*	
Inter Corporate Deposits Refunded	–		*21,000,000*	
Interest Received	1,073,315		*403,564*	
(b) NET CASH USED IN INVESTING ACTIVITIES		**(30,720,751)**		***(60,959,323)***

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2012 ₹	*For the year ended 31 March, 2011* ₹	*For the year ended 31 March, 2011* ₹
CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long Term Borrowings	29,600,000		*15,000,000*	
Repayment of Long Term Borrowings	(12,341,000)		*(10,089,000)*	
Proceeds from issue of Shares	50,000,000		*120,000,000*	
Proceeds from Short Term Borrowings	128,964,293		*33,725,675*	
Interest Paid	(23,184,937)		*(9,689,273)*	
(c) NET CASH FROM FINANCING ACTIVITIES		**173,038,356**		***148,947,402***
(d) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (a) + (b) + (c)		**(2,504,837)**		***2,797,320***
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**11,158,196**		***8,360,876***
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		**8,653,358**		***11,158,196***
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 15)		22,682,219		*17,267,801*
Less : Bank balances not considered as Cash and cash equivalents as defined in AS3		14,028,861		*6,109,605*
Cash Flow Statements (Deposit with maturity over three months)				
Net Cash and cash equivalents (as defined in As 3 *Cash Flow Statements*) included in Note 15				
Cash and cash equivalents at the end of the year		**8,653,358**		***11,158,196***
Comprises of:				
(a) Cash on hand	223,159		*89,471*	
(b) Balances with banks				
(i) in current accounts	2,933,229		*5,010,296*	
(ii) in deposit accounts with original maturity of less than 3 months	1,725,038		*6,058,429*	
(iii) In earmarked accounts (give details) (Refer Note (ii) below)	3,771,932			
		8,653,358		***11,158,196***

Notes :

(i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (As-3) "Cash Flow Statements" notified under the Companies (Accounting Standard) Rules, 2006.

(ii) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discontinuing operations.

(iii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Z.F. BILLIMORIA
Partner

Mumbai, Dated : 5th May, 2012

For and on behalf of the Board of Directors

Ashok Barat — *Chairman*

C.A. Karnik
Amit Mittal
S. Kuppuswamy
Pallon S. Mistry
— *Directors*

V.K. Vora — *Company Secretary*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The financial statements are prepared under historical cost convention on an accrual basis and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956 and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006.

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 management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

c) Fixed assets and depreciation / amortisation

1. Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price (excluding refundable taxes), borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation is calculated on pro-rata basis on straight line method. Items costing less than and up to Rs. 5,000 are fully depreciated, in the year of acquisition.

The estimated useful lives of the tangible fixed assets are as under:

Sr.	Class of assets	Estimated useful life
i)	All fixed assets other than those specified in items (ii) to (v) below	Based on Schedule XIV to the Companies Act, 1956
ii)	Vehicles	4 Years
iii)	Leasehold land and building thereon	Lower of period of lease and useful life based on Schedule XIV rates
iv)	Building constructed on land belonging to third party	5 Years
v)	Assets taken on finance lease	Lower of period of lease and useful life based on Schedule XIV rates

2. Intangible assets and amortisation

Intangible assets, being computer software, are carried at cost, net of accumulated amortisation and accumulated impairment losses, if any. The cost comprises acquisition and implementation cost of software for internal use (including software coding, installation, testing and certain data conversion).

Research costs are charged to the Statement of Profit and Loss as they are incurred.

Cost of software is amortised over a period of 5 years being the estimated useful life.

Goodwill on acquisition of Bradma Automation Group Business from Forbes & Co. Ltd is not amortised but tested for impairment.

d) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the lower of recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised.

e) Investments

An investment in buildings, not intended to be occupied substantially for use by, or in the operations of, the Company, is classified as investment property. Investment properties are carried at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on pro-rata basis on straight line method at the rate prescribed under the Schedule XIV to the Companies Act, 1956.

All other Investments being long-term are carried at cost, less provision for diminution other than temporary, in value, if any.

f) Borrowing cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

g) Foreign currency transactions and translation

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary items denominated in foreign currency at the year-end are translated at year end rates. The exchange differences arising on settlement / translation are recognised in the statement of profit and loss. Non-monetary items denominated in foreign currency are carried at historical cost.

h) Inventories

Inventories are valued at the lower of the acquisition / production cost and net realisable value. The principles of determining costs of various types of inventories are tabulated below:

Sl. No.	Type	Basis of determining costs
(i)	Stores, spare parts, components and loose tools	Continuous weighted average
(ii)	Raw and packing materials	Standard cost adjusted for variances based on weighted average purchase price
(iii)	Work-in-progress	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) up to stage of completion on standard cost adjusted for variances
(iv)	Finished goods	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) on standard cost adjusted for variances and excise duty
(v)	Stock-in-trade (in respect of goods acquired for trading)	Standard cost adjusted for variances based on weighted average purchase price

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

i) Earnings per share

Basic Earnings per Share are calculated by 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 outstanding during the year.

j) 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 dispatch 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.

(iv) Interest :-

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

k) Employee benefits

1. Provident and family pension fund

The eligible employees of the Company are entitled to receive post-employment benefits in respect of provident and family pension fund, in which both the employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to the provident fund managed by the trust set up by the Company and to the Regional Provident Fund Commissioner (RPFC) which are charged to the statement of profit and loss as incurred.

In respect of contribution to RPFC, the Company has no further obligations beyond making the contribution, and hence, such employee benefit plan is classified as defined contribution plan.

In respect of contribution to the trust set up by the Company, since the Company is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan is classified as defined benefit plan in accordance with the Guidance on implementing Accounting Standard (AS) 15 (Revised) on Employee Benefits issued by the Accounting Standard Board of the Institute of Chartered Accountants of India.

2. Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent salary payable for each completed year of service or part thereof in excess of six months subject to maximum amount prescribed. Vesting occurs upon completion of five years of service with LIC and makes an annual contribution to LIC for amounts notified by LIC. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the statement of profit and loss.

3. Post-retirement medical benefits and non-compete fees

Under this post-retirement scheme, eligible whole-time directors and on their demise, their spouses are entitled to medical benefits subject to certain limits and fixed monthly payment as non-compete fee. The Company accounts for these benefits payable in future based on an independent external actuarial valuation carried out at the end of the year.

4. Compensated absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Company makes provision for compensated absences based on an actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the statement of profit and loss.

l) Discontinuing operations

When a component of the Company is disposed off or decided to be disposed off, by way of sale, demerger or terminated through abandonment, it is reported as a "Discontinuing Operation", provided that certain criteria are met. A component is a reportable segment or a smaller unit which can be clearly distinguished, and for which separate financial information is available. Cash flows, results of operations and any gain or loss from disposal are excluded from "Continuing Operations" and reported separately. Prior period assets, liabilities, cash flows and results of operations are reclassified to be comparable. Disposal groups which are not material are not classified as "Discontinuing Operations".

m) Taxes on income

Tax expense comprises current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income-Tax Act, 1961. The Company recognizes deferred tax (subject to consideration of prudence) based on the tax effect of timing differences, being differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

n) Lease accounting

1. Operating leases

Leases, where the lesser retains, substantially all the risks and rewards incidental to ownership of the leased assets, are classified as operating lease. Operating lease expense / income are recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

2. Finance leases

Leases, where the lesser transfers, substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance lease.

Assets taken on finance lease are capitalised at fair value or net present value of the minimum lease payments, whichever is lower. Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease.

o) Segment reporting

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis, have been included under 'Unallocated revenue / expenses / assets / liabilities'.

p) Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation as a result of past events 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 reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

q) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

r) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

		Particulars	As at 31st March, 2012 Number of shares	As at 31st March, 2012 ₹	*As at 31st March, 2011 Number of shares*	*As at 31st March, 2011 ₹*
2.	**SHARE CAPITAL**					
(i)	(a)	Authorised				
		Equity shares of ₹ 10/- each with voting rights	12,000,000	120,000,000	*12,000,000*	*120,000,000*
		Optionally convertible preference shares of ₹ 10/- each	12,000,000	120,000,000	*12,000,000*	*120,000,000*
	(b)	Issued				
		Equity Shares of ₹ 10 each with voting rights	11,897,200	118,972,000	*6,897,200*	*68,972,000*
		Optionally Convertible Redeemable Preference Shares of ₹ 10 each.	12,000,000	120,000,000	*12,000,000*	*120,000,000*
	(c)	Subscribed and fully paid up				
		Equity Shares of ₹ 10 each with voting rights	11,897,200	118,972,000	*6,897,200*	*68,972,000*
		Optionally Convertible Redeemable Preference Shares of ₹ 10 each.	12,000,000	120,000,000	*12,000,000*	*120,000,000*
		Total		**238,972,000**		***188,972,000***

(ii) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2012			
– Number of shares	6,897,200	5,000,000	11,897,200
– Amount	68,972,000	50,000,000	118,972,000
Year ended 31 March, 2011			
– Number of shares	6,897,200	–	6,897,200
– Amount	68,972,000	–	68,972,000
Optionally Convertible Redeemable Preference Shares			
Year ended 31 March, 2012			
– Number of shares	12,000,000	–	12,000,000
– Amount	120,000,000	–	120,000,000
Year ended 31 March, 2011			
– Number of shares	12,000,000	–	12,000,000
– Amount	120,000,000	–	120,000,000

(iii) Rights attached to equity shares:

(a) Right to receive dividend as may be approved by the Board / Annual General Meeting

(b) The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provision of the Companies Act, 1956.

(c) Every member of the company holding equity shares has a right to attend the General Meeting of the company and has a right to speak and on a show of hands, has one vote if he is present in person and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the company.

(iv) Rights attached to Preference shares:

(a) Has option after Expiry of 18 months from date of allotment to get it converted into Equity Shares of face value of ₹ 10 each.

(b) Entitled for 8% Dividend on preferential basis.

(c) Voting Right only for matter which concern them as per the provisions of the Companies Act, 1956.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

2. SHARE CAPITAL ***(Contd.)***

(v) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting rights Number of shares	Optionally Convertible Redeemable Preference Shares
As at 31 March, 2012		
Forbes Campbell Finance Ltd., the holding company	11,897,200	12,000,000
As at 31 March, 2011		
Forbes Campbell Finance Ltd., the holding company	6,897,200	12,000,000

(vi) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31st March, 2012		*As at 31st March, 2011*	
	Number of shares held	% holding in that class of shares	*Number of shares held*	*% holding in that class of shares*
Equity shares with voting rights				
Forbes Campbell Finance Ltd.	11,897,200	100	*6,897,200*	*100*
Optionally Convertible Redeemable Preference Shares				
Shapoorji Pallonji & Company Ltd. (Ultimate Holding Company)	10,000,000	83	*10,000,000*	*83*
Forbes & Company Limited (Intermediate Holding Company)	2,000,000	17	*2,000,000*	*17*

NOTE 3 : RESERVES AND SURPLUS

Particulars	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
Deficit in the Statement of Profit and Loss:		
Opening balance	(118,712,316)	*(58,680,575)*
Add : Loss for the year	(88,253,051)	*(60,031,741)*
Total	**(206,965,367)**	***(118,712,316)***

NOTE 4 : LONG-TERM BORROWINGS

Particulars	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
Term loans (Refer Note (i) below)		
From banks		
Secured	24,172,999	*8,566,000*
Total	**24,172,999**	***8,566,000***

(i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars		Terms of repayment and security*
Term loans from banks:	(i)	Repayment in 36 equal Installment of ₹ 6.67 lacs, ₹ 4.17 lacs and ₹ 13.89 lacs respectively together with interest ranging from 12% to 14% p.a.
Development Credit Bank Ltd.	(ii)	Secured by hypothecation of Kiosks deployed at various sites.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

NOTE 5 : OTHER LONG-TERM LIABILITIES

Particulars	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
Others:		
Trade / security deposits received	5,732,770	*7,911,953*
Total	**5,732,770**	***7,911,953***

NOTE 6 : LONG-TERM PROVISIONS

Provision for employee benefits:		
Provision for gratuity (net) (Refer Note 31.b)	2,106,904	*3,834,757*
Total	**2,106,904**	***3,834,757***

NOTE 7 : SHORT-TERM BORROWINGS

(a) Loans repayable on demand (Refer Note (i) below)		
From banks – Cash Credit		
Secured	116,234,078	*67,769,785*
(b) From other parties		
Unsecured	50,000,000	–
(c) Loans and advances from related parties (Refer Note 32.b)		
Unsecured	30,500,000	–
Total	**196,734,078**	***67,769,785***

Notes:

(i) Details of security for the secured short-term borrowings:

Particulars	Nature of security	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
Loans repayable on demand from banks:			
Development Credit Bank Ltd.	Secured by Hypothecation of Current Assets	116,234,078	*67,769,785*
Total		**116,234,078**	***67,769,785***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

NOTE 8 : TRADE PAYABLES

Particulars	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
Payable to Vendors	158,684,309	*120,160,963*
Provision for expenses	20,569,018	*17,147,677*
Total	**179,253,327**	***137,308,640***

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
Principal amount remaining unpaid to any supplier as at the end of the accounting year	13,810,833	*2,786,618*

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.There is no interest payable to such parties.

NOTE 9 : OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
(a) Current maturities of long-term debt (Refer note 4)	14,660,000	*13,008,000*
(b) Income received in advance (Unearned revenue)	13,497,838	*14,069,498*
(c) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	4,631,509	*1,692,809*
(ii) Advances from customers	1,610,675	*389,271*
Total	**34,400,022**	***29,159,578***

NOTE 10 : SHORT-TERM PROVISIONS

Particulars	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
Provision for employee benefits:		
(i) Provision for compensated absences	4,201,700	*3,270,720*
(ii) Provision for gratuity (net) (Refer Note 31.b)	150,410	*298,200*
Total	**4,352,110**	***3,568,920***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

NOTE 11 : FIXED ASSETS

(₹ in Lakhs)

Description of Assets	GROSS BLOCK (at cost)				DEPRECIATION / AMORTISATION				Impairment	NET BLOCK	
	As at 1st April, 2011	Additions during the year	Deductions during the year	As at 31st March, 2012	Upto 1st April, 2011	For the year	On deduction during the year	Upto 31st March, 2012	As at 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
A. Tangible assets											
1. Furniture and fixtures	4,070,592	93,350	–	4,163,942	927,275	315,545	–	1,242,820	–	2,921,122	3,143,317
2. Data Processing Equipment	–	–	–	–	–	–	–	–	–	–	–
On Lease	33,443,624	1,789,600	–	35,233,224	9,105,255	5,437,686	–	14,542,941	–	20,690,283	24,338,369
Other than Lease	10,872,481	15,622,059	–	26,494,540	3,427,727	3,969,312	–	7,397,039	–	19,097,501	7,444,754
3. Vehicles	650,000	–	–	650,000	544,975	105,025	–	650,000	–	–	105,025
4. Office equipment	2,511,723	1,978,832	–	4,490,555	418,814	231,375	–	650,189	–	3,840,366	2,092,909
Total	**51,548,420**	**19,483,841**	**–**	**71,032,261**	**14,424,046**	**10,058,943**	**–**	**24,482,989**	**–**	**46,549,272**	**37,124,374**
Previous Year											
B. 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	7,787,500	11,050,557	–	18,838,057	39,52,447	2,830,036	–	6,782,483	–	12,055,574	3,835,053
7. Goodwill (Refer Note 24)	17,141,708	–	–	17,141,708	68,56,683	3,428,341	–	10,285,024	–	6,856,684	10,285,025
Total	**69,917,247**	**11,050,557**	**–**	**80,967,804**	**43,061,413**	**6,258,377**	**–**	**49,319,790**	**12,735,756**	**18,912,258**	**14,120,078**
Total Assets	**121,465,667**	**30,534,398**	**–**	**152,000,065**	**57,485,459**	**16,317,320**	**–**	**73,802,779**	**12,735,756**	**65,461,530**	**51,244,452**
Previous Year	*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*	–

NOTE 12 : LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

	Particulars	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
(a)	Loans and advances to employees	250,021	*277,556*
(b)	Taxes paid less provision including fringe benefit tax (other than deferred tax)	4,066,334	*2,567,547*
(c)	Security Deposits	1,497,192	*1,497,192*
	Total	**5,813,547**	***4,342,295***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

NOTE 13 : INVENTORIES

(At lower of cost and net realisable value)

	Particulars	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
(a)	Raw materials	21,062,679	*14,763,968*
(b)	Work-in-progress (Refer Note below)	4,721,519	*2,886,176*
(c)	Finished goods (other than those acquired for trading)	12,571,313	*10,980,615*
(d)	Stock in trade	41,783,624	*45,544,705*
	Total	**80,139,135**	***74,175,464***

Note : Details of inventory of work-in-progress

Particulars	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
Work in Process-Production Order	–	*629,667*
WIP-Service Order	4,721,519	*2,256,509*
	4,721,519	***2,886,176***

NOTE 14 : TRADE RECEIVABLES

Particulars	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	40,097,567	*27,688,182*
Doubtful	17,812,480	*17,812,480*
	57,910,047	*45,500,662*
Less : Provision for doubtful trade receivables	17,812,480	*17,812,480*
	40,097,567	*27,688,182*
Other Trade receivables		
Unsecured, considered good	202,275,574	*86,672,932*
	202,275,574	*86,672,932*
Total	**242,373,141**	***114,361,114***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

NOTE 15 : CASH AND CASH EQUIVALENTS

		Particulars	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
(a)		Cash on hand	223,159	*89,471*
(b)		Balances with banks		
	(i)	In current accounts	2,933,229	*5,010,296*
	(ii)	In deposit accounts (Refer Note (i) below)	1,725,038	*6,058,429*
	(iii)	In earmarked accounts		
		– Balances held as margin money	17,800,793	*6,109,605*
		Total	**22,682,219**	***17,267,801***
		Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 *Cash Flow Statements* is	8,653,358	*11,158,196*

Note:

(i) Balances with banks include deposits amounting to ₹ 1,725,038/- (As at 31 March, 2011 ₹ Nil) and margin monies amounting to ₹ 7,357,682/- (As at 31 March, 2011 ₹ 8,222,669/-) which have an original maturity of more than 12 months.

NOTE 16 : SHORT-TERM LOANS AND ADVANCES UNSECURED, CONSIDERED GOOD, UNLESS OTHERWISE STATED

	Particulars	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
(a)	Loans and advances to employees	550,406	*119,992*
(b)	Prepaid expenses	1,756,493	*1,136,331*
(c)	Balances with government authorities		
	CENVAT credit receivable	3,805,913	*5,958,840*
(d)	Others		
	Advance to Suppliers	11,019,920	*9,187,666*
	Considered doubtful	–	*1,568,851*
		11,019,920	*10,756,517*
	Less : Provision for doubtful loans and advances	–	*1,568,851*
		11,019,920	*9,187,666*
	Earnest Money Deposits	8,330,366	*7,110,516*
	Total	**25,463,098**	***23,513,345***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

NOTE 17 : OTHER CURRENT ASSETS

Particulars	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
Interest accrued on fixed deposits with banks	765,749	*754,836*
Total	**765,749**	***754,836***

NOTE 18 : REVENUE FROM OPERATIONS

Note	Particulars	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
(a)	Sale of products (Refer Note (i) below)	813,333,741	*373,678,576*
(b)	Sale of services (Refer Note (ii) below)	93,701,188	*71,368,656*
(c)	Other operating revenues (Refer Note (iii) below)	10,415,346	*7,026,487*
		917,450,275	*452,073,719*
	Less:		
(d)	Excise duty	19,238,724	*9,052,176*
	Total	**898,211,551**	***443,021,543***

Note	Particulars	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
(i)	Sale of products comprises		
	Manufactured goods		
	Kiosks	205,374,237	*101,139,716*
	Total – Sale of manufactured goods	**205,374,237**	***101,139,716***
	Traded goods		
	Business Automation Products	303,322,389	*272,538,860*
	Mobile Recharge	304,637,115	*–*
	Total – Sale of traded goods	**607,959,504**	***272,538,860***
	Total – Sale of products	**813,333,741**	***373,678,576***
(ii)	Sale of services comprises		
	Sales – Annual Maintenance Charges	70,918,222	*60,169,019*
	Sales – Transaction Charges (Refer Note 27)	15,623,020	*10,539,730*
	Commission on Mobile Recharge	7,159,946	*659,907*
	Total – Sale of services	**93,701,188**	***71,368,656***
(iii)	Other operating revenues comprise:		
	Lease Income (Refer Note 27)	10,415,346	*7,026,487*
	Total – Other operating revenues	**10,415,346**	***7,026,487***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

NOTE 19 : OTHER INCOME

	Particulars	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
(a)	Interest on Fixed Deposit with Bank	1,056,146	*505,107*
(b)	Interest on Staff Loan	28,082	*113,302*
(c)	Sundry balances and provision no longer required written back	12,219,228	*1,733,253*
(d)	Net gain on sale of Fixed Assets	–	*126,301*
(e)	Miscellaneous Income	363,473	*2,998,724*
	Total	**13,666,929**	***5,476,687***

NOTE 20.A : COST OF MATERIALS CONSUMED

Particulars	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
Opening stock	14,763,968	*14,996,385*
Add : Purchases	129,586,066	*90,327,153*
	144,350,034	*105,323,538*
Less : Closing stock	21,062,679	*14,763,968*
Cost of material consumed	**123,287,355**	***90,559,570***
Material consumed comprises:		
Capacity Cashbox	267,473	*488,830*
Touch Screen	102,000	*357,000*
TFT Monitor	127,348	*42,449*
Cash Acceptor	3,120,000	*2,400,000*
Processor	–	*3,360*
Kiosks Enclosure	31,121,825	*11,492,633*
Personal Computer	–	*181,125*
Barcode Scanner	1,431,000	*1,071,000*
OEM MICR Module	597,975	*1,981,350*
Thermal Printer	264,600	*803,250*
Others	86,255,134	*71,738,573*
Total	**123,287,355**	***90,559,570***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

NOTE 20.B : PURCHASE OF TRADED GOODS

Particulars	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
Note Counting Machine	80,295,335	*47,838,539*
Electronic Cash Register	14,119,635	*8,418,764*
NCR Cash Dispenser	16,399,115	*1,138,307*
Point of Sale Machine	16,809,132	*10,301,033*
Others	129,317,428	*160,690,571*
Mobile Recharge Purchase	307,925,338	*–*
Total	**564,865,983**	***228,387,214***

NOTE 20.C : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
Inventories at the end of the year:		
Finished goods (other than those acquired for trading)	12,571,313	*10,980,615*
Stock in trade	41,783,624	*45,544,705*
Work-in-progress	4,721,519	*2,886,176*
	59,076,456	***59,411,496***
Inventories at the beginning of the year:		
Finished goods (other than those acquired for trading)	10,980,615	*6,072,112*
Stock in trade	45,544,705	*29,540,125*
Work-in-progress	2,886,176	*346,206*
	59,411,496	***35,958,443***
Net (increase) / decrease	335,040	*(23,453,053)*

NOTE 21 : EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
Salaries and wages	76,424,701	*64,860,575*
Contributions to provident and other funds (Refer Note 31.a)	1,401,751	*3,452,685*
Staff welfare expenses	2,574,455	*2,499,416*
Training, Seminar & Other Expenses	1,298,720	*617,296*
Total	**81,699,627**	***71,429,972***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

NOTE 22 : FINANCE COSTS

	Particulars	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
(a)	Interest expense on:		
	(i) Interest on Cash Credit	12,544,708	*4,925,889*
	(ii) Interest on Term Loan	2,244,452	*2,885,806*
	(iii) Interest on Working Capital Loan	332,877	*–*
	(iv) Interest on Inter Company Deposits	1,980,187	*84,547*
(b)	Bank Charges	1,864,580	*1,729,057*
(c)	Loan processing fees	3,835,503	*63,974*
(d)	Net loss on foreign currency transactions and translation (considered as finance cost)	382,630	*118,886*
		23,184,937	***9,808,159***

NOTE 23 : OTHER EXPENSES

Particulars	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
Managed Assets Service Provider's (MASP) charges	18,052,101	*10,444,790*
Job Work Charges	1,297,886	*1,028,652*
Contract Labour Charges	43,036,884	*12,236,199*
Power and fuel	2,334,643	*1,131,216*
Water	323,537	*259,079*
Rent including lease rentals	19,189,140	*8,968,157*
Repairs and maintenance – Buildings	3,286,807	*1,170,647*
Repairs and maintenance – Machinery	471,472	*119,542*
Repairs and maintenance – Others	3,776,864	*3,452,541*
Insurance	953,626	*603,218*
Communication	5,685,715	*4,879,916*
Travelling and conveyance	23,999,413	*21,192,353*
Printing and stationery	2,663,377	*6,129,318*
Advertisement	932,685	*1,700,014*
Freight and forwarding	18,323,412	*14,665,098*
Recharge Incentive	8,355,774	*–*
Loss on disposal of fixed assets	202,920	*–*
Sales commission	15,462,837	*12,186,484*
Annual Maintenance & Service Charges	59,050	*263,582*
Legal and professional	7,071,745	*5,355,178*
Payments to auditors (Refer Note (i) below)	550,000	*559,838*
Loans and advances written off	424,733	*–*
Bad Debts Written Off	3,033,131	*–*
Provision for doubtful debts	–	*4,336,047*
Excise duty on Increase in Stock of Finished Goods (Refer Note 34)	121,258	*392,429*
Other expenses	10,832,259	*8,942,972*
Total	**190,441,269**	***120,017,270***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

NOTE 23 : OTHER EXPENSES *(Contd.)*

Note:

	Particulars	**For the year ended 31st March, 2012 ₹**	***For the year ended 31st March, 2011 ₹***
(i)	Payments to the auditors comprises of		
	As auditors – statutory audit	500,000	*500,000*
	For taxation matters	50,000	*50,000*
	Service Tax	56,650	*56,650*
		606,650	*606,650*
	Less : Input Credit Availed	56,650	*56,650*
		550,000	*550,000*
	Reimbursement of expenses	–	*9,838*
	Total	**550,000**	***559,838***

24. On 1st April, 2009, the Company purchased Bradma Automation Group Business from Forbes & Co. Ltd. for a price consideration of ₹ 10 Lacs. The Company took over Assets worth ₹ 5,69,27,846/- & Liabilities worth ₹ 7,30,69,554/-. The transaction resulted in creation of an Intangible Asset in form of "Goodwill".

25 Contingent liabilities and commitments (to the extent not provided for)

	Particulars	**As at 31st March, 2012 ₹**	***As at 31st March, 2011 ₹***
Contingent liabilities			
(a)	Guarantees issued by bank	47,741,187	*38,167,476*
(b)	Dividend on Preference shares	19,200,000	*9,600,000*

26 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 Statement of Profit and Loss Account during the year amounts to ₹ 13,524,666/- (Previous year ₹ 8,968,157/-)

27 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.

28 Value of imports calculated on CIF basis

	Particulars	**For the year ended 31st March, 2012 ₹**	***For the year ended 31st March, 2011 ₹***
(i)	Raw materials & Components	49,155,370	*21,035,192*
(ii)	Purchases for resale	20,045,172	*25,951,611*
	Total	**69,200,542**	***46,986,803***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

29. Expenditure in foreign currency

Particulars	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
Licenses / Service Charges	406,176	*41,064*
Foreign Travel	374,000	*580,390*
	780,176	***621,454***

30. Earnings in foreign exchange

Particulars	For the year ended 31st March, 2012	*For the year ended 31st March, 2011*
Export of goods calculated on FOB basis	–	*3,508,688*
	–	***3,508,688***

31. EMPLOYEE BENEFIT PLANS

31.a Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Particulars	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
Contributions to provident fund	1,954,746	*1,650,481*

31.b Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

Gratuity

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Particulars	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
Components of employer expense		
Current service cost	600,574	*570,556*
Interest cost	340,969	*278,101*
Expected return on plan assets	–	*–*
Actuarial losses / (gains)	(2,518,986)	*223,137*
Total expense recognised in the Statement of Profit and Loss	(1,577,443)	*1,071,794*
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	4,132,957	*3,476,267*
Current service cost	600,574	*570,556*
Interest cost	340,969	*278,101*
Curtailment cost / (credit)		
Settlement cost / (credit)		
Plan amendments		
Acquisitions		
Actuarial (gains) / losses	(2,518,986)	*223,137*
Past service cost		
Benefits paid	(298,200)	*(415,104)*
Present value of DBO at the end of the year	2,257,314	*4,132,957*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

NOTE 31.b : Defined benefit plans ***(Contd.)***

Experience adjustments (₹)

	2012-2011	**2011- 2010**	**2nd prior year**	**3rd prior year**
Gratuity				
Opening Net Liability	4,132,957	*3,476,267*	265,860	105,713
Expense as above	(1,577,443)	*1,071,794*	1,216,451	160,147
Employers Contribution	–	–	–	–
Amount Recognised in Balance Sheet	2,257,314	*4,132,957*	3,476,267	265,860
Experience gain / (loss) adjustments on plan liabilities	(2,518,986)	*223,137*	492,469	36,233

	For the year ended 31st March, 2012 ₹	***For the year ended 31st March, 2011*** ₹
Actuarial assumptions for Gratuity		
Discount rate	8.50%	*8.25%*
Expected return on plan assets		
Salary escalation	6%	*6%*
Attrition		

Notes:

(i) The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term.

(ii) The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

(iii) The above information is as certified by the actuary and relied upon by the auditors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

Note **Particulars**

32. RELATED PARTY TRANSACTIONS

32.a Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Shapoorji Pallonji & Company Ltd.
Intermediate Holding Company	Forbes & Company Limited
Holding Company	Forbes Campbell Finance Ltd.
Fellow Subsidiary	Eureka Forbes Ltd.

Note : Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

32.b

	Ultimate Holding Company	Intermediate Holding Company	Holding Company	Fellow Subsidiary	Total
Purchase of fixed assets	–	530,394	–	–	530,394
Sale of goods	–	17,588	–	1,014,702	1,032,290
Receiving of services	–	5,308,933	–	60,000	5,368,933
Interest Paid	365,010	1,615,177	–	–	1,980,187
Capital Purchase	–	–	50,000,000	–	50,000,000
Loans and Advances Taken	7,500,000	–	–	–	7,500,000
Deposits Taken	–	53,000,000	–	–	53,000,000
Repayment of Deposits Taken	–	30,000,000	–	–	30,000,000
Balances outstanding at the end of the year					
Trade payables	–	2,195,425	–	18,000	2,213,425
Deposits Payable	7,500,000	23,000,000	–	–	30,500,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

Note	Particulars

32. RELATED PARTY TRANSACTIONS

32.c Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Shapoorji Pallonji & Company Ltd.
Intermediate Holding Company	Forbes & Company Limited
Holding Company	Forbes Campbell Finance Ltd.
Fellow Subsidiary	Eureka Forbes Ltd.

Note : Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2011 and balances outstanding as at 31 March, 2011:

32.d

	Ultimate Holding Company	Intermediate Holding Company	Holding Company	Fellow Subsidiary	Total
Purchase of goods	–	5,408,375	–	–	5,408,375
Sale of goods	–	–	–	–	–
Receiving of services	–	5,981,983	–	45,000	6,026,983
Interest Paid	–	84,547	–	–	84,547
Capital Purchase	100,000,000	20,000,000	–	–	120,000,000
Loans and Advances Taken	–	–	–	–	–
Deposits Taken	–	21,000,000	–	–	21,000,000
Repayment of Deposits Taken	–	21,000,000	–	–	21,000,000
Balances outstanding at the end of the year					
Trade payables	–	6,089,722	–	45,000	6,134,722

Note	Particulars	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
33	**Earnings per share**		
	Basic		
33.a	**Continuing operations**		
	Net profit / (loss) for the year from continuing operations	(88,253,051)	*(60,031,741)*
	Less: Preference dividend and tax thereon	–	–
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	(88,253,051)	*(60,031,741)*
	Weighted average number of equity shares	10,394,468	*6,897,200*
	Par value per share	10	*10*
	Earnings per share from continuing operations – Basic	(8.49)	*(8.70)*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

Note	Particulars
34.	Excise duty includes ₹ 121,258/- *(Previous year ₹ 392,429/-)* shown under Other expenses (Note 23) represents excise duty related to the difference between the stock of Finished Goods as on March 31, 2011 and March 31, 2012.

35. DEFERRED TAX :

Components of net deferred tax assets as at March 31, 2012 are as follows:

Particulars	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
Deferred Tax Assets		
Depreciation	1,536,831	*1,712,561*
Provision for Gratuity	767,261	*1,404,792*
Provision for compensated absences	1,428,158	*1,111,718*
Total	**3,732,250**	***4,229,071***

As stipulated by Accounting Standard (AS) – 22 on "Accounting for Taxes on Income", deferred tax asset is not considered in absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

36. Refer to Annexure for segment related information.

37. The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS *(Contd.)*

SEGMENT REPORTING

a) The Company has identified the following reportable business segments.

   i) Trading- comprising of trading in banking and currency automation products.

   ii) Manufacturing- comprising of Kiosk

   iii) Forbes Xpress- Comprising of mobile recharge business.

   iv) Transaction Network- comprising of maintenance, servicing and transaction charges for Kiosk and other devices.

b) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as "Unallocable".

c) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on a reasonable basis are disclosed as "Unallocable".

   Information on Primary Business Segment is as follows:-

(₹)

Reportable Segments	TRADING		MANUFACTURING		FORBES XPRESS		TRANSACTION NETWORK		TOTAL	
	2011-12	*2010-11*	2011-12	*2010-11*	2011-12	*2010-11*	2011-12	*2010-11*	2011-12	*2010-11*
Segment Revenue										
(a) External Revenue	303,322,389	*268,332,549*	185,566,500	*95,127,487*	311,797,061	–	103,764,815	*70,927,107*	904,450,764	*434,387,143*
(b) Inter Segment Revenue	–	–	–	–	–	–	–	–	–	–
(c) **Total Revenue**	**303,322,389**	***268,332,549***	**185,566,500**	***95,127,487***	**311,797,061**	**–**	**103,764,815**	***70,927,107***	**904,450,764**	***434,387,143***
Segment Results	42,620,663	*55,949,914*	64,499,510	*8,846,752*	(4,484,051)	–	104,970,490	*74,096,744*	207,606,613	*138,893,411*
Less: Unallocated Corporate Expenses	–	–	–	–	–	–	–	–	280,102,443	*203,228,081*
Operating Profit	–	–	–	–	–	–	–	–	(72,495,830)	*(64,334,670)*
Less: Interest Expenses	–	–	–	–	–	–	–	–	23,184,937	*9,808,159*
Add Other Income	–	–	–	–	–	–	–	–	7,427,716	*14,111,087*
Profit/(Loss) for the year	–	–	–	–	–	–	–	–	(88,253,051)	*(60,031,741)*
Capital Employed										
Segment Assets	176,267,643	*123,631,208*	129,944,324	*61,761,099*	(2,650,000)	–	77,657,563	*49,054,684*	381,219,530	*234,446,990*
Unallocable Corporate Assets	–	–	–	–	–	–	–	–	97,539,314	*93,932,327*
Total Segment Assets	**176,267,643**	***123,631,208***	**129,944,324**	***61,761,099***	**(2,650,000)**	**–**	**77,657,563**	***49,054,684***	**478,758,843**	***328,379,317***
Segment Liabilities	*76,768,234*	*55,247,455*	*52,243,533*	*51,208,588*	*(1,161,222)*	–	*9,910,710*	*9,714,379*	*137,761,255*	*116,170,422*
Unallocable Corporate Liabilities	–	–	–	–	–	–	–	–	308,990,955	*141,949,211*
Total Segment Liabilities	**76,768,234**	***55,247,455***	**52,243,533**	***51,208,588***	**(1,161,222)**	**–**	**9,910,710**	***9,714,379***	**446,752,210**	***258,119,633***
Net Segment Assets	99,499,409	*68,383,753*	77,700,791	*10,552,510*	(1,488,778)	–	67,746,853	*39,340,305*	32,006,633	*70,259,684*
Capital Expenditure Including										
Capital Work in Progress	–	–	–	–	–	–	16,155,339	*16,387,548*	16,155,339	*16,387,548*
Unallocable Intangible Asset under Construction	–	–	–	–	–	–	–	–	19,905,085	*26,332,463*
Segment Depreciation	3,428,340	*3,428,342*	–	–	–	–	12,237,035	*7,567,194*	15,665,375	*10,995,536*
Unallocable Depreciation	–	–	–	–	–	–	–	–	651,946	*785,302*
Total Depreciation	**3,428,340**	***3,428,342***	**–**	**–**	**–**	**–**	**12,237,035**	***7,567,194***	**16,317,320**	***11,780,838***

(Incorporated in the Jebel Ali Free Zone,
Dubai, United Arab Emirates)

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

DIRECTORS:

Urs Meier

Reto Von Der Becke

Sunil Dhondiram Uphale

Rajagopalan Sambamoorthy

PRINCIPLE BANKERS:

HSBC Bank Middle East Limited

AUDITORS:

KSI Shah & Associates

REGISTERED OFFICE:

LOB 17, Office 207, PO Box 261698,
Jebel Ali, Dubai, United Arab Emirates.

AUDITORS' REPORT TO THE SHAREHOLDER OF FORBES LUX FZCO

Report on the Financial Statements

We have audited the accompanying financial statements of FORBES LUX FZCO, which comprises the statement of financial position as of 31 December 2011, and the statement of income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and explanatory information.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentations of these financial statements in accordance with International Financial Reporting Standards and with the implementing rules and regulations issued by the Jebel Ali Free Zone Authority, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply that 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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

As against unsecured and long overdue balances of US$ 23,058,203 carried under the head non-current assets, provision of US$ 454,332 has been made in the accounts, which in the opinion of partners is considered adequate.

In our opinion, except for the effect of any adjustment that may arise when the other financial assets are realized the financial statements give a true and fair view of the financial position of **FORBES LUX FZCO** as of 31 December 2011 and of the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards and with the implementing rules and regulations issued by the Jebel Ali Free Zone Authority.

Matter of Emphasis

Without qualifying our opinion, we draw attention to note 2 to the financial statements which states that as of 31 December 2011 the company had a deficiency of assets amounting to US$ 1,200,845 resulting from losses, without considering impairment in the value of the other financial assets and that the loss significantly exceeds the company's share capital. The continuation of the company's operations is dependent upon the continued financial support from the shareholders and in particular the parent company of one of the shareholders which and the shareholders of the company have confirmed that they will continue to provide such financial support to enable the company to meet its obligation as they fall due and the shareholders are confident that the company will have future profitable operations.

Other matters

We also confirm that, in our opinion, proper books of account have been kept by the company in accordance with the provisions of Implementing Regulations 1/99 pursuant to Law No. 2 of 1986 concerning the formation of legal companies at the Jebel Ali Free Zone. We have obtained all the information considered necessary for our audit. To the best of our knowledge and belief no violations of the Regulation No.1/99 issued by the Jebel Ali Free Zone Authority pursuant to Law No. 2 of 1986 or the articles of association have occurred during the year, which would have had a material effect on the business of the company or on its financial position.

KSI SHAH & ASSOCIATES
Chartered Accountants

Dubai
5-May-2012

STATEMENT OF FINANCIAL POSITION 31ST DECEMBER, 2011

	Notes	2011 US $	2011 INR	*2010 US $*	*2010 INR*
ASSETS					
Non-current assets					
Fixed Assets	4	3,752	203,681	*5,112*	*231,678*
Other Financial Assets	5 & 10	22,603,871	1,227,071,468	*17,040,279*	*772,273,964*
Total non-current assets		**22,607,623**	**1,227,275,149**	***17,045,391***	***772,505,642***
Current assets					
Inventories	6	200,767	10,898,817	*225,525*	*10,220,906*
Trade and other receivables	7 & 10	5,287,424	287,032,571	*7,450,113*	*337,642,801*
Due from related parties	12	–	–	*504,850*	*22,880,054*
Prepayments		566	30,739	–	–
Cash and Bank Balances	8	639,147	34,696,670	*29,703*	*1,346,155*
		6,127,904	**332,658,797**	***8,210,190***	***372,089,916***
Total assets		**28,735,527**	**1,559,933,946**	***25,255,581***	***1,144,595,558***
EQUITY AND LIABILITIES					
Shareholders' funds					
Capital and reserves					
Share capital	9	326,579	17,728,635	*272,116*	*13,460,000*
Accumulated losses		(1,527,424)	(71,952,327)	*41,199*	*2,448,997*
Foreign Currency Translation Reserve			(10,965,259)		*(1,709,405)*
Total shareholder's funds		***(1,200,845)***	***(65,188,951)***	***313,315***	***14,199,592***
Non-current liabilities	5, 7 & 10	27,963,571	1,518,027,619	*21,134,850*	*957,841,969*
Current liabilities					
Trade and other payables	11	1,966,898	106,774,828	*3,402,733*	*154,213,587*
Due to related parties	12	5,903	320,450	*404,683*	*18,340,410*
Total Current liabilities		**1,972,801**	**107,095,278**	***3,807,417***	***172,553,997***
Total equity and liabilities		**28,735,527**	**1,559,933,946**	***25,255,581***	***1,144,595,558***

The notes on pages 6 to 13 form an integral part of these financial statements.

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER, 2011

	Notes	2011 US $	2011 INR	*2010 US $*	*2010 INR*
Sales		5,599,099	272,288,104	*5,457,567*	*247,846,673*
Cost of sales	13	(3,537,769)	(170,162,273)	*(3,297,072)*	*(150,055,346)*
Gross profit		**2,061,330**	**102,125,831**	***2,160,495***	***97,791,327***
Other Income		53,773	2,615,019	*79,624*	*3,615,997*
Expenses	14	(1,578,283)	(76,753,007)	*(1,002,796)*	*(45,540,376)*
Profit from Operations		**536,820**	**27,987,843**	***1,237,323***	***55,866,948***
Finance Charges	15 & 12	(2,379,920)	(115,737,224)	*(1,820,038)*	*(82,654,114)*
Interest Income	12	274,478	13,348,057	–	–
Net (Loss) for the year		**(1,568,623)**	**(74,401,324)**	***(582,715)***	***(26,787,166)***

The notes on pages 6 to 13 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

	Share Capital US $	Accumulated losses US $	Total US $	Total INR
As at 31 December 2009	*272,116*	*623,914*	*896,030*	*42,696,163*
Net loss for the year		*(582,715)*	*(582,715)*	*(26,787,166)*
As at 31 December 2010	**272,116**	**41,199**	**313,315**	**15,908,997**
Introduced during the year	54,463	–	54,463	42,68,635
Net loss for the year	–	(1,568,623)	(1,568,623)	(74,401,324)
As at 31 December 2011	**326,579**	**(1,527,424)**	**(1,200,845)**	**(54,223,692)**

The notes on pages 6 to 13 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER, 2011

	Notes	2011 US $	2011 INR	*2010 US $*	*2010 INR*
Cash flows from operating activities					
Net (loss) for the year		(1,568,623)	(74,401,324)	*(582,715)*	*(26,787,166)*
Adjustment for:					
Depreciation		1,360	66,144	*876*	*39,782*
Interest income		(274,478)	(13,348,057)	–	–
Finance cost		2,379,920	115,737,224	*1,820,038*	*82,654,114*
Operating profit before working capital changes		**538,180**	**28,053,987**	***1,238,199***	***55,906,730***
(Increase)/decrease in inventories		24,758	(677,911)	*(289)*	*310,972*
(Increase)/decrease in trade, other receivables and prepayments		2,162,123	50,579,491	*(3,073,016)*	*(104,322,248)*
(Increase)/decrease in due from related parties		504,850	22,880,054	*(275,279)*	*(12,145,475)*
Increase/ (decrease) in due to related parties		(398,780)	(18,019,960)	–	–
Increase/ (decrease) in trade payables and accruals		(1,435,836)	(47,438,759)	*354,004*	*20,899,933*
Cash generated from operating activities		**1,395,294**	**35,376,902**	***(1,756,381)***	***(39,350,088)***
Finance cost paid		(767,678)	(115,737,224)	*(1,820,038)*	*(82,654,114)*
Net cash from operating activities		**627,616**	**(80,360,322)**	***(3,576,419)***	***(122,004,202)***
Cash flows from investing activities					
Payment for purchase of fixed assets		–	(38,147)	*(5,446)*	*(246,116)*
(Increase) / decrease in other financial assets		(6,901,356)	(454,797,504)		
Net (placement) / withdrawal of margin deposit		–	–		
Net cash from financing activities		**(6,901,356)**	**(454,835,651)**	***(5,446)***	***(246,116)***
Cash flows from financing activities					
Proceeds from loan from a related party (net)		(15,171,279)	(620,756,093)	*3,524,880*	*120,453,980*
Proceeds from loan from a bank		22,000,000	1,194,289,800	–	–
Share capital introduced		54,463	4,268,635	–	–
Foreign Currency Translation Reserve			(9,255,854)		*(910,977)*
Net cash from financing activities		**6,883,184**	**568,546,488**	***3,524,880***	***119,543,003***
Net increase in cash and cash equivalents		**609,444**	**33,350,515**	***(56,986)***	***(2,707,315)***
Cash and cash equivalents at the beginning of the year		**29,703**	**1,346,155**	***86,688***	***4,053,470***
Cash and cash equivalents at end of the year	16	**639,147**	**34,696,670**	***29,703***	***1,346,155***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2011

1. LEGAL STATUS AND BUSINESS ACTIVITY

FORBES LUX FZCO is a limited liability company incorporated on 26 June 2011 in the Jebel Ali Free Zone, Dubai, United Arab Emirates pursuant to law No. 2 of and implementing Rules and Regulations issued there under by the Jebel Ali Free Zone Authority with **Euro Forbes Limited (EFL)** and **VDB Investment GmbH (VIG)** as its shareholders. The company is operating under the trade license No. 106894. The address of the registered office of the company is LOB 17, Office 207, P.O. Box 261698, Jebel Ali, Dubai, United Arab Emirates.

The company, up to 25 June, 2011, operated as wholly owned subsidiary tree zone establishment of **Forbes Lux Group AG (FLGA),** a private limited liability joint business venture company incorporated in Switzerland, with **Eureka Forbes Limited (EuFL)** and **Lux International AG (LIA)** as its equal shareholders.

Effective 26 June 2011, the beneficial owners (EuFL & LIA) of the establishment made following changes:

- Changed the legal status of the business from FZE to FZCO by issuing shares to the new entities EFL & VIG
- Changed the shareholding in the FZCO settling accounts inter se.
- Transferred all the assets and liabilities at book value from FZE to FZCO.

The financial statements of the company for the year ended 31 December 2011 reflect activities of FZE 25 June 2011 and thereafter of FZCO.

The company is engaged in locally as well as overseas trading and distribution of water purifiers, filters & purifications devices, electrical & electronics appliances and related items and spare parts manufactured by an overseas related party(s) and also sourcing from the other vendors.

In terms of an agreement the company has acquired some of the assets and the liabilities of a related party based in Singapore during the previous year at their carrying value. Consequent to this some of the income and expenditure of this as well as other related entities' are recorded in the company's financial statements.

2. BASIS OF PREPARATION

As of 31 December 2011 the company had a deficiency of assets amounting to US $ 1,200,845 resulting from losses, without considering impairment in the value of the other financial assets and long overdue trade receivables, incurred during the current and the previous year with accumulated losses of US $ 1,527,424.

The accompanying financial statements have been prepared on the basis that the company will continue as a going concern. The continuation of the company as a going concern is dependent upon the banks and related parent entities continuing to provide the necessary financial support and upon the operations of the company remaining profitable in the future. The parent company has extended their written assurance about the injection of adequate funds in the company to ensure that all short, medium and long term liabilities are met as they fall due to carry on their businesses without any significant curtailment of operations and also to ensure compliance with the rules and regulations of Jebel Ali Free Zone Authorities.

The financial statements have been prepared under the historical cost convention and in accordance with Standards issued, or adopted by the International Accounting Standards Board, and interpretations issued by the International Financial Reporting Interpretations Committee and applicable requirements of U. A. E. laws.

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about the several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in note 5, 7, 11 and 12. The financial statements have been presented in USD Dollars.

The functional currency of the company is US Dollars since the majority of the company's transactions are conducted in that currency or in currencies pegged to the US Dollar. The financial statements are also presented in US Dollars.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2011

3. ACCOUNTING POLICIES

The accounting policies in dealing with items that are considered material in relation to the company's financial statements are as follows:

Depreciation of fixed assets:

The cost of fixed assets is depreciated by equal annual installments over their estimated useful lives of two to five years.

Inventories:

Inventories are valued at lower of cost or net realisable value using the first in first out method. Cost comprises invoice value plus applicable landing charges. Net realisable value is based on estimated selling price less any further costs expected to be incurred up to disposal.

Trade and other receivables:

An estimate for doubtful debts is made when collection of the full amount is no longer probable and provided for in the accounts. Bad Debts are written off as they arise.

Trade and other payables:

Liabilities are recognised for amounts to be paid for goods or services received, whether invoiced by the supplier or not.

Revenue:

Sales represent net amount invoiced for goods delivered or services rendered during the year. Sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Interest income is accounted on time proportionate basis.

Foreign currency:

Transactions in foreign currencies are converted into US$ at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into US$ at the rate of exchange ruling at the date of statement of financial position. Resulting exchange gains/losses are taken to the statement of income.

Cash and cash equivalents:

Cash and cash equivalents for the purpose of the statement of cash flows comprise of cash, bank current accounts, and deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

4. FIXED ASSETS

	Furniture & office equipment US$	Vehicles US$	Total US$	Total INR
Cost				
As at 01.01.2011	6,837	5,446	12,283	556,672
As at 31.12.2011	**6,837**	**5,446**	**12,283**	**556,672**
Depreciation				
As at 01.01.2011	6,566	605	7,171	286,847
Charge for the year	271	1,089	1,360	66,144
As at 31.12.2011	**6,837**	**1,694**	**8,531**	**352,991**
Net book value				
As at 31.12.2011	–	**3,752**	**3,752**	**203,681**
As at 31.12.2010	***271***	***4,841***	***5,112***	***231,678***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2011

5. OTHER FINANCIAL ASSETS

	2011 US $	2011 INR	*2010 US $*	*2010 INR*
Trade receivables -acquired	10,310,647	559,722,752	*10,310,647*	*467,283,677*
Advance to related parties and dealers - acquired	7,137,822	387,483,079	*6,883,964*	*311,984,690*
Trade receivables -reclassified	5,104,884	277,123,222	–	–
Due from related parties-reclassified	504,850	27,406,237	–	–
	23,058,203	1,251,735,290	*17,194,611*	*779,268,368*
Provision for doubtful debts	(454,332)	(24,663,822)	*(154,332)*	*(6,994,403)*
	22,603,871	**1,227,071,468**	***17,040,279***	***772,273,964***

Although balances carried under "Other financial assets " are unconfirmed, unsecured and outstanding for a period ranging from the year 2006 to 2011, in the opinion of the management they are considered good and recoverable inclusive of interest calculated at 6% per annum on some of the advances to dealers and related parties.

The directors and the owners have given undertaking that in the event ofnon recovery from the acquired trade receivables and advances to related parties and dealers, unrecovered amount will be adjusted against the non current liabilities owed to a related party and or will be made good by the parent company of one of the shareholder of the company.

6. INVENTORIES

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts that are not individually significant, but which are old or obsolete, are assessed collectively and a provision as stated above is applied according to the inventory type and the degree of aging or obsolescence, based on historical selling prices and the management decision.

7. TRADE AND OTHER RECEIVABLES

	2011 US $	2011 INR	*2010 US $*	*2010 INR*
Trade and other receivables				
Trade receivables ~	5,275,749	286,398,783	*7,443,165*	*337,327,959*
Other receivables	408	22,149	*1,768*	*80,127*
Deposits	11,267	611,639	*5,179*	*234,715*
	5,287,424	**287,032,571**	***7,450,112***	***337,642,801***

~ *Includes USD 1,482,800 (previous year USD 2,233,676) due from related parties on trade account and stated net of USD 5,104,884 classified as noncurrent assets. An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on anticipated recovery rates. As at 31 December 2011, the ageing of unimpaired trade receivables is as follows:*

	Total US $	<120 Days US $	121-150 Days US $	151-365 Days US $	> 365 Days US $
2011	5,275,749	1,793,594	451,276	2,973,586	57,293
2010	*7,443,165*	*1,114,183*	*227,710*	*1,750,275*	*4,350,997*

The company's average credit period is 120 days and in respect of dealers and related parties open ended credit period is extended after which trade receivables are considered to be past due. Unimpaired receivables although outstanding for a very long time they are considered recoverable and or will be adjusted against non-current liabilities owed to a related party and or will be reimbursed by the parent company of one of the shareholder of the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2011

8. CASH AND BANK BALANCES

	2011 US $	2011 INR	*2010 US $*	*2010 INR*
Cash on hand	1,397	75,837	*1,397*	*63,313*
Bank balances in:				
Current accounts	637,750	34,620,833	*28,306*	*1,282,842*
	639,147	**34,696,670**	***29,703***	***1,346,155***

9. SHARE CAPITAL

Authorised, issued and paid up:				
1 share of AED 1,000,000 each.				
(USD 1 converted @ AED 3.6749)	–	–	*272,116*	*13,460,000*
Issued to:				
Forbes Lux Group AG				
Authorised, issued and paid up:				
12 share of AED 100,000 each.				
(USD 1 converted @ AED 3.6749)	**326,579**	**17,728,635**		
Issued to:				
Euro Forbes Limited	244,934	13,296,463		
VDB Investment GmbH	81,645	4,432,172		
	326,579	**17,728,635**		

10. NON-CURRENT LIABILITIES

Loans from a related party *	5,963,571	323,737,819	*21,134,850*	*957,841,969*
Loan from a bank #	22,000,000	1,194,289,800	–	–
	27,963,571	**1,518,027,619**	***21,134,850***	***957,841,969***

* This represents acquired liability for unsecured and interest bearing loan from a related party without any fixed repayment schedule. The loan amount is encumbered against acquired trade receivables & advance to related parties and dealers as described in note 5 and 7 above.

\# The loan from a bank is guaranteed by the parent company of one of the shareholders of the company, carries interest rate of 2.6725% per annum and is fully repayable in June 2014.

11. TRADE AND OTHER PAYABLES

Trade payables ~	1,673,410	90,842,568	*3,360,037*	*152,278,583*
Advance from customers	12,546	681,071	–	–
Accruals	280,942	15,251,189	*42,696*	*1,935,004*
	1,966,898	**106,774,828**	***3,402,733***	***154,213,587***

~ *Includes USD 1,329,650 (previous year USD 2,837,178) due to related parties on trade account. The average credit period on purchase of goods ranges between 0 to 120 days and in respect of related parties open ended credit facility is availed. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2011

12. RELATED PARTIES

Related parties comprise the parent company, fellow subsidiaries, directors, companies under common ownership and/or common management control and associates as under:

- Forbes Lux Group AG, Switzerland
- Lux International AG, Switzerland
- Euro Forbes Limited, Dubai
- VDB Investment GmbH
- Eureka Forbes Ltd, India
- Aquamall Water Solutions Ltd., India
- Forbes Aquamall Ltd, India
- Euro Forbes International Pte Ltd, Singapore
- Euro P2P Direct Thailand Co. Ltd., Thailand
- Mr. Sunil D. Uphale - key personnel

At the date of statement of financial position significant balances with related parties were as follows

	2011 US $ Dr / (Cr)	**2011 INR**	***2010 US $ Dr / (Cr)***	***2010 INR***
Trade receivables	1,482,800	80,495,133	*2,233,676*	*101,231,313*
Trade payables	(1,329,650)	(72,181,247)	*(2,837,178)*	*(128,582,326)*
Other financial assets:				
Trade receivables acquired	2,374,493	128,901,490	*2,374,493*	*107,613,210*
Trade receivables	1,603,675	87,056,941	–	–
Advances	3,695,565	200,617,072	*3,602,517*	*163,267,872*
Due from related parties				
Funding account	–	–	*504,850*	*22,880,054*
Due to related parties				
Funding account	(5,903)	(320,450)	*(404,683)*	*(18,340,410)*
Noncurrent liabilities:				
Loan / funding account	(27,963,571)	(1,518,027,619)	*(21,134,850)*	*(957,841,969)*

Significant transactions with related parties during the year were as follows:

		Total 2011 US $	**Total 2011 INR**	***Total 2010 US $***	***Total 2,010 INR***
Purchases	Dr	1,133,675	55,131,409	*1,295,311*	*58,824,444*
Sales	Cr	1,533,644	74,582,181	*1,164,492*	*52,883,512*
Interest income	Cr	217,506	10,577,469	–	–
Interest expenses	Dr	1,612,243	78,404,506	*1,820,038*	*82,654,068*

Funding transactions with related parties as disclosed in due from and due to related parties represents interest free and or bearing funds provided or received to meet with working capital requirements. Loan to / from related parties is unsecured and is payable in full within next twelve months. Interest charged is Nil to 6% per annum.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2011

		2011 US $	2011 INR	*2010* *US $*	*2010* *INR*
13.	**COST OF SALES**				
	Opening inventories	225,525	10,220,906	*225,236*	*10,531,878*
	Purchases during the year (including direct expenses)	3,513,011	170,840,184	*3,297,361*	*149,744,374*
	Closing inventories	(200,767)	(10,898,817)	*(225,525)*	*(10,220,906)*
		3,537,769	**170,162,273**	***3,297,072***	***150,055,346***
14	**EXPENSES**				
	Warehousing & logistics expense	22,562	1,097,206	*43,515*	*1,976,163*
	Staff salaries	136,262	6,626,516	*137,402*	*6,239,889*
	Other administrative expenses (net)	313,734	15,257,104	*287,654*	*13,063,339*
	Exchange loss	532,129	25,877,806	*193,452*	*8,785,321*
	Selling & distribution expenses	272,236	13,239,027	*339,897*	*15,435,870*
	Provision for doubtful debts	300,000	14,589,210	–	–
	Depreciation	1,360	66,138	*876*	*39,782*
		1,578,283	**76,753,007**	***1,002,796***	***45,540,364***
15.	**FINANCE CHARGES**				
	Interest to related party	1,612,243	78,404,506	*1,820,038*	*82,654,068*
	Interest on bank loan	259,678	12,628,323	–	–
	Bank loan facility fee	508,000	24,704,396	–	–
		2,379,921	**115,737,224**	***1,820,038***	***82,654,068***
16.	**CASH AND CASH EQUIVALENTS**				
	Cash on hand	1,397	75,837	*1,397*	*63,313*
	Bank balance in:				
	Current accounts	637,750	34,620,833	*28,306*	*1,282,842*
		639,147	**34,696,670**	***29,703***	***1,346,155***

17. FINANCIAL INSTRUMENTS: CREDIT, INTEREST RATE, LIQUIDITY AND EXCHANGE RATE RISK EXPOSURES

Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally bank accounts, trade and other receivables and amounts due from related parties. The company bank accounts are placed with high credit quality financial institutions.

Amounts due from related parties, trade and other receivables are stated net of the allowance for doubtful recoveries. As at 31 December 2011 the company is not exposed to any significant credit risk from trade debtors situated within U.A.E. and its maximum exposure to credit risk from trade debtors situated outside the U.A.E. amounts to USD 5,087,245 *(previous year USD 4,312,311)* due from the customers and related parties. Acquired assets are secured against liabilities acquired of a related party.

There are no significant concentrations of credit risk to debtors outside the industry in which the company operates.

Interest rate risk

The company is exposed to interest rate fluctuations on borrowings. The company's exposure to the risk of changes in the market interest rates relates primarily to the company's long term debt obligations with floating interest rates. Loans and advances from and to the related parties are at fixed rate of interest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2011

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the parent company which has built an appropriate liquidity risk management framework for the management of short, medium and long-term funding and liquidity management requirements. The parent company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars or UAE Dirhams, which is fixed to US Dollars.

18. FINANCIAL INSTRUMENTS: FAIR VALUE

The fair values of the company's financial assets, comprising of trade and other receivables, cash & bank balances and due from related parties and financial liabilities, comprising trade and other payables and due to related parties, approximate to their carrying values.

19. CONTINGENT LIABILITY

There were no liabilities of significant amount outstanding at the date of statement of financial position.

20. COMPARATIVE FIGURES

Previous year's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year.

21. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 5 May 2012.

BOARD OF DIRECTORS

Mr. A.V. Suresh	Director
Mr. R. S. Moorthy	Director
Dr. Raman Venkatesh	Director

CEO

Mr. Vinay G. Phadnis (w.e.f. April 1, 2011)

AUDITORS

M/s Batliboi&Purohit

Chartered Accountants

LEGAL ADVISORS

M/s. Mallar Law Consulting

BANKERS

State Bank of India, Dattawadi Navi Peth Branch, Pune

IDBI Bank, Deccan Gymkhana Branch, Pune

REGISTERED OFFICE

“Girija”, 5, Sitabaug, Colony,

Vitthalwadi Road,

Pune - 411 030

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the Twenty FourthAnnual Report on the business and operations of the Company together with the Audited Accounts for the year ended March 31, 2012.

1. **FINANCIAL RESULTS**

Particulars	**Current Year 2011-2012 (In ₹)**	***Previous Year* 2010-2011 *(In ₹)***
Turnover & Other Income	7,32,36286	*5,15,85,091*
Profit before Depreciation	1,15,76,618	*78,47,502*
Depreciation	1,85,798	*2,90,276*
Profit before Tax	1,13,90,820	*75,57,226*
Provision for Taxation	38,00,000	*23,93,393*
Deferred Tax	(59,712)	*(37,672)*
Profit after tax	76,50,532	*52,00,505*
Profit brought forward from previous year	54,57,065	*41,90,214*
Profit available for Appropriation	1,31,07,597	*93,90,719*
APPROPRIATION:		
1. Interim Dividend	43,50,000	*29,00,000*
2. Proposed Final Dividend	–	–
3. Dividend Tax	7,05,689	*4,81,654*
4. Transferred to General Reserve	8,00,000	*5,52,000*
6. Balance carried to Balance Sheet	72,51,908	*54,57,065*

2. **DIVIDEND:**

The Directors, at the Board Meeting held on March 12, 2012, have declared 600% (Previous Year 400%) as Interim Dividend for the year ended March 31, 2012, payable to those shareholders whose names appeared on the Register of Members as on March12, 2012. Your Directors do not recommend payment of any final dividend at the forthcoming Annual General Meeting.

3. **TRANSFER TO RESERVES:**

The Company proposes to transfer ₹ 8,00,000 to the General Reserve out of the amount available for appropriations and an amount of ₹ 72,51,908/- is proposed to be retained in the Profit and Loss Account.

4. **OPERATIONS:**

Your Company continued its excellent performance and during the year under review recorded a turnover of ₹ 732.36 lakhs, a growth of 42% over the previous year and a profit after tax of ₹ 76.51 lakhs, a growth of 47% over the previous year.

5. **APPOINTMENT OF "OFFICER WHO IS IN DEFAULT" FOR THE COMPANY UNDER CLAUSE (F) OF SECTION 5 OF THE COMPANIES ACT, 1956**

The Company at its Board Meeting held on November 18, 2011, appointed Mr. Vinay G. Phadnis as "Officer who is in default" for the Company under clause (f) of section 5 of the Companies Act, 1956.

6. DIRECTORS:

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, Mr. R.S. Moorthy will retire at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for reappointment.

7. 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.

8. 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, 2012, 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, 2012, 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.

9. 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.

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

10. 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 to 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 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 has made major foray in adapting Biogas Technology.

In major parts of the country, the problem of garbage collection & disposal is alarming. Earlier Municipal Corporations used to have centralized garbage treatment and had to collect garbage from different collection points throughout the city. With space constraints for dumping and movement of garbage carrying trucks within cities being difficult, decentralized system is a logical solution.

This has led to localized collection of garbage from apartments and treating the same locally. Biogas is one of the technologically sound solution to solve the problem. The end product is good natural manure and generate biogas which can be used as cooking fuel or for electricity generation depending upon capacity of the plant.

With decentralized garbage based biogas plants one can have –

- Minimal/no transportation outside the premises.
- Generation of manure and gas generation.
- Environmental /ecofriendly system.

The Company is now looking forward to focus on developing and usage of this technology more as a socio-economic measure.

Presently number of processes are available for treating sewage. With increasing need of better solutions for absorbing shock loads, increased efficiency, minimal operations and maintenance requirement, Sequential Batch Reactor (SBR) Technology is getting popular especially for medium or large size capacity plants.

There are certain components in SBR which are patented for which the Company has worked out alternate options and would like to implement during the ensuing year.

(c) Foreign Exchange Earnings and Outgo

Earnings in Foreign Exchange during the year under review were ₹ Niland the outgo ₹ Nil.

11. 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
Chairman

Mumbai, Dated : May 8, 2012

AUDITORS' REPORT TO THE MEMBERS OF RADIANT ENERGY SYSTEMS PVT LIMITED

1. We have audited the attached Balance Sheet of Radiant Energy Systems Pvt Limited ('the company') as at 31st March 2012 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 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, 2012;
      (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

Place : Mumbai
Dated : May 8, 2012

ANNEXURE TO THE AUDITOR'S REPORT
(Referred to in paragraph 3 of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   (b) All fixed assets have been physically verified by the management during the year. As informed, no material discrepancies were noticed on such verification.
   (c) There was no substantial disposal of fixed assets during the year.

(ii) (a) As per the information furnished, the inventories have been physically verified by the management during the year. In our opinion, having regard to the nature and location of stock, 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 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 not taken any loan secured or unsecured from parties, Company or firms covered in the register maintained under section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits during the year from the public within the meaning of provisions of Sections 58A, 58AA or any other provisions relevant to the Companies Act, 1956 and rules made there under.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) According to the information and explanations given to us the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including, income-tax, wealth-tax, sales tax, service tax, customs duty, cess and other material statutory dues applicable to it. Since the Company is rendering services excise duty is not applicable.

(b) According to the information and explanations given to us, no undisputed amount payable in respect of , income tax, wealth tax, sales tax service tax, customs duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the company, there are no dues outstanding of income-tax, wealth-tax, sales tax, service tax, customs duty and cess on account of any dispute.

(x) 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) The Company has no outstanding dues in respect of financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor’s Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures or other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor’s Report) Order, 2003 (as amended) are not applicable to the company.

(xv) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.

(xvi) The Company has not taken any term loans during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by way of Public issues during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Atul Mehta
Partner
Membership No. : 15935

Place : Mumbai
Dated : May 8, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

			Notes No.	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
I.	**EQUITY AND LIABILITIES**				
	1.	**Shareholders' funds**			
	a	Share Capital	2	725,000	*725,000*
	b	Reserves and Surplus	3	9,551,918	*6,957,065*
				10,276,918	*7,682,065*
	2.	**Non-current liabilities**			
	a	Long-term borrowings		–	–
	b	Deferred tax liabilities, net	9	–	*41,420*
	c	Long-term trade payables		–	–
	d	Other long-term liabilities	4	–	–
	e	Long-term provisions	5	118,164	*12,273*
				118,164	*53,693*
	3.	**Current liabilities**			
	a	Short-term borrowings	6	–	*72,713*
	b	Trade payables	7	12,149,089	*8,118,488*
	c	Other current liabilities	4	8,440,647	*5,149,090*
	d	Short-term provisions	5	1,640,362	*206,522*
				22,230,098	*13,546,813*
		Total		**32,625,180**	***21,282,571***
II.	**ASSETS**				
	1.	**Non-current assets**			
	a	Fixed Assets			
		(i) Tangible assets	8	542,940	*743,445*
		(ii) Intangible assets		–	–
		(iii) Capital work-in-progress			
		(iv) Intangible assets under development			
	b	Non-current investment		–	–
	c	Deferred tax assets (net)	9	18,292	
	d	Long-term loans and advances	10	521,652	*102,716*
	e	Other non-current assets	11	871,698	–
				1,954,582	*846,161*
	2.	**Current assets**			
	a	Current investments	12	97,574	*100,000*
	b	Inventories	13	1,937,268	*720,139*
	c	Trade receivables	14	25,435,260	*15,750,777*
	d	Cash and cash equivalents	15	1,982,284	*2,743,188*
	e	Short-term loans and advances	10	1,104,304	*945,727*
	f	Other current assets	11	113,908	*176,579*
				30,670,598	*20,436,410*
		Total		**32,625,180**	***21,282,571***
Significant accounting policies and notes on accounts			1 to 23	–	–

Per our report attached

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

ATUL MEHTA
Partner
Membership No. : 15935

Mumbai, Dated : May 8, 2012

A.V. Suresh
R.S. Moorthy
Directors

Mumbai, Dated : May 8, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

		Notes No.	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
Income				
I.	Revenue from operation (gross)	16	72,510,896	*50,694,519*
	Less : Excise duty		–	–
	Revenue from operation (net)		72,510,896	*50,694,519*
II.	Other income	17	725,390	*890,572*
III.	**Total Revenue**		**73,236,286**	***51,585,091***
IV.	**Expenses**			
	Cost of materials	18	46,289,802	*32,091,245*
	Changes in inventories of finished goods, work in progress and stock-in-trade	19	(1,217,129)	*(542,146)*
	Emloyee benefit expense	20	12,660,082	*7,706,883*
	Other expenses	21	3,926,914	*4,481,607*
	Finance cost		–	–
	Depreciation and amortisation expense	22	185,797	*290,275*
	Total Expenses		**61,845,466**	***44,027,865***
	Profit before exceptional items, extraordinary items and tax		11,390,820	*7,557,226*
	Exceptional items			
	Profit before extraordinary items and tax		11,390,820	*7,557,226*
	Extraordinary items			
	Profit before tax		11,390,820	*7,557,226*
	Tax expense			
	Current tax		3,800,000	*2,394,393*
	Deferred tax		(59,712)	*(37,672)*
	Prior Years' Tax Adjustments (Net)		–	
			3,740,288	*2,356,721*
	Profit/(Loss) for the period		**7,650,532**	***5,200,505***
	Earnings per equity share (₹)	23		
	Basic and Diluted-Par value of ₹ 100/- per share		1,055	*717*
Significant accounting policies and notes on accounts		1 to 24		

Per our report attached

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

ATUL MEHTA
Partner
Membership No. : 15935

Mumbai, Dated : May 8, 2012

A.V. Suresh
R.S. Moorthy
} *Directors*

Mumbai, Dated : May 8, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-12		*2010-11*	
	₹	₹	₹	₹
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		**1 11,390,820**		***7,557,226***
Adjusted For -				
Depreciation, amortisation and impairment	185,797		*290,275*	
Provision for diminution in value of investment (net)	2,426		*(1,068)*	
Finance cost	–		–	
Interest income	(322,627)		*(399,651)*	
Investment written off				
Provision / write-off of doubtful debts, advances and other current assets	483,577		*621,089*	
		349,173		*510,645*
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		11,739,993		*8,067,872*
Adjustments for (increase)/ decrease in operating assets:				
Trade Receivables	(10,168,060)		*(3,041,136)*	
Inventories	(1,217,129)		*(542,146)*	
Short Term Loans and advances	(158,577)		*(351,784)*	
Long -Term Loans and advances	(189,772)		–	
Other current assets	–		–	
Other non -current assets	–			
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	4,030,601		*2,222,712*	
Other current liabilities	3,291,557		*(28,024)*	
Other long term liabilities				
Short Term Provisions	348,250		*920,731*	
Long -Term Provisions	105,891			
	(3,957,239)		*(819,647)*	
Cash generated from operations		7,782,754		*7,248,225*
Direct Taxes Paid (net of refunds)	(2,943,574)		*(3,039,103)*	
(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES		4,839,180		*4,209,122*
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Including adjustment on account of Capital Advances)	(71,150)		*(161,614)*	
Sale of Fixed Assets	85,858		*7,761*	
Bank Balance not consider as Cash and Cash equivalents	(871,698)		–	
Interest Received	385,298		*223,072*	
Deposits Given/Received back from other Companies	–			
(b) NET CASH FROM / (USED) IN INVESTING ACTIVITIES		(471,692)		*69,219*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	2011-12		*2010-11*	
	₹	₹	₹	₹
CASH FLOW FROM FINANCING ACTIVITIES				
Net increase / (decrease) in working capital borrowings	(72,713)		*72,713*	
Proceeds from other short term borrowings				
Dividend Paid ((including Dividend tax)	(5,055,679)		*(5,926,295)*	
(c) NET CASH FROM / (USED) IN FINANCING ACTIVITIES		(5,128,392)		*(5,853,582)*
NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)		(760,904)		*(1,575,241)*
Radiant Energy Systems Pvt. Limited				
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	73,373		*53,478*	
Balances with scheduled banks on Current accounts,	2,669,815		*4,264,951*	
		2,743,188		*4,318,429*
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	84,587		*73,373*	
Balances with scheduled banks on Current accounts,	1,897,697		*2,669,815*	
		1,982,284		*2,743,188*
NET INCREASE / (DECREASE) AS DISCLOSED ABOVE		(760,904)		*(1,575,241)*

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 1 to 23

Per our report attached

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

ATUL MEHTA
Partner
Membership No. : 15935

Mumbai, Dated : May 8, 2012

A.V. Suresh
R.S. Moorthy
} *Directors*

Mumbai, Dated : May 8, 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES:-

I. 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

Revenue from sale of goods is recognised when risks and rewards are of ownership are transferred to the buyer under the terms of the contract net of sales return, discounts, rebates and sales tax/ VAT. Erection & Commissioning revenue is recognised 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

(e) 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.

(f) Retirement Benefits

Contributions are made to Provident fund 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.

(g) Taxation

Income Taxes are accounted for in accordance with Accounting Standard 22 "Accounting for Taxes on Income" notified under the Companies (Accounting Standard) Rules2006.Income Tax comprises both current and deferred tax. Current tax in 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES ***(Contd.)***

(h) 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.

(i) 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.

(k) Earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	As at 31st March, 2012		*As at 31st March, 2011*	
	Number of shares	**₹**	***Number of shares***	***₹***
2. SHARE CAPITAL				
Authorised				
Equity shares of ₹ 100/ each *	10,000	1,000,000	*10,000*	*1,000,000*
	10,000	1,000,000	*10,000*	*1,000,000*
Issued				
Equity shares of ₹ 100/ each fully paid up *				
At the beginning of the year	7,250	725,000	*7,250*	*725,000*
Add: Issued during the year	–	–	–	–
Less: Bought back during the year	–			
At the end of the year	7,250	725,000	*7,250*	*725,000*
Subscribed				
Equity shares of ₹ 100/ each fully paid up *				
At the beginning of the year	7,250	725,000	*7,250*	*725,000*
Add: Issued during the year	–	–	–	–
Less: Bought back during the year	–			
At the end of the year	7,250	725,000	*7,250*	*725,000*
Fully Paid up				
Equity shares of ₹ 100/ each fully paid up *				
At the beginning of the year	7,250	725,000	*7,250*	*725,000*
Add: Issued during the year	–	–	–	–
Less: Bought back during the year	–			
At the end of the year	7,250	725,000	*7,250*	*725,000*

* Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders. During the year ended 31 March, 2012, the Company has recorded per share dividend of ₹ 600/- *(previous year: ₹ 400/-)* to equity shareholders.

2. Details of shareholders holding more than 5% shares of the Company

		As at 31st March, 2012		*As at 31st March, 2011*	
		Number of shares	**% holding**	***Number of shares***	***% holding***
Equity shares of ₹ 10/- each fully paid up held by					
EUREKA FORBES LIMITED	Holding company	7250	100	*6380*	*88*
Mr. VINAY G PHADNIS	Individual	–	–	*870*	*12*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
3.	**RESERVES AND SURPLUS**		
	GENERAL RESERVE		
	At the beginning of the year	1,500,000	*948,000*
	Less : Amount transfer to Capital Redemption Reserve		–
	Less : Buy back of equity share capital	–	
	Add : Transferred from surplus balance in the statement of profit and loss	800,000	*552,000*
	At the end of the year	2,300,000	*1,500,000*
	(Deficit)/ surplus in the Statement of Profit and Loss		
	Balance at the beginning of the year	5,457,065	*4,190,214*
	Add/ (less) : Profit/ (loss) for the year	7,650,532	*5,200,505*
	Less : Appropriations		
	Interim Dividend on Equity Shares *	4,350,000	*2,900,000*
	Tax on dividend on equity shares	705,679	*481,654*
	Transfer to general reserve	800,000	*552,000*
	Balance at the end of the year	7,251,918	*5,457,065*
	Total	**9,551,918**	***6,957,065***

* ₹ 600/- *(previous year ₹ 400/-)* per equity share

		Long-term		Current	
		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
4.	**OTHER LIABILITIES**				
	Advance received from customers	–	–	1,222,971	–
	Gratuity payable (note 24 (3))	–	–	338,839	*3,116*
	Statutory liabilities (Contributions to PF,Pension, ESIC,withholding Taxes,VAT etc.)	–	–	342,099	*16,938*
	Other payables	–	–	6,536,738	*5,129,036*
	TOTAL	**0**	***0***	**8,440,647**	***5,149,090***

		Long-term		*Short-term*	
		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
5.	**PROVISIONS**				
	Provision for employee benefits				
	Leave encashment (note 24 (3).)	105,891	–	23,250	–
		105,891	–	23,250	–
	Other provisions				
	Warranties	–		325,000	
	Provision for Taxation (Net of Advance Tax)	12,273	*12,273*	1,292,112	*206,522*
		12,273	*12,273*	1,617,112	*206,522*
	TOTAL	**118,164**	***12,273***	**1,640,362**	***206,522***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

Provision for Warranties

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. The Table given below gives information about movement in warranty provisions.

	As at 31st March, 2012 ₹	***As at 31st March, 2011 ₹***
At the beginning of the year		
Additions during the year	325,000	
Utilization during the year		
Unused amount reversed during the year		
At the end of the year	325,000	–

		Secured/ unsecured	**As at 31st March, 2012 ₹**	***As at 31st March, 2011 ₹***
6.	**SHORT-TERM BORROWINGS**			
	Loans repayable on demand From banks	Secured	–	*72,713*
	Total		**–**	***72,713***
	The above amount includes			
	Secured borrowings		–	*72,713*
	Unsecured borrowings		–	–
	Net Amount		**–**	***72,713***

(a) Short term borrowing from banks is secured by charge over Fixed Deposit)

		Long-term		***Current***	
		As at 31st March, 2012 ₹	***As at 31st March, 2011 ₹***	**As at 31st March, 2012 ₹**	***As at 31st March, 2011 ₹***
7.	**TRADE PAYABLES**				
	Trade payables (including acceptances)			12,149,089	*8,118,488*
	Trade payables (including acceptances) to related parties				
	TOTAL	**0**	***0***	**12,149,089**	***8,118,488***

Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company are given below:

The principal amount remaining unpaid to any supplier as at the end of the year

The interest due on the principal remaining outstanding as at the end of the year

The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act

The amount of interest accrued and remaining unpaid at the end of the year

The amount of further 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 enterprise, for the purpose of disallowance as a deductible expenditure under the Act

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

8. TANGIBLE ASSETS

Cost or Valuation	**Plant and machinery**	**Furniture and fixtures**	**Vehicles**	**Computers**	**Total**
	₹	₹	₹	₹	₹
As At 1 April 2010	*692,619*	*414,364*	*530,876*	*1,073,042*	*2,710,901*
Additions	*11,400*	*135,664*	–	*14,550*	*161,614*
Deletions	*(13,961)*	–	–	–	*(13,961)*
As at 31 March, 2011	*690,058*	*550,028*	*530,876*	*1,087,592*	*2,858,554*
Additions	46,800			24,350	71,150
Deletions			(318,596)		(318,596)
As at 31 March, 2012	736,858	550,028	212,280	1,111,942	2,611,108

Depreciation	**Plant and machinery**	**Furniture and fixtures**	**Vehicles**	**Computers**	**Total**
	₹	₹	₹	₹	₹
As At 1 April 2010	*580,522*	*204,967*	*299,077*	*746,468*	*1,831,034*
Charge for the year	*16,591*	*74,798*	*60,013*	*138,874*	*290,275*
Deletions	*(6,200)*	–	–	–	*(6,200)*
As at 31 March, 2011	*590,913*	*279,765*	*359,090*	*885,342*	*2,115,109*
Charge for the year	19,694	48,917	30,335	86,851	185,797
Deletions			(232,738)		(232,738)
As at 31 March, 2012	610,607	328,682	156,687	972,193	2,068,168
Net Block					
As at 31 March, 2011	*99,146*	*270,263*	*171,787*	*202,250*	*743,445*
As at 31 March, 2012	126,252	221,346	55,594	139,749	542,940

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

9. DEFERRED TAX ASSETS (NET)

	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
Deferred tax assets (net)		
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	51,425	*9,525*
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.		
Gross deferred tax asset	51,425	*9,525*
Deferred tax liability		
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.	33,133	*50,945*
Gross deferred tax liability	33,133	*50,945*
Net deferred tax asset	18,292	*(41,420)*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	Long-term		*Short-term*	
	As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹	As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹
10. LOANS AND ADVANCES				
Security deposits				
Secured, considered good				
Unsecured, considered good	144,000	*61,000*	–	–
Unsecured, good – security deposits to related parties				
Unsecured, considered doubtful				
	144,000	*61,000*	–	–
Less: Provision for doubtful security deposits	–	–	–	–
Loans and advances to related parties	144,000	*61,000*	–	–
Inter Corporate Deposits Unsecured, considered good	–	–		
Advances Unsecured, considered good	–	–	–	–
Other loans and advances				
Unsecured considered good, unless stated otherwise				
Loans to employees	–	–	178,615	
Balance with statutory/ government authorities	106,772		558,713	
Prepaid expenses			37,792	*26,390*
Advance income-tax (Net of provision of taxation)	270,880	*41,716*		
Advances recoverable in cash or kind			329,184	*919,337*
Others				
	377,652	*41,716*	1,104,304	*945,727*
Total	**521,652**	***102,716***	**1,104,304**	***945,727***

	Non Current		*Current*	
	As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹	As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹
11. OTHER ASSETS				
Unsecured considered good, unless otherwise stated				
Interest accrued on fixed deposits			113,908	*176,579*
Bank balance (Note 19)	871698	–		
	871698	–	113,908	*176,579*
Less : Provision for doubtful other assets				
	871698	**–**	**113,908**	***176,579***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
12. CURRENT INVESTMENTS		
Current investments (valued at cost or market value whichever is lower)		
Unquoted Mutual Fund		
9779.951 (previous year 9779.951) units of ₹10 each fully paid up	100,000	*98,932*
Less : Provision for diminution in value of investment	2,426	*(1,068)*
	97,574	*100,000*
Total	**97,574**	***100,000***
Aggregate book value of quoted investments	–	–
Market value of quoted investments		
Aggregate book value of unquoted investments	97,574	*100,000*
Aggregate provision in the value of investments	2,426	*(1,068)*
13. INVENTORIES		
Components, Spares and Accessories		
Components and Accessories (refer note)	1,937,268	*720,139*
	1,937,268	***720,139***

	Non Current		*Current*	
	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
14. TRADE RECEIVABLES				
Debts outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good				
Unsecured, considered good	–	–	1,251,178	*194,349*
Debts due from related parties, unsecured				–
Unsecured, considered doubtful	–	–	1,251,178	*194,349*
Less: Provision for doubtful debts	–	–	1,251,178	*194,349*
Other debts				
Secured, considered good				
Unsecured, considered good	–	–	24,184,082	*15,443,396*
Debts due from related parties, unsecured				*113,032*
Unsecured, considered doubtful	–	–	24,184,082	*15,556,428*
Less: Provision for doubtful debts	–	–	24,184,082	*15,556,428*
Total	**–**	**–**	**25,435,260**	***15,750,777***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		Non Current		Current	
		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
15.	**CASH AND CASH EQUIVALENTS**				
	Balance with banks in				
	Current accounts			564,855	*198,024*
	Deposits with original maturity of less than 3 months			495,000	*1,896,921*
	Unpaid dividend account				
	Cheques / drafts on hand			–	
	Cash on hand			84,587	*73,373*
	Others				
		–	–	1,144,442	*2,168,318*
	Other bank balances				
	Balance in banks for margin money	–			*50,000*
	Deposits with original maturity of more than 12 months *	871,698	–		*377,272*
	Deposits with original maturity of more than 3 months but less than 12 months *	–	–	837,842	*147,598*
		871,698	–	837,842	*574,870*
	Amount disclosed under non-current assets (note 17)	(871,698)	–		
	Total	**–**	**–**	**1,982,284**	***2,743,188***

* FDR given as security to bank for overdraft facility

		For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
16.	**REVENUE FROM OPERATION**		
	Sale of products *	64,325,874	*47,730,906*
	Sale of services **	8,185,022	*2,963,613*
	Other operating income		
	Revenue from operations	72,510,896	*50,694,519*
	* Sale of products		
	Water & Waste Water Treatment Plants	64,325,874	*47,730,906*
		64,325,874	*47,730,906*
	** Sale of services		
	Maintenance Service	3,244,907	*2,963,613*
	Others	4,940,115	
		8,185,022	***2,963,613***

		For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
17.	**OTHER INCOME**		
	Interest income on		
	Bank deposits	322,627	*399,651*
	Miscellaneous Income	402,763	*490,921*
		725,390	***890,572***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
18.	**COST OF MATERIALS**		
	Components & Accessories	46,289,802	*32,091,245*
	Total	**46,289,802**	***32,091,245***

		For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
19.	**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE**		
	Opening stock		
	Components, Spares & Accessories		
	– Traded	720,139	*177,993*
		720,139	*177,993*
	Less :		
	Closing stock		
	Components, Spares & Accessories		
	– Traded	1,937,268	*720,139*
		1,937,268	*720,139*
	Net(increase)/ decrease	(1,217,129)	*(542,146)*
	Details of Inventory		
	Finished goods		
	– Traded		
	Components & Accessories	1,937,268	*720,139*
	Total	**1,937,268**	***720,139***

		For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
20.	**EMLOYEE BENEFIT EXPENSE**		
	Salaries, wages and bonus	11,470,393	*7,281,232*
	Contribution to provident and other fund	1,047,685	*323,680*
	Staff welfare expense	142,004	*101,971*
		12,660,082	***7,706,883***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
21.	**OTHER EXPENSES**		
	Electricity	23,963	*23,340*
	Rent	295,848	*198,576*
	Repairs and Maintenance :		
	Others	43,530	*95,322*
	Insurance	135,508	*56,926*
	Selling and Sales Promotion	67,026	
	Freight, Forwarding and Delivery	6,245	*1,338,934*
	Payment to Auditors (Refer details Below)	98,699	*89,000*
	Printing and Stationery	121,369	*53,331*
	Communication cost	124,416	*102,385*
	Travelling and Conveyance	957,695	*504,465*
	Legal and Professional Fees	249,629	*128,487*
	Vehicle Expenses and Maintenance	60,239	*213,906*
	Rates and taxes, excluding taxes on income	817,275	*366,413*
	Warranty Cost	325,000	
	Other Establishment Expenses	86,611	*655,740*
	Directors' Sitting Fees	24,000	*27,000*
	Bad Debts/Advances Written-Off	483,577	*621,089*
	Provision for diminution in value of investments	2,426	*(1,068)*
	Loss on sale of fixed assets (net)	3,858	*7,761*
		3,926,914	***4,481,607***
	Payment to auditors		
	As auditor :		
	Audit fee	89,888	*40,000*
	Tax audit fee	–	*15,000*
	In other capacity :		
	Management services	–	*34,000*
	For reimbursement of expenses	8,811	
		98,699	***89,000***

		For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
22.	**DEPRECIATION AND AMORTISATION EXPENSE**		
	Depreciation on tangible assets	185,797	*290,275*
		185,797	***290,275***
23.	**EARNINGS PER EQUITY SHARE**		
	Number of Equity Shares	7,250	*7,250*
	Weighted average number of equity shares	7,250	*7,250*
	Face Value per share	100	*100*
	Profit After Tax available to Equity Shareholders	7,650,532	*5,200,505*
	Basic and Diluted Earning Per Share	₹ 1,055.25	*₹ 717.31*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

24.

1. Estimated amount of contracts remaining to be executed on capital account and not provided for – ₹ Nil (previous year ₹ Nil).
2. Expenditure in foreign currency : ₹ Nil (Previous year ₹ 15,538)
3. The disclosures required under Accounting Standard 15 "Employee Benefits notified in the Companies (Accounting Standards) Rules 2006, are given below :

Defined Contribution Plan	**2011-12**	***2010-11***
Employers' contribution to Provident Fund	437,930	*74,094*
Employers' contribution to Pension Scheme	285,923	*152,988*

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

		2011-12 Gratuity (Funded) ₹	***2010-11 Gratuity (Funded) ₹***
(a)	**Change in benefit obligations**		
	Defined benefit obligation at the beginning of the year	264,410	*245,614*
	Current Service cost	45,225	*45,225*
	Interest cost	21,153	
	Acturial (gain)/loss on obligations	214,401	*26,841*
	Benefit paid		
	Defined benefit obligation at the end of the year	545,189	*317,680*
(b)	**Change in fair value of Plan Assets**		
	Fair value of Plan Assets at the beginning of the year	317,680	–
	Expected return on Plan Assets	28,591	–
	Employer Contribution	–	–
	Benefit paid	–	–
	Acturial gain/(loss) on Plan Assets	–	–
	Fair value of Plan Assets at year end	346,271	–
	Total Actuarial gain / (loss) to be recognised	**198,918**	**–**
(c)	**Expenses recognised during the year (under the head "Payments to and provisions for employees – Note 20)**		
	Current Service cost	45,225	*45,225*
	Interest Cost	21,153	
	Expected Returns on Plan Assets	28,591	
	Actuarial Gain or Loss	214,401	*26,841*
	Expense Recognised in the Profit and Loss account	252,188	*72,066*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		2011-12 Gratuity (Funded) ₹	*2010-11 Gratuity (Funded) ₹*
(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 (Maharastra)	Nil	*Nil*
	Others	Nil	*Nil*
	Total Investments	**Nil**	***Nil***
(e)	**Assumptions used in the accounting for defined benefit plans**		
	Discount Rate	8.00%	*8.00%*
	Salary Escalation Rate	7.00%	*7.00%*

The estimates for rate of escalation in salary considered in the acturial 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.

4. 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.

5. 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.

6. The company has taken office premises under cancelable operating lease. Lease rental expenses included in the profit and loss account for the year is ₹ 231,000/- *(Previous Year ₹ 99,000/-).* Non of the lease agreement entered into by the Company contain a clause on contingent rent. In all agreement there are no terms for purchase option or any restriction such as those concerning dividend and additional debts.

7. 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.

8. The financial statements for the year ended 31 March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year’s classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

Per our report attached

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

ATUL MEHTA
Partner
Membership No. : 15935

Mumbai, Dated : May 8, 2012

A.V. Suresh
R.S. Moorthy
Directors

Mumbai, Dated : May 8, 2012

Details require under Accounting Standard 18 on "Related Party Disclosure " issued by the Institute of Chartered Accountants of India – refered in note no. 24(V)

(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 Ltd.

Shapoorji Pallonji & Company Limited

Forbes & Company Ltd.

B. Enterprises that are under common control -

Aquamall Water Solutions Limited

Aquadiagnostics Water Research & Technology Centre Limited

Euro Forbes Financials Services Ltd.

Euro Forbes Limited

Euro Forbes International Pte. Limited

Forbes Lux FZCO

EFL Mauritius Limited

E4 Development & Coaching Limited

Forbes Facility Services Pvt. Limited

Forbes Enviro Solutions Limited

Waterwings Equipment Pvt.Ltd.

Forbes Bumi Armada Limited

Forbes Bumi Armada Offshore Limited

Forbes Campbell Services Limited

Forbes Container Lines Pte. Limited

Forbes Edumetry Limited

Forbes Smart Data Limited

Forbes Technosys Limited

Forbes Campbell Finance Limited

Volkart Fleming Shipping and Services Limited

Euro P2P Direct (Thailand) Co. Limited

Forbes Lux Group AG, BAAR

Lux International AG

Forbes Aquatech Limited

Forbes Concept Hospitality Services Pvt. Limited

Forbes G4S Solutions Pvt. Limited

Infinite Water Solutions Pvt. Limited

Details require under Accounting Standard 18 on "Related Party Disclosure " issued by the Institute of Chartered Accountants of India – refered in note no. 24(V)

(I) Transactions with Related Parties

	Nature of Transaction	A Eureka Forbes Ltd.	B Waterwings Equipment Pvt. Ltd.
	Purchases		
1.	Goods and Materials	–	3,453,772
2.	Fixed Assets	–	–
3.	Investment	–	–
	Sales		
4.	Goods and Materials	7,542,200	1,526,797
5.	Services Rendered	728,800	–
6.	Fixed Assets	–	–
7.	Investment	–	–
	Expenses		
8.	Rent	–	–
9.	Repairs & Other Expenses	–	–
10.	Recovery of Expenses	25,102	
11.	Dim. in Value of Investment	–	–
12.	Agency Commission	–	–
12.	Interest Paid	–	–
13.	Dividend Paid	4,350,000	–
14.	Professional Fees	–	–
15.	Directors Fees	–	–
14.	Provision / Write offs	–	–
15.	Loss on sale of Investments	–	–
	Income		
16.	Rent and Other Service Charges	–	–
17.	Interest Received	–	–
18.	Dividend Received	–	–
19.	Profit on sale of Investment	–	–
20.	Provision /Write backs	–	–
21.	Misc. Income	–	–
	Other Receipts		
22.	Deputation of Staff	–	–
22.	Other Reimbursements	–	–

	Nature of Transaction	A Eureka Forbes Ltd.	B Waterwings Equipment Pvt. Ltd.
	Finance		
23.	Loans and Advances Given	–	–
24.	Loans and Advances Taken	–	–
25.	Deposits Given	–	–
26.	Deposits Taken	–	–
27.	Repayment of Deposits Taken	–	–
28.	Repayment of Deposits Given	–	–
	Outstandings		
29.	Sundry Creditors	–	804,743
30.	Interest accrued but not due	–	–
31.	Sundry Debtors	–	
32.	Loans and Advances	(418,228)	–
33.	Advance for Capital Purchase	–	–
34.	Prov. for Doubtful Loans and Adv.	–	–
35.	Provision for Doubtful Debts	–	–
36.	Deposits Payable	–	–
37.	Deposits Receivable	–	–
	Remuneration		
38.	Paid / Payable	–	–
39.	Outstanding	–	–
40.	Recoverable	–	–
	Guarantees		
41.	Given	–	–
42.	Outstanding	–	–

(a wholly owned Subsidiary Company)

Annual Report and Accounts
for the year ended 31st March, 2012

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

DIRECTORS' REPORT

To,

The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2012.

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 31st March, 2012 (Rupees)	*Previous Year ended 31st March, 2011 (Rupees)*
(a)	Operating Profit before Depreciation	25,76,357	*52,17,656*
(b)	Less: Depreciation	2,13,127	*225,039*
(c)	Net Profit Before Tax For the Year	23,63,230	*49,92,617*
(d)	Less : Provision for Taxation		
	Income Tax	6,00,000	*15,92,000*
	Deferred Tax	21,507	*(58,057)*
(e)	Net Profit for the Year After Tax	17,41,723	*34,58,674*
(f)	Balance Bought Forward from Previous Year	2,45,14,006	*2,10,55,332*
(g)	Amount Available For Appropriation (e + f)	2,62,55,729	*2,45,14,006*
(h)	Less : Appropriations	–	–
(i)	Balance Carried to Balance Sheet	2,62,55,729	*2,45,14,006*

2. DIRECTORATE:

Mr. Amit Mittal retires from the Board of Directors by rotation and is eligible for re-appointment at the ensuing Annual General Meeting. Directors recommend his appointment.

3. DIRECTORS' RESPONSIBILITY STATEMENT:

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

(a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give as true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for that period;

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

(d) the directors have prepared the annual accounts on the going concern basis.

4. COMPLIANCE REPORT:

Pursuant to Section 383A of the Companies Act, 1956, Secretarial Compliance Certificate received from M/s. Sanjay Dholakia & Associates, Company Secretaries is attached and forms part of this report.

5. AUDITORS:

You are requested to appoint Auditors for the current year and to fix their remuneration. It is proposed to re-appoint M/s Batliboi & Purohit, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of the forthcoming Annual General Meeting to the following Annual General Meeting of the Company.

6. PARTICULARS REGARDING EMPLOYEES:

The company did not have any employee who was entitled to receive ₹ 60,00,000 or more in aggregate through out the financial year or ₹ 5,00,000 or more per month or for a part of a month in the financial year.

7. 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 optimize the use of energy through operational methods will continue.

(B) Foreign exchange earnings and outgo :

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

For and on behalf of the
Board of Directors

Mumbai
Dated: 17th April, 2012

Amit Mittal
Chairman

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, 2012. 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 23rd June, 2011, 9th September, 2011, 18th November, 2011 and 9th March, 2012 and Circular Resolutions were passed on 27th April, 2011, 3rd August, 2011, 22nd September, 2011 and 9th November, 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, 2011 was held on 23rd June, 2011 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 under review.

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/transfer/transmission of securities during the financial 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 no changes among Directors during the financial year.

15. No Managing Directors / Whole Time Director / Manager were appointed during the financial year.

16. The company has not appointed any sole-selling agents during the financial year.

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 not bought back any shares during the financial year.

21. There was no redemption of preference shares or debentures during the financial year.

22. There were no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

23. The company has not invited/accepted any deposits as per the provisions of section 58A read with companies (Acceptance of Deposits) Rules, 1975 during the financial year.

24. The company has made borrowings by way of Inter corporate deposits during the financial year.

25. The company has not made any investments, given loans and given guarantees to other bodies corporate and consequently no entries have been made in the register kept for the purpose during the year.

26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.

27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.

28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.

29. The company has not altered the provisions of the memorandum with respect to share capital of the company regarding during the year under scrutiny.

30. The company has not altered its articles of association during financial year.

31. There was no prosecution initiated against or show cause notices received by the company during the financial year for offences under the Act.

32. The company has not received any money as security from its employees during the financial year under certification as per provisions of section 417(1) of the Act.

33. The Company was not required to deposit both employers and employees contribution towards Provident Fund as required under section 418 of the Act during the financial year.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

Place : Mumbai
Date : 17th April, 2012

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 : 17th April, 2012

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, 2012.

1. Form 23AC for Balance Sheet as at 31st March, 2011 and Form 23ACA for Profit & Loss Account for the year ended 31st March, 2011 filed with the Registrar of Companies, Maharashtra on 28th November, 2011.
2. Form 20B for Annual Return made up to 23rd June, 2011, filed with the Registrar of Companies, Maharashtra on 25th August, 2011.
3. Form 66 for Compliance Certificate for the year ended 31st March, 2011 as required u/s. 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Maharashtra on 22nd July, 2011.
4. Form 23 for Resolutions passed at the Extra Ordinary General Meeting held on 16th February, 2011 was filed with the Registrar of Companies, Maharashtra on 3rd May, 2011.

For **Sanjay Dholakia & Associates**

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor

Place : Mumbai
Date : 17th April, 2012

AUDITORS REPORT TO THE MEMBERS OF VOLKART FLEMMING SHIPPING & SERVICES LIMITED

1. We have audited the attached Balance Sheet of Volkart Fleming Shipping & Services Limited ('the company') as at 31st March, 2012 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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, 2012;

(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 : 17th April, 2012

ANNEXURE TO AUDITORS' 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 covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 15 lakhs and the year end balance of loan granted was ₹ Nil

(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 Holding Company, 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) The Company does not have an internal audit system

viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the company.

ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, sales tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the company, there are no dues outstanding of income tax, sales tax, and excise duty on account of any dispute.

x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures or other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.

xv) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.

xvi) The Company has not taken any term loans during the year.

xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

xix) The Company did not have any outstanding debentures during the year.

xx) The Company has not raised any money by way of Public issues during the year.

xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

KAUSHAL MEHTA
Partner
Membership No. : 111749

Place : Mumbai
Date : 17th April, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	₹	As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹
I. EQUITY AND LIABILITIES				
1. Shareholders' funds				
(a) Share capital	2	5,038,500		*5,038,500*
(b) Reserves and surplus	3	36,222,036		*34,480,313*
			41,260,536	*39,518,813*
2. Non-current liabilities				
(a) Long-term borrowings				–
(b) Other Long Term Liabilities	4	1,899,840		–
			1,899,840	–
3. Current liabilities				
(a) Short-term borrowings	5		20,000,000	*20,000,000*
(b) Trade payables			1,049,183	*3,868,169*
(c) Other current liabilities	6		8,758,372	*8,675,190*
(d) Short-term provisions	7		205,324	*843,445*
			30,012,879	*33,386,804*
TOTAL			**73,173,255**	***72,905,617***
II. ASSETS				
1. Non-current assets				
(a) Fixed assets				
(i) Tangible assets	8	3,967,543		*4,180,670*
(ii) Intangible assets		–		–
(iii) Capital work-in-progress		–		–
			3,967,543	*4,180,670*
(b) Non-current investments	9		391,451	*391,451*
(c) Deferred tax assets (net)			63,445	*84,952*
(d) Long-term loans and advances	10		65,335,829	*65,907,156*
			69,758,268	*70,564,229*
2. Current assets				
(a) Trade receivables	11		68,497	*72*
(b) Cash and bank balances	12		3,339,379	*2,160,433*
(c) Short-term loans and advances	13		7,110	*180,883*
(d) Other current assets				–
			3,414,986	*2,341,388*
TOTAL			**73,173,255**	***72,905,617***
Significant accounting policies	1			

The accompanying notes are an integral part of the financial statements

In terms of our report attached

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, 17th April, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

		Note No.	Year ended 31st March, 2012 ₹	*Year ended 31st March, 2011 ₹*
I.	Revenue from operations	14	16,232,120	*30,520,575*
II.	Other income	15	110,794	*433,449*
III.	Total revenue (I + II)		16,342,914	*30,954,024*
IV.	Expenses:			
	Employee benefits expense	16	7,290,059	*6,997,865*
	Finance cost	17	2,552,279	*2,800,112*
	Depreciation and amortisation expense		213,127	*225,039*
	Voluntary retirement compensation paid / amortised			
	Other expenses	18	3,924,219	*15,938,391*
	Total expenses		13,979,684	*25,961,407*
V.	Profit / (loss) before exceptional items and tax (III - IV)		2,363,230	*4,992,617*
VI.	Exceptional items			
VII.	Profit before tax (V - VI)		2,363,230	*4,992,617*
VIII.	Tax expense / (credit):			
	Income-tax			
	Current tax		600,000	*1,592,000*
	Deferred tax		21,507	*(58,057)*
IX.	Profit for the year (VII - VIII)		1,741,723	*3,458,674*
X.	Earning per equity share: Basic and diluted earnings per equity share (nominal value of share ₹ 100)		35	*58*

Significant accounting policies 1

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For **Batliboi & Purohit**
Chartered Accountants
Firm Regn. No. : 101048W

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, 17th April, 2012

Amit Mittal — *Chairman*

C.A. Karnik
Sunetra Ganesan — *Directors*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

I. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The Financial Statements are prepared under historical cost convention, consistantly 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 remians 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

II. COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES

Nature of Timing Difference	Deferred Tax (Liability) / Assets as at 31/03/2012	*Deferred Tax (Liability) / Assets as at 31/03/2011*
Depreciation	–	–
Items under section 43B	63,445	*84,952*
T O T A L	**63,445**	***84,952***

III. BREAKUP OF EARNING PER SHARE

Sr. No.	Particulars	As on 31/03/2012	*As on 31/03/2011*
(a)	Net Profit / (Loss) Attributable to Equity Shareholders	1,741,723	*3,458,674*
(b)	Weighted Average Number of Equity Shares outstanding during the period (Face Value – ₹ 100/- per Share)	50,385	*59,763*
(c)	Earning Per Share	35	*58*

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 ₹ 4.68 Lacs *(Previous Year ₹ 119.24 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 operating lease basis, the details of which are as follows:

Class of Asset	As at 31.03.2012	*As at 31.03.2011*
Gross carrying Amount	14,084,892	*14,084,892*
Accumulated Depreciation	10,117,349	*9,904,222*
Depreciation for the year	213,127	*225,039*

V. Previous Year's figures have been regrouped wherever necessary.

In terms of our report attached

For **Batliboi & Purohit**
Chartered Accountants
Firm Regn. No. : 101048W

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, 17th April, 2012

Amit Mittal — *Chairman*

C.A. Karnik
Sunetra Ganesan — *Directors*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
2.	**SHARE CAPITAL**		
	Authorised:		
	100,000 *(Previous Year : 100,000)* equity shares of ₹ 100 each	10,000,000	*10,000,000*
	Issued, subscribed and fully paid:		
	50,385 *(Previous Year : 50,385)* equity shares of ₹ 100 each	5,038,500	*5,038,500*
	TOTAL	**5,038,500**	***5,038,500***

(a) Rights, preferences and restrictions attached to equity shares

The Company has only one class of share referred to as equity shares having a par value of ₹ 100 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) Equity shares held by holding company and subsidiary company

50,385 *(Previous Year : 50,385)* equity shares are held by holding company – Forbes & Company Ltd.

(c) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:

Name of Shareholder	As at 31st March, 2012		*As at 31st March, 2011*	
	Number of equity shares held	% holding	*Number of equity shares held*	*% holding*
Forbes & Company Ltd.	50,385	100.00	*50,385*	*100.00*

		₹	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
3.	**RESERVES AND SURPLUS**			
(a)	**CAPITAL REDEMPTION RESERVE:**			
	Per last Balance Sheet	2,961,500		*2,000,000*
	Add : Transferred from General Reserve u/s 77A of Companies Act, 1956 on buy back of shares	–		*961,500*
			2,961,500	*2,961,500*
(b)	**GENERAL RESERVE:**			
	Balance as per last balance sheet	7,004,807		*14,504,507*
	Less : Buy back of Shares			*6,538,200*
	Transferred to Capital Redemption Reserve	–		*961,500*
			7,004,807	*7,004,807*
(c)	**Surplus / (deficit) in the statement of profit and loss:**			
	Balance as per last balance sheet	24,514,006		*21,055,332*
	Add : Profit for the year	1,741,723		*3,458,674*
			26,255,729	*24,514,006*
	TOTAL		**36,222,036**	***34,480,313***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
4.	**OTHER LONG-TERM LIABILITIES**		
	Security Deposits	1,899,840	
	TOTAL	**1,899,840**	*–*
5.	**SHORT-TERM BORROWINGS**		
(a)	**Unsecured borrowings:**		
	(i) Loans from related parties – Repayable on demand	20,000,000	*20,000,000*
	(ii) From other parties	–	*–*
		20,000,000	*20,000,000*
	TOTAL	**20,000,000**	***20,000,000***
6.	**OTHER CURRENT LIABILITIES**		
(a)	Interest accrued but not due on borrowings	802,624	*693,863*
(b)	Security deposits	–	*80,939*
(c)	Payables to statutory authorities	7,955,748	*7,900,388*
	TOTAL	**8,758,372**	***8,675,190***
7.	**SHORT-TERM PROVISIONS**		
(a)	Provision for employee benefits		
	(i) Compensated absences	–	*159,800*
	(ii) Gratuity	–	*408,719*
	(iii) Other post retirement benefits	–	*–*
		–	*568,519*
(b)	Others		
	(i) Bonus to Employees	205,324	*274,926*
	TOTAL	**205,324**	***843,445***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

8. FIXED ASSETS

Description of Assets	GROSS BLOCK (at cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31st March, 2011	Additions during the year	Deductions during the year	As at 31st March, 2012	*Upto 31st March, 2011*	For the year on assets	On deduction during the year	Upto 31st March, 2012	As at 31st March, 2012	*As at 31st March, 2011*
A. Tangible assets										
1 Land:										
Freehold		–	–	–	–	–	–	–	–	–
Leasehold		–	–	–	–	–	–	–	–	–
2 Buildings	*14,031,529*	–	–	14,031,529	*9,896,799*	206,737	–	10,103,536	3,927,993	*4,134,730*
3 Plant and equipment:										
Owned	*53,363*	–	–	53,363	*7,423*	6,390	–	13,813	39,550	*45,940*
4 Furniture and fixtures		–	–	–	–	–	–	–	–	–
5 Vehicles		–	–	–	–	–	–	–	–	–
6 Office equipment		–	–	–	–	–	–	–	–	–
	14,084,892	**–**	**–**	**14,084,892**	***9,904,222***	**213,127**	**–**	**10,117,349**	**3,967,543**	***4,180,670***
B. Intangible assets										
Previous Year	*1,40,31,529*	*53,363*	*–*	*1,40,84,892*	*96,79,183*	*2,25,039*	*–*	*99,04,222*	*41,80,670*	*43,52,346*

		As at 31st March, 2012	*As at 31st March, 2011*
	₹	₹	₹
9. NON – CURRENT INVESTMENTS			
(a) Other than trade investments [Long-term - unquoted (fully paid) (valued at cost unless stated otherwise)]			
In equity shares			
In other entities			
1. 250 *(Previous Year : 250)* equity shares of ₹ 10 each in Carmel Properties Pvt. Ltd.	2,500		*2,500*
			–
		2,500	*2,500*
		2,500	*2,500*
In debentures in a other entities			
3089 *(Previous Year : 3089)* irredeemable debentures of ₹ 100 each in Carmel Properties Pvt. Limited		388,951	*388,951*
TOTAL		**391,451**	***391,451***

Footnotes:

1. Aggregate amount of unquoted investments		391,451	*391,451*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

			As at 31st March, 2012	*As at 31st March, 2011*
		₹	₹	*₹*
10.	**LONG-TERM LOANS AND ADVANCES** (unsecured, considered good unless otherwise stated)			
(a)	Security deposits			
	(i) Unsecured, considered good	33,799,886		*34,849,886*
	(ii) Doubtful			
		33,799,886		*34,849,886*
	Less : Provision for doubtful deposits	–		*–*
			33,799,886	*34,849,886*
(b)	Loans and advances to related parties		941,126	*963,748*
(c)	Taxes paid less provision including fringe benefit tax (other than deferred tax)		30,594,820	*30,093,525*
(d)	Balances with statutory / government authorities			
	(i) Unsecured, considered good			
	(ii) Doubtful			
			65,335,831	*65,907,159*
	Less : Provision for doubtful balances		–	*–*
	TOTAL		**65,335,831**	***65,907,159***
11.	**TRADE RECEIVABLES**			
(a)	**Trade Receivable**			
	Unsecured, considered good (Due for less than 6 months)		68,497	*72.00*
	TOTAL		**68,497**	***72.00***
12.	**CASH AND BANK BALANCES**			
(a)	**Cash and cash equivalents**			
	1. Balances with banks:			
	(A) In current accounts			
	(i) Others		3,327,975	*2,156,524*
	2. Cash on hand		11,404	*3,909*
	TOTAL		**3,339,379**	***2,160,433***
13.	**SHORT-TERM LOANS AND ADVANCES** (unsecured, considered good unless otherwise stated)			
(a)	Prepaid expenses		7,110	*180,883*
	Less : Provision for doubtful balances		–	*–*
			7,110	*180,883*
	TOTAL		**7,110**	***180,883***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

			Year ended 31st March, 2012	*Year ended 31st March, 2011*
		₹	₹	₹
14.	**REVENUE FROM OPERATIONS**			
(a)	Service Charges			
	(i) Professional Services		8,100,000	*6,000,000*
(c)	Other operating revenues:			
	(i) Rent and amenity charges		8,132,120	*24,520,575*
	(ii) Others			
	TOTAL		**16,232,120**	***30,520,575***
15.	**OTHER INCOME**			
(a)	Interest			
	(i) on long-term investments	4,212		*3,934*
	(ii) inter-corporate deposit	106,582		*–*
			110,794	3,934
(b)	Credit balances / excess provision written back		–	*429,515*
	TOTAL		**110,794**	***433,449***
16.	**EMPLOYEE BENEFITS EXPENSE**			
(a)	Salaries and wages		6,912,280	*6,622,847*
(b)	Contribution to provident and other funds		306,774	*336,880*
(c)	Staff welfare expense		71,005	*38,138*
	TOTAL		**7,290,059**	***6,997,865***
17.	**FINANCE COSTS**			
(a)	Interest expense		2,552,279	*2,800,112*
	TOTAL		**2,552,279**	***2,800,112***

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

			Year ended 31st March, 2012	*Year ended 31st March, 2011*
		₹	₹	₹
18.	**OTHER EXPENSES**			
(a)	Repairs & Maintenance			
	(i) Building	549,228		*1,533,672*
	(ii) Others	136,473		*–*
			685,701	
(b)	Rent paid		478,880	*11,924,580*
(c)	Rates & Taxes		1,334,761	*1,348,673*
(d)	Insurance		–	*3,182*
(e)	Electricity Charges		229,337	*301,039*
(f)	Conveyance & Travelling Expenses		83,572	*40,349*
(g)	Administrative Expenses		339,533	*288,182*
(h)	Printing Stationery & Telephone		130,554	*206,739*
(i)	Legal & Professional Expenses		220,624	*54,787*
(j)	Director's Fees		20,000	*24,000*
(k)	Brokerage		316,640	*–*
(l)	Auditor's Remuneration			
	(i) Statutory Audit	30,000		*75,000*
	(ii) Tax Audit	15,000		*15,000*
	(iii) Out of Pocket Expenses		45,000	*1,407*
(m)	Miscellaneous Expenses		39,618	*121,780*
	TOTAL		**3,924,219**	***15,938,390***

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 Company)

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, 2012 (April-2011 to March-2012)

	Nature of Transaction	A Shapoorji Pallonji & Co.	C Shapoorji Pallonji Investment Advisors Pvt. Ltd.	A Forbes & Company Ltd.	B SCI Forbes	C Gokak Textiles	Total
	Purchases						
1.	Goods and Materials						–
2.	Services Rendered			36			**36**
3.	Fixed Assets						–
4.	Investment (buy Back of shares)			–			–
	Sales						
5.	Goods and Materials						–
6.	Services Rendered			8,100,000			**8,100,000**
7.	Fixed Assets						–
8.	Investment						–
9.	Investment – Write off						–
	Expenses						
10.	Rent			175,000			**175,000**
11.	Repairs & Other Expenses						–
12.	Recovery of Expenses			45,000			**45,000**
13.	Agency Commission						–
14.	Interest Paid	1,653,962		891,803			**2,545,765**
15.	Directors Fees						–
16.	Provision / Write offs						–
17.	Loss on sale of Investments						–
	Income						
18.	Rent and Other Service Charges	2,700,000	720,000	770,000	617,400		**4,807,400**
19.	Interest Received			106,582			**106,582**
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			1,500,000			**1,500,000**
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			1,500,000			**1,500,000**
	Outstandings						
32.	Sundry Creditors			1,444,878			**1,444,878**
33.	Interest accrued but not due	–					–
34.	Sundry Debtors		66,180			985,797	**1,051,977**
35.	Loans and Advances						–
36.	Advance for Capital Purchase						–
37.	Prov. for Doubtful Loans and Adv.						–
38.	Provision for Doubtful Debts						–
39.	Deposits Payable			20,000,000			**20,000,000**
40.	Deposits Receivable			–			–
41.	Prepaid Expenses						–
	Remuneration						
42.	Paid / Payable						–
43.	Outstanding						–
44.	Recoverable						–
	Guarantees						
45.	Given						–
46.	Outstanding						–

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended 31st March, 2012		*Year ended 31st March, 2011*	
	₹	₹	*₹*	*₹*
Profit / (Loss) before tax		2,363,230		*4,992,617*
Adjustments for –				
Depreciation and amortisation expense	213,127		*225,039*	
Interest on long-term investments – other than trade	(110,794)		*(3,934)*	
Interest expense	2,552,279		*2,800,112*	
Credit balances / excess provision written back	–		*332,393*	
		2,654,613		*3,353,610*
Operating profit / (loss) before working capital changes		5,017,842		*8,346,227*
Adjustments for changes in working capital:				
Increase / (decrease) in trade payables	(2,818,986)		*(28,750,451)*	
Increase / (decrease) in long-term provisions	1,899,840			
Increase / (decrease) in short-term provisions	(638,121)		*(229,762)*	
Increase / (decrease) in other current liabilities	83,182		*8,675,190*	
Decrease / (increase) in trade receivables	(68,425)		*28,066*	
Decrease / (increase) in inventories	–		*–*	
Decrease / (increase) in long-term loans and advances	1,072,621		*(452,666)*	
Decrease / (increase) in short-term loans and advances	173,773		*1,185,469*	
Decrease / (increase) in other current assets	–		*–*	
		(296,116)		*(19,544,154)*
Cash generated from / (used in) operations		4,721,727		*(11,197,927)*
Income taxes paid (net of refunds)		(1,101,295)		*–*
(a) Net cash generated from / (used in) operating activities		3,620,432		*(11,197,927)*
Cash flows from investing activities:				
Proceeds from sale of fixed assets	–		*(53,363)*	
Inter-corporate deposits placed with related parties	(1,500,000)		*–*	
Inter-corporate deposits refunded by related parties	1,500,000		*–*	
Interest received	110,794		*3,934*	
Dividend received	–		*–*	
(b) Net cash generated from / (used in) investing activities		110,794		*(49,429)*
Cash flows from financing activities:				
Proceeds from long-term borrowings	–		*–*	
Repayment of long-term borrowings	–		*–*	
Proceeds from short-term borrowings	20,000,000		*40,000,000*	
Repayment of short-term borrowings	(20,000,000)		*(20,000,000)*	
Buyback of Shares			*(7,499,700)*	
Interest paid	(2,552,279)		*(2,106,249)*	
Dividends paid on equity shares				
(c) Net cash generated from / (used in) financing activities		(2,552,279)		*10,394,051*
(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)		1,178,946		*(853,305)*
(e) Cash and cash equivalents as at the commencement of the year		2,160,433		*3,013,738*
(f) Cash and cash equivalents as at the end of the year (d + e)		**3,339,379**		***2,160,434***

Footnotes:

1. Cash-flow statement is prepared in accordance with "Indirect method" as explained in the Accounting Standard on Cash Flow Statements (AS-3).

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For **Batliboi & Purohit**
Chartered Accountants
Firm Regn. No. : 101048W

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, 17th April, 2012

Amit Mittal — *Chairman*

C.A. Karnik
Sunetra Ganesan — *Directors*

BOARD OF DIRECTORS:

A.V. Suresh
R.S. Moorthy
Dr. Raman Venkatesh

$\left.\begin{array}{l} \\ \\ \\ \end{array}\right\}$ *Directors*

CEO:

Uday Gokhale (w.e.f. April 1, 2011)

AUDITORS:

M/s Batliboi & Purohit

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.

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the Sixth Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended March 31, 2012.

FINANCIAL RESULTS

Particulars	**Current Year 2011-2012 (In ₹)**	***Previous Year* 2010-2011 *(In ₹)***
Turnover & Other Income	15,89,48,543	*14,52,68,989*
Profit before Depreciation	1,31,36,553	*1,25,01,292*
Depreciation	3,38,143	*3,05,126*
Profit before Tax	1,27,98,410	*1,21,96,166*
Provision for Taxation	39,00,000	*40,50,000*
Deferred Tax	(7,726)	*(10,420)*
Prior Years Tax Adjustments (net)	43,462	–
Profit after tax	88,62,674	*81,56,586*
Profit brought forward from previous year	15,34,892	*1,08,744*
Profit available for Appropriation	1,03,97,566	*82,65,330*
APPROPRIATION:		
1. Interim Dividend	65,00,000	*50,00,000*
2. Proposed Final Dividend		
3. Dividend Tax	10,54,463	*8,30,438*
4. Transferred to General Reserve	10,00,000	*9,00,000*
5. Balance carried to Balance Sheet	**18,43,103**	***15,34,892***

2. DIVIDEND:

The Directors, at the Board Meeting held on March 12, 2012, have declared 1300% (Previous Year 1000%) as Interim Dividend for the year ended March 31, 2012, payable to those shareholders whose names appeared on the Register of Members as on March 12, 2012. Your Directors do not recommend payment of any final dividend at the forthcoming Annual General Meeting.

3. TRANSFER TO RESERVES:

The Company proposes to transfer ₹ 10,00,000/- to the General Reserve out of the amount available for appropriations and an amount of ₹ 18,43,103/- is proposed to be retained in the Profit and Loss Account.

4. OPERATIONS:

Your Company continued its excellent performance and during the year under review recorded a turnover of ₹ 1589.49 lakhs, a growth of 9% over the previous year and a profit after tax of ₹ 88.63 lakhs, a growth of 8.7% over the previous year.

5. APPOINTMENT OF "OFFICER WHO IS IN DEFAULT" FOR THE COMPANY UNDER CLAUSE (F) OF SECTION 5 OF THE COMPANIES ACT, 1956

The Company at its Board Meeting held on November 18, 2011, appointed Mr. Uday Gokhale as "Officer who is in default" for the Company under clause (f) of section 5 of the Companies Act, 1956.

6. DIRECTORS:

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, Mr. R.S. Moorthy will retire at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for reappointment.

7. 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.

8. 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, 2012, 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, 2012, 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.

9. 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.

10. 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 has launched Auto & Remote monitored plants. The benefit of this system is to get Real Time 24x7 automatic monitoring. The problems can be fixed before they occur. Reliable automatic log book generation is possible and it reduces operation/site visiting costs to a great extent.

The Company has also launched Auto Dispensing Water Plants in rural villages. The advantages of this mechanism are many. Villagers can get water anytime without the presence of an operator. It is an Automatic prepaid card based dispensing system for quick and easy access to purified drinking water. It is also a fool proof system to eliminate theft of water and money collected. At regular intervals, an authorized person can come to each village and recharge cards with the desired amount eg: ₹ 25, ₹ 50, ₹ 100/-. The handheld is then plugged into the Central Computer, which will record the amount collected for each card in the village. These records can thereafter be used for billing and operational analysis.

(c) Foreign Exchange Earnings and Outgo

Earnings in Foreign Exchange during the year under review were ₹ Nil and the outgo ₹ 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
Chairman

Mumbai, Dated : May 8, 2012

AUDITORS' REPORT TO THE MEMBERS OF WATERWINGS EQUIPMENTS PRIVATE LIMITED

1. We have audited the attached Balance Sheet of WATERWINGS EQUIPMENTS PRIVATE LIMITED ('the company') as at 31st March 2012 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 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, 2012;
      (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

Place : Mumbai
Dated : May 8, 2012

ANNEXURE TO THE AUDITOR'S REPORT
(Referred to in paragraph 3 of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   (b) All fixed assets have been physically verified by the management during the year. As informed, no material discrepancies were noticed on such verification.
   (c) There was no substantial disposal of fixed assets during the year.

(ii) (a) As per the information furnished, the inventories have been physically verified by the management during the year. In our opinion, having regard to the nature and location of stock, 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 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 not taken any loan secured or unsecured from parties, Company or firms covered in the register maintained under section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits during the year from the public within the meaning of provisions of Sections 58A, 58AA or any other provisions relevant to the Companies Act, 1956 and rules made there under.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) 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, excise duty, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amount payable in respect of, income tax, wealth tax, 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, excise duty and cess on account of any dispute.

(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) The Company has no outstanding dues in respect of financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures or other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.

(xv) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.

(xvi) The Company has not taken any term loans during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by way of Public issues during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Atul Mehta
Partner
Membership No. : 15935

Place : Mumbai
Dated : May 8, 2012

WATERWINGS EQUIPMENTS PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2012

					Notes No.	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
1.	**EQUITY AND LIABILITIES**						
	1.	**Shareholders' funds**					
		a	Share Capital		2	500,000	*500,000*
		b	Reserves and Surplus		3	10,843,103	*9,534,892*
						11,343,103	*10,034,892*
	2.	**Non-current liabilities**					
		a	Long-term borrowings			–	–
		b	Deferred tax liabilities, net				
		c	Long-term trade payables			–	–
		d	Other long-term liabilities			–	–
		e	Long-term provisions		5	133,087	–
						133,087	**–**
	3.	**Current liabilities**					
		a	Short-term borrowings			–	–
		b	Trade payables		6	27,703,643	*42,634,342*
		c	Other current liabilities		4	5,255,846	*1,740,451*
		d	Short-term provisions		5	627,337	*845,828*
						33,586,826	*45,220,621*
			TOTAL			**45,063,016**	***55,255,513***
II	**ASSETS**						
	1.	**Non-current assets**					
		a	Fixed Assets				
			(i)	Tangible assets	7	1,112,797	*830,704*
			(ii)	Intangible assets	8	121,905	*182,849*
			(iii)	Capital work-in-progress			
			(iv)	Intangible assets under development			
		b	Non-current investment			–	–
		c	Deferred tax assets (net)		9	63,473	*55,747*
		d	Long-term loans and advances		10	1,878,710	*457,379*
		e	Other non-current assets		11	1,178,852	*3,252,055*
						4,355,737	***4,778,734***
	2.	**Current assets**					
		a	Current investments			–	–
		b	Inventories		12	7,397,640	*3,598,930*
		c	Trade receivables		13	29,947,507	*38,693,621*
		d	Cash and cash equivalents		14	1,920,249	*7,746,115*
		e	Short-term loans and advances		10	1,382,618	*264,477*
		f	Other current assets		11	59,265	*173,636*
						40,707,279	*50,476,779*
			TOTAL			**45,063,016**	***55,255,513***
Significant accounting policies and notes on accounts					1 to 23	–	–

Per our report attached

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

ATUL MEHTA
Partner
Membership No. : 15935

Mumbai, Dated : May 8, 2012

A.V. Suresh
R.S. Moorthy
Directors

Mumbai, Dated : May 8, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

		Notes No.	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
Income				
I	Revenue from operation (gross)	15	161,515,787	*145,455,176*
	Less: Excise duty		2,764,302	*574,047*
	Revenue from operation (net)		158,751,485	*144,881,129*
II	Other income	16	197,058	*387,860*
III	**Total Revenue**		**158,948,543**	***145,268,989***
IV	**Expenses**			
	Cost of materials consumed	17	126,256,817	*120,376,711*
	Purchase of Traded goods			
	Changes in inventories of finished goods, work in progress and stock-in-trade	18	217,925	*(40,601)*
	Emloyee benefit expense	19	13,287,491	*6,488,706*
	Other expenses	20	6,049,757	*5,942,881*
	Finance cost		–	–
	Depreciation and amortisation expense	21	338,143	*305,126*
	Total Expenses		**146,150,133**	***133,072,823***
	Profit before exceptional items, extraordinary items and tax		12,798,410	*12,196,166*
	Exceptional items		–	–
	Profit before extraordinary items and tax		12,798,410	*12,196,166*
	Extraordinary items		–	–
	Profit before tax		12,798,410	*12,196,166*
	Tax expense		–	–
	Current tax		3,900,000	*4,050,000*
	Deferred tax		(7,726)	*(10,420)*
	Prior Years' Tax Adjustments (Net)		43,462	–
			3,935,736	*4,039,580*
	Profit/(Loss) for the period		**8,862,674**	***8,156,586***
	Earnings per equity share (₹)	22		
	Basic and Diluted-Par value of ₹ 10/- per share		177.25	*163.13*
Significant accounting policies and notes on accounts		1 to 23		

Per our report attached

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

ATUL MEHTA
Partner
Membership No. : 15935

Mumbai, Dated : May 8, 2012

A.V. Suresh
R.S. Moorthy
Directors

Mumbai, Dated : May 8, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-12		*2010-11*	
	₹	₹	₹	₹
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		**12,798,410**		***12,196,166***
Adjusted For –				
Depreciation, amortisation and impairment	338,143		*305,126*	
Dividend income	–		*(3,438)*	
Unclaimed balances / excess provision written back	(81,837)		*(47,907)*	
Interest income	(115,221)		*(336,515)*	
Prior period adjustment	(43,462)			
Provision / write-off of doubtful debts, advances and other current assets	139,226		*373,258*	
		236,849		*290,524*
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		13,035,259		*12,486,690*
Adjustments for (increase)/ decrease in operating assets:				
Trade Receivables	8,606,888		*(17,536,540)*	
Inventories	(3,798,710)		*(2,165,657)*	
Short Term Loans and advances	(801,816)		*(700,499)*	
Long Term Loans and advances	(1,421,331)		–	
Adjustments for increase / (decrease) in operating liabilities:				
Trade Payables	(14,930,699)		*29,410,548*	
Other current liabilities	3,597,232		*(1,449,795)*	
Short Term Provisions	(72,663)		*(148,158)*	
Long Term Provisions	133,087			
	(8,688,012)		*7,409,899*	
Cash generated from operations		4,347,247		*19,896,589*
Direct Taxes Paid (net of refunds)	(4,362,153)		*(3,370,626)*	
(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES		(14,906)		*16,525,963*
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Including adjustment on account of Capital Advances)	(559,292)		*(452,739)*	
Sale of Fixed Assets				
Bank Balance not consider as Cash and Cash equivalents	2,073,203		*(359,414)*	
Interest Received	229,592		*219,133*	
Dividend Received			*3,438*	
Deposits Given/Received back from other Companies				
(b) NET CASH FROM / (USED) IN INVESTING ACTIVITIES		1,743,503		*(589,582)*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	2011-12		*2010-11*	
	₹	₹	₹	₹
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend Paid ((including Dividend tax)	(7,554,463)		*(10,656,482)*	
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		(7,554,463)		*(10,656,482)*
NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)		**(5,825,866)**		***5,279,899***
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	72,633		*58,079*	
Balances with scheduled banks on Current accounts,	7,673,482		*2,408,137*	
		7,746,115		*2,466,216*
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	63,777		*72,633*	
Balances with scheduled banks on Current accounts,	1,856,472		*7,673,482*	
		1,920,249		*7,746,115*
NET INCREASE / (DECREASE) AS DISCLOSED ABOVE		**(5,825,866)**		***5,279,899***

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 1 to 23

Per our report attached

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

ATUL MEHTA
Partner
Membership No. : 15935

Mumbai, Dated : May 8, 2012

A.V. Suresh
R.S. Moorthy
Directors

Mumbai, Dated : May 8, 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES:-

I. 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

Revenue from sale of goods is recognised when risks and rewards are of ownership are transferred to the buyer under the terms of the contract net of sales return, discounts, rebates and sales tax / VAT. Erection & Commissioning revenue is recognised 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

(e) 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.

(f) Retirement Benefits

Contributions are made to Provident fund 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.

(g) 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 in 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

(h) 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.

(i) 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.

(k) Earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	As at 31st March, 2012		*As at 31st March, 2011*	
	Number of shares	**₹**	***Number of shares***	**₹**
2. SHARE CAPITAL				
Authorised				
Equity shares of ₹ 10/ each *	50,000	500,000	*50,000*	*500,000*
	50,000	500,000	*50,000*	*500,000*
Issued				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	50,000	500,000	*50,000*	*500,000*
Add : Issued during the year	–	–	–	–
Less : Bought back during the year	–	–	–	–
At the end of the year	50,000	500,000	*50,000*	*500,000*
Subscribed				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	50,000	500,000	*50,000*	*500,000*
Add : Issued during the year	–	–	–	–
Less : Bought back during the year	–	–	–	–
At the end of the year	50,000	500,000	*50,000*	*500,000*
Fully Paid up				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	50,000	500,000	*50,000*	*500,000*
Add : Issued during the year	–	–	–	–
Less : Bought back during the year	–	–	–	–
At the end of the year	350,000	500,000	*50,000*	*500,000*

* Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders. During the year ended 31 March, 2012, the Company has recorded per share dividend of ₹ 130 (*previous year: ₹ 100*) to equity shareholders.

Details of shareholders holding more than 5% shares of the Company

		As at 31st March, 2012		*As at 31st March, 2011*	
		Number of shares	**% holding**	***Number of shares***	***% holding***
Equity shares of ₹ 10/- each fully paid up held by					
Eureka Forbes Limited	Holding company	50,000	100	*44,000*	*88*
Uday Gokhale	Individual	–	–	*6,000*	*12*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
3.	**RESERVES AND SURPLUS**		
	GENERAL RESERVE		
	At the beginning of the year	8,000,000	*7,100,000*
	Add : Transferred from surplus balance in the statement of profit and loss	1,000,000	*900,000*
	At the end of the year	**9,000,000**	***8,000,000***
	(Deficit) / surplus in the Statement of Profit and Loss		
	Balance at the beginning of the year	1,534,892	*108,744*
	Add / (less) : Profit / (loss) for the year	8,862,674	*8,156,586*
	Less : Appropriations		
	Interim Dividend on Equity Shares *	6,500,000	*5,000,000*
	Tax on dividend on equity shares	1,054,463	*830,438*
	Transfer to general reserve	1,000,000	*900,000*
	Balance at the end of the year	1,843,103	*1,534,892*
	TOTAL	**10,843,103**	***9,534,892***

* ₹ 130 *(previous year ₹ 100)* per equity share

** To be decided by the Board of Directors.

		Long-term		Current	
		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
4.	**OTHER LIABILITIES**				
	Advance from Customer			939,959	*596,125*
	Gratuity payable (note 23 (III))			55,887	*42,045*
	Statutory liabilities (Contributions to PF, Pension, ESIC, withholding Taxes,VAT etc.)			1,600,316	*–*
	Other payables			2,659,684	*1,102,281*
	TOTAL	**–**	**–**	**5,255,846**	***1,740,451***

		Long-term		*Short-term*	
		As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
5.	**PROVISIONS**				
	Provision for employee benefits				
	Leave encashment (note 23(III)	133,087	–	–	–
	Other provisions				
	Warranties			627,337	*700,000*
	Provision for Taxation (Net of Advance Tax)				*145,828*
		–	–	627,337	*845,828*
	TOTAL	**133,087**	**–**	**627,337**	***845,828***

Provision for Warranties

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. The Table given below gives information about movement in warranty provisions.

	As at 31st March, 2012 ₹	***As at 31st March, 2011 ₹***
At the beginning of the year	700,000	*300,000*
Additions during the year	627,337	*700,000*
Utilization during the year	(269,193)	*(300,000)*
Unused amount reversed during the year	(430,807)	
At the end of the year	**627,337**	***700,000***

	Long-term		***Current***	
	As at 31st March, 2012 ₹	***As at 31st March, 2011 ₹***	**As at 31st March, 2012 ₹**	***As at 31st March, 2011 ₹***
6. TRADE PAYABLES				
Trade payables (including acceptances)			27,563,463	*42,559,342*
Trade payables (including acceptances) to related parties			140,180	*75,000*
TOTAL	–	–	**27,703,643**	***42,634,342***

Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company are given below:

	As at 31st March, 2012 ₹	***As at 31st March, 2011 ₹***
The principal amount remaining unpaid to any supplier as at the end of the year		
The interest due on the principal remaining outstanding as at the end of the year		
The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year		
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act		
The amount of interest accrued and remaining unpaid at the end of the year		
The amount of further 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 enterprise, for the purpose of disallowance as a deductible expenditure under the Act		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

7. TANGIBLE ASSETS

Cost or Valuation	**Plant and machinery**	**Furniture and fixtures**	**Vehicles**	**Computers**	**Total**
	₹	₹	₹	₹	₹
As At 1 April 2010	*145,117*	–	*892,043*	*350,478*	*1,387,638*
Additions	*185,317*	*52,594*	–	*114,771*	*352,682*
Deletions	*(17,637)*	–	–	–	*(17,637)*
As at 31 March, 2011	*312,797*	*52,594*	*892,043*	*465,249*	*1,722,683*
Additions	181,902	187,625	–	189,765	559,292
Deletions	–	–	–	–	–
As at 31 March, 2012	*494,699*	*240,219*	*892,043*	*655,014*	*2,281,975*

Depreciation	**Plant and machinery**	**Furniture and fixtures**	**Vehicles**	**Computers**	**Total**
	₹	₹	₹	₹	₹
As At 1 April 2010	*1,714*	*37,039*	*465,529*	*128,680*	*632,962*
Charge for the year	*63,376*	*3,637*	*110,424*	*127,314*	*304,751*
Deletions	*(8,695)*	*(37,039)*	–	–	*(45,734)*
As at 31 March, 2011	*56,395*	*3,637*	*575,953*	*255,994*	*891,979*
Charge for the year	47,592	30,186	81,836	117,585	277,199
Deletions	–	–	–	–	–
As at 31 March, 2012	103,987	33,823	657,789	373,579	1,169,178
Net Block					
As at 31 March, 2011	*256,402*	*48,957*	*316,090*	*209,255*	*830,704*
As at 31 March, 2012	390,712	206,396	234,254	281,435	1,112,797

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

8. INTANGIBLE ASSETS

Gross Block	Computer Software ₹	Total ₹
As At 1 April 2010	*145,530*	*145,530*
Purchase	*100,057*	*100,057*
As at 31 March, 2011	*245,587*	*245,587*
Purchase	–	–
As at 31 March, 2012	245,587	245,587
Amortisation		
As At 1 April 2010	*9,975*	*9,975*
Charge for the year	*52,763*	*52,763*
As at 31 March, 2011	*62,738*	*62,738*
Charge for the year	60,944	60,944
As at 31 March, 2012	123,682	123,682
Net Block		
As at 31 March, 2011	*182,849*	*182,849*
As at 31 March, 2012	121,905	121,905

	As at 31st March, 2012 ₹	*As at 31st March, 2011* ₹
9. DEFERRED TAX ASSETS (NET)		
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	43,180	–
Fixed Assets : Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting.	20,293	*55,747*
Gross deferred tax asset	63,473	*55,747*
Deferred tax liability		
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.	–	–
Gross deferred tax liability	–	–
Net deferred tax asset	63,473	*55,747*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	Long-term		*Short-term*	
	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
10. LOANS AND ADVANCES				
Capital advances				
Secured, considered good				
Unsecured, considered good	276,331	–	–	–
Unsecured, good – capital advances to related parties				
Unsecured, considered doubtful				
	276,331	–	–	–
Less: Provision for doubtful capital advances				
	276,331	–	–	–
Security deposits				
Secured, considered good				
Unsecured, considered good	1,500,000	*355,000*	18,848	
Unsecured, good – security deposits to related parties				
Unsecured, considered doubtful				
	1,500,000	*355,000*	18,848	–
Less: Provision for doubtful security deposits	–	–	–	–
	1,500,000	*355,000*	18,848	–
Other loans and advances				
Unsecured considered good, unless stated otherwise				
Balance with statutory/ government authorities	–	–	186,964	*185,442*
Prepaid expenses			212,343	*79,035*
Advance income-tax (Net of provision of taxation)	102,379	*102,379*	316,325	–
Advances recoverable in cash or kind			648,138	–
Others				
	102,379	*102,379*	1,363,770	*264,477*
TOTAL	**1,878,710**	***457,379***	**1,382,618**	***264,477***

	Non Current		*Current*	
	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
11. OTHER ASSETS				
Unsecured considered good, unless otherwise stated				
Interest accrued on fixed deposits	–	–	59,265	*173,636*
Bank balance (Note 14)	1,178,852	*3,252,055*		
	1,178,852	*3,252,055*	59,265	*173,636*
Less: Provision for doubtful other assets				
	1,178,852	***3,252,055***	**59,265**	***173,636***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
12. INVENTORIES		
Finished goods		
Raw Material & Spares	7,327,660	*3,311,025*
Work in Progress	69,980	*287,905*
	7,397,640	***3,598,930***

	Non Current		*Current*	
	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
13. TRADE RECEIVABLES				
Debts outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good				
Unsecured, considered good	–	–	1788485	*3057595*
Debts due from related parties, unsecured				
Unsecured, considered doubtful				
	–	–	1788485	*3057595*
Less : Provision for doubtful debts	–	–	–	–
	–	–	1788485	*3057595*
Other debts				
Secured, considered good				
Unsecured, considered good	–	–	8,576,589	*16,626,371*
Debts due from related parties, unsecured	–	–	19,582,433	*19,009,655*
Unsecured, considered doubtful				
	–	–	28,159,022	*35,636,026*
Less: Provision for doubtful debts	–	–	–	–
	–	–	28,159,022	*35,636,026*
TOTAL	**–**	**–**	29,947,507	***38,693,621***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

	Non Current		Current	
	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*	As at 31st March, 2012 ₹	*As at 31st March, 2011 ₹*
14. CASH AND CASH EQUIVALENTS				
Balance with banks in				
Current accounts			1,856,472	*7,673,482*
Cash on hand			63,777	*72,633*
	–	–	1,920,249	*7,746,115*
Other bank balances				
Balance in banks for margin money	1,178,852	*3,252,055*		
	1,178,852	*3,252,055*	–	–
Amount disclosed under non-current assets (note 11)	(1,178,852)	*(3,252,055)*		
TOTAL	–	–	1,920,249	***7,746,115***

	For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
15. REVENUE FROM OPERATION		
Sale of products *		
Finished Goods	149,960,870	*121,686,492*
Traded Goods	9,637,771	*20,818,742*
Sale of services **	1,905,516	*2,949,942*
Other operating income		
Scrap sales	11,630	–
Revenue from operations (Gross)	161,515,787	*145,455,176*
Less : Excise Duty	2,764,302	*574,047*
Revenue from operations (Net)	**158,751,485**	***144,881,129***
* Sale of products		
Water & Waste Water Treatment Plants		
Finished Goods	149,960,870	*121,686,492*
Components and Spares	9,637,771	*20,818,742*
	159,598,641	***142,505,234***
** Sale of services		
Erection & Commissioning	1,571,665	*1,001,640*
Others	333,851	*1,948,302*
	1,905,516	***2,949,942***
16. OTHER INCOME		
Interest income on		
Bank deposits	115,221	*336,515*
Dividend Income		
long-term investments	–	3,438
Prior Year Adjustment (Income)	81,837	*47,907*
	197,058	***387,860***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
17.	**COST OF RAW MATERIAL AND COMPONENTS CONSUMED**		
	Inventory at the Beginning of the Year	3,311,025	*1,185,969*
	Add:- Purchases	130,273,452	*122,501,767*
		133,584,477	*123,687,736*
	Less:- Inventory at the End of the Year	7,327,660	*3,311,025*
	Cost of Raw Material & Components consumed	**126,256,817**	***120,376,711***
	Raw Material & Components Consumed		
	Pumps	26,550,313	*14,885,770*
	Membrane / RO Packages	21,643,477	*9,785,453*
	FRP Vessels / MS Vessels	12,489,927	*3,721,023*
	Valves (all types)	6,040,009	*5,165,572*
	Resins	3,687,869	*3,444,950*
	Others Fabricated Components	55,845,222	*83,373,943*
		126,256,817	***120,376,711***

		For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
18.	**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE**		
	Opening stock		
	Work-in-progress	–	–
	Finished goods	287905	*247304*
		287905	*247304*
	Less :		
	Closing stock		
	Work-in-progress	69980	
	Finished goods	287905	
		69980	*287905*
	Net (increase) / decrease	**217925**	***(40601)***

		For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
19.	**EMLOYEE BENEFIT EXPENSE**		
	Salaries, wages and bonus	12,681,609	*6,355,146*
	Contribution to provident and other fund	436,833	*64,751*
	Staff welfare expense	169,049	*68,809*
		13,287,491	***6,488,706***

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

		For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
20.	**OTHER EXPENSES**		
	Electricity	39,490	*30,820*
	Rent	625,520	*427,380*
	Repairs and Maintenance		
	Others	168,692	*43,902*
	Insurance	9,487	*34,167*
	Advertisement	81,161	*70,830*
	Selling and Sales Promotion	7,500	*97,077*
	Freight, Forwarding and Delivery	1,402,819	*821,729*
	Payment to Auditors (Refer details Below)	115,400	*75,000*
	Printing and Stationery	228,440	*202,681*
	Communication cost	262,104	*316,467*
	Travelling and Conveyance	1,625,399	*1,526,491*
	Legal and Professional Fees	617,280	*742,919*
	Vehicle Expenses and Maintenance	113,430	*245,204*
	Rates and taxes, excluding taxes on income	5,244	*36,123*
	Other Establishment Expenses	584,565	*868,833*
	Directors' Sitting Fees	24,000	*30,000*
	Bad Debts/Advances Written-Off	139,226	*373,258*
		6,049,757	***5,942,881***
	Payment to auditors		
	As auditor		
	Audit fee	100,000	*75,000*
	In other capacity		
	For reimbursement of expenses	15,400	
		115,400	***75,000***

		For the year ended 31st March, 2012 ₹	*For the year ended 31st March, 2011 ₹*
21.	**DEPRECIATION AND AMORTISATION EXPENSE**		
	Depreciation on tangible assets	277,199	*292,594*
	Amortization on intangible assets	60,944	*12,532*
		338,143	***305,126***
22.	**EARNINGS PER EQUITY SHARE**		
	Number of Equity Shares	50,000	*50,000*
	Weighted average number of equity shares	50,000	*50,000*
	Face Value per share	10	*10*
	Profit After Tax available to Equity Shareholders	8,862,674	*8,156,586*
	Basic and Diluted Earning Per Share	₹ 177.25	*₹ 163.13*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 *(Contd.)*

23.

(I) Estimated amount of contracts remaining to be executed on capital account and not provided for – ₹ Nil *(previous year ₹ Nil).*

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

(i) Bank Guarantees issued on behalf of the Company – 783,450 *(previous year ₹ Nil).*

(III) 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.

	2011-12	***2010-11***
Employer's Contribution to Provident Fund	255,580	*123,721*

Defined Benefit Plan

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a definded benefit plan.

The presnt value of obligation is determined based on actuarial valuation method.

		2011-12 Gratuity (Funded)	***2010-11 Gratuity (Funded)***
(a)	**Change in benefit obligations**	₹	₹
	Defined benefit obligation at the beginning of the year	265,625	*146,086*
	Current Service cost	59,283	*57,106*
	Interest cost	21,250	–
	Acturial (gain)/loss on obligations	(105,999)	*(24,821)*
	Benefit paid	(43,269)	–
	Defined benefit obligation at the end of the year	196,890	*178,371*
(b)	**Change in fair value of Plan Assets**		
	Fair value of Plan Assets at the beginning of the year	178,371	–
	Expected return on Plan Assets	17451	–
	Employer Contribution	38609	–
	Benefit paid	(43,269)	–
	Acturial gain/(loss) on Plan Assets	–	–
	Fair value of Plan Assets at year end	191,162	–
	Total Actuarial gain / (loss) to be recognised	105,999	–
(c)	**Expenses recognised during the year (under the head "Payments to and provisions for employees – Schedule I)**		
	Current Service cost	59,283	–
	Interest Cost	21,250	–
	Expected Returns on Plan Assets	(17,451)	–
	Actuarial Gain or Loss	(105,999)	–
	Expense Recognised in the Profit and Loss account	(42,917)	–

		2011-12 Gratuity (Funded) ₹	*2010-11 Gratuity (Funded) ₹*
(d)	**Category of Assets as on 31.03.2012**		
	Government of India Assets	–	
	Corporate Bonds	–	
	Special Deposit Scheme of Life Insurance Corporation of India	–	
	State Government (Maharastra)	–	
	Others	–	
	Total Investments	**–**	**–**
(e)	**Assumptions used in the accounting for defined benefit plans**		
	Discount Rate	8.00%	*8.00%*
	Salary Escalation Rate	7.00%	*7.00%*

The estimates for rate of escalation in salary considered in the acturial 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.

(IV) The Company is primarily engaged in business as manufacturer, producer, supplier, distributor, trader, importer and exporter of water and waste water treatment equipments, plants, components and spares. As the basic nature of these activities are governed by the same set of risk and returns, these have been grouped as single segment as per accounting standard 17 dealing with "Segment Reporting" issued by the Institute of Chartered Accountants of India. The geographical segmentation is insignificant as the export turnover is less than 10% of the total turnover.

(V) 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.

(VI) The company has taken commercial premises under cancelable operating lease. Lease rental expenses included in the profit and loss account for the year is ₹ 6,25,520/- *(Previous Year ₹ 4,27,380/-)*.

(VII) 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.

(VIII) The financial statements for the year ended 31 March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

Per our report attached

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

ATUL MEHTA
Partner
Membership No. : 15935

Mumbai, Dated : May 8, 2012

A.V. Suresh
R.S. Moorthy } *Directors*

Mumbai, Dated : May 8, 2012

Details Require Under Accounting Standard 18 on "Related Party Disclosure" issued by The Institute of Chartered Accountants of India – Refered in Note No. 24(V)

(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 Ltd.

Shapoorji Pallonji & Company Limited

Forbes & Company Ltd.

B. Enterprises that are under common control –

Aquamall Water Solutions Limited

Aquadiagnostics Water Research & Technology Centre Limited

Euro Forbes Financials Services Ltd.

Euro Forbes Limited

Euro Forbes International Pte. Limited

Forbes Lux FZCO

EFL Mauritius Limited

E4 Development & Coaching Limited

Forbes Facility Services Pvt. Limited

Forbes Enviro Solutions Limited

Radiant Energy Systems Pvt. Limited

Forbes Bumi Armada Limited

Forbes Bumi Armada Offshore Limited

Forbes Campbell Services Limited

Forbes Container Lines Pte. Limited

Forbes Edumetry Limited

Forbes Smart Data Limited

Forbes Technosys Limited

Forbes Campbell Finance Limited

Volkart Fleming Shipping and Services Limited

Euro P2P Direct (Thailand) Co. Limited

Forbes Lux Group AG, BAAR

Lux International AG

Forbes Aquatech Limited

Forbes Concept Hospitality Services Pvt. Limited

Forbes G4S Solutions Pvt. Limited

Infinite Water Solutions Pvt. Limited

Details require under Accounting Standard 18 on "Related Party Disclosure " issued by the Institute of Chartered Accountants of India – refered in Note No. 24(V)

(I) Transactions with Related Parties

	Nature of Transaction	A	B	
		Eureka Forbes Ltd.	**Radiant Energy Systems Pvt. Ltd.**	**Aquamall Water Solutions Ltd.**
	Purchases			
1.	Goods and Materials	–	1,716,415	–
2.	Fixed Assets	–	–	–
3.	Investment	–	–	–
	Sales			
4.	Goods and Materials	104,614,487	2,913,721	545,502
5.	Services Rendered	–	–	–
6.	Fixed Assets	–	–	–
7.	Investment	–	–	–
	Expenses			
8.	Rent	–	–	–
9.	Repairs & Other Expenses	–	–	–
10.	Recovery of Expenses	21,961		
11.	Dim. in Value of Investment	–	–	–
12.	Agency Commission	–	–	–
12.	Interest Paid	–	–	–
13.	Dividend Paid	6,500,000	–	–
14.	Professional Fees	–	–	–
15.	Directors Fees	–	–	–
14.	Provision / Write offs	–	–	–
15.	Loss on sale of Investments	–	–	–
	Income			
16.	Rent and Other Service Charges	–	–	–
17.	Interest Received	–	–	–
18.	Dividend Received	–	–	–
19.	Profit on sale of Investment	–	–	–
20.	Provision / Write backs	–	–	–
21.	Misc. Income	–	–	–
	Other Receipts			
22.	Deputation of Staff	–	–	–
23.	Other Reimbursements	–	–	–

	Nature of Transaction	A	B	
		Eureka Forbes Ltd.	Radiant Energy Systems Pvt. Ltd.	Aquamall Water Solutions Ltd.
	Finance			
24.	Loans and Advances Given	–	–	–
25.	Loans and Advances Taken	–	–	–
26.	Deposits Given	–	–	–
27.	Deposits Taken	–	–	–
28.	Repayment of Deposits Taken	–	–	–
29.	Repayment of Deposits Given	–	–	–
	Outstandings			
30.	Sundry Creditors	–	–	–
31.	Interest accrued but not due	–	–	–
32.	Sundry Debtors	18,223,900	804,743	553,790
33.	Loans and Advances	–	–	–
34.	Advance for Capital Purchase	–	–	–
35.	Prov. for Doubtful Loans and Adv.	–	–	–
36.	Provision for Doubtful Debts	–	–	–
37.	Deposits Payable	–	–	–
38.	Deposits Receivable	–	–	–
	Remuneration			
39.	Paid / Payable	–	–	–
40.	Outstanding	–	–	–
41.	Recoverable	–	–	–
	Guarantees			
42.	Given	–	–	–
43.	Outstanding	–	–	–