

FORBES & COMPANY LIMITED
Reports and Accounts of Subsidiary Companies

ANNUAL REPORT

2012-2013

FORBES & COMPANY LIMITED
Reports and Accounts of Subsidiary Companies
2012-2013

C O N T E N T S

1. Aquadiagnostics Water Research & Technology Centre Limited.....	S 002 to S 020
2. Aquamall Water Solutions Limited.....	S 021 to S 055
3. Eureka Forbes Limited.....	S 056 to S 099
4. E4 Development & Coaching Limited	S 100 to S 118
5. Euro Forbes Limited	S 119 to S 127
6. Euro Forbes Financial Services Limited.....	S 128 to S 140
7. Euro Forbes International Pte. Limited.....	S 141 to S 155
8. Euroforbes Mauritius Limited	S 156 to S 168
9. EFL Mauritius Limited	S 169 to S 184
10. Forbes Bumi Armada Limited	S 185 to S 200
11. Forbes Bumi Armada Offshore Limited	S 201 to S 217
12. Forbes Campbell Finance Limited.....	S 218 to S 239
13. Forbes Campbell Services Limited.....	S 240 to S 254
14. Forbes Container Line Pte. Limited.....	S 255 to S 275
15. Forbes Edumetry Limited	S 276 to S 294
16. Forbes Enviro Solutions Limited.....	S 295 to S 307
17. Forbes Facility Services Private Limited.....	S 308 to S 337
18. Forbes Technosys Limited	S 338 to S 370
19. Forbes LUX FZCO	S 371 to S 383
20. Radiant Energy Systems Private Limited	S 384 to S 410
21. Volkart Fleming Shipping & Services Limited.....	S 411 to S 433
22. Waterwings Equipments Private Limited	S 434 to S 460

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

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

Annual Report 2012-13

DIRECTORS

P. J. Reddy *Chairman*

Giridhar J. Gyani

Venkatesh Tuppil

Govind Bommi

PRINCIPAL BANKERS

HDFC Bank Ltd.

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
AQUADIAGNOSTIC 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, 2013.

1. FINANCIAL RESULTS

	Current Year (₹)	Previous Year (₹)
1 Income from testing charges & others	5,519,643	4,063,206
2 Loss before Tax	(2,854,764)	(3,711,116)
3 Provision for Tax		
4 Loss after Tax	(2,854,764)	(3,711,116)
5 Loss brought forward	(15,760,195)	(12,049,079)
6 Loss carried to Balance Sheet	(18,614,959)	(15,760,195)

2. DIVIDEND

The Company is in its fifth year of operation with an accumulated loss of ₹ 186.15 lakhs including the loss in the current year of ₹ 28.55 lakhs. Your directors, therefore, do not propose to declare any Dividend for the year 2012-13.

3. OPERATIONS

During the year under review your Company has taken many new initiatives to boost up its revenue and achieved an impressive growth in sales of 36% over previous year out of which 60% of the revenue is from the customers outside the group and 16% of the revenue is from foreign clientele.

The Company continues to focus on upgrading technology and has considerably improved the quality of the service being rendered. Successfully completed NABL renewal certification and expansion of scope was done under WQA-USA recognition. An automatic heating device called COD digester was added. This is required to expand the scope of analysis under Pollution Control Board's empanelment. General revenue is linked to this instrument.

Looking at the growing demand for the company's services, 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

Mr. Govind Bommi and Dr. Giridhar J Gyani 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 forwarded their letter of resignation.

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 in place of M/s TAM & Co. The Company has received letter from M/s BATLIBOI & PUROHIT, Chartered Accountants to

the effect that their re-appointment, if made, will be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

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 ₹ 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.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

10. 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

Dated : 22nd April, 2013

P. J. Reddy
(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, 2013.]

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 is discontinued during the months of November to January which is relatively cooler. This practice has saved electricity consumption. This practice will continue in the future also without affecting the Quality of the Work.
- Other ACs (individual) are being used as need based for a required time period.
- 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.
- The practice of using AAS instrument with pooled samples has been emphasized during this year to save power and running cost.
- Planning of work in such a way that GC MS instrument is not run with back up UPS during Weekends. This practice also saves energy.

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

- As an alternate to High pure water prepared in house by using heating devices we sourced HPLC grade water and implemented using in highly specialised cases. To certain extent the electrical consumption on Double distilled water is reduced.

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:

Though the impact of cost of services is marginal, the Laboratory staff have started contributing to save energy in different ways possible.

B. TECHNOLOGY ABSORPTION

Research and Development (R & D)

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

Standardised using Laboratory 1 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 a new Iron remover Media / standardise existing media for better performance.
- To expand the scope of Quality Assurance activity for Water Purifier manufacturers.

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.

FDA compliant, EPA registered LIFE antimicrobial material from Thailand has been sourced and developed an alternate Carbon block for the existing. This was suggested to Aquamall.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Earnings in Foreign Exchange during the year under review was ₹ 504,361/- and the Outgo was ₹ 18,621/-.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Aquadiagnostics Water Research & Technology Centre Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the 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 these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
- (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.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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.
- 2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) 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;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on 31 March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

M.Y. Bamboat
Partner
Membership No. 105794

Place : Mumbai
Date : 22nd April, 2013

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

ANNEXURE REFERRED TO IN OUR REPORT TO THE MEMBERS OF AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED ("THE COMPANY") FOR THE YEAR ENDED 31 MARCH, 2013

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All fixed assets have been physically verified by the management during the year. As informed, no material discrepancies were noticed on such verification.
- c) There was no substantial disposal of fixed assets during the year.
- ii) Since the business of the Company is Service Oriented, the provision of clause 4 (ii) of the Companies (Auditor's report) Order, 2003 (as amended) in respect of physical verification of inventory is not applicable to the Company.
- iii) a) As informed the Company has not granted any loans secured or unsecured to any Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) The Company has taken loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 1.16 crores and the year-end balance of loans taken from these parties was ₹ 1.16 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 long term in nature without any stipulation for repayment of the principal amount and 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

Place : Bangalore
Date : 22nd April, 2013

M.Y. Bamboat
Partner
Membership No. 105794

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2013

	Notes	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	800,000	800,000
(b) Reserves and Surplus	3	(18,614,959)	(15,760,195)
		<u>(17,814,959)</u>	<u>(14,960,195)</u>
2. Non-current Liabilities			
(a) Long-term Borrowings	4	17,601,360	16,401,360
(b) Other Long-Term Liabilities	6	—	3,508,432
		<u>17,601,360</u>	<u>19,909,792</u>
3. Current Liabilities			
(a) Trade Payables	5	2,399,778	3,625,796
(b) Other Current Liabilities	6	7,511,809	2,101,408
(c) Short-term provisions	7	—	—
		<u>9,911,587</u>	<u>5,727,204</u>
TOTAL		<u>9,697,988</u>	<u>10,676,801</u>
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets			
Tangible Assets	8	6,949,728	7,577,118
(b) Long-Term Loans and Advances	9	1,528,599	1,741,742
		<u>8,478,327</u>	<u>9,318,860</u>
2. Current Assets			
(a) Trade Receivables	10	1,030,794	755,611
(b) Cash And Cash Equivalents	11	131,935	587,756
(c) Short-Term Loans and Advances	9	56,932	14,574
		<u>1,219,661</u>	<u>1,357,941</u>
TOTAL		<u>9,697,988</u>	<u>10,676,801</u>

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: 22nd April, 2013

For and on behalf of the Board of Directors

P. J. REDDY

Chairman

DR. GIRIDHAR J. GYANI

DR. VENKATESH TUPPIL

MR. GOVIND BOMMI

Directors

Bangalore, Date: 22nd April, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Notes	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
Income			
I. Revenue from operation	12	5,483,164	3,994,352
II. Other income	13	36,479	68,852
III. Total Revenue		5,519,643	4,063,204
IV. Expenses			
Employee Benefit Expense	14	1,474,028	1,372,459
Other Expenses	15	3,731,282	3,276,906
Finance Cost	16	2,044,360	1,888,042
Depreciation and Amortisation Expense	17	1,124,737	1,236,913
Total Expenses		8,374,407	7,774,320
Profit / (Loss) before exceptional items, extraordinary items and tax		(2,854,764)	(3,711,116)
Exceptional items			
Profit / (Loss) before extraordinary items and tax		(2,854,764)	(3,711,116)
Extraordinary items			
Profit / (Loss) before tax		(2,854,764)	(3,711,116)
Tax expense		-	-
Profit / (Loss) for the year		(2,854,764)	(3,711,116)
Earnings per equity share (₹)	18		
Basic and Diluted-Par value of ₹ 10/- per share		(35.68)	(46.39)
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: 22nd April, 2013

For and on behalf of the Board of Directors

P. J. REDDY

Chairman

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

Directors

Bangalore, Date: 22nd April, 2013

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13		2011-12	
	₹	₹	₹	₹
NET PROFIT / (LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS		(2,854,764)		(3,711,116)
Adjusted For -				
Depreciation, amortisation and impairment	1,124,737		1,236,913	
Finance cost	2,044,360		1,888,042	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		3,169,097		3,124,955
Adjustments for (increase) / decrease in operating assets:		314,333		(586,161)
Trade Receivables	(275,183)		(521,421)	
Short Term Loans and advances	(42,358)		360,085	
Long-Term Loans and advances	(46,237)		(48,214)	
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	(1,226,018)		1,284,952	
Other current liabilities	68,870		761,008	
Other long term liabilities	-			
Short Term Provisions	-		(83,293)	
	(1,520,926)		1,753,117	
Cash generated from operations		(1,206,593)		1,166,956
Direct Taxes Paid (net of refunds)	-		-	
(a) NET CASH FLOW GENERATED BY/ (USED IN) OPERATING ACTIVITIES		(1,206,593)		1,166,956
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets(Including adjustment on account of Capital Advances)	(237,967)		(611,343)	
(b) NET CASH USED IN INVESTING ACTIVITIES		(237,967)		(611,343)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long term borrowings	1,200,000		2,379,009	
Finance cost paid	(211,261)		(1,888,042)	
(c) NET CASH GENERATED/(USED) FROM FINANCING ACTIVITIES		988,739		490,967
NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)		(455,821)		1,046,580
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT 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
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:				
Cash, Cheques on hand	89,480		32,914	
Balances with scheduled banks on Current accounts,	42,455		554,842	
		131,935		587,756
NET INCREASE / (DECREASE) AS DISCLOSED ABOVE		(455,821)		337,472

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

M. Y. BAMBOAT
Partner
Membership No.: 105794
Bangalore, Date: 22nd April, 2013

For and on behalf of the Board of Directors

P. J. REDDY Chairman

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

Bangalore, Date: 22nd April, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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. 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 and other services is accounted on accrual basis after completion of services.

(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.

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013		As at 31 st March, 2012	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
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 2013, the Company has recorded per share dividend of ₹ NIL (previous year: ₹ 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 31 st March, 2013		As at 31 st March, 2012	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹ 10/- each fully paid up held by				
Aquamall Water Solutions Limited	80000	100	80000	100
	Holding company			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
3. RESERVES AND SURPLUS		
(Deficit) / surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	(15,760,195)	(12,049,079)
Add / (less): Profit/ (loss) for the year	(2,854,764)	(3,711,116)
Balance at the end of the year	(18,614,959)	(15,760,195)
TOTAL	(18,614,959)	(15,760,195)

	Secured / Unsecured	Non-current portion		Current maturities	
		As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
4. LONG-TERM BORROWINGS					
Loans and advances					
From related parties	Unsecured	17,601,360	16,401,360	-	-
TOTAL		17,601,360	16,401,360	-	-

	Long-term		Current	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
5. TRADE PAYABLES				
Due to Micro, Small and Medium Enterprises	-	-	-	-
Due to others (including acceptances)	-	-	148,950	145,985
Due to related parties	-	-	2,250,828	3,479,811
TOTAL	-	-	2,399,778	3,625,796

There is no principal amount and interest due to Micro, Small & Medium enterprises. During the year no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the company.

6. OTHER CURRENT LIABILITIES				
Interest accrued and due on borrowings	-	3,508,432	6,938,808	1,597,277
Advance From Customers	-	-	97,045	48,236
Advances from Related parties			14,876	
Statutory liabilities (Contributions to PF, Pension, ESIC, withholding Taxes, VAT etc.)	-	-	228,830	219,201
Other payables	-	-	232,250	236,694
TOTAL	-	3,508,432	7,511,809	2,101,408

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	Long-term		Short-term	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
7. SHORT-TERM PROVISIONS				
	-	-	-	-
TOTAL	-	-	-	-
8. TANGIBLE ASSETS				
Gross Block at Cost	Plant and machinery	Furniture and fixtures	Computers	Total
	₹	₹	₹	₹
As at 1 April 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
Additions	497,347	-	-	497,347
Deletions	-	-	-	-
As at 31st March, 2013	11,117,714	780,969	38,500	11,937,183
Depreciation				
As at 1 April 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	3,862,718.00
Charge for the year	1,050,677	69,822	4,238	1,124,737
Deletions	-	-	-	-
As at 31st March, 2013	4,491,365	463,976	32,114	4,987,455
Net Block				
As at 31st March, 2012	7,179,679	386,815	10,624	7,577,118
As at 31st March, 2013	6,626,349	316,993	6,386	6,949,728

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	Long-term		Short-term	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
9. LOANS AND ADVANCES				
Capital Advances				
Unsecured, considered good	–	259,380	–	–
	–	259,380	–	–
Security Deposits				
Unsecured, considered good	720,040	720,040	–	–
	720,040	720,040	–	–
Other Loans and Advances				
Unsecured considered good, unless stated otherwise				
Loans to employees	–	–	–	–
Balance with statutory / government authorities	5,000	5,000	9,864	14,574
Prepaid expenses	–	–	45,589	–
Advance income-tax (Net of provision of taxation)	400,791	354,554	–	–
Advances recoverable in cash or kind	402,768	402,768	1,479	–
	808,559	762,322	56,932	14,574
TOTAL	1,528,599	1,741,742	56,932	14,574
10. TRADE RECEIVABLES	–	–	–	42,358
Debts outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	–	–	179,637	88,715
	–	–	179,637	88,715
Other Debts				
Unsecured, considered good	–	–	846,607	666,896
Debts due from related parties, unsecured	–	–	4,550	–
	–	–	851,157	666,896
TOTAL	–	–	1,030,794	755,611
11. CASH AND CASH EQUIVALENTS				
Balance with Banks in				
Current accounts	–	–	42,455	554,842
Cheques / drafts on hand	–	–	77,887	24,894
Cash on hand	–	–	11,593	8,020
TOTAL	–	–	131,935	587,756

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31st March, 2013	Year ended 31st March, 2012
	₹	₹
12. REVENUE FROM OPERATION		
Sale of services		
Testing Service	5,483,164	3,994,352
Revenue from operations	<u>5,483,164</u>	<u>3,994,352</u>
13. OTHER INCOME		
Exchange difference (net)	13,270	31,173
Miscellaneous Income	23,209	37,679
TOTAL	<u>36,479</u>	<u>68,852</u>
14. EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	1,392,365	1,268,778
Staff welfare expense	81,663	103,681
TOTAL	<u>1,474,028</u>	<u>1,372,459</u>
15. OTHER EXPENSES		
Chemical & Gas	529,195	400,243
Power & fuel	327,758	359,792
Rent	1,031,526	1,012,468
Repairs and Maintenance:		
Machinery	506,157	515,232
Insurance	32,767	15,811
Advertisement	3,500	5,350
Postage	84,640	39,095
Payment to Auditors (Refer details Below)	53,090	33,240
Printing and Stationery	63,960	38,186
Communication cost	84,681	119,066
Travelling and Conveyance	438,317	412,682
Legal and Professional Fees	158,000	25,688
Rates and taxes, excluding taxes on income	12,114	36,229
Water Charges	141,565	149,355
Testing Charges	88,518	103,424
Other Establishment Expenses	175,494	11,045
TOTAL	<u>3,731,282</u>	<u>3,276,906</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
Payment to Auditors		
As Auditor		
Audit fee	38,090	33,240
For other services	15,000	–
TOTAL	53,090	33,240
16. FINANCE COST		
Interest Expense	2,036,776	1,878,343
Other borrowing cost	7,584	9,699
TOTAL	2,044,360	1,888,042
17. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on tangible assets	1,124,736	1,236,913
TOTAL	1,124,736	1,236,913
18. 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	(2,854,764)	(3,711,116)
Basic and Diluted Earning Per Share	(35.68)	(46.39)
19. Estimated amount of contracts remaining to be executed on Capital accounts and not provided for :	–	Nil
20. Contingent liabilities not provided for :	Nil	(Nil)
21. The amount of exchange differences included in the profit and loss account is a net profit of ₹ 13270/- (Previous Year net profit of ₹ 31173/-).		
22. 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.		
23. 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.		
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.		

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

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 the statement of profit & loss ₹ 10.32 lakhs (previous year ₹ 9.72 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 2012-13, 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 2012-13 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.
27. The figures of previous year have been regrouped where ever necessary.

As per our report attached

For **TAM & CO.**

Chartered Accountants

Registration No.: 122707W

M.Y. BAMBOAT

Partner

Membership No.: 105794

Bangalore, Date: 22nd April, 2013

For and on behalf of the Board of Directors

P. J. REDDY

Chairman

DR. GIRIDHAR J. GYANI

DR. VENKATESH TUPPIL

MR. GOVIND BOMMI

} *Directors*

Bangalore, Date: 22nd April, 2013

(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 – Holding Company

Eureka Forbes Limited – Holding company of Aquamall Water Solutions Ltd.

Forbes & Company Limited – Holding Comapany of Eureka forbes Ltd.

Shapoorji Pallonji & Co. Ltd. – Ultimate Holding Company

(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.
19. AquaIgnis Technologies Pvt. Ltd.

AQUADIAGNOSTICS WATER RESEARCH & TECHNOLOGY CENTRE LIMITED

In ₹

		A	A	Parties in A above	B	B	Parties in B above	Total
		Eureka Forbes Ltd.	Aquamall Water Solutions Ltd.		Forbes Aquatech Ltd.	Infinite Water Solutions Pvt. Ltd.		
	Nature of Transaction							
	Purchases							
	Sales							
1.	Goods and Materials	–	–	–	–	–	–	–
2.	Services Rendered	406,573	2,005,373	2,411,946	234,624	22,151	256,775	2,668,721
3.	Investments (surrendered for buy-back)	–	–	–	–	–	–	–
	Expenses							
1.	Miscellaneous expenses	–	9,256	9,256	–	–	–	9,256
2.	Interest Paid / (Reversed)	735,000	1,301,776	2,036,776	–	–	–	2,036,776
	Finance							
1.	Inter-corporate deposits taken	–	1,200,000	1,200,000	–	–	–	1,200,000
	Outstanding							
1.	Trade Payables		2,250,828	2,250,828	–	–	–	2,250,828
2.	Interest accrued	2,258,777	4,680,031	6,938,808	–	–	–	6,938,808
3.	Advances	14,876	–	–	–	–	–	–
4.	Trade Receivables	–	–	–	4,550	–	4,550	4,550
5.	Deposits Payable	6,000,000	11,601,360	17,601,360	–	–	–	17,601,360

Figures in italics are in respect of the previous year

AQUAMALL WATER SOLUTIONS LIMITED

(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2013

DIRECTORS

S. L. Goklaney *Chairman*
D. Sivanandhan
P. J. Reddy
A. V. Suresh
K. Raman Venkatesh
R. S. Moorthy
Suresh Redhu

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

AQUAMALL WATER SOLUTIONS LIMITED

REPORT OF THE DIRECTORS OF AQUAMALL WATER SOLUTIONS LIMITED

To

The Shareholders,

Gentlemen,

Your Directors submit herewith their Report and the Audited Accounts of the Company for the year ended 31st March, 2013.

1. FINANCIAL RESULTS:

	Current Year (In ₹)	Previous Year (In ₹)
Sales & Other Income	4,713,038,195	4,467,512,398
Profit Before Depreciation	566,987,287	571,657,610
Less : Depreciation	53,023,326	62,858,641
Profit Before Tax	513,963,961	508,798,969
Less : Provision for Tax	103,000,000	102,000,000
Profit After Tax	410,963,961	406,798,969
Less : Prior Years' Tax Adjustments (Net)	–	(548,185)
Profit After Prior Years' Tax Adjustments	410,963,961	407,347,154
Add : Balance brought forward from Previous year	651,932,410	609,313,146
Amount Available for Appropriation	1,062,896,371	1,016,660,300
Less : Appropriations		
Interim Dividend on Equity Shares	120,004,800	100,004,000
Tax on dividend on equity shares	19,467,779	16,223,150
Transfer to General Reserve	50,000,000	248,500,740
Balance at the end of the year	873,423,792	651,932,410

2. DIVIDEND:

Your Company has paid 300% interim dividend amounting to ₹ 120,004,800 (*Previous Year – ₹ 100,004,000*) 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*).

3. TRANSFER TO RESERVES:

The Company proposes to transfer ₹ 50,000,000 to the General Reserve out of the amount available for appropriations and an amount of ₹ 873,423,792 is proposed to be retained in the Profit and Loss Account.

4. OPERATIONS:

During the year under review, the Company has made a reasonable growth in sales. Total revenue increased to ₹ 471.30 crores from ₹ 446.75 Crores in previous year, a growth of 5%. Despite high volatility in foreign exchange during the year resulting in adverse impact on the imported

material cost, the profit before tax improved from ₹ 50.88 crores to ₹ 51.40 crores.

The year under review was fully focussed on "QUALITY". Many structural quality initiatives were taken up e.g. quality bulletin, quality circle competition, setting up facility for reliability test of components, strengthening vendor quality department, etc. To reach out to the field and improve the customer connect, the new initiative of 'Phone a friend' (through the toll free number) was introduced to support the existing structure of Quality Help Desk (common helpdesk email ID). The regional Quality Audit Teams (QAT) increased their activities by adding significant customer visits, thus getting the direct on-field feedback. Constant up-gradations are being made in the manufacturing infrastructure to improve the quality and productivity. The productivity across all plants increased with Dehradun and Baddi locations showing over 30% improvements. Further, the Company continues its strategy of structured Value Engineering measures both in water purifier and vacuum cleaner categories to partly offset the impact of rising material cost and to bring value addition to the products.

During the year the Company has developed and added various new premium models of Water Purifier to the Company's range, viz., Aquaguard Geneus, Aquaguard Pride, Aquaguard Hot & Cold, Aquasure Nectar and Aquaguard Flo. Aquasure X-pert is in the pipe line as an innovative technique providing pure water having user desired taste. The Company is continuing to make efforts to tap the potential of the Export Markets in line with the evolving customer needs and has started exporting products to SriLanka and Nepal as well. The Company has put in a lot of effort to expand the Vacuum Cleaners category through continuous developmental activity.

5. 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 ₹ 5 Million. Looking at the growing demand for the Company's services, the Directors are confident that the Company would break-even in the near future.

During the year under review your Company has signed 50:50 JV agreement with M/s Waterlogic International (WLI), on 7th November 2012 and a new Company incorporated as M/s Aquaignis Technologies Private Limited for manufacturing of premium Water Purifiers at Dehradun.

6. 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 expanded its project for providing clean drinking water across rural India.

7. DIRECTORATE:

The Board noted the letter of resignation dated 19th November 2012, from Shri N. D. Khurody and placed on record its deep appreciation of the valuable services rendered by Shri N. D. Khurody during his tenure as Director.

The Board noted the letter of resignation dated 13th February, 2013, from Shri P. V. K. Raman and placed on record its deep appreciation of the valuable services rendered by Shri P. V. K. Raman during his tenure as Director.

The Board noted the letter of resignation dated 15th February 2013, from Shri J. N. Ichhaporla and placed on record its deep appreciation of the valuable services rendered by Shri J. N. Ichhaporla during his tenure as Director.

Dr. Raman Venkatesh and Mr. P. J. Reddy Directors retire by rotation at this Annual General Meeting and being eligible,

offer themselves for re-appointment at the ensuing Annual General Meeting.

At the Board of Directors meeting held on 24th November 2012, Mr. D. Sivanandhan was appointed as Additional Director of the Company and at the Board of Directors meeting held on 30th April 2013 Mr. Suresh Redhu, Vice President Manufacturing and Mr. R. S. Moorthy, Chief Financial Officer, Eureka Forbes Limited have been appointed as Additional Directors 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 the candidature of Mr. D. Sivanandhan, Mr. Suresh Redhu and Mr. R. S. Moorthy for the office of a Director.

8. INSURANCE:

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

9. AUDITORS AND AUDIT REPORT:

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

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

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

Reference is invited to qualifications at 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.

10. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

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

11. PARTICULARS REGARDING EMPLOYEES:

The Company has no employee drawing remuneration of ₹ 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.

AQUAMALL WATER SOLUTIONS LIMITED

12. DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

Company and for preventing and detecting fraud and other irregularities;

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

13. APPRECIATION:

The Directors wish to convey their appreciation to all AQUAMALL employees for their individual and collective contribution to the Company's performance.

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

On behalf of the Board of Directors

Place : Mumbai
Dated : 30th April 2013

S.L. Goklaney
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

[Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2013.]

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

During this year, the Company has introduced several new products.

Research for the development of new models of 'off-line and on-line UV' based storage models was conducted and new products were developed. These devices are designed to address the specific needs in the market with limited access to power and running water. These products are one of their kinds.

To cater to the premium market segments, devices that can deliver Hot and Cold water were launched. Geneus, true to its name, is a state of the art water purification system that is designed to deliver purified water with consistent taste irrespective of the variations in the input water sources and thereby taste. Water purifiers specifically designed to meet specific need like purified water to the refrigerators cum dispensers -Fridgemate a UF technology based non electrical water purifier is launched for Indian Market .

Portable water purifier is one of the innovations to come out this year. These products are available for both in India and for export markets.

New technology initiatives were taken for design and development of 'Level Controller cum Cut-off Device' for gravity based water purifiers and 'Solar powered Storage UV water purifier'. Solar powered product is focused at addressing the water purification needs of populace living in remote and electricity / water stressed areas. The product is under field trials and likely to go commercial in the current year.

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 good degree of success.

A new method of packaging in the form of 'Air cushioning pouches/bags' is under trials and development to replace the existing thermocol packaging. This initiative will not only save space and cost but is also a step towards greener technologies.

Five new patents were applied during this year in addition to the existing 32 patents. Three new designs were registered to add to the 53 designs already registered. These breakthrough inventions are precursors to more innovative products in the years to come.

2. Benefits derived as a result of above efforts :

As a result of the R&D activities, development of “Level Controller cum Cut-off Device” took place and a patent for this unique device has been filed with Indian Patent Office. This product is likely to get commercialized in the current year.

Notable among new products which were developed and productionised is ‘Aquaguard Geneus’. This is an innovative product which caters to the taste modulation aspect of an RO+UV+UF water purifier. Other new products launched during the year are: Aquaguard Pride (offline Storage water purifier), Aquasure UV Storage (offline Storage water purifier) & Aquaguard Electron RO. All these new products have been successful commercially.

Value engineering initiatives was taken which lead to the design and development of many value added components and products. 23 VE projects were implemented and another 12 projects which were taken up during the year are in final stages of implementation. Among the notable projects which added good value to the products are: 3 in1 PCB, Unique Disc Float Valve, Nano RO membrane, Self lock type Diverter Valve, Plastic Base Plate (replacement of metal) Universal Packing Box, Optimized Corrugated Box and DVD user manuals etc.

Concerning rewards and recognitions, existing products ‘Aquaguard Enhance UV’ and ‘Aquaguard Enhance RO’ have been awarded as ‘Best Domestic UV Water Purifier’ and ‘Best Domestic RO Water Purifier’ respectively by UNESCO Water Digest Awards. UNESCO Digest has also awarded ‘Aquaguard Geneus’ the “Distinguished Water R&D and Technological Breakthrough Award”.

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 ₹ 10,010,843/- and the Outgo was ₹ 735,792,908/-.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AQUAMALL WATER SOLUTIONS LIMITED**Report on the Financial Statements**

We have audited the accompanying financial statements of Aquamall Water Solutions Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the 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 these financial statements that give a true and fair view of the financial position, financial performance and Cash Flow of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

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 ₹ 11.60 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, 2012 contained a similar modification.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
- (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.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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.
- 2) As required by section 227(3) of the Act, 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;

AQUAMALL WATER SOLUTIONS LIMITED

- (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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the directors as on 31 March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

ATUL MEHTA
Partner
Membership No. 15935

Place : Mumbai
Date : 30th April, 2013

ANNEXURE TO THE AUDITOR'S REPORT

The Annexure referred to in our report to the members of Aquamall Water Solutions Ltd ("the Company") for the year ended 31 March, 2013.

- (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) The Company has granted loan, to its wholly owned subsidiary, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 11.60 million and the year- end balance of loans granted to such parties was ₹ 11.60 million (Also refer matter described in the Basis for qualified opinion paragraph)
- (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) In respect of loans granted the repayment of principal amount is as stipulated, however 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 matter described in the Basis for qualified opinion paragraph.
- (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, and having regard to the explanation that certain goods sold are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the 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 control system in respect of these areas.
- (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.

AQUAMALL WATER SOLUTIONS LIMITED

- (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
		2.29	Dy. Commissioner of Commercial Taxes (Appeals)
Income Tax Act	Income Tax	8.47	Asst. Commissioner of Income Tax (Appeals)
		110.45	Commissioner of Income Tax (Appeals)
Central Excise Act	Excise Duty	122.79	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 : 30th April, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

	Notes No.	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
1. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a. Share Capital	2	40,001,600	40,001,600
b. Reserves and Surplus	3	1,929,684,209	1,658,192,827
		<u>1,969,685,809</u>	<u>1,698,194,427</u>
2. Non-Current Liabilities			
a. Other Long-term Liabilities	4	52,631,878	37,405,869
b. Long-term Provisions	5	45,643,492	46,851,733
		<u>98,275,370</u>	<u>84,257,602</u>
3. Current Liabilities			
a. Short-term Borrowings	6	12,510,572	53,828,290
b. Trade Payables	7	385,301,842	372,023,732
c. Other Current Liabilities	4	43,435,761	47,813,803
d. Short-term Provisions	5	200,469	96,116
		<u>441,448,645</u>	<u>473,761,942</u>
Total		<u>2,509,409,824</u>	<u>2,256,213,970</u>
II ASSETS			
1. Non-Current Assets			
a. Fixed Assets			
(i) Tangible Assets	8	354,274,988	369,681,921
(ii) Intangible Assets	9	–	5,200,000
(iii) Capital Work-in-Progress		–	523,919
b. Non-Current Investment	10	9,394,943	1,194,943
c. Deferred Tax Assets (Net)	11	12,517,778	12,517,778
d. Long-term Loans and Advances	12	189,972,905	189,251,076
e. Other Non-Current Assets	13	6,262,502	5,090,903
		<u>572,423,116</u>	<u>583,460,540</u>
2. Current Assets			
a. Inventories	14	610,932,379	667,361,094
b. Trade Receivables	15	642,281,645	634,156,241
c. Cash and Bank Balance	16	592,295,519	258,451,690
d. Short-term Loans and Advances	12	83,452,639	111,763,582
e. Other Current Assets	13	8,024,526	1,020,822
		<u>1,936,986,707</u>	<u>1,672,753,429</u>
Total		<u>2,509,409,824</u>	<u>2,256,213,970</u>
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

S. L. GOKLANEY

Chairman

P. J. REDDY
A. V. SURESH
D. SIVANANDHAN
K. RAMAN VENKATESH

Directors

SACHIKANT CHAUDHURY

Company Secretary and
DGM Finance

Mumbai, Dated : 30th April, 2013

Mumbai, Dated : 30th April, 2013

AQUAMALL WATER SOLUTIONS LIMITED

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2013

	Notes No.	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
Income			
I			
Revenue from Operation (Gross)	17	4,619,187,671	4,395,477,676
Less: Excise Duty		1,137,179	4,619,228
Revenue from Operation (Net)		4,618,050,492	4,390,858,448
II			
Other Income	18	94,987,703	76,653,950
III			
Total Revenue		4,713,038,195	4,467,512,398
IV			
Expenses			
Cost of Materials Consumed	19	3,578,513,500	3,393,262,904
Cost of Traded Goods Sold		127,509,133	106,795,370
Changes in Inventories of Finished Goods, Work in Progress and Stock-in-Trade	20	(122,168)	(24,746,182)
Employee Benefit Expenses	21	96,462,314	90,020,075
Other Expenses	22	341,719,641	316,506,324
Finance Cost	23	1,968,488	14,016,298
Depreciation and Amortisation Expense	24	53,023,326	62,858,641
Total Expenses		4,199,074,234	3,958,713,429
Profit Before Exceptional Items, Extraordinary Items and Tax		513,963,961	508,798,969
Exceptional Items		—	—
Profit Before Extraordinary Items And Tax		513,963,961	508,798,969
Extraordinary Items		—	—
Profit Before Tax		513,963,961	508,798,969
Tax Expense			
Current Tax		103,000,000	102,000,000
Prior Years' Tax Adjustments (Net)		—	(548,185)
		103,000,000	101,451,815
Profit/(Loss) For The Year		410,963,961	407,347,154
Earnings Per Equity Share (₹)	25		
Basic and Diluted-Par value of ₹ 10/- per share		102.74	101.83

Significant accounting policies

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

S. L. GOKLANEY

Chairman

P. J. REDDY

A. V. SURESH

D. SIVANANDHAN

K. RAMAN VENKATESH

Directors

SACHIKANT CHAUDHURY

Company Secretary and
DGM Finance

Mumbai, Dated : 30th April, 2013

Mumbai, Dated : 30th April, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDING ON 31ST MARCH, 2013

	2012-13		2011-12	
	₹	₹	₹	₹
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		513,963,961		508,798,969
Adjusted For -				
Depreciation, amortisation and impairment	53,023,326		62,858,641	
Unrealised foreign exchange gain	(7,342,846)		(6,101,054)	
Loss / (Profit) on sale of assets (net)	(1,262)		(3,571,489)	
Finance cost	1,968,488		14,016,298	
Interest income	(28,988,982)		(4,334,908)	
Provision / write-off of doubtful debts, advances and other current assets	43,696	18,702,420	1,346,480	64,213,968
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		532,666,381		573,012,936
Adjustments for (increase) / decrease in operating assets:				
Trade Receivables	(487,520)		158,559,905	
Inventories	56,428,716		(81,803,042)	
Short Term Loans and advances	28,310,943		(49,233,121)	
Long -Term Loans and advances	(4,436,257)		(7,227,089)	
Other non -current assets	-		(1,608,432)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade Payables	12,939,376		42,113,136	
Other current liabilities	(4,378,042)		13,961,570	
Other long term liabilities	15,226,009		(2,214,943)	
Long -Term Provisions	(1,208,241)		747,197	
Short Term Provisions	74,035	102,469,018	(49,566)	73,245,615
Cash generated from operations		635,135,399		646,258,551
Direct Taxes Paid (net of refunds)	(102,970,606)		(108,334,416)	
(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES		532,164,794		537,924,135
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Including adjustment on account of Capital Advances)	(28,075,415)		(26,432,249)	
Sale of Fixed Assets	1,099,555		5,777,181	
Purchase of non current Investments	(8,200,000)		-	
Purchase of current Investments	-		-	
Proceeds from non current Investments	-		-	
Proceeds from current Investments	-		-	
Interest Received	20,813,680		2,205,785	
Dividend Received	-		-	
Capital Subsidy Received	-		3,000,000	
Investment in Bank deposits having maturity of more than 3 Months	(557,107,172)		-	
Deposits Given/Received back from other Companies	(1,200,000)		(1,400,000)	
(b) NET CASH FROM / (USED) IN INVESTING ACTIVITIES		(572,669,352)		(16,849,284)

AQUAMALL WATER SOLUTIONS LIMITED

STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	2012-13		2011-12	
	₹	₹	₹	₹
CASH FLOW FROM FINANCING ACTIVITIES				
Net increase / (decrease) in working capital borrowings	(41,317,718)		(148,834,380)	
Finance cost	(1,968,488)		(14,016,298)	
Dividend Paid (including Dividend tax)	(139,472,579)		(116,227,150)	
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		(182,758,785)		(279,077,827)
NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)		(223,263,343)		241,997,024
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT 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	16,454,666
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	472,866		360,027	
Balances with scheduled banks on Current accounts, Fixed Deposits	34,715,481	35,188,347	258,091,663	258,451,690
NET INCREASE /(DECREASE) AS DISCLOSED ABOVE		(223,263,343)		241,997,024

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn. No. 101048W

ATUL MEHTA

Partner

Membership No. 15935

Mumbai, Dated : 30th April, 2013

S. L. GOKLANEY

Chairman

P. J. REDDY

A. V. SURESH

D. SIVANANDHAN

K. RAMAN VENKATESH

R. S. MOORTHY

SURESH REDHU

Directors

SACHIKANT CHAUDHURY

Company Secretary and
DGM Finance

Mumbai, Dated : 30th April, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

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 2013 (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, if any, on Research and Development is included in Fixed Asset.

(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) 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.

(m) 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.

(n) 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.

(o) 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 2013 (Contd.)

	As at 31 st March, 2013		As at 31 st March, 2012	
	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	4,000,160	40,001,600	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	4,000,160	40,001,600
Subscribed				
Equity Shares of ₹ 10/ each fully paid up *				
At the Beginning of the year	4,000,160	40,001,600	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	4,000,160	40,001,600
Fully Paid up				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	4,000,160	40,001,600	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	4,000,160	40,001,600

* 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 2013, the Company has declared and paid interim dividend of ₹ 30 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] 2,000,080 equity shares of ₹ 10 each allotted as fully paid bonus shares by capitalisation out of Share Premium and General Reserves during the Financial Year 2011-12.
- 2 (b) 4,000,148 (previous year 4,000,148) equity shares of ₹ 10/- each fully paid are held by Eureka Forbes Limited, holding company and 12 shares (previous year 12 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.

AQUAMALL WATER SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
3. RESERVES AND SURPLUS		
CAPITAL RESERVE		
At the beginning of the year	6,260,417	3,260,417
Additions during the Year	–	3,000,000
At the end of the year	6,260,417	6,260,417
SECURITIES PREMIUM ACCOUNT		
At the beginning of the year	–	1,500,060
Less : Utilized for Issue of Bonus Shares	–	1,500,060
At the end of the year	–	–
GENERAL RESERVE		
At the beginning of the year	1,000,000,000	770,000,000
Less : Utilized for Issue of Bonus Shares	–	18,500,740
Add : Transferred from surplus balance in the statement of profit and loss	50,000,000	248,500,740
At the end of the year	1,050,000,000	1,000,000,000
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance at the beginning of the year	651,932,410	609,313,146
Add : Profit for the year	410,963,961	407,347,154
Less : Appropriations		
Interim Dividend on Equity Shares *	120,004,800	100,004,000
Tax on dividend on equity shares	19,467,779	16,223,150
Transfer to general reserve	50,000,000	248,500,740
Balance at the end of the year	873,423,792	651,932,410
Total	1,929,684,209	1,658,192,827

* ₹ 30/-(previous year ₹ 25/-) per equity share

	Long-term		Current	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
4. OTHER LIABILITIES				
Income Received in Advance	–	–	4,410,418	3,990,823
Security Deposit Received	52,631,878	37,405,869	100,000	2,285,000
Statutory Liabilities (Contributions to PF,Pension, ESIC,withholding Taxes,VAT etc.)	–	–	14,884,209	11,936,102
Advance from Customers	–	–	505,994	202,800
Other Payables				
- Employee Dues	–	–	2,177,192	2,181,303
- Others	–	–	21,357,949	27,217,776
Total	52,631,878	37,405,869	43,435,761	47,813,803

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

	Long-term		Short-term	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
5. PROVISIONS				
Provision for Employee Benefits				
Gratuity (note 35)	3,649,482	4,928,316	–	–
Leave Encashment (note 35)	2,761,074	2,690,481	170,151	96,116
	<u>6,410,556</u>	<u>7,618,797</u>	<u>170,151</u>	<u>96,116</u>
Other Provisions				
Provision for Taxation (Net of Advance Tax)	731,230	731,230	30,318	–
Litigations ##	38,501,706	38,501,706	–	–
	<u>39,232,936</u>	<u>39,232,936</u>	<u>30,318</u>	<u>–</u>
Total	<u>45,643,492</u>	<u>46,851,733</u>	<u>200,469</u>	<u>96,116</u>

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

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
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	<u>38,501,706</u>	<u>38,501,706</u>

	Secured/ Unsecured	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
6. SHORT-TERM BORROWINGS			
Loans Repayable on Demand from Banks	Secured	12,510,572	53,828,290
Total		<u>12,510,572</u>	<u>53,828,290</u>
The Above Amount Includes			
Secured Borrowings		12,510,572	53,828,290
Net Amount		<u>12,510,572</u>	<u>53,828,290</u>

– Short term borrowing from State Bank of India and Axis bank 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 @ 9.95% to 12.25% p.a.

AQUAMALL WATER SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	Long-term		Current	
	As at 31 st March, 2013	As at 31 st March, 2012	As at 31 st March, 2013	As at 31 st March, 2012
	₹	₹	₹	₹
7. TRADE PAYABLES				
Trade Payables (Including Acceptances)	–	–	340,743,786	342,011,740
Trade Payables (Including Acceptances) to Related Parties	–	–	44,558,056	30,011,992
Total	–	–	385,301,842	372,023,732

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.

121,600,238 84,878,826

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

121,600,238 **84,878,826**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (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 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
Additions	-	-	4,991,949	-	5,658,252	18,725,025	485,560	1,883,382	1,012,829	472,440	285,251	33,514,687
Deletions	-	-	-	-	-	-	(133,478)	(2,031,015)	(341,400)	(88,092)	(16,000)	(2,609,985)
As at 31 March 2013	34,739,485	5,171,913	193,178,421	121,257,731	114,559,413	186,947,649	22,853,430	17,410,776	17,702,972	46,512,860	6,446,627	766,781,277
Depreciation												
As At 1 April 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
Charge for the year	-	33,375	10,904,289	3,551,370	7,501,717	17,786,816	1,304,587	2,932,548	945,765	2,512,963	349,895	47,823,326
Deletions	-	-	-	-	-	-	(69,261)	(1,154,262)	(248,845)	(35,358)	(3,966)	(1,511,692)
As at 31 March 2013	-	450,478	80,225,550	53,781,695	66,049,415	135,744,632	17,256,649	8,322,164	15,598,791	30,903,750	4,173,165	412,506,288
Net Block												
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
As at 31 March 2013	34,739,485	4,721,435	112,952,871	67,476,036	48,509,998	51,203,017	5,596,781	9,088,612	2,104,181	15,609,111	2,273,462	354,274,988

AQUAMALL WATER SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

9. INTANGIBLE ASSETS

TRADE MARK

Gross Block

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
Opening Balance	238,066,800	238,066,800
Purchase	—	—
	<u>238,066,800</u>	<u>238,066,800</u>

Amortisation

Opening Balance	232,866,800	222,466,800
Charge for the year	5,200,000	10,400,000
	<u>238,066,800</u>	<u>232,866,800</u>

Net Block

	<u>—</u>	<u>5,200,000</u>
--	----------	------------------

10. NON-CURRENT INVESTMENT

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
--	--	--

Non-Current Investments (valued at cost unless otherwise stated)

Trade Investments (Unquoted)

Investment in Equity Instruments

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

- In Joint Ventures

8,20,000 (previous year NIL) equity shares of ₹ 10/- fully paid up in Aquaignis Technologies Pvt Ltd	8,200,000	—
--	-----------	---

	<u>9,000,000</u>	<u>800,000</u>
--	------------------	----------------

Non-Trade Investments (Quoted)

Investment in Equity Instruments

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

	<u>394,943</u>	<u>394,943</u>
--	----------------	----------------

	<u>9,394,943</u>	<u>1,194,943</u>
--	------------------	------------------

Aggregate Book Value of Quoted Investments	394,943	394,943
--	---------	---------

Market value of quoted investments	788,999	794,521
------------------------------------	---------	---------

Aggregate Book Value of Unquoted Investments	9,000,000	800,000
--	-----------	---------

Aggregate Provision in the Value of Investments	NIL	NIL
---	-----	-----

11. DEFERRED TAX ASSETS (NET)

Gross Deferred Tax Asset	12,517,778	12,517,778
--------------------------	------------	------------

Net Deferred Tax Asset	<u>12,517,778</u>	<u>12,517,778</u>
------------------------	-------------------	-------------------

AQUAMALL WATER SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013		As at 31 st March, 2012	
	₹		₹	
14. INVENTORIES				
(Valued at lower of Cost or Net Realisable Value)				
– Raw Material, Components and Packing Material		547,520,463		604,071,347
[Including Stock in Transit ₹ 84,889,482/- (Previous Year ₹ 81,039,262)]				
– Finished Goods		63,411,916		63,289,747
		610,932,379		667,361,094
	Non Current		Current	
	As at 31 st March, 2013	As at 31 st March, 2012	As at 31 st March, 2013	As at 31 st March, 2012
	₹	₹	₹	₹
15. TRADE RECEIVABLES				
Debts outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	–	–	14,372,120	4,173,606
Debts due from related parties, unsecured considered good	–	–	82,143,317	31,219,481
	–	–	96,515,437	35,393,087
Less : Provision for doubtful debts	–	–	96,515,437	35,393,087
Other Debts				
Unsecured, considered good	–	–	9,259,133	10,789,555
Debts due from related parties, unsecured considered good	–	–	536,507,075	587,973,598
	–	–	545,766,208	598,763,154
Less : Provision for doubtful debts	–	–	545,766,208	598,763,154
Total	–	–	642,281,645	634,156,241
16. CASH AND BANK BALANCE				
Cash & Cash Equivalents				
Balance with Banks in				
Current accounts	–	–	34,715,481	28,091,663
Deposits with original maturity of less than 3 months	–	–	–	230,000,000
Cash on Hand	–	–	472,866	360,027
	–	–	35,188,347	258,451,690
Other Bank Balances				
Balance in Banks for Margin Money	1,582,471	1,582,471	–	–
Deposits with original maturity of more than 3 months but less than 12 months	–	–	557,107,172	–
	1,582,471	1,582,471	557,107,172	–
Amount disclosed under Non-Current Assets	(1,582,471)	(1,582,471)	–	–
Total	–	–	592,295,519	258,451,690

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
17. REVENUE FROM OPERATION		
Sale of Products *		
– Finished Goods	4,432,222,052	4,190,545,797
– Traded Goods	178,711,598	198,153,756
Other Operating Income		
Scrap Sales	8,254,020	6,778,123
Revenue from Operations	4,619,187,671	4,395,477,676
* Sale of Products		
Finished Goods		
Vacuum Cleaners	719,936,694	753,950,048
Water Filter-cum-Purifiers	3,107,416,730	2,972,807,177
Spares & Accessories	604,868,628	463,788,572
	4,432,222,052	4,190,545,797
Traded Goods		
Vacuum Cleaners	13,045	19,587,925
Water Filter-cum-Purifiers	–	1,776,446
Spares & Accessories	178,698,553	176,789,385
	178,711,598	198,153,756
18. OTHER INCOME		
Interest Income on		
Bank Deposits	25,350,118	3,150,933
Loans and Advances	1,301,776	1,143,343
Others	2,337,088	40,632
Exchange Difference (net)	1,433,162	1,401,165
Dividend Income		
Long-term investments	93,751	–
Net Profit on Sale of Assets	1,262	3,571,489
Rental Income	61,749,390	60,948,487
Miscellaneous Income	2,721,156	6,397,901
	94,987,703	76,653,950
19. COST OF RAW MATERIAL AND COMPONENTS CONSUMED		
Inventory at the Beginning of the Year	604,071,347	547,014,488
Add : Purchases	3,521,962,616	3,450,319,764
	4,126,033,963	3,997,334,251
Less : Inventory at the End of the Year	547,520,463	604,071,347
Cost of Raw Material, Components and Packing Material Consumed	3,578,513,500	3,393,262,904
Raw Material, Components and Packing Material Consumed		
– Printed Circuit Boards	294,831,393	284,925,644
– U V Lamps	42,856,032	41,860,665
– Pumps	394,901,816	356,766,252
– Electric Motors	138,524,072	124,479,571
– Membrane	207,829,871	193,543,298
– Packing Material	130,446,240	126,834,741
– Others	2,369,124,074	2,264,852,733
	3,578,513,500	3,393,262,904

AQUAMALL WATER SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
20. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE		
Opening stock		
Finished goods	63,289,747	38,543,565
	<u>63,289,747</u>	<u>38,543,565</u>
Less : Closing stock		
Finished goods	63,411,916	63,289,747
	<u>63,411,916</u>	<u>63,289,747</u>
Net(Increase)/ Decrease	(122,168)	(24,746,182)
Details of Inventory		
Finished goods		
Vacuum Cleaners	14,008,273	17,726,562
Water filter-cum-purifiers	49,403,642	45,563,185
	<u>63,411,916</u>	<u>63,289,747</u>
21. EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	86,476,694	80,231,642
Contribution to provident and other fund	4,704,504	4,340,883
Staff welfare expense	5,281,116	5,447,550
	<u>96,462,314</u>	<u>90,020,075</u>
22. OTHER EXPENSES		
Electricity	8,313,347	7,240,589
Rent	8,893,795	8,846,232
Repairs and Maintenance		
Building	1,110,084	1,106,413
Machinery	1,737,697	1,039,848
Others	11,976,827	12,351,244
Insurance	5,270,554	4,402,764
Commission on Sales	10,226,949	-
Advertisement	20,875	251,552
Freight, Forwarding and Delivery	106,061,878	98,909,579
Payment to Auditors *	883,927	793,117
Printing and Stationery	1,702,140	1,873,200
Communication cost	4,898,618	5,531,082
Wages to Contractual Workers	50,803,105	50,602,812
Travelling and Conveyance	9,138,261	9,697,878
Legal and Professional Fees	8,204,588	11,647,087
Vehicle Expenses and Maintenance	9,512,709	9,833,815
Rates and taxes, excluding taxes on income	5,326,060	6,250,156
Information Technology Expenses	78,334,582	64,732,315
Other Establishment Expenses	18,864,723	19,700,161
Directors' Sitting Fees	395,226	350,000
Bad Debts/Advances Written-Off	43,696	1,346,480
	<u>341,719,641</u>	<u>316,506,324</u>
* Payment to Auditors		
As Auditor		
Audit fee	674,160	674,160
Tax audit fee	84,270	42,135
Other Services	39,326	-
For Reimbursement of Expenses	86,171	76,822
	<u>883,927</u>	<u>793,117</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
23. FINANCE COST		
Interest Expense	1,101,324	11,492,736
Other Borrowing Cost	867,164	2,523,562
	1,968,488	14,016,298
24. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on Tangible Assets	47,823,326	52,458,641
Amortization on Intangible Assets	5,200,000	10,400,000
	53,023,326	62,858,641
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	410,963,961	407,347,154
Basic and Diluted Earning Per Share	₹ 102.74	₹ 101.83
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	5,451,928	12,010,192
	5,451,928	12,010,192
(B) Contingent liabilities not provided for on account of		
– Disputed Sales Tax demands	148,150,000	348,119,910
– Disputed Central Excise demands	88,890,000	100,098,448
– Disputed Income Tax demand	110,447,205	183,614,638
– Disputed Civil Suit	2,710,000	2,710,000
	350,197,205	634,542,996
27. Raw Material and Components Consumption includes write off / Provisions for obsolete stocks	9,832,230	–
28. Value of Imports on CIF basis :		
– Raw Materials & Components	767,847,960	815,469,942
29. Expenditure in Foreign Currency		
– Commission on Sales	10,226,949	–
– Development Fee	1,713,070	5,214,839
– Travel Expenses	175,983	100,984
– Others	57,249	–
30. Earnings in Foreign Exchange		
– Export of Goods on F.O.B. basis	67,091,673	60,376,651
	67,091,673	60,376,651

AQUAMALL WATER SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (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.
33. Disclosures required by accounting Standard (AS) 29 “Provisions, Contingent Liabilities and Contingent Assets”

	Excise Duty	Sales Tax
Balance as on 1-4-2012	33,926,418	4,575,288
Additional provision during the year	–	–
Provision for extraordinary item	–	–
Provision reversed during the year	–	–
Balance as at 31-3-2013	<u>33,926,418</u>	<u>4,575,288</u>

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 31.03.2013 ₹	For The Year Ended 31.03.2012 ₹
– Employer’s contribution to Provident Fund	1,028,835	929,336
– Employer’s contribution to Superannuation fund	728,193	738,996
– Employer’s contribution to Pension scheme	1,390,110	1,302,525

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, 2013 (Contd.)

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

₹

	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	2012-13	2011-12	2012-13	2011-12
Defined Benefit obligation at beginning of year	6,610,050	5,766,050	2,786,597	2,502,908
Current service cost	667,545	620,719	481,464	525,213
Interest cost	528,804	490,114	222,928	212,747
Actuarial (gain)/loss	(58,438)	(211,448)	(99,014)	(281,235)
Benefits paid	(212,683)	(55,385)	(460,750)	(173,036)
Defined Benefit obligation at year end	7,535,278	6,610,050	2,931,225	2,786,597

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

₹

	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	2012-13	2011-12	2012-13	2011-12
Fair value of plan assets at beginning of the year	1,681,734	1,251,676	–	–
Expected return on plan assets	134,539	112,651	–	–
Actuarial gain/(loss)	–	(2,964)	–	–
Employer contribution	2,282,206	375,756	–	–
Benefits paid	(212,683)	(55,385)	–	–
Fair value of plan assets at year end	3,885,796	1,681,734	–	–
Actual return on plan assets	134,539	109,687	–	–

(C) Reconciliation of fair value of assets and obligations

₹

	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	2012-13	2011-12	2012-13	2011-12
Fair value of plan assets as at 31st March,2013	3,885,796	1,681,734	–	–
Present value of obligation as at 31st March,2013	7,535,278	6,610,050	2,931,225	2,786,597
Amount recognised in Balance Sheet	(3,649,482)	(4,928,316)	(2,931,225)	(2,786,597)

(D) Actuarial Assumptions :-

– Discounting Rate	8.0%
– Future Salary Increase	5.5%
– Expected Rate of Return on Plan Assets	8.0%
– Mortality Table	LIC (1994-96)

AQUAMALL WATER SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

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

	2012-13		2011-12	
	₹	% to Total Consumption	₹	% to Total Consumption
Indigenous	2,468,358,164	68.98	2,569,973,543	75.74
Imported	1,110,155,336	31.02	823,289,361	24.26
	3,578,513,500	100.00	3,393,262,904	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 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(A) (i) The Company has taken certain office/factory premises & equipments on operating lease basis. Lease payments in respect of such leases recognised in profit and loss account		
Office/Factory premises	8,863,457	8,846,232
Office Equipments	30,338	–
	8,893,795	8,846,232
(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 lessor 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	53,781,695	3,551,370
Moulds	3,566,439	2,131,092	615,149

38. During the year 2012-13, AQUADIAGNOSTICS WATER RESEARCH AND TECHNOLOGY CENTRE LIMITED has taken a number of initiatives, which not only helped the Company to improve its growth during the year but would also help in its growth for many years to come. Also, it extended its full support to Aquamall in its pursuit to improve the quality of its products and reduce its complaints to 3000 ppm level. This support not only helped Aquamall but also helped AWRTC in additional revenue. Similarly, a special drive was made to approach some of the big and important industries in and around Bangalore to check and certify the quality of their drinking water as well as the discharge water. This has resulted in a two-year contract(worth ₹ 10 lakhs per year) by Infosys for certifying the quality of the drinking water in their head quarters as well as a couple of branch offices. We are hoping that they would extend this contract next year to all their offices across All India, which would be worth nearly ₹ 25 lakhs per year. With the help of the above actions, we have been able to substantially increase the turnover during the year 2012-13 (₹ 55 lakhs as against ₹ 41 lakhs), which has resulted in a positive EBIDTA, for the first time in the history of AWRTC (+₹ 3.0 lakhs in 12-13 as against ₹ -5.9 lakhs in 11-12). During the year 13-14, we are expecting BIS recognition which would help us to Test and Certify Bottled water plants, through which we can easily expect a revenue of ₹ 15 lakhs every year. Based on the various steps taken during 12-13, will result into many fold growth in EBIDTA next year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

39. 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 31.03.2013 is as follows:

Sl. No	Name of the Company	Country of Incorporation	Period Ended on	% Holding	Aquamall Water Solutions Ltd. Share				
					Assets ₹	Liabilities ₹	Income ₹	Expenses	₹
1	Aquagnis Technologies Pvt. Ltd.	India	31.03.2013	50%	7,471,004	188,871	-		917,867

b. The Company's share of contingent liabilities of the JV Aquagnis Technologies Pvt Ltd as at 31.03.2013 is NIL (Previous Year NIL).

40. 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				INR			
	Payables		Receivables		Payables		Receivables	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
SGD	-	-	66,486	66,486	-	-	2,912,932	2,741,803
USD	213,400	506,035	2,124,919	2,948,056	11,599,357	26,238,977	11,550,006	152,862,875
EURO	-	-	-	957	-	-	-	66,185
					11,599,357	26,238,977	14,462,938	155,670,863

41. "Previous year figures have been regrouped or rearranged wherever necessary ."

Per our report attached

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

ATUL MEHTA
Partner
Membership No. 15935

S. L. GOKLANEY

Chairman

P. J. REDDY
A. V. SURESH
D. SIVANANDHAN
K. RAMAN VENKATESH

Directors

SACHIKANT CHAUDHURY

Company Secretary and
DGM Finance

Mumbai, Dated : 30th April, 2013

Mumbai, Dated : 30th April, 2013

AQUAMALL WATER SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

RELATED PARTY DISCLOSURE – AS SPECIFIED BY ACCOUNTING STANDARD 18

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

(A) Enterprises having more than one half of Voting Powers:

Eureka Forbes Limited (Holding Co.)

Forbes & Company Limited

Shapoorji Pallonji & Co. Ltd. (Ultimate Holding Co.)

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

Aquadiagnostics Water Research & Technology Centre Ltd

(C) Joint Venture

Aquagnis Technologies Pvt. Ltd.

(D) Enterprises that are under common control:

E4 Development & Coaching Ltd

EFL Mauritius Ltd

Forbes Facility Service (P) Ltd

Euro Forbes Mauritius Ltd.

Forbes G4S Solutions

Euro Forbes Financial Services Ltd.

Euro Forbes International PTE Ltd

Forbes Enviro Solutions Ltd

Radiant Energy System (P) Ltd

Waterwings Equipments (P) Ltd

Euro Forbes Limited

Forbes LUX FZCO

Forbes Bumi Armada Limited

Forbes Bumi Armada Offshore Limited

Forbes Campbell Services Ltd

Forbes Container Lines PTE Limited

Forbes Edumetry Limited

Forbes Smart Data Limited

Forbes Technosys Limited

Forbes Campbell Finance Ltd

Volkart Fleming Shipping & Services Limited

Forbes Aquatech Limited

Forbes Concept Hospitality Services (P) Limited

Infinite Water Solutions (P) Limited

₹

	Parties in A above	Parties in B above	Parties in C above	Parties in D above	Total
Nature of Transaction					
Purchases					
1 Goods and Materials	–	–	–	256,551,214	256,551,214
2 Fixed Assets	–	–	–	1,261,712	1,261,712
Sales					
3 Goods and Materials	4,493,203,004	–	–	95,393,356	4,588,596,360
4 Fixed Assets	–	–	–	–	–
Expenses					
5 Repairs & Other Expenses	80,445,107	2,253,237	–	9,493,765	92,192,109
6 Dividend Paid	120,004,800	–	–	–	120,004,800
Income					
7 Rent and Other Service Charges	3,462,000	–	–	3,040,134	6,502,134
8 Interest Received	–	1,301,776	–	–	1,301,776
9 Misc. Income	–	–	–	876,360	876,360
Other Receipts					
10 Other Reimbursements	423,054	9,256	885,250	1,389,265	2,706,825
Finance					
11 Equity Share	–	–	8,200,000	–	8,200,000
12 Loans and Advances Given	–	1,200,000	–	–	1,200,000
13 Repayment of Deposit taken	–	–	–	2,214,000	2,214,000
Outstandings					
14 Trade Payables	143,553	–	–	44,414,503	44,558,056
15 Trade Receivables	504,483,185	2,250,828	–	114,167,207	620,901,220
16 Loans and Advances-Given	–	11,601,360	–	–	11,601,360
17 Interest Accrued & Due(Receivable)	–	4,680,031	–	–	4,680,031
18 Deposits Payable	105,000	–	–	751,232	856,232

AQUAMALL WATER SOLUTIONS LIMITED

27 (a) Related Party Disclosures

	A	A	A	B	C	D	D	D	D	D	D	D	D	D	Total
	Forbes & Company Limited	Eureka Forbes Limited	Aquadiagnostics Water Research & Technology Centre Limited (Subsidiary of Aquamall Water Solutions Limited)	AquaIgnis Technologies Pvt. Ltd.	Forbes Facility Service (P) Ltd	Forbes Aquatech Limited	Infinite Water Solutions Pvt Ltd	Euro Forbes International PTE Ltd	Waterwings Equipments Pvt limited	Forbes Lux FZE					
Nature of Transaction															
Purchases															
1	-	-	-	-	-	994,069	255,557,145	-	-	-	-	-	-	-	256,551,214
2	-	-	-	-	-	288,632	-	-	973,080	-	-	-	-	-	1,261,712
Sales															
3	-	4,493,203,004	-	-	-	47,764,736	48,842	-	-	-	-	-	47,579,779	-	4,588,596,360
4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses															
5	1,300,082	79,145,025	2,253,237	-	3,665,706	2,887,425	2,940,634	-	-	-	-	-	-	-	92,192,109
6	-	120,004,800	-	-	-	-	-	-	-	-	-	-	-	-	120,004,800
Income															
7	-	3,462,000	-	-	-	947,100	2,093,034	-	-	-	-	-	-	-	6,502,134
8	-	-	1,301,776	-	-	-	-	-	-	-	-	-	-	-	1,301,776
9	-	-	-	-	-	876,360	-	-	-	-	-	-	-	-	876,360
Other Receipts															
10	-	423,054	9,256	885,250	-	219,630	1,129,159	-	-	40,476	-	-	-	-	2,706,825
Finance															
11	-	-	1,200,000	-	-	-	-	-	-	-	-	-	-	-	1,200,000
12	-	-	-	-	-	2,214,000	-	-	-	-	-	-	-	-	2,214,000
13	-	-	-	8,200,000	-	-	-	-	-	-	-	-	-	-	8,200,000
Outstandings															
14	143,553	-	-	-	302,559	3,740,257	40,371,687	-	-	-	-	-	-	-	44,558,056
15	-	-	4,680,031	-	-	-	-	-	-	-	-	-	-	-	4,680,031
16	-	504,483,185	2,250,828	-	-	10,739,698	-	39,841	-	-	-	-	103,387,668	-	620,901,220
17	-	-	11,601,360	-	-	-	-	-	-	-	-	-	-	-	11,601,360
18	-	105,000	-	-	-	-	751,232	-	-	-	-	-	-	-	856,232

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

Name of the subsidiary Company Aquadiagnostics Water Research &
Technology Centre Ltd.

The financial year of the subsidiary company ended on 31st March, 2013

(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, 2013 are as follows

For the year (₹)	-2,854,764
For the previous years (₹)	-15,760,195

(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, 2013 being the dividends received are as under

For the year	Nil
For the previous years	Nil

S. L. GOKLANEY *Chairman*

P. J. REDDY
A. V. SURESH
D. SIVANANDHAN
K. RAMAN VENKATESH
R. S. MOORTHY
SURESH REDHU *Directors*

SACHIKANT CHAUDHURY *Company Secretary and
DGM Finance*

Mumbai, Dated : 30th April, 2013

DIRECTORS

Shapoor P. Mistry	<i>Chairman</i>
S. L. Goklaney	<i>Executive Vice Chairman</i>
D.E. Udawadia	<i>(upto July 27, 2012)</i>
J. C. Chopra	<i>(upto September 12, 2012)</i>
N.D. Khurody	<i>(upto November 19, 2012)</i>
Indu Shahani	
Reinhard von der Becke	
Jai Mavani	
Shankar Krishnan	
Homi Katgara	<i>(from December 5, 2012)</i>
D. Sivanandhan	<i>(from December 5, 2012)</i>
Apurva Diwanji	<i>(from December 5, 2012)</i>
Reto von der Becke	<i>(Alternate to Reinhard von der Becke from August 7, 2012)</i>

PRINCIPAL BANKERS

State Bank of India
The Bank of Nova Scotia
BNP Paribas
Axis Bank Ltd.
HDFC Bank Ltd.
Kotak Mahindra Bank Ltd.

SOLICITORS AND ADVOCATES

Desai & Diwanji

AUDITORS

Batliboi and Purohit

CORPORATE OFFICE

B1/B2, 701, Marathon Innova
Off Ganpatrao Kadam Marg
Lower Parel, (West),
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, 2013.

1. FINANCIAL RESULTS:

	2012-13 ₹	2011-12 ₹
Sales and Other Income	13,17,54,37,161	12,34,45,60,300
Profit before Depreciation	58,31,93,721	53,56,57,774
Less : Depreciation	13,02,20,780	12,92,18,862
Profit before Tax	45,29,72,941	40,64,38,912
Less : Provision for Current and Deferred Tax	10,23,91,136	8,42,47,550
Profit After Tax	35,05,81,805	32,21,91,362
Less: Prior Years' Tax Adjustments (Net)	13,03,031	–
Profit After Tax and Prior Years' Adjustments	34,92,78,774	32,21,91,362
Add : Balance brought forward from		
Previous year	57,82,45,421	29,85,54,059
Amount available for appropriation	92,75,24,195	62,07,45,421
APPROPRIATIONS :		
Transferred to General Reserve	2,75,00,000	4,25,00,000
Balance carried to Balance Sheet	90,00,24,195	57,82,45,421

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 2012-13.

3. TRANSFER TO RESERVES:

The Company proposes to transfer ₹ 2.75 Crores to the General Reserve out of the amount available for appropriations and an amount of ₹ 90 Crores is proposed to be retained in the Profit and Loss Account.

4. OPERATIONS:

During the year, the global economy improved slowly, but was short on expectations. Deceleration in industrial output and exports weakened India's economic growth significantly. The year proved to be a challenging year amidst global economic uncertainties and disturbances in many parts of the world.

Despite these constraints and challenging environment, your Company has performed well with a growth in revenue by 7.2% over previous year i.e. from ₹ 1,234.46 Crores in previous year to ₹ 1,317.54 Crores in current year and an increase in net profit after tax by 8.41% over previous year i.e. from ₹ 32.22 Crores in previous year to ₹ 34.93 Crores in current year.

The Direct Sales division successfully implemented the mantra of improving efficiencies and lowering costs. In the process of re-inventing Direct Sales to be future ready, your Company has successfully implemented new initiatives like end to end lead generation and management; direct deliveries to Customers; enhanced the presence on the web and grown Company's partner channels. Introduction of the state of the art 'Aquadguard World Series', the new 'EuroVigil Home Automation Systems' together with a successful launch of a

new category – ‘Fireguard Fire Extinguishers’ marked the push to double digit growth. Leadership development and Succession planning together with extensive training initiatives and efforts to build ‘customer loyalty’ will take the Company forward in years to come.

In Consumer Division, the Packaged Drinking Water (PDW) business, further expanded its franchisees and distribution reach to 28 live franchisees and the products were well received by consumers who saw value in the 1st ever PDW with the WQA (Water Quality Association) Gold Seal of quality (from US), this resulted in collectively dispensing 52 million litres of AquaSure PDW water since launch.

During the year, your Company’s presence in retail, in the Middle East and Africa was further strengthened : focus was on increasing the product basket, building distribution in the General Trade and entering the Modern Trade. The products were also made available in retail in SriLanka by appointing the country’s largest retailer as master distributor.

Your Company received various awards and recognition, as in previous years, in the current year also some of which are –

- Golden Peacock Award for Corporate Social Responsibility – 2013
- Golden Peacock Eco-Innovation Award for Aquaguard Green RO
- Euroclean elevated as Reader’s Digest Trusted Brand - Platinum category (Household Products - Vacuum Cleaner) for the first time - elevated from Gold category
- Aquaguard chosen as Reader’s Digest Trusted Brand - Platinum category (Household Products - Water Purifier) for the seventh time
- The Company was once again featured in DSN Global 100: The Top Direct Sales Companies in the World - Rank: 40
- Recognised as Asian The Most Admired Knowledge Enterprise (MAKE) Winner for the fourth (4th) time and also entered the 2012 MAKE Hall of Fame by being one of just 10 organisations that were Asian MAKE Finalists in each of the past five annual studies
- Bombay Chamber of Commerce & Industry conferred Good Corporate Citizen Award in the Large Corporate category
- Picked as Best Franchisor in Customer Service by Franchisee India magazine.
- Aquaguard saluted as winner in the Most Popular Safe Water Equipment category of the Child Best Awards (inaugural edition) from Child India magazine
- EuroAble selected for National Centre for Promotion of Employment for Disabled People (NCPEDP)-Shell Helen Keller Award in Category C: Role Model Organisations for its work promoting employment opportunities for people with disabilities
- Bagged the *S. P. Jain Institute of Management and Research (SPJIMR) Marketing Impact Awards 2013*
- Picked up 2012 Indian MAKE Award for the 7th time
- Harvard Case Study became a graphic Photonovel with the Eurochamp as its hero
- Prestigious (6th time) UNESCO-Water Digest Awards in the following categories:
 1. Best Complete Domestic Water Solutions Provider
 2. Best Domestic UV Water Purifier (Aquaguard Enhance UV)
 3. Best Domestic RO Water Purifier (Aquaguard Enhance Green RO)
 4. Distinguished Water R&D and Technological Breakthrough (Aquaguard Geneus)

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.

6. DIRECTORS :

Mr. Shapoor P Mistry and Dr. (Mrs.) Indu Shahani 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 August 7, 2012, Mr. Reto von der Becke has been appointed as Alternate Director to Mr. Reinhard von der Becke.

During the year, Mr. D E Udawadia, Mr. J C Chopra and Mr. N D Khurody resigned as Director of the Company w.e.f. July 27, 2012, September 12, 2012 and November 19, 2012 respectively.

Mr. Udawadia had been director of the Company for 23 years and guided the Company towards success. Mr. J C Chopra had been director of the Company for 18 years and has contributed positively in the growth of the Company. Mr. N D Khurody during his tenure of 13 years as director guided the Company in formulating various policies and best practices. The board of directors while appreciating their guidance in the growth and success of the Company thanked for their contribution.

At the board of directors meeting held on December 5, 2012, Mr. Homi Katgara (Industrialist), Mr. D Sivanandhan (Retired Indian Police Services Officer), and Mr. Apurva Diwanji (Law Practitioner), have been appointed as Additional Directors of the Company.

Under the provisions of Section 260 of the Companies Act, 1956, Mr. Homi Katgara, Mr. D Sivanandhan, and Mr. Apurva Diwanji shall hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice from a member signifying their intention to propose the candidature of Mr. Homi Katgara, Mr. D Sivanandhan, and Mr. Apurva Diwanji 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 VENTURE COMPANIES :

Aquamall Water Solutions Ltd. (AWSL) : During the year under review, the Company's 100% subsidiary, Aquamall Water Solutions Ltd., continued its growth with an increase in sales of 5 % over previous year, profit before tax increased to ₹ 51.4 Crores. During the year, AWSL continued to focus on upgrading technology and has considerably improved the quality of its products. AWSL declared interim dividend of 300% as compared to Previous Year 250%.

Aquadiagnostics Water Research & Technology Centre Ltd. (AWRTC) : A subsidiary of AWSL, has grown and recorded a turnover of ₹ 0.55 Crores compared to ₹ 0.40 Crores in the previous year, the loss for the year has reduced from ₹ 0.37 Crores to ₹ 0.28 Crores.

Radiant Energy Systems Private Ltd. (RESPL) : During the year under review, RESPL has recorded satisfactory results with turnover of ₹ 10.15 Crores compared to ₹ 7.32 Crores in the previous year recording a growth of 39% and has made a profit after tax of ₹ 0.79 Crores compared ₹ 0.76 Crores in previous year, a growth of 3%.

Waterwings Equipments Private Ltd. (WEPL) : WEPL has also recorded satisfactory results with turnover of ₹ 17.26 Crores compared to ₹ 15.9 Crores in the previous year recording a growth of 9%. The Company earned a profit after tax of ₹ 0.71 Crores as compared to ₹ 0.89 Crores in previous year.

Forbes Enviro Solutions Ltd. (FESL): Forbes Enviro Solutions Ltd has not commenced its commercial operations in the year under review. During the year under review, FESL initiated the process to 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 Equipments Private Ltd. This company plans to become a flagship company for the Water Projects business of the Company.

E4 Development & Coaching Ltd. (E4) : E4 has shown a growth of 32% in turnover for the year under review. E4 also earned an operating profit of ₹ 0.11 Crores as compared to a loss of ₹ 0.14 Crores in the previous year.

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 2013-14.

Forbes Facility Services Pvt. Ltd. (FFSPL) : During the year under review, FFSPL has successfully managed to earn profits during the year by maintaining and improving gross margins. The company earned profit before tax of ₹ 1.31 Crores compared to loss of ₹ 1.90 Crores in previous year. The company is likely to continue its growth in the current year.

Euro Forbes Ltd., Dubai (EFL, Dubai) : During the year under review, EFL, – Dubai recorded a revenue of US \$ 0.13 million as compared to US \$ 0.05 million in the previous year.

Euroforbes Mauritius Ltd. (EFML) : EFML is 100% subsidiary of EFL Mauritius Ltd., Mauritius. EFML's main business is investments in other business entities. During the year under review EFML has reported a nominal loss of 6,683 Euro.

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 other business entities. During the year under review, EML has reported a Net Profit of Euro 0.22 million.

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 \$ 0.2 million. The company had no business operations during the year, having transferred its business to Forbes Lux FZCO in the year 2011-12.

Forbes Lux FZCO (FLFZCO) : During the year under review, the turnover of FLFZCO was US\$ 5.7 million as compared to US\$ 5.5 million in the previous year. The operating profit of the company stands at US\$ 800,152 as compared to US\$ 536,820 for the previous year.

EUREKA FORBES LIMITED

Forbes Aquatech Ltd. (FATL) : During the year under review, turnover of FATL, (a 50:50 joint venture of the Company), marginally increased to ₹ 45.76 Crores compared to ₹ 45.12 Crores in the previous year, with, the profit after tax reduced slightly from ₹ 1.57 Crores to ₹ 1.39 Crores.

Forbes Concept Hospitality Services Pvt Ltd (FCHSPL) : A 50:50 joint venture of the Company did not have any operations during the year under review. Going forward the company has plans to revive its business. FCHSPL also proposes to bid for overseas contracts.

Infinite Water Solutions Ltd. (IWSL) : During the year under review, IWSL recorded an excellent growth of 91% in sales and grew to ₹ 27.37 Crores as against the sales of ₹ 14.32 Crores in the 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 2013-14.

8. AUDIT COMMITTEE :

The Company has a 3 member Audit Committee. Mr. N D Khurody, Chairman of the Audit Committee resigned from the membership of the Audit Committee w.e.f. November 19, 2012. Mr. D Sivanandhan has been appointed as Member and Chairman of the Audit Committee w.e.f. February 18, 2013. Mr. S L Goklaney, Executive Vice Chairman and Dr. (Mrs.) Indu Shahani, Director are other members of the Committee.

9. AUDITORS AND AUDIT REPORT :

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

The Company has received letter from Statutory Auditors to the effect that their re-appointment, if considered, 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 the Basis for Qualified opinion and the Qualified opinion in the main Audit Report and paragraph ii) c) of the annexure to the Auditors' Report. As regards the qualification in the main Audit Report, attention is invited to Note 28 (xvi) to the notes forming part of the Accounts, the note is self explanatory.

With reference to paragraph ii) c) in the Annexure to the Auditors' Report, the explanation is that, the software issues reported in the last year's Directors Report have been resolved and during the year necessary measures have been taken to account for all the stocks. The difference between book and physical stock has been narrowed down considerably. In view of the steps taken by the management going forward there will not be any material difference in inventories. However, since the physical inventory has been valued, there will not be any impact on the profit of the company.

10. INSURANCE :

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

11. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE :

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

12. PARTICULARS REGARDING EMPLOYEES :

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

13. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

- iii they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv they have prepared the annual accounts on a going concern basis.

14. APPRECIATION :

Employee relations continue 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, May 8, 2013

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, 2013.

A. Conservation of Energy:**a. Energy conservation measures taken;**

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.

b. 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.

c. Impact of the measures of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;

Your company's flagship subsidiary company Aquamall Water Solutions Ltd. (AWSL), 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 2013-14 year, your company demonstrated its green commitment by calculating the tons of carbon dioxide ('greenhouse gas') saved by your company's drinking water purifiers since inception. This was converted into a ticker, with real-time algorithmic updates, and is displayed on the Eureka Forbes web site for the benefit of the global community. In addition to 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 colour 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 reduction of in-process rejections and IQC rejections leading to improved quality control on the process lines as well.

B. Technology Absorption**d. Efforts made in technology absorption as per Form B of the Annexure:*****Research and Development (R & D)*****1. Specific areas in which R & D is carried out by the Company**

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

During this year, the company has introduced several new products.

Geneus, true to its name, is a state of the art water purification system that is designed to deliver purified water with consistent taste irrespective of the variations in the input water sources and thereby taste.

New technology initiatives were taken for design and development of 'Level Controller cum Cut-off Device' for gravity based water purifiers and 'Solar powered Storage UV water purifier'. Solar powered product is focused at addressing the water purification needs of populace living in remote and electricity / water stressed areas. The product is under field trials and likely to go commercial in the current year.

Research for the development of new models of 'off-line and on-line UV' based storage models was conducted and new products were developed. These devices are designed to address the specific needs in the market with limited access to power and running water. These products are one of their kinds.

To cater to the premium market segments, devices that can deliver Hot and Cold water were launched. Water purifiers specifically designed to input purified water to the refrigerators cum dispensers were launched. Portable water purifier is one of the innovations to come out this year. These products are available for both in India and for export markets.

The company also engaged in 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 good degree of success.

A new method of packaging in the form of 'Air cushioning pouches/bags' is under trials and development to replace the existing thermocol packaging. This initiative will not only save space and cost but is also a step towards greener technologies.

2. Benefits derived as a result of above R & D

As a result of the R&D activities, development of "Level Controller cum Cut-off Device" took place and a patent for this unique device has been filed with Indian Patent Office. This product is likely to get commercialized in the current year.

Notable among new products which were developed and productionised is 'AquaguardGeneus'. This is an innovative product which caters to the taste modulation aspect of an RO+UV+UF water purifier. Other new products launched during the year are: Aquaguard Pride (offline Storage water purifier), Aquasure UV Storage (offline Storage water purifier) & Aquaguard Electron RO. All these new products have been successful commercially.

Value engineering initiatives were taken which led to the design and development of many value added components and products. 23 VE projects were implemented and another 12 projects which were taken up during the year are in final stages of implementation.

Concerning rewards and recognitions, existing products 'Aquaguard Enhance UV' and 'Aquaguard Enhance RO' have been awarded as 'Best Domestic UV Water Purifier' and 'Best Domestic RO Water Purifier' respectively by UNESCO Water Digest Awards. UNESCO Digest has also awarded 'AquaguardGeneus' the "Distinguished Water R&D and Technological Breakthrough Award".

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 2013-14 year, a major area of focus for R&D is to build on the premium new products launched already and to expand the portfolio 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. 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	₹ 5.48 Cr.
b. Recurring	₹ 0.04 Cr.
c. Total	₹ 5.52 Cr.
d. Total R&D expenditure as a percentage of total turnover	0.43 %

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 :

e. Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans;

The Company has initiated the process of developing new international markets to increase its export business which at present is less than 1% of its turnover.

f. Total Foreign Exchange used and earned;

Earnings in foreign exchange during the year under review were ₹ 6.83 Crores and the outgo of ₹ 55.45 Crores.

EUREKA FORBES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUREKA FORBES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Eureka Forbes Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the 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 these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
- (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.

Emphasis of matter

As explained in note 28 (XVI) to the financial statements, the Company has outstanding loans and advances including interest of ₹ 3655 lakhs and ₹ 2168 lakhs receivable from its overseas subsidiaries Forbes Lux FZCO and Euro Forbes Ltd. respectively. The Company has also given a corporate guarantee to a bank aggregating ₹ 11400 lakhs for loan taken by Forbes Lux FZCO. The losses in the above subsidiaries have exceeded their respective net worth and there exists long overdue receivables of ₹ 13736 lakhs in the books of Forbes Lux FZCO, realisation of which may result in adjustments thereof. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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.
2. As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- (c) 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;
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- (e) on the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

ATUL MEHTA
Partner
Membership No. : 15935

Mumbai, Dated: 8th May, 2013

EUREKA FORBES LIMITED

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in our report to the members of Eureka Forbes Limited ("the Company") for the year ended 31st March, 2013.

- 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 off 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 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 ₹ 465 lakhs and the year end balance of loan given was ₹ 465 lakhs.
 - (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan were not prima facie prejudicial to the interest of the Company.
 - (c) The loan granted is repayable on demand and payment of interest has been regular. As informed the Company has not demanded any repayment of any such loan during the year.
 - (d) There is no overdue amount of the loan granted to the company 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 specialised requirements and suitable alternative sources are not readily available for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- v) In respect of the contract or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - a) The particulars of contracts or arrangements referred to in Section 301 that need to be entered in the Register maintained under the said Section have been so entered.
 - b) Where each of such transactions is in excess of ₹ 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 (₹ 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 .
		168.32	A.Y. 2006-07 and 2009-10	CIT (Appeals)
Central Excise Act	Excise Duty	56.51	2002-03	Appellate Tribunal
Sales Tax Act	Sales Tax	1,666.11	1982-83, 87-88, 89-90, 95-96, 96-97, 97-98, 98-99, 99-00, 2000-01, 2001-02, 02-03, 03-04, 04-05	Deputy Commissioner of Appeals Commercial Taxes
		476.00	1982-83, 96-97, 98-99, 1999-00, 2000-01, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2011-12.	Deputy Commissioner of Commercial Taxes
		191.24	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
		6.30	1997-98, 2006-07, 2007-08	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
		11.99	2004-05	Assistant Commissioner of Commercial Taxes
Central Excise Act	Service tax	1,012.91	2009-10, 2010-11, 2011-12	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.

EUREKA FORBES LIMITED

- 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 subsidiary Companies 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 does not have any outstanding debentures during the year.
- xx) The company has not raised any money by public issues during the year.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial 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 Registration No. : 101048W

ATUL MEHTA
Partner
Membership No. : 15935

Mumbai, Dated: 8th May, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

	Notes	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
I EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	2	37,280,000	37,280,000
(b) Reserves and Surplus	3	1,614,748,498	1,265,469,724
		1,652,028,498	1,302,749,724
2. Non-current liabilities			
(a) Long-term borrowings	4	—	—
(b) Long-term trade payables	8	399,823,527	—
(c) Other long-term liabilities	5	879,555,870	227,083,477
(d) Long-term provisions	6	18,359,268	22,034,072
		1,297,738,665	249,117,549
3. Current liabilities			
(a) Short-term borrowings	7	240,179,370	373,148,195
(b) Trade payables	8	1,653,956,150	1,187,653,381
(c) Other current liabilities	5	2,810,963,742	2,607,800,760
(d) Short-term provisions	6	81,944,075	85,098,210
		4,787,043,337	4,253,700,546
Total		7,736,810,500	5,805,567,819
II ASSETS			
1. Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	9	728,102,591	738,909,414
(ii) Intangible assets	10	78,440,381	18,805,571
(b) Non-current investment	11	677,090,799	677,090,799
(c) Deferred tax assets (net)	12	33,093,729	27,484,865
(d) Long-term loans and advances	13	448,627,639	592,488,420
(e) Other non-current assets	14	14,187,134	91,490,671
		1,979,542,273	2,146,269,740
2. Current assets			
(a) Current investments	15	502,400,004	1,028,711
(b) Inventories	16	2,097,891,860	1,215,407,664
(c) Trade receivables	17	1,581,003,589	1,305,602,712
(d) Cash and Bank balance	18	597,534,417	563,943,847
(e) Short-term loans and advances	13	843,844,394	572,825,233
(f) Other current assets	14	134,593,963	489,912
		5,757,268,227	3,659,298,079
Total		7,736,810,500	5,805,567,819
Significant accounting policies	1		
The notes referred to above form an integral part of the financial statements			

Per our report attached

S.P. Mistry

Chairman

For **BATLIBOI & PUROHIT**

S.L. Goklaney

Executive Vice Chairman

Chartered Accountants

Firm Regn No. 101048W

Indu Shahani
Reinhard Von Der Becke
Jai Mavani
Shankar Krishnan
Apurva Diwanji
D. Sivanandhan
Homi Katgara

Directors

ATUL MEHTA

Partner

Membership No. 15935

Dattaram Shinde

Company Secretary

Mumbai, Dated : 8th May, 2013Mumbai, Dated: 8th May, 2013

EUREKA FORBES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Notes	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
I Income			
Revenue from operation (gross)	19	12,864,098,029	12,002,883,801
Less: Excise duty		—	—
Revenue from operation (net)		12,864,098,029	12,002,883,801
Other income	20	311,339,132	341,676,499
Total Revenue		13,175,437,161	12,344,560,300
II Expenses			
Purchase of Traded goods	21	7,401,604,330	6,256,146,543
Changes in Stock in trade	22	(882,484,196)	(87,597,222)
Employee benefit expense	23	2,025,997,441	1,827,518,746
Other expenses	24	4,025,363,828	3,739,752,779
Finance cost	25	21,762,037	73,081,680
Depreciation and amortisation expense	26	130,220,780	129,218,862
Total Expenses		12,722,464,220	11,938,121,388
III Profit before exceptional items, extraordinary items and tax		452,972,941	406,438,912
Exceptional items		—	—
IV Profit before extraordinary items and tax		452,972,941	406,438,912
Extraordinary items		—	—
V Profit before tax		452,972,941	406,438,912
Tax expense			
Current tax		108,000,000	87,500,000
Deferred tax		(5,608,864)	(3,252,450)
Prior Years' Tax Adjustments (Net)		1,303,031	—
		103,694,167	84,247,550
VI Profit for the year		349,278,774	322,191,362
Earnings per equity share (₹)	27		
Basic and Diluted (Par value of ₹ 10/- per share)		93.69	86.42
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

S.P. Mistry
S.L. Goklaney
Indu Shahani
Reinhard Von Der Becke
Jai Mavani
Shankar Krishnan
Apurva Diwanji
D. Sivanandhan
Homi Katgara
Dattaram Shinde

Chairman
Executive Vice Chairman
Directors
Company Secretary

Mumbai, Dated : 8th May, 2013

Mumbai, Dated: 8th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13		2011-12	
	₹	₹	₹	₹
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		452,972,941		406,438,912
Adjusted For -				
Depreciation, amortisation and impairment	130,220,780		129,218,862	
Unrealised foreign exchange gain	(95,733,223)		(68,904,616)	
Dividend income	(132,326,225)		(110,882,103)	
Profit on disposal of investments	(11,464,918)		(2,429,223)	
Unclaimed balances/ excess provision written back	(21,500,000)		–	
Profit on sale of assets (net)	(8,300,095)		(56,638,852)	
Provision for diminution in value of investment (net)	93,626		19,767,739	
Finance cost	21,762,037		73,081,680	
Interest income	(67,817,787)		(82,358,710)	
Provision / write-off of doubtful debts, advances and other current assets	36,051,309		77,744,480	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		(149,014,496)		(21,400,743)
Adjustments for (increase)/ decrease in operating assets:		303,958,445		385,038,169
Trade Receivables	(295,670,100)		(362,049,209)	
Inventories	(882,484,196)		(87,597,222)	
Short Term Loans and advances	(171,577,724)		82,651,341	
Long -Term Loans and advances	153,057,643		207,508,614	
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	867,438,495		54,786,832	
Other current liabilities	203,162,982		217,540,102	
Other long term liabilities	652,472,393		48,908,122	
Short Term Provisions	10,797,655		1,543,074	
Long -Term Provisions	(2,399,260)		(10,563,410)	
	534,797,888		152,728,244	
Cash generated from operations		838,756,333		537,766,413
Direct Taxes Paid (net of refunds)	(129,353,059)		(76,870,106)	
(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES		709,403,274		460,896,307
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Including adjustment on account of Capital Advances)	(197,152,249)		(131,848,246)	
Sale of Fixed Assets	22,029,409		79,214,335	
Bank Balance not considered as Cash & Cash equivalents	(15,612,834)		(3,028,000)	
Purchase and subscription of non current Investments	–		(8,545,750)	

EUREKA FORBES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13		2011-12	
	₹	₹	₹	₹
Purchase of current Investments	(1,110,000,000)		(660,000,000)	
Proceeds from non current Investments	–		80,257,500	
Proceeds from current Investments	620,000,000		662,429,223	
ICD given	(24,302,500)		(8,001,550)	
ICD received back	25,000,000		474,875,482	
Interest Received	13,943,632		1,815,577	
Dividend Received	132,326,225		110,882,103	
(b) NET CASH FROM /(USED) IN INVESTING ACTIVITIES		(533,768,317)		598,050,674
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of long term borrowings	–		(70,714,210)	
Net increase / (decrease) in working capital borrowings	(132,968,825)		(857,221,915)	
Finance cost	(21,762,037)		(73,081,680)	
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		(154,730,862)		(1,001,017,805)
NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)		20,904,095		57,929,176
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:				
Cash, Cheques on hand	111,241,824		71,563,159	
Balances with scheduled banks on Current accounts	437,098,578		418,848,067	
		548,340,402		490,411,226
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	109,962,177		111,241,824	
Balances with scheduled banks on Current accounts	459,282,320		437,098,578	
		569,244,497		548,340,402
NET INCREASE /(DECREASE) AS DISCLOSED ABOVE		20,904,095		57,929,176

Per our report attached

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

ATUL MEHTA
Partner
Membership No. 15935

S.P. Mistry

S.L. Goklaney

Indu Shahani
Reinhard Von Der Becke
Jai Mavani
Shankar Krishnan
Apurva Diwanji
D. Sivanandhan
Homi Katgara

Dattaram Shinde

Chairman

Executive Vice Chairman

Directors

Company Secretary

Mumbai, Dated : 8th May, 2013

Mumbai, Dated: 8th May, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**1. SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of preparation of Financial statements****(i) Basis of Accounting**

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

(ii) 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 category wise. Long term investments are carried at costs. Provision for diminution in the value of long term investments is made only if such decline is not temporary in the opinion of the management. Investments include investments in Shares of Companies Registered outside India. They are stated at cost by converting at the rate of exchange prevalent at the time of acquisition thereof. For the purpose of arriving at profit/loss on sale of investment, the cost is determined on average basis.

(d) Inventories

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

(e) Revenue Recognition

Sales are recognised when goods are supplied and are recorded net of sales returns, discounts, rebates and sales tax/ VAT. In respect of Water Purification Projects, contracts are entered into separately with the customers for supply of material and erection & commissioning. The billing is done based on supplies affected to the customers at the agreed rates and revenue is recognised net of sales tax. The Income pertaining to erection & commissioning is done based on milestones as agreed in the contract and revenue is recognised net of tax.

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

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

(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 statement of profit and loss. 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 is provided on the basis of actuarial valuation. The company has formed its own trust for managing Provident fund, Superannuation and Gratuity of its employees as per the permission granted by the respective authority. The interest payable by the provident fund trust to the beneficiaries every year is not less than the rate notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return on investments of the trust and the notified interest rate.

(h) Research and Development

- (a) Capital Expenditures are shown separately under respective heads of fixed assets.
- (b) Revenue expenses are included under the respective heads of expenses.

(i) Taxation

Income Taxes are accounted for in accordance with Accounting Standard 22 "Accounting for Taxes on Income" notified under the Companies (Accounting Standard) Rules 2006. Income Tax comprises both current and deferred tax. Current tax is measured on the basis of estimated income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax is recognised on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(j) Impairment of Assets

An Asset is treated as impaired as and when the carrying cost of the asset exceeds its recoverable value. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows 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) Earning per share

Basic earning per share is 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, 2013

	As at 31 st March, 2013		As at 31 st March, 2012	
	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
	<u>15,000,000</u>	<u>150,000,000</u>	<u>15,000,000</u>	<u>150,000,000</u>
Issued				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	3,728,000	37,280,000	3,728,000	37,280,000
Add: Issued during the year	–	–	–	–
Less: Bought back during the year	–	–	–	–
At the end of the year	<u>3,728,000</u>	<u>37,280,000</u>	<u>3,728,000</u>	<u>37,280,000</u>
Subscribed				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	3,728,000	37,280,000	3,728,000	37,280,000
Add: Issued during the year	–	–	–	–
Less: Bought back during the year	–	–	–	–
At the end of the year	<u>3,728,000</u>	<u>37,280,000</u>	<u>3,728,000</u>	<u>37,280,000</u>
Fully Paid up				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	3,728,000	37,280,000	3,728,000	37,280,000
Add: Issued during the year	–	–	–	–
Less: Bought back during the year	–	–	–	–
At the end of the year	<u>3,728,000</u>	<u>37,280,000</u>	<u>3,728,000</u>	<u>37,280,000</u>

* 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 st March, 2013		As at 31 st March, 2012	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹ 10/- each fully paid up held by				
Forbes & Company Limited	3,728,000	100	3,728,000	100
Holding company				

EUREKA FORBES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
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	12,220,000
Add: Transfer from General Reserve in accordance with Section 77AA of the Companies Act, 1956 on buy-back of equity shares	—	—
At the end of the year	12,220,000	12,220,000
GENERAL RESERVE		
At the beginning of the year	672,500,000	630,000,000
Add: Transferred from surplus balance in the statement of profit and loss	27,500,000	42,500,000
At the end of the year	700,000,000	672,500,000
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance at the beginning of the year	578,245,421	298,554,059
Add/ (less): Profit/ (loss) for the year	349,278,774	322,191,362
Less: Appropriations		
Transfer to general reserve	27,500,000	42,500,000
Balance at the end of the year	900,024,195	578,245,421
TOTAL	1,614,748,498	1,265,469,724

	Secured / Unsecured	Non-current portion		Current maturities	
		As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
4. LONG-TERM BORROWINGS					
Term loans from					
Banks - Rupee denominated loans	Secured	—	—	—	70,714,210
Total		—	—	—	70,714,210
The above amount includes					
Secured borrowings		—	—	—	70,714,210
Amount disclosed under the head "Other Current Liabilities" (note 5)		—	—	—	(70,714,210)
Net Amount		—	—	—	—

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	Long-term		Current	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
5. OTHER LIABILITIES				
Current maturities of long-term borrowings (note 4)	–	–	–	70,714,210
Interest accrued but not due on borrowings	–	–	–	8,099
Income received in advance	627,829,959	–	1,687,431,216	1,688,502,671
Advance from customers	–	–	60,935,341	59,985,836
Interest free Trade Deposits	188,898,954	179,477,339	8,426,602	9,216,289
Other Deposits	62,826,957	47,606,138	115,430,327	106,549,426
Gratuity payable [note 28(V)]	–	–	14,134,949	4,638,497
Statutory liabilities (Contributions to PF, Pension, ESIC, withholding Taxes, VAT etc.)	–	–	197,080,317	173,059,282
Other payables - (Includes dues to employees)	–	–	727,524,990	495,126,450
TOTAL	879,555,870	227,083,477	2,810,963,742	2,607,800,760

	Long-term		Short-term	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
6. PROVISIONS				
Provision for employee benefits				
Gratuity (note)				
Leave encashment (note 28(V))	18,359,268	20,758,528	3,578,273	4,380,095
	18,359,268	20,758,528	3,578,273	4,380,095
Other provisions				
Warranties	–	–	76,122,755	64,523,278
Provision for Taxation (Net of Advance Tax)	–	1,275,544	2,243,047	16,194,837
	–	1,275,544	78,365,802	80,718,115
TOTAL	18,359,268	22,034,072	81,944,075	85,098,210

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 st March, 2013 ₹	As at 31 st March, 2012 ₹
At the beginning of the year	64,523,278	67,360,299
Additions during the year	76,122,755	64,523,278
Utilization during the year	55,957,308	65,507,259
Unused amount reversed during the year	8,565,970	1,853,040
At the end of the year	76,122,755	64,523,278

EUREKA FORBES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	Secured / Unsecured	As at 31 March 2013 ₹	As at 31 March 2012 ₹
7. SHORT-TERM BORROWINGS			
Loans repayable on demand			
From banks	Secured	240,179,370	373,148,195
TOTAL		240,179,370	373,148,195
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 @ 9.95% to 15% p.a.		

	Long-term		Current	
	As at 31 March 2013 ₹	As at 31 March 2012 ₹	As at 31 March 2013 ₹	As at 31 March 2012 ₹
8. TRADE PAYABLES				
Trade payables (including acceptances) (Refer note below for dues to Micro and Small Enterprises)	399,823,527	–	1,059,158,159	566,469,660
Trade payables (including acceptances) to related parties [Refer Note 28 (VII)]	–	–	594,797,991	621,183,721
TOTAL	399,823,527	–	1,653,956,150	1,187,653,381

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 2013 ₹	As at 31 March 2012 ₹
The principal amount remaining unpaid to any supplier as at the end of the year	41,459,141	58,252,554
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 31ST MARCH, 2013

9. TANGIBLE ASSETS

Cost or Valuation	Land - Freehold ₹	Land - Leasehold ₹	Buildings * ₹	Plant and Equipments ₹	Furniture and fixtures ₹	Vehicles ₹	Computers ₹	Total ₹
As at 1 April 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
Additions	–	–	–	11,289,870	4,423,741	71,676,726	23,937,744	111,328,081
Deletions	–	–	–	(2,387,178)	(729,357)	(31,427,494)	(5,309,631)	(39,853,660)
As at 31 March 2013	723,690	–	556,938,940	109,864,179	54,095,572	389,677,748	292,540,388	1,403,840,517
Depreciation	Land - Freehold ₹	Land - Leasehold ₹	Buildings * ₹	Plant and Equipments ₹	Furniture and fixtures ₹	Vehicles ₹	Computers ₹	Total ₹
As At 1 April 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
Charge for the year	–	–	22,232,254	8,068,276	3,740,080	52,373,587	21,991,393	108,405,590
Deletions	–	–	–	(1,668,730)	(391,828)	(18,895,114)	(5,168,674)	(26,124,346)
As at 31 March 2013	–	–	134,526,123	60,058,769	43,222,184	194,341,096	243,589,754	675,737,926
Net Block								
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
As at 31 March 2013	723,690	–	422,412,817	49,805,410	10,873,388	195,336,652	48,950,634	728,102,591

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

10. INTANGIBLE ASSETS

Gross Block	Computer Software ₹	Brand Name / Trademarks ₹	Total ₹
As at 1 April 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
Purchase	–	81,450,000	81,450,000
As at 31 March 2013	77,226,094	81,450,000	158,676,094
Amortisation			
As At 1 April 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
Charge for the year	12,933,793	8,881,397	21,815,190
As at 31 March 2013	71,354,316	8,881,397	80,235,713
Net Block			
As at 31 March 2012	18,805,571	–	18,805,571
As at 31 March 2013	5,871,778	72,568,603	78,440,381

EUREKA FORBES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 March 2013 ₹	As at 31 March 2012 ₹
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 year 4,000,160) equity shares of ₹ 10/- fully paid up in Aquamall Water Solutions Ltd	19,501,280	19,501,280
500,000 (previous year 500,000) equity shares of Singapore \$ 1 each fully paid up in Euro Forbes International Pte Ltd	13,627,500	13,627,500
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 50,000) equity shares of ₹ 10/- fully paid up in Waterwings Equipments Private Limited	21,074,500	21,074,500
7,250 (previous year 7,250) equity shares of ₹ 100/- fully paid up in Radiant Energy Systems Private Limited	10,311,135	10,311,135
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 300) equity shares of AED 1000 each fully paid up in Euro Fobres Limited	3,681,750	3,681,750
50,000 (previous year 50,000) equity shares of ₹ 10/- fully paid up in Euro Forbes Financial Services Limited	500,000	500,000
Investment in Joint Ventures		
500,000 (previous year 500,000) equity shares of ₹ 10/- fully paid up in Forbes Aquatech Ltd.	5,000,000	5,000,000
2,625,000 (previous year 2,625,000) 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
5,000 (previous year 5,000) equity shares of ₹ 10/- fully paid up in Forbes G4S Solution Private Ltd.	50,000	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	720,131,349
Less: Provision for diminution in value of investment	45,547,500	45,547,500
	674,583,849	674,583,849

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹												
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	–	–												
	<u>677,090,799</u>	<u>677,090,799</u>												
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	548,595	1,044,158												
Aggregate book value of unquoted investments	720,131,349	720,131,349												
Aggregate provision in the value of investments	45,547,500	45,547,500												
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	24,443,881	19,708,979												
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.	8,649,848	7,775,886												
Gross deferred tax asset	<u>33,093,729</u>	<u>27,484,865</u>												
Deferred tax liability														
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.	–	–												
Gross deferred tax liability	<u>–</u>	<u>–</u>												
Net deferred tax asset	<u>33,093,729</u>	<u>27,484,865</u>												
	<table border="1"> <thead> <tr> <th colspan="2">Long-term</th> <th colspan="2">Short-term</th> </tr> <tr> <th>As at 31 March 2013 ₹</th> <th>As at 31 March 2012 ₹</th> <th>As at 31 March 2013 ₹</th> <th>As at 31 March 2012 ₹</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Long-term		Short-term		As at 31 March 2013 ₹	As at 31 March 2012 ₹	As at 31 March 2013 ₹	As at 31 March 2012 ₹					
Long-term		Short-term												
As at 31 March 2013 ₹	As at 31 March 2012 ₹	As at 31 March 2013 ₹	As at 31 March 2012 ₹											
13. LOANS AND ADVANCES														
Capital advances														
Unsecured, considered good	4,431,800	57,632	–											
	<u>4,431,800</u>	<u>57,632</u>	–											
Security deposits														
Unsecured, considered good	103,634,827	100,283,835	12,650,509											
Unsecured, good - security deposits to related parties	105,000	105,000	–											
Unsecured, considered doubtful	–	–	–											
	<u>103,739,827</u>	<u>100,388,835</u>	<u>12,650,509</u>											

EUREKA FORBES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	Long-term		Short-term	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
Loans and advances to related parties [refer note 28 (VII)] *				
Inter Corporate Deposits Unsecured, considered good	–	–	503,391,675	436,909,240
Advances Unsecured, considered good	–	74,523,004	112,831,747	28,255,023
	–	74,523,004	616,223,422	465,164,263
Other loans and advances				
Unsecured considered good, unless stated otherwise				
Loans to employees	12,953,977	18,037,487	17,326,052	12,297,929
Balance with statutory / government authorities	165,086,750	246,871,696	3,103,603	1,365,925
Prepaid expenses	9,400,815	4,417,990	60,845,636	44,015,847
Advance income-tax (Net of provision of taxation)	153,014,470	148,191,776	–	–
Advances recoverable in cash or kind	–	–	133,695,172	39,872,150
	340,456,012	417,518,949	214,970,463	97,551,851
TOTAL	448,627,639	592,488,420	843,844,394	572,825,233

* Note : Loans and advances include ₹ 4,65,00,000 (Previous Year ₹ Nil) due from a Private Company (Forbes Facility Services Pvt Limited) in which a Director of the Company is a Director.

	Non Current		Current	
	As at 31 March 2013 ₹	As at 31 March 2012 ₹	As at 31 March 2013 ₹	As at 31 March 2012 ₹
14. OTHER ASSETS				
Unsecured considered good, unless otherwise stated				
Interest Accrued -				
on fixed deposits	–	–	689,714	489,912
on loans and advances to related parties	–	80,229,896	133,904,249	–
Bank balance [Refer Note 18]	14,187,134	11,260,775	–	–
	14,187,134	91,490,671	134,593,963	489,912

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹		
15. CURRENT INVESTMENTS (NON-TRADE)				
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		
Investment in Mutual Funds				
Unquoted				
MF TATA Floater Fund	501,464,918	–		
(2,93,599.0255 Units (Previous year NIL) having face value of ₹ 100 each)				
	503,008,036	1,543,118		
Less: Provision for diminution in value of investment	608,032	514,407		
TOTAL	502,400,004	1,028,711		
Aggregate book value of quoted investments	1,543,118	1,543,118		
Market value of quoted investments	935,086	1,028,711		
Aggregate book value of unquoted investments	501,464,918	–		
Aggregate provision in the value of investments	608,032	514,407		
16. INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)				
Stock In Trade :				
Units (includes in transit ₹ 4,35,47,170 /- (Previous year: ₹ 2,81,70,802/-) [refer note 22]	1,563,746,569	745,946,585		
Spares and Accessories (includes in transit ₹ 1,61,69,263/- (Previous year: ₹ 30,98,427/-) [refer note 22]	534,145,291	469,461,079		
	2,097,891,860	1,215,407,664		
	Non Current	Current		
	As at 31 March 2013 ₹	As at 31 March 2012 ₹	As at 31 March 2013 ₹	As at 31 March 2012 ₹
17. TRADE RECEIVABLES				
Debts outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	–	–	329,029,009	173,630,778
Debts due from related parties, unsecured	–	–	27,635,231	15,535,967
Unsecured, considered doubtful from related parties	–	–	4,902,140	4,902,140
	–	–	361,566,380	194,068,885
Less: Provision for doubtful debts	–	–	4,902,140	4,902,140
	–	–	356,664,240	189,166,745
Other debts				
Unsecured, considered good	–	–	1,204,099,231	1,101,160,606
Debts due from related parties, unsecured	–	–	20,240,118	15,275,361
	–	–	1,224,339,349	1,116,435,967
TOTAL	–	–	1,581,003,589	1,305,602,712

Note: Trade Receivable include ₹ 2,96,82,514 (Previous Year ₹ 1,24,92,356) due from a Private Company (Forbes Facility Services Pvt Limited) in which a Director of the Company is a Director.

EUREKA FORBES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	Non Current		Current	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
18. CASH AND BANK BALANCE				
Cash and cash equivalents				
Balance with banks in:				
– Current accounts	–	–	459,282,320	428,429,842
– Deposits with original maturity of less than 3 months	–	–	–	8,668,736
Cheques/ drafts on hand	–	–	84,399,889	88,917,559
Cash on hand	–	–	25,562,288	22,324,265
	<u>–</u>	<u>–</u>	<u>569,244,497</u>	<u>548,340,402</u>
Other bank balances				
Balance in banks for margin money	9,214,492	7,285,009	–	–
Deposits with original maturity of more than 12 months *	4,972,642	3,975,766	17,210,730	–
Deposits with original maturity of more than 3 months but less than 12 months *	–	–	11,079,190	15,603,445
	<u>14,187,134</u>	<u>11,260,775</u>	<u>28,289,920</u>	<u>15,603,445</u>
Amount disclosed under non-current assets (note 14)	<u>(14,187,134)</u>	<u>(11,260,775)</u>	<u>–</u>	<u>–</u>
TOTAL	<u>–</u>	<u>–</u>	<u>597,534,417</u>	<u>563,943,847</u>

* Deposits lodged as security with Govt authorities

	For the year ended 31 March 2013 ₹	For the year ended 31 March 2012 ₹
19. REVENUE FROM OPERATION		
Sale of products *	10,343,127,836	9,334,495,745
Sale of services **	2,440,926,434	2,588,268,053
Other operating income		
Scrap sales	10,294,181	9,782,710
Other	69,749,578	70,337,293
Revenue from operations	<u>12,864,098,029</u>	<u>12,002,883,801</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	For the year ended 31 March 2013 ₹	<i>For the year ended</i> 31 March 2012 ₹
* Sale of Products		
Vacuum Cleaners	2,175,076,445	2,234,381,703
Water filter-cum-purifiers	6,698,325,081	5,981,901,008
Water & Waste Water Treatment Plants	414,255,070	255,100,357
Electronic air cleaning systems	30,471,067	31,077,182
Security systems	268,994,187	210,469,190
Fire Extinguishers	32,004,454	–
Other Products	27,363,861	8,794,437
Spares & Accessories	696,637,671	612,771,868
	<u>10,343,127,836</u>	<u>9,334,495,745</u>
** Sale of services		
Maintenance Service	2,150,508,433	2,273,911,366
Cleaning Service	227,334,537	271,427,978
Others	63,083,464	42,928,709
	<u>2,440,926,434</u>	<u>2,588,268,053</u>
20. OTHER INCOME		
Interest income on :		
Bank deposits	4,326,227	2,029,076
Loans and Advances	63,491,560	80,320,767
Others	–	8,867
Exchange difference (net)	25,870,309	72,497,724
Dividend Income :		
Subsidiaries	132,304,800	110,854,000
Non-current Investments - Trade	10,000,000	–
Current investment - Others	21,425	28,103
Profit on sale of assets (Net)	8,300,095	56,638,852
Gain on sale of current investments (Net)	11,464,918	2,429,223
Miscellaneous Income	55,559,798	16,869,887
	<u>311,339,132</u>	<u>341,676,499</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	For the year ended 31 March 2013 ₹	<i>For the year ended 31 March 2012 ₹</i>
21. PURCHASE OF TRADED GOODS		
Vacuum Cleaners	1,195,674,312	1,211,492,147
Water filter-cum-purifiers	3,520,072,314	3,341,735,509
Water & Waste Water Treatment Plants	269,546,381	244,293,966
Electronic air cleaning systems	18,588,114	18,742,622
Security systems	127,155,513	98,688,928
Fire Extinguishers	708,956,900	–
Other Products	37,539,570	34,989,905
Spares & Accessories	1,524,071,226	1,306,203,466
TOTAL	7,401,604,330	6,256,146,543
22. CHANGES IN STOCK-IN-TRADE		
Opening stock		
– Units	745,946,585	640,286,390
– Spares and Accessories	469,461,079	487,524,052
	1,215,407,664	1,127,810,442
Less :		
Closing stock		
– Units	1,563,746,569	745,946,585
– Spares and Accessories	534,145,291	469,461,079
	2,097,891,860	1,215,407,664
Net(increase)/ decrease	(882,484,196)	(87,597,222)
Details of Stock-in-trade		
Vacuum Cleaners	285,363,848	217,701,043
Water filter-cum-purifiers	458,397,586	381,158,165
Water & Waste Water Treatment Plants	15,094,236	73,455,811
Electronic air cleaning systems	7,972,259	7,290,102
Security Systems	67,434,574	41,896,196
Fire Extinguishers	688,473,195	–
Other Products	41,010,871	24,445,268
Spares & Accessories	534,145,291	469,461,079
TOTAL	2,097,891,860	1,215,407,664

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	For the year ended 31 March 2013 ₹	<i>For the year ended 31 March 2012 ₹</i>
23. EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	1,868,087,159	1,671,879,727
Contribution to provident and other fund	108,136,730	101,685,649
Staff welfare expense	49,773,552	53,953,370
	2,025,997,441	1,827,518,746
24. OTHER EXPENSES		
Electricity	26,218,916	23,853,190
Rent	107,691,034	118,721,612
Repairs and Maintenance		
Building	297,625	776,312
Machinery	28,360	69,450
Others	44,169,031	42,273,972
Insurance	29,958,897	25,970,728
Advertisement	501,720,390	425,215,820
Selling and Sales Promotion	533,232,792	465,710,497
Freight, Forwarding and Delivery	182,887,421	177,324,465
Payment to Auditors (Refer details Below)	2,461,539	2,097,588
Printing and Stationery	37,880,485	36,951,158
Communication cost	95,402,364	91,314,048
Travelling and Conveyance	170,288,474	202,899,586
Legal and Professional Fees	100,035,157	81,265,288
Vehicle Expenses and Maintenance	207,841,094	227,270,259
Rates and taxes, excluding taxes on income	90,838,002	86,783,334
Conference Expenses	100,360,479	79,909,965
Service Charges	1,296,610,569	1,173,150,696
Information Technology Expenses	148,591,727	102,441,984
Logistics Expenses	93,221,799	77,727,700
Other Establishment Expenses	201,513,538	186,472,908
Directors' Sitting Fees	681,800	540,000
Bad Debts/Advances Written-Off	36,051,309	72,842,340
Provision for Doubtful Debts	–	4,902,140
Provision for diminution in value of investments	93,626	19,767,739
Commission to Directors	17,287,400	13,500,000
	4,025,363,828	3,739,752,779
Payment to auditors		
As auditor		
Audit fee	1,797,760	1,797,760
Tax audit fee	280,900	196,630
In other capacity		
For other services	337,080	26,472
For reimbursement of expenses	45,799	76,726
	2,461,539	2,097,588

EUREKA FORBES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	For the year ended 31 March 2013 ₹	For the year ended 31 March 2012 ₹
25. FINANCE COST		
Interest expense	15,605,059	66,643,400
Other borrowing cost	6,156,978	5,889,016
Net foreign currency transactions and translation	–	549,264
	21,762,037	73,081,680
26. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on tangible assets	108,405,590	113,383,053
Amortization on intangible assets	21,815,190	15,835,809
	130,220,780	129,218,862
27 EARNINGS PER EQUITY SHARE		
Number of Equity Shares	3,728,000	3,728,000
Weighted average number of equity shares	3,728,000	3,728,000
Face Value per share	10	10
Profit After Tax available to Equity Shareholders	349,278,774	322,191,362
Basic and Diluted Earning Per Share	93.69	86.42
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 ₹ 121,07,46,200/- (previous year ₹ 114,07,46,200)		
(ii) Bank Guarantees issued on behalf of the Company - ₹ 21,64,804/- (previous year ₹ 4,43,13,446/-)		
(iii) Disputed Income Tax Demands - ₹ 1,94,65,272/- (previous year ₹ 9,92,56,536/-).		
(iv) Disputed Central Excise Demands - ₹ 56,51,360/- (previous year ₹ 1,03,59,694/-).		
(v) Disputed Sales Tax demands - ₹ 25,09,21,158/- (previous year ₹ 24,36,95,884/-).		
(vi) Disputed Service Tax demands - ₹ 10,12,91,310/- (previous year ₹ 7,23,43,375/-)		
(b) Commitments :		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹ 2,00,68,200/- (previous year ₹ 1,03,787).		
(ii) Towards product performance ₹ 10,08,80,340/- (previous year ₹ 6,76,78,005/-)		
(ii) Towards service performance ₹ 5,35,66,414/- (previous year ₹ 5,09,39,759/-)		
II (a) Expenditure in foreign currency on account of :	2012-13	2011-12
	₹	₹
Subscription, travelling, advertisement, testing charges, training, professional fees, royalty samples etc.	13,591,821	15,866,871
(b) Remittance in Foreign Currency :		
On account of investment in shares of Subsidiary	NIL	3,681,750
On account of Inter corporate deposit to subsidiary company	21,802,500	8,001,550
On account of Trademarks / Intangible assets	81,450,000	NIL
III Value of Imports on C.I.F basis :		
Units, Spares and accessories	437,656,965	337,250,785

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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

	2012-13 ₹	2011-12 ₹
IV Earnings in Foreign Exchange :		
Export of goods on F.O.B basis	12,664,439	12,667,981
Commission & other receipts	2,638,418	16,304,645
Capital reduction in wholly owned subsidiary	NIL	87,491,875
Repayment of Inter corporate deposit by subsidiary company	NIL	474,875,482
Interest on Inter corporate deposit to subsidiary company	52,997,977	72,846,369

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 :

Employer's contribution to Provident Fund	*	17,101,452	17,070,950
Employer's contribution to Superannuation Fund	*	8,909,737	7,694,134
Employer's contribution to Pension Scheme		25,805,639	27,105,123

* 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.

	2012-13		2011-12	
	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	88,533,569	25,138,623	83,141,660	31,321,938
Current Service cost	7,912,507	4,401,416	6,943,053	6,114,548
Interest cost	7,525,353	2,136,783	6,651,333	2,505,755
Actuarial (gain)/loss on obligations	12,226,603	(2,980,754)	3,326,817	(8,226,970)
Benefit paid	(9,642,101)	(6,758,527)	(11,529,294)	(6,576,648)
Defined benefit obligation at the end of the year	106,555,931	21,937,541	88,533,569	25,138,623
b. Change in fair value of Plan Assets				
Fair value of Plan Assets at the beginning of the year	86,465,849	-	77,203,849	-
Expected return on Plan Assets	7,608,995	-	6,369,318	-
Employer Contribution	10,830,366	-	13,957,687	-
Transfer from Other Company	4,066,248	-	-	-
Benefit paid	(9,642,101)	-	(11,529,294)	-
Actuarial gain/(loss) on Plan Assets	(101,731)	-	464,289	-
Fair value of Plan Assets at year end	99,227,626	-	86,465,849	-
Total Actuarial gain / (loss) to be recognised	(12,328,334)	-	(2,862,528)	-

EUREKA FORBES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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

	2012-13		2011-12	
	Gratuity (Funded)	Leave Encashment (non Funded)	Gratuity (Funded)	Leave Encashment (non Funded)
	₹	₹	₹	₹
c Expenses recognised during the year (under the head "Employee benefit expenses" - note 23)				
Current Service cost	7,912,507	4,401,416	6,943,053	6,114,548
Interest Cost	7,525,353	2,136,783	6,651,333	2,505,755
Expected Returns on Plan Assets	(7,608,995)	–	(6,369,318)	–
Actuarial (Gain) or Loss	12,328,334	(2,980,754)	2,862,528	(8,226,970)
Expense Recognised in the Statement of Profit and Loss	20,157,199	3,557,445	10,087,596	393,333
d Category of Assets				
Central Government Securities	22,483,020	–	20,791,180	–
Corporate Bonds	49,934,500	–	–	–
Special Deposit Scheme	4,103,069	–	4,103,019	–
State Government Bonds	15,539,100	–	4,859,100	–
Others	7,167,937	–	56,712,550	–
Total Investments	99,227,626	–	86,465,849	–
e Assumptions used in the accounting for defined benefit plans				
Discount Rate	8.00%	8.00%	8.50%	8.50%
Rate of Return on Plan Assets	8.00%	–	8.80%	–
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 statement of profit and loss for the year is ₹ 10,76,91,034/- (Previous Year ₹ 11,87,21,612/-). 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 31ST MARCH, 2013

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

- IX Deferred tax Asset (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 01.04.2012	During the year Asset/ (Liability)	Closing Asset / (Liability) as at 31.03.2013
Depreciation	7,775,886	873,962	8,649,848
Expenses allowed for tax purpose on payment basis	19,708,979	4,734,902	24,443,881
Total	27,484,865	5,608,864	33,093,729

- X During the year 2012-13, Aquadiagnostics Water Research & Technology Centre Limited (AWRTC) has taken a number of initiatives, which not only helped the Company to improve its growth during the year but would also help in its growth for many years to come. Also, it extended its full support to Aquamall Water Solutions Limited (AWSL) in its pursuit to improve the quality of its products and reduce its complaints. This support not only helped AWSL but also helped AWRTC to earn additional revenue. Similarly, a special drive was made to approach some of the big and important industries in and around Bangalore to check and certify the quality of their drinking water as well as the discharge water. This has resulted in a two-year contract (worth ₹ 10,00,000 per year) with Infosys Limited for certifying the quality of the drinking water in their headquarters as well as a couple of branch offices. AWRTC is hoping that they would extend this contract next year to all their offices across India, which would be worth nearly ₹ 25,00,000 per year. With the help of the above actions, AWRTC has been able to substantially increase the turnover during the year 2012-13 with a 34% growth, which has resulted in a positive EBIDTA, for the first time in the history of AWRTC. During the year 2013-14, AWRTC is expecting BIS recognition which would help them to test and certify bottled water plants, through which AWRTC can easily expect a revenue of ₹ 15,00,000 every year. Based on the various steps taken during the year 2012-13, AWRTC expects manifold growth in EBIDTA in the year 2013-14. Hence no provision has been made for 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 31.03.2013 is as follows:

Sl. No.	Name of the Company	Country of Incorporation	Year Ended on	% Holding	Eureka Forbes Ltd. Share			
					Assets ₹	Liabilities ₹	Income ₹	Expenses ₹
1	Forbes Concept Hospitality Services Pvt Ltd.	India	31.03.2013	50%	2,576,635	9,298,721	729,123	466,117
2	Forbes Aquatech Limited	India	31.03.2013	50%	61,540,930	37,967,565	228,778,708	220,062,899
3	Infinite Water Solutions Limited	India	31.03.2013	50%	70,584,685	31,056,320	136,864,955	125,855,395
4	Forbes G4S Solutions Pvt Limited	India	31.03.2013	50%	83,791	165,500	-	83,379

- b. The Company's share of contingent liabilities of the JV Forbes Aquatech Limited as at 31.03.2013 is ₹ 77,84,479/- (Previous Year ₹ 1,01,77,320/)
- XII ₹ 5,48,04,787 (Previous year ₹ 3,79,71,777/-) 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 statement of profit and loss is ₹ 2,58,70,309 (Previous Year ₹ 71,948,461). Exchange difference (gain) on outstanding forward exchange contract to be recognised in the statement of profit and loss 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 ₹ 1,07,60,086 (Previous Year ₹ 94,40,764). The company is generally exempt from seeking approval of Central Government under the provisions of GSR 534(E) dated July 14, 2011 issued by the Government of India, Ministry of Corporate Affairs as the employment of

EUREKA FORBES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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

the Managerial Personnel is professional in nature and further he does not hold any equity shares in the capital of the Company or its holding company

During the year the company has received the approval of Central Government in respect of excess Managerial Remuneration of ₹ 26,89,971 paid in excess of limits specified in the aforesaid schedule XIII for the period April 1, 2011 to July 13, 2011

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.

The Foreign currency (FC) exposure not hedged as at 31st March, 2013 are as under

	Currency	31 st March, 2013		31 st March, 2012	
		FC Amount	INR Amount	FC Amount	INR Amount
a. Receivable -					
Debtors	USD	271,391	14,751,481	59,419	3,081,019
Loans	USD	3,230,000	175,566,650	2,830,000	146,741,443
	SGD	6,277,333	275,025,024	6,277,333	258,867,797
Advances	SGD	-	-	-	-
	USD	40,893	2,222,732	201,987	10,473,442
	EUR	1,513	105,365	1,513	104,603
b. Payable					
Creditors	USD	72,950	3,965,206	244,888	12,697,962
	SGD	96	4,203	336	13,861
	EUR	709,394	49,418,524	673,721	46,594,080
Loans - Buyers Credit	USD	-	-	52,954	2,745,755
c. Investments					
Equity Shares	SGD	500,000	13,627,500	500,000	13,627,500
	CHF	250,000	9,297,500	250,000	9,297,500
	EUR	15,001	945,546	15,001	945,546
	AED	300,000	3,681,750	300,000	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 The Company has outstanding loans including interest and advances of ₹ 44,71,59,136 (Previous year ₹ 39,52,57,227/-) and ₹ 21,67,57,974 (Previous year ₹ 16,57,57,337) 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 ₹ 114,07,46,200 (Previous year ₹ 114,07,46,200/-) 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 region, the subsidiaries will have future profitable operations; hence no provision has been made by the Management for the above loans.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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

- XVII In the year 2009, Company entered into a five year tenure agreement with IBM India Private Limited for outsourcing of the company's Information Technology infrastructure and Business transformation requirements. The desired benefits as laid down under the agreement were not being derieved by the company even after completion of three years of the arrangement with IBM. Disputes have therefore arisen and with the termination of the agreement, the matter has been referred to Arbitration and the arbitration proceedings have just commenced. In the opinion of the management, considering the claim of the company against claim by IBM, liability provision is not required in the books of accounts.
- XVIII Loans and Advances (Note 13) include an amount of ₹ 42,84,826 (*Previous Year NIL*) which is the amount of a Bank Guarantee invoked and encashed by Indian Railways. The Company has been legally advised that the matter being under arbitration and likely to succeed, no provision is necessary to be made in the books of accounts.
- XIX Previous year figures have been re-grouped wherever necessary

Per our report attached

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

ATUL MEHTA
Partner
Membership No. 15935

Mumbai, Dated : 8th May, 2013

S.P. Mistry

S.L. Goklaney

Indu Shahani
Reinhard Von Der Becke
Jai Mavani
Shankar Krishnan
Apurva Diwanji
D. Sivanandhan
Homi Katgara

Dattaram Shinde

Mumbai, Dated: 8th May, 2013

Chairman

Executive Vice Chairman

Directors

Company Secretary

EUREKA FORBES LIMITED

Details required under Accounting Standard 18 on "Related Party Disclosures " issued by the Institute of Chartered Accountants of India - referred in note no. 28 (VII) for the year ended 31st March 2013.

(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. - Holding Company
Shapoorji Pallonji & Co.Ltd - Ultimate Holding Company

B Enterprises that are controlled - (Subsidiary Company) -

Aquadignostics Water Research & Technology Centre Limited
Aquamall Water Solutions Ltd.
E4 Development & Coaching Ltd
EFL Mauritius Ltd
Euro Forbes Financials Services Ltd.
Euroforbes Mauritius Ltd.
Euro Forbes International Pte. Ltd.
Euro Forbes Limited
Forbes Lux FZCO
Forbes Enviro Solutions Ltd
Forbes Facility Services 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
AquaIgnis Technologies Pvt Ltd (Joint Venture of Aquamall Water Solutions 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 Private Ltd
Infinite Water Solutions Private Ltd
Forbes G4S Solutions Private Limited

F Key Management Personnel

Mr. S.L. Goklaney

(II) Transactions with Related Parties for the year ended 31st March, 2013

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	–	4,719,933,723	–	–	455,930,793	–
Fixed Assets	–	–	271,338	–	–	–
	–	4,719,933,723	271,338	–	455,930,793	–
Sales						
Goods and Materials	5,800,233	30,520,573	557,471	–	–	–
Services Rendered	368,676	100,884	72,770	–	–	–
Fixed Assets	–	–	–	–	–	–
	6,168,909	30,621,457	630,241	–	–	–
Expenses						
Rent and other services	–	3,889,896	–	–	–	–
Repairs & Other Expenses	339,066	1,246,792	–	–	6,412,678	–
	339,066	5,136,688	–	–	6,412,678	–
Income						
Rent and other services	–	1,237,364	–	–	–	–
Interest	–	59,668,271	–	–	2,818,768	–
Dividend	–	132,304,800	–	–	10,000,000	–
Misc. Income	881,500	13,000	151,000	–	22,000	–
	881,500	193,223,435	151,000	–	12,840,768	–
Other Receipts						
Other Reimbursements	21,068	90,697,449	–	–	7,928,447	–
Finance						
Inter-corporate deposits given	–	46,802,500	–	–	–	–
Repayment of Inter-Corporate Deposits Given	–	–	–	–	25,000,000	–
Investment in shares	–	–	–	–	–	–
Surrender for Investment	–	–	–	–	–	–
Dividend paid	–	–	–	–	–	–
Outstanding						
Trade Payables	–	545,525,898	–	–	49,272,093	–
Trade Receivables	3,810,822	44,064,527	131,277	–	–	–
Inter-corporate deposits receivable	–	503,391,674	–	–	–	–
Interest Accrued	–	133,904,249	–	–	–	–
Other Deposits Receivable	–	105,000	–	–	–	–
Advances	1,046,009	108,975,015	316,198	–	2,494,525	–
Remuneration						
Paid / Payable	–	–	–	–	–	34,852,455
Guarantees						
Given	–	70,000,000	–	–	–	–
Outstanding	–	1,210,746,200	–	–	–	–

EUREKA FORBES LIMITED

(III) 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	Aquadiagnostics Water Research & Technology Center Ltd	Euro Forbes Financial Services Ltd.	Euro Forbes Ltd.	Euro Forbes International Pte. Ltd
	₹	₹	₹	₹	₹	₹	₹
Purchases							
Goods and Materials	–	–	4,551,564,189	–	–	–	–
Fixed Assets	–	–	–	–	–	–	–
	–	–	4,551,564,189	–	–	–	–
Sales (Gross)							
Goods and Materials	5,697,000	103,233	–	–	–	–	–
Services Rendered	348,696	19,980	–	–	–	–	–
Fixed Assets	–	–	–	–	–	–	–
	6,045,696	123,213	–	–	–	–	–
Expenses							
Rent	–	–	3,889,896	–	–	–	–
Repairs & Other Expenses	–	339,066	423,054	456,827	–	–	–
	–	339,066	4,312,950	456,827	–	–	–
Income							
Rent and other services	–	–	–	–	–	–	–
Interest	–	–	–	735,000	–	20,079,098	–
Dividend	–	–	120,004,800	–	–	–	–
Miscellaneous Income	725,500	156,000	–	–	–	–	–
	725,500	156,000	120,004,800	735,000	–	20,079,098	–
Other Receipts							
Other Reimbursements	–	21,068	79,145,025	–	–	–	–
Finance							
Inter-corporate deposits given	–	–	–	–	–	21,802,500	–
Repayment of Inter-Corporate Deposits Given	–	–	–	–	–	–	–
Investment in shares							
Surrender for Investment							
Dividend paid							
Outstanding							
Trade Payables			504,483,185				
Trade Receivables	3,740,558	70,264					
Inter-corporate deposits receivable				6,000,000		179,639,404	
Interest Accrued				2,273,653		37,118,570	
Other Deposits Receivable			105,000				
Advances	731,173	314,836					
Remuneration							
Paid / Payable							
Guarantees							
Given							
Outstanding							

(III) The above Transaction includes :

Nature of Transactions	B	B	B	B	B	B	B	C	C
	Forbes Lux FZCO	EFL Mauritius Ltd.	E4 Development & Coaching Ltd	Forbes Facility Services Pvt. Ltd.	Forbes Enviro Solutions Ltd.	Radiant Energy Systems Pvt Ltd.	Waterwings Equipments Pvt. Ltd	Afcons Infra-structure Ltd.	Forbes Technosys Ltd.
	₹	₹	₹	`	₹	₹	₹	₹	
Purchases									
Goods and Materials	41,501	-	-	19,364,542		36,424,263	112,539,228		
Fixed Assets	-	-	-	-	-	-	-		271,338
	41,501	-	-	19,364,542	-	36,424,263	112,539,228		271,338
Sales (Gross)									
Goods and Materials	12,039,361	-	-	17,056,373		1,424,839		159,232	
Services Rendered	-	-	-	100,884	-	-		41,670	
Fixed Assets	-	-	-	-	-	-	-		
	12,039,361	-	-	17,157,257	-	1,424,839	-	200,902	-
Expenses									
Rent	-	-	-	-	-	-	-		
Repairs & Other Expenses	-	-	300,684	-	-	-	66,227		
	-	-	300,684	-	-	-	66,227	-	
Income									
Rent and other services	-	-	-	1,237,364	-	-	-		
Interest	32,918,879	-	25,500	5,909,794	-	-	-		
Dividend	-	-	-	-		5,800,000	6,500,000		
Miscellaneous Income	-	-	-	-		3,000	10,000		63,000
	32,918,879	-	25,500	7,147,158	-	5,803,000	6,510,000		63,000
Other Receipts									
Other Reimbursements	7,213,337	-	82,041	4,203,967	-		53,079		
Finance									
Inter-corporate deposits given	-	-	-	25,000,000					
Repayment of Inter-Corporate Deposits Given	-	-	-						
Investment in shares									
Sunder for Investment									
Dividend paid									
Outstanding									
Trade Payables			1,361	8,818,468		4,127,366	28,095,518		
Trade Receivables	14,382,013			29,682,514				75,317	
Inter-corporate deposits receivable	270,952,270		300,000	46,500,000					
Interest Accrued	94,512,026								
Other Deposits Receivable									
Advances	81,694,840	27,280,175							194,672
Remuneration									
Paid / Payable									
Guarantees									
Given				70,000,000					
Outstanding	1,140,746,200			70,000,000					

EUREKA FORBES LIMITED

(III) The above Transaction includes :

Nature of Transactions	C	C	C	D	E	E	E	E	F
	Gokak Textile Ltd	Sterling and Wilson Lrd.	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
	₹	₹	₹	₹	₹	₹	₹	₹	
Purchases									
Goods and Materials	-	-	-		455,870,193	-		60,600	
Fixed Assets	-	-	-	-	-	-	-	-	
	-	-	-		455,870,193	-		60,600	
Sales (Gross)									
Goods and Materials	-	398,239	-	-	-	-	-	-	-
Services Rendered	4,890	26,210	-	-	-	-	-	-	-
Fixed Assets	-	-	-	-	-	-	-	-	-
	4,890	424,449	-	-	-	-	-	-	-
Expenses									
Rent	-	-	-	-	-	-	-	-	-
Repairs & Other Expenses	-	-	-		6,412,678	-	-	-	
	-	-	-		6,412,678	-	-	-	
Income									
Rent and other services	-	-	-	-	-	-	-	-	-
Interest	-	-	-		2,818,768-	-	-	-	-
Dividend	-	-	-		10,000,000	-	-	-	-
Miscellaneous Income	88,000	-	-		22,000	-	-	-	-
	88,000	-	-		12,840,768	-	-	-	-
Other Receipts									
Other Reimbursements	-	-	-		5,509,822		25,500	2,393,125	
Finance									
Inter-corporate deposits given									
Repayment of Inter-Corporate Deposits Given					25,000,000				
Investment in shares									
Sunder for Investment									
Dividend paid									
Outstanding									
Trade Payables					49,272,093				
Trade Receivables		55,960							
Inter-corporate deposits receivable									
Interest Accrued									
Other Deposits Receivable									
Advances	121,526						162,000	2,332,525	
Remuneration									
Paid / Payable									34,852,455
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 International Pte Limited	Forbes Facility Services Pvt. Limited	E4 Development and Coaching Limited	Waterwings Equipments Private Limited	Radiant Energy Systems Private Limited	Forbes Enviro Solutions Ltd.	EFL Mauritius Limited	Aquadiagnostics Water Research & Technology Center*	Euroforbes Mauritius Ltd*	Euro Forbes Financial Service Ltd	Euro Forbes Limited	Forbes Lux FZCO*
The Financial Year of the Subsidiary Company ended on	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31.12.2012	31.12.2012
(a) Number of Shares in the Subsidiary Company held by Eureka Forbes Limited at the above date	Nos. 4,000,160	500,000	1,000,000	750,000	50,000	7,250	50,000	8,850,001	80,000	1	50,000	300	9
(i) Fully paid	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Partly paid	100	100	100	75	100	100	100	100	100	100	100	100	75
Percentage Holding													
(b) The net aggregate amount of profits of the Subsidiary Company for the financial year so far as it concerns the members of Eureka Forbes Limited which has not been dealt with in the accounts of Eureka Forbes Limited upto 31 st March, 2013 are as follows:	₹ 29,09,59,161	(10,41,032)	123,41,847	10,40,029	5,60,728	20,93,285	(,32,581)	1,56,64,164	(28,54,764)	(4,67,678)	(,28,158)	(188,63,105)	(228,67,534)
31 st March, 2013 are as follows:	₹ 172,08,05,386	(1,56,57,531)	(1,89,73,599)	(99,30,331)	,68,45,157	,69,96,277	(1,42,156)	1,18,48,892	(1,57,60,195)	(,5,99,750)	(,1,11,963)	(1,23,63,188)	(7,62,83,213)
For the year	₹ 12,00,04,800				65,00,000	58,00,000							
For the previous years	₹ 43,22,73,365				1,56,25,000	,94,25,000							

* Note :

(a) 80,000 Equity of Aquadiagnostics Water Research & Technology Center and 8,20,000 Equity shares of Aquaignis Technologies Pvt Ltd 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 Forbes Limited - Dubai

S.P. Misry Chairman	S.L. Goklaney Executive Vice Chairman	Indu Shahani Director	Reinhard Von Der Becke Director	Jai Mavani Director	Shankar Krishnan Director
Apurva Diwanji Director	D. Sivamandhan Director	Homi Kaigara Director	Dattaram Shinde Company Secretary		

Mumbai, Dated: 8th May, 2013

E4 DEVELOPMENT & COACHING LIMITED

(Subsidiary of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2013

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 have pleasure in presenting the Fifth Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended March 31, 2013.

1. FINANCIAL RESULTS:

	Current Year ₹	<i>Previous Year</i> ₹
Income from services and Other Income	84,33,137	64,10,482
Profit/ (Loss) before Depreciation	17,26,976	(5,99,419)
Less: Depreciation	6,35,734	8,29,554
Profit/ (Loss) Before Tax	10,91,242	(14,28,973)
Less/ (Add): Prov. for Current Tax and Deferred Tax	51,213	(71,373)
Profit/ (Loss) after Tax	10,40,029	(13,57,600)
Balance Brought Forward from Last Year	(99,30,331)	(85,72,731)
Profit/ (Loss) Transferred to Balance Sheet	<u>(88,90,302)</u>	<u>(99,30,331)</u>

2. OPERATIONS:

In a year full of business challenges and market fluctuations your company has managed to better its performance with respect to its overall business operations .Besides retaining and growing all its existing clientele the company has managed to add new clients from each sector of business as a part of the new account strategy for sustainable growth .

The company has also put together a number of collaborative partnerships with key vendors in the education sectors and also in the corporate training space. The year continued well with your company also adding a number of new consultants on the existing panel of the company .

Your company also received an acknowledgement from one of its client Lubrizol where your companies cobranded Earn and Learn E4 –Lubrizol Business Management Program received the international best practice award for its client .

Besides this your company has continued to develop several new training products and services which will continue to add to the future growth of the company in the years to come .

The education sector initiatives in talent management and development for B- schools has also yielded an encouraging result this year with over 700 internships being offered to students with leading multinational companies and Indian business houses.

Your company also continued to host the Summer Trainee Awards and launched the Biz Bash marketing competition for level 2 B schools in association with a leading B - school at Mumbai.

The company also has now formally launched operations in Delhi and Kolkatta through its network of consultants this too will help us to grow next year as a number of new business accounts will be added to the existing portfolio of clientele. Overall the year ended well and the company will strive to achieve its growth objectives for the next year.

3. 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. Marzin R. Shroff and Mr. S.K. Palekar will retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

4. DIVESTMENT :

As reported in the last year, Eureka Forbes Ltd. had decided to divest its 75% equity in the Company in order to concentrate on its core business. Though it was proposed by Mr. Rawalnath Krishna Lawande, Director and CEO of the Company, to purchase the equity of Eureka Forbes Ltd., as he already holds 25% of the equity of the company. However, for various reasons, Mr. Rawalnath Krishna Lawande could not purchase the equity of Eureka Forbes Ltd. and the same is likely to take place in the forthcoming financial year.

5. AUDITORS:

Messrs. Batliboi & Purohit, Chartered Accountants, Statutory Auditors of the company hold office until the conclusion of

E4 DEVELOPMENT & COACHING LIMITED

the ensuing Annual General Meeting and are recommended for re-appointment.

6. 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, 2013, 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, 2013, 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.

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. PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

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 earnings and outgo is given as under:

The Company is engaged in the business of education, sales and retail management consultancy and, hence, the activities of your Company require minimal energy consumption but every endeavor has been made to ensure optimal utilisation of energy and to avoid wastage.

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

9. 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

R K. Lawande
(Director)

Place : Mumbai
Date : 23rd April, 2013

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, 2013. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure ‘A’ to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure ‘B’ to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a Public Limited company, provisions of Section 3(1)(iii) of The Companies Act, 1956 are not applicable to Company.
4. The Board of Directors duly met four times respectively on 9th day of May, 2012, 28th day of August, 2012, 17th day of December 2012 and 21st day of January, 2013 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. During the financial year there was no meeting of the Remuneration Committee as no Remuneration Committee was constituted.
6. The Company was not required to close its Register of Members during the financial year.
7. The annual general meeting for the financial year ended on March 31, 2012, was held on June 26, 2012, and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. During the financial year no extra-ordinary general meeting of the company was held.
9. The Company has not advanced any loans to its Directors or persons or firms or companies referred in the section 295 of the Act.
10. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
11. The Company has complied with the requirement of maintaining register under Section 301 of the Act.
12. The conduct of the company during the financial year did not attract provisions of section 314 of the Act.
13. Since no duplicate share certificates have been issued by the company, the question of Board of Directors or duly constituted Committee of Directors approving the duplicate issue of share certificates does not arise.
14. The Company has:
 - a) wherever applicable, delivered all the certificates on allotment of securities and on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act; and
 - b) duly complied with the requirements of section 217 of the Act.
15. The Board of Directors of the Company is duly constituted and the appointments of Directors, Additional Directors, Alternate Directors and Directors to fill casual vacancies, wherever applicable, have been duly made.

E4 DEVELOPMENT & COACHING LIMITED

16. During the financial year there has been no change or reappointment of Managing Director or Executive Director of the Company.
17. There was no appointment of sole-selling agent during the financial year, which attracted the provisions of the Act.
18. The Company has obtained, wherever applicable, necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
19. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
20. The company has not issued any shares during the financial year.
21. There was no buy-back of shares during the financial year.
22. The Company has not issued any preference shares/debentures and hence there was no redemption of such shares.
23. The Company has not accepted any deposits including unsecured loans during the year and hence did not attract Section 58A or Section 58AA of the Act or the directions issued by the Reserve Bank of India
24. The Company has not borrowed any money, which breached the borrowing limit of the company or attracted Section 293(1)(d) of the Act.
25. The Company has not made loans or investments, or given guarantees or provided securities to other bodies corporate which attracts the compliance with the provisions of the Act and therefore the question of making any entries in the register kept for the purpose does not arise.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the company's registered office from one state to another during the year.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the company during the year.
28. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the company during the year under scrutiny.
29. The Company has not altered its Articles of Association during the year.
30. There is no prosecution initiated against or show cause notices received by the company for any alleged offences under the Act nor any fines or penalties or any other punishment imposed on the company.
31. No money or security received from its employees during the year under certification, which attracted the provisions of section 417(1) of the Act.
32. There are no employees employed by the company who are eligible for the benefit of Provident Fund.

Place : Mumbai

FOR SHWETA GOKARN & CO.

Date : April 23, 2013

ACS No.: 30393

C.P. No.: 11001

MS. SHWETA A. GOKARN

ANNEXURE “A” TO THE COMPLIANCE CERTIFICATE OF M/S. E4 COACHING AND DEVELOPMENT LIMITED FOR THE FINANCIAL YEAR ENDED MARCH 31, 2013.

Registers as maintained by the Company:

Statutory Registers

1. Register of Members u/s 150 of the Act.
2. Minute Book of Meetings of the Board of Directors under Section 193 of the Act.
3. Minute Book of General Meetings under Section 193 of the Act.
4. Register of Contracts and Disclosure of Companies/Firms in which Directors are interested under Section 301 of the Act.
5. Register of Directors under Section 303 of the Act.
6. Register of Directors shareholdings under Section 307 of the Act.
7. Books of Accounts under Section 209 of the Act.
8. Register of Charges under Section 143 of the Act.

Other Registers

1. Share Transfer Register
2. Register of Director’s Attendance and members’ attendance.

ANNEXURE “B” TO THE COMPLIANCE CERTIFICATE OF M/S. E4 COACHING AND DEVELOPMENT LIMITED FOR THE FINANCIAL YEAR ENDED MARCH 31, 2013.

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended March 31, 2013.

DOCUMENTS FILED WITH THE REGISTRAR OF COMPANIES, MAHARASHTRA, MUMBAI:

1. Form 20B for filing Annual Return for the financial year ending on March 31, 2012 filed on February 1, 2013 vide SRN being Q06409544.
2. Form 23AC for filing Balance sheet as on March 31, 2012 & Form 23ACA for filing Profit & Loss for the financial year ended on March 31, 2012 in XBRL Format filed on January 10, 2013 vide SRN being Q05720347.
3. Form 66 for filing Compliance Certificate issued by M/s R.R. Mallar & Associates for the financial year ending on March 31, 2012, filed on January 10, 2013 vide SRN being Q05711957

E4 DEVELOPMENT & COACHING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E4 DEVELOPMENT AND COACHING LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of E4 Development & Coaching Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the 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 these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- (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.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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.
- 2) As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) 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;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (e) on the basis of written representations received from the directors as on 31 March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Paresh Chokshi
Partner

Membership No. 33597

Place : Mumbai
Date : 23rd April, 2013

ANNEXURE REFERRED TO IN OUR REPORT TO THE MEMBERS OF E4 DEVELOPMENT & COACHING LIMITED ("THE COMPANY") FOR THE YEAR ENDED 31 MARCH, 2013.

- 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, there is no inventory hence 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 not taken any loan secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v) a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits during the year from the public within the meaning of provisions of Sections 58A, 58AA or any other provisions relevant to the Companies Act, 1956 and rules made there under.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) 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) The company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted 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.

E4 DEVELOPMENT & COACHING LIMITED

- 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

Place : Mumbai
Date : 23rd April, 2013

BALANCE SHEET AS AT 31st MARCH, 2013

	Notes	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
I EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	2	10,000,000	<i>10,000,000</i>
(b) Reserves and Surplus	3	<u>(8,890,302)</u>	<u>(9,930,331)</u>
		1,109,698	69,669
2. Non-current liabilities			
(a) Long term borrowings		300,000	–
(b) Deferred tax liabilities (net)	5	<u>–</u>	<u>–</u>
		300,000	–
3. Current liabilities			
(a) Short-term borrowings	5	–	<i>300,000</i>
(b) Trade payables	6	1,104,077	<i>604,075</i>
(c) Other current liabilities	7	<u>3,414,156</u>	<u>3,292,009</u>
		4,518,233	4,196,084
TOTAL		<u>5,927,931</u>	<u>4,265,753</u>
II ASSETS			
1. Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	8	82,053	<i>109,169</i>
(ii) Intangible assets	9	2,384,304	<i>1,592,791</i>
(b) Deferred tax assets (net)	4	26,126	<i>27,474</i>
(c) Long-term loans and advances	10	<u>1,661,079</u>	<u>1,736,665</u>
		4,153,562	3,466,099
2. Current assets			
(a) Trade receivables	11	1,568,307	<i>334,060</i>
(b) Cash and cash equivalents	12	132,230	<i>358,957</i>
(c) Short-term loans and advances	10	<u>73,832</u>	<u>106,637</u>
		1,774,369	799,654
TOTAL		<u>5,927,931</u>	<u>4,265,753</u>
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

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

} *Directors*

Mumbai, Dated : 23rd April, 2013

Mumbai, Dated : 23rd April, 2013

E4 DEVELOPMENT & COACHING LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

	Notes	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹	
Income				
I	Revenue From Operation	13	8,433,137	6,410,482
II	Total Revenue		8,433,137	6,410,482
III Expenses				
	Cost of Services	14	2,254,190	1,652,150
	Employee benefit expense	15	2,208,118	2,898,668
	Other expenses	16	2,202,693	2,433,583
	Finance cost	17	41,160	25,500
	Depreciation and amortisation expense	18	635,734	829,554
	Total Expenses		7,341,895	7,839,455
	Profit/ (Loss) before exceptional items, extraordinary items and tax		1,091,242	(1,428,973)
	Profit/ (Loss) before tax		1,091,242	(1,428,973)
	Tax expense			
	Current tax (MAT)		49,865	–
	Deferred tax		1,348	(71,373)
			51,213	(71,373)
	Profit/(Loss) for the period		1,040,029	(1,357,600)
	Earnings per equity share (₹)	19		
	Basic and Diluted-Par value of ₹ 10/- per share		1.04	(1.36)
	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 : 23rd April, 2013

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

Mumbai, Dated : 23rd April, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

	2012-13 (₹)		2011-12 (₹)	
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		1,091,242		(1,428,973)
Adjusted For -				
Depreciation, amortisation and impairment	635,734		829,554	
Finance cost	41,160		25,500	
		<u>676,894</u>		<u>855,054</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		<u>1,768,136</u>		<u>(573,919)</u>
Adjustments for (increase)/ decrease in operating assets:				
Trade Receivables	(1,232,357)		1,269,531	
Short Term Loans and advances	32,805		87,270	
Long -Term Loans and advances	75,586		(644,067)	
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	500,002		(2,665,167)	
Other current liabilities	122,147		2,612,180	
		<u>(501,817)</u>		<u>659,747</u>
Cash generated from operations		<u>1,266,319</u>		<u>85,828</u>
Direct Taxes Paid (net of refunds)	(49,865)		-	
(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITIES		<u>1,214,683</u>		<u>85,828</u>
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Including adjustment on account of Capital Advances)	(1,400,250)		(167,950)	
(b) NET CASH FROM /(USED) IN INVESTING ACTIVITIES		<u>(1,400,250)</u>		<u>(167,950)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Finance cost paid	(41,160)		(25,500)	
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		<u>(41,160)</u>		<u>(25,500)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)		<u>(226,727)</u>		<u>(107,622)</u>
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	10,216		19,141	
Balances with scheduled banks on Current accounts,	348,741		447,438	
		<u>358,957</u>		<u>466,579</u>
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	1,099		10,216	
Balances with scheduled banks on Current accounts,	131,131		348,741	
		<u>132,230</u>		<u>358,957</u>
NET INCREASE /(DECREASE) AS DISCLOSED ABOVE		<u>(226,727)</u>		<u>(107,622)</u>

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn No. 101048W

Paresh Chokshi

Partner

M.No. 33597

Mumbai, Dated : 23rd April, 2013

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

Mumbai, Dated : 23rd April, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013**1. SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of preparation of Financial Statements****(i) Basis of Accounting**

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

(ii) 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 reviewed 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) Rules, 2006. Income Tax comprises both current and deferred tax. Current tax is measured on the basis of estimated income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax is recognised on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	As at 31 st March, 2013		As at 31 st March, 2012	
	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
	<u>1,250,000</u>	<u>12,500,000</u>	<u>1,250,000</u>	<u>12,500,000</u>
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
Add: Issued during the year	—	—	—	—
At the end of the year	<u>1,000,000</u>	<u>10,000,000</u>	<u>1,000,000</u>	<u>10,000,000</u>
Subscribed				
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
Add: Issued during the year	—	—	—	—
At the end of the year	<u>1,000,000</u>	<u>10,000,000</u>	<u>1,000,000</u>	<u>10,000,000</u>
Fully Paid up				
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
Add: Issued during the year	—	—	—	—
At the end of the year	<u>1,000,000</u>	<u>10,000,000</u>	<u>1,000,000</u>	<u>10,000,000</u>

* 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 31 st March, 2013		As at 31 st March, 2012	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹ 10/- each fully paid up held by				
i) Eureka Forbes Limited Holding company	750,000	75	750,000	75
ii) Rawalnath K Lawande Director & CEO	250,000	25	250,000	25
TOTAL	<u>1,000,000</u>	<u>100</u>	<u>1,000,000</u>	<u>100</u>

E4 DEVELOPMENT & COACHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹		
3. Reserves and surplus				
(Deficit)/ surplus in the Statement of Profit and Loss				
Balance at the beginning of the year	(9,930,331)	(8,572,731)		
Add / (less) : Profit/ (loss) for the year	1,040,029	(1,357,600)		
Balance at the end of the year	(8,890,302)	(9,930,331)		
TOTAL	(8,890,302)	(9,930,331)		
4. Deferred tax assets (net)				
Gross deferred tax asset	26,126	27,474		
(Fixed Assets : Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting.)				
Less : Deferred tax liability	-	-		
Net deferred tax asset	26,126	27,474		
	Long-term	Current		
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
5. Short-term borrowings				
Deposits from related parties Unsecured	300,000	-	-	300,000
TOTAL	300,000	-	-	300,000
6. Trade Payables				
Trade payables (including acceptances)	-	-	1,104,077	604,075
TOTAL	-	-	1,104,077	604,075
7. Other liabilities				
Statutory liabilities (Contributions to withholding Taxes, Service Tax etc.)	-	-	552,920	477,097
Employee dues	-	-	2,824,959	2,794,235
Other payables	-	-	36,277	20,677
TOTAL	-	-	3,414,156	3,292,009

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

8. Tangible Assets

Cost or Valuation	Furniture and fixtures ₹	Computers ₹	Total ₹
Gross Block			
As At 1 April 2011	81,146	230,496	311,642
Additions	–	57,950	57,950
As at 31 March 2012	81,146	288,446	369,592
Additions	–	9,250	9,250
As at 31 March 2013	81,146	297,696	378,842
Depreciation			
As At 1 April 2011	36,924	185,856	222,780
Charge for the year	8,002	29,760	37,762
As at 31 March 2012	44,926	215,616	260,542
Charge for the year	6,537	29,710	36,247
As at 31 March 2013	51,463	245,326	296,789
Net Block			
As at 31 March 2012	36,220	72,830	109,050
As at 31 March 2013	29,683	52,370	82,053

9. Intangible Assets

Gross Block	Content Development ₹	Total ₹
As At 1 April 2011	2,599,757	2,599,757
Additions	110,000	110,000
As at 31 March 2012	2,709,757	2,709,757
Additions	1,391,000	1,391,000
As at 31 March 2013	4,100,757	4,100,757
Amortisation		
As At 1 April 2011	325,055	325,055
Charge for the year	791,911	791,911
As at 31 March 2012	1,116,966	1,116,966
Charge for the year	599,487	599,487
As at 31 March 2013	1,716,453	1,716,453
Net Block		
As at 31 March 2012	1,592,791	1,592,791
As at 31 March 2013	2,384,304	2,384,304

E4 DEVELOPMENT & COACHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	Long-term		Current	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
10. Loans and Advances				
Other loans and advances				
Advance income-tax (Net of provision of taxation)	1,661,079	1,736,665	–	–
Advances recoverable in cash or kind	–	–	73,832	106,637
	1,661,079	1,736,665	73,832	106,637
TOTAL	1,661,079	1,736,665	73,832	106,637
	Non Current		Current	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
11. Trade receivables				
Sundry debtors				
Unsecured, considered good (Less Than Six Months)	–	–	1,568,307	272,089
Unsecured, considered doubtful (more than 6 months)	–	–	–	61,970
	–	–	1,568,307	334,059
TOTAL	–	–	1,568,307	334,059
12. Cash and Bank Balances				
Cash and cash equivalents				
Balance with banks in				
Current accounts	–	–	131,131	348,741
Cash on hand	–	–	1,099	10,216
TOTAL	–	–	132,230	358,957
			As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
13. Revenue from operation				
Sale of services - Training			8,433,137	6,410,482
Revenue from operations			8,433,137	6,410,482
14. Cost of Services				
Faculty Charges			2,254,190	1,383,658
			2,254,190	1,383,658

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
15. Employee benefit expense		
Salaries, wages and bonus	2,032,589	2,692,711
Staff welfare expense	175,529	205,957
	2,208,118	2,898,668
16. Other expenses		
Electricity	55,117	30,220
Rent	–	480,000
Repairs and Maintenance		
Others	68,732	4,835
Selling and Sales Promotion	150,259	16,350
Freight, Forwarding and Delivery	–	–
Payment to Auditors (Refer details Below)	45,000	35,000
Printing and Stationery	230,933	243,507
Communication cost	121,846	117,387
Travelling and Conveyance	960,746	918,051
Rates and taxes, excluding taxes on income	3,700	5,519
Other Establishment Expenses	341,678	582,714
Bad Debts/Advances Written-Off	224,682	–
	2,202,693	2,433,583
Payment to auditors		
As auditor		
Audit fee	32,000	27,000
Tax audit fee	13,000	8,000
For reimbursement of expenses	–	–
	45,000	35,000
17. Finance cost		
Interest expense	41,160	25,500
	41,160	25,500
18. Depreciation and amortisation expense		
Depreciation on tangible assets	36,247	37,643
Amortization on intangible assets	599,487	791,911
	635,734	829,554
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	1,040,029	(1,357,600)
Basic and Diluted Earning Per Share	1.04	(1.36)

E4 DEVELOPMENT & COACHING LIMITED

Note No : 20

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, 2013.

(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 -

- i. Shapoorji Pallonji & Co Ltd - Ultimate holding Company
- ii. Forbes & Co Ltd.
- iii. Eureka Forbes Limited - Holding Company

B. Key Management Personnel

Mr. Rawalnath Krishna Lawande (Director & CEO)

(II) Transactions with Related Parties

Nature of Transactions	Related Party	
	Referred to in A above	Referred to in B above*
Expenses		
Services charges	–	–
Reimbursement of Expenses	–	641,192
Interest	25,500	–
Salary	–	600,000
Income		
Services Rendered	3,00,684	–
Finance		
Inter corporate deposit taken	300,000	–
Outstanding		
Payable	–	2,824,959
Receivables	1,362	–

Note No : 21

Previous year figures have been regrouped and rearranged wherever required to make them comparable with the current year figures.

EURO FORBES LIMITED

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

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

DIRECTORS

Rajagopalan Sambamoorthy
Sunil Dhondiram Uphale

PRINCIPAL BANKERS

HSBC Bank Middle East Limited

AUDITORS

Shah & Alshamali Associates
Chartered Accountants

REGISTERED OFFICE

409, City Tower 1, Sheikh Zayed Road,
PO. Box 118767, Dubai, United Arab Emirates .

EURO FORBES LIMITED

DIRECTOR'S REPORT

The director submits his report together with the financial statements for the year ended 31 December, 2012.

Activity

The company carried out the investment activities during the year.

Results and dividends

The results of the company and the appropriations made for the year ended 31 December, 2012 are set out on pages 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 1,000 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 year were as follows:

- Mr. Rajagopalan Sambamoorthy
- Mr. Sunil Dhondiram Uphale

Shareholder

The shareholder and its shareholding as of 31 December, 2012 was as follows:

<u>Name</u>	<u>No. of Shares</u>
Eureka Forbes Limited	300
	<u>300</u>

Auditors

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

On behalf of the board

Sunil Dhondiram Uphale
Director

AUDITORS' REPORT TO THE SHAREHOLDER OF EURO FORBES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of EURO FORBES LIMITED, which comprise the statement of financial position as of 31 December, 2012, statement of income, statement of changes in equity and statement of cash flows 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 All 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.

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' 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, 2012 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.

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 occurred during the year, which would have had a material effect on the business of the company or on its financial position.

Signed by:

C. D. SHAH

Partner

Shah & Aishamali Associates Chartered Accountants

Registration No. 677

20 April, 2013

Dubai

EURO FORBES LIMITED

STATEMENT OF FINANCIAL POSITION 31 DECEMBER, 2012

	Notes	2012 US \$	2012 INR	2011 US \$	2011 INR
ASSETS					
Non-current assets					
Investments	4	2,708,317	148,115,148	2,708,317	147,023,426
Loans to a related party	5	340,000	18,594,260	140,000	7,600,026
		<u>3,048,317</u>	<u>166,709,408</u>	<u>2,848,317</u>	<u>154,623,452</u>
Current assets					
Interest receivable		19,720	1,078,467	5,903	320,450
Bank Balance	6	34,766	1,901,318	40,849	2,217,525
Total current assets		<u>54,486</u>	<u>2,979,785</u>	<u>46,752</u>	<u>2,537,975</u>
Total Assets		<u>3,102,803</u>	<u>169,689,193</u>	<u>2,895,069</u>	<u>157,161,427</u>
EQUITY AND LIABILITIES					
Capital and reserves					
Shareholder's funds					
Share capital	7	81,693	3,681,750	81,693	3,681,750
Accumulated losses		(605,012)	(31,226,293)	(254,226)	(12,363,188)
Foreign Currency Translation Reserve			(1,075,249)		(684,670)
Total shareholder's funds		<u>(523,319)</u>	<u>(28,619,793)</u>	<u>(172,533)</u>	<u>(9,366,108)</u>
Non-current liabilities					
Loans from a related party	8	3,619,542	197,949,132	3,061,022	166,170,334
Current liabilities					
Other payables & accrual		6,580	359,854	6,580	357,202
Total Current liabilities		<u>6,580</u>	<u>359,854</u>	<u>6,580</u>	<u>357,202</u>
Total equity and liabilities		<u>3,102,803</u>	<u>169,689,193</u>	<u>2,895,069</u>	<u>157,161,427</u>

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

ACCOUNTING PERIOD IS CALENDAR YEAR 2012

STATEMENT OF INCOME - 31 DECEMBER, 2012

	<u>Notes</u>	12 months period ended 31 December 2012 US \$	12 months period ended 31 December 2012 INR	9 months period ended 31 December 2011 US \$	9 months period ended 31 December 2011 INR
Revenue					
Interest Income	9	13,827	743,531	5,908	287,310
Expenses					
Interest Expenses	9	(358,520)	(19,278,992)	(253,552)	(12,330,411)
Administrative Exp		(6,093)	(327,644)	(6,582)	(320,087)
Net Loss for the period		(350,786)	(18,863,105)	(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 12 months period ended 31 December, 2012

	Share Capital US \$	Accumulated losses US \$	Total US \$	Total INR
Contributed during the period	81,693	–	81,693	3,681,750
Net loss for the period	–	(254,226)	(254,226)	(12,363,188)
Foreign Currency Translation Reserve	–	–	–	(684,670)
As at 31 Decembet 2011	81,693	(254,226)	(172,533)	(9,366,108)
Net loss for the period	–	(350,786)	(350,786)	(18,863,105)
Foreign Currency Translation Reserve	–	–	–	(390,579)
As at 31 December 2012	81,693	(605,012)	(523,319)	(28,619,793)

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

EURO FORBES LIMITED

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER, 2012

<u>Notes</u>	<u>12 months period ended 31 December 2012 US \$</u>	<u>12 months period ended 31 December 2012 INR</u>	<u>9 months period ended 31 December 2011 US \$</u>	<u>9 months period ended 31 December 2011 INR</u>
Cash flows from operating activities				
Net loss from ordinary activities	(350,786)	(18,863,105)	(254,226)	(12,363,188)
Adjustment for:				
Interest income	(13,827)	(743,531)	(5,908)	(287,310)
Interest expense	358,520	19,278,992	253,552	12,330,411
Operating profit/ (loss) before working capital changes	<u>(6,093)</u>	<u>(327,644)</u>	<u>(6,582)</u>	<u>(320,087)</u>
Trade and other payables net of receivables	–	(427,257)	6,580	1,470,639
Net cash from/ (used in) operating activities	<u><u>(6,093)</u></u>	<u><u>(754,901)</u></u>	<u><u>(2)</u></u>	<u><u>1,150,551</u></u>
Cash flows from investing activities				
Investment in subsidiary (net)	–	85,742	(40,847)	(2,217,417)
Interest received	10	743,531	5	287,310
Net cash from/ (used in) investing activities	<u>10</u>	<u>829,273</u>	<u>(40,842)</u>	<u>(1,930,107)</u>
Cash flows from financing activities				
Share capital introduced	–	–	81,693	3,681,750
Proceeds from/(payments of) Loan to a subsidiary Company	(200,000)	(10,937,800)	–	–
Proceeds from/(payments of) Loan from a Parent Company	200,000	10,937,800	–	–
Foreign Currency Translation Reserve	–	(390,579)	–	(684,670)
Net cash introduced from/(used in) financing activities	<u>–</u>	<u>(390,579)</u>	<u>81,693</u>	<u>2,997,080</u>
Net Increase/(decrease) in cash and cash Equivalents	<u>(6,083)</u>	<u>(316,208)</u>	<u>40,849</u>	<u>2,217,525</u>
Cash and cash equivalents at beginning of year/period	<u>40,849</u>	<u>2,217,525</u>	<u>–</u>	<u>–</u>
Cash and cash equivalents at end of period	<u>6</u> 34,766	<u>1,901,317</u>	<u>40,849</u>	<u>2,217,525</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER, 2012

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 118767, Dubai, U. A. E and place of business is 409 City tower 1, Sheikh Zayed Road, Dubai, U.A.E.
- b) The company incorporated to carry out general trading and an investment holding globally, has invested in and advanced funds to its subsidiary company in cash or kind.

2. Basis of preparation

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:

Subsidiaries are entities over which the company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

Investment in subsidiaries are accounted for at cost less provision for impairment in value of the investments, if any. Dividend Income is recognised in the statement of income when dividend is paid by subsidiaries out of the profits made subsequent to the date of acquisition.

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

	<u>Country of Incorporation</u>	<u>% of Ownership</u>	<u>2012 US \$</u>	<u>2012 INR</u>	<u>2011 US \$</u>	<u>2011 INR</u>
Investment in subsidiary:						
Forbes Lux FZCO	U A E	75	2,708,317	148,115,148	2,708,317	147,023,426
9 shares of AED 100,000 each						
(US \$ 27,248/-) purchased at						
US\$ 300,924 per share						
<i>(Converted @1 US \$. = AED 3.67)</i>						

EURO FORBES LIMITED

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 related party(s) and also sourcing from the other vendors.

5. Loan to a related party

This represents unsecured 6 % interest bearing loan of US\$ 340,000 (previous year US \$ 140,000) advanced to Forbes Lux FZCO a subsidiary company to meet with its investments, working capital and general corporate requirements and includes loan of AED 140,000 created in earlier year by swapping liability as mentioned in notes 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

	2012 US \$	2012 INR	2011 US \$	2011 INR
Authorized capital				
1,000 share of nominal value of AED 1,000 each (Converted @1 US\$. = AED 3.67)	272,480	14,791,822	272,480	14,791,822
Issued and paid up capital				
300 share of nominal value of AED 1,000 each (Converted @1 US\$ = AED 3.67)	81,693	3,681,750	81,693	3,681,750

8. Loan Account

This represents reclassified secured loan and accrued interest thereon from Eureka Forbes Limited, the parent shareholder company to acquire 75% stake in a subsidiary company, to meet with working capital and general corporate requirements. 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. 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.

10. Financial instruments: Credit, Liquidity, Interest Rate and Exchange rate risk exposures

Credit Risk

Financial Assets, which potentially expose the company to concentrations of credit risk, comprise principally, bank balance and other receivables. The Company's bank balance in current and fixed deposit accounts are placed with high credit qualify financial institutions.

Liquidity Risk

The Company limits their liquidity risk by ensuring adequate funding requirements from a parent company are available to meet its commitments for liabilities as they fall due.

Interest rate risk

Borrowing from the parent company are at rates decided by the management from time to time.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollar to which the UAE Dirhams is pegged.

11. Financial Instruments: Fair Value

The fair values of the company's Financial Assets, comprising of other receivables, cash and bank balances, and financial liabilities, comprising and other payables approximate to their carrying values.

12. Capital risk management

In order to maintain capital adequacy, the shareholder company has decided to maintain the loan balance in company.

13. Contigent Liabilities

There were no liabilities contingent in nature at the date of statement of financial position.

14. Comparative figures

Previous Period's figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.

Previous period's figure are for 9 Months, and hence are not comparable with those of current year.

15. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 20th April, 2013.

EURO FORBES FINANCIAL SERVICES LIMITED

(Subsidiary of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2013

DIRECTORS

J. N. Ichhaporia

Chairman

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 - 400 013

REPORT OF THE DIRECTORS OF EURO FORBES FINANCIAL SERVICES LIMITED

To,
The Members

The Directors are pleased to submit their Report and the Audited Accounts of the Company for the period ended 31st March, 2013.

Particulars	Current Year ₹	Previous Year ₹
Income from Operations and other income	Nil	Nil
Profit / (loss) before Depreciation	(28,158)	(111,963)
Less : Depreciation	Nil	Nil
Profit / (loss) before Tax	(28,158)	(111,963)
Less : Provision for Taxation	Nil	Nil
Profit / (loss) after Tax	(28,158)	(111,963)
Profit / (loss) brought forward from previous year	Nil	Nil
Balance Carried to Balance Sheet	<u>(28,158)</u>	<u>(111,963)</u>

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 re-appointed as the statutory auditor for the Company on 22nd June, 2012 and will hold office till the conclusion of the next 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, 2013, 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 adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- (iv) 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.

EURO FORBES FINANCIAL SERVICES LIMITED

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,
Dated : 25th April, 2013

J. N. Ichhaporla
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EURO FORBES FINANCIAL SERVICES LIMITED**Report on the Financial Statements**

We have audited the accompanying financial statements of Euro Forbes Financial Services Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the 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 these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- (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.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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.
- 2) As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) 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;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

EURO FORBES FINANCIAL SERVICES LIMITED

- (e) on the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place : Mumbai
Date : 25th April, 2013

Paresh Chokshi
Partner
Membership No.: 33597

Annexure referred to in our report to the members of Euro Forbes Financial Services Limited ("the Company") for the year ended 31st March, 2013.

- 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 Registration No.: 101048W

Place : Mumbai
Date : 25th April, 2013

Paresh Chokshi
Partner
Membership No.: 33597

BALANCE SHEET AS AT 31st MARCH, 2013

	<u>Notes</u>	<u>As at 31 March 2013 ₹</u>	<u>As at 31 March 2012 ₹</u>
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a Share Capital	2	500,000	500,000
b Reserves and Surplus	3	(140,121)	(111,963)
		<u>359,879</u>	<u>388,037</u>
2. Non-current liabilities		-	-
3. Current liabilities			
a Trade payables	4	90,529	103,725
b Other current liabilities	5	7,500	7,500
		<u>98,029</u>	<u>111,225</u>
TOTAL		<u>457,908</u>	<u>499,262</u>
II. ASSETS			
1. Non-current assets			
a Fixed Assets		-	-
2. Current assets			
a Cash and cash equivalents	6	457,908	499,262
		<u>457,908</u>	<u>499,262</u>
TOTAL		<u>457,908</u>	<u>499,262</u>
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

Paresh Chokshi
Partner
Membership No. 33597

Mumbai, Dated : 25th April, 2013

J. N. Ichhaporia *Chairman*

Marzin R Shroff }
A. V. Suresh } *Directors*

Mumbai, Dated : 25th April, 2013

EURO FORBES FINANCIAL SERVICES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

	Notes	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
Income			
I.		-	-
Revenue from operation (gross)		-	-
II.		-	-
Other income		-	-
III.		-	-
Total Revenue		-	-
IV.			
Expenses			
Other expenses	7	28,158	111,963
Total Expenses		28,158	111,963
Profit before exceptional items, extraordinary items and tax		(28,158)	(111,963)
Exceptional items		-	-
Profit before extraordinary items and tax		(28,158)	(111,963)
Extraordinary items		-	-
Profit / (Loss) before tax		(28,158)	(111,963)
Tax expense			
Current tax		-	-
Deferred tax		-	-
Profit/(Loss) for the period		(28,158)	(111,963)
Earnings per equity share (₹)			
Basic and Diluted-Par value of ₹ 10/- per share		(0.56)	(2.24)
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

Paresh Chokshi

Partner

Membership No. 33597

Mumbai, Dated : 25th April, 2013

J. N. Ichhaporia *Chairman*

Marzin R Shroff }
A. V. Suresh } *Directors*

Mumbai, Dated : 25th April, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

	2012-13		2011-12	
	₹	₹	₹	₹
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		(28,158)		(111,963)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		(28,158)		(111,963)
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	(13,196)		103,725	
Other current liabilities	–		7,500	
	(13,196)		111,225	
Cash generated from operations		(41,354)		(738)
(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES		(41,354)		(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)		(41,354)		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,	499,262		–	
		499,262		–
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	–		–	
Balances with scheduled banks on Current accounts,	457,908		499,262	
		457,908		499,262
NET INCREASE /(DECREASE) AS DISCLOSED ABOVE		(41,354)		499,262

Per our report attached

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

Paresh Chokshi
Partner
Membership No. 33597

Mumbai, Dated : 25th April, 2013J. N. Ichhaporia *Chairman*

Marzin R Shroff }
A. V. Suresh } *Directors*

Mumbai, Dated : 25th April, 2013

EURO FORBES FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of Financial Statements

(i) Basis of Accounting

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

(ii) 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.

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn No. 101048W

Paresh Chokshi

Partner

Membership No. 33597

Mumbai, Dated : 25th April, 2013

J. N. Ichhaporia *Chairman*

Marzin R Shroff }
A. V. Suresh } *Directors*

Mumbai, Dated : 25th April, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	As at 31 st March, 2013		As at 31 st March, 2012	
	Number of shares	₹	Number of shares	₹
2. SHARE CAPITAL				
Authorised				
Equity shares of ₹ 10/ each *	50,000	500,000	50,000	500,000
	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>
Issued				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	50,000	500,000	–	–
Add: Issued during the year	–	–	50,000	500,000
Less: Bought back during the year	–	–	–	–
At the end of the year	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>
Subscribed				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	50,000	500,000	–	–
Add: Issued during the year	–	–	50,000	500,000
Less: Bought back during the year	–	–	–	–
At the end of the year	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>
Fully Paid up				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	50,000	500,000	–	–
Add: Issued during the year	–	–	50,000	500,000
Less: Bought back during the year	–	–	–	–
At the end of the year	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>

* 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%	100%
-----------------------	-----------------	------	------

	As at 31 st March, 2013	As at 31 st March, 2012
	₹	₹
3. RESERVES AND SURPLUS		
(Deficit) / surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	(111,963)	–
Add/ (less): Profit/ (loss) for the year	(28,158)	(111,963)
TOTAL	<u>(140,121)</u>	<u>(111,963)</u>

EURO FORBES FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
4. TRADE PAYABLES		
Trade payables (including acceptances)	90,529	103,725
TOTAL	90,529	103,725
5. OTHER CURRENT LIABILITIES		
Other Payables - TDS	7,500	7,500
TOTAL	7,500	7,500
6. CASH AND CASH EQUIVALENTS		
Balance with banks in:		
Current accounts	457,908	499,262
TOTAL	457,908	499,262
7. OTHER EXPENSES		
Professional fees	4,068	–
Auditors Remuneration (* Refer details Below)	16,854	10,000
Rates and taxes, excluding taxes on income	6,000	–
Other Establishment Expenses	1,236	738
Preliminary Expenses	–	101,225
	28,158	111,963
(*) Auditor Remuneration :		
As auditor		
Audit fee	11,236	10,000
Tax audit fee	–	–
In other capacity	–	–
Management services		
For other services	5,618	–
For reimbursement of expenses	–	–
	16,854	10,000
8. 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	(28,158)	(111,963)
Basic and Diluted Earning Per Share	(0.56)	(2.24)

9. 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, 2013.

(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 Limited - Holding Company

B Enterprises that are controlled - (Subsidiary Company) -

None

C Enterprises that are under common control -

Aquadignostics Water Research & Technology Center Ltd
Aquamall Water Solutions Limited.
E4 Development & Coaching Ltd
EFL Mauritius Ltd
Euro Forbes International PTE Ltd.
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 - There are no transactions with the related Parties.

EURO FORBES FINANCIAL SERVICES LIMITED

10. 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.
 11. 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
-

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn No. 101048W

Paresh Chokshi

Partner

Membership No. 33597

Mumbai, Dated : 25th April, 2013

J. N. Ichhaporia *Chairman*

Marzin R Shroff }
A. V. Suresh } *Directors*

Mumbai, Dated : 25th April, 2013

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

(Subsidiary Company of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2013

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 31st March, 2013.

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 ("the Act").

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 Act 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. SHARE OPTIONS

During the reporting 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

5th April, 2013

STATEMENT BY DIRECTORS

In the opinion of the directors,

- (a) the accompanying statement of profit or loss and other 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 31st March, 2013 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

5th April, 2013

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of Euro Forbes International Pte. Ltd., which comprise the statement of financial position as at 31st March, 2013, and the statement of profit or loss and other 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 profit or loss and other 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 properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31st March, 2013 and the results, changes in equity and cash flows of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Certified Public Accountants
Singapore

5th April, 2013

Partner in charge of audit: Woo E-Sah

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31st MARCH, 2013

	Notes	2013 SG\$	2013 INR	2012 SG\$	2012 INR
Revenue		–	–	–	–
Other Items of Income					
Other Credit	4	–	–	3,031	119,698
Other Items of Expenses					
Administrative Expenses		(23,751)	(1,041,032)	(51,099)	(2,018,008)
Other Charges	4	–	–	(247,852)	(9,105,177)
Loss Before Tax From Continuing Operations		(23,751)	(1,041,032)	(295,920)	(11,003,486)
Income Tax	5	–	–	–	–
Loss From Continuing Operations, Net of Tax		(23,751)	(1,041,032)	(295,920)	(11,003,486)
Other Comprehensive Income for the Year, Net of Tax		–	–	–	–
Total Comprehensive Loss		<u>(23,751)</u>	<u>(1,041,032)</u>	<u>(295,920)</u>	<u>(11,003,486)</u>

The accompanying notes form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH, 2013

ASSETS

Non-Current Assets

Investment in an Associate	6	–	–	–	–
Total Non-Current Assets		–	–	–	–

Current Assets

Cash and Cash Equivalents	7	234,391	10,269,232	261,134	10,768,788
Total Current Assets		<u>234,391</u>	<u>10,269,232</u>	<u>261,134</u>	<u>10,768,788</u>
Total Assets		<u>234,391</u>	<u>10,269,232</u>	<u>261,134</u>	<u>10,768,788</u>

EQUITY AND LIABILITIES

Equity

Share Capital	8	500,000	13,627,500	500,000	13,627,500
(Accumulated Losses) Retained Earnings		(271,838)	(14,669,495)	(248,087)	(13,628,463)
Foreign Currency Translation Reserve		–	11,038,320	–	10,389,479
Total Equity		<u>228,162</u>	<u>9,996,325</u>	<u>251,913</u>	<u>10,388,516</u>

Current Liabilities

Trade and Other Payables	9	6,229	272,907	9,221	380,273
Total Current Liabilities		<u>6,229</u>	<u>272,907</u>	<u>9,221</u>	<u>380,273</u>
Total Liabilities		<u>6,229</u>	<u>272,907</u>	<u>9,221</u>	<u>380,273</u>
Total Equity and Liabilities		<u>234,391</u>	<u>10,269,232</u>	<u>261,134</u>	<u>10,768,788</u>

The accompanying notes form an integral part of these financial statements

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

STATEMENT OF CHANGES IN EQUITY AS AT 31st MARCH, 2013

	Total Equity SG\$	Share Capital SG\$	(Accumulated Losses/ Retained Earnings)	
			SG\$	INR
Current Year:				
Opening Balance at 1 April, 2012	251,913	500,000	(248,087)	(962)
Movement in Equity:				
Total Comprehensive Loss for the Year	(23,751)	–	(23,751)	(1,041,032)
Reduction in Share Capital	–	–	–	–
Closing Balance at 31 March, 2013	228,162	500,000	(271,838)	(1,041,995)
Previous 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	251,913	500,000	(248,087)	(962)

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS YEAR ENDED 31st MARCH, 2013

	2013 SG\$	2013 INR	2012 SG\$	2012 INR
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before Tax	(23,751)	(1,041,032)	(295,920)	(11,003,486)
Adjustments for :				
Interest Expense	-	-	-	-
Impairment allowance on investment associate	-	-	84,851	2,667,713
Operating Cash Flows before Changes in Working Capital	(23,751)	(1,041,032)	(211,069)	(8,335,773)
Other Assets	-	-	34,905	1,252,270
Trade and Other Payables	(2,992)	(107,365)	(63,201)	(2,217,945)
Net Cash Flows (Used in) From Operating Activities	(26,743)	(1,148,397)	(239,365)	(9,301,448)
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)
Other Receivables	-	-	6,964,550	249,861,588
Foreign Currency Translation Reserve	-	648,841	-	(25,256,859)
Net Cash Flows From (Used in) Financing Activities	-	648,841	438,229	17,836,236
Net Increase (Decrease) in Cash and Cash Equivalents	(26,743)	(499,556)	198,864	8,534,788
Cash and Cash Equivalents, Beginning Balance	261,134	10,768,788	62,270	2,234,001
Cash and Cash Equivalents, Ending Balance (Note 10)	234,391	10,269,232	261,134	10,768,788

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 2013 : SG\$ 1 = Rs.43.8124

NOTES TO THE FINANCIAL STATEMENTS 31st MARCH, 2013

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 for issue on the date of the statement by directors.

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 requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of Presentation

Consolidated financial statements have not been presented as the reporting entity is a wholly owned subsidiary. 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 31st MARCH, 2013 (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.

Associate

An associate is an entity including an unincorporated entity in which the reporting entity 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 reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies. An investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognized 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 carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

Impairment of Non-Financial Assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each 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, 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 derecognized 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.

NOTES TO FINANCIAL STATEMENTS 31st MARCH, 2013 (Contd.)

Financial Liabilities

Initial recognition, 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 the 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 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 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. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year.

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. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognized is the present value of the expenditures expected to be required to settle the

NOTES TO FINANCIAL STATEMENTS 31st MARCH, 2013 (Contd.)

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 recognized as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Critical Judgements, 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.

3.2 Key management compensation:

Key management personnel are the directors having authority and responsibility for planning, directing and controlling the activities of the entity, directly or 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 2013 SG\$	Parent Co 2013 INR	Parent Co 2,012 SG\$	Parent Co 2,012 INR
Other Payables:				
Balance at beginning of the year	–	–	(489,523)	(20,187,194)
Amount refunded to parent company upon capital reduction	–	–	(3,000,000)	(123,715,500)
Amounts paid out and settlement of liabilities on behalf of parent company	–	–	3,810,537	157,140,830
Foreign exchange difference	–	–	(321,014)	(13,238,136)
Balance at end of the year	–	–	–	–

NOTES TO FINANCIAL STATEMENTS 31st MARCH, 2013 (Contd.)

	Related parties 2013 SG\$	Related parties 2013 INR	Related parties 2012 SG\$	Related parties 2012 INR
Other receivables:				
Balance at beginning of the year	–	–	3,926,252	161,912,743
Amount paid out and settlement of liabilities on behalf of related party	–	–	80,781	3,331,287
Amount paid in and settlement of liabilities on behalf of the company	–	–	(4,105,682)	(169,312,167)
Foreign exchange difference	–	–	98,649	4,068,137
Balance at end of the year	–	–	–	–
4. OTHER CREDITS AND (OTHER CHARGES)				
Foreign exchange adjustment loss	–	–	(163,001)	(6,437,464)
Impairment allowance on investment in associate	–	–	(84,851)	(3,351,054)
Other income	–	–	3,031	119,704
Net	–	–	(244,821)	(9,668,814)
Presented in profit or loss as:				
Other Credits	–	–	3,031	119,698
Other Charges	–	–	(247,852)	(9,105,177)
Net	–	–	(244,821)	(8,985,479)
5. INCOME TAX				
5A. Components of tax (income) expense recognized in profit or loss include:				
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% (2012: 17%) to profit or loss before income tax as a result of the following differences:				
	2013 SG\$	2013 INR	2012 SG\$	2012 INR
Loss before tax	(23,751)	(1,041,032)	(295,920)	(11,003,486)
Income tax benefit at the above rate	(4,038)	(176,914)	(50,306)	(2,074,544)
Not deductible items	4,038	176,914	50,306	2,074,544
Total income tax benefit	–	–	–	–
There are no income tax consequences of dividends to owners of the company.				
6. INVESTMENT IN AN ASSOCIATE				
Movement during the year:				
At beginning of the year	84,851	2,667,713	84,851	2,667,713
Allowance for impairment	(84,851)	(2,667,713)	(84,851)	(2,667,713)
Total at cost	–	–	–	–

NOTES TO FINANCIAL STATEMENTS 31st MARCH, 2013 (Contd.)

	2013 SG\$	2013 INR	2012 SG\$	2012 INR
Movement during the year:				
At beginning of the year	84,851	2,667,713	–	–
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	84,851	2,667,713

The associate held is listed below:

Name of Associate, Country of Incorporation, Place of Operations and Principal Activities"	Effective percentage of equity held	
	2013 %	2012 %
Euro P2P Direct (Thailand) Co Ltd (a)	49	49
Thailand		
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.

7. CASH AND CASH EQUIVALENTS

	2013 SG\$	2013 INR	2012 SG\$	2012 INR
Not restricted in use	234,391	10,269,232	261,134	10,768,789
The interest earning balances are not significant.				

8. SHARE CAPITAL

	Number of Shares issued	Share capital	
		SG\$	INR
Ordinary shares of no par value:			
Balance at beginning of the year 1 April 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 and 31 March 2013	500,000	500,000	13,627,500

The ordinary shares of no par value are fully paid, carry one vote each and have 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. Adjusted capital comprises all components of equity (that is, share capital and reserves)."

The company has no external borrowings.

NOTES TO FINANCIAL STATEMENTS 31st MARCH, 2013 (Contd.)

9. TRADE PAYABLES

	2013	2013	2012	2012
	SG\$	INR	SG\$	INR
Outside parties and accrued liabilities	6,229	272,907	9,221	380,273

10. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

10A. Classification of Financial Assets and Liabilities

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

	2013	2013	2012	2012
	SG\$	INR	SG\$	INR
Financial Assets:				
Cash and bank balances	234,391	10,269,232	261,134	10,768,789
At the end of the year	<u>234,391</u>	<u>10,269,232</u>	<u>261,134</u>	<u>10,768,789</u>
Financial Liabilities:				
Trade payables measured at amortised cost	6,229	272,907	9,221	380,273
At the end of the year	<u>6,229</u>	<u>272,907</u>	<u>9,221</u>	<u>380,273</u>

Further quantitative disclosures are included throughout these financial statements.

There are no significant fair value measurements recognised in the statement of financial position.

10B. Financial Risk Management

The main purpose for holding or issuing financial instruments 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.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

10C. 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.

10D. 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 selling limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. The company has no outstanding customer balances as at year end.

10E. Liquidity Risk

The non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) is less than 1 year.

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

NOTES TO FINANCIAL STATEMENTS 31st MARCH, 2013 (Contd.)

settle trade payables is about 30 to 120 days (2012: 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.

10F. Interest Rate Risk

There is no exposure to interest rate risk.

10G. Foreign Currency Risk

There is minimum exposure to foreign currency risk.

11. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1 — Presentation of Items of Other Comprehensive Income
FRS 12	Deferred Tax (Amendments to) — Recovery of Underlying Assets (*)
FRS 107	Financial Instruments: Disclosures (Amendments to) - Transfers of Financial Assets (*)

(*) Not relevant to the entity.

12. 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
FRS 1	Amendments to FRS 1 — Presentation of Items of Other Comprehensive Income	1 Jul 2012
FRS 1	Amendment to FRS 1 Presentation of Financial Statements (Annual Improvements)	1 Jan 2013
FRS 16	Amendment to IAS 16 Property, Plant and Equipment (Annual Improvements)	1 Jan 2013
FRS 19	Employee Benefits (Revised)	1 Jan 2013
FRS 27	Consolidated and Separate Financial Statements (Amendments to)	1 Jul 2012
FRS 27	Separate Financial Statements (Revised)	1 Jan 2014
FRS 28	Investments in Associates and Joint Ventures (Revised)	1 Jan 2014
FRS 32	Amendment to FRS 32 Financial instruments: Presentation (Annual Improvements)	1 Jan 2013
FRS 107	Amendments To FRS 32 And 107 titled Offsetting Financial Assets And Financial Liabilities (*)	1 Jan 2013
FRS 110	Consolidated Financial Statements	1 Jan 2014
FRS 111	Joint Arrangements (*)	1 Jan 2014
FRS 112	Disclosure Of Interests In Other Entities (*)	1 Jan 2014
FRS 113	Fair Value Measurements	1 Jan 2013
INT FRS 120	Stripping Costs In The Production Phase Of A Surface Mine (*)	1 Jan 2013

(*) Not relevant to the entity

EUROFORBES MAURITIUS LIMITED

(a Subsidiary Company of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2013

DIRECTORS

Subiraj Gujadhur

Date of Appointment

8th November, 2012

Navun Dussoruth

2nd December, 2010

Maheshwar Doorgakant

2nd December, 2010

Date of Resignation

8th November, 2012

ADMINISTRATOR AND SECRETARY

Apex Fund Services (Mauritius) Ltd

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

PRINCIPAL BANKERS

Standard Chartered Bank (Mauritius) Ltd

Unit 6A & 6B

6th Floor, Raffles Tower

Lot 19 Cybercity

Ebene

Mauritius

HSBC Bank (Mauritius) Ltd

6th Floor, HSBC Centre 18

Cybercity

Ebene

Mauritius

COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH, 2013

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. (2012 : Nil)

DIRECTORS

The membership of the Board is set out on page 2.

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, 2013.

For Apex Fund. Services (Mauritius) Ltd
Secretary

Registered Office :

4th Floor, Raffles Tower
19, Cybercity
Ebene
Mauritius

Date : 7th May, 2013

EUROFORBES MAURITIUS LIMITED

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 ("the Company") set out on pages 7 to 19, which comprise the statement of financial position as at 31st March, 2013, 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 31st March, 2013, 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 EUR 6,683 for the year ended 31st March, 2013 and, at that date the Company's total liabilities exceeded its total assets by EUR 20,901. 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
Licensed by FRC

Date: 7th May, 2013

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2013

	Note	For the year ended 31 March 2013 EUR	For the year ended 31 March 2013 INR	For the year ended 31 March 2012 EUR	For the year ended 31 March 2012 INR
Revenue		–	–	–	–
Expenses					
Audit fees		1,320	92,374	1,920	130,632
Accounting fees		766	53,605	1,452	98,790
Taxation fees		766	53,605	1,089	74,093
FSC fees		1,292	90,414	1,089	74,093
Directors fees		1,148	80,337	1,089	74,093
Annual TRC fees		574	40,169	545	37,080
Disbursement fees		7	490	512	34,835
Registered office and secretarial fees		536	37,509	508	34,563
ROC fees		194	13,576	163	11,090
Set up cost		–	–	–	–
		6,603	462,079	8,367	569,269
Operating loss for the year/period before taxation		(6,603)	(462,079)	(8,367)	(569,269)
Realised foreign exchange loss/gain		(80)	(5,598)	(448)	(30,481)
Taxation	4	–	–	–	–
Loss for the year/period		(6,683)	(467,678)	(8,815)	(599,750)
Other comprehensive income for the year/period		–	–	–	–
Total comprehensive loss for the year/period		(6,683)	(467,678)	(8,815)	(599,750)

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

EUROFORBES MAURITIUS LIMITED

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31ST MARCH, 2013

	Notes	2013 EUR	2013 INR	2012 EUR	2012 INR
ASSET					
Current asset					
Other receivables	5	2,073	144,411	1,882	130,158
Cash and cash equivalents		96	6,690	–	–
Total asset		2,169	151,101	1,882	130,158
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	6	1	61	1	61
Accumulated losses		(20,902)	(1,402,205)	(14,219)	(934,527)
Foreign Currency Translation Reserve		–	(53,881)	–	(48,841)
		(20,901)	(1,456,025)	(14,218)	(983,307)
LIABILITY					
Current liability		–	–	–	–
Other payables	7	23,070	1,607,126	16,100	1,113,465
Total equity and liability		2,169	151,101	1,882	130,158

Approved by the Board of Directors on 7th May, 2013 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, 2013

	Stated Capital		Accumulated losses		Total	
	EUR	INR	EUR	INR	EUR	INR
At 31 st March, 2012	1	61	(5,404)	(334,777)	(5,403)	(334,716)
Issuance of share	–	–	–	–	–	–
Total comprehensive loss for the period	–	–	(8,815)	(599,750)	(8,815)	(599,750)
At 31 st March, 2013	1	61	(14,219)	(934,527)	(14,218)	(934,466)
Total comprehensive loss for the year	–	–	(6,683)	(467,678)	(6,683)	(467,678)
At 31 March, 2013	1	61	(20,902)	(1,402,205)	(20,901)	(1,402,144)

EUROFORBES MAURITIUS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2013

	For the year ended 31 March 2013 EUR	For the year ended 31 March 2013 INR	For the year ended 31 March 2012 EUR	For the year ended 31 March 2012 INR
Cash flows from operating activities				
Loss before taxation	(6,683)	(467,678)	<i>(8,815)</i>	<i>(599,750)</i>
Adjustment for:				
Realised foreign exchange loss/(gain)	80	5,598	<i>448</i>	<i>30,481</i>
Operating loss before working capital changes	(6,603)	(462,079)	<i>(8,367)</i>	<i>(569,269)</i>
Increase in other receivables	(191)	(14,253)	<i>(107)</i>	<i>(22,693)</i>
Increase in other payables	6,970	493,661	<i>8,922</i>	<i>678,881</i>
Net cash from/(used in) operating activities	176	17,328	<i>448</i>	<i>86,919</i>
Cash flows from financing activity				
Issuance of share	–	–	–	–
Foreign Currency Translation Reserve	–	5,040	–	(56,438)
Net cash from financing activity	–	5,040	–	<i>(56,438)</i>
Net movement in cash and cash equivalents	176	12,288	<i>448</i>	<i>30,481</i>
Cash and cash equivalents at beginning of year/period	–	–	–	–
Realised foreign exchange (loss)/gain	(80)	(5,598)	<i>(448)</i>	<i>(30,481)</i>
Cash and cash equivalents at end of year/period	96	6,690	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

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) Ltd, 4th Floor, Raffles Tower, 19 Cybercity, Ebene, Mauritius. It holds a Category 1 Global Business Licence issued by the Financial Services Commission.

The principal activity of the Company is to act as an investment holding company.

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") and 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 end of the reporting period 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

Standards, Amendments to published Standards and Interpretations effective in the reporting period

Disclosures — Transfers of Financial Assets (Amendments to IFRS 7). These amendments improve the disclosure requirements in relation to transferred financial assets. The amendments are not expected to have any impact on the Company's financial statements.

Severe Hyperinflation and Removal of fixed Dates for First-time Adopters (Amendments to IFRS1). These amendments replace references to a fixed transition date with 'the date of transition to IFRSs' and set out the requirements for how an entity resumes presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The amendments are not expected to have any impact on the Company's financial statements.

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12), introduces a presumption that investment properties that are measured using the fair value model in accordance with IAS 40 Investment Property are recovered entirely through sale for the purposes of measuring deferred taxes. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. This amendment is unlikely to have an impact on the Company's financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January, 2013 or later periods, but which the Company has not early adopted.

At the end of the reporting period, the following were in issue but not yet effective:

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income (Effective 1 July, 2012)

IFRS 9 Financial Instruments

IAS 27 Separate Financial Statements

IAS 28 Investments in Associates and Joint Ventures

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH, 2013**

2. ACCOUNTING POLICIES (continued)

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

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

IAS 19 Employee Benefits (Revised 2011)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amendment to IFRS 1 (Government Loans)

Annual Improvements to IFRSs 2009-2011 Cycle

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other

Entities: Transition Guidance

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

Where relevant, the Company is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

(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").

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 cash and cash equivalents and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

i. *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.

ii. *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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH, 2013****2. ACCOUNTING POLICIES (continued)****(f) Stated capital**

Ordinary shares are classified as equity.

(g) Revenue recognition

Interest income is recognised on the accrual 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.

(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 thereon 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.

EUROFORBES MAURITIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

4. TAXATION (continued)

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 shareholder 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 31st March, 2013 the Company had accumulated tax losses of **EUR 18,885** and therefore, no provision for income tax arises for the year (2012: EUR 6,733). The accumulated tax losses are available for net off against taxable income arising in the forthcoming five years.

(b) Deferred tax

No deferred tax assets have been recognised in respect of the tax losses carried forward as the directors consider that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised.

	2013 EUR	2013 INR	2012 EUR	2012 INR
5. OTHER RECEIVABLES				
Prepayments	2,073	144,411	1,882	130,158
	2013 EUR	2013 INR	2012 EUR	2012 INR
6. STATED CAPITAL				
Issued and fully paid up:				
1 Ordinary share of EUR 1	1	61	1	61
	2013 EUR	2013 INR	2012 EUR	2012 INR
7. OTHER PAYABLES				
Payable to related parties (see note 8)	20,554	1,431,853	12,993	898,587
Accruals	2,516	175,272	3,107	214,878
	23,070	1,607,125	16,100	1,113,465

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 1,148 (2012: EUR 1,148) and secretarial fees of EUR 268 (2012: EUR 268) to the Administrator.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

The nature, relationship and balances with the related party at 31st March, 2013 are as follows:

Name of related parties	Relationship	Nature of transactions	Balance at	Balance at
			31 March 2013	31 March 2013
			EUR	INR
Eureka Forbes Ltd	Beneficiary	Amount payable	6,014	418,953
EFL Mauritius Limited	Parent	Amount payable	14,540	1,012,900
			<u>20,554</u>	<u>1,431,853</u>

9. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

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.

(a) 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.

(i) Currency risk

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

(ii) 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.

(b) 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.

(c) 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 2013.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH, 2013****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 EUR 6,683 during the year ended 31 March 2013 and, at that date the Company's total liabilities exceeded its total assets by EUR 20,901. 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.

EFL MAURITIUS LIMITED

(a Subsidiary Company of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2013

	Date of appointment	Date of Resignation
DIRECTORS :		
Subiraj Gujadhur	08 th November, 2012	–
Navun Dussoruth	02 nd December, 2010	–
Maheshwar Doorgakant	02 nd December, 2010	08 th November, 2012

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 Bank (Mauritius) Ltd.

6th Floor, HSBC Centre 18
Cybercity, Ebene
Mauritius

EFL MAURITIUS LIMITED

COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 31st MARCH, 2013

PRINCIPAL ACTIVITY

The principal activity of EFL Mauritius Limited (the “Company”) is to act as an investment holding company. As at 31st March, 2013, the Company’s primary investment holdings were in Lux International AG, ZUG and Euroforbes Mauritius Limited.

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 (2012: Nil).

DIRECTORS

The membership of the Board is set out on page 2.

STATEMENT OF DIRECTORS’ RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENT S

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 EEL Mauritius Limited under the Mauritian Companies Act 2001, during the financial year ended 31st March, 2013.

For Apex Fund Services (Mauritius) Ltd
Secretary

Registered Office:

4th Floor, Raffles Tower,
19, Cybercity
Ebene
Mauritius

Date: 7th May, 2013

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** (the "Company") set out on pages 7 to 24, which comprise the statement of financial position as at 31st March, 2013 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 set out on pages 7 to 24 give a true and fair view of the financial position of the Company at 31st March, 2013, 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 License, and comply with the Mauritian Companies Act, 2001.

Other Matter

This report is made solely to the Company's member, 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 member those matters we are required to state to them in an auditor's 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 member 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 Oshit FCCA
Signing Partner

Date: 7th May, 2013

EFL MAURITIUS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH, 2013

	Notes	For the year ended 31 March 2013 EUR	For the year ended 31 March 2013 INR	<i>For the year ended 31 March 2012 EUR</i>	<i>For the year ended 31 March 2012 INR</i>
Revenue		–	–	–	–
Expenses					
Audit fees		1,761	123,235	1,586	107,907
Accounting fees		957	66,971	1,089	74,093
FSC fees		1,292	90,414	1,089	74,093
Directors' fees		1,148	80,337	1,089	74,093
Annual tax return		574	40,169	545	37,046
Annual TRC fees		574	40,169	545	37,046
APS fees		383	26,802	545	37,046
Registered office and Secretarial fees		536	37,509	508	34,563
Disbursement fees		–	–	259	17,622
Bank charges		370	25,893	181	12,383
ROC fees		194	13,576	163	11,090
Realised foreign exchange loss		67	4,689	69	4,695
		<u>7,856</u>	<u>549,765</u>	<u>7,667</u>	<u>521,677</u>
Operating loss for the year/period		(7,856)	(549,765)	(7,667)	(521,677)
Share of profit of associated company	5	231,693	16,213,928	417,638	28,414,962
Unrealised foreign exchange gain		–	–	–	–
Profit/(loss) before taxation		223,837	15,664,164	409,971	27,893,285
Taxation	6	–	–	–	–
Total comprehensive income/(loss) for the year/period		223,837	15,664,164	409,971	27,893,285

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

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2013

	Notes	For the year ended 31 March 2013 EUR	For the year ended 31 March 2013 INR	For the year ended 31 March 2012 EUR	For the year ended 31 March 2012 INR
ASSETS					
Non-current assets					
Investment in subsidiary company	4	1	69	1	69
Investment in associated company	5	9,623,995	670,436,364	9,392,302	649,565,032
		<u>9,623,996</u>	<u>670,436,433</u>	<u>9,392,303</u>	<u>649,565,101</u>
Current assets					
Other receivables	7	16,612	1,157,242	8,862	612,890
Cash and cash equivalents		19,938	1,388,941	34,953	2,417,325
		<u>36,550</u>	<u>2,546,183</u>	<u>43,815</u>	<u>3,030,215</u>
Total assets		<u>9,660,546</u>	<u>672,982,615</u>	<u>9,436,118</u>	<u>652,595,316</u>
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	8	8,850,001	557,837,684	8,850,001	557,837,684
Retained earnings		374,817	27,513,056	150,980	11,848,892
Foreign Currency Translation Reserve		–	57,277,756	–	52,814,970
		<u>9,224,818</u>	<u>642,628,496</u>	<u>9,000,981</u>	<u>622,501,546</u>
Current liability					
Other payables	9	435,728	30,354,120	435,137	30,093,770
Total equity and liabilities		<u>9,660,546</u>	<u>672,982,615</u>	<u>9,436,118</u>	<u>652,595,316</u>

Approved by the Board on 7th May, 2012 and signed on its behalf by:

Maheshwar Doorgakant	}	<i>Directors</i>
Navun Dussoruth		

The notes on pages 11 to 24 form an integral part of these financial statements.

EFL MAURITIUS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2013

	Stated capital		Retained earning		Total	
	EUR	INR	EUR	INR	EUR	INR
At 1 st April 2011	8,850,001	557,837,684	(258,991)	(16,044,393)	8,591,010	541,793,291
Total comprehensive profit for the period	–	–	409,971	27,893,285	409,971	27,893,285
At 31 st March, 2012	8,850,001	557,837,684	150,980	11,848,892	9,000,981	569,686,576
Total comprehensive profit for the year	–	–	223,837	15,664,164	223,837	15,664,164
At 31st March, 2013	8,850,001	557,837,684	374,817	27,513,056	9,224,818	585,350,740

The notes on pages 11 to 24 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2013

	For the year ended 31 March 2013 EUR	For the year ended 31 March 2013 INR	For the year ended 31 March 2012 EUR	For the year ended 31 March 2012 INR
Cash flows from operating activities				
Profit/(loss) before taxation	223,837	15,664,164	409,971	27,893,285
Adjustment for:				
Share of profit of associated company	(231,693)	(16,213,928)	(417,638)	(28,414,962)
Operating loss before working capital changes	(7,856)	(549,765)	(7,667)	(521,676)
Increase in other receivables	(7,750)	(544,352)	(5,821)	(418,744)
(Decrease)/increase in other payables	591	260,350	(1,462)	2,220,024
Net cash used in operating activities	(15,015)	(833,767)	(14,950)	1,279,604
Cash flow from investing activities				
Investment in subsidiary company	–	–	–	–
Investment in associated company	–	(4,657,403)	–	(48,181,476)
Net cash used in investing activities	–	(4,657,403)	–	(48,181,476)
Cash flows from financing activities				
Issue of shares:				
– ordinary shares	–	–	–	–
– preference shares	–	–	–	–
Forein Currency Translation Reserve	–	4,462,786	–	46,133,246
Net cash from financing activities	–	4,462,786	–	46,133,246
Net increase in cash and cash equivalents	(15,015)	(1,028,384)	(14,950)	(768,626)
Cash and cash equivalents at beginning of year/period	34,953	2,417,325	49,903	3,185,952
Cash and cash equivalents at end of year/period	19,938	1,388,941	34,953	2,417,325

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013**1. General information**

EFL Mauritius Limited (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) Ltd, 4th Floor, Raffles Tower, 19 Cybercity, Ebene, Mauritius. It holds a Category 1 Global Business Licence issued by the Financial Services Commission.

The principal activity of the Company is to act as an investment holding company. As at 31 March, 2013, the Company’s primary investment holdings were in Lux International AG, ZUG and Euroforbes Mauritius Limited.

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 end of the reporting period 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.

Going concern

The Company’s management has made an assessment of the Company’s ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

(b) Changes in accounting policy and disclosures*Standards, Amendments to published Standards and Interpretations effective in the reporting period*

Disclosures - Transfers of Financial Assets (Amendments to IFRS 7). These amendments improve the disclosure requirements in relation to transferred financial assets. The amendments are not expected to have any impact on the Company’s financial statements.

Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS1). These amendments replace references to a fixed transition date with ‘the date of transition to IFRSs’ and set out the requirements for how an entity resumes presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The amendments are not expected to have any impact on the Company’s financial statements.

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12), introduces a presumption that investment properties that are measured using the fair value model in accordance with IAS 40 Investment Property are recovered entirely through sale for the purposes of measuring deferred taxes. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. This amendment is unlikely to have an impact on the Company’s financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January, 2013 or later periods, but which the Company has not early adopted.

At end of the reporting period, the following were in issue but not yet effective:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 20132. Accounting policies (*continued*)(b) Changes in accounting policy and disclosures (*continued*)

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income (Effective 1 July, 2012)

IFRS 9 Financial Instruments

IAS 27 Separate Financial Statements

IAS 28 Investments in Associates and Joint Ventures

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interest in Other Entities

IFRS 13 Fair Value Measurement

IAS 19 Employee Benefits (Revised 2011)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amendment to IFRS 1 (Government Loans)

Annual Improvements to IFRSs 2009-2011 Cycle

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

Where relevant, the Company is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

(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 end of the reporting period 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 of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013**2. Accounting policies (continued)****(e) Investment in subsidiary company (continued)**

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 recognizes 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 recognized 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.

Borrowings are classified as current liabilities the Company has an unconditional right to defer set tooof the liability at least twelve months after the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

2. Accounting policies (*continued*)

(i) Financial instruments

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

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

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 accrual 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 end of each reporting period, 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.

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.

EFL MAURITIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

3. Significant accounting judgements, estimates and assumptions (continued)

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

	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
	EUR	INR	EUR	INR
At beginning and end of the year/period	<u>1</u>	<u>69</u>	<u>1</u>	<u>69</u>

The details of the investment in subsidiary company as at 31st March, 2013 are as follows:

Name of subsidiary company	Country of incorporation	Number and type of shares	% holding	Cost	Cost	Fair value	Fair value
				EUR	INR	EUR	INR
Euroforbes Mauritius Limited	Mauritius	1 ordinary share	100%	<u>1</u>	<u>69</u>	<u>1</u>	<u>69</u>

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

	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
	EUR	INR	EUR	INR
At beginning of the year/period	<u>9,392,302</u>	<u>649,565,032</u>	<u>8,974,664</u>	<u>572,968,599</u>
Addition during the year/period	-	-	-	-
Share of profit of associated company for the year/period	<u>231,693</u>	<u>20,871,332</u>	<u>417,638</u>	<u>76,596,433</u>
At end of the year/period	<u>9,623,995</u>	<u>670,436,364</u>	<u>9,392,302</u>	<u>649,565,032</u>

The details of the investment in associated company as at 31st March, 2013 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%	<u>8,800,000</u>	<u>561,817,520</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

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 st March, 2013	32,456	2,260,982	2,081	144,969	8,418	589,094	922	64,522
31 st March, 2012	33,914	2,345,469	16,377	1,132,622	10,364	705,139	1,670	113,622

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.

The Company had no income tax liability as a result of accumulated tax losses of EUR 453,864 (2012: EUR 445,896)

(b) Tax reconciliation

	For the year ended 31 March 2013	For the year ended 31 March 2013	For the year ended 31 March 2012	For the year ended 31 March 2012
	EUR	INR	EUR	INR
Profit/(loss) for the year/period	223,837	15,664,164	409,971	27,893,285
Adjustment for non taxable items				
Less exempt income	(231,693)	(16,213,928)	(417,638)	(28,414,962)
Less non allowable income	–	–	–	–
Add unauthorised deductions	67	4,689	–	–
Tax loss for the year/period	(7,789)	(545,076)	(7,668)	(521,677)
Tax calculated at 15%	(1,168)	(81,761)	(1,150)	(78,252)
Deemed tax credit at 80%	935	65,409	920	62,601
Deferred tax asset not recognised	234	16,352	230	15,650
Tax charge	–	–	–	–

7. Other receivables

	2013	2013	2012	2012
	EUR	INR	EUR	INR
Receivable from third party (see note 10)	14,540	1,012,900	6,980	482,732
Prepayments	2,072	144,342	1,882	130,158
	16,612	1,157,242	8,862	612,890

EFL MAURITIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

8. Stated capital

	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
	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
	<u>8,850,001</u>	<u>557,837,684</u>	<u>8,850,001</u>	<u>557,837,684</u>

The Preference Shares shall have the following rights:

- (a) The holder of the Preference Shares shall not be entitled 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 and accruals

	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
	EUR	INR	EUR	INR
Payable to related parties (See note 10)	432,374	30,120,470	432,374	29,902,683
Accruals	3,354	233,650	2,763	191,087
	<u>435,728</u>	<u>30,354,120</u>	<u>435,137</u>	<u>30,093,770</u>

10. Related party transactions

Name of related parties	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Balance EUR</u>	<u>Balance INR</u>
Eureka Forbes Ltd	Shareholder	Amount payable	432,374	30,120,470
Euroforbes Mauritius Limited	Subsidiary	Amount receivable	14,540	1,012,900
			<u>446,914</u>	<u>31,133,370</u>

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.

(b) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

11. Financial instruments and associated risks (continued)

Currency profile

	2013				2012			
	Financial assets		Financial liabilities		Financial assets		Financial liabilities	
	EUR	INR	EUR	INR	EUR	INR	EUR	INR
Swiss Franc ("CHF")	9,623,995	670,436,364	-	-	9,392,302	649,565,032	-	-
United States Dollars ("USD")	-	-	3,354	233,650	-	-	2,763	80,538
Euro ("EUR")	34,478	2,401,841	432,374	30,120,470	34,953	1,019,205	432,374	12,607,723
	<u>9,658,473</u>	<u>672,838,205</u>	<u>435,728</u>	<u>30,354,120</u>	<u>9,427,255</u>	<u>650,584,237</u>	<u>435,137</u>	<u>12,688,261</u>

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.

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.

(c) 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.

	2013	2013	2012	2012
	EUR	INR	EUR	INR
Counter party				
Other Receivables	14,540	1,012,900	6,980	482,732
Cash and cash equivalents	19,938	1,388,941	34,953	2,417,325
	<u>34,478</u>	<u>2,401,841</u>	<u>41,933</u>	<u>2,900,057</u>

(d) 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 31st March, 2013 is summarised as follows:

		31 st March, 2013			
		On demand	1-3 months	3 months to 1 year	Total
		EUR	EUR	EUR	EUR
Other payables	EUR	435,728	-	-	435,728
	INR	30,354,120	-	-	30,354,120

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

11. Financial instruments and associated risks (continued)

		<i>31st March, 2012</i>			
		<u><i>On demand</i></u>	<u><i>1-3 months</i></u>	<u><i>3 months to 1 year</i></u>	<u><i>Total</i></u>
		<i>EUR</i>	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
Other payables	EUR	435,137	–	–	435,137
	INR	<u>30,093,770</u>	<u>–</u>	<u>–</u>	<u>30,093,770</u>

(e) 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.

(f) Concentration risk

At 31st March, 2013, a significant portion of the Company's net assets consisted of investment in a Swiss company, which involve certain considerations and risks.

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 31st March, 2013

13. Holding company and ultimate holding company

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

FORBES BUMI ARMADA LIMITED

(Subsidiary Company of Forbes Campbell Finance Limited)

Annual Report and Accounts
for the year ended 31st March, 2013

DIRECTORS :

N.C. Singhal

Chairman

Ashok Barat

Ravishankar S

Hassan Assad Basma

Jonathan Edward Duckett

Alvin Strang

BANKERS :

IDBI Bank Ltd.

AUDITORS :

U. V. Shah & Co.

REGISTERED OFFICE :

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

FORBES BUMI ARMADA LIMITED

DIRECTORS' REPORT

The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2013.

1. FINANCIAL RESULTS:

	Current Year ₹	Previous Year ₹
	<hr/>	<hr/>
PROFIT/(LOSS) BEFORE TAX	3,103,575	97,904
Less: Provision for Taxation		
(i) Current Tax	964,584	–
(ii) Deferred Tax	(5,579)	(6,077)
	<hr/>	<hr/>
PROFIT/(LOSS) AFTER TAX	2,144,570	103,982
Add: Balance brought forward from the last year	3,238,460	3,134,478
	<hr/>	<hr/>
Balance carried to Balance Sheet	5,383,030	3,238,460
	<hr/>	<hr/>

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. However, no business was received during the year.

3. DIRECTORATE:

Mr. Ravishankar S and Mr. Hassan Basma are due to retire by rotation. Board of Directors commend their reappointment as Directors of the Company. Mr. Alvin Strang who was appointed as Additional Director on 16.08.2012, the board now commends his appointment as Director of the Company.

4. AUDITORS:

You are requested to appoint Auditors for the current year and authorise the Board to fix their remuneration. The retiring Auditors, M/s. U.V. Shah & Co., Chartered Accountants, offer themselves for re-appointment 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. 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;

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

Conservation of energy and technology absorption:

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

Foreign exchange earnings and outgo:

The operating income in foreign currency aggregated to Rs NIL whereas the expenditure in foreign currency aggregated to ₹ 303,381 (previous year ₹ 555,369)

For and on behalf of the
Board of Directors

(N. C. Singhal)
Chairman

Mumbai, Dated: 23rd May, 2013.

FORBES BUMI ARMADA LIMITED

AUDITORS' REPORT TO THE MEMBERS OF FORBES BUMI ARMADA LIMITED

Report on the Financial Statements

We have audited the attached Balance Sheet of FORBES BUMI ARMADA LIMITED as at 31st March 2013 and also the Statement of Profit & Loss and Cash Flow Statement for year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and a fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and a fair view and 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 have conducted our audit in accordance with Standards on Auditing ('the Standards') issued by the Institute of Chartered Accountants of India. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected are on a test basis depending on the auditor's judgement, evidence supporting the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies 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 obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

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 in conformity with 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, 2013;
- (b) In the case of the Statement of Profit and 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.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditors' Report) Order, 2003 ("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.

As required by Section 227(3) of the Act, 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 those books.
- (c) The Balance Sheet and Statement of Profit and Loss and 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 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 2013, and taken on record by the Board of Directors, none of the directors are, prima facie disqualified from being appointed as directors of the company under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.

For **U. V. Shah & Co.**
Chartered Accountants
FRN 109814W

(Uday V. Shah)
Proprietor

Membership No. : 35626

Mumbai, Dated:

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 6 of our report of even date)

i) Fixed Assets

- (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) Inventory

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) Loans granted/taken

- (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) Internal Control

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) Section 301

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) Deposit from Public

The company has not accepted any deposits from the public to which the provisions of sections 58A of the Companies Act, 1956 or any other relevant provisions of the act and the rules framed there under would apply and hence Clause 4(vi) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.

vii) Internal Audit

In our opinion, Clause 4 (vii) of Companies (Auditors report) Order 2003 (as amended) in respect of internal audit is not applicable.

viii) Cost Records

As explained to us, the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.

ix) Payment of Statutory Dues

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, 2013 for a period of more than six months from the date they became payable.

FORBES BUMI ARMADA LIMITED

x) Accumulated Losses / Cash Losses

The Company does not have any accumulated losses as on 31st March,2013. The Company has not incurred cash losses during the year or in the immediately preceding financial year.

xi) Default in repayment of Dues

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) Grant of Secured Loans and Advances

The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities 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) Special Statue- Chit Fund Companies, Nidhis / Mutual Benefit Fund / Societies

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) Company dealing or Trading in Shares, Securities Etc.,

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) Provision of Guarantee

According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institution and hence Clause 4(xv) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.

xvi) Term Loans

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) Usage of Funds

According to the information and explanations given to us and on overall examination of the balance sheet of the company, there are no funds raised on short-term basis, which have been used for long-term investment.

xviii) Preferential Allotments

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) Creation of security or charge for Debenture Issue

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) Disclosure of end use of Fund

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

xxi) Frauds

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

For **U. V. Shah & Co.**
Chartered Accountants
FRN 109814W

(Uday V. Shah)
Proprietor
Membership No. : 35626

Mumbai, Dated:

BALANCE SHEET AS AT 31st MARCH, 2013

Particulars	Note No.	As at		As at
		31 st March, 2013		31 st March, 2012
		₹	₹	₹
I EQUITY AND LIABILITIES				
1. Shareholders' funds				
(a) Share capital	2	55,000,000		55,000,000
(b) Reserves and surplus	3	5,383,030		3,238,458
			60,383,030	58,238,458
2. Non-current liabilities				
(a) Deffered Tax Liab (Net)	15	11,604		17,183
			11,604	17,183
3. Current liabilities				
(a) Trade payables		471,424		360,968
(b) Other current liabilities	4	975,579		25,505
			1,447,003	386,473
TOTAL			61,841,636	58,642,114
II ASSETS				
1. Non-current assets				
(a) Fixed assets				
(i) Tangible assets	5	39,834		61,314
			39,834	61,314
(b) Long-term loans and advances	6	802,228		410,282
			802,228	410,282
2. Current assets				
(a) Current investments	7	7,500,000		34,500,000
(b) Cash and bank balances	8	72,751		10,182,871
(c) Short-term loans and advances	9	53,426,823		13,160,099
(d) Other current assets	10	—		327,548
			60,999,574	58,170,518
TOTAL			61,841,636	58,642,114
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 :

N.C. Singhal

Ashok Barat
Ravishankar S.
Hassan Assad Basma
Jonathan Edward Duckett
Alvin Strang

Chairman

Directors

FORBES BUMI ARMADA LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	Note No.	Year ended 31 st March, 2013		Year ended 31 st March, 2012	
		₹	₹	₹	₹
I Other income	11		3,936,247		1,383,253
II Total revenue			3,936,247		1,383,253
III Expenses:					
Depreciation and amortisation expense	12	21,480		21,480	
Other expenses	13	811,192		1,263,868	
Total expenses			832,672		1,285,348
IV Profit before tax (II - III)			3,103,575		97,905
V Tax expense / (credit):					
(1) Income Tax			964,584		–
(2) Deferred Tax	15		(5,579)		(6,077)
VI Profit for the year (IV - V)			2,144,570		103,982
VII Earning per equity share:	18				
Basic and diluted earnings per equity share (nominal value of share ₹ 10)			0.39		0.02
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 :

N.C. Singhal

Ashok Barat
Ravishankar S.
Hassan Assad Basma
Jonathan Edward Duckett
Alvin Strang

Chairman

Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	31 st March, 2013		31 st March, 2012	
	₹	₹	₹	₹
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS		3,103,575		97,905
Adjusted for -				
Depreciation	21,480		21,480	
Foreign Exchange Gain Unrealised	(12,143)		12,304	
		9,337		33,784
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		3,112,912		131,689
Changes in -				
Other current assets	327,549		-	
Long term - Loans and Advances	(391,946)		16,556	
Short term - Loans and Advances	(40,266,724)		(11,072,989)	
Bank Deposits with Original Maturity more than Three Months	8,391,085		(528,410)	
Other Current Liabilities	950,074		19,342	
Provision for tax	(964,584)		-	
Trade Payables and Others	122,599		282,249	
	(31,831,947)		(11,283,252)	
OTHER ADJUSTMENTS				
Less: Direct Taxes paid (net of refund)	-		(76,747)	
		(31,831,947)		(11,359,999)
(a) NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES		(28,719,035)		(11,228,310)
CASH FLOW FROM INVESTING ACTIVITIES:				
Sale of Mutual Funds	27,000,000		(34,500,000)	
(b) NET CASH (USED IN) / GENERATED INVESTING ACTIVITIES		27,000,000		(34,500,000)
CASH FLOW FROM FINANCING ACTIVITIES:				
Call Money Received	-		42,500,000	
(c) NET CASH (USED IN) / GENERATED FINANCING ACTIVITIES		-		42,500,000
(d) NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (a)+ (b)+(c)		(1,719,035)		(3,228,310)

FORBES BUMI ARMADA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

	31 st March, 2013		31 st March, 2012	
	₹	₹	₹	₹
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:				
Cash on hand	12,131		3,782	
Balances with scheduled banks on current accounts and deposit accounts	1,779,655		5,005,009	
Deposits with original maturity of less than three months		1,791,786		5,008,791
Foreign Exchange Gain/Loss on Bank Accounts		—		(11,305)
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:				
Cash on hand	7,375		12,131	
Balances with scheduled banks on current accounts and deposit accounts	65,376	72,751	1,779,655	1,791,786
DECREASE IN CASH AND CASH EQUIVALENTS		(1,719,035)		(3,228,310)

In terms of our report attached

For **U.V. Shah & Co.**
Chartered Accountants
FRN 109814W

Uday V Shah
Proprietor
Membership No. 35626

Mumbai,
Dated :

N.C. Singhal

Ashok Barat
Ravishankar S.
Hassan Assad Basma
Jonathan Edward Duckett
Alvin Strang

Chairman

Directors

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

1 SIGNIFICANT ACCOUNTING POLICIES :

A BASIS OF ACCOUNTING:

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

B FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation. The Company capitalises all costs relating to the acquisition and installation for tangible Fixed Assets. The acquisition value includes the purchase price (Excluding refundable taxes if any) and expenses directly attributable to the asset to bring the assets to its working condition for its intended use.

C DEPRECIATION

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

D TAX ON INCOME

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

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

E FOREIGN CURRENCY TRANSACTIONS

- Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transactions.
- Monetary assets and liabilities determined in foreign currency are stated at the exchange rates prevailing at the year end.
- Any income or expenses on account of exchange differences either on settlement or on translation is recognized in the profit & loss account.

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
2. SHARE CAPITAL		
Authorised:		
1,00,00,000 (Previous year: 1,00,00,000) equity shares of ₹ 10 each	100,000,000	100,000,000
Issued, subscribed and fully paid:		
55,00,000 (Previous year: 55,00,000) equity shares of ₹ 10 each	55,000,000	55,000,000
TOTAL	55,000,000	55,000,000

(a) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:

Name of Shareholder	As at 31 st March, 2013		As at 31 st March, 2012	
	Number of equity shares held	% holding	Number of equity shares held	% holding
Forbes Campbell Finance Ltd & Nominees	Fully Paid 28,05,000	51	Fully Paid 28,05,000	51
Bumi Armada (Singapore) Pte Ltd	Fully Paid 26,95,000	49	Fully Paid 26,95,000	49
	5,500,000	100	5,500,000	100

FORBES BUMI ARMADA LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
3. RESERVES AND SURPLUS		
(a) Surplus / (deficit) in the statement of profit and loss:		
Balance as per last balance sheet	3,238,459	3,134,476
Add: Profit for the year	2,144,570	103,982
Less: Loss for the year	—	—
	5,383,030	3,238,458
TOTAL	5,383,030	3,238,458
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
4. OTHER CURRENT LIABILITIES		
(a) Payables to statutory authorities	10,995	25,505
(b) Provision for tax	964,584	—
TOTAL	975,579	25,505

5. FIXED ASSETS

(₹ in Lakhs)

Description of Assets	GROSS BLOCK (at cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31 st March, 2012	Additions during the year	Deductions during the year	As at 31 st March, 2013	Upto 31 st March, 2012	For the year	On deduction during the year	Upto 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
A. Tangible assets										
1. Furniture and fixtures / Computers	132,518	—	—	132,518	71,204	21,480	—	92,684	39,834	61,314
	132,518	—	—	132,518	71,204	21,480	—	92,684	39,834	61,314
Previous Year	132,518	—	—	132,518	49,724	21,480	—	71,204	61,314	82,794

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
6. LONG-TERM LOANS AND ADVANCES		
(unsecured, considered good unless otherwise stated)		
(a) Balances with statutory / government authorities		
(i) Unsecured, considered good	802,228	410,282
(ii) Doubtful	—	—
	802,228	410,282
Less: Provision for doubtful balances	—	—
	802,228	410,282
TOTAL	802,228	410,282

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	Quoted ₹	Unquoted ₹	Total as at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
7. CURRENT INVESTMENTS				
1. Investment in Mutual Funds				
TATA Liquid Super High Inv.Fund - Appreciation	–	7,500,000	7,500,000	34,500,000
TOTAL	<u>–</u>	<u>–</u>	<u>7,500,000</u>	<u>34,500,000</u>
Footnotes:				
1 Aggregate amount of unquoted investments			7,500,000	34,500,000
			As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
8. CASH AND BANK BALANCES				
(a) Cash and cash equivalents				
1. Balances with banks:				
(A) In current accounts			65,376	623,992
(B) Deposits with original maturity of less than three months			–	1,155,663
2. Cash on hand			7,375	12,131
			<u>72,751</u>	<u>1,791,786</u>
(b) Others				
1. Balance with banks:				
(A) Deposits with Original Maturity of more than three months			–	8,391,085
TOTAL			<u>72,751</u>	<u>10,182,871</u>
9. SHORT-TERM LOANS AND ADVANCES				
(unsecured, considered good unless otherwise stated)				
(a) Loans and advances to related parties				
(i) Forbes Bumi Armada Offshore Ltd.	53,280,684			13,000,000
(ii) Bumi Armada Berhad	–			32,605
			53,280,684	13,032,605
(b) Balances with statutory / government authorities				
(i) Unsecured, considered good	146,139			127,494
(ii) Doubtful	–			–
			146,139	127,494
Less: Provision for doubtful balances			–	–
			146,139	127,494
TOTAL			<u>53,426,823</u>	<u>13,160,099</u>

FORBES BUMI ARMADA LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013		As at 31 st March, 2012
	₹	₹	₹
10. OTHER CURRENT ASSETS			
(a) Interest accrued on deposits with bank		–	327,548
TOTAL		–	327,548
	Year ended 31 st March, 2013		Year ended 31 st March, 2012
	₹	₹	₹
11. OTHER INCOME			
(a) Interest			
(i) on bank deposit	274,252		764,530
(ii) on loan	2,854,520	3,128,772	
		–	764,530
(b) Foreign exchange gain (net)		16,790	609,071
(c) Credit balances / excess provision written back		–	9,652
(d) Prior Period Income		790,685	–
TOTAL		3,936,247	1,383,253
12. DEPRECIATION AND AMORTISATION EXPENSE			
(a) Depreciation of tangible assets		21,480	21,480
TOTAL		21,480	21,480
13. OTHER EXPENSES			
(a) Selling and Sales Promotion Expenses		–	–
(b) Bank charges		127,450	12,258
(c) Legal and professional charges		272,996	270,000
(d) Accounting Charges		91,000	15,000
(e) Travelling and conveyance		199,686	932,269
(f) Net loss on foreign currency transactions		–	–
(g) Payments to the auditor (excluding service tax):			
(i) Audit fees	15,000		16,545
(ii) For taxation matters	–		–
(iii) For other services	5,000		6,109
		20,000	22,654
(h) Miscellaneous expenses		13,531	11,687
(i) Excess TDS booked now written off		19,399	–
(j) Prior Period Expenses		67,130	–
TOTAL		811,192	1,263,868

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	<u>Current Year</u>	<u>Previous Year</u>
14. EXPENDITURE IN FOREIGN CURRENCY		
Travelling / Lodging Expenses	183,381	415,369
Director Sitting Fees	120,000	140,000
TOTAL	303,381	555,369

15. 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 01.04.2012	Deferred Tax Liability (-) / Assets (+) for the Current Year	Deferred Tax Liability (-) / Assets (+) As at 31.03.2013
Depreciation	(17,183)	5,579	(11,604)
TOTAL	(17,183)	5,579	(11,604)

16. RELATED PARTY DISCLOSURE**I. List of related parties and relationships****A. Holding Company / Ultimate Holding Company**

Forbes Campbell Finance Limited (Holding Company)
Forbes & Company Limited (Ultimate Holding Company)

B. Fellow Subsidiary Company

Forbes Bumi Armada Offshore Limited

C. Group Companies

Bumi Armada Berhad
Forvol International Services Limited
Bumi Armada Navigation Sdn Bhd.

II. Transactions with related parties:

Nature of Transactions	A	B	C	C	C
	Fobes & Co. Ltd	Forbes Bumi Armada Offshore Limited	Bumi Armada Sdn Bhd	Bumi Armada Berhad	Forvol International Services Limited
1. Expenses					
a) Travelling Expenses	–	–	–	–	16,305
	–	–	–	–	<i>521,560</i>
b) Travelling Services (reimbursement given)	–	–	–	183,381	–
c) Sales Promotion Expenses (Reimbursement given)	–	–	–	–	–
d) Miscellaneous Expenses	2,040	–	–	–	–
	<i>45,000</i>	–	–	–	–
2. Reimbursement of Expenses					
	47,550	–	–	–	–
3. Outstanding Balance					
a) Trade Payables	–	–	222,178	145,808	–
	–	–	229,353	–	–
b) Advances Recoverable	–	53,280,684	–	–	–
	–	<i>13,000,000</i>	–	32,605	–

Transactions indicated in Italics indicate corresponding figures for the previous year.

FORBES BUMI ARMADA LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013**17. FOREIGN CURRENCY EXPOSURE**

Unhedged Foreign Currency Exposure is as follows

Particulars	Amount in Foreign Currency	Amount in ₹
Trade Payable	13,568.70 RM	222,178

18. EARNINGS PER SHARE

Particulars	No. of Weighted Average Shares	Profit for the Year	Earning Per Share
Current Year	5,500,000	2,144,570	0.39
Previous Year	4,571,038	103,982	0.02

19. 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.
20. There are no retirement benefits applicable to the employee of the company therefore AS-15 (Retirement Benefits) is not applicable to the company.
21. There are no reportable Segments therefore AS-17 (Segment Reporting) is not applicable to the company.
22. The additional information as required under Schedule VI of the Companies Act, 1956 has not been furnished as the same is not applicable.

In terms of our report attachedFor **U.V. Shah & Co.**
Chartered Accountants
FRN 109814W**Uday V Shah**
Proprietor
Membership No. 35626Mumbai,
Dated :

N.C. Singhal

Ashok Barat
Ravishankar S.
Hassan Assad Basma
Jonathan Edward Duckett
Alvin Strang*Chairman**Directors*

FORBES BUMI ARMADA OFFSHORE LIMITED

(a Subsidiary Company)

Annual Report and Accounts
for the year ended 31st March, 2013

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

FORBES BUMI ARMADA OFFSHORE LIMITED

DIRECTORS' REPORT

The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2013.

1. FINANCIAL RESULTS:

	1.4.2012 to 31.3.2013 (₹)	1.4.2011 to 31.3.2012 (₹)
PROFIT/(LOSS) BEFORE TAX	(29,041,966)	(8,796,704)
Less: Provision for Taxation		
(I) Current Tax	-	-
(II) Fringe Benefit Tax	-	-
PROFIT/(LOSS) AFTER TAX	(29,041,966)	(8,796,704)
Add: Balance brought forward from the last year	(11,178,116)	(2,381,412)
Balance carried to Balance Sheet	(40,220,082)	(11,178,116)

2. OPERATIONS:

The Company has mobilised and deployed the FPSO Armada Sterling facility along with crew in D1 field of ONGC against the 7 year Charter Hire and O&M contract. The FPSO was at D1 location on 27th Jan 2013. After completion of subsea installation and pre-startup activities, safe startup of FPSO was accomplished and received 1st Oil from ONGC wells on 07th April 2013.

As per conditions of the contract with ONGC, 72 Hrs test run was completed and final acceptance received from ONGC with effect from 22nd April, 2013. We are producing and storing the oil in FPSO crude storage tanks. 1st crude offloading to the ONGC designated buyer has been accomplished on 14th May 2013.

3. DIRECTORATE:

Mr. Ravi Shankar Srinivasan and Mr. Jonathan Edward Duckett are due to retire by rotation. Board of Directors commend their reappointment as Directors of the Company. Mr. Alvin Strang who was appointed as Additional Director on 16.08.2012, the board now commends his appointment as Director 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. 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;

7. 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 ₹ 197,621,042 whereas the expenditure in foreign currency aggregated to ₹ 193,118,448 (previous year ₹ 35,51,706)

For and on behalf of the Board of Directors

(N. C. Singhal)
Chairman

Mumbai
Dated: 23rd May, 2013.

FORBES BUMI ARMADA OFFSHORE LIMITED

AUDITORS' REPORT TO THE MEMBERS OF FORBES BUMI ARMADA OFFSHORE LIMITED

Report on the Financial Statements

We have audited the attached Balance Sheet of FORBES BUMI ARMADA OFFSHORE LIMITED as at 31st March, 2013 and also the Statement of Profit & Loss and Cash Flow Statement for year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and a fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and a fair view and 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 have conducted our audit in accordance with Standards on Auditing ('the Standards') issued by the Institute of Chartered Accountants of India. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected are on a test basis depending on the auditor's judgement, evidence supporting the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies 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 obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

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 in conformity with 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, 2013;
- (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.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditors' Report) Order, 2003 ("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.

As required by Section 227(3) of the Act, 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 those books.
- (c) The Balance Sheet and Statement of Profit and Loss and 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 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, 2013, and taken on record by the Board of Directors, none of the directors are, prima facie disqualified from being appointed as directors of the company under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.

For **U.V. Shah & Co.**
Chartered Accountants
FRN 109814W

(Uday V. Shah)
Proprietor
Membership No. : 35626

Mumbai, Dated:

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 6 of our report of even date)

i) Fixed Assets

- (a) According to the information & explanation given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, all the assets have been physically verified by the management in accordance with a programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets. As informed and record produced by us for our verification, discrepancies noticed were not, in our opinion, material however the same have been properly dealt with in the books of account.

ii) Inventory

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) Loans granted/taken

- (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 loan, secured or unsecured to companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

iv) Internal Control

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, sale of services. During the course of our audit, no major weakness has been noticed by us in the internal control systems of the company.

v) Section 301

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) Deposit from Public

The company has not accepted any deposits from the public to which the provisions of sections 58A of the Companies Act, 1956 or any other relevant provisions of the act and the rules framed there under would apply and hence Clause 4(vi) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.

vii) Internal Audit

In our opinion, Clause 4 (vii) of Companies (Auditors report) Order 2003 (as amended) in respect of internal audit is not applicable.

viii) Cost Records

As explained to us, the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.

FORBES BUMI ARMADA OFFSHORE LIMITED

ix) Payment of Statutory Dues

According to the information and explanations given to us, no undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues payable to appropriate authorities were outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable.

x) Accumulated Losses / Cash Losses

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) Default in repayment of Dues

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) Grant of Secured Loans and Advances

The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities 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) Special Statue - Chit Fund Companies, Nidhis / Mutual Benefit Fund / Societies

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) Company dealing or Trading in Shares, Securities Etc.,

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) Provision of Guarantee

According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institution and hence Clause 4(xv) of the Companies (Auditors report) Order 2003 (as amended) is not applicable.

xvi) Term Loans

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) Usage of Funds

According to the information and explanations given to us and on overall examination of the balance sheet of the company, there are no funds raised on short-term basis, which have been used for long-term investment.

xviii) Preferential Allotments

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) Creation of security or charge for Debenture Issue

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) Disclosure of end use of Fund

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) Frauds

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

For **U.V. Shah & Co.**
Chartered Accountants
FRN 109814W

(Uday V. Shah)
Proprietor
Membership No. : 35626

BALANCE SHEET AS AT 31ST MARCH, 2013

	Notes No.	₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
I. EQUITY AND LIABILITIES				
1 Shareholders' funds				
a		21,000,000		1,000,000
b	3	(40,220,082)		(11,178,116)
			(19,220,082)	(10,178,116)
2 Current liabilities				
a		186,932,283		8,925,900
b		57,793,630		13,000,000
c	4	10,919,253		153,887
			255,645,166	22,079,787
TOTAL			236,425,084	11,901,671
II. ASSETS				
1 Non-current assets				
a	5			
(i)		526,469		–
(ii)		18,109		–
(iii)		–		–
			544,578	–
b	6	2,190,690		–
c		–		–
a	7	10,469,987		7,120,247
			12,660,677	7,120,247
2 Current assets				
a		213,907,153		–
b	8	840,071		178,348
c	9	8,472,604		4,603,076
			223,219,829	4,781,424
TOTAL			236,425,084	11,901,671
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 :

N. C. Singhal

Chairman

Ashok Barat

Ravishankar S.

Hassan Assad Basma

Jonathan Edward Duckett

Alvin Strang

Directors

FORBES BUMI ARMADA OFFSHORE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Notes No.	₹	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
I		197,621,042		–
				–
			197,621,042	–
II	10		452,745	659
III			198,073,787	659
IV				
		190,260,000		–
	11	8,391,547		–
		2,854,520		–
	12	16,642		–
	13	25,593,044	36,855,753	8,797,363
			227,115,753	8,797,363
V			(29,041,966)	(8,796,704)
VI				
			–	–
	15		–	–
VIII			(29,041,966)	(8,796,704)
VII				
	18		(6.86)	(8.80)
	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 :

N. C. Singhal

Chairman

Ashok Barat

Ravishankar S.

Hassan Assad Basma

Jonathan Edward Duckett

Alvin Strang

Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13		2011-12	
	₹	₹	₹	₹
LOSS BEFORE TAX AND EXTRA ORDINARY ITEMS		(29,041,966)		(8,796,704)
Foreign Exchange Gain/Loss Unrealized		4,047,545		(659)
Preliminary Expenses Written Off		—		81,861
Depreciation		16,642		—
		<u>(24,977,779)</u>		<u>(8,715,502)</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS				
Changes in:				
Trade Receivables	(217,681,550)		(4,578,314)	
Long Term Loans & Advances	(3,349,740)		(7,120,247)	
Other Current Liabilities	8,601,171		153,887	
Trade Payable and Others	224,691,061		6,872,295	
other short term loans and advances	(3,869,528)		—	
		<u>8,391,413</u>		<u>(4,672,379)</u>
CASH GENERATED FROM OPERATIONS		(16,586,366)		(13,387,881)
Direct Taxes Adjusted		—		—
Preliminary expenses		—		—
(A) NET CASH FLOW FROM OPERATING ACTIVITIES		(16,586,366)		(13,387,881)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Asset	(561,220)		—	
purchase of immovable property as investment	(2,190,690)		—	
(B) NET CASH FLOW FROM INVESTING ACTIVITIES		(2,751,910)		—
CASH FLOW FROM FINANCING ACTIVITIES				
Short Term deposit Received	—		13,000,000	
issue of Share Capital	20,000,000		—	
(C) NET CASH FLOW FROM FINANCING ACTIVITIES		20,000,000		13,000,000
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENT (A)+(B)+(C)		661,724		(387,881)
CASH AND CASH EQUIVALENT AS AT THE COMMENCEMENT 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	
		<u>178,348</u>		<u>566,229</u>
CASH AND CASH EQUIVALENT AS AT THE END OF THE YEAR, COMPRISING:				
Cash, Cheques on Hand and Remittances in transit	13,419		23,164	
Balance with Schedule Banks on current Accounts and Deposit Accounts	826,652		155,184	
		<u>840,071</u>		<u>178,348</u>
NET (DECREASE) / INCREASE AS DISCLOSED ABOVE		661,724		(387,881)

In terms of our report attached

For **U.V. SHAH & CO**
Chartered Accountants
FRN 109814W

Uday V. Shah
Proprietor
Membership No. 35626

Mumbai
Dated :

N. C. Singhal

Chairman

Ashok Barat

Ravishankar S.

Hassan Assad Basma

Jonathan Edward Duckett

Alvin Strang

Directors

FORBES BUMI ARMADA OFFSHORE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

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. As per the terms of the contract, the company has furnished the Bank Guarantee to ONGC for guaranteeing Performance. 50% of the mobilisation charges as mentioned in the contract i.e USD 40,15,316.5 (including service tax @ the rate of 12.36%) are booked on sail away of the FPSO vessel. Balance 50% of the mobilisation charges will be booked on acceptance of the FPSO Vessel. The company has subcontracted with the owner of the vessel Armada D1 Pte. Ltd.

1 SIGNIFICANT ACCOUNTING POLICIES :

A BASIS OF ACCOUNTING:

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

B USE OF ESTIMATES

The presentation of the financial statements in conformity with the generally accepted accounting principle requires the Management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenue 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

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.

D 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

E TAX ON INCOME

The Company has not made provision for tax as there is loss for the year and 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.

F FOREIGN CURRENCY TRANSACTIONS

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transactions.
- b) Monetary assets and liabilities determined in foreign currency are stated at the exchange rates prevailing at the year end.
- c) Any income or expenses on account of exchange differences either on settlement or on translation is recognized in the profit & loss account.

G INVESTMENTS

The Company has classified its investments into long term investment which are stated at cost.

H REVENUE RECOGNITION

Charter Hire Income is booked on accrual basis and as per the terms of the contract.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
2. SHARE CAPITAL		
Authorised:		
1,00,00,000 (Previous year: 1,00,00,000) equity shares of ₹ 10 each	50,000,000	1,000,000
Issued, subscribed and fully paid:		
21,00,000 (Previous year: 1,00,000) equity shares of ₹ 10 each	21,000,000	1,000,000
TOTAL	21,000,000	1,000,000

Name of Shareholder	As at 31 st March, 2013		As at 31 st March, 2012	
	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	1,050,021	50.001	50,001	50.001
Bumi Armada Berhad	1,049,979	49.999	49,999	49.999
	2,100,000	100.000	100,000	100.000

	₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
3. RESERVES AND SURPLUS			
(a) Surplus / (deficit) in the statement of profit and loss:			
Balance as per last balance sheet	(11,178,116)		(2,381,412)
Add: Profit for the year	-		-
Less: Loss for the year	(29,041,966)		(8,796,704)
		(40,220,082)	(11,178,116)
TOTAL		(40,220,082)	(11,178,116)

	₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
4. OTHER CURRENT LIABILITIES			
(a) Payables to statutory authorities		8,755,058	153,887
(b) Provision for expenses		2,164,195	-
TOTAL		10,919,253	153,887.00

FORBES BUMI ARMADA OFFSHORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

5. FIXED ASSETS

(₹ in Lakhs)

Description of Assets	GROSS BLOCK (at cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31 st March, 2012	Additions during the year	Deductions during the year	As at 31 st March, 2013	Upto 31 st March, 2012	For the year	On deduction during the year	Upto 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
A. Tangible assets										
1 Office equipment	–	32,001	–	32,001	–	333	–	333	31,668	–
2 Computer	–	510,619	–	510,619	–	15,818	–	15,818	494,801	–
	–	542,620	–	542,620	–	16,151	–	16,151	526,469	–
<i>Previous Year</i>	–	–	–	–	–	–	–	–	–	–
(B) Intangible assets										
1 Computer software	–	18,600	–	18,600	–	491	–	491	18,109	–
	–	18,600	–	18,600	–	491	–	491	18,109	–
<i>Previous Year</i>	–	–	–	–	–	–	–	–	–	–

As at 31st
March, 2013
₹

As at 31st
March, 2012
₹

6. NON-CURRENT INVESTMENTS

(a) Long-term Investment (at cost)

(i) Other Investment

Land

2,190,690

–

TOTAL

2,190,690

–

Footnotes:

1. The company has mortgaged the land in the favour of SBICAP Trustee Company Limited situated at Survey No.36A of Mouje Pali of Sudhagad Taluka, District Raigad amounting to ₹ 13,00,000/- who has agreed to act as the Security Trustee. Also refer to Note No. 23.

As at 31st
March, 2013
₹

As at 31st
March, 2012
₹

7. LONG-TERM LOANS AND ADVANCES

(unsecured, considered good unless otherwise stated)

(a) Prepaid expenses

6,104,535

7,120,247

(b) Balances with statutory / government authorities

(i) Unsecured, considered good

4,365,452

–

(ii) Doubtful

–

–

4,365,452

–

Less: Provision for doubtful balances

–

–

4,365,452

–

TOTAL

10,469,987

7,120,247

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
8. CASH AND BANK BALANCES			
(a) Cash and cash equivalents			
1. Balances with banks:			
(A) In current accounts		826,652	155,184
2. Cash on hand		13,419	23,164
TOTAL		840,071	178,348
9. SHORT-TERM LOANS AND ADVANCES (unsecured, considered good unless otherwise stated)			
(a) Prepaid expenses		2,674,157	3,170,051
(b) Balances with statutory / government authorities			
(i) Unsecured, considered good	2,816,647		1,433,025
(ii) Doubtful	—		—
		2,816,647	1,433,025
(c) Security deposits considered good			
(i) Unsecured, considered good	1,981,800		—
(ii) Doubtful		1,981,800	
(d) Loans and advances to employees			
(i) Unsecured, considered good	1,000,000		—
(ii) Doubtful	—		1,000,000
Less: Provision for doubtful balances		—	—
TOTAL		5,798,447	1,433,025
		8,472,604	4,603,076
10. OTHER INCOME			
(a) Foreign exchange gain (net)		(4,047,575)	659
(b) Reimbursement of Expenses & Service Charges		4,500,319	—
TOTAL		452,745	659
11. EMPLOYEE BENEFITS EXPENSE			
(a) Salaries and wages		8,314,465	—
(b) Staff welfare expense		77,082	—
TOTAL		8,391,547	—

FORBES BUMI ARMADA OFFSHORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	₹	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
12. DEPRECIATION AND AMORTISATION EXPENSE			
(a) Depreciation of tangible assets		16,642.00	–
TOTAL		16,642.00	–
13. OTHER EXPENSES			
(a) Accounting Charges		233,000	15,000
(b) Bank Charges (Includes Bank Guarantee Commission)		7,770,410	6,490,264
(c) Tender Expenses		–	45,000
(d) Stamps, telegrams, stationery, printing and telephones		562,513	11,391
(e) Legal and professional charges		11,197,049	1,732,334
(f) Rates and Taxes		1,640	–
(g) Travelling and conveyance		23,212	354,812
(h) Business Development and Board Meeting Expenses		6,909	40,375
(i) Payments to the auditor (excluding service tax):			
(i) Audit fees	41,000		19,302
(ii) For taxation matters	–		–
(iii) For company law matters	–		–
(iii) For other services	–		5,515
(iv) For reimbursement of expenses	2,000		–
		43,000	–
(j) Miscellaneous expenses		49,570	1,509
(k) Preliminary Expenses Written Off		–	81,861
(l) Rent		1,436,358	–
(m) Repairs & Maintainance - Computer		28,597	–
(n) Repairs & Maintainance - Other		20,370	–
(o) Administration Expenses		70,455	–
(p) Advertisement Expenses		4,776	–
(q) Office Expenses		12,149	–
(r) Mortgage Fees		1,000,500	–
(s) Travelling & Loading Exp		1,635,997	–
(t) ROC Filing Fees		439,395	–
(u) Prior period Expenses		1,057,145	–
TOTAL		25,593,044	8,797,363

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	Current Year ₹	Previous Year ₹
14. EXPENDITURE IN FOREIGN CURRENCY		
Bank Guarantee Commission Reimbursed (Net of Prepaid Portion)	2,138,195	3,361,706
Mobilisation Expenses	190,260,000	–
Travelling Exps Reimbursed	490,253	–
Director Sitting Fees	230,000	190,000
TOTAL	193,118,448	3,551,706

15. 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 supported by convincing evidence that the Company will have sufficient future taxable income against which such deferred tax assets can be realised.

16. RELATED PARTY DISCLOSURE**I. List of related parties and relationships**

- A. Holding Company / Ultimate Holding Company
Shapoorji Pallonji and Company Limited (Ultimate Holding Company)
Forbes & Company Limited (Holding Company)
- B. Fellow Subsidiary company
Forbes Bumi Armada Limited
- C. Group companies
Bumi Armada Behrad
Forvol International Services Limited
Bumi Armada Navigation Sdn Bhd.
Armada D1 Pte. Ltd.

II. Transactions with related parties:

Nature of Transactions	A	B	C	C	C	C
	Forbes & Co. Ltd	Forbes Bumi Armada Limited	Bumi Armada Berhad	Bumi Armada Navigation Sdn Bhd	Forvol International Services Limited	Armada D1 Pte. Ltd.
1. Expenses						
a) Travelling Expenses	–	–	–	–	–	8,865
						31,501
b) Guest House Charges	241,400	–	–	–	–	–
	122,100					
c) Misc Expenses	–	–	–	–	–	–
	45,000	–	–	–	–	–

FORBES BUMI ARMADA OFFSHORE LIMITED

Nature of Transactions	A	B	C	C	C	C
	Forbes & Co. Ltd	Forbes Bumi Armada Limited	Bumi Armada Berhad	Bumi Armada Navigation Sdn Bhd	Forvol International Services Limited	Armada D1 Pte. Ltd.
2. Income						
Service charges and reimbursement of expense	–	–	–	–	–	4,500,319
3. Reimbursement of Expenses	1,179,606	–	1,718,865	7,980	–	–
	<i>12,283,828</i>	–	<i>4,578,442</i>	–	–	–
4. Outstanding Balance						
a) Trade Payables	4,512,946	53,280,684	6,569,828	7,976	–	177,208,717
	<i>3,121,752</i>	<i>13,000,000</i>	<i>4,577,545</i>	–	–	–
b) Guarantees Given	352,397,316	–	352,395,114	–	–	–
	<i>228,314,500</i>	–	<i>228,314,500</i>	–	–	–
5. Guarantees given on Our behalf	109,138,490	–	109,134,114			
	<i>228,314,500</i>	–	<i>228,314,500</i>	–	–	–
6. Share Capital	10,000,200	–	9,999,800	–	–	–
	–	–	–	–	–	–
7. Mobilisation Expense	–					190,260,000
	–					–

Transactions indicated in Italics indicate corresponding figures for the previous year.

17. FOREIGN CURRENCY EXPOSURE

Unhedged Foreign Currency Exposure is as follows

Particulars	Current Year		Previous Year	
	Amount in Foreign Currency	Amount in Rupees	Amount in Foreign Currency	Amount in Rupees
Trade Payable	3372140.38 USD	183,309,551	89720.60 USD	4,577,545
Trade Payable	10887.25 SGD	476,970	–	–

18. EARNINGS PER SHARE

Particulars	No. of Weighted Average Shares	Loss for the Year	Earning Per Share
Current Year	4,232,877	(29,041,966)	(6.86)
Previous Year	1,000,000	(8,796,704)	(8.80)

19. 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.

20. There are no retirement benefits applicable to the employee of the company therefore AS-15 (Retirement Benefits) is not applicable to the company.

21. There are no reportable Segments therefore AS-17 (Segment Reporting) is not applicable to the company.

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

23. CONTINGENT LIABILITES NOT PROVIDED FOR

	Current Year ₹	Previous Year ₹
Bank Guarantees (Current Year US \$ 1,29,65,316.5, Previous Year US \$ 89,50,000)	704,794,605	456,629,000
Mortgage of land in Raigad District	1,300,000	-

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.

The company has mortgaged the following properties for the purpose of part financing of the acquisition and refurbishment of the Floating Production Storage and Offloading (FPSO) Vessel (the "Project"), a dollar term loan facility not exceeding a sum of USD 27,64,00,000 which Armada D1 Pte. Ltd. has sought to borrow :-

- (i) The immovable property of the company situated at Survey No.36A of Mouje Pali of Sudhagad Taluka, District Raigad purchased from Ms. Priya Rajesh Bhandari for a consideration of ₹ 13,00,000/- under the deed of conveyance dated 13th December,2012.
- (ii) All the rights of the company under the agreement for charter hiring dated 10th August,2011 executed between the company and Oil and Natural Gas Corporation Limited.
- (iii) All rights of the company to the dollar account bearing no : 015020310000054 held with Bank of India, Mumbai Overseas Branch, 70/80, M.G.Road, Fort, Mumbai - 400 001 in which the moneys received by the company from ONGC in dollars under the ONGC Contract is to be deposited.

In terms of our report attached

For **U.V. SHAH & CO**
Chartered Accountants
FRN 109814W

Uday V. Shah
Proprietor
Membership No. 35626

Mumbai
Dated :

N. C. Singhal *Chairman*

Ashok Barat
Ravishankar S.
Hassan Assad Basma
Jonathan Edward Duckett
Alvin Strang

} *Directors*

FORBES CAMPBELL FINANCE LIMITED

(a wholly owned Subsidiary Company)

Annual Report and Accounts
for the year ended 31st March, 2013

DIRECTORS:

Ashok Barat

Chairman

Amit Mittal

(upto 28.6.2013)

C. A. Karnik

(upto 30.6.2013)

A. T. Shah

Sunetra Ganesan

S. P. Kadakia

Shrikrishna M. Bhave

(w.e.f. 28.6.2013)

BANKERS :

Standard Chartered Bank

AUDITORS :

Messrs. Batliboi & Purohit

REGISTERED OFFICE :

Catholic Centre,
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, 2013.

2. FINANCIAL RESULTS:

Summarised figures are as under :

	Current year ended 31 st March, 2013 ₹	Previous year ended 31 st March, 2012 ₹
(a) Profit/Loss before Depreciation	(4,89,03,098)	(5,68,27,809)
(b) Less: Depreciation	28,202	32,111
(c) Profit/Loss for the year before tax	(4,89,31,300)	(5,68,59,920)
(d) Less: Provision for Taxation		
– For current year	–	–
– For earlier year	–	–
(e) Profit/Loss after Tax	(4,89,31,300)	(5,68,59,920)
Add: Balance brought forward from last year	(21,82,93,053)	(16,14,33,133)
(f) Balance carried to Balance Sheet	(26,72,24,353)	(21,82,93,053)

The Company holds shares in Nypro Forbes Moulds Ltd., and Nypro Forbes Products Ltd. The Scheme of Amalgamation and Arrangement for (a) Re-organisation and Reduction of Capital of Nypro Forbes Products Ltd., and (b) Amalgamation of Nypro Forbes Moulds Ltd., with Nypro Forbes Products Ltd., proposed by their respective Boards was approved by the High Court of judicature at Madras vide its Order dated 11.9.2012. During the year, due to merger, the Company had to write off the value of its investment of aggregate ₹ 226 lakhs and on account of accumulated losses in these companies had to make a provision for diminution in the value of the investment of aggregate ₹ 263 lakhs, to reflect the true value of investment.

3. DIRECTORS:

Mr. Amit Mittal and Mr. C. A. Karnik have resigned from the Board with effect from 28th June, 2013 and 1st July, 2013 respectively. The Board places on record their sincere appreciation to the services rendered by Mr. Amit Mittal and Mr. C. A. Karnik.

Mr. Shrikrishna M. Bhave was appointed as an Additional Director on the Board of Directors of the Company with effect from 27th June, 2013. Pursuant to section 260 of the Companies Act, 1956, he holds office upto the date of the

forthcoming Annual General Meeting and a notice, in writing has been received from a shareholder under section 257 of the Act along with a deposit signifying intention to propose him as a candidate for appointment as a Director.

Mrs. Sunetra Ganesan retires from the Board of Directors by rotation and is eligible for re-appointment at the ensuing Annual General Meeting. Directors recommend their appointment.

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 : 1st July, 2013

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, 2013. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company is a public limited company and the restrictions mentioned in section 3(1)(iii) of the Act are not applicable to public limited companies.
4. The Board of Directors duly met 4 times on 17th April, 2012, 6th September, 2012, 16th October, 2012 and 23rd January, 2013 and Circular Resolutions were passed on 28th November, 2012 and 25th March, 2013 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, 2012 was held on 14th August, 2012 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. One extra ordinary general meeting was held on 16th October, 2012 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 1 shares during the year.
 - (ii) not declared any Dividend during the financial year.
 - (iii) not paid any cheques/drafts to the members of the Company as no dividend was declared during the financial year.
 - (iv) no unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid and as are required to be transferred to Investor Education and Protection Fund.
 - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There were no 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.

FORBES CAMPBELL FINANCE LIMITED

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.
26. A resolution was passed by the Shareholders of the Company at their extraordinary general meeting held on 16.10.2012, subject to approval of Regional Director, Chennai for altering 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 under scrutiny.
31. There was no prosecution initiated against or show cause notices received by the company during the financial year for offences under the Act.
32. The company has not received any money as security from its employees during the financial year under certification as per provisions of section 417(1) of the Act.
33. The company was not required to deposit both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

For Sanjay Dholakia & Associates

Place : Mumbai
Date : 18th April, 2013

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor
FCS 2655 CP 1798

ANNEXURE A

Registers as maintained by the Company

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

For Sanjay Dholakia & Associates

Place : Mumbai
Date : 18th April, 2013

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor
FCS 2655 CP 1798

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, 2013.

1. Form 23ACXBRL for Balance Sheet as at 31st March, 2012 and Form 23ACAXBRL for Profit & Loss Account for the year ended 31st March, 2012 filed with the Registrar of Companies, Tamilnadu on 28th December, 2012.
2. Form 20B for Annual Return made up to 14th August, 2012, filed with the Registrar of Companies, Tamilnadu on 9th October, 2012.
3. Form 66 for Compliance Certificate for the year ended 31st March, 2012 as required u/s. 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Tamilnadu on 10th September, 2012.
4. Form 23 for Resolution passed at the Extra Ordinary General Meeting held on 16th October, 2012 was filed with the Registrar of Companies, Tamilnadu on 30th October, 2012.
5. Form 24AAA for filing petitions to the Central Government was filed on 10th March, 2013.

For Sanjay Dholakia & Associates

Place : Mumbai
Date : 18th April, 2013

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor
FCS 2655 CP 1798

FORBES CAMPBELL FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORBES CAMPBELL FINANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Forbes Campbell Finance Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the 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 these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
- (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.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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.
- 2) As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) 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;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

- (e) on the basis of written representations received from the directors as on 31 March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Paresh Chokshi

Partner

Membership No.33597

Place : Mumbai
Dated : 18th April , 2013

ANNEXURE REFERRED TO IN OUR REPORT TO THE MEMBERS OF FORBES CAMPBELL FINANCE LIMITED (THE COMPANY) FOR THE YEAR ENDED 31 MARCH, 2013.

- 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 the Order 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) 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) None of the transactions made in pursuance of such contracts or arrangements exceed the value of Rupees five lakh in respect of any one such party in the financial year.
- vi) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 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, 2013 on account of disputes are given below:

FORBES CAMPBELL FINANCE LIMITED

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 have exceeded fifty percent of its net worth. The company has not incurred any cash loss during the year. In the immediately preceding financial year the company had incurred cash loss.
- 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 no funds have been raised on short term basis.
- 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 Reg.No. 101048W

Paresh Chokshi

Partner

Membership No.33597

Place : Mumbai

Dated : 18th April , 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	₹	As at	As at
			31 st March, 2013 ₹	31 st March, 2012 ₹
I. EQUITY AND LIABILITIES				
(1) Shareholders' funds				
(a) Share capital	2	38,641,310		38,641,310
(b) Reserves and surplus	3	40,551,408		89,482,708
			79,192,718	128,124,018
(2) Non-current liabilities				
(a) Long-term borrowings	4		114,675,000	114,675,000
(3) Current liabilities				
(a) Short-term borrowings	5	–		300,000
(b) Trade payables		28,018		134,980
(c) Other current liabilities	6	2,575,145		2,051,629
			2,603,163	2,486,609
TOTAL			196,470,881	245,285,627
II ASSETS				
(1) Non-current assets				
(a) Fixed assets				
(i) Tangible assets	7	652,932		681,134
(ii) Intangible assets				
(iii) Capital work-in-progress				
(b) Non-current investments	8	173,418,510		222,375,831
(c) Long-term loans and advances	9	22,122,630		22,086,630
			196,194,072	245,143,595
(2) Current assets				
(a) Cash and bank balances	10		276,809	142,032
TOTAL			196,470,881	245,285,627
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

PARESH CHOKSHI

Partner

Membership No. : 33579

Mumbai, Dated : 18th April , 2013

Ashok Barat

Chairman

C.A. Karnik

Amit Mittal

A.T. Shah

Sunetra Ganesan

S.P. Kadakia

Directors

FORBES CAMPBELL FINANCE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	₹	Year ended	Year ended
			31 st March, 2013	31 st March, 2012
			₹	₹
I Revenue from operations	11		166,398	–
Other income			360,000	603,754
II Total revenue			526,398	603,754
III Expenses:				
Other expenses	12	49,287,696		57,315,720
Depreciation and amortisation expense		28,202		32,111
Finance cost	13	141,800		115,843
Total expenses			49,457,698	57,463,674
IV Profit / (loss) before exceptional items and tax (II - III)			(48,931,300)	(56,859,920)
V Exceptional items			–	–
VI Profit before tax (IV- V)			(48,931,300)	(56,859,920)
VII Tax expense / (credit):				
Income-tax			–	–
VIII Profit for the year (VI - VII)			(48,931,300)	(56,859,920)
IX Earning per equity share:	14			
Basic and diluted earnings per equity share (nominal value of share ₹ 10)			(12.66)	(14.71)
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

PARESH CHOKSHI

Partner

Membership No. : 33579

Mumbai, Dated : 18th April, 2013

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, 2013

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.

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.

FORBES CAMPBELL FINANCE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
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 31 st March, 2013		As at 31 st March, 2012	
	Number of equity shares held	% holding	Number of equity shares held	% holding
Forbes & Company Ltd	3,864,131	100	3,864,131	100

3. RESERVES AND SURPLUS

	₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(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 Shee		204,061	204,061
		204,061	204,061
(d) Surplus / (deficit) in the statement of profit and loss:			
Balance as per last balance sheet	(218,293,053)		(161,433,133)
Add: Profit for the year	(48,931,300)		(56,859,920)
		(267,224,353)	(218,293,053)
TOTAL		40,551,408	89,482,708

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	Non-current portion		Current maturities	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
4. LONG-TERM BORROWINGS				
UNSECURED:				
(I) Bonds / Debentures				
0.1% unsecured non convertible redeemable debentures (11,46,750 (Previous Year: 11,46,750) Debentures of ₹ 100 each)	114,675,000	114,675,000	-	-
TOTAL	114,675,000	114,675,000	-	-
			As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
5. SHORT-TERM BORROWINGS				
(a) Unsecured borrowings:				
(i) Loans from related parties - Repayable on demand		-		300,000
(ii) From other parties		-		-
TOTAL			-	300,000
6. OTHER CURRENT LIABILITIES				
(a) Interest accrued but not due on borrowings			70,416	91,267
(b) Rent Deposit			500,000	-
(c) TDS Payable			7,884	10,112
(d) Sales Tax Payable			1,569,598	1,569,598
(e) Others			427,247	380,652
TOTAL			2,575,145	2,051,629

7. FIXED ASSETS

(₹ in Lakhs)

Description of Assets	GROSS BLOCK (at cost)			DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 31 st March, 2012	Additions during the year	Deductions during the year	As at 31 st March, 2013	Upto 31 st March, 2012	For the year	On deduc- tion during the year	Upto 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
A. Tangible assets										
1 Buildings	1,331,694	-	-	1,331,694	697,197	21,707	-	718,904	612,790	634,497
2 Furniture and fixtures	102,600	-	-	102,600	55,964	6,496	-	62,460	40,140	46,636
3. Office equipment	145,000	-	-	145,000	144,999	-	-	144,999	1	1
	1,579,294	-	-	1,579,294	898,160	28,202	-	926,362	652,932	681,134
Previous Year	1,579,294	-	-	1,579,294	866,049	32,111	-	898,160	681,134	713,245

FORBES CAMPBELL FINANCE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
8. NON - CURRENT INVESTMENTS			
(A) Other than trade investments [Long-term - unquoted (fully paid) (valued at cost unless stated otherwise)]			
In Unquoted 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: 118,97,200) equity shares of ₹ 10 each in Forbes Technosys Ltd	117,826,350		117,826,350
3. 28,05,000 (Previous year: 28,05,000) equity shares of ₹ 10 each in Forbes Bumi Armada Limited	28,056,395		28,056,395
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	160,812,863
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. 75,13,663 (Previous year: 1,67,80,000) equity shares of ₹ 10 each in Nypro Forbes Products Ltd	93,376,609		103,777,083
3. NIL (Previous year: 39,75,000) equity shares of ₹ 10 each in Nypro Forbes Moulds Ltd	-		12,210,546
		106,869,209	129,480,229
In Holding Company (Quoted)			
1. 166,398 (Previous year: 166,398) equity shares of ₹ 10 each in Forbes & Company Ltd		3,254,692	3,254,692
TOTAL		270,936,764	293,547,784
<i>Less: Provision for diminution in value of investments</i>		97,518,253	71,171,953
TOTAL		173,418,510	222,375,831

Footnotes:

- Aggregate amount of quoted Investments (Market Value - ₹ 10,48,30,740) 3,254,692 3,254,692
Aggregate amount of unquoted investments 170,163,818 219,121,139
Carrying value of investment property - -
- Aggregate provision for other than temporary diminution in value of investments 97,518,253 71,171,953
- During the year, Nypro Forbes Moulds Ltd merged with Nypro Forbes Products Ltd. The no of equity shares was reduced according to the scheme of merger after a capital reduction

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
9. LONG-TERM LOANS AND ADVANCES (unsecured, considered good unless otherwise stated)			
(a) Security deposits			
(i) Unsecured, considered good	10,000		10,000
(ii) Doubtful	—		—
		10,000	10,000
Less: Provision for doubtful deposits		—	—
		10,000	10,000
(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
		—	—
OTHER LOANS & ADVANCES			
(a) Taxes paid less provision including fringe benefit tax (other than deferred tax)		21,910,980	21,874,977
(b) Balances with statutory / government authorities			
(i) Unsecured, considered good	201,650		201,653
(ii) Doubtful	—		—
		201,650	201,653
Less: Provision for doubtful balances		—	—
		201,650	201,653
TOTAL		22,122,630	22,086,630

10. CASH AND BANK BALANCES

(a) **Cash and cash equivalents**

1. Balances with banks:

(A) In current accounts

244,302

134,638

2. Cheques, drafts on hand

27,000

—

3. Cash on hand

5,507

7,394

TOTAL

276,809

142,032

FORBES CAMPBELL FINANCE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
11. REVENUE FROM OPERATIONS		
(a) Dividend on long-term investments in:		
(i) subsidiary companies		
(ii) other entities	166,398	—
	166,398	—
(b) Other Non-Operating revenues:		
(i) Rent and amenity charges	360,000	—
(c) Credit balances / excess provision written back	—	603,754
TOTAL	526,398	603,754

12. OTHER EXPENSES

(a) Rates & Taxes	17,795	274,870
(b) Property Tax & Maintenance	33,200	38,930
(c) Legal & Professional Expenses	172,860	57,462
(d) Advertisement Expenses	8,556	—
(e) Investments written off	22,611,021	
(f) Provision for diminution in the value of investments	26,346,300	56,735,831
(g) Balance Written off	—	121,284
(h) Auditor's Remuneration (Including Service Tax)		
(i) Statutory Audit fees	29,120	27,575
(ii) Other Services	22,472	—
(i) Miscellaneous Expenses	46,372	59,768
TOTAL	49,287,696	57,315,720

13. FINANCE COSTS

(a) Interest expense	141,800	115,843
TOTAL	141,800	115,843

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

II. NOTES FORMING PART OF ACCOUNTS:-

14. The basic/diluted earnings per share is calculated as follows:

Particulars	31 st March, 2013	31 st March, 2012
Net Profit/ (Loss) for the year (₹)	(4,89,31,300)	(5,68,59,920)
Weighted average number of equity shares (Nos.)	3,864,131	3,864,131
Basic/ diluted earnings per share (₹)	(12.66)	(14.71)
Nominal value per share (₹)	10	10

15. Contingent liabilities and other amounts not provided for are as follows:

		31 st March 2013 ₹	31 st March 2012 ₹
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
D	Agreement to indemnify Nypro Inc. for the Pro Rata Portion of the Corporate guarantee issued by Nypro Inc. in favour of HSBC Ltd. for extending fund based /non fund based / treasury credit facilities of aggregate ₹ 225,500,000 to Nypro Forbes Product Ltd. & erstwhile Nypro Forbes Moulds Ltd. (merged with Nypro Forbes Product Ltd)	112,750,000	112,750,000

16. Related Party Disclosures

Names of related parties and nature of related party relationship as on 31.3.2013

(A) Holding Company / Ultimate Holding Company

- 1 Shapoorji Pallonji & Company Limited (Ultimate Holding Company)
- 2 Forbes & Company Limited (Holding Company)

(B) Subsidiary Companies

- 1 Forbes Bumi Armada Ltd
- 2 Forbes Campbell Services Ltd.
- 3 Forbes Edumetry Ltd.
- 4 Forbes Technosys Ltd.

FORBES CAMPBELL FINANCE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 *(Contd.)*

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

II. NOTES FORMING PART OF ACCOUNTS *(Contd.)*

3. Related Party Disclosures *(Contd.)*

(C) Fellow subsidiary

Eureka Forbes Ltd.

Aquamall Water Solutions Ltd. (Subsidiary of Eureka Forbes Ltd.)

Aquadiagnostics Water Research & Technology Centre Ltd.

(Subsidiary of Aquamall Water Solutions Ltd.)

Euro Forbes Financial Services Ltd. (Subsidiary of Eureka Forbes Ltd)

Euro Forbes International Pte. Ltd. (Subsidiary of Eureka Forbes Ltd)

Euro Forbes Ltd. Dubai (Subsidiary of Eureka Forbes Ltd)

Euro Forbes Mauritius Ltd. (Subsidiary of EFL Mauritius Ltd)

E4 Development & Coaching Ltd. (Subsidiary of Eureka Forbes Ltd.)

EFL Mauritius Ltd (Subsidiary of Eureka Forbes Ltd)

Forbes Bumi Armada Offshore Ltd.

Forbes Container Line Pte.Ltd.,Singapore

Forbes Lux FZCO (subsidiary of Euro Forbes Ltd)

Forbes Facility Services Pvt. Ltd. (Subsidiary of Eureka Forbes Ltd.)

Forbes Enviro Solutions Ltd.(Subsidiary of Eureka Forbes Ltd.)

Radiant Energy Systems Pvt.Ltd. (Subsidiary of Eureka Forbes Ltd.)

Waterwings Equipments Pvt.Ltd. (Subsidiary of Eureka Forbes Ltd.)

Volkart Fleming Shipping & Services Ltd.

(D) Joint Ventures :

Nypro Forbes Products Ltd.

Transactions with related parties for the year ended 31st March, 2013 (April-2012 to March-2013)

	Nature of Transaction	A	B	D	C	B
		Forbes & Co Ltd	FTL	Nypro Forbes Products Ltd	Volkart Fleming Shipping & Ser Ltd	Forbes Edumetry Ltd
	Purchases					
1	Goods and Materials					
2	Services Rendered	14				
3	Fixed Assets					
4	Investment		-	-	-	
	Sales					
5	Goods and Materials					
6	Services Rendered					
7	Fixed Assets					
8	Investment					
9	Investment - Write off					
	Expenses					
10	Rent					
11	Repairs & Other Expenses					
12	Recovery of Expenses					
14	Agency Commission					
14	Interest Paid	141,800				
17	Directors Fees					
16	Provision /Write offs	-				
17	Loss on sale of Investments					
	Income					
18	Rent and Other Service Charges	360,000				
19	Interest Received					
20	Dividend Received	166,398	-			
21	Profit on sale of Investment					
22	Provision /Write backs					
23	Misc. Income					
24	Deputation of Staff					
25	Other Reimbursements	1,530				
	Finance					
26	Loans and Advances Given					
27	Debentures Issued					
28	Deposits Given					
29	Deposits Taken					
30	Repayment of Deposits Taken	300,000				
31	Repayment of Deposits Given					
	Outstandings					
32	Sundry Creditors	70,416			21,314	
33	Interest accrued but not due					
34	Sundry Debtors					
35	Loans and Advances					3,826,000
36	Advance for Capital Purchase					
37	Prov. for Doubtful Loans and Adv.					
38	Provision for Doubtful Debts					3,826,000
39	Deposits Payable	500,000				
40	Deposits Receivable					
41	Prepaid Expenses					
	Remuneration					
42	Paid / Payable					
43	Outstanding					
44	Recoverable					
	Guarantees					
45	Given					
46	Outstanding		15,000,000			

FORBES CAMPBELL FINANCE LIMITED

17. 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.

18. 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.

19. Figures for the previous year have been regrouped wherever necessary.

In terms of our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn. No. : 101048W

PARESH CHOKSHI

Partner

Membership No. : 33579

Mumbai, Dated : 18th April , 2013

Ashok Barat

Chairman

C.A. Karnik

Amit Mittal

A.T. Shah

Ms. Sunetra Ganesan

S.P. Kadakia

} *Directors*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13		2011-12	
	₹	₹	₹	₹
Profit/(Loss) Before Tax		(48,931,300)		(56,859,920)
Adjusted for -				
Depreciation	28,202		32,111	
Balances written off	-		51,154	
Provision for diminution in value of investments	26,346,300		56,735,831	
Investments in a subsidiary company written off	22,611,021		-	
Credit balance / provision for expenses no longer required	-		(603,754)	
Interest Expenses	141,800	49,127,323	115,843	56,331,185
Operating Profit/(Loss) Before Working Capital Changes		196,023		(528,735)
Adjustments for changes in working capital:				
Increase / (decrease) in trade payables	(106,962)		90,990	
Increase / (decrease) in short-term borrowings	-		300,000	
Increase / (decrease) in other current liabilities	544,367		75,882	
Decrease / (increase) in trade receivables	-		-	
Decrease / (increase) in long-term loans and advances	-		70,130	
		437,405		537,002
Cash Generated From Operations		633,428		8,267
Income Taxes paid		(36,000)		-
(A) Net Cash From/(Used In) Operating Activities		597,428		8,267
CASH FLOW FROM INVESTING ACTIVITIES				
Dividend Received	-		-	
Subscription to equity shares of subsidiary companies company on liquidation	-		(71,675,000)	
		-		-
(B) Net Cash From Investing Activities		-		(71,675,000)
CASH FLOW FROM FINANCING ACTIVITIES				
Payment of interest	(162,651)		(115,843)	
Repayment of Borrowings	(300,000)		-	
Debentures Issued	-		71,675,000	
(C) Net Cash From/(Used In) Financing Activities		(462,651)		71,559,157
Net Increase/(Decrease) In Cash and Cash Equivalents (A) + (B) + (C)		134,777		(107,576)
Cash and Cash equivalent as at the commencement of the Year		142,032		249,608
Cash and Cash equivalent as at the end of the year		276,809		142,032

In terms of our report attached

Ashok Barat

Chairman

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn. No. : 101048W

C.A. Karnik

Amit Mittal

A.T. Shah

Sunetra Ganesan

S.P. Kadakia

Directors

PARESH CHOKSHI

Partner

Membership No. : 33579

Mumbai, Dated : 18th April, 2013

FORBES CAMPBELL SERVICES LIMITED

(a wholly owned Subsidiary Company of Forbes Campbell Finance limited)

Annual Report and Accounts
for the year ended 31st March, 2013

DIRECTORS:

C.A. Karnik
(upto 30.6.2013)

Chairman

A. T. Shah

Sunetra Ganesan

Shrikrishna M. Bhave
(w.e.f. 27.6.2013)

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, 2013.

1. FINANCIAL RESULTS:

	Current Year ₹	Previous Year ₹
Profit/ (Loss) for the year	42,411	745
Less: Provision for Taxation	22,200	250
Profit / (Loss) after Tax	20,211	495
Add: Amount brought forward from previous year	97,820	97,325
Balance carried to Balance Sheet	1,18,031	97,820

2. DIRECTORATE:

Mr. C. A. Karnik has resigned from the Board with effect from 1st July, 2013. The Board places on record their sincere appreciation to the services rendered by Mr. C. A. Karnik.

Mr. Shrikrishna M. Bhave was appointed as an Additional Director on the Board of Directors of the Company with effect from 27th June, 2013. Pursuant to section 260 of the Companies Act, 1956, he holds office up to the date of the forthcoming Annual General Meeting and a notice, in writing has been received from a shareholder under section 257 of the Act along with a deposit signifying intention to propose him as a candidate for appointment as Director.

Mrs. Sunetra Ganesan retires from the Board by rotation and is eligible for re-appointment. The Board of Directors commends their appointment as Directors 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 ₹ 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.

5. DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

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

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

- A. Conservation of energy and technology absorption.**
The Company's operations involve low energy consumption, wherever possible energy conservation measures have already been implemented and there are no major areas where further energy conservation measures can be taken. However, efforts to conserve and optimize the use of energy through operational methods will continue.
- B. Foreign Exchange earning and outgo**
The Company has not earned and used any foreign exchange during the period.

For and on behalf of the Board of Directors

Mumbai,
Dated: 1st July, 2013

A. T. Shah
Director

Sunetra Ganesan
Director

FORBES CAMPBELL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of
Forbes Campbell Services Ltd (erstwhile Forbes Services Ltd)

Report on the Financial Statements

We have audited the accompanying financial statements of FORBES CAMPBELL SERVICES LTD ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit & Loss and Cash flow Statement for the 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 these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004., issued by the Central Government of India in terms of sub Section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Companies Act, 1956, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of Accounts;
 - (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 March 31, 2013 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (vi) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **Atul HMV & Associates**
Chartered Accountants
FRN No:124043W

Hemanshu M. Vora
Partner
Mem. No.100283

Mumbai, 22nd April, 2013

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, 2013.

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

FORBES CAMPBELL SERVICES LIMITED

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, 2013. The company has not incurred cash loss in the current financial year and in the immediately preceding financial year.
11. The Company did not have any dues to financial institution, banks or debenture holders during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund/nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order 2003 are not applicable to the company.
14. In our opinion, the Company is not trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors Report) Order 2003 are not applicable to company.
15. 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, 22nd April, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note No.	₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
I. EQUITY AND LIABILITIES				
1. Shareholders' funds				
a	2	500,000		500,000
b	3	118,031		97,820
			618,031	597,820
2. Non-current liabilities				
a	4	65,357		95,782
			65,357	95,782
3. Current liabilities				
a		14,000		224,210
b	5	93,521		22,911
c	6	67,412		50,530
			174,933	297,651
TOTAL			858,321	991,253
II. ASSETS				
1. Non-current assets				
a	7	168,290		231,836
			168,290	231,836
2. Current assets				
a	8	419,457		483,404
b	9	270,574		270,702
c	10	–		5,312
			690,031	759,417
TOTAL			858,321	991,253
Significant accounting policies	1			

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For **Atul HVM & Associates**
Chartered Accountants
FRN No.: 124043W

HEMANSHU M. VORA
Partner
Mem No.: 100283

C.A. Karnik

Chairman

A.T. Shah

Sunetra Ganesan

Directors

Mumbai, 22nd April, 2013

FORBES CAMPBELL SERVICES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note No.	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
I Revenue from operations	11	4,900,857	4,166,623
II Other income	12	52,492	10,831
III Total revenue (I + II)		4,953,349	4,177,454
IV Expenses:			
Employee benefits expense	13	2,666,822	2,043,251
Other expenses	14	2,244,116	2,133,459
Total expenses		4,910,938	4,176,710
V Profit / (loss) before exceptional items and tax (III - IV)		42,411	744
VI Exceptional items			
VII Profit before tax (V - VI)		42,411	744
VIII Tax expense / (credit):			
Income-tax		22,200	250
IX Profit for the year (VII - VIII)		20,211	494
X Earning per equity share:			
Basic and diluted earnings per equity share (nominal value of share ₹ 10)		0.40	0.01

Significant accounting policies 1

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For **Atul HVM & Associates**
Chartered Accountants
FRN No.: 124043W

C.A. Karnik

Chairman

HEMANSHU M. VORA
Partner
Mem No.: 100283

A.T. Shah
Sunetra Ganesan

Directors

Mumbai, 22nd April, 2013

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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. USE OF ESTIMATES :

The preparation and presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

C. REVENUE RECOGNITION:

Income from service activity is accounted as and when service are rendered.

D. EXPENSES:

Expenses are accounted for an accrual basis and provision is made for all known losses and liabilities.

E. 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.

F. TAX ON INCOME

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

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

Since there are no timing differences the implementation of Accounting Standard (AS-22) "Accounting for taxes on Income issued by the Institute of Chartered Accountants of India is not required.

G. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made.

Provisions are not discounted and are determined based on best estimate required to settle the obligation at each balance sheet date.

Provisions are reviewed at each balance sheet date and are adjusted to effect the current best estimation.

A contingent liability is disclosed where the possibility of an outflow of resources embodying the economic benefits is possible.

Contingent assets are not recognised in Financial Statements as they may never be realised.

H. EARNINGS PER SHARE

The Basic / Diluted earnings per share is computed by dividing net profit attributable to equity shareholders for the financial year by weighted average number of equity shares outstanding during the financial year.

Particulars	March 31, 2013	March 31, 2012
Net Profit after Tax attributable to Equity Shareholders	20,211	494
Weighted Average Number of Equity Shares	50,000	50,000
Basic & Diluted Earnings Per Share	0.40	0.01
Face Value of Equity Shares	10	10

FORBES CAMPBELL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Contd.)

- 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, 2013, as defined under Micro, Small & Medium Enterprises Development Act, 2006.
- 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 31-3-2013

Shapoorji Pallonji & Co.Ltd. (Ultimate holding Co.)

Forbes & Co. Ltd.[erstwhile Forbes Gokak Ltd.]

Forbes Campbell Finance Ltd

B. Fellow Subsidiaries:-

As on 31-3-2013		As on 31-3-2012	
Forbes Bumi Armada Ltd.		Forbes Bumi Armada Ltd.	Forbes Aquamall Ltd. (Upto 8.8.11, amalgamated with Aquamall Water Solutions Ltd)
Forbes Edumetry Ltd.	Euro Forbes Mauritius Ltd	Forbes Edumetry Ltd.	
Forbes Technosys Ltd.	Forbes Facility Services Pvt. Ltd.	Forbes Technosys Ltd.	Forbes Facility Services Pvt. Ltd.
Aquadiagnostics Water Res. & Tech. Centre Ltd.		Aquadiagnostics Water Res. & Tech. Centre Ltd.	
E4 Development & Coaching Pvt. Ltd.	Forbes Enviro Solutions Ltd.	E4 Development & Coaching Pvt. Ltd.	Forbes Enviro Solutions Ltd.
Aquamall Water Solutions Ltd.	Radiant Energy Sys. Pvt. Ltd.	Aquamall Water Solutions Ltd.	Radiant Energy Sys. Pvt. Ltd.
Eureka Forbes Ltd	Waterwings Equip. Pvt. Ltd.	Eureka Forbes Ltd	Waterwings Equip. Pvt. Ltd.
Volkart Fleming Shipping & Services Ltd.	Euro Forbes Ltd, Dubai	Volkart Fleming Shipping & Services Ltd.	Euro Forbes Ltd, Dubai
Euro Forbes Financial Services Ltd	EFL Mauritius Ltd	Euro Forbes Financial Services Ltd	EFL Mauritius Ltd
Euro Forbes International Pte Ltd	Forbes Lux FZCO	Euro Forbes International Pte Ltd	Forbes Lux FZCO
Forbes Bumi Armada Offshore ltd	Forbes Container Lines Pte Ltd	Forbes Bumi Armada Offshore ltd	Forbes Container Lines Pte Ltd

II Transactions with related parties

Nature of Transactions

		Referred to in "A" Above		Referred to in "B" Above	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
1	Income Service Charges	4,900,857	4,166,623		
2	Expenses Royalty to Forbes	14	36		
3	Reimbursement of expenses	197,501	–	296,619	–
4	Sundry Debtors	419,457	337,091		
5	Sundry Creditors			50,991	–

Note All transactions and outstanding balance referred to in table "A" are with a single party Viz. Forbes & Co. Ltd. & Outstanding balance referred to in Table "B" are with Volkart Fleming Shipping & Services Ltd.

In terms of our report attached

For **Atul HMV & Associates**
Chartered Accountants
FRN No.: 124043W

HEMANSHU M. VORA
Partner
Mem No.: 100283

C.A. Karnik *Chairman*

A.T. Shah
Sunetra Ganesan } *Directors*

Mumbai, 22nd April, 2013

FORBES CAMPBELL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
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, 2013		As at 31st March, 2012	
	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 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) Surplus / (deficit) in the statement of profit and loss:		
Balance as per last balance sheet	97,820	97,325
Add: Profit for the year	20,211	495
	118,031	97,820
TOTAL	118,031	97,820

4. LONG-TERM PROVISIONS

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
Provision for employee benefits		
(a) Compensated absences	65,357	95,782
TOTAL	65,357	95,782

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
5. OTHER CURRENT LIABILITIES		
(a) Security deposits	22,911	22,911
(b) TDS payable	19,619	-
(c) Payable to Related Parties	50,991	-
TOTAL	93,521	22,911

6. SHORT-TERM PROVISIONS

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) Provision for employee benefits		
(i) Compensated absences	34,424	10,542
	34,424	10,542
(b) Others		
(i) Bonus to Employees	32,988	39,988
TOTAL	67,412	50,530

7. LONG-TERM LOANS AND ADVANCES

(unsecured, considered good unless otherwise stated)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) Security deposits		
(i) Unsecured, considered good	84,777	84,777
(ii) Doubtful	-	-
	84,777	84,777
<i>Less: Provision for doubtful deposits</i>	-	-
	84,777	84,777
(b) Taxes paid less provision including fringe benefit tax (other than deferred tax)	83,513	147,059
<i>Less: Provision for doubtful balances</i>	-	-
TOTAL	168,290	231,836

FORBES CAMPBELL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
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	419,457	483,404
TOTAL	419,457	483,404

9. CASH AND BANK BALANCES

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) Cash and cash equivalents		
1. Balances with banks:		
(A) In current accounts		
(i) Others	261,386	258,253
2. Cash on hand	9,188	12,449
TOTAL	270,574	270,702

10. SHORT-TERM LOANS AND ADVANCES

(unsecured, considered good unless otherwise stated)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) Loans and advances to employees	–	5,312
(b) Balances with statutory / government authorities		
(i) Unsecured, considered good	–	–
(ii) Doubtful	–	–
Less: Provision for doubtful balances	–	5,312
TOTAL	–	5,312

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
11. REVENUE FROM OPERATIONS		
(a) Service Charges (Net of Service Tax)	4,900,857	4,166,623
TOTAL	4,900,857	4,166,623

12. OTHER INCOME

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) Interest on Income tax refund	11,703	8,329
(b) Interest Received	79	1,729
(c) Credit balances / excess provision written back	40,710	773
TOTAL	52,492	10,831

13. EMPLOYEE BENEFITS EXPENSE

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) Salaries and wages	2,514,037	1,935,492
(b) Contribution to provident and other funds	104,043	97,348
(c) Staff welfare expense	48,742	10,411
TOTAL	2,666,822	2,043,251

14. OTHER EXPENSES

	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
(a) Legal & Professional Charges	2,128,720	1,992,804
(b) Conveyance Expense	66,957	113,568
(c) Professional Tax	2,500	2,500
(d) Rates & Taxes	23,080	-
(e) Office Expense	-	3,104
(f) Miscellaneous Expense	8,859	7,482
(g) Payments to the auditor		
(i) Audit fees	7,500	7,500
(ii) Consulting fees	6,500	6,500
TOTAL	2,244,116	2,133,458

FORBES CAMPBELL SERVICES LIMITED

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

	Year ended 31 st March, 2013		Year ended 31 st March, 2012	
	₹	₹	₹	₹
PROFIT / (LOSS) BEFORE TAX		42,411		744
Adjustments for -				
Interest from Income tax refund & Others	(11,782)		(10,831)	
Credit balances / excess provision written back	(40,710)		-	
		(52,492)		(10,831)
OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES		(10,081)		(10,087)
Adjustments for changes in working capital:				
Increase / (decrease) in trade payables	(169,500)		(773)	
Increase / (decrease) in long-term provisions	(30,425)		22,825	
Increase / (decrease) in short-term provisions	16,882		(7,508)	
Increase / (decrease) in other current liabilities	70,610		-	
Decrease / (increase) in trade receivables	63,948		(346,650)	
Decrease / (increase) in inventories	-		-	
Decrease / (increase) in long-term loans and advances	-		5,310	
Decrease / (increase) in short-term loans and advances	5,312		141,330	
Decrease / (increase) in other current assets	-		-	
		(43,174)		(185,466)
CASH GENERATED FROM / (USED IN) OPERATIONS		(53,255)		(195,553)
Income taxes paid (net of refunds)		41,346		67,159
(A) NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES		(11,909)		(128,394)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	11,782		10,831	
(B) NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES		11,782		10,831
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)		(127)		(117,563)
(E) CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR		270,701		388,264
(F) CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR (D + E)		270,574		270,701

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

C.A. Karnik

Chairman

A.T. Shah

Sunetra Ganesan

Directors

Mumbai, 22nd April, 2013

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

(a wholly owned Subsidiary Company)

Annual Report and Accounts
for the year ended 31st March, 2013

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 2013

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 2013.

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 or 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 were 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 UNNIKISHNAN

.....
AMIT MITTAL

Singapore
Date : 8 May 2013

STATEMENT BY THE DIRECTORS 31 MARCH 2013

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 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 : 8 May 2013

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF FORBES CONTAINER LINE PTE. LTD. (Incorporated in Singapore)

We have audited the accompanying financial statements of Forbes Container Line Pte. Ltd. (the "Company") as set out on pages 6 to 29,* comprising the balance sheet as at 31 March 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 March 2013 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 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 2013 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 : 8 May 2013

* Page nos. to of this report.

BALANCE SHEET AS AT 31ST MARCH 2013

	Note No.	01.04.2012 to 31.3.2013		01.04.2011 to 31.3.2012	
		S\$	₹	S\$	₹
Assets					
Non-Current Assets					
Plant and equipment	9	207,731	9,101,205	299,802	12,363,396
Investment in Subsidiary	10	69,103	3,027,568	–	–
		276,834	12,128,774	299,802	12,363,396
Current Assets					
Trade receivable	11	1,403,468	61,489,301	1,799,016	74,188,734
Other receivables	12	247,901	10,861,138	296,613	12,231,855
Cash and bank balances	13	523,071	22,916,996	386,948	15,957,155
		2,174,440	95,267,435	2,482,577	102,377,744
Total Assets		2,451,274	107,396,209	2,782,379	114,741,140
EQUITY AND LIABILITIES					
Share Capital and Reserves					
Share capital	14	864,960	37,895,974	864,960	35,669,653
Accumulated Losses		(1,541,871)	(64,304,049)	(1,194,757)	(49,086,044)
Translation Reserve		(405,342)	(17,759,006)	(383,554)	(15,817,192)
Foreign Currency Translation Reserve on Conversion		–	(3,249,008)	–	(183,939)
Total Equity		(1,082,253)	(47,416,089)	(713,351)	(29,417,522)
Non-Current Liabilities					
Redeemable Convertible Preference Shares	15	2,118,750	92,827,523	2,118,750	87,374,072
Current Liabilities					
Trade Payable	16	880,376	38,571,385	1,012,083	41,736,785
Other payables	17	534,401	23,413,390	364,897	15,047,805
Total Liabilities		1,414,777	61,984,776	1,376,980	56,784,590
Total Equity and Liabilities		2,451,274	107,396,209	2,782,379	114,741,140

Date : 8 May 2013

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

STATEMENT OF PROFIT AND LOSS FOR THE FINANCIAL PERIOD ENDED 31ST MARCH 2013

	Note No.	01.04.2012 to 31.3.2013		01.04.2011 to 31.3.2012	
		S\$	₹	S\$	₹
Revenue	4	18,142,995	795,416,115	164,39,239	635,401,927
Cost of Sales		(17,158,717)	(752,263,891)	(15,791,700)	(610,373,566)
Gross Profit		984,278	43,152,224	647,539	25,028,362
Other Operating Income		25,172	1,103,578	43,520	1,725,193
Administrative Expenses		(1,187,064)	(52,042,673)	(1,191,359)	(46,047,847)
Finance Cost		(169,500)	(7,431,134)	(169,500)	(6,551,436)
(Loss) /profit before income tax	5	(347,114)	(15,218,005)	(6,69,800)	(258,45,729)
Income tax	8	—	—	—	—
Other Comprehensive Loss: Exchange differences from translation to reporting currency		(21,788)	(954,585)	(224,122)	(9,242,455)
(Loss)/ profit for the year/period		(368,902)	(16,172,590)	(893,922)	(35,088,184)

Date : 8 May 2013

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1ST APRIL 2012 TO 31ST MARCH 2013

Particulars	Share Capital		Translation Reserve		Accumulated Losses		Total	
	S\$	₹	S\$	₹	S\$	₹	S\$	₹
Balance at 1 April 2011	864,960	31,031,478	(159,432)	(5,176,408)	(524,957)	(23,240,315)	180,571	2,614,755
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	–	–	(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)	–	–	–	3,239,846
Dividend paid	–	–	–	–	–	–	–	–
Balance at 31 March 2012	864,960	35,669,653	(383,554)	(15,817,192)	(1,194,757)	(49,086,044)	(713,351)	(29,233,582)
Balance at 1 April 2012	864,960	35,669,653	(383,554)	(15,817,192)	(1,194,757)	(49,086,044)	(713,351)	(29,233,582)
Translation difference recognised directly in equity	–	–	(21,788)	(954,585)	–	–	(21,788)	(954,585)
Net Profit for the Year	–	–	–	–	(347,114)	(15,218,005)	(347,114)	(15,218,005)
Total recognised income and expense for the year	–	–	(21,788)	(954,585)	(347,114)	(15,218,005)	(368,902)	(16,172,590)
Issuance share during the year	–	–	–	–	–	–	–	–
Foreign Exc rate diff	–	2,226,321	–	(987,230)	–	–	–	1,239,091
Dividend paid	–	–	–	–	–	–	–	–
Balance at 31 March 2013	864,960	37,895,974	(405,342)	(17,759,006)	(1,541,871)	(64,304,049)	(1,082,253)	(44,167,081)

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

CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 31ST MARCH 2013

	01.04.2012 to 31.3.2013		01.04.2011 to 31.3.2012	
	S\$	₹	S\$	₹
Cash Flows from Operating Activities				
(Loss)/Profit before income tax	(347,114)	(15,218,005)	(669,800)	(25,845,729)
Adjustments for:				
Depreciation of plant and equipment	91,006	3,989,840	86,836	3,356,307
Gain on disposal of plant and equipment	(2,828)	(123,984)	–	–
Finance cost	169,500	7,431,134	169,500	6,551,436
Foreign Currency Translation Reserve	–	992,011	–	2,404,053
Operating cash flows before working capital changes	(89,436)	(2,929,004)	(413,464)	(13,533,933)
Changes in working capital:				
Trade Receivables	376,778	16,518,513	541,024	20,911,412
Other Receivables	48,712	2,135,607	(65,555)	(2,533,783)
Trade Payables	(133,141)	(5,837,101)	105,986	4,096,522
Other Payables	4	175	9,208	355,903
Cash generated from / used in operations	202,917	9,888,190	177,199	9,296,122
Income tax paid	–	–	–	–
Net cash used in operating activities	202,917	9,888,190	177,199	9,296,122
Cash Flows from Investing Activities				
Purchase of Plant and Equipment	–	–	(49,789)	(1,924,422)
Proceeds from disposal of Plant and Equipment	3,893	170,675	–	–
Investment in associate	(69,103)	(3,029,579)	–	–
Net cash used in investing activities	(65,210)	(2,858,904)	(49,789)	(1,924,422)
Cash Flows from Financing Activities				
Net cash generated from financing activities	–	–	–	–
Foreign Exchange difference	(1,584)	(69,445)	(261,511)	(10,107,803)
(Decrease)/Increase in cash and cash equivalents	136,123	6,959,841	(134,101)	(2,736,103)
Cash and cash equivalents at the beginning of the year/period	386,948	15,957,155	521,049	18,693,258
Cash and cash equivalents at the end of the year/period	523,071	22,916,996	386,948	15,957,155

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

1. GENERAL

Forbes Container Line Pte. Ltd. (the “Company”) is a limited liability company domiciled and incorporated in Singapore. The address of the Company’s registered office and principal place of business is 19 Keppel Road, #03-08 Jit Poh Building, Singapore 089058.

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

The Company is a wholly owned subsidiary of Forbes & Company Limited, a company incorporated 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\$347,114 (2012: S\$669,800) during the financial year ended 31 March 2013. As at that date, the Company is in a shareholder’s deficit position of S\$1,082,253 (2012: S\$713,351). 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 and when 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 the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards (“FRS”).

3 SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Preparation**

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(a) Basis of Preparation (Contd.)

(i) Impairment of trade receivables

The Company assesses at each balance sheet date whether there is any objective evidence that trade receivables are impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Company's trade receivables as at 31 March 2013 was S\$1,403,468 (2012: S\$1,799,016) and is disclosed in Note 11. No impairment loss on trade receivables has been recognised in profit or loss for the financial year ended 31 March 2013 and 2012.

(b) New and Revised FRS and Interpretations to FRS (INT FRS)

Adoption of New/Revised FRS

For the financial year ended 31 March 2013, there were no new/revised FRS, which have been issued and are mandatory for application in the year, that are relevant to the Company.

New/Revised FRS Issued But Not Yet Effective

At the date of these financial statements, the following new or revised standards, which have been issued and are relevant to the Company, but not yet effective:

Effective for accounting periods beginning on or after

FRS 1 (Amendment)	<i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
FRS 27 (Revised)	<i>Separate Financial Statements</i>	1 January 2014
FRS 110	<i>Consolidated Financial Statements</i>	1 January 2014
FRS 112	<i>Disclosure of Interests in Other Entities</i>	1 January 2014
Improvement to FRSs 2012	<i>1 January 2013</i>	
FRS 16 (Amendment)	<i>Property, Plant and Equipment</i>	

The adoption of the above new or revised standards is not expected to have a significant effect on the Company's financial statements on application. However, certain of these standards will require more extensive disclosures in the financial statements than those in the current standards.

Amendment to FRS 1 *Presentation of Items of Other Comprehensive Income*

The amendment to FRS 1 *Presentation of Items of Other Comprehensive Income* requires entities to group items presented in other comprehensive income ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss. It is effective for annual periods beginning on or after

1 July 2012. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Company when implemented.

FRS 27 (Revised) *Separate Financial Statements*

FRS 27 (Revised) will now solely address separate financial statements, the requirements for which are substantially unchanged and will not have any impact on the financial performance or the financial position of the Company on initial application.

FRS 110 *Consolidated Financial Statements*

FRS 110 supersedes FRS 27 *Consolidated and Separate Financial Statements* and INT FRS 12 *Consolidation – Special Purpose Entities*. It changes the definition of control and applies it to all investees to determine the scope of consolidation. FRS 110 requirements will apply to all types of potential subsidiary. FRS 110 requires an investor to reassess the decision whether to consolidate an investee when events indicate that there may be a change to one of the three elements of control, i.e. power, variable returns and the ability to use power to affect returns. The Company has reassessed of which entities the Company controls and expected no change.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(b) New and Revised FRS and Interpretations to FRS (INT FRS) (Contd.)

FRS 112 Disclosure of Interests in Other Entities

FRS 112 Disclosure of Interests in Other Entities combines the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities within a comprehensive disclosure standard. FRS 112 specifies minimum disclosures that an entity must provide. It requires an entity to provide summarised financial information about the assets, liabilities, profit or loss and cash flows of each subsidiary that has non-controlling interests that are material to the reporting entity and to disclose the nature of its interests in unconsolidated structured entities and the nature of the risks it is exposed to as a result. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Company when implemented. FRS 112 is effective for annual periods beginning on or after 1 January 2014.

*Improvements to FRSs 2012**Amendments to FRS 16 Property, Plant and Equipment*

The amendments clarify that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. This amendment is effective for financial periods beginning on or after 1 January 2013.

(c) Investment in Subsidiary

Subsidiary is entity (including special purpose entities) over which the Company has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

One set of consolidated financial statements incorporating the financial statements of the Company's subsidiary has not been prepared as:

- (i) the Company is itself a wholly-owned subsidiary of Forbes & Company Limited;
- (ii) the Company's debt or equity instruments are not traded in a public market;
- (iii) the Company did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
- (iv) Forbes & Company Limited produces consolidated financial statements which are available for public use. The holding company's registered address is at Forbes Building, Charanjit Rai Marg, Fort, Mumbai 400001.

Investment in subsidiary is stated at cost less accumulated impairment losses in the Company's balance sheet. An assessment of investment in subsidiary is performed when there is an indication that the investment may have been impaired.

On disposal of investment in subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

(d) Revenue Recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods.

Freight income is recognised once the cargo is on board, the ship sails and the Bill of Lading is issued.

(e) Functional Currency and Foreign Currency Transactions

(i) Functional currency and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The functional currency of the Company is the United States dollar. The financial statements are presented in Singapore dollars (the "presentation currency") due to the information requirements of management.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(e) Functional Currency and Foreign Currency Transactions (Contd.)

(i) Functional currency and presentation currency (Contd.)

The results and financial position in the functional currency are 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 and expenses 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.

(f) 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.

(g) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method to write off the cost 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 2013 (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(h) Financial Assets

Classification

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are presented as "cash and cash equivalents" and "trade and other receivables" on the balance sheet. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

Initial recognition and subsequent measurement

Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amounts of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

(i) *Impairment of Non-Financial Assets*

The carrying amounts of the Company's non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(h) Financial Assets (Contd.)

The recoverable amount is the greater of the asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals of impairment are recognised in profit or loss.

(j) Trade and Other Payables

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

(k) Cash and Cash Equivalents

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

(l) Employee Benefits

(i) Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(m) Operating Leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to 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.

(n) 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.

(o) 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 2013 (Contd.)

4. REVENUE

	01.04.2012 to 31.3.2013		01.04.2011 to 31.3.2012	
	S\$	₹	S\$	₹
Freight Services income	18,142,995	795,416,115	16,439,239	635,401,927
	<u>18,142,995</u>	<u>795,416,115</u>	<u>16,439,239</u>	<u>635,401,927</u>

5. PROFIT / (LOSS) BEFORE INCOME TAX

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

Included in administrative Expenses

Depreciation of plant & equipment (Note 8)	91,006	3,989,840	86,835	3,356,307
Rental - operating lease expense	84,296	3,695,663	82,458	3,187,129
Travelling Expenses	59,657	2,615,452	39,461	1,525,228
Communication expenses	50,817	2,227,894	39,290	1,518,619
Included in other operating income				
Exchange Loss / (Gain) - realised	(15,616)	(684,629)	(26,634)	(1,029,445)
Gain on disposal of plant and equipment	(2,828)	(123,984)	-	-
Included in finance costs				
Preference Share dividends	169,500	7,431,134	169,500	6,551,436

6. STAFF COSTS

Staff salaries and related costs	538,132	23,592,514	498,175	19,255,232
Contribution to defined contribution plans	9,919	434,864	10,400	401,976
	<u>548,051</u>	<u>24,027,378</u>	<u>508,575</u>	<u>19,657,208</u>

The above staff costs are included in administrative expenses.

7. DIRECTOR'S REMUNERATION

Salaries and other costs	204,600	8,969,971	259,800	10,041,671
Contribution to defined contribution plans	13,600	596,244	10,596	409,552
	<u>218,200</u>	<u>9,566,215</u>	<u>270,396</u>	<u>10,451,223</u>

The above director's remuneration is included in administrative expense.

8. INCOME TAX

Current income tax	-	-	-	-
The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2012: 17%) to profit before tax as a result of the following differences:				
Loss before income tax	(374,114)	(16,401,719)	669,800	25,888,803
Income tax benefit at statutory rate of 17 % : (2009:17%)	(59,009)	(2,587,043)	(113,866)	(4,401,096)
Expenses not deductible for tax-purposes	43,804	1,920,433	14,762	570,574
Deferred Tax assets not recognised	15,205	666,610	99,104	3,830,522
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at the balance sheet date, unutilised tax losses amounting to approximately S\$1,903,106 (2012: S\$1,813,670) 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\$323,528 (2012: S\$308,323) have not been recognised in the financial statements in accordance with accounting policy Note 3(f).

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (Contd.)

9. PLANT & EQUIPMENT - 01.04.2012 TO 31.3.2013

	Software System		Computers		Office Equipment		Furniture & Fittings		Containers		Totals	
	S\$	₹	S\$	₹	S\$	₹	S\$	₹	S\$	₹	S\$	₹
2013												
Cost												
At 1 st April 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	24,147,575
Additions / (Disposals)	–	–	–	–	–	–	–	–	(2,628)	(115,215)	(2,628)	(115,215)
At 31 March 2013	74,080	3,245,623	57,359	2,513,035	1,948	85,347	18,906	828,317	430,638	18,867,284	582,931	24,032,359
Foreign exc rate diff of Gross Block	–	190,675	–	147,636	–	5,014	–	48,662	–	1,115,260	–	–
Accumulated depreciation												
At 1 st April 2012	74,080	3,054,948	56,173	2,316,490	1,929	79,549	15,924	656,690	137,651	5,676,501	285,757	11,784,179
Charge for the year	–	–	1,172	51,382	19	833	2,982	130,735	86,833	3,806,889	91,006	3,989,840
Additions / (Disposals)	–	–	–	–	–	–	–	–	(1,563)	(68,524)	(1,563)	(68,524)
At 31 March 2013	74,080	3,245,623	57,345	2,512,422	1,948	85,347	18,906	828,326	222,921	9,766,683	375,200	15,705,494
Foreign exc rate diff of Depr Block	–	190,675	–	144,550	–	4,965	–	40,901	–	351,817	–	732,906
Net book value At 31 March 2013	–	–	14	43,012	–	784	-0.20	128,862	207,717	12,190,739	207,731	9,101,205
2012												
Cost												
At 1 st 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	24,147,575
Foreign exc rate diff of Gross Block	–	397,239	–	300,926	–	10,446	–	101,380	–	2,191,771	–	3,001,762
Accumulated depreciation												
At 1 st 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	–	–	1,210	46,768	202	7,808	1,353	52,296	84,071	3,249,471	86,836	3,356,343
At 31 March 2012	74,080	3,054,948	56,173	2,316,490	1,929	79,549	15,924	656,690	137,651	5,676,501	285,757	11,784,179
Foreign exc rate diff of Depr Block	–	397,239	–	297,858	–	9,783	–	81,635	–	504,798	–	1,291,314
Net book value At 31 March 2012	–	–	1,186	43,012	19	784	2,982	128,862	295,615	12,190,739	299,802	12,363,396

10. INVESTMENT IN SUBSIDIARY

	01.04.2012 to 31.3.2013		01.04.2011 to 31.3.2012	
	S\$	₹	S\$	₹
Unquoted equity share, at cost	69,103	3,027,568	–	–
	69,103	3,027,568	–	–

The subsidiary of the Company as at the balance sheet date is set out as below:

Name	Country of incorporation/ principal place of business	Cost of investment by the Company		Equity interest held by the Company		Principal activities
		2013	2012	2013	2012	
		S\$	S\$	%	%	
Forbesline Shipping Services LLC (incorporated during the year)	United Arab Emirates	69,103	–	49	–	Freight forwarding and Services allied to the transport of goods

During the current financial year, the Company incorporated Forbesline Shipping Services LLC (“Forbesline”) in United Arab of Emirates with an authorised share capital of Dirhams 300,000 (equivalent to approximately S\$101,000) of which the Company holds 49% equity interest in Forbesline.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (Contd.)

Although the Company does not own more than half of the equity shares of Forbesline, and consequently it does not control more than half of the voting power of those shares, it has the power to appoint and remove the majority of the board of directors. Consequently, Forbesline is controlled by the Company and is regarded as subsidiary.

11. TRADE RECEIVABLE

Receivables from Agents:

– Related Companies	1,057,166	46,316,980	1480977	61,073,290
– Third parties	341,628	14,967,543	313,864	12,943,281
GST Receivable	4,674	204,779	4,175	172,163
	<u>1,403,468</u>	<u>61,489,302</u>	<u>1,799,016</u>	<u>74,188,734</u>

12. OTHER RECEIVABLES

Deposits	178,809	7,834,051	174,307	7,188,159
Prepayments (prepaid expenses)	13,085	573,285	4,974	205,120
Withholding Tax	–	–	117,332	4,838,575
Others	56,007	2,453,801	–	–
	<u>247,901</u>	<u>10,861,138</u>	<u>296,613</u>	<u>12,231,855</u>

13. CASH & BANK BALANCE

	01.04.2012 to 31.3.2013		01.04.2011 to 31.3.2012	
	S\$	₹	S\$	₹
Cash on hand	500	21,906	500	20,619
Cash at Bank	522,571	22,895,090	386,448	15,936,536
	<u>523,071</u>	<u>22,916,996</u>	<u>386,948</u>	<u>15,957,155</u>

14. ISSUED CAPITAL

	01.04.2012 to 31.3.2013			01.04.2011 to 31.3.2012		
	No. of shares	S\$	₹	No. of shares	S\$	₹
Issued and fully paid:						
At the beginning and end of the year	864,960	864,960	37,895,974	864,960	864,960	35,669,653
	<u>864,960</u>	<u>864,960</u>	<u>37,895,974</u>	<u>864,960</u>	<u>864,960</u>	<u>35,669,653</u>

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

15. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

	01.04.2012 to 31.3.2013			01.04.2011 to 31.3.2012		
	No. of shares	S\$	₹	No. of shares	S\$	₹
Issued and fully paid:						
Balance at the beginning and end of the year	2,118,750	2,118,750	92,827,523	2,118,750	2,118,750	87,374,072
	<u>2,118,750</u>	<u>2,118,750</u>	<u>92,827,523</u>	<u>2,118,750</u>	<u>2,118,750</u>	<u>87,374,072</u>

Redeemable convertible preference shares (“RCPS”) are entitled to receive an 8% cumulative preference dividend before any dividends are declared to the ordinary shareholders. The preference dividend shall without the need for any proposal, recommendation, approval, notification or any other action by the Company and/or the directors, constitute a debt due from and immediately payable by the Company on and from each dividend payment date. The Company has the option to redeem these RCPS within two years from the date of allotment (8 June 2010). The subscribers of RCPS have the option to convert them into ordinary shares on a one-for-one basis after two years from the date of allotment up to June 2030. RCPS have no right to share any surplus assets or profits and carry no voting rights. If the RCPS has not been converted into ordinary shares on the expiration of twenty years from date of allotment it has to be fully redeemed in cash by the Company.

As the RCPS contains characteristics of a compound financial instrument as stated in FRS 32, management has evaluated the allocation of the initial carrying amount into equity and liability components. Based on management’s assessment, the equity component is not considered material and the whole instrument has been recorded as a financial liability.

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (Contd.)

16. TRADE PAYABLES

	01.04.2012 to 31.3.2013		01.04.2011 to 31.3.2012	
	S\$	₹	S\$	₹
Payables to:				
Related Party Payable				
– Third Parties	880,376	38,571,385	1,012,083	41,736,785
	880,376	38,571,385	1,012,083	41,736,785

17. OTHER PAYABLES

Accrued expenses	25,901	1,134,785	25,897	1,067,953
Preference share dividends	508,500	22,278,605	339,000	13,979,852
	534,401	23,413,390	364,897	15,047,805

18. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Related companies refer to other members of the holding company's group of companies.

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

	01.04.2012 to 31.3.2013		01.04.2011 to 31.3.2012	
	S\$	₹	S\$	₹
Agent Commission payable	242,743	10,642,217	241,177	9,321,863
	242,743	10,642,217	241,177	9,321,863

19. LEASE COMMITMENTS

Where the Company is a lessee

The Company leases office premises and various containers under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

Payable:

Within 1 year	413,978	18,149,416	123,138	4,231,854
After 1 year but within 5 years	383,566	16,816,109	241,158	8,287,819
	797,544	34,965,525	364,296	12,519,673

20. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Company's activities expose it to a variety of financial risk, including the effects capital risk, foreign currency risk, credit risk and liquidity risk arising in the normal course of the Company's business. The Company adopts conservative strategies on its risk management. The Company continually monitors the risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The directors believe that the Company's exposure associated with these risks is minimal.

(i) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to operate as a going concern in order to provide adequate returns to the shareholder, to support the Company's stability and growth; and to provide capital for the purpose of strengthening the Company's financial management capability. The Company's objectives, policies and processes for managing equity are unchanged from the financial year ended 31 March 2012.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Company monitors capital based on net debt against equity. The ratio is calculated as net debt over total capital. Net debt is calculated as total liabilities less cash and cash equivalents. Total capital comprises all components of equity.

	2013		2012	
	S\$	₹	S\$	₹
Net debt	3,010,456	131,895,302	3,108,782	128,201,507
Shareholders' equity	(1,082,253)	(47,416,101)	(713,351)	(29,417,525)
Net debt to shareholder's equity Ratio	N.M *	N.M *	N.M *	N.M *

* N.M - not meaningful

There were no externally imposed capital requirement, that the Company needs to be in compliance with, for the financial years ended 31 March 2013 and 2012.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (Contd.)

20. FINANCIAL INSTRUMENTS (Contd.)

(a) Financial Risk Management Policies (Contd.)

(ii) Foreign currency risk

Foreign currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company mainly operates in Singapore and its functional currency is United States dollar. The Company is exposed to foreign currency risk when transactions such as sales and purchases are denominated in currencies other than United States dollar. The currency giving rise to this risk is primarily Singapore dollar (S\$).

The Company has not entered into any forward currency contracts or any hedging instruments to manage the foreign currency risk. This exposure is managed as far as possible by natural hedges of matching assets and liabilities.

The Company's foreign currency exposures based on the information provided by key management are as follows:

	Singapore dollar S\$	Indian Rupees ₹	United States dollar S\$	Indian Rupees ₹	Total S\$	Total ₹
2013						
<i>Financial assets</i>						
Trade receivables	36,028	1,578,473	1,362,766	74,073,146	1,398,794	75,651,619
Other receivables	234,816	10,287,853	–	–	234,816	10,287,853
Cash and cash equivalents	29,732	1,302,630	493,339	26,815,441	523,071	28,118,072
	300,576	13,168,956	1,856,105	100,888,587	2,156,681	114,057,543
<i>Financial liabilities</i>						
Redeemable convertible preference shares	–	–	2,118,750	115,164,656	2,118,750	115,164,656
Trade payables	43,799	1,918,939	836,577	45,472,143	880,376	47,391,082
Other payables	534,401	23,413,390	–	–	534,401	23,413,390
	578,200	25,332,330	2,955,327	160,636,799	3,533,527	185,969,129
Net financial assets/ (liabilities)	(277,624)	(12,163,374)	(1,099,222)	(59,748,212)	(1,376,846)	(71,911,586)
	Singapore dollar S\$	Indian Rupees ₹	United States dollar S\$	Indian Rupees ₹	Total S\$	Total ₹
2012						
<i>Financial assets</i>						
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
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
<i>Financial liabilities</i>						
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)

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (Contd.)

20. FINANCIAL INSTRUMENTS (Contd.)

(a) Financial Risk Management Policies (Contd.)

(ii) Foreign currency risk (Contd.)

Sensitivity Analysis

A change of 5% (2012: 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 loss 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\$	₹
2013				
US\$ against S\$				
– strengthened	11,521	504,763	(45,618)	(1,998,634)
– weakened	(11,521)	(504,763)	45,618	1,998,634
2012				
US\$ against S\$				
– strengthened	(6,654)	(291,528)	(53,948)	(2,363,591)
– weakened	6,654	291,528	53,948	2,363,591

(iii) Credit risk

The Company's exposure to credit risk arises primarily from its trade and other receivables. Trade receivables mainly relate to balances due from 4 agents (2012: 3 agents) and the holding company that represented 18% and 76% of the total trade receivables balances, respectively (2012: 9 % and 62%, respectively). Other receivables are neither past due nor impaired.

The maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet.

There is no other class of financial assets that are past due and/or impaired except trade receivables.

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

	Neither Past		Past Due but not Impaired						
	due nor impaired		0-3 months		3-6 months		Total		
	S\$	₹	S\$	₹	S\$	₹	₹	S\$	₹
2013									
Trade receivables	826,141	36,195,220	572,653	25,089,302	–	–	–	1,398,794	61,284,522
2012									
Trade receivables	645,961	28,301,102	1,148,880	50,335,190	–	–	–	1,794,841	78,636,292

Based on the Company's monitoring of customer credit risk, the Company believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 3 months.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2013 (Contd.)

20. FINANCIAL INSTRUMENTS (Contd.)

(a) Financial Risk Management Policies (Contd.)

(iv) Liquidity risk

The Company's policy on liquidity risk management is to maintain sufficient cash and the availability of funding through adequate amounts of committed credit facilities. Additional funding is obtained through support from the holding company to meet any obligations as they fall due, when necessary.

The table analyses the maturity profile of the Company's financial liabilities based on the contractual undiscounted cashflows:

	Contractual cash flow		Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		Over 5 years	
	S\$	₹	S\$	₹	S\$	₹	S\$	₹	S\$	₹
As at 31st March, 2013										
Redeemable convertible preference shares	5000250	219,072,953	169,500	7,426,202	169500	7,426,202	508500	22,278,605	4152750	181,941,944
Trade payables	880376	38,571,385	880,376	38,571,385		-		-		-
Other payables	534401	23,413,390	534,401	23,413,390		-		-		-
	<u>6,415,027</u>	<u>281,057,729</u>	<u>1,584,277</u>	<u>69,410,978</u>	<u>169500</u>	<u>7,426,202</u>	<u>508,500</u>	<u>22,278,605</u>	<u>4,152,750</u>	<u>181,941,944</u>
As at 31st March, 2012										
Redeemable convertible preference shares	5,169,750	213,192,735	169,500	6,989,926	169,500	6,989,926	508,500	20,969,777	4,322,250	178,243,107
Trade payables	1,012,083	41,736,785	1,012,083	41,736,785		-		-		-
Other payables	364,897	15,047,805	364,897	15,047,805		-		-		-
	<u>6,546,730</u>	<u>269,977,325</u>	<u>1,546,480</u>	<u>63,774,515</u>	<u>169,500</u>	<u>6,989,926</u>	<u>508,500</u>	<u>20,969,777</u>	<u>4,322,250</u>	<u>178,243,107</u>

(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 considered the fair value of the redeemable convertible preference shares by evaluating the present value of cash flows of a similar instrument that does not have the option to convert to equity shares. Based on management's assessment, the fair value of the redeemable convertible preference shares approximates its carrying amount, as the equity component of the instrument is immaterial.

FORBES EDUMETRY LIMITED

(Subsidiary Company of Forbes Campbell Finance Limited)

Annual Report and Accounts
for the year ended 31st March, 2013

DIRECTORS :

Ravishankar S *Chairman*

Chandrashekar Rasam

Eddie Poonawala

Amit Mittal
(upto 28.6.2013)

Sunetra Ganesan
(w.e.f. 25.6.2013)

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, 2013.

1. FINANCIAL RESULTS:

	Current Year ended 31.3.2013 ₹	Previous Year ended 31.3.2012 ₹
Profit / (Loss) Before Tax	(14,39,675)	(27,85,652)
Less : Provision for Tax	—	—
Profit / (Loss) after Tax	(14,39,675)	(27,85,652)
Balance brought forward from previous year	(6,47,07,987)	(6,19,22,335)
Profit / (Loss) carried to Balance Sheet	<u>(6,61,47,662)</u>	<u>(6,47,07,987)</u>

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 and the previous year. The loss after tax was ₹ 14.39 lakhs as against ₹ 27.85 lakhs in the previous year.

3. DIRECTORATE:

Mr. Amit Mittal has tendered his resignation from directorship with effect from 28th June, 2013. The Board places on record their sincere appreciation of the services rendered by Mr. Amit Mittal.

Mrs. Sunetra Ganesan was appointed as an Additional Director on the Board of Directors of the Company with effect from 25th June, 2013. Pursuant to section 260 of the Companies Act, 1956, she holds office upto the date of the forthcoming Annual General meeting and a notice, in writing has been received from a shareholder under section 257 of the Act along with a deposit signifying intention to propose her as a candidate for appointment as Director.

Mr. Eddie Poonawala, retires from the Board by rotation and is eligible for reappointment. Your Directors commend their 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 383 A of the Companies Act, 1956, Secretarial Compliance Certificate from M/s. Sanjay Dholakia & Associates, is attached herewith.

6. PARTICULARS REGARDING EMPLOYEES :

The Company did not have any employee who was entitled to receipt of remuneration of ₹ 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.

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 no foreign exchange earning and outgo during the year.

For and on behalf of
the Board of Directors

Eddie Poonawala **Sunetra Ganesan**
Director *Director*

Mumbai, Dated : 25th June, 2013

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, 2013. 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 21st May, 2012, 14th August, 2012, 20th December, 2012 and 28th January, 2013 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, 2012 was held on 14th August, 2012 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 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
FCS 2655 CP1798

Place : Mumbai
Date : 14th May, 2013

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**

Place : Mumbai
Date : 14th May, 2013

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor
FCS 2655 CP 1798

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, 2013.

1. Form 23ACXBRL for Balance Sheet as at 31st March, 2012 and Form 23ACAXBRL for Profit & Loss Account for the year ended 31st March, 2012 filed with the Registrar of Companies, Maharashtra on 21st December, 2012.
2. Form 66 for Compliance Certificate for the year ended 31st March, 2012, as required u/s. 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Maharashtra on 11th September, 2012.
3. Form 20B for Annual Return made up to 14th August, 2012 filed with the Registrar of Companies, Maharashtra on 10th October, 2012.

For **Sanjay Dholakia & Associates**

Place : Mumbai
Date : 14th May, 2013

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor
FCS 2655 CP 1798

AUDITORS' REPORT TO THE MEMBERS OF FORBES EDUMETRY LIMITED**Report on the Financial Statements:**

We have audited the accompanying financial statements of Forbes Edumetry Limited, Mumbai ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the 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 these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

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.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for matters described in the "Basis for Qualified Opinion" paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2013, and
- b. in case of the Statement of Profit and Loss, of the profit of the Company for the year ended 31st March, 2013.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
 - d. Except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

For **V. RAMASWAMY IYER & CO.,**
Chartered Accountants
Firm. Regn. No. 002974S

(SRINIVAS SUBRAMANIAM)

Partner

Membership No. 033782

Date : 14th May, 2013
Place : Bangalore

ANNEXURE TO AUDITORS' REPORT

Statement referred to in clause (1) of Paragraph entitled "Report on Other Legal and Regulatory Requirements" 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 (*Previous Year ₹ 3,94,59,982*) and the year end balances amounted to ₹ 3,94,59,982 (*Previous Year ₹ 3,94,59,982*). 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 ₹ 4,15,742 in the current financial year and ₹ 1,24,657 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. RAMASWAMY IYER & CO.,

Chartered Accountants
Firm. Regn. No. 002974S

(SRINIVAS SUBRAMANIAM)

Partner
Membership No. 033782

Date : 14th May, 2013
Place : Bangalore

FORBES EDUMETRY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	₹	As at	As at
			31 st March, 2013	31 st March, 2012
			₹	₹
I EQUITY AND LIABILITIES				
1. Shareholders' funds				
(a) Share capital	2	28,800,000.00		28,800,000.00
(b) Reserves and surplus	3	(66,147,662.75)		(64,707,987.82)
			(37,347,662.75)	(35,907,987.82)
2. Non-current liabilities				
(a) Long-term borrowings	4	39,459,982.00		39,459,982.00
			39,459,982.00	39,459,982.00
3. Current liabilities				
(a) Trade payables	18	–		14,352.00
(b) Other current liabilities	5	966,040.23		1,620,954.36
(c) Short-term provisions	6	3,607,282.00		3,607,282.00
			4,573,322.23	5,242,588.36
TOTAL			6,685,641.48	8,794,582.54
II ASSETS				
1. Non-current assets				
(a) Fixed assets				
(i) Tangible assets	7A	119,689.34		399,773.71
(ii) Intangible assets	7B	6,469,811.17		8,143,059.29
(iii) Intangible assets under development	7C	–		–
			6,589,500.51	8,542,833.00
(b) Other non-current assets			–	–
			6,589,500.51	8,542,833.00
2. Current assets				
(a) Cash and cash equivalents	8	96,140.97		248,726.54
(b) Short-term loans and advances		–		3,023.00
			96,140.97	251,749.54
TOTAL			6,685,641.48	8,794,582.54
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

Ravishankar Srinivasan *Chairman*

SRINIVAS SUBRAMANIAM
Partner
M. No. 036135

Eddie Poonawala }
Amit Mittal } *Directors*

Place : Bangalore

Dated : 14th May, 2013

Mumbai, dated 14th May, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	Year ended	
		31 st March, 2013	31 st March, 2012
		₹	₹
I Revenue from operations	9	—	—
II Other income	10	565,305.13	—
III Total revenue (I + II)			565,305.13
IV Expenses:			
Employee benefits expense	11	—	—
Finance cost	12	—	607,124.36
Depreciation and amortisation expense	13	1,953,332.49	2,008,012.00
Audit Fees		50,562.00	28,090.00
Other expenses	14	1,085.57	142,425.68
Total expenses			2,004,980.06
V Profit / (loss) before Tax (III - IV)			(1,439,674.93)
VI Tax expense / (credit):			—
VII Profit for the year (V - VI)			(1,439,674.93)
VIII Earning per equity share:	17		
Basic and diluted earnings per equity share (nominal value of share ₹ 10)			(0.50)
Significant accounting policies	1		(0.97)
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 : 14th May, 2013

Ravishankar Srinivasan

Chairman

Eddie Poonawala }
Amit Mittal }

Directors

Mumbai, dated 14th May, 2013

FORBES EDUMETRY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31 st March, 2013		Year ended 31 st March, 2012	
	₹		₹	
Profit / (Loss) before tax		(1,439,674.93)		(2,785,652.04)
Adjustments for –				
Depreciation and amortisation expense	1,953,332.49		2,008,012.00	
Bank Charges	–		–	
Unrealised exchange (gain) / loss [net]	–		607,124.36	
		1,953,332.49		2,615,136.36
Operating profit / (loss) before working capital changes		513,657.56		(170,515.68)
Adjustments for changes in working capital:				
Increase / (decrease) in short-term provisions	–		(2.00)	
Increase / (decrease) in other current liabilities	(654,914.13)		619,390.36	
Decrease / (increase) in trade receivables	(14,352.00)		–	
Decrease / (increase) in short-term loans and advances	3,023.00		–	
Decrease / (increase) in other current assets	–		–	
		(666,243.13)		619,388.36
Cash generated from / (used in) operations		(152,585.57)		448,872.68
Income taxes paid (net of refunds)				
(a) Net cash generated from / (used in) operating activities		(152,585.57)		448,872.68
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	
Bank Charges	–		–	
Unrealised exchange (gain) / loss [net]	–		(607,124.36)	
(c) Net cash generated from / (used in) financing activities		–		(573,529.36)
(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)		(152,585.57)		(124,656.68)
(e) Cash and cash equivalents as at the commencement of the year		248,726.54		373,383.22
(f) Cash and cash equivalents as at the end of the year (d + e)		96,140.97		248,726.54
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

Ravishankar Srinivasan *Chairman*

SRINIVAS SUBRAMANIAM
Partner
M. No. 036135

Eddie Poonawala }
Amit Mittal } *Directors*

Place : Bangalore

Dated : 14th May, 2013

Mumbai, dated 14th May, 2013

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**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.

FORBES EDUMETRY LIMITED

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

Ravishankar Srinivasan *Chairman*

SRINIVAS SUBRAMANIAM
Partner
M. No. 036135

Eddie Poonawala }
Amit Mittal } *Directors*

Place : Bangalore

Dated : 14th May, 2013

Mumbai, dated 14th May, 2013

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
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	<u>28,800,000.00</u>	<u>28,800,000.00</u>

(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 31 st March, 2013		As at 31 st March, 2012	
	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

3. RESERVES AND SURPLUS

Surplus / (deficit) in the statement of profit and loss:

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
Balance as per last balance sheet	(64,707,987.82)	(61,922,335.78)
Add: Loss for the year	(1,439,674.93)	(2,785,652.04)
	(66,147,662.75)	(64,707,987.82)
TOTAL	<u>(66,147,662.75)</u>	<u>(64,707,987.82)</u>

4. LONG-TERM BORROWINGS

(a) Unsecured Loans and Advances

From Related Parties

TOTAL

Non-current portion		Current maturities	
As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
39,459,982.00	39,459,982.00	-	-
<u>39,459,982.00</u>	<u>39,459,982.00</u>	<u>-</u>	<u>-</u>

FORBES EDUMETRY LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
5. OTHER CURRENT LIABILITIES		
(a) Trade Deposits and advances	868,580.23	868,580.23
(b) Duties and Taxes Payable	–	26,416.14
(c) Due to Directors	27,219.00	27,219.00
(d) Other Payables	70,241.00	698,738.99
TOTAL	966,040.23	1,620,954.36
6. SHORT-TERM PROVISIONS		
(a) Provision for accrued expenses	3,607,282.00	3,607,282.00
TOTAL	3,607,282.00	3,607,282.00

7. FIXED ASSETS

Description of Assets	GROSS BLOCK (at cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31 st March, 2012 ₹	Additions during the year ₹	Deductions during the year ₹	As at 31 st March, 2013 ₹	Upto 31 st March, 2012 ₹	For the year ₹	On deduc- tion during the year ₹	Upto 31 st March, 2013 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
A. Tangible assets										
1. Computer Hardware	1,969,830.00	–	–	1,969,830.00	1,661,913.46	272,945.37	–	1,934,858.83	34,971.17	307,916.54
2. Furniture & Fixtures	44,308.00	–	–	44,308.00	28,964.00	2,504.00	–	31,468.00	12,840.00	15,344.00
3. Office Equipment	97,579.00	–	–	97,579.00	21,065.83	4,635.00	–	25,700.83	71,878.17	76,513.17
Total Tangible Assets	2,111,717.00	–	–	2,111,717.00	1,711,943.29	280,084.37	–	1,992,027.66	119,689.34	399,773.71
Previous Year	2,111,717.00	–	–	2,111,717.00	1,386,639.29	325,304.00	–	1,711,943.29	399,773.71	–
B. Intangible assets										
1. Computer software	10,380,683.00	–	–	10,380,683.00	2,237,623.71	1,673,248.12	–	3,910,871.83	6,469,811.17	8,143,059.29
Total Intangible Assets	10,380,683.00	–	–	10,380,683.00	2,237,623.71	1,673,248.12	–	3,910,871.83	6,469,811.17	8,143,059.29
Previous Year	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	–
C. Intangible assets under development										
1. Computer software development	–	–	–	–	–	–	–	–	–	–
Total Intangible Assets under Development	–	–	–	–	–	–	–	–	–	–
Previous Year	9,511,801.00	–	9,511,801.00	–	–	–	–	–	–	–
Grand Total	12,492,400.00	–	–	12,492,400.00	3,949,567.00	1,953,332.49	–	5,902,899.49	6,589,500.51	8,542,833.00
Previous Year	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	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
8. Cash and cash equivalents		
1. Balances with banks:		
(A) In current accounts	96,140.97	248,662.97
2. Cash on hand	–	63.57
TOTAL	<u>96,140.97</u>	<u>248,726.54</u>
9. Revenue from operations		
Sale of services		
Client Service Revenue	–	–
TOTAL	<u>–</u>	<u>–</u>
10. OTHER INCOME		
Miscellaneous Income	565,305.13	–
TOTAL	<u>565,305.13</u>	<u>–</u>
11. EMPLOYEE BENEFITS EXPENSE		
(a) Salaries, Wages, Bonus, Gratuity & Allowance	–	–
(b) Staff welfare expense	–	–
TOTAL	<u>–</u>	<u>–</u>
12. FINANCE COSTS		
(a) Bank Charges	–	–
(b) Net gain / loss on foreign currency transactions and translation	–	607,124.36
TOTAL	<u>–</u>	<u>607,124.36</u>
	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
13. Depreciation and amortisation expense		
(a) Depreciation of tangible assets (see note 7A)	280,084.37	325,304.00
(b) Amortization of intangible assets (see note 7B)	1,673,248.12	1,682,708.00
TOTAL	<u>1,953,332.49</u>	<u>2,008,012.00</u>
14. OTHER EXPENSES		
(a) General Expenses	63.57	14,354.68
(b) Legal, Professional & Consultancy Charges	1,022.00	128,071.00
(c) Repairs & Maintenance	–	–
(d) Telephone & Communication Charges	–	–
(e) Rent	–	–
(f) Travel	–	–
(g) Water Charges	–	–
TOTAL	<u>1,085.57</u>	<u>142,425.68</u>

FORBES EDUMETRY LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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. Amit Mittal
Director, Mr. Eddie Poonawala

(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 - Holding company/Ultimate holding company	Parties in B above - Fellow subsidiaries	Parties in C above - Associate companies	Parties in D above - Key management personnel	Total
1.	Income Client Service Revenue	2012 13	–	–	–	–	–
		<i>2011 12</i>	–	–	–	–	–
2.	Finance Loans Taken	2012 13	–	–	–	–	–
		<i>2011 12</i>	–	–	<i>33,595.00</i>	–	<i>33,595.00</i>
3.	Loans Repaid	2012 13	–	–	–	–	–
		<i>2011 12</i>	–	–	–	–	–
4.	Outstandings Trade payables	2012 13	–	868,580.23	–	–	868,580.23
		<i>2011 12</i>	–	<i>(868,580.23)</i>	–	–	<i>(868,580.23)</i>
5.	Unsecured Loans and advances (Long Term Borrowings)	2012 13	3,826,000.00	–	34,437,044.00	–	38,263,044.00
		<i>2011 12</i>	<i>(3,826,000.00)</i>	–	<i>(34,437,044.00)</i>	–	<i>(38,263,044.00)</i>
6.	Accrued Interest on the above loans	2012 13	–	–	1,196,938.00	–	1,196,938.00
		<i>2011 12</i>	–	–	<i>(1,196,938.00)</i>	–	<i>(1,196,938.00)</i>
7.	Other dues	2012 13	–	–	–	27,219.00	27,219.00
		<i>2011 12</i>	–	–	–	<i>(27,219.00)</i>	<i>(27,219.00)</i>

Footnote

Figures in brackets and italics are in respect of the Previous Year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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	2012 13	–	–	–	–
		<i>2011 12</i>	–	–	–	–
	Finance					
2	Loans Taken	2012 13	–	–	–	–
		<i>2011 12</i>	–	–	–	–
3	Loans Repaid	2012 13	–	–	–	–
		<i>2011 12</i>	–	–	–	–
	Outstandings					
4	Trade payables	2012 13	–	868,580.23	–	–
		<i>2011 12</i>	–	<i>(868,580.23)</i>	–	–
5	Loans and advances	2012 13	3,826,000.00	–	34,437,044.00	–
		<i>2011 12</i>	<i>(3,826,000.00)</i>	–	<i>(34,437,044.00)</i>	–
6	Accrued Interest on the above loans	2012 13	–	–	1,196,938.00	–
		<i>2011 12</i>	–	–	<i>(1,196,938.00)</i>	–
7	Other dues	2012 13	–	–	–	27,219.00
		<i>2011 12</i>	–	–	–	<i>(27,219.00)</i>

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 31 st March, 2013	For the year ended 31 st March, 2012
1.	Profit after tax (₹ In Lakhs)	A	(1,439,674.93)	(2,785,652.04)
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	(0.50)	(0.97)

FORBES EDUMETRY LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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	31 st March, 2013 ₹	31 st March, 2012 ₹
(a) Principal amount remaining unpaid as at 31 st March	See note below	See note below
(b) Interest due thereon as at 31 st 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 31 st 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 under 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 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
(a) Client Service Revenue	—	—
	—	—
	—	—

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) There is no unexpired capital commitment as at the Balance Sheet date.
- (c) Balances of Debtors, Advances and Creditors are subject to confirmation.
- (d) The figures for the previous period have been regrouped and rearranged wherever necessary.

Ravishankar Srinivasan
Eddie Poonawala
Amit Mittal

Chairman
Directors

Mumbai, 14th May, 2013

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

(Subsidiary of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2013

DIRECTORS

S. L. Goklaney

Chairman

J. N. Ichhaporia

Marzin R Shroff

A. V. Suresh

PRINCIPAL BANKERS

HDFC Bank Ltd.

AUDITORS

BATLIBOI & PUROHIT

Chartered Accountants

REGISTERED OFFICE

B1 / B2, 7th Floor, 701, Marathon Innova,

Off Ganpatrao Kadam Marg,

Lower Parel (W),

Mumbai - 400 013

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

REPORT OF THE DIRECTORS OF FORBES ENVIRO SOLUTIONS LIMITED

To,
The Members
The Directors are pleased to submit their Report and the Audited Accounts of the Company for the period ended 31st March, 2013.

1. **FINANCIAL RESULTS**

Particulars	Current Year ₹	Previous Year ₹
Income from Operations and other income	Nil	Nil
Profit / (loss) before Depreciation	(32,581)	(19,096)
Less : Depreciation	Nil	Nil
Profit / (loss) before Tax	(32,581)	(19,096)
Less : Provision for Taxation	Nil	Nil
Profit / (loss) after Tax	(32,581)	(19,096)
Profit / (loss) brought forward from previous year	(142,156)	(123,060)
Balance Carried to Balance Sheet	<u>(174,737)</u>	<u>(142,156)</u>

2. **OPERATIONS**

The Company has not yet commenced its commercial operations. In the ensuing year 2012-13 the Company has made application for the take over of the operation of two of the subsidiary companies of its parent Company Eureka Forbes Limited, namely Radiant Energy Systems Pvt. Ltd and Waterwings Equipment Pvt. Ltd. to the Hon'ble High Court , Mumbai on 30th January, 2013. The process for the take over is expected to be completed within the first quarter of the financial year 2013-14.

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**

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

5. **AUDITORS**

At the Annual General Meeting held on 25th June, 2012 M/s Batliboi and Purohit, Chartered Accountants were appointed as the Statutory Auditor to hold office till the next Annual General Meeting in place of M/s Tam & Co. Chartered Accountant, since the later had offered for resignation at the last Annual General Meeting. M/s. Batliboi and Purohit, Chartered Accountants, would retire in the current Annual General Meeting and have offered themselves for reappointment.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) In the preparation of the Annual Accounts for the period ended March 31, 2013, 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 adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- (iv) 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 Dated : 22nd April, 2013

A. V. Suresh
Chairman

Marzin R. Shroff
Director

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORBES ENVIRO SOLUTIONS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Forbes Enviro Solutions Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the 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 these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- (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.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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.
- 2) As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) 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;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (e) on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Paresh Chokshi
Partner

Membership No.: 33597

Mumbai, 22nd April, 2013

ANNEXURE REFERRED TO IN OUR REPORT TO THE MEMBERS OF FORBES ENVIRO SOLUTIONS LIMITED ("THE COMPANY") FOR THE YEAR ENDED 31 MARCH, 2013.

- 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 Registration No.: 101048W

Paresh Chokshi
Partner

Membership No.: 33597

Mumbai, 22nd April, 2013

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

BALANCE SHEET AS AT 31 ST MARCH, 2013

	Notes	As at 31 st March 2013 ₹	As at 31 st March 2012 ₹
I EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	2	500,000	500,000
(b) Reserves and Surplus	3	(174,737)	(142,156)
		<u>325,263</u>	<u>357,844</u>
2. Non-current liabilities		-	-
3. Current liabilities			
(a) Trade payables	4	46,059	19,096
		<u>46,059</u>	<u>19,096</u>
TOTAL		<u><u>371,322</u></u>	<u><u>376,940</u></u>
II ASSETS			
1. Non-current assets			
(a) Fixed Assets		-	-
2. Current Assets			
(a) Cash and cash equivalents	5	371,322	376,940
TOTAL		<u><u>371,322</u></u>	<u><u>376,940</u></u>

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

PARESH CHOKSHI

Partner

Membership No .33597

Mumbai, Dated: 22nd April, 2013

S. L. GOKLANEY

Chairman

MARZIN R SHROFF

A. V. SURESH

J. N. ICHHAPORIA

Directors

Mumbai, Dated: 22nd April, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2013

	Notes	As at 31 st March 2013 ₹	As at 31 st March 2012 ₹
INCOME			
I	Revenue from operation	-	-
II	Other income	-	-
III	Total Revenue	-	-
IV	Expenses		
	Other expenses	6 32,581	19,096
	Total Expenses	32,581	19,096
	Profit before exceptional items, extraordinary items and tax	(32,581)	(19,096)
	Exceptional items	-	-
	Profit / (Loss) before extraordinary items and tax	(32,581)	(19,096)
	Extraordinary items	-	-
	Profit / (Loss) before tax	(32,581)	(19,096)
	Tax expense		
	Current tax	-	-
	Deferred tax	-	-
		-	-
	Profit/(Loss) for the period	(32,581)	(19,096)
	Earnings per equity share (₹)		
	Basic and Diluted-Par value of ₹ 10/- per share	7 (0.65)	(0.38)

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

PARESH CHOKSHI

Partner

Membership No .33597

Mumbai, Dated: 22nd April, 2013

S. L. GOKLANEY

Chairman

MARZIN R SHROFF

A. V. SURESH

J. N. ICHHAPORIA

Directors

Mumbai, Dated: 22nd April, 2013

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

	2012-13		2011-12	
	₹	₹	₹	₹
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		(32,581)		(19,096)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		(32,581)		(19,096)
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	26,963		(93,664)	
	<u>26,963</u>		<u>(93,664)</u>	
Cash generated from operations		(5,618)		(112,760)
(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITIES		(5,618)		(112,760)
(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)		<u>(5,618)</u>		<u>(112,760)</u>
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	-		-	
Balances with scheduled banks on Current accounts,	376,940		489,700	
		376,940		489,700
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	-		-	
Balances with scheduled banks on Current accounts,	371,322		376,940	
		371,322		376,940
NET INCREASE / (DECREASE) AS DISCLOSED ABOVE		<u>(5,618)</u>		<u>(112,760)</u>

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn No. 101048W

PARESH CHOKSHI

Partner

Membership No .33597

Mumbai, Dated: 22nd April, 2013

S. L. GOKLANEY

Chairman

MARZIN R SHROFF

A. V. SURESH

J. N. ICHHAPORIA

Directors

Mumbai, Dated: 22nd April, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

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.

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn No. 101048W

PARESH CHOKSHI

Partner

Membership No .33597

Mumbai, Dated: 22nd April, 2013

S. L. GOKLANEY

Chairman

MARZIN R SHROFF

A. V. SURESH

J. N. ICHHAPORIA

Directors

Mumbai, Dated: 22nd April, 2013

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

	As at 31 st March, 2013		As at 31 st March, 2012	
	Number of shares	₹	Number of shares	₹
2. SHARE CAPITAL				
Authorised				
Equity shares of ₹ 10/ each *	50,000	500,000	50,000	500,000
	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>
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	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>
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	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>
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	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>

* 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 31 st March, 2013	As at 31 st March, 2012
	₹	₹
3. RESERVES AND SURPLUS		
(Deficit)/ surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	(142,156)	(123,060)
Add/ (less): Profit/ (loss) for the year	(32,581)	(19,096)
TOTAL	<u>(174,737)</u>	<u>(142,156)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
4. CURRENT LIABILITIES		
Trade payables	46,059	19,096
TOTAL	46,059	19,096
5. CASH AND CASH EQUIVALENTS		
Balance with banks in		
Current accounts	371,322	376,940
TOTAL	371,322	376,940
6. OTHER EXPENSES		
Auditors Remuneration (* Refer details Below)	14,045	5,618
Legal and Professional Fees	15,169	13,478
Rates and taxes, excluding taxes on income	3,367	-
	<u>32,581</u>	<u>19,096</u>
(*) Auditors Remuneration		
As auditor		
Audit fee	5,618	5,618
Tax audit fee	-	-
In other capacity		
Management services	-	-
For other services	8,427	-
For reimbursement of expenses		
	<u>14,045</u>	<u>5,618</u>
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	(32,581)	(19,096)
Basic and Diluted Earning Per Share	(0.65)	(0.38)

FORBES ENVIRO SOLUTIONS LIMITED
(Formerly known as Forbes Water Limited)

8. 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, 2013.

(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 & Company Ltd
Eureka Forbes Limited - Holding Company
- 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.

9. 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.
10. The Company does not have any contingent liabilities.
11. The figures of the previous year have been regrouped wherever necessary.

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn No. 101048W

PARESH CHOKSHI

Partner

Membership No .33597

Mumbai, Dated: 22nd April, 2013

S. L. GOKLANEY *Chairman*

MARZIN R SHROFF } *Directors*
A. V. SURESH }
J. N. ICHHAPORIA }

Mumbai, Dated: 22nd April, 2013

BOARD OF DIRECTORS :

Mr. S. L. Goklaney
Mr. C. A. Karnik
Mr. J. N. Ichhaporia
(Ceased to be a Director w.e.f. 1.1.2013)
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 Ninth Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended March 31, 2013.

FINANCIAL RESULTS:

Particulars	Current Year 2012-2013 (In ₹)	Previous Year 2011-2012 (In ₹)
Income From Operation & Other Income	57,56,82,130	58,08,23,908
Profit/(Loss) before Depreciation	2,18,52,072	(1,03,03,357)
Less : Depreciation	86,19,247	84,42,995
Profit/(Loss) before Tax	1,32,32,825	(1,87,46,352)
Less: Provision for Deferred Taxation	8,90,978	–
Profit/(Loss) after Tax	1,23,41,847	(1,87,46,352)
Profit/(Loss) b/fd of previous year	(1,89,73,602)	(2,27,250)
Balance carried to Balance Sheet	(66,31,755)	(1,89,73,602)

DIVIDEND:

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

OPERATIONS:

We are pleased to report that your company has successfully retained its business in all categories. The year has seen a marked improvement in profitability with the operations bringing in controls on all costs involved. The Management has implemented a plan to derive price revisions and has achieved organic growth that helped the business in its drive towards profitability. Your Company has strengthened its catering business in regions apart from North. In the year gone by, the company established its catering operations in West and South which helped the business strengthen its ties with the Automobiles and ancillary segments. The presence in East and Gujarat – new areas started has been stabilized.

Your company has achieved its ISO certification for 9001, 14001 and 18001 which strengthened its position on its focus on Quality and Systems. The Management stressed on the best practices which is appreciated by its customers. During the year, your company was awarded the 'Safety Award' by Bharat Oman Refineries Ltd, a Govt. of India enterprise. The largest forging company in the world, Bharat Forge awarded your company the 'Best Service Provider' from among all the existing service providers. This was possible due to the unstinted efforts of the team guided by the strong values of Earning, Learning, Pride and Fun as the 4 tenets of business.

The business, in line with the overriding vision of satisfying customers to help build Happy, Healthy, Pollution free and Safe, Hygienic environment, has expanded its deliverables to cater to wider range of customer segments. Your company has also forayed into exploring the market internationally at Oman. The management has actively participated in tender pre-qualification at Oman along with its group company Oman Shapoorji Construction Company based at Muscat. During the year, your company has also participated in a tender for off-shore services with its group company Forbes Bumi Armada Offshore Ltd. for its new venture of FPSO services.

DIRECTORS:

Mr. J.N. Ichhaporia resigned as a Director of the company with effect from January 1, 2013, and the Directors placed on record their deep appreciation of the services rendered by Mr. J. N. Ichhaporia.

Pursuant to Article 17 of the Articles of Association of the Company and the provisions of section 256 of the Companies Act, 1956, Mr. A. V. Suresh and Mr. S. K. Palekar will retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

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 recommended for re-appointment.

The Company has received letter from them to the effect that their

FORBES FACILITY SERVICES PRIVATE LIMITED

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 (a) and (b) under "Basis for qualified opinion" of the Auditors' Report and to paragraphs (iii)(c),(ix)(a) and (x) of the Annexure thereto. As regards paragraph (a) under "Basis for qualified opinion" and paragraph (iii)(c) of the annexure to the audit report, attention is invited to Note No.28 to the Financial Statements for the year ended 31st March, 2013, the note is self explanatory.

With reference to paragraph (b) under "Basis for qualified opinion" of the Auditors' Report, the explanation is that the management has initiated reconciliation of outstanding with various customers having debit balance for more than 365 days and the management is hopeful of realizing the disputed balances in the ensuing year.

With reference to paragraph (ix)(a) of the Annexure to the Audit Report, management has since taken steps to ensure that the statutory dues are paid on time in future.

With reference to paragraph (x) of the Annexure to the Audit Report, management is pleased to report the positive result of the company for the year and are confident that in future the results will be still better and all accumulated losses will be wiped out.

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:

- a. In the preparation of the annual accounts, the applicable Accounting Standards have been followed and there are no material departure;
- b. 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;
- c. They have taken proper and sufficient care to the best of their knowledge and ability 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. They have prepared the annual accounts 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 ₹ 78,088.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to thank all the Shareholders, Customers, Vendors, Legal Advisors, Banks and Government Agencies for their valuable contribution in the growth of the Company.

Your Directors also place on record their appreciation for the excellent contribution made by employees of the Company through their commitment, competence, co-operation and diligence with a view to achieve a consistent growth for the Company.

For and on behalf of the Board

A. V. Suresh
Director

Marzin R. Shroff
Director

Place : Mumbai,
Dated : 23rd April, 2013

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

To,

The Members,

Forbes Facility Services Private Limited,
B1/B2, 7th Floor, 701, Marathon Innova,
Off Ganpatrao Kadam Marg,
Lower Parel, Mumbai- 400 013

We have examined the registers, records, books and papers of Forbes Facility Services Private Limited (“the Company”) as required to be maintained under the Companies Act, 1956, (“the Act”) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2013. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure ‘A’ to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure ‘B’ to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. Company was registered as a private limited company on July 28, 2004. On August 18, 2004, the company became a subsidiary of Forbes Gokak Ltd. (now known as Forbes & Company Ltd.) Consequently, by virtue of Section 3(i)(iv)(c) of the Companies Act, 1956, your company became a Public Limited Company. Subsequently, the Company became a wholly owned subsidiary of Eureka Forbes Ltd. Hence, the Company, not being a subsidiary of a private company, became a public company effective August 18, 2004. Hence, the Company during the year under review complied with the requirements of a public company under the Act.
4. The Board of Directors duly met four times respectively on 10th day of May, 2012, 7th day of September, 2012, 17th day of December 2012 and 25th day of March, 2013 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. During the financial year there was no meeting of the Remuneration Committee as no Remuneration Committee was constituted.
6. The Company was not required to close its Register of Members during the financial year.
7. The annual general meeting for the financial year ended on March 31, 2012, was held on June 25, 2012, and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. During the financial year no extra-ordinary general meeting of the company was held.
9. The Company has not advanced any loans to its Directors or persons or firms or companies referred in the section 295 of the Act.
10. The Company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
11. The Company has complied with the requirement of maintaining register under Section 301 of the Act.
12. The conduct of the company during the financial year did not attract provisions of section 314 of the Act.
13. Since no duplicate share certificates have been issued by the company, the question of Board of Directors or duly constituted Committee of Directors approving the duplicate issue of share certificates does not arise.
14. The Company has:
 - a) wherever applicable, delivered all the certificates on allotment of securities and on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act; and
 - b) duly complied with the requirements of section 217 of the Act.
15. The Board of Directors of the Company is duly constituted and the appointments of Directors, Additional Directors, Alternate Directors and Directors to fill casual vacancies, wherever applicable, have been duly made.
16. During the financial year there has been no change or reappointment of Managing Director or Executive Director of the Company.
17. There was no appointment of sole-selling agent during the financial year, which attracted the provisions of the Act.

FORBES FACILITY SERVICES PRIVATE LIMITED

18. The Company has obtained, wherever applicable, necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
19. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
20. The company has not issued any shares during the financial year.
21. There was no buy-back of shares during the financial year.
22. The Company has not issued any preference shares/debentures and hence there was no redemption of such shares.
23. The Company has not accepted any deposits including unsecured loans during the year and hence did not attract Section 58A or Section 58AA of the Act or the directions issued by the Reserve Bank of India
24. The Company has not borrowed any money, which breached the borrowing limit of the company or attracted Section 293(1)(d) of the Act.
25. The Company has not made loans or investments, or given guarantees or provided securities to other bodies corporate which attracts the compliance with the provisions of the Act and therefore the question of making any entries in the register kept for the purpose does not arise.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the company's registered office from one state to another during the year.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the company during the year.
28. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the company during the year under scrutiny.
29. The Company has not altered its Articles of Association during the year.
30. There is no prosecution initiated against or show cause notices received by the company for any alleged offences under the Act nor any fines or penalties or any other punishment imposed on the company.
31. No money or security received from its employees during the year under certification, which attracted the provisions of section 417(1) of the Act.
32. The employees employed by the company are eligible for the benefit of Provident Fund and accordingly, the company has complied with the provisions of the Employees Provident Act and also the provisions Sec. 418 of the Act.

Place : Mumbai

FOR SHWETA GOKARN & CO.

Date : 23rd April, 2013

ACS No.: 30393

C.P. No.: 11001

MS. SHWETA A. GOKARN

**ANNEXURE “A” TO THE COMPLIANCE CERTIFICATE OF M/S. FORBES FACILITY SERVICES
PRIVATE LIMITED FOR THE FINANCIAL YEAR ENDED MARCH 31, 2013.**

Registers as maintained by the Company:

Statutory Registers

1. Register of Members u/s 150 of the Act.
2. Minute Book of Meetings of the Board of Directors under Section 193 of the Act.
3. Minute Book of General Meetings under Section 193 of the Act.
4. Register of Contracts and Disclosure of Companies/Firms in which Directors are interested under Section 301 of the Act.
5. Register of Directors under Section 303 of the Act.
6. Register of Directors shareholdings under Section 307 of the Act.
7. Books of Accounts under Section 209 of the Act.
8. Register of Charges under Section 143 of the Act

Other Registers

1. Share Transfer Register
2. Register of Director’s Attendance and members’ attendance.

**ANNEXURE “B” TO THE COMPLIANCE CERTIFICATE OF M/S. FORBES FACILITY SERVICES
PRIVATE LIMITED FOR THE FINANCIAL YEAR ENDED MARCH 31, 2013.**

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended March 31, 2013.

DOCUMENTS FILED WITH THE REGISTRAR OF COMPANIES, MAHARASHTRA, MUMBAI:

1. Form 20B for filing Annual Return for the financial year ending on March 31, 2012.
2. Form 23AC for filing Balance sheet as on March 31, 2012, & Form 23ACA for filing Profit & Loss for the financial year ended on March 31, 2012 filed in XBRL Format on January 09, 2013 vide SRN being Q05666680.
3. Form 66 for filing Compliance Certificate issued by M/s R.R. Mallar & Associates for the financial year ending on March 31, 2012, filed on November 21, 2012, vide SRN being Q00053405.
4. Form 32 for filing resignation of Mr. J. Ichhaporia filed on March 29, 2013, vide SRN being B71479935.

FORBES FACILITY SERVICES PRIVATE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORBES FACILITY SERVICES PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Forbes Facility Services Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the 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 these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for qualified opinion

- a. The Company has given unsecured loan to Forbes Concept Hospitality Services Pvt Ltd (FCHSP) of ₹ 80.78 lacs. The losses of FCHSP 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 FCHSP's ability to continue as a Going Concern and its ability to repay the loan. However, no provision has been made by the Company for loans granted. Our Audit Report on the financial statements for the year ended 31st March, 2012 contained a similar modification.
- b. Trade receivables include ₹ 1.04 crores outstanding for more than 365 days which are doubtful of recovery. No provision for the doubtful debts has been made by the Company. Our Audit Report on the financial statements for the year ended 31st March, 2012 contained a similar modification.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the basis for qualified opinion paragraph above, the financial statements give the information required by the Act 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, 2013;
- (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.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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.
- 2) As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- (c) 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;
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- (e) on the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

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

KAUSHAL MEHTA
Partner
Membership No.111749

Mumbai, Dated: 23rd April, 2013

FORBES FACILITY SERVICES PRIVATE LIMITED

ANNEXURE REFERRED TO IN OUR REPORT TO THE MEMBERS OF FORBES FACILITY SERVICES PRIVATE LIMITED ("THE COMPANY") FOR THE YEAR ENDED 31st MARCH, 2013.

- (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 are not prima facie prejudicial to the interest of the Company.
- (c) In respect of loans granted to the above party, repayment of the principal amount is doubtful and the loan given is interest free.
- (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 (iii) c above.
- (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 ₹ 465 lakhs and the year-end balance is ₹ 465 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 subsection (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.

- (c) According to the information and explanations given to us, the dues outstanding of income tax, sales-tax, wealth tax, service tax, custom duty, excise duty and cess on account of any dispute, are stated as under:

Name of Statute	Nature of Dues	Amount	Period	Forum where the dispute is pending
Income Tax Act	Income Tax	₹ 62,170	A.Y. 2010-11	Commissioner Appeals

- (x) The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has not incurred cash loss during the year. In the immediately preceding financial year the Company had incurred cash loss.
- (xi) Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks and the company has not borrowed / taken loans from any financial institutions nor has it issued any debentures.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) 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 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: 23rd April, 2013

FORBES FACILITY SERVICES PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2013

	Notes No.	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
1. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a	2	1,00,00,000	1,00,00,000
b	3	(66,31,755)	(1,89,73,602)
		33,68,245	(89,73,602)
2. Non-current liabilities			
a	4	10,24,759	6,27,201
b	5	12,42,487	10,32,574
		22,67,246	16,59,775
3. Current liabilities			
a	6	6,16,62,444	5,26,30,889
b	7	12,01,40,926	11,47,77,065
c	4	3,58,69,810	4,59,46,287
d	5	2,80,242	4,32,572
		21,79,53,422	21,37,86,813
Total		22,35,88,913	20,64,72,986
II ASSETS			
1. Non-current assets			
a			
(i)	8	5,72,86,646	5,14,43,685
b	9	1,67,484	10,58,461
c	10	4,19,26,003	3,84,23,303
d	11	15,00,000	15,00,000
		10,08,80,133	9,24,25,449
2. Current assets			
a	12	68,71,755	58,55,909
b	13	11,07,13,085	10,54,20,848
c	14	29,44,334	19,38,697
d	10	21,52,939	7,16,401
e	11	26,667	1,15,682
		12,27,08,780	11,40,47,537
Total		22,35,88,913	20,64,72,986

Significant accounting policies and notes on accounts 1-30

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 : 23rd April, 2013

S. L. Goklaney

A. V. Suresh

C. A. Karnik

Marzin Shroff

S. K. Palekar

Directors

Mumbai, Dated : 23rd April, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

	Notes No.	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
Income			
I. Revenue from operation (Net)	15	57,26,84,726	57,95,97,252
II. Other income	16	29,97,404	12,26,656
III. Total Revenue		57,56,82,130	58,08,23,908
IV. Expenses			
Cost of Services & Material Consumed	17	28,94,15,677	34,29,52,752
Employee benefit expense	18	21,05,88,205	19,46,53,482
Other expenses	19	4,37,78,783	4,57,83,596
Finance cost	20	1,00,47,393	77,37,435
Depreciation and amortisation expense	21	86,19,247	84,42,995
Total Expenses		56,24,49,305	59,95,70,260
Profit before tax		1,32,32,825	(1,87,46,352)
Tax expense			
Current tax		-	-
Deferred tax		8,90,978	-
		8,90,978	-
Profit/(Loss) for the Year		1,23,41,847	(1,87,46,352)
Earnings per equity share (₹)	22		
Basic and Diluted-Par value of ₹ 10/- per share		12.34	(18.75)
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 : 23rd April, 2013

S. L. Goklaney
A. V. Suresh
C. A. Karnik
Marzin Shroff
S. K. Palekar

Directors

Mumbai, Dated : 23rd April, 2013

FORBES FACILITY SERVICES PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

	2012-13		2011-12	
	₹	₹	₹	₹
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		1,32,32,825		(1,87,46,352)
Adjusted For -				
Depreciation, amortisation and impairment	86,19,247		84,42,995	
Unclaimed balances/ excess provision written back	(21,47,411)		(9,39,833)	
(Profit)/ loss on sale of assets (net)	64,753		1,13,242	
Finance cost	1,00,47,393		77,37,435	
Interest income	(7,00,630)		(1,34,956)	
Provision / write-off of doubtful debts, advances and other current assets	68,07,436		40,35,334	
		2,26,90,788		1,92,54,217
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		3,59,23,613		5,07,865
Adjustments for (increase)/ decrease in operating assets:				
Trade Receivables	(1,20,99,673)		(1,83,64,490)	
Inventories	(10,15,846)		(13,22,319)	
Short Term Loans and advances	(14,36,538)		(3,31,627)	
Long -Term Loans and advances	(6,50,681)		(52,68,088)	
Other current assets	-		(1,12,362)	
Other non -current assets	-		(7,63,583)	
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	34,21,470		3,70,84,515	
Other current liabilities	(1,00,76,477)		1,32,00,293	
Other long term liabilities	3,97,557		(1,17,853)	
Short Term Provisions	(1,52,330)		(1,27,459)	
Long -Term Provisions	2,09,913		6,51,623	
		(2,14,02,605)		2,45,28,650
Cash generated from operations		1,45,21,008		2,50,36,515
Direct Taxes Paid (net of refunds)		(28,52,019)		(1,19,84,502)
(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITIES		1,16,68,989		1,30,52,013
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets(Including adjustment on account of Capital Advances)	(1,07,74,036)		(1,89,01,018)	
Sale of Fixed Assets	3,36,877		12,79,654	
Interest Received	7,89,645		1,34,956	
(b) NET CASH FROM /(USED IN) INVESTING ACTIVITIES		(96,47,514)		(1,74,86,408)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	2012-13		2011-12	
	₹	₹	₹	₹
CASH FLOW FROM FINANCING ACTIVITIES				
Net increase / (decrease) in working capital borrowings	90,31,555		1,34,59,374	
Finance cost	(1,00,47,393)		(77,37,435)	
(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES		(10,15,838)		57,21,939
NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)		10,05,637		12,87,544
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :				
Cash , Cheques on hand	8,20,377		2,92,764	
Balances with scheduled banks on Current accounts,	11,18,320		3,58,389	
		19,38,697		6,51,153
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash , Cheques on hand	5,66,885		8,20,377	
Balances with scheduled banks on Current accounts,	23,77,449		11,18,320	
		29,44,334		19,38,697
NET INCREASE /(DECREASE) AS DISCLOSED ABOVE		10,05,637		12,87,544

Per our report attached

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

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, Dated : 23rd April, 2013

S. L. Goklaney
A. V. Suresh
C. A. Karnik
Marzin Shroff
S. K. Palekar

} Directors

Mumbai, Dated : 23rd April, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013**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 Weighted Average method of valuation. Obsolete / Slow moving inventories are adequately provided for.

(e) Revenue Recognition

Income from Services are recognised proportionately over the period in which services are rendered based on the agreement/ arrangement with the customer and recorded net of VAT and Service tax.

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

(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 Statutory Provident Fund on actual liability basis .

The obligation in respect of defined benefit plan i.e. Gratuity are provided for on the basis of an actuarial valuation,using the projected unit credit method at the end of each financial year.

Compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method at the end of each financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES (Contd.)****(h) Taxation**

Income Taxes are accounted for in accordance with Accounting Standard 22 “Accounting for Taxes on Income” notified under the Companies (Accounting Standard) Rules 2006. Income Tax comprises both current and deferred tax. Current tax is measured on the basis of estimated income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax is recognised on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(i) 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.

(j) 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.

FORBES FACILITY SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013		As at 31 st March, 2012	
	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 31 st March, 2013		As at 31 st March, 2012	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹ 10/- each fully paid up held by				
Eureka Forbes Limited	10,00,000	100%	10,00,000	100%
Holding company				

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 ensuing 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, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
3. (DEFICIT)/ SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
Balance at the beginning of the year	(1,89,73,602)	(2,27,250)
Add / (less): Profit/ (loss) for the year	1,23,41,847	(1,87,46,352)
Balance at the end of the year	(66,31,755)	(1,89,73,602)
Net deficit in the statement of Profit and Loss	(66,31,755)	(1,89,73,602)

	Long-term		Current	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
4. OTHER LIABILITIES				
Deposit from Employees	10,24,759	6,27,201	2,32,400	94,133
Statutory liabilities (Contributions to PF, Pension, ESIC, withholding Taxes, VAT etc.)	-	-	1,07,68,419	2,46,53,745
Employee Dues	-	-	2,39,06,978	2,01,02,264
Other payables	-	-	9,62,013	10,96,145
Total	10,24,759	6,27,201	3,58,69,810	4,59,46,287

	Long-term		Short-term	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
5. PROVISIONS				
Provision for employee benefits				
Gratuity (note.25)	10,35,893	6,93,217	88,791	65,775
Leave encashment (note.25)	2,06,594	3,39,357	1,91,451	3,66,797
Total	12,42,487	10,32,574	2,80,242	4,32,572

FORBES FACILITY SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	Secured/ Unsecured	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
6. SHORT-TERM BORROWINGS			
Loans repayable on demand :			
From banks	Secured	1,51,62,444	3,11,30,889
ICD from related parties	Unsecured	4,65,00,000	2,15,00,000
Total		6,16,62,444	5,26,30,889

- 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 13.25% p.a.

	Long-term		Current	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
7. TRADE PAYABLES				
Trade payables (including acceptances)				
– Due to Micro, Small & Medium Enterprises	–	–	6,81,599	12,74,390
– Others	–	–	5,90,49,517	6,15,53,975
Trade payables (including acceptances) to related parties	–	–	6,04,09,810	5,19,48,700
TOTAL	–	–	12,01,40,926	11,47,77,065

There is no principal amount and interest overdue to Micro, Small & Medium Enterprises. During the year no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

8. TANGIBLE ASSETS

Gross Block at Cost	Plant and Equipment ₹	Furniture and fixtures ₹	Vehicles ₹	Computers ₹	Electrical ₹	Office Equip ₹	Total ₹
As At 1 April 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	<u>7,50,41,667</u>	<u>5,55,396</u>	<u>28,83,898</u>	<u>23,04,456</u>	<u>1,19,226</u>	<u>2,04,835</u>	<u>8,11,09,478</u>
Additions	1,38,98,199	–	5,99,900	3,65,739	–	–	1,48,63,838
Deletions	(5,37,475)	(39,698)	–	(1,15,570)	–	(8,00)	(6,92,751)
As at 31 March 2013	<u>8,84,02,391</u>	<u>5,15,698</u>	<u>34,83,798</u>	<u>25,54,625</u>	<u>1,19,226</u>	<u>2,04,827</u>	<u>9,52,80,565</u>
Depreciation							
As at 1 April 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)	(1,593,829)
As at 31 March 2012	<u>2,67,19,390</u>	<u>2,92,790</u>	<u>8,83,091</u>	<u>16,00,914</u>	<u>69,886</u>	<u>99,722</u>	<u>2,96,65,793</u>
Charge for the year	76,92,936	47,532	5,22,264	3,35,031	6,864	14,620	86,19,247
Deletions	(1,71,342)	(39,699)	–	(80,080)	–	–	(2,91,121)
As at 31 March 2013	<u>3,42,40,984</u>	<u>3,00,623</u>	<u>14,05,355</u>	<u>18,55,865</u>	<u>76,750</u>	<u>114,342</u>	<u>3,79,93,919</u>
Net Block							
As at 31 March 2012	<u>4,83,22,277</u>	<u>2,62,606</u>	<u>20,00,807</u>	<u>7,03,542</u>	<u>49,340</u>	<u>105,113</u>	<u>5,14,43,685</u>
As at 31 March 2013	<u>5,41,61,407</u>	<u>2,15,075</u>	<u>20,78,443</u>	<u>6,98,760</u>	<u>42,476</u>	<u>90,485</u>	<u>5,72,86,646</u>

FORBES FACILITY SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**9. DEFERRED TAX ASSETS (NET)**

	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
	<hr/>	<hr/>
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	12,83,816	19,94,080
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.	—	—
Gross deferred tax asset	12,83,816	19,94,080
Deferred tax liability		
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.	11,16,332	9,35,619
Gross deferred tax liability	11,16,332	9,35,619
Net deferred tax asset	1,67,484	10,58,461

The Company has unabsorbed depreciation and losses under Income tax laws during the year. The Company has not recognised 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, 2013

	Long-term		Short-term	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
10. LOANS AND ADVANCES				
Security deposits				
Secured, considered good	45,31,431	38,80,750	–	–
	45,31,431	38,80,750	–	–
Less : Provision for doubtful security deposits	–	–	–	–
	45,31,431	38,80,750	–	–
Loans and advances to related parties				
Unsecured, considered good	80,78,565	80,78,565	–	–
	80,78,565	80,78,565	–	–
Other loans and advances				
Unsecured considered good, unless stated otherwise				
Loans to employees	–	–	3,67,055	87,288
Prepaid expenses	–	–	5,66,998	4,17,159
Advance income-tax (Net of provision of taxation)	2,93,16,007	2,64,63,988	–	–
Advances recoverable in cash or kind	–	–	12,18,886	2,11,954
	2,93,16,007	2,64,63,988	21,52,939	7,16,401
Total	4,19,26,003	3,84,23,303	21,52,939	7,16,401

	Non Current		Current	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
11. OTHER ASSETS				
Unsecured considered good, unless otherwise stated				
Interest accrued on fixed deposits	–	–	26,667	1,15,682
Other Bank balances (Note 14)	15,00,000	15,00,000	–	–
	15,00,000	15,00,000	26,667	1,15,682
Less : Provision for doubtful other assets	–	–	–	–
	15,00,000	15,00,000	26,667	1,15,682

FORBES FACILITY SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013		As at 31 st March, 2012	
	₹		₹	
12. INVENTORIES				
Foods & Beverages		23,34,220		10,62,070
Spares & Consumables		45,37,535		47,93,839
		68,71,755		58,55,909
	Non Current		Current	
	As at 31 st March, 2013	As at 31 st March, 2012	As at 31 st March, 2013	As at 31 st March, 2012
	₹	₹	₹	₹
13. TRADE RECEIVABLES				
Debts outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	–	–	1,61,22,971	1,44,49,465
	–	–	1,61,22,971	1,44,49,465
Less : Provision for doubtful debts	–	–	–	–
	–	–	1,61,22,971	1,44,49,465
Other debts				
Unsecured, considered good	–	–	9,30,59,113	9,07,72,510
Debts due from related parties, unsecured	–	–	15,31,001	1,98,873
	–	–	9,45,90,114	9,09,71,383
Less : Provision for doubtful debts	–	–	–	–
	–	–	9,45,90,114	9,09,71,383
Total	–	–	11,07,13,085	10,54,20,848
	Non Current		Current	
	As at 31 st March, 2013	As at 31 st March, 2012	As at 31 st March, 2013	As at 31 st March, 2012
	₹	₹	₹	₹
14. CASH AND BANK BALANCE				
Cash and Cash Equivalents:				
Balance with banks in				
Current accounts	–	–	16,29,256	3,25,147
Cash on hand	–	–	5,66,885	8,20,377
	–	–	21,96,141	11,45,524
Other bank balances				
Balance in banks for margin money*	15,00,000	15,00,000	–	–
Deposits with original maturity of more than 3 months but less than 12 months	–	–	7,48,193	7,93,173
	15,00,000	15,00,000	7,48,193	7,93,173
Amount disclosed under non-current assets (note 11)	(15,00,000)	(15,00,000)	–	–
Total	–	–	29,44,334	19,38,697

* Margin Money Deposit given as Security against Bank Guarantee

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
15. REVENUE FROM OPERATION		
Sale of services - Cleaning	42,52,25,844	40,85,98,943
Sale of Foods & Beverages	14,74,58,882	17,09,98,309
Revenue from operations	57,26,84,726	57,95,97,252
16. OTHER INCOME		
Interest income on :		
Bank deposits	83,338	1,27,891
Others	6,17,292	7,065
Excess Provision Written Back	21,47,411	9,39,833
Miscellaneous Income	1,49,363	1,51,867
	29,97,404	12,26,656
17. COST OF SERVICES AND MATERIAL CONSUMED		
Cost of Services	15,47,13,893	18,52,15,458
Consumption of Consumables		
Inventory at the beginning of the year	47,93,839	24,70,808
Add : Purchases	2,69,77,314	3,65,12,540
	3,17,71,153	3,89,83,348
Less : Inventory at the end of the year	45,37,535	47,93,839
	2,72,33,618	3,41,89,509
Consumption of Foods & Beverages		
Inventory at the beginning of the year	10,62,070	20,62,782
Add : Purchases	10,87,40,316	12,25,47,073
	10,98,02,386	12,46,09,855
Less : Inventory at the end of the year	23,34,220	10,62,070
	10,74,68,166	12,35,47,785
Total	28,94,15,677	34,29,52,752

FORBES FACILITY SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
18. EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	17,88,46,987	16,96,29,789
Contribution to provident and other fund	2,03,39,748	1,58,16,536
Staff welfare expense	1,14,01,470	92,07,157
	21,05,88,205	19,46,53,482
19. OTHER EXPENSES		
Electricity	6,60,866	8,21,865
Rent	84,53,873	72,95,784
Repairs and Maintenance		
Machinery	9,91,348	11,69,840
Others	5,00,503	3,93,920
Insurance	14,43,037	17,69,468
Advertisement	4,66,546	6,28,285
Selling and Sales Promotion	–	39,28,693
Freight, Forwarding and Delivery	14,639	19,537
Payment to Auditors (Refer details Below)	2,43,730	1,96,180
Printing and Stationery	13,20,616	16,99,202
Communication cost	29,68,063	29,16,184
Travelling and Conveyance	72,25,635	73,50,076
Legal and Professional Fees	28,58,136	36,40,686
Vehicle Expenses and Maintenance	8,84,960	18,88,125
Rates and taxes, excluding taxes on income	20,64,151	5,17,311
Information Technology Expenses	34,85,875	32,36,616
Other Establishment Expenses	32,79,616	41,18,248
Directors' Sitting Fees	45,000	45,000
Bad Debts/Advances Written-Off	68,07,436	40,35,334
Loss on sale of fixed assets (net)	64,753	1,13,242
	4,37,78,783	4,57,83,596
Payment to auditors		
As auditor		
Audit fee	1,66,180	1,66,180
Tax audit fee	30,000	30,000
For other services	45,000	–
Reimbursement of expenses	2,550	–
	2,43,730	1,96,180

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
20. FINANCE COST		
Interest expense	1,00,47,393	77,37,435
	1,00,47,393	77,37,435
21. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on tangible assets	86,19,247	84,42,995
Amortization on intangible assets	-	-
	86,19,247	84,42,995
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	1,23,41,847	(1,87,46,352)
Basic and Diluted Earning Per Share	₹ 12.34	₹ -18.75
23. Contingent Liabilities and Commitments (to the extend not provided for)		
A. Contingent Liabilities :		
i) Disputed Income tax Demand ₹ 0.62 lacs (Previous Year: Nil)		
B. Commitments :		
i) Bank Guarantees issued for performance contracts on behalf of the Company ₹ 168.45 lacs (Previous Year: ₹ 47.71 lacs)		
24. Remittance in Foreign Currency on account of Travel ₹ 0.78 lacs (Previous Year: Nil)		
25. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below :		
Defined Contribution Plan	FY 2012-13	FY 2011-12
Employers contribution to Provident fund	₹ 35,00,812	₹ 29,41,084
Employers contribution to Pension fund	₹ 76,85,706	₹ 68,16,419
Defined Benefit Plan		
(a) Change in Benefit Obligation Leave	Gratuity (Non Funded)	Encashment (Non Funded)
Defined benefit obligation at the beginning of the year	7,58,9992	7,06,153
Current Service cost	2,90,775	2,85,094
Interest Cost	60,719	56,492
Actuarial (gain)/loss on obligations	1,35,526	56,459
Benefit Paid	1,21,328	7,06,153
Defined benefit obligation at the end of the year	11,24,684	3,98,045

FORBES FACILITY SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(b) Expenses recognized during the year (Under the Head “Payment to and Provision for Employees” – Schedule I)		
Current Service cost	2,90,775	2,85,094
Interest Cost	60,719	56,492
Actuarial (gain)/loss on obligations	1,35,526	56,459
Expense Recognized in the Statement of profit & loss	4,87,020	3,98,045
(c) Assumptions used in the accounting for defined benefit plans		
Discount Rate	8.00%	8.00%
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.

26. 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**

27. The company’s business consist of a single segment viz. Facility Management Services.

28. The Company has outstanding Loans and advances of ₹ 80,78,565 receivable from M/s. Forbes Concept Hospitality Services Private Limited. In the Opinion of the Management since, the company is under revival and expected to start catering business in overseas markets no provision has been made by the Management for the above loan.

29. The company has taken various residential / commercial premises under cancelable operating lease included in the profit & loss account for the year is ₹ 84.54 Lakhs (Previous Year ₹ 72.96 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.

30. Previous Year figures have been regrouped or rearranged wherever necessary

Per our report attached

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

KAUSHAL MEHTA
Partner
Membership No. : 111749

Mumbai, Dated : 23rd April, 2013

S. L. Goklaney
A. V. Suresh
C. A. Karnik
Marzin Shroff
S. K. Palekar

} *Directors*

Mumbai, Dated : 23rd April, 2013

ANNEXURE – I

Details required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India - referred in note no.10 in Schedule K to the Accounts for the year ended 31st March, 2013.

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

A. Holding Company / Ultimate Holding Company

- Shapoorji Pallonji & Co. Ltd (Ultimate Holding Company)
- Forbes & Company Ltd. (Holding Company of Eureka Forbes Ltd)
- Eureka Forbes Limited (Holding Company)

B. Fellow Subsidiaries

- Aquamall Water Solutions Limited

C. Enterprises that are under common control.

- Forvol International Services Ltd.
- Shapoorji Pallonji Infrastructure Capital Co. Ltd.
- Forbes Concept Hospitality Services Ltd
- Forbes Aqutech Ltd.

FORBES FACILITY SERVICES PRIVATE LIMITED

ANNEXURE – II

Details required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India - referred in note no.10 in Schedule K to the Accounts for the year ended 31st March, 2013.

Transactions with Related Parties

	Nature of Transactions	Related Party		
		Refer A	Refer B	Refer C
1	Purchases			
	Goods and Materials :			
	Eureka Forbes Limited	34,37,559	–	–
	Total	34,37,559	–	–
	Fixed Asset :			
	Eureka Forbes Limited	1,36,18,812	–	–
	Total	1,36,18,812	–	–
2	Sales			
	Service Rendered :			
	Shapoorji Pallonji & Co Ltd	77,39,891	–	–
	Forbes & Company Ltd	1,05,309	–	–
	Eureka Forbes Ltd	1,93,64,542	–	–
	Aquamall Water Solution Ltd	–	36,65,706	–
	Forvol International Services Ltd.	–	–	1,39,314
	Shapoorji Pallonji Infrastructure Capital Co. Ltd.	–	–	3,08,133
	Forbes Aquatech Ltd	–	–	3,48,582
	Total	2,72,09,744	36,65,706	7,96,029
3	Expenses			
	Management Consultancy:			
	Eureka Forbes Limited	39,16,729	–	–
	Total	39,16,729	–	–
	Rent & Other Services :			
	Eureka Forbes Limited	16,25,482	–	–
	Aquamall Water Solution Ltd	–	70,771	–
	Forvol International Services Ltd.	–	–	13,91,962
	Total	16,25,482	70,771	13,91,962

ANNEXURE – II (Contd..)

	Nature of Transactions	Related Party		
		Refer A	Refer B	Refer C
	Interest :			
	Eureka Forbes Ltd	59,09,794	–	–
	Total	59,09,794	–	–
4	Finance			
	ICD Taken :			
	Eureka Forbes Ltd	2,50,00,000		
	Total	2,50,00,000	–	–
5	Outstanding			
	Payable :			
	Eureka Forbes Ltd	6,02,87,486	–	–
	Forvol International Services Ltd	–	–	1,44,916
	Total	6,02,87,486	–	1,44,916
	Receivables :			
	Shapoorji Pallonji & Co Ltd	8,35,604	–	–
	Forbes & Company Ltd	1,05,309	–	–
	Aquamall Water Solution Ltd	–	3,02,559	–
	Forvol International Services Ltd.	–	–	25,468
	Shapoorji Pallonji Infrastructure Capital Co. Ltd.	–	–	25,156
	Forbes Aquatech Ltd	–	–	35,071
	Total	9,40,913	3,02,559	85,695
	Loans and Advances given:			
	Forbes Concept Hospitality Services Ltd	–	–	80,78,565
	Total	–	–	80,78,565
	Loans and Advances Taken			
	Eureka Forbes Ltd	4,65,00,000	–	–
	Total	4,65,00,000	–	–

FORBES TECHNOSYS LIMITED

(a wholly owned Subsidiary Company of Forbes Campbell Finance Limited)

Annual Report and Accounts
for the year ended 31st March, 2013

DIRECTORS:

Ashok Barat

Chairman

C.A.Karnik

(upto 30.6.2013)

Amit Mittal

(upto 28.6.2013)

S. Kupuswamy

Pallon S. Mistry

Ajay Singh

(w.e.f. 1.6.2013)

Executive Director

Shrikrishna M. Bhave

(w.e.f. 27.6.2013)

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, 2013.

1. FINANCIAL RESULTS:

	Current Year ₹ in lakhs	<i>Previous Year</i> ₹ in lakhs
Revenue	16901.27	9118.78
Profit /(Loss) after Tax	26.45	(882.53)
Add: Balance brought forward	(2069.65)	(1187.12)
Balance carried to Balance Sheet	(2043.20)	(2069.65)

2. OPERATIONS, FUTURE PLANS AND STRATEGY

During the last one year the Company has made great strides in multiple dimensions:

- There has been a sharp increase (83%) in the Company's turnover to ₹ 169.01 crores (previous year ₹ 91.75 crores). Growth was witnessed across our business verticals and product range, specifically Kiosks and Recharge.
- Against a loss of ₹ 8.83 crores in the previous year, the Company has reported a profit after taxation of ₹ 0.26 crores.
- Customer confidence in the Company's solutions has grown significantly and, during the year, the Company witnessed strong order booking and successful execution thereof from Punjab National Bank, State Bank of India and associate banks, TATA Motor Finance, United Bank of India, Central Bank of India, Andhra Bank, Central Railways, Maharashtra Tourism, TATA Starbucks, etc.
- During the year the Company has established leadership in e-lobbies, Cash Deposit Kiosks, Passbook Printing Kiosks, Ticket Vending Kiosks and Information Kiosks and also made a successful entry into Enterprise mobility, Q Management, Currency Sorters and Coin Vending Machines. The Company also received orders from Tanzania and Nepal.
- The Company continues to receive National and International recognitions in the form of several awards including **iCMG Global Excellence Award for Cloud Technologies, e-world Award for Use of ICT in PSUs, Stars of the Industry Awards for Manufacturing Excellence, e-India Awards for Judicial Franking in Bihar, Nominated in Top 30 Rural Innovations for NABARD (National Bank for Agricultural & Rural Development Award and the AIMA (All India Management Association) Award for Breakthrough Innovations.**
- AIMA has published the case study of the Company's "Cloud based e-distribution for e-services" in a book titled "Breakthrough Innovations"–Innovative

Practices across India. The Megabanker and the Nanobanker-two products targeted at the Banking Industry, received the prestigious **India Design Mark.**

- The Company's new manufacturing facility for manufacture of Kiosks and ATMs was set up in Kalher, Thane and production of kiosks and ATMs increased by 300 % over the previous year. Further expansion of the facility is in progress to cater to increasing demand.
- To create a platform for long term profitable growth, the Company continues to follow a five point strategy which consists of the following:
 - Create and target profitable business opportunities
 - Cutting the bleed in non-productive areas/activities
 - Enhancing and improving Customer experience
 - Proactive Cash Flow Management
 - Implement Sustainable and environment friendly processes

3. DIRECTORATE:

Mr. Amit Mittal and Mr. C. A. Karnik have resigned from the Board with effect from 28th June, 2013 and 1st July, 2013 respectively. The Board places on record their sincere appreciation to the services rendered by Mr. Amit Mittal and Mr. C. A. Karnik.

Mr. Shrikrishna M. Bhave was appointed Additional Director on the Board of Directors of the Company with effect from 27th June, 2013. Pursuant to section 260 of the Companies Act, 1956, he holds office upto the date of the forthcoming Annual General Meeting and a notice, in writing has been received from a shareholder under section 257 of the Act along with a deposit signifying intention to propose him as a candidate for appointment as Director.

The Company has appointed Mr. Ajay Singh, who has been with the company as the CEO, as the Executive Director, effective from 1st June, 2013. Mr. Ajay Singh brings with him a rich experience in operations, marketing and general management.

Mr. S. Kuppuswamy retires from the Board of Directors by rotation and is eligible for re-appointment at the ensuing Annual General Meeting. Directors recommend their appointment.

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.

The cost accounts of the Company are required to be audited for financial year 2013-2014, by a Cost Accountant. Y.S. Gokhale & Associates, Cost Accountants are appointed, subject to approval of the Central Government, for conducting the audit of the cost accounts of the Company for the year ending 31st March, 2014.

5. PARTICULARS REGARDING EMPLOYEES :

The particulars of employees, as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are attached hereto and form part of this Report.

6. DIRECTORS' RESPONSIBILITY STATEMENT :

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

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

- b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period ;

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

- d) that they have prepared the annual accounts on a going concern basis.

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

The required particulars are annexed hereto which forms a part of this Report.

For and on behalf of
the Board of Directors

Ashok Barat
Chairman

Dated : 1st July, 2013

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	₹ 31,46,109
Used	₹ 21,18,81,219

FORBES TECHNOSYS LIMITED

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, 2013

Sr. No.	Name of the employee	Designation and Nature of duties	Remuneration ₹	Qualifications	Experience (Years)	Date of commencement of employment	Age (In Years)	Previous Employment and Designation
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
[A]	Particulars of employees employed throughout the year and who are in receipt of remuneration in the aggregate of not less than ₹ 60,00,000/- per annum.							
1.	Mr. Ajay Singh	VP & CEO	98,39,700	M.Sc, PGDCS, DIM	35	11.12.2007	54	Director Product Management Vistaar Technologies Inc.

[B] There were no employees employed for part of the year who were in receipt of remuneration in the aggregate of not less than ₹ 500,000/- p.m.

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 - applicable as per Company's Rules/Schemes:
 - (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 employee is not related to any Director of the Company.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FORBES TECHNOSYS LIMITED**Report on the Financial Statements**

We have audited the accompanying financial statements of FORBES TECHNOSYS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 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 the accounting policies used and the reasonableness of the 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 and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the 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, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria
Partner

(Membership No. 42791)

Place : Mumbai
Dated : 6th May, 2013

FORBES TECHNOSYS LIMITED

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business / activities / results during the year, clauses (vi), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - 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 inventories:
- As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - 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.
 - 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) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size 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:
- The Company has generally been regular in depositing undisputed Statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

Statutory due with respect to Investor Education and Provident Fund and Wealth tax are not applicable to the Company.
 - There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.
 - Details of Dues of Excise Duty and Cess which have not been deposited as on 31st March, 2013 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹)
Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise (Appeals)	2011-12	318,949

- (x) The accumulated losses of the Company at the end of the financial year are not more than fifty per cent of its net worth and the Company has incurred cash losses only during the preceding year but has not incurred any cash loss during the current 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 financial institutions and banks.
- (xii) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year 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 of the Company, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)

Place : Mumbai
Dated : 6th May, 2013

Z. F. Billimoria
Partner
(Membership No. 42791)

FORBES TECHNOSYS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Notes No.	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	2	438,972,000	238,972,000
(b) Reserves and surplus	3	(204,320,459)	(206,965,367)
		<u>234,651,541</u>	<u>32,006,633</u>
2. Non-current liabilities			
(a) Long-term borrowings	4	100,000,000	24,172,999
(b) Other long-term liabilities	5	5,532,770	5,732,770
(c) Long-term provisions	6	6,158,084	2,106,904
		<u>111,690,854</u>	<u>32,012,673</u>
3. Current liabilities			
(a) Short-term borrowings	7	235,172,646	196,734,078
(b) Trade payables	8	286,862,945	179,253,327
(c) Other current liabilities	9	30,597,797	34,400,022
(d) Short-term provisions	10	6,311,791	4,352,110
		<u>558,945,179</u>	<u>414,739,537</u>
TOTAL		<u>905,287,574</u>	<u>478,758,843</u>
B. ASSETS			
1. Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		48,433,768	46,549,272
(ii) Intangible assets		16,892,267	18,912,258
		<u>65,326,035</u>	<u>65,461,530</u>
(iii) Capital work-in-progress		11,537,400	16,155,340
(iv) Intangible assets under development		109,984,035	19,905,084
		<u>186,847,470</u>	<u>101,521,954</u>
(b) Long-term loans and advances	12	9,691,368	6,227,821
		<u>9,691,368</u>	<u>6,227,821</u>
2. Current assets			
(a) Inventories	13	115,058,696	80,139,135
(b) Trade receivables	14	519,223,395	242,373,141
(c) Cash and cash equivalents	15	29,732,640	22,682,219
(d) Short-term loans and advances	16	43,761,963	25,048,824
(e) Other current assets	17	972,042	765,749
		<u>708,748,736</u>	<u>371,009,068</u>
TOTAL		<u>905,287,574</u>	<u>478,758,843</u>

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 : 6th May, 2013

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, 2013

Particulars	Notes No.	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
A. CONTINUING OPERATIONS			
1. Revenue from operations (gross)	18	1,733,428,355	917,450,275
Less : Excise duty	18	64,984,588	19,238,724
Revenue from operations (net)		1,668,443,767	898,211,551
2. Other income	19	21,683,963	13,666,929
3. Total revenue (1+2)		<u>1,690,127,730</u>	<u>911,878,480</u>
4. Expenses			
(a) Cost of materials consumed	20.a	377,111,491	123,287,355
(b) Purchases of traded goods	20.b	938,342,435	560,643,150
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20.c	(24,023,914)	335,040
(d) Employee benefits expense	21	77,722,843	81,699,627
(e) Finance costs	22	40,151,329	22,802,307
(f) Depreciation and amortisation expense	11	21,251,508	16,317,320
(g) Other expenses	23	256,927,130	195,046,732
Total expenses		<u>1,687,482,822</u>	<u>1,000,131,531</u>
5. Loss for the year from continuing operations (3 - 4)		<u>2,644,908</u>	<u>(88,253,051)</u>
6. Earnings per share (of ₹ 10/- each):			
Basic and Diluted	34	(0.96)	(8.36)

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 : 6th May, 2013

For and on behalf of the Board of Directors

Ashok Barat }
C.A. Karnik }
Amit Mittal }
S. Kuppaswamy }
Pallon S. Mistry }

Chairman
Directors

V.K. Vora }
Company Secretary

FORBES TECHNOSYS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
	₹	₹	₹	₹
NET PROFIT/ (LOSS) BEFORE TAX		2,644,908		(88,253,051)
Depreciation	21,251,508		16,317,320	
Interest Income	(861,115)		(1,084,228)	
Finance Cost	40,151,329		22,802,307	
Share issue expenses	2,177,645		613,394	
Loss on disposal of Fixed Assets	518,686		202,920	
Liabilities/provisions no longer required written back	(20,597,068)		(12,219,228)	
Loans and advances written off	–		424,733	
Bad Debts written off	132,506		3,033,131	
Provision for Employee Benefits	6,010,861		(944,663)	
		48,784,352		29,145,686
OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES				
Changes in working capital:		51,429,260		(59,107,365)
Adjustments for increase/(decrease) in operating assets:				
Trade and Other Receivables	(276,982,760)		(131,045,158)	
Long Term Loans and Advances	(196,826)		27,533	
Short Term Loans and Advances	(16,071,472)		(2,374,486)	
Inventories	(34,919,561)		5,963,671)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade Payables	125,565,018		54,163,915	
Other Current Liabilities	10,801,063		3,588,444	
Other Long Term Liabilities	(200,000)		(2,179,183)	
		(192,004,538)		(83,782,606)
CASH USED IN OPERATING ACTIVITIES		(140,575,278)		(142,889,971)
Less : Taxes Paid		3,266,721		1,498,788
(a) NET CASH USED IN OPERATING ACTIVITIES		(143,841,999)		(144,388,759)
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (including adjustments on account of capital work-in-progress and capital advances)	(107,095,709)		(24,077,730)	
Bank balances not considered as cash and cash equivalents	5,248,221		(7,357,797)	
Interest Received	654,822		1,073,315	
(b) NET CASH USED IN INVESTING ACTIVITIES		(101,192,666)		(30,362,212)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
	₹	₹	₹	₹
CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long Term Borrowings	100,000,000		29,600,000	
Repayment of Long Term Borrowings	(38,832,999)		(12,341,000)	
Proceeds from issue of Equity Shares	–		50,000,000	
Proceeds from issue of Preference Shares	200,000,000		–	
Share Issue Expenses	(2,177,645)		(613,394)	
Proceeds from Short term Borrowings	219,438,568		128,964,293	
Repayment of Short Term Borrowings	(181,000,000)		–	
Interest and other finance charges paid	(40,094,617)		(22,802,307)	
(c) NET CASH FROM FINANCING ACTIVITIES		257,333,307		172,807,592
(d) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (a)+(b)+(c)		12,298,642		(1,943,379)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,156,388		5,099,767
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		15,455,030		3,156,388
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 15)		29,732,640		22,682,219
Less : Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements				
(i) In deposit accounts with original maturity of more than 3 months		1,710,627		1,725,038
(ii) In earmarked accounts - Balances held as margin money (Ref Note (iii) below)		12,566,983		17,800,793
Net Cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i>) included in Note 15		15,455,030		3,156,388
Cash and cash equivalents at the end of the year				
Comprises of:				
(a) Cash on hand	63,429		223,159	
(b) Balances with banks\				
(i) In current accounts	15,391,601		2,933,229	
(ii) In cash credit accounts	–		–	
		15,455,030		3,156,388

Notes:

- 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.
- The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discontinuing operations.
- 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**
PartnerMumbai, Dated : 6th May, 2013

For and on behalf of the Board of Directors

Ashok Barat }
C.A. Karnik }
Amit Mittal }
S. Kuppaswamy }
Pallon S. Mistry }
Chairman
Directors

V.K. Vora

Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**1. 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, to comply with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

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, including contingent liabilities and reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

c) Revenue recognition**(i) Sale of goods :**

Sales are recognised, when goods are dispatched. Sales include excise duty but exclude sales tax and value added tax.

(ii) Income from Recharge sales :

Revenue on sale of recharge recognised when the pins are downloaded by the customer.

(iii) Sale of services :

Service revenue is recognised on rendering of services or as per contractual arrangement. The revenue from maintenance contracts is recognised on accrual basis and advance received in respect of future period is accounted for as Income received in Advance.

(iv) Other income :

Interest income is accounted on accrual basis.

d) Fixed assets and depreciation / amortisation**(i) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation / impairment losses, if any. The cost of tangible fixed asset comprises its purchase price and net of any trade discounts and rebates, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and borrowing cost attributable to acquisition of qualifying assets up to the date of capitalisation is added to the cost of the assets (if any).

Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Intangible assets under development:

Expenditure on development (Refer Note: d (ii) below) eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

(ii) Intangible Assets

Intangible assets, being computer software, are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price (net of any trade discounts and rebates), implementation cost for internal use (including software coding, installation, testing and certain data conversion) and any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred, unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset. Research costs are charged to Statement of Profit and Loss, when incurred.

e) 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.

f) Depreciation and Amortisation :

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under:

(a) Vehicles	-	4 years
(b) Computers and Data processing equipment	-	5 years

Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation.

Intangible assets are amortised over their estimated useful life as follows:

(a) Software	-	5 years
(b) Other intangibles	-	3 years /5 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

g) 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. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the Financial Statements

h) Inventories

Inventories are valued at the lower of the 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)	Raw and packing materials	Standard cost adjusted for variances based on weighted average purchase price
(ii)	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
(iii)	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) Taxes on income

Current Tax is the 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 differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax Assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other Deferred Tax Assets are recognised if there is reasonable certainty that there will be sufficient future taxable income to realise such assets. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

j) 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.

k) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

l) Employee benefits

(i) Defined contribution plans :

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made.

(ii) Defined benefit plans :

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

(iii) Compensated absences :

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

m) 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".

n) 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.

o) 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.

p) Provision for warranty

The Company provides its customers with a fixed-period warranty for post-sales support on some of its fixed-price contracts for Kiosk and other machines. Costs associated with such support services are recorded as and when such services are provided to the customer and included in cost of sales.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	Number of shares	₹	Number of shares	₹
2. SHARE CAPITAL				
(a) Authorised				
Equity shares of ₹ 10/- each with voting rights	12,000,000	120,000,000	12,000,000	120,000,000
Optionally Convertible Redeemable Preference Shares of ₹ 10 each	12,000,000	120,000,000	12,000,000	120,000,000
Compulsory Convertible Optionally Redeemable Preference Shares of ₹ 10 each.	20,000,000	200,000,000	–	–
(b) Issued				
Equity Shares of ₹ 10 each with voting rights	11,897,200	118,972,000	11,897,200	118,972,000
Optionally Convertible Redeemable Preference Shares of ₹ 10 each	12,000,000	120,000,000	12,000,000	120,000,000
Compulsory Convertible Optionally Redeemable Preference Shares of ₹ 10 each	20,000,000	200,000,000	–	–
(c) Subscribed and fully paid up				
Equity Shares of ₹ 10 each with voting rights	11,897,200	118,972,000	11,897,200	118,972,000
Optionally Convertible Redeemable Preference Shares of ₹ 10 each	12,000,000	120,000,000	12,000,000	120,000,000
Compulsory Convertible Optionally Redeemable Preference Shares of ₹ 10 each	20,000,000	200,000,000	–	–
Total		438,972,000		238,972,000

(i) 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, 2013			
– Number of shares	11,897,200	–	11,897,200
– Amount	118,972,000	–	118,972,000
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
Optionally Convertible Redeemable Preference Shares :			
Year ended 31 March, 2013			
– Number of shares	12,000,000	–	12,000,000
– Amount	120,000,000	–	120,000,000
Year ended 31 March, 2012			
– Number of shares	12,000,000	–	12,000,000
– Amount	120,000,000	–	120,000,000
Compulsory Convertible Optionally Redeemable Preference Shares :			
Year ended 31 March, 2013			
– Number of shares	–	20,000,000	20,000,000
– Amount	–	200,000,000	200,000,000
Year ended 31 March, 2012			
– Number of shares	–	–	–
– Amount	–	–	–

FORBES TECHNOSYS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

2. SHARE CAPITAL (Contd.)

- (ii) Rights attached to equity shares:
- Right to receive dividend as may be approved by the Board / Annual General Meeting.
 - 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.
 - 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.
- (iii) Rights attached to Optionally Convertible Redeemable Preference shares:
- The Company has option after expiry of 18 months from date of allotment to get converted into equity shares of face value of ` 10 each.
 - Entitled for 8% dividend on preferential basis.
 - Voting Right only for matter which concern them as per the provisions of the Companies Act, 1956.
- (iv) Rights attached to Compulsory Convertible Optionally Redeemable Preference Shares:
- The preference shares shall at the option of the Company to be redeemed after 1 year from the date of allotment. In case the preference shares are not redeemed, the Company shall after expiry of 10 years can convert preference shares into equity shares from the date of allotment. The conversion shall be at a price to be determined by the Board of Directors.
 - Entitled for 8% dividend on preferential basis.
 - Voting Right only for matter which concern them as per the provisions of the Companies Act, 1956.
- (v) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting rights	Optionally Convertible Redeemable Preference Shares	Compulsory Convertible Optionally Redeemable Preference Shares
	Number of shares		
As at 31 March, 2013			
Forbes Campbell Finance Ltd. (Holding Company)	11,897,180	-	-
Shapoorji Pallonji & Company Ltd. (Ultimate Holding Company)	-	10,000,000	-
Forbes & Company Ltd. (Intermediate Holding Company)	-	2,000,000	20,000,000
As at 31 March, 2012			
Forbes Campbell Finance Ltd. (Holding Company)	11,897,180	-	-
Shapoorji Pallonji & Company Ltd. (Ultimate Holding Company)	-	10,000,000	-
Forbes & Company Ltd. (Intermediate Holding Company)	-	2,000,000	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(vi) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 st March, 2013		As at 31 st March, 2012	
	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	11,897,180	100	11,897,180	100
Optionally Convertible Redeemable Preference Shares				
Shapoorji Pallonji & Company Ltd. (Ultimate Holding Company)	10,000,000	83	10,000,000	83
Forbes & Company Ltd. (Intermediate Holding Company)	2,000,000	17	2,000,000	17
Compulsory Convertible Optionally Redeemable Preference Shares				
Forbes & Company Ltd. (Intermediate Holding Company)	20,000,000	100	–	–

NOTE 3 : RESERVES AND SURPLUS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
Deficit in the Statement of Profit and Loss:		
Opening balance	(206,965,367)	(118,712,316)
Add : Profit / (Loss) for the year	2,644,908	(88,253,051)
Total	(204,320,459)	(206,965,367)

NOTE 4 : LONG-TERM BORROWINGS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) Debentures (Refer Note (i) below)		
Unsecured	100,000,000	–
(b) Term loans (Refer Note (ii) below)		
From banks		
Secured	–	24,172,999
Total	100,000,000	24,172,999

Notes :

(i) Details of debentures issued by the Company and its repayment terms :

Particulars	Terms of repayment
1% Compulsory convertible, optionally redeemable Debentures.	i) Date of allotment of Debentures : 3rd October, 2012.
	ii) The debentures shall carry interest @ 1% p.a payable half yearly on 30th September and 31st March every year.
	iii) The debentures shall at the option of the Company be redeemed at any time after 1 (one) year from the date of allotment. In case the debentures are not redeemed, the Company shall at any time after the expiry of 10 years from the date of allotment of the debentures can convert the debentures into equity shares. The conversion shall be at a price to be determined by the Board of Directors.

(ii) 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
Term loans from banks:	i) Repayment in 36 equal Installment of ₹ 667,000, ₹ 417,000 and ₹ 1,389,000 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.
	iii) The Company during the current year has prepaid its term loan taken from Development Credit Bank."

FORBES TECHNOSYS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE 5 : OTHER LONG-TERM LIABILITIES

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
Others:		
Trade / security deposits received	5,532,770	5,732,770
Total	5,532,770	5,732,770

NOTE 6 : LONG-TERM PROVISIONS

Provision for employee benefits:		
Provision for gratuity (Refer Note 32.b)	6,158,084	2,106,904
Total	6,158,084	2,106,904

NOTE 7 : SHORT-TERM BORROWINGS

(a) Loans repayable on demand (Refer Note (i) below)		
From banks – Cash Credit		
Secured	157,672,646	116,234,078
(b) From other parties		
Unsecured	50,000,000	50,000,000
(c) Loans and advances from related parties (Refer Note 32.b)		
Unsecured	27,500,000	30,500,000
Total	235,172,646	196,734,078

Notes:

- (i) Details of security for the secured short-term borrowings:

Particulars	Nature of security	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
Loans repayable on demand from banks:			
Development Credit Bank Ltd.	Secured by Hypothecation of Current Assets	157,672,646	116,234,078
Total		157,672,646	116,234,078

NOTE 8 : TRADE PAYABLES

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
Creditors for goods and services (Refer Note (i) below)	264,324,784	158,684,309
Provision for expenses	22,538,161	20,569,018
Total	286,862,945	179,253,327

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE 8 : TRADE PAYABLES (Contd.)

Note:

- (i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

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. No interest is due and remaining unpaid to any supplier as at the end of the accounting year.

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	6,570,173	13,810,833
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

NOTE 9 : OTHER CURRENT LIABILITIES

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) Current maturities of long-term debt	-	14,660,000
(b) Interest accrued and due on borrowings	56,712	-
(c) Income received in advance	10,530,580	13,497,838
(d) Other payables		
(i) Statutory remittances	8,921,473	4,631,509
(ii) Advances from customers	11,089,032	1,610,675
Total	30,597,797	34,400,022

NOTE 10 : SHORT-TERM PROVISIONS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
Provision for employee benefits:		
(i) Provision for compensated absences	5,224,302	4,201,700
(ii) Provision for gratuity (Refer Note 32.b)	1,087,489	150,410
Total	6,311,791	4,352,110

FORBES TECHNOSYS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE 11 : FIXED ASSETS

(₹ in Lakhs)

Description of Assets	GROSS BLOCK (at cost)				DEPRECIATION / AMORTISATION				Impair- ment	NET BLOCK	
	As at 1 st April, 2012	Additions during the year	Deductions during the year	As at 31 st March, 2013	Upto 1 st April, 2012	For the year	On deduc- tion during the year	Upto 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
Tangible assets											
1. Furniture and fixtures	4,163,942	2,713,508	–	6,877,450	1,242,820	348,980	–	1,591,800	–	5,285,650	2,921,122
2. Data Processing Equipment											
On Lease	35,233,224	2,848,489	386,627	37,695,086	14,542,941	5,721,165	165,441	20,098,665	–	17,596,421	20,690,283
Other than Lease	26,494,540	7,492,961	–	33,987,501	7,397,039	6,376,224	–	13,773,263	–	20,214,238	19,097,501
3. Vehicles	650,000	–	–	650,000	650,000	–	–	650,000	–	–	–
4. Office equipment	4,490,555	2,768,714	–	7,259,269	650,189	1,271,621	–	1,921,810	–	5,337,459	3,840,366
Total (A)	71,032,261	15,823,672	386,627	86,469,306	24,482,989	13,717,990	165,441	38,035,538	–	48,433,768	46,549,272
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	18,838,057	5,513,527	–	24,351,584	67,82,483	4,105,178	–	10,887,661	–	13,463,923	12,055,574
7. Goodwill (Refer Note 24)	17,141,708	–	–	17,141,708	102,85,024	3,428,340	–	13,713,364	–	3,428,344	6,856,684
Total (B)	80,967,804	5,513,527	–	86,481,331	49,319,790	7,533,518	–	56,853,308	12,735,756	16,892,267	18,912,258
Total (A + B)	152,000,065	21,337,199	386,627	172,950,637	73,802,779	21,251,508	165,441	94,888,846	12,735,756	65,326,035	65,461,530
<i>Previous Year</i>	<i>121,465,667</i>	<i>30,534,398</i>	<i>–</i>	<i>152,000,065</i>	<i>57,485,459</i>	<i>16,317,320</i>	<i>–</i>	<i>73,802,779</i>	<i>12,735,756</i>	<i>65,461,530</i>	

NOTE 12 : LONG-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
	₹	₹
(a) Security Deposits	1,497,192	1,497,192
(b) Loans and advances to employees	303,780	250,021
(c) Prepaid expenses	557,341	414,274
(d) Advance Income Tax [Net of provision of ₹ 327,750 (Previous year ₹ 327,750)]	7,333,055	4,066,334
Total	9,691,368	6,227,821

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (*Contd.*)

NOTE 13 : INVENTORIES

(At lower of cost and net realisable value)

Particulars	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(a) Raw materials	31,958,326	21,062,679
(b) Work-in-progress	1,859,854	4,721,519
(c) Finished goods (other than those acquired for trading)	19,654,342	12,571,313
(d) Stock in trade (acquired for trading)	61,586,174	41,783,624
Total	115,058,696	80,139,135

NOTE 14 : TRADE RECEIVABLES

Particulars	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	108,045,965	40,097,567
Doubtful	7,012,480	17,812,480
	115,058,445	57,910,047
Less: Provision for doubtful trade receivables (Refer footnote (ii) of Note 23)	7,012,480	17,812,480
	108,045,965	40,097,567
Other Trade receivables		
Unsecured, considered good	411,177,430	202,275,574
Total	519,223,395	242,373,141

FORBES TECHNOSYS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE 15 : CASH AND CASH EQUIVALENTS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) Cash on hand	63,429	223,159
(b) Balances with banks		
(i) In current accounts	15,391,601	2,933,229
(ii) In deposit accounts (Refer Note (i) below)	1,710,627	1,725,038
(iii) In earmarked accounts		
– Balances held as margin money	12,566,983	17,800,793
Total	29,732,640	22,682,219
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 <i>Cash Flow Statements</i> is	15,455,030	3,156,388

Note:

- (i) Balances with banks include deposits amounting to ₹ 1,710,627/- (As at 31 March, 2012 ₹ 1,725,038) and margin monies amounting to ₹ 3,258,960/- (As at 31 March, 2012 ₹ 7,357,682/-) which have an original maturity of more than 12 months.

NOTE 16 : SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) Loans and advances to employees	503,320	550,406
(b) Prepaid expenses	1,831,868	1,342,219
(c) Balances with government authorities		
CENVAT credit receivable	12,567,891	3,805,913
(d) Others		
Advance to Suppliers	11,275,032	11,019,920
Earnest money deposits	17,583,852	8,330,366
Total	43,761,963	25,048,824

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE 17 : OTHER CURRENT ASSETS

Particulars	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
Interest accrued on fixed deposits with banks	972,042	765,749
Total	972,042	765,749

NOTE 18 : REVENUE FROM OPERATIONS

Note	Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
(a)	Sale of products (Refer Note (i) below)	1,622,055,647	813,333,741
(b)	Sale of services (Refer Note (ii) below)	97,774,592	93,701,188
(c)	Other operating revenues (Refer Note (iii) below)	13,598,116	10,415,346
		<u>1,733,428,355</u>	<u>917,450,275</u>
	Less:		
(d)	Excise duty	64,984,588	19,238,724
	Total	1,668,443,767	898,211,551
Note	Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
(i)	Sale of products comprises of :		
	Manufactured goods		
	Kiosks	595,553,769	205,374,237
	Total – Sale of manufactured goods	595,553,769	205,374,237
	Traded goods		
	Business Automation Products	475,876,579	303,322,389
	Mobile Recharge	550,625,299	304,637,115
	Total – Sale of traded goods	1,026,501,878	607,959,504
	Total – Sale of products	1,622,055,647	813,333,741
(ii)	Sale of services comprises		
	Sales – Annual Maintenance Charges	68,515,188	70,918,222
	Sales – Transaction Charges (Refer Note 27)	20,397,174	15,623,020
	Commission on Mobile Recharge	8,862,230	7,159,946
	Total – Sale of services	97,774,592	93,701,188
(iii)	Other operating revenues comprise:		
	Lease Income (Refer Note 27)	13,598,116	10,415,346
	Total – Other operating revenues	13,598,116	10,415,346

FORBES TECHNOSYS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**NOTE 19 : OTHER INCOME**

Particulars	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
(a) Interest on Fixed Deposit with Banks	839,264	1,056,146
(b) Interest on Staff Loans	21,851	28,082
(c) Liabilities / provisions no longer required written back	20,597,068	12,219,228
(d) Miscellaneous Income	225,780	363,473
Total	21,683,963	13,666,929

NOTE 20.A : COST OF MATERIALS CONSUMED

Particulars	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
Opening stock	21,062,679	14,763,968
Add : Purchases	388,007,138	129,586,066
	409,069,817	144,350,034
Less : Closing stock	31,958,326	21,062,679
Cost of material consumed	377,111,491	123,287,355
Material consumed comprises:		
Cash Flow	76,172,231	28,858,713
Touch Screen and Monitor	35,016,086	15,182,246
Kiosks Enclosure	62,923,934	32,608,154
Personal Computer	19,135,441	6,403,972
Scanner	4,315,375	3,955,634
OEM MICR Module	515,724	627,775
Thermal Printer	50,066,883	9,773,875
Others	128,965,817	25,876,986
Total	377,111,491	123,287,355

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE 20.B : PURCHASE OF TRADED GOODS

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
Note Counting Machine	100,948,892	88,952,717
Electronic Cash Register	24,250,834	14,132,457
NCR Cash Dispenser	20,192,962	16,399,115
Point of Sale Machine	125,287,669	36,171,900
Others	123,048,886	97,061,623
Mobile Recharge Purchase	544,613,192	307,925,338
Total	938,342,435	560,643,150

NOTE 20.C : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
Inventories at the end of the year:		
Finished goods (other than those acquired for trading)	19,654,342	12,571,313
Stock in trade (acquired for trading)	61,586,174	41,783,624
Work-in-progress	1,859,854	4,721,519
	83,100,370	59,076,456
Inventories at the beginning of the year:		
Finished goods (other than those acquired for trading)	12,571,313	10,980,615
Stock in trade (acquired for trading)	41,783,624	45,544,705
Work-in-progress	4,721,519	2,886,176
	59,076,456	59,411,496
Net (increase) / decrease	(24,023,914)	335,040

NOTE 21 : EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
Salaries and wages	65,271,051	76,424,701
Contributions to provident and other funds (Refer Note 32)	8,851,251	1,341,051
Staff welfare expenses	3,600,541	3,933,875
Total	77,722,843	81,699,627

FORBES TECHNOSYS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE 22 : FINANCE COSTS

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
(a) Interest expense on:		
(i) Debentures	493,151	–
(ii) Other loans	29,550,922	17,102,224
(b) Other Borrowing Cost		
(i) Loan processing charges	4,556,193	3,835,503
(ii) Other charges	5,551,063	1,864,580
	40,151,329	22,802,307

NOTE 23 : OTHER EXPENSES

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
Consumption of stores and spare parts	10,523,448	4,222,832
Managed Assets Service Provider's (MASP) charges	38,669,402	30,145,308
Job Work Charges	2,999,133	1,297,886
Contract Labour Charges	62,514,413	43,036,884
Power and fuel	1,454,004	2,334,643
Water	171,168	323,537
Rent including lease rentals	27,585,767	19,189,140
Repairs and maintenance - Buildings	1,250,716	3,286,807
Repairs and maintenance - Machinery	1,836,683	471,472
Repairs and maintenance - Others	7,431,805	3,776,864
Insurance	1,245,979	953,626
Communication	3,719,855	5,685,715
Travelling and conveyance	30,868,929	23,999,413
Printing and stationery	3,166,862	2,663,377
Advertisement	778,520	932,685
Freight and forwarding	28,614,972	18,323,412
Recharge Incentive	15,963,010	8,355,774
Loss on disposal of fixed assets	518,686	202,920
Sales commission	1,279,443	3,369,630
Annual Maintenance & Service Charges	56,250	59,050
Share issue expenses	2,177,645	613,394
Legal and professional	3,899,938	7,071,745
Payments to auditors (Refer Note (i) below)	550,000	550,000
Loans and advances written off	–	424,733
Bad Debts Written Off (Refer Note (ii) below)	132,506	3,033,131
Exchange loss	337,188	382,630
Other expenses	9,180,808	10,340,124
Total	256,927,130	195,046,732

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE 23 : OTHER EXPENSES (Contd.)

Footnotes :

Particulars	For the year ended	For the year ended
	31 st March, 2013	31 st March, 2012
	₹	₹
(i) Payments to the auditors comprises of		
For 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	-	-
Total	550,000	550,000
(ii) Provision for doubtful trade receivables		
Opening Balance	17,812,480	17,812,480
Add : Provision during the year	-	-
	17,812,480	17,812,480
Less : Bad debts written off	132,506	-
Less : Provision no longer required, written back	10,667,494	-
Closing Balance	7,012,480	17,812,480

24 On 1st April, 2009, the Company purchased Bradma Automation Group Business from Forbes & Co. Ltd for a price consideration of ₹ 1,000,000. The Company took over Assets worth ₹ 5,69,27,846/- and Liabilities worth ₹ 7,30,69,554/- .The transaction resulted in creation of an Intangible Asset in form of "Goodwill".

25 **Contingent liabilities (to the extent not provided for)**

Particulars	As at 31 st	As at 31 st
	March, 2013	March, 2012
	₹	₹
(a) Dividend on Preference shares	31,324,932	19,200,000
(b) Excise demand (Advance paid ₹ 1,45,049/- against demand of ₹ 4,63,998/-)	463,998	-

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. The leases are cancellable for a period of one to nine years and may be renewed for a further period based on mutual agreement of the parties after expiry of term. Either party can terminate the agreement after lock in period by giving one to three months prior notice in writing"

Particulars	As at 31 st	As at 31 st
	March, 2013	March, 2012
	₹	₹
Future minimum lease payments :		
not later than one year	16,081,068	15,822,857
later than one year and not later than five years	36,797,300	51,634,557
later than five years	1,387,032	-
Lease payments recognised in the Statement of Profit and Loss	15,822,857	6,928,320

FORBES TECHNOSYS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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	For the year ended
	31 st March, 2013	31 st March, 2012
	₹	₹
(i) Raw materials and Components	130,788,734	49,155,370
(ii) Purchases for resale	80,318,226	20,045,172
Total	211,106,960	69,200,542

29 Expenditure in foreign currency

Particulars	For the year ended	For the year ended
	31 st March, 2013	31 st March, 2012
	₹	₹
Licenses / Service Charges	44,322	406,176
Travelling and conveyance	729,937	374,000
	774,259	780,176

30 Details of consumption of imported and indigenous items

	₹	%
	Imported	
Raw materials and Components	150,520,445	40%
	(66,005,245)	(54%)
Indigenous		
Raw materials and Components	226,591,046	60%
	(57,282,110)	(46%)
Total	377,111,491	100%
	(123,287,355)	(100%)

Note: Figures / percentages in brackets relate to the previous year

31 Earnings in foreign exchange

Particulars	For the year ended	For the year ended
	31 st March, 2013	31 st March, 2012
	₹	₹
Export of goods calculated on FOB basis	3,146,109	-
	3,146,109	-

NOTE 32 EMPLOYEE BENEFIT PLANS

32.a DEFINED CONTRIBUTION PLANS

The Company makes Provident Fund contributions which is defined contribution plan 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. The Company has recognised the following amount in the statement of profit and loss under the head "Contribution to provident and other funds".

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

32.a DEFINED CONTRIBUTION PLANS (Contd.)

Particulars	For the year ended	For the year ended
	31 st March, 2013	31 st March, 2012
	₹	₹
Contributions to provident fund	3,590,297	2,893,179

32.b DEFINED BENEFIT PLANS

The Company offers gratuity benefit schemes, which is unfunded defined benefit plan to its qualifying employees. The scheme provides lumpsum payment to vested employees at retirement, death while in employment, or on termination of employment as per companies gratuity scheme. Vesting occurs on completion of five years of service.

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	For the year ended			
	31 st March, 2013	31 st March, 2012			
	₹	₹			
(i) Expenses recognised in Statement of Profit and Loss					
Current service cost	753,390	600,574			
Interest cost	191,872	340,969			
Expected return on plan assets	-	-			
Actuarial losses/(gains)	4,315,692	(2,518,986)			
Total expense	5,260,954	(1,577,443)			
(ii) Change in obligations during the year					
Present value of defined benefit obligations at the beginning of the year	2,257,314	4,132,957			
Current service cost	753,390	600,574			
Interest cost	191,872	340,969			
Actuarial (gains) / losses	4,315,692	(2,518,986)			
Past service cost	-	-			
Benefits paid	(272,695)	(298,200)			
Present value of defined benefit obligations at the end of the year	7,245,573	2,257,314			
(iii) Experience adjustments		(₹)			
	<u>2012-2013</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>2009-2010</u>	<u>2008-2009</u>
Gratuity					
Opening Net Liability	2,257,314	4,132,957	3,476,267	265,860	105,713
Expense as above	5,260,954	(1,577,443)	1,071,794	1,216,451	160,147
Amount Recognised in Balance Sheet	7,245,573	2,257,314	4,132,957	3,476,267	265,860
Experience gain / (loss) adjustments on plan liabilities	4,315,692	(2,518,986)	223,137	492,469	36,233
(iv) Actuarial assumptions					
				For the year ended	For the year ended
				31 st March, 2013	31 st March, 2012
				₹	₹
Discount rate				8.25%	8.50%
Salary escalation				6%	6%
Attrition				2%	2%

Notes:

- 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 of the obligations.
- The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.
- The above information is as certified by the actuary and relied upon by the auditors.

FORBES TECHNOSYS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note	Particulars
33. RELATED PARTY TRANSACTIONS	
33.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, 2013 and balances outstanding as at 31 March, 2013:

33.b	Ultimate Holding Company	Intermediate Holding Company	Holding Company	Fellow Subsidiary	Total
Purchase of fixed assets	–	62,250	–	–	62,250
	–	(530,394)	–	–	(530,394)
Sale of goods	45,000	44,000	–	271,338	360,338
	–	(17,588)	–	(1,014,702)	(1,032,290)
Share of Common expenses	–	8,786,891	–	–	8,786,891
	–	–	–	–	–
Receiving of services	–	9,080,422	–	63,000	9,143,422
	–	(5,308,933)	–	(60,000)	(5,368,933)
Interest Paid	1,037,756	2,918,762	–	–	3,956,518
	(365,010)	(1,615,177)	–	–	(1,980,187)
Issue of shares	–	200,000,000	–	–	200,000,000
Capital Purchase	–	–	–	–	–
	–	–	(50,000,000)	–	(50,000,000)
Issue of debentures	–	100,000,000	–	–	100,000,000
Loans and Advances Taken	–	–	–	–	–
	(7,500,000)	–	–	–	(7,500,000)
Deposits Taken	–	105,000,000	–	–	105,000,000
	(53,000,000)	–	–	(53,000,000)	–
Repayment of Deposits Taken	–	108,000,000	–	–	108,000,000
	–	(30,000,000)	–	–	(30,000,000)
Balances outstanding at the end of the year					
Trade payables	–	3,339,767	–	194,671	3,534,438
	–	(2,195,425)	–	(18,000)	(2,213,425)
Deposits Payable	7,500,000	20,000,000	–	–	27,500,000
	(7,500,000)	(23,000,000)	–	–	(30,500,000)
Guarantees Taken	–	342,000,000	–	–	342,000,000

Note: Figures in bracket relates to the previous year

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

34. EARNINGS PER SHARE

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
Continuing Operations		
34.a Basic		
Profit / (loss) for the year from continuing operations	2,644,908	(88,253,051)
Less: Preference dividend and tax thereon	14,091,899	11,157,360
Loss for the year from continuing operations attributable to the equity shareholders	(11,446,991)	(99,410,411)
Weighted average number of equity shares	11,897,200	11,897,200
Par value per share	10	10
Earnings per share from continuing operations - Basic	(0.96)	(8.36)

34.b Diluted

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

Note Particulars

35. DEFERRED TAX :

Components of net deferred tax assets as at March 31, 2013 are as follows:

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
Deferred Tax (liabilities)/assets		
Deferred Tax liability :		
Depreciation	8,079,139	1,536,831
Total (A)	8,079,139	1,536,831
Deferred Tax assets :		
Provision for Gratuity	2,350,826	767,261
Provision for compensated absences	1,695,025	1,428,158
Unabsorbed Depreciation	32,491,996	-
Carry forward of loss	86,763,266	-
Total (B)	123,301,113	2,195,419
Net deferred tax assets not recognised :	115,221,974	658,588

The Company has restricted the recognition of deferred tax assets on account of unabsorbed depreciation to set off the deferred tax liability arising on accounting of timing difference arising on depreciation. No deferred tax assets has been recognised on these balance amount of unabsorbed depreciation and the carried forward loss in the absence of virtual certainty.

36. Refer to Annexure for segment related information.

37. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

FORBES TECHNOSYS LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 37. Disclosures under Accounting Standards (contd.)

36. The Company has identified business segments as its primary segment. Business segments are primarily Trading Segment, Manufacturing Segment, Forbes Xpress Segment and Transaction Network and Service Segment. Trading segment consists sale of Note Counting Machine, Electronic Cash Register, Point of Sale Machine etc. Manufacturing segment consists sale of different types of Kiosks Machine, Forbes Xpress Segment consists sale of Mobile Recharge, Transaction network and services comprises of maintenance, servicing and transaction charges for kiosks and other devices. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable.

(₹)

Particulars	BUSINESS SEGMENTS									
	TRADING		MANUFACTURING		FORBES XPRESS		TRANSACTION NETWORK		TOTAL	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Revenue (net of excise)	475,876,579	303,322,389	530,569,181	186,135,513	559,487,529	311,797,061	102,510,478	96,956,588	1,668,443,767	898,211,551
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Total	475,876,579	303,322,389	530,569,181	186,135,513	559,487,529	311,797,061	102,510,478	96,956,588	1,668,443,767	898,211,551
Segment result	95,677,173	39,624,375	152,630,175	61,710,616	(3,146,898)	(6,542,276)	11,931,858	34,850,776	257,092,308	129,643,491
Unallocable expenses net of unallocated income									254,447,400	217,896,542
Profit before taxes									2,644,908	(88,253,051)
Tax expense									-	-
Profit for the year									2,644,908	(88,253,051)
Segment assets	267,177,064	176,393,925	270,609,904	130,015,452	28,477,833	8,542,514	189,796,392	74,344,627	756,061,193	389,296,518
Unallocable assets									149,226,381	89,462,325
Total assets									905,287,574	478,758,843
Segment liabilities	103,445,100	76,768,234	123,206,804	52,243,533	4,185,839	4,571,548	35,670,106	23,408,548	266,507,849	156,991,863
Unallocable liabilities									404,128,184	289,760,347
Total liabilities									670,636,033	446,752,210
Other information										
Capital expenditure (allocable)	-	-	-	-	16,149,510	13,100,739	58,169,854	19,901,099	74,319,364	33,001,838
Capital expenditure (unallocable)	-	-	-	-	-	-	-	-	38,135,814	12,470,219
Depreciation and amortisation (allocable)	3,428,340	3,428,341	-	-	2,058,225	2,058,225	11,444,635	8,267,723	16,931,200	13,754,289
Depreciation and amortisation (unallocable)									4,320,308	651,946
Other significant non-cash expenses (unallocable)									6,010,861	2,088,468

FORBES LUX FZCO.

(Incorporated in the Jebel Ali Free Zone,
Dubai, United Arab Emirates)

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

DIRECTORS:

Urs Meier

Reto Von Der Becke

Sunil Dhondiram Uphale

Rajagopalan Sambamoorthy

PRINCIPLE BANKERS:

HSBC Bank Middle East Limited

AUDITORS:

Shah & Alshamali Associates Chartered Accountants

REGISTERED OFFICE:

LOB 17, Office 207, PO Box 261698,
Jebel Ali, Dubai, United Arab Emirates.

DIRECTOR'S REPORT

The directors submit their report together with the financial statements for the period ended 31st December, 2012.

Activity

The company carried out the trading activities during the period.

Results and dividends

The results of the company and the appropriations made for the period ended 31st December, 2012 are set out in the statement of income & the statement of changes in equity in the financial statements enclosed here with.

Capital

The authorized share capital of the company is AED 1,200,000 divided into 12 shares of AED 100,000 each. The issued and paid up capital of the company is AED 1,200,000 divided into 12 shares of AED 100,000 each.

Directors

The directors who served during the period were as follows:

- Urs Meier
- Reto Von Der Becke

- Sunil Dhondiram Uphale
- Rajagopalan Sambamoorthy

Shareholder

The shareholder and their shareholding as of 31st December, 2012 was as follows:

Name	No. of Shares
Euro Forbes Limited	9
VDB Investment GmbH	3
	<u>12</u>

Auditors

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

For & on behalf of the board

Sunil Dhondiram Uphale
(Director)

AUDITORS' REPORT TO THE SHAREHOLDERS OF FORBES LUX FZCO

Report on the Financial Statements

We have audited the accompanying financial statements of FORBES LUX FZCO, which comprise the statement of financial position as of 31st December, 2012, statement of income, statement of changes in equity and statement of cash flows 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.

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' 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\$ 25,255,424 carried under the head non-current assets, provision of US\$ 1,054,332 has been made in the accounts, which in the opinion of management 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 read with the basis of preparation in note no 2 give a true and fair view of the financial position of FORBES LUX FZCO as of 31st December, 2012 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.

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.

C. D. Shah

Partner

Shah & Alshamali Associates

Chartered Accountants

Registration No.677

Dubai

20th April, 2013

FORBES LUX FZCO.

STATEMENT OF FINANCIAL POSITION 31st DECEMBER, 2012

	Notes	2012 US \$	2012 INR	2011 US \$	2011 INR
ASSETS					
Non-current assets					
Fixed Assets	4	2,663	145,121	3,752	203,681
Other Financial Assets	5 & 10	24,201,092	1,323,533,520	22,603,871	1,227,071,468
Total non-current assets		24,203,755	1,323,678,642	22,607,623	1,227,275,149
Current assets					
Inventories	6	218,818	11,966,938	200,767	10,898,817
Trade and other receivables	7 & 10	5,661,399	309,616,250	5,287,424	287,032,571
Due from related parties	12	–	–	–	–
Prepayments		–	–	566	30,739
Cash and Bank Balances	8	333,419	18,234,352	639,147	34,696,670
Total assets		30,417,391	1,663,496,181	28,735,527	1,559,933,946
EQUITY AND LIABILITIES					
Shareholders' funds					
Capital and reserves					
Share capital	9	326,579	17,728,635	326,579	17,728,635
Accumulated losses		(1,952,678)	(94,722,412)	(1,527,424)	(71,952,327)
Foreign Currency Translation Reserve		–	(11,936,467)	–	(10,965,259)
Current account					
Total shareholder's funds		(1,626,099)	(88,930,244)	(1,200,845)	(65,188,951)
Loan Account	10	6,752,456	369,285,066	5,963,571	323,737,833
Bank Term Loan	11	22,000,000	1,203,158,000	22,000,000	1,194,289,786
Current liabilities					
Trade and other payables	12	3,271,314	178,904,891	1,966,898	106,774,828
Due to related parties	13	19,720	1,078,467	5,903	320,450
Total Current liabilities		3,291,034	179,983,358	1,972,801	107,095,278
Total equity and liabilities		30,417,391	1,663,496,181	28,735,527	1,559,933,946

The notes on pages 6 to 13 form an integral part of these financial statements.

ACCOUNTING PERIOD IS CALENDAR YEAR 2012

STATEMENT OF INCOME FOR THE YEAR ENDED 31st DECEMBER, 2012

	<u>Notes</u>	<u>2012 US \$</u>	<u>2012 INR</u>	<u>2011 US \$</u>	<u>2011 INR</u>
Sales		5,700,453	306,535,162	5,599,099	272,288,104
Cost of sales	14	(3,523,326)	(189,365,266)	(3,537,769)	(170,162,273)
Gross profit		2,177,127	117,169,896	2,061,330	102,125,831
Other Income		69,540	3,739,432	53,773	2,615,019
Expenses	15	(1,446,515)	(77,784,644)	(1,578,283)	(76,753,007)
Profit from Operations		800,152	43,124,683	536,820	27,987,843
Finance Charges	16	(1,496,886)	(80,493,286)	(2,379,921)	(115,737,225)
Interest Income		271,480	14,598,518	274,478	13,348,057
Net (Loss) for the year		(425,254)	(22,770,085)	(1,568,623)	(74,401,325)

The notes on pages 6 to 13 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st DECEMBER, 2012

	<u>Share Capital US \$</u>	<u>Accumulated losses US \$</u>	<u>Total US \$</u>	<u>Total INR</u>
As at 31st December, 2010	272,116	41,199	313,315	15,908,997
Introduced during the year	54,463	-	54,463	4,268,635
Net loss for the year	-	(1,568,623)	(1,568,623)	(74,401,324)
As at 31st December, 2011	326,579	(1,527,424)	(1,200,845)	(54,223,692)
Introduced during the year	-	-	-	-
Net loss for the year	-	(425,254)	(425,254)	(22,770,085)
As at 31st December, 2012	326,579	(1,952,678)	(1,626,099)	(76,993,777)

The notes on pages 6 to 13 form an integral part of these financial statements.

FORBES LUX FZCO.

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

	<u>Notes</u>	<u>2012 US \$</u>	<u>2012 INR</u>	<u>2011 US \$</u>	<u>2011 INR</u>
Cash flows from operating activities					
Net (loss) for the year		(425,254)	(22,770,085)	(1,568,623)	(74,401,324)
Adjustment for:					
Depreciation		1,089	58,560	1,360	66,144
Interest income		(271,480)	(14,598,518)	(274,478)	(13,348,057)
Finance cost		1,496,886	80,493,286	2,379,920	115,737,224
Operating profit before working capital changes		801,241	43,183,243	538,180	28,053,987
(Increase)/decrease in inventories		(18,051)	(1,068,121)	24,758	(677,911)
(Increase)/decrease in trade, other receivables and prepayments		(373,409)	(22,552,940)	2,162,123	50,579,491
(Increase)/decrease in due from related parties		(97,852)	–	504,850	22,880,054
Increase/ (decrease) in due to related parties		13,817	758,017	(398,780)	(18,019,960)
Increase/ (decrease) in trade payables and accruals		395,716	72,130,062	(1,435,836)	(47,438,759)
Cash generated from operating activities		721,462	92,450,261	1,395,294	35,376,902
Finance cost paid		(588,186)	(80,493,286)	(767,678)	(115,737,224)
Net cash from operating activities		133,276	11,956,975	627,616	(80,360,322)
Cash flows from investing activities					
Payment for purchase of fixed assets		–	–	–	(38,147)
(Increase) / decrease in other financial assets		(1,227,889)	(96,462,052)	(6,901,356)	(454,797,504)
Net (placement) / withdrawal of margin deposit		–	–	–	–
Net cash from investing activities		(1,227,889)	(96,462,052)	(6,901,356)	(454,835,651)
Cash flows from financing activities					
Proceeds from loan from a related party (net)		788,885	60,145,752	(15,171,279)	(620,756,093)
Proceeds from loan from a bank		–	8,868,214	22,000,000	1,194,289,800
Share capital introduced		–	–	54,463	4,268,635
Foreign Currency Translation Reserve		–	(971,208)	–	(9,255,854)
Net cash from financing activities		788,885	68,042,758	6,883,184	568,546,488
Net increase in cash and cash equivalents		(305,728)	(16,462,319)	609,444	33,350,515
Cash and cash equivalents at the beginning of the year		639,147	34,696,670	29,703	1,346,155
Cash and cash equivalents at end of the year	16	333,419	18,234,351	639,147	34,696,670

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2012

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 ultimate parent company is considered to be Eureka Forbes Limited, India.

The financials statement of the company for the year ended 31st December, 2011 reflect activities of FZE upto 25 June, 2011 and thereafter of FZCO.

The company is mainly engaged in the distribution of water purifiers, filters & purifications devices, electrical & electronics appliances and related items and spare parts manufactured by an overseas related parties and other vendors to customers through own as well as dealer entities.

2. BASIS OF PREPARATION

As of 31 December 2012, the company had accumulated losses of US \$ 1,952,678 (previous year US \$ 1,527,424) which exceeds its share capital. As of the above date, the liability owed by the company to a banker of USD 22,000,000 is due for full repayment in June 2014 and the funds tied up under other financial assets of USD 24,201,092 and trade receivables USD 5,495,243 are expected to be realised past June 2014.

Despite above, the accompanying financial statements have been prepared on the basis that the company will continue as a going concern. The management of the company regards the company as a going concern for the following reasons:

"Working capital remains well controlled and collections from long overdue receivables are considered good and recoverable at an increased amount during ensuring years."

- Net cash from operating activities is positive.
- The forecast for the ensuring years are profitable.
- The ultimate parent company and the entities under common management control have agreed to provide payment facilities on trade account.
- The ultimate parent company has guaranteed payment of term loan amount and compensation against short recovery of other financial assets and trade receivables.
- Key executive management is in place.
- The parent and ultimate parent company have assured further injection of funds in the company to ensure that all short, medium and long term liabilities are met as they fall due to carry on the business without any significant curtailment of operations.
- The management is not aware of any material changes that may adversely impact the company relating to customers, suppliers or geographic markets.

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, 10, 11 and 12. The financial statements have been presented in US 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2012

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	Vehicles	Total	Total
	US\$	US\$	US\$	INR
Cost				
As at 01.01.2012	6,837	5,446	12,283	556,672
As at 31.12.2012	6,837	5,446	12,283	556,672
Depreciation				
As at 01.01.2012	6,837	1,694	8,531	352,991
Charge for the year	–	1,089	1,089	58,560
As at 31.12.2012	6,837	2,783	9,620	411,551
Net book value				
As at 31.12.2012	–	2,663	2,663	145,121
As at 31.12.2011	–	3,752	3,752	203,681

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2012

5. OTHER FINANCIAL ASSETS

	2012	2012	2011	2011
	US \$	INR	US \$	INR
Trade receivables -acquired and reclassified	17,413,766	952,341,449	15,415,531	836,845,974
Advance to related parties and dealers - acquired	7,238,956	395,891,265	7,137,822	387,483,079
Due from related parties-reclassified	602,702	32,961,170	504,850	27,406,237
	<u>25,255,424</u>	<u>1,381,193,883</u>	<u>23,058,203</u>	<u>1,251,735,290</u>
Provision for doubtful debts	(1,054,332)	(57,660,363)	(454,332)	(24,663,822)
	<u>24,201,092</u>	<u>1,323,533,520</u>	<u>22,603,871</u>	<u>1,227,071,468</u>

Although balances carried under "Other financial assets" are unsecured and outstanding for a period ranging from the year 2006 to 2012, in the opinion of the management they are considered good and recoverable.

The owners have given undertaking that in the event of non recovery these balances, the unrecovered amount will be adjusted against the reclassified shareholder's loan account 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.

Amount 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 ageing or obsolescence, based on historical selling price and the management decision.

	2012	2012	2011	2011
	US \$	INR	US \$	INR
7. TRADE AND OTHER RECEIVABLES				
Trade receivables	5,495,243	300,529,344	5,275,749	286,398,783
Advance to suppliers	154,132	8,429,325	-	-
Other receivables	1,225	66,994	408	22,149
Deposits	10,799	590,587	11,267	611,639
	<u>5,661,399</u>	<u>309,616,250</u>	<u>5,287,424</u>	<u>287,032,571</u>

Includes USD 1,611,952 (previous year USD 1,482,800) due from overseas related parties on trade account.

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 31st December, 2012, the ageing of unimpaired trade receivables is as follows:

	Total	<120	121-150	151-365	> 365 Days
	US \$	Days	Days	Days	US \$
	US \$	US \$	US \$	US \$	US \$
2012	5,495,243	1,503,064	489,161	3,503,018	-
2011	5,275,749	1,793,594	451,276	2,973,586	57,293

The company's average credit period is 120 days for local customer and in respect of overseas 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. Receivable over 365 days are classified as non current assets and disclosed under the head "Other financial assets".

FORBES LUX FZCO.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER ,2012**8. CASH AND BANK BALANCES**

	2012	2012	2011	2011
	US \$	INR	US \$	INR
Cash on hand	1,397	76,401	1,397	75,837
Bank balances in:				
Current accounts	332,022	18,157,951	637,750	34,620,833
	333,419	18,234,352	639,147	34,696,670

9. SHARE CAPITAL**Authorised, issued and paid up:**

12 share of AED 100,000 each.

(USD 1 converted @ AED 3.6749)

	<u>326,579</u>	<u>17,728,635</u>	<u>326,579</u>	<u>17,728,635</u>
--	----------------	-------------------	----------------	-------------------

Issued to:

Euro Forbes Limited

	244,934	13,296,463	244,934	13,296,463
--	---------	------------	---------	------------

VDB Investment GmbH

	81,645	4,432,172	81,645	4,432,172
--	--------	-----------	--------	-----------

	<u>326,579</u>	<u>17,728,635</u>	<u>326,579</u>	<u>17,728,635</u>
--	----------------	-------------------	----------------	-------------------

10. LOAN ACCOUNT

This comprises of acquired loan liability of and funds advanced by the parent company of Euro Forbes Limited , one of the shareholders of the company. The loan amount is encumbered against acquired trade receivables and advance to related parties and dealers as described in notes 5 and 7 above.

11. BANK TERM LOAN

This represents term loan from a bank 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.

12. TRADE AND OTHER PAYABLES

Trade payables	2,955,237	161,618,956	1,673,410	90,842,568
Advance from customers	–	–	12,546	681,071
Accruals	316,077	17,285,935	280,942	15,251,189
	3,271,314	178,904,891	1,966,898	106,774,828

Includes USD 2,468,974 (previous year USD 1,329,650) 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.

13. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties comprise the parent company, fellow subsidiaries, directors, companies under common ownership and/or common management control and associates as under:

Shareholders :

- Euro Forbes Limited, Dubai.
- VDB Investment GmbH

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2012

Parent company of a shareholder:

- Eureka Forbes Ltd, India

Entities under common control:

- Lux International AG. Switzerland
- Aquamall Water Solutions Ltd., India
- Forbes Aquamall Ltd, India
- Euro Forbes International Pte Ltd, Singapore
- Euro P2P Direct Thailand Co. Ltd., Thailand
- Waterwings Equipments Pvt. Ltd., India

Key officers:

- Mr. Sunil D. Uphale

At the date of statement of financial position significant balances with related parties were as follows

	2012	2012	2011	2011
	US \$	INR	US \$	INR
	Dr / (Cr)	Dr / (Cr)	Dr / (Cr)	Dr / (Cr)
Trade receivables	6,048,902	330,808,401	1,482,800	80,495,133
Trade payables	(2,468,974)	(135,025,719)	(1,329,650)	(72,181,247)
Other financial assets:				
Trade receivables acquired	-	-	2,374,493	128,901,490
Trade receivables	-	-	1,603,675	87,056,941
Advances	3,887,117	212,582,542	3,695,565	200,617,072
Due from related parties				
Funding account	-	-	-	-
Due to related parties				
Funding account	(19,720)	(1,078,467)	(5,903)	(320,450)
Noncurrent liabilities:				
Loan / funding account	-	-	(27,963,571)	(1,518,027,619)

Significant transactions with related parties during the year were as follows:

		Total	Total	Total	Total
		2012	2012	2011	2,011
		US \$	INR	US \$	INR
Purchases	Dr	1,072,618	57,678,773	1,133,675	55,131,409
Sales	Cr	(1,617,780)	(86,994,219)	1,533,644	74,582,181
Commission Expenses	Dr	37,730	2,028,886	-	-
Interest income	Cr	(218,960)	(11,774,317)	-	-
Interest expenses	Dr	619,396	33,307,292	1,612,243	78,404,506

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 31st DECEMBER, 2012**14. COST OF SALES**

	2012 US \$	2012 INR	2011 US \$	2011 INR
Opening inventories	200,767	10,898,817	225,525	10,220,906
Purchases during the year (including direct expenses)	3,541,377	190,433,387	3,513,011	170,840,184
Closing inventories	(218,818)	(11,966,938)	(200,767)	(10,898,817)
	<u>3,523,326</u>	<u>189,365,266</u>	<u>3,537,769</u>	<u>170,162,273</u>

15. EXPENSES

Warehousing & logistics expense	33,804	1,817,770	22,562	1,097,206
Staff salaries	63,602	3,420,123	136,262	6,626,516
Other administrative expenses (net)	331,390	17,820,108	313,734	15,257,104
Exchange loss	60,762	3,267,405	532,129	25,877,806
Selling & distribution expenses	355,868	19,136,384	272,236	13,239,027
Provision for doubtful debts	600,000	32,264,295	300,000	14,589,210
Depreciation	1,089	58,560	1,360	66,138
	<u>1,446,515</u>	<u>77,784,644</u>	<u>1,578,283</u>	<u>76,753,007</u>

16. FINANCE CHARGES

Interest to related party	619,396	33,307,292	1,612,243	78,404,506
Interest on bank loan	668,490	35,947,264	259,678	12,628,323
Bank loan facility fee	209,000	11,238,729	508,000	24,704,396
	<u>1,496,886</u>	<u>80,493,286</u>	<u>2,379,921</u>	<u>115,737,225</u>

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, 2012 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 5,370,606 (previous year USD 5,087,245) due from the customers and related parties.

There are no significant concentrations of credit risk to debtors outside the industry in which the company operates.

Interest rate risk

Bank term loan, loans and advances from and to the related parties are at fixed rate of interest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER, 2012

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the parent company of one of the shareholder, 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 20th April, 2013.

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

(a Subsidiary of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2013

BOARD OF DIRECTORS

Mr. A.V. Suresh	Director
Mr. R. S. Moorthy	Director
Dr. Raman Venkatesh	Director

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 Fifth Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended March 31, 2013.

FINANCIAL RESULTS:

Particulars	Current Year 2012-2013 (In ₹)	Previous Year 2011-2012 (In ₹)
Turnover & Other Income	101,496,822	7,32,36,286
Profit before Depreciation	1,20,07,323	1,15,76,618
Depreciation	3,48,087	1,85,798
Profit before Tax	1,16,59,236	1,13,90,820
Provision for Taxation	38,00,000	38,00,000
Deferred Tax	(34,049)	(59,712)
Profit after tax	78,93,285	76,50,532
Profit brought forward from previous year	72,51,918	54,57,065
Profit available for Appropriation	1,51,45,203	1,31,07,597
APPROPRIATION:		
1. Interim Dividend	58,00,000	43,50,000
2. Proposed Final Dividend	-	-
3. Dividend Tax	940,905	7,05,689
4. Transferred to General Reserve **	7,50,000	8,00,000
6. Balance carried to Balance Sheet**	<u>76,54,298</u>	<u>72,51,908</u>

DIVIDEND:

The Directors, at the Board Meeting held on March 20, 2013, have declared 800% as Interim Dividend for the year ended March 31, 2013, payable to those shareholders whose names appeared on the Register of Members as on Feb 28, 2013. Your Directors do not recommend payment of any final dividend at the forth coming Annual General Meeting.

TRANSFER TO RESERVES:

The Company proposes to transfer ₹ 7,50,000.00 to the General Reserve out of the amount available for appropriations and an amount of ₹ 76,54,298.00 is proposed to be retained in the Profit and Loss Account.

OPERATIONS:

Your Company continued its excellent performance and during the year under review recorded a turnover of ₹1014.96 lakhs, a growth of 38.59% over the previous year and a profit after tax of ₹ 78.93 lakhs.

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

Quality control system is now operative. Further new software for engineering - design and drawings are now implemented.

Mr. Vinay G. Phadnis who was the CEO of the Company has resigned as CEO with effect from March 31, 2013.

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, Dr. Raman Venkatesh will retire at the forthcoming Annual General Meeting of the Company and being eligible, offers himself 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, 2013, 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, 2013, 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.

INSURANCE

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

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 made major foray in adapting Biogas Technology by successfully installing two garbage based bio- gas plants. 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 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.

The conceptual design and engineering is now ready for containerised S.T.P to cater small and medium size plants.

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

A. V. Suresh
Director

R. S. Moorthy
Director

Mumbai, Dated : 22nd April, 2013

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADIANT ENERGY SYSTEMS PVT. LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of Radiant Energy Systems Pvt. Ltd. ("the Company"), which comprise the Balance Sheet as at 31 March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the 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 these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
- (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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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.
2. As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) 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;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (e) on the basis of written representations received from the directors as on 31 March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Atul Mehta
Partner

Place : Mumbai
Dated : 22nd April, 2013

Membership No. : 15935

ANNEXURE REFERRED TO IN OUR REPORT TO THE MEMBERS OF RADIANT ENERGY SYSTEMS PVT. LTD. ("THE COMPANY") FOR THE YEAR ENDED 31st MARCH, 2013

- 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) 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.

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

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

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

Atul Mehta
Partner

Membership No. : 15935

Place : Mumbai
Dated : 22nd April, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

	Notes No.	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a	2	725,000	725,000
b	3	10,704,298	9,551,918
		<u>11,429,298</u>	<u>10,276,918</u>
2. Non-current liabilities			
a		—	—
b	10	—	—
c		—	—
d	4	—	—
e	5	168,161	118,164
		<u>168,161</u>	<u>118,164</u>
3. Current liabilities			
a	6	928,194	—
b	7	22,496,483	12,149,089
c	4	20,566,750	8,440,647
d	5	1,474,131	1,640,362
		<u>45,465,558</u>	<u>22,230,098</u>
		57,063,017	32,625,180
II ASSETS			
1. Non-current assets			
a			
(i)	8	1,985,373	542,940
(ii)	9	423,525	—
b		—	—
c	10	52,341	18,292
d	11	1,293,396	521,652
e	12	180,580	871,698
		<u>3,935,215</u>	<u>1,954,582</u>
2. Current assets			
a	13	87,382	97,574
b	14	495,611	1,937,268
c	15	49,777,856	25,435,260
d	16	2,036,800	1,982,284
e	11	730,153	1,104,304
f	12	—	113,908
		<u>53,127,802</u>	<u>30,670,598</u>
		57,063,017	32,625,180

Significant accounting policies and notes on accounts

1 to 31

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn. No. : 101048W

ATUL MEHTA

Partner

Membership No. : 15935

Mumbai, Dated : 22nd April, 2013

A.V. Suresh

R.S. Moorthy

} Directors

Mumbai, Dated : 22nd April, 2013

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Notes No.	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
Income			
I. Revenue from operation (net)	17	99,149,163	72,510,896
II. Other income	18	2,347,659	725,390
III. Total Revenue		101,496,822	73,236,286
IV. Expenses			
Purchase of Traded goods	19	67,594,554	46,289,802
Changes in inventories of stock-in-trade	20	1,441,657	(1,217,129)
Employee benefit expense	21	11,973,400	12,660,082
Other expenses	22	8,479,888	3,926,914
Finance cost		-	-
Depreciation and amortisation expense	23	348,087	185,797
Total Expenses		89,837,586	61,845,466
Profit before tax		11,659,236	11,390,820
Tax expense			
Current tax		3,800,000	3,800,000
Deferred tax		(34,049)	(59,712)
Prior Years' Tax Adjustments (Net)		-	-
		<u>3,765,951</u>	<u>3,740,288</u>
Profit/(Loss) for the year		<u>7,893,285</u>	<u>7,650,532</u>
Earnings per equity share (₹)			
Basic and Diluted – Par value of ₹ 100/- per share	24	1,088.73	1,055.25

Significant accounting policies and notes on accounts 1 to 31

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn. No. : 101048W

ATUL MEHTA

Partner

Membership No. : 15935

Mumbai, Dated : 22nd April, 2013

A.V. Suresh

R.S. Moorthy

} Directors

Mumbai, Dated : 22nd April, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13		2011-12	
	₹	₹	₹	₹
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		11,659,236		11,390,820
Adjusted For -				
Depreciation, amortisation and impairment	348,087		185,797	
Unrealised foreign exchange gain	—		—	
Dividend income	—		—	
Profit on disposal of investments	—		—	
Unclaimed balances / excess provision written back	—		—	
Profit on sale of assets (net)	—		—	
Reversal of provision for diminution in value of long term investments	—		—	
Provision for diminution in value of investment (net)	10,192		2,426	
Finance cost	—		—	
Interest income	(166,425)		(322,627)	
Investment written off	—		—	
Provision / write-off of doubtful debts, advances and other current assets	1,105,915		483,577	
Excess provision written back	(2,166,989)		—	
		(869,220)		349,173
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		10,790,016		11,739,993
Adjustments for (increase) / decrease in operating assets:				
Trade Receivables	(25,448,509)		(10,168,060)	
Inventories	1,441,657		(1,217,129)	
Short Term Loans and advances	374,151		(158,577)	
Long-Term Loans and advances	(513,369)		(189,772)	
Other non – current assets	691,118		—	
Adjustments for increase / (decrease) in operating liabilities:				
Trade Payables	12,514,383		4,030,601	
Other current liabilities	12,126,104		3,291,557	
Short Term Provisions	114,591		348,250	
Long -Term Provisions	62,270		105,891	
	1,362,396		(3,957,239)	
Cash generated from operations		12,152,411		7,782,754
Direct Taxes Paid (net of refunds)	(4,351,470)		(2,943,574)	
(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES		7,800,941		4,839,180
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Including adjustment on account of Capital Advances)	(2,214,047)		(71,150)	
Sale of Fixed Assets	—		85,858	
Investment in other bank balances	—		(871,698)	
Interest Received	280,333		385,298	
(b) NET CASH FROM / (USED IN) INVESTING ACTIVITIES		(1,933,714)		(471,692)

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	2012-13		2011-12	
	₹	₹	₹	₹
CASH FLOW FROM FINANCING ACTIVITIES				
Net increase / (decrease) in working capital borrowings	928,194		(72,713)	
Dividend Paid (including Dividend tax)	(6,740,905)		(5,055,679)	
(c) NET CASH FROM / (USED IN) FINANCING ACTIVITIES		(5,812,711)		(5,128,392)
NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)		54,516		(760,904)
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT 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
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	5,199		84,587	
Balances with scheduled banks on Current accounts,	2,031,600		1,897,697	
	2,036,800		1,982,284	
NET INCREASE / (DECREASE) AS DISCLOSED ABOVE		54,516		(760,904)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 1 to 31

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn. No. : 101048W

ATUL MEHTA

Partner

Membership No. : 15935

Mumbai, Dated : 22nd April, 2013

A.V. Suresh

R.S. Moorthy

} Directors

Mumbai, Dated : 22nd April, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**1. SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of preparation of Financial Statements****(i) Basis of Accounting**

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

(ii) 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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (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 cash flows 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.

(j) Earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013		As at 31 st March, 2012	
	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
	<u>10,000</u>	<u>1,000,000</u>	<u>10,000</u>	<u>1,000,000</u>
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	<u>7,250</u>	<u>725,000</u>	<u>7,250</u>	<u>725,000</u>
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	<u>7,250</u>	<u>725,000</u>	<u>7,250</u>	<u>725,000</u>
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	<u>7,250</u>	<u>725,000</u>	<u>7,250</u>	<u>725,000</u>

* 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, 2013, the Company has recorded per share dividend of ₹ 800/- (Previous Year: ₹ 600/-) to equity shareholders.

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

	As at 31 st March, 2013		As at 31 st March, 2012	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹ 100/- each fully paid up held by				
EUREKA FORBES LIMITED	7250	100	7250	100

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
3. RESERVES AND SURPLUS		
GENERAL RESERVE		
At the beginning of the year	2,300,000	1,500,000
Add : Transferred from surplus balance in the statement of profit and loss	750,000	800,000
At the end of the year	3,050,000	2,300,000
(Deficit) / surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	7,251,918	5,457,065
Add / (less): Profit / (loss) for the year	7,893,285	7,650,532
Less : Appropriations		
Interim Dividend on Equity Shares *	5,800,000	4,350,000
Proposed dividend on equity shares	-	-
Tax on dividend on equity shares	940,905	705,679
Transfer to general reserve	750,000	800,000
Balance at the end of the year	7,654,298	7,251,918
Total	10,704,298	9,551,918

* ₹ 800/- (Previous Year ₹ 600/-) per equity share

	Long-term		Current	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
4. OTHER LIABILITIES				
Advance received from customers	-	-	14,608,075	1,222,971
Gratuity payable (note 28)	-	-	47,245	338,839
Statutory liabilities (Contributions to PF, Pension, ESIC, withholding Taxes, VAT etc.)	-	-	1,044,817	342,099
Employee dues	-	-	1,936,067	1,833,884
Other payables (others)	-	-	2,930,546	4,702,854
TOTAL	-	-	20,566,750	8,440,647

	Long-term		Short-term	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
5. PROVISIONS				
Provision for employee benefits				
Leave encashment	168,161	105,891	25,084	23,250
Other provisions				
Warranties	-	-	437,757	325,000
Provision for Taxation (Net of Advance Tax)	-	12,273	1,011,290	1,292,112
	-	12,273	1,449,047	1,617,112
TOTAL	168,161	118,164	1,474,131	1,640,362

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (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 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
At the beginning of the year	325,000	–
Additions during the year	437,757	325,000
Utilization during the year	–	–
Unused amount reversed during the year	-325,000	–
At the end of the year	437,757	325,000

	Secured / Unsecured	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
6. SHORT-TERM BORROWINGS			
Loans repayable on demand From banks	Secured	928,194	–
Total		928,194	–
(a) Short term borrowing from banks is secured by charge over Fixed Deposits and carries interest rate of 11.25% per annum			

	Long-term		Current	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
7. TRADE PAYABLES				
Due to Micro, Small and Medium Enterprises	–	–	–	–
Due to others (including acceptances)	–	–	12,889,228	12,149,089
Due to related parties (including acceptances)	–	–	9,607,255	–
TOTAL	–	–	22,496,483	12,149,089

There is no principal amount and interest due to Micro, Small & Medium enterprises. During the year no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the company.

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

8. TANGIBLE ASSETS

Cost or Valuation	Plant and machinery	Furniture and fixtures	Vehicles	Computers	Total
	₹	₹	₹	₹	₹
As at 1 April 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)
<i>As at 31 March, 2012</i>	<u>736,858</u>	<u>550,028</u>	<u>212,280</u>	<u>1,111,942</u>	<u>2,611,108</u>
Additions	356,859	16,900	1,132,530	267,758	1,774,047
Deletions	–	–	–	–	–
As at 31 March, 2013	<u>1,093,717</u>	<u>566,928</u>	<u>1,344,810</u>	<u>1,379,700</u>	<u>4,385,155</u>
Depreciation	Plant and machinery	Furniture and fixtures	Vehicles	Computers	Total
	₹	₹	₹	₹	₹
As at 1 April 2011	590,913	279,765	359,090	885,342	2,115,110
Charge for the year	19,694	48,917	30,335	86,851	185,797
Deletions	–	–	(232,738)	–	(232,738)
<i>As at 31 March, 2012</i>	<u>610,607</u>	<u>328,682</u>	<u>156,687</u>	<u>972,193</u>	<u>2,068,169</u>
Charge for the year	56,801	22,554	117,218	135,039	331,612
Deletions	–	–	–	–	–
As at 31 March, 2013	<u>667,408</u>	<u>351,236</u>	<u>273,905</u>	<u>1,107,232</u>	<u>2,399,781</u>
Net Block					
<i>As at 31 March, 2012</i>	<u>126,251</u>	<u>221,346</u>	<u>55,593</u>	<u>139,749</u>	<u>542,939</u>
As at 31 March, 2013	<u>426,309</u>	<u>215,692</u>	<u>1,070,905</u>	<u>272,468</u>	<u>1,985,373</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

9. INTANGIBLE ASSETS

	Software	Total ₹
Cost or Valuation		
As at 1 April 2011	-	-
Additions	-	-
Deletions	-	-
<i>As at 31 March, 2012</i>	-	-
Additions	440,000	440,000
Deletions	-	-
As at 31 March, 2013	<u>440,000</u>	<u>440,000</u>
Depreciation		
As at 1 April 2011	-	-
Charge for the year	-	-
Deletions	-	-
<i>As at 31 March, 2012</i>	-	-
Charge for the year	16,475	16,475
Deletions	-	-
As at 31 March, 2013	<u>16,475</u>	<u>16,475</u>
Net Block		
<i>As at 31 March, 2012</i>	-	-
As at 31 March, 2013	<u>423,525</u>	<u>423,525</u>

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)**10. DEFERRED TAX ASSETS (NET)**

	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
	<hr/>	<hr/>
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	114,123	–
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.	–	51,425
	<hr/>	<hr/>
Gross deferred tax asset	114,123	51,425
 Deferred tax liability:		
 Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.	61,782	33,133
	<hr/>	<hr/>
Gross deferred tax liability	61,782	33,133
	<hr/>	<hr/>
Net deferred tax asset	52,341	18,292
	<hr/> <hr/>	<hr/> <hr/>

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
13. CURRENT INVESTMENTS		
Current investments (valued at cost or market value whichever is lower)		
Investments in Mutual Funds – Fully Paid up (unquoted)		
Reliance Natural Research Fund Growth Plan – 9779.951 units (Previous Year 9779.951) units of ₹ 10 each	97,574	100,000
Less: Provision for diminution in value of investment	(10,192)	(2,426)
	<u>87,382</u>	<u>97,574</u>
Total	<u>87,382</u>	<u>97,574</u>
Aggregate book value of unquoted investments	87,382	97,574
Aggregate provision in the value of investments	10,192	2,426
14. INVENTORIES		
Stock in Trade		
Components, Spares and Accessories (Refer note 20)	495,611	1,937,268
	<u>495,611</u>	<u>1,937,268</u>
* (net of ₹ 1,50,000/- being provision for non moving stock)		

	Non Current		Current	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
15. TRADE RECEIVABLES				
Debts outstanding for a period exceeding six months from the date they are due for payment :				
Unsecured, considered good	–	–	255,924	1,251,178
Debts due from related parties, unsecured	–	–	–	–
Unsecured, considered doubtful	–	–	–	–
	<u>–</u>	<u>–</u>	<u>255,924</u>	<u>1,251,178</u>
Less : Provision for doubtful debts	<u>–</u>	<u>–</u>	<u>255,924</u>	<u>1,251,178</u>
Other debts :				
Unsecured, considered good	–	–	45,394,567	24,184,082
Debts due from related parties, unsecured	–	–	4,127,365	–
Unsecured, considered doubtful	–	–	929,688	–
	<u>–</u>	<u>–</u>	<u>50,451,620</u>	<u>24,184,082</u>
Less : Provision for doubtful debts	<u>–</u>	<u>–</u>	<u>929,688</u>	<u>–</u>
	<u>–</u>	<u>–</u>	<u>49,521,932</u>	<u>24,184,082</u>
Total	<u>–</u>	<u>–</u>	<u>49,777,856</u>	<u>25,435,260</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	Non Current		Current	
	As at 31 st March, 2013	As at 31 st March, 2012	As at 31 st March, 2013	As at 31 st March, 2012
	₹	₹	₹	₹
16. CASH AND BANK BALANCES				
Cash and cash equivalents				
Balance with banks in:				
Current accounts	-	-	196,701	564,855
Deposits with original maturity of less than 3 months	-	-	-	495,000
Unpaid dividend account	-	-	-	-
Cheques / drafts on hand	-	-	-	-
Cash on hand	-	-	5,199	84,587
Others	-	-	-	-
	-	-	201,900	1,144,442
Other bank balances				
Balance in banks for margin money	-	-	-	-
Deposits with original maturity of more than 12 months *	180,580	871,698	1,834,900	-
Deposits with original maturity of more than 3 months but less than 12 months *	-	-	-	837,842
	180,580	871,698	1,834,900	837,842
Amount disclosed under non-current assets (note 12)	-180,580	-871,698	-	-
Total	-	-	2,036,800	1,982,284

* FDR given as security to bank for overdraft facility to the extent of ₹ 9,04,792/-

	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
	₹	₹
17. REVENUE FROM OPERATION		
Sale of products *	88,985,689	64,325,874
Sale of services **	10,163,474	8,185,022
Revenue from operations	99,149,163	72,510,896
* Sale of products		
Water & Waste Water Treatment Plants	88,985,689	64,325,874
	88,985,689	64,325,874
** Sale of services		
Maintenance Service	9,457,118	3,244,907
Others	706,356	4,940,115
	10,163,474	8,185,022
	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
	₹	₹
18. OTHER INCOME		
Interest income on		
Bank deposits	166,425	322,627
Excess Provision Written back	2,166,989	-
Miscellaneous Income	14,245	402,763
	2,347,659	725,390

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
19. PURCHASE OF TRADED GOODS		
Components & Accessories	67,594,554	46,289,802
Total	67,594,554	46,289,802
	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
20. CHANGES IN INVENTORIES OF STOCK-IN-TRADE		
Opening stock		
Components, Spares & Accessories		
– Stock in Trade	1,937,268	720,139
	1,937,268	720,139
Less :		
Closing stock		
Components, Spares & Accessories		
– Stock in Trade	495,611	1,937,268
	495,611	1,937,268
Net (increase) / decrease	1,441,657	(1,217,129)
Details of Inventory		
– Traded		
* Pumps, blowers, pipes and fittings, electrical items & others	495,611	1,937,268
Total	495,611	1,937,268
	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
21. EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	11,079,603	11,470,393
Contribution to provident and other fund	841,198	1,047,685
Staff welfare expense	52,599	142,004
	11,973,400	12,660,082

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
22. OTHER EXPENSES		
Electricity	8,897	23,963
Rent	22,000	295,848
Repairs and Maintenance		
Others	184,555	43,530
Insurance	146,090	135,508
Selling and Sales Promotion	–	67,026
Freight, Forwarding and Delivery	2,797,738	6,245
Payment to Auditors (Refer details Below)	163,670	98,699
Printing and Stationery	102,536	121,369
Communication cost	94,544	124,416
Travelling and Conveyance	3,344,819	957,695
Legal and Professional Fees	222,348	249,629
Vehicle Expenses and Maintenance	–	60,239
Rates and taxes, excluding taxes on income	67,313	817,275
Conference Expenses	17,066	–
Warranty Cost	112,757	325,000
Other Establishment Expenses	55,448	86,611
Directors' Sitting Fees	24,000	24,000
Bad Debts / Advances Written-Off	176,227	483,577
Provision for Doubtful Debts	929,688	–
Provision for diminution in value of investments	10,192	2,426
Loss on sale of fixed assets (net)	–	3,858
	8,479,888	3,926,913
	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Payment to auditors		
As auditor		
Audit fee	80,000	89,888
Tax audit fee	15,000	–
For other services	40,000	–
For reimbursement of expenses	28,670	8,811
	163,670	98,699
23. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on tangible assets	348,087	185,797
	348,087	185,797

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013	As at 31 st March, 2012
	₹	₹
24. 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	7,893,285	7,650,532
Basic and Diluted Earning Per Share	1,089	1,055

25. Details required under Accounting Standard 18 on "Related Party Disclosure" issued by the Institute of Chartered Accountants of India– referred in note no. 24(V)

1. 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. – Holding company
Shapoorji Pallonji & Company Limited – Ultimate Holding Company
Forbes & Company Ltd.
- B Enterprises that are under common control –
Waterwings Equipments Pvt. Ltd. – Fellow subsidiary

Details require under Accounting Standard 18 on "Related Party Disclosure" issued by the Institute of Chartered Accountants of India–referred in note no. 24(V)

(I) Transactions with Related Parties

Nature of Transaction	A	B
	Eureka Forbes Ltd.	Waterwings Equipments Pvt. Ltd.
Purchases		
Goods and Materials	1,424,839	16,128,239
Sales (net)		
Goods and Materials	34,250,551	–
Services Rendered	659,050	–
Expenses		
Repairs & Other Expenses	3,000	–
Dividend Paid	5,800,000	–
Outstandings		
Trade Payables	–	9,607,255
Trade Receivables	4,127,366	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

26. Estimated amount of contracts remaining to be executed on capital account and not provided for – ₹ Nil (Previous Year ₹ Nil).
27. Expenditure in foreign currency : ₹ Nil (Previous Year ₹ Nil)
28. The disclosures required under Accounting Standard 15 "Employee Benefits notified in the Companies (Accounting Standards) Rules 2006, are given below :

(i) Defined Contribution Plan	2012-13	2011-12
Amount recognised as expense and included in note no. 21 as contribution to provident and other funds.	841,198	1,047,685
(ii) Defined Benefit Plan		
The company has a defined benefit gratuity for employees who have completed minimum 5 years of service. The scheme is funded with Life Insurance Corporation (LIC).		
	2012-13 Gratuity (Funded) ₹	2011-12 Gratuity (Funded) ₹
(a) Change in benefit obligations		
Defined benefit obligation at the beginning of the year	545,189*	264,410
Adjustment based on actuarial certificate*	(151,710)	
Current Service cost	72,498	45,225
Interest cost	34,429	21,153
Actuarial (gain)/loss on obligations	285,113	214,401
Benefit paid		
Defined benefit obligation at the end of the year	785,519	545,189*
(b) Change in fair value of Plan Assets		
Fair value of Plan Assets at the beginning of the year	346,271	317,680
Expected return on Plan Assets	29,779	28,591
Employer Contribution	332,727	–
Benefit paid	–	–
Actuarial gain/(loss) on Plan Assets	–	–
Total Actuarial gain / (loss) on plan assets	29,497	198,918
Fair value of Plan Assets at year end	738,274	346,271
(c) Expenses recognised during the year (under the head "Payments to and provisions for employees" - Note 20)		
Current Service cost	72,498	45,225
Interest Cost	34,429	21,153
Expected Returns on Plan Assets	(29,779)	28,591
Actuarial Gain or Loss	255,616	214,401
Expense Recognised in the Profit and Loss account	332,764	252,188

RADIANT ENERGY SYSTEMS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	2012-13 Gratuity (Funded) ₹	2011-12 Gratuity (Funded) ₹
(d) Category of Assets as on 31.03.2013		
Government of India Assets	Nil	Nil
Corporate Bonds	Nil	Nil
Special Deposit Scheme	Nil	Nil
State Government (Maharashtra)	Nil	Nil
Others	Nil	Nil
Total Investments	Nil	Nil
(e) Assumptions used in the accounting for defined benefit plans		
Discount Rate	8.00%	8.00%
Salary Escalation Rate	5.00%	7.00%
Rate of return on plan assets	8.70%	8.60%

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.

* The company has carried out an actuarial valuation for the gratuity liability from an independent actuary as compared to the working done by LIC in the *Previous Year*. The difference of the defined benefit obligation between the closing liability of the *Previous Year* and the current year, has been disclosed above.

29. 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.
30. The company has taken office premises under cancelable operating lease. Lease rental expenses included in the profit and loss account for the year is ₹ 22,000/- (*Previous Year* ₹ 2,31,000/-). None 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.
31. *Previous Year* figures have been re-grouped wherever necessary.

Per our report attached

For **BATLIBOI & PUROHIT**
Chartered Accountants

Firm Regn. No. : 101048W

ATUL MEHTA

Partner

Membership No. : 15935

Mumbai, Dated : 22nd April, 2013

A.V. Suresh

R.S. Moorthy

} Directors

Mumbai, Dated : 22nd April, 2013

VOLKART FLEMING SHIPPING & SERVICES LIMITED

(a wholly owned Subsidiary Company)

Annual Report and Accounts
for the year ended 31st March, 2013

DIRECTORS:

Amit Mittal
(upto 28.6.2013)

Chairman

C.A.Karnik
(upto 30.6.2013)

Sunetra Ganesan

Shrikrishna M. Bhave
(w.e.f. 27.6.2013)

Prakash Karunakaran
(w.e.f. 27.6.2013)

BANKERS:

Standard Chartered Bank

AUDITORS:

Messrs. Batliboi & Purohit

REGISTERED OFFICE :

Cassinath Building, A.K.Nayak Marg,
Fort, Mumbai 400 001

VOLKART FLEMING SHIPPING & SERVICES LIMITED

DIRECTORS' REPORT

To,
The Shareholders,
Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2013.

1. FINANCIAL RESULTS:

The results for the current year and those for the previous year are set out in the paragraph.

The results for the year under review include income only from realty and from professional services i.e. services relating to administrative, secretarial, realty and legal matters rendered to the holding company.

	Current Year ended 31 st March, 2013 <u>(₹)</u>	<i>Previous Year ended</i> <i>31st March, 2012</i> <u>(₹)</u>
(a) Profit before Depreciation	8,68,511	25,76,357
(b) Less: Depreciation	<u>38,60,108</u>	<u>2,13,127</u>
(c) Profit for the year before Tax	(29,91,597)	23,63,230
(d) Less : Provision for Taxation		
Income Tax	4,00,000	6,00,000
Deferred Tax	<u>(9,909)</u>	<u>21,507</u>
(e) Profit for the Year after Tax	(33,81,688)	17,41,723
(f) Add: Balance Bought Forward from Previous Year	<u>2,62,55,729</u>	<u>24,514,006</u>
(g) Amount Available for Appropriation (e + f)	2,28,74,041	2,62,55,729
(h) Less : Appropriations	—	—
(i) Balance Carried to Balance Sheet	<u><u>2,28,74,041</u></u>	<u><u>2,62,55,729</u></u>

2. DIRECTORATE:

Mr. Amit Mittal and Mr. C. A. Karnik have resigned from the Board with effect from 28th June, 2013 and 1st July, 2013 respectively. The Board places on record their sincere appreciation to the services rendered by Mr. Amit Mittal and Mr. C. A. Karnik.

Mr. Shrikrishna M. Bhave and Mr. Prakash Karunakaran were appointed as Additional Directors on the Board of Directors of the Company with effect from 27th June, 2013. Pursuant to section 260 of the Companies Act, 1956, they hold office upto the date of the forthcoming Annual General Meeting and a notice, in writing has been received from a shareholder under section 257 of the Act along with a deposit signifying intention to propose them as candidates for appointment as Directors.

Mrs. Sunetra Ganesan retires from the Board of Directors by rotation and is eligible for re-appointment at the ensuing

Annual General Meeting. Directors recommend their appointment.

3. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give as true and fair view of the state of affairs of the company at the end of the financial

year and of the profit or loss of the Company for that period;

- (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 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.

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: 1st July, 2013

Sunetra Ganesan
Director

Shrikrishna Bhawe
Director

VOLKART FLEMING SHIPPING & SERVICES LIMITED

COMPLIANCE CERTIFICATE

To

The Members,

Volkart Fleming Shipping & Services Limited

We have examined the registers, records, books and papers of Volkart Fleming Shipping & Services Limited, (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2013. 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 17th April, 2012, 6th September, 2012, 16th October, 2012 and 23rd January, 2013 and Circular Resolutions were passed on 14th May, 2012, 20th June, 2012 and 20th December, 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, 2012 was held on 14th August, 2012 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 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 not made any borrowings during the financial year.
25. The company has not made any investments, given loans and given guarantees to other bodies corporate and consequently no entries have been made in the register kept for the purpose during the year.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the memorandum with respect to share capital of the company regarding during the year under scrutiny.
30. The company has not altered its articles of association during financial year.
31. There was no prosecution initiated against or show cause notices received by the company during the financial year for offences under the Act.
32. The company has not received any money as security from its employees during the financial year under certification as per provisions of section 417(1) of the Act.
33. The Company 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**

Place : Mumbai
Date : 18th April, 2013

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor
FCS 2655 CP 1798

VOLKART FLEMING SHIPPING & SERVICES LIMITED

ANNEXURE A

Registers as maintained by the Company

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

For **Sanjay Dholakia & Associates**

Place : Mumbai
Date : 18th April, 2013

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor
FCS 2655 CP 1798

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, 2013.

1. Form 23AC XBRL for Balance Sheet as at 31st March, 2012 and Form 23ACA XBRL for Profit & Loss Account for the year ended 31st March, 2012 filed with the Registrar of Companies, Maharashtra on 29th December, 2012.
2. Form 20B for Annual Return made up to 14th August, 2012, filed with the Registrar of Companies, Maharashtra on 10th October, 2012.
3. Form 66 for Compliance Certificate for the year ended 31st March, 2012 as required u/s. 383A of the Companies Act, 1956, was filed with the Registrar of Companies, Maharashtra on 11th September, 2012.

For **Sanjay Dholakia & Associates**

Place : Mumbai
Date : 18th April, 2013

(SANJAY R. DHOLAKIA)
Practising Company Secretary
Proprietor
FCS 2655 CP 1798

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF VOLKART FLEMING SHIPPING & SERVICES LIMITED****Report on the Financial Statements**

We have audited the accompanying financial statements of Volkart Fleming Shipping & Services Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the 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 these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
- (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.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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.
- 2) As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) 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;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

VOLKART FLEMING SHIPPING & SERVICES LIMITED

- (e) On the basis of written representations received from the directors as on 31 March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place : Mumbai
Date : 18th April, 2013

PARESH CHOKSHI
Partner
Membership No.33597

ANNEXURE TO THE AUDITOR'S REPORT

The Annexure referred to in our report to the members of Volkart Fleming Shipping & Services Limited ('the Company') for the year ended 31 March 2013.

- (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) 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 companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order are not applicable.
- (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) 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) 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, 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 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 Registration No. 101048W

PARESH CHOKSHI
Partner
Membership No.33597

Place : Mumbai
Date : 18th April, 2013

VOLKART FLEMING SHIPPING & SERVICES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note No.	₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
I EQUITY AND LIABILITIES				
1. Shareholders' funds				
(a) Share capital	2	5,038,500		5,038,500
(b) Reserves and surplus	3	32,840,348		36,222,036
			37,878,848	41,260,536
2. Non-current liabilities				
(a) Long-term borrowings				
(b) Other Long Term Liabilities	4	1,899,840		1,899,840
			1,899,840	1,899,840
3. Current liabilities				
(a) Short-term borrowings	5		18,500,000	20,000,000
(b) Trade payables			242,103	1,049,183
(c) Other current liabilities	6		827,618	951,291
(d) Short-term provisions	7		8,344,473	8,012,405
			27,914,194	30,012,879
TOTAL			67,692,882	73,173,255
II ASSETS				
1. Non-current assets				
(a) Fixed assets				
(i) Tangible assets	8	107,435		3,967,543
(ii) Intangible assets		-		-
(iii) Capital work-in-progress		-		-
			107,435	3,967,543
(b) Non-current investments	9		391,451	391,451
(c) Deferred tax assets (net)			73,354	63,445
(d) Long-term loans and advances	10		66,808,829	65,335,831
			67,381,069	69,758,270
2. Current assets				
(a) Trade receivables	11		64,562	68,497
(b) Cash and bank balances	12		241,130	3,339,379
(c) Short-term loans and advances	13		6,122	7,109
(d) Other current assets			-	-
			311,813	3,414,985
TOTAL			67,692,882	73,173,255

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*

PARESH CHOKSHI
Partner
Membership No. : 33597

C.A. Karnik
Sunetra Ganesan } *Directors*

Mumbai, 18th April, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note No.	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
I Revenue from operations	14	13,867,956	16,232,120
II Other income	15	97,034	110,794
III Total revenue (I + II)		13,964,990	16,342,914
IV Expenses:			
Employee benefits expense	16	6,957,431	7,290,059
Finance cost	17	2,230,850	2,545,765
Depreciation and amortisation expense		52,161	213,127
Voluntary retirement compensation paid / amortised			
Other expenses	18	3,908,198	3,930,733
Total expenses		13,148,640	13,979,684
V Profit / (loss) before exceptional items and tax (III - IV)		816,350	2,363,230
VI Exceptional items	19	(3,807,947)	–
VII Profit / (Loss) before tax (V - VI)		(2,991,597)	2,363,230
VIII Tax expense / (credit):			
Income-tax			
Current tax		400,000	600,000
Deferred tax		(9,909)	21,507
IX Profit / (Loss) for the year (VII - VIII)		(3,381,688)	1,741,723
X Earning per equity share:			
Basic and diluted earnings per equity share (nominal value of share ₹ 100)		(67)	35

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

PARESH CHOKSHI
Partner
Membership No. : 33597

C.A. Karnik
Sunetra Ganesan

Directors

Mumbai, 18th April, 2013

VOLKART FLEMING SHIPPING & SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

(I) SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

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

(b) CHANGE IN ACCOUNTING POLICY

During the year, the company has changed its method of depreciation on fixed assets from 'Written Down Value' method to 'Straight Line' method. The management believes that this change will result in more appropriate presentation of financial statements. Accordingly, the company has recognised additional depreciation of ₹ 38,07,947.

The company has also changed the depreciation percentage of asset class "Office Equipment" from 13.91% to 20%.

Had the company continued to use the earlier method of depreciation, the profit after tax for the year would have been higher by ₹ 36,58,207.

(c) 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

(d) 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.

(e) DEPRECIATION

Depreciation on Fixed Assets is provided Straight Line basis at the following rates

Asset	Rate of Depreciation
Building	5%
Office Equipments	20%

(f) INVESTMENTS

The Company has classified its investments into long term investments which are stated at cost less provision for permanent diminution in value.

(g) TAXATION

(i) Tax expenses comprises of current, deferred tax. Current Income Tax is measured at the amount expected to be paid to the Tax Authorities in accordance with the Indian Income Tax Act, 1961.

(ii) Deferred Tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods in accordance with the requirements of Accounting Standards (AS-22) on Accounting of Taxes and Income.

(h) EARNING PER SHARE

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(i) PROVISIONS AND CONTINGENCIES

A provision is recognized when the company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimates can be made. Provisions (excluding employee benefits) are not discounted to its present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Reimbursement against a provision is recognized as a separate asset based on virtual certainty of recovery. Contingent liabilities are not recognized but are disclosed in the notes to the financial statements. A contingent asset is neither recognized nor disclosed.

(j) LEASE ACCOUNTING

Operating Leases

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

VOLKART FLEMING SHIPPING & SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
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, 2013		As at 31st March, 2012	
	Number of equity shares held	% holding	Number of equity shares held	% holding
Forbes & Company Ltd	50,385	100.00	50,385	100.00

3. RESERVES AND SURPLUS

	₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) CAPITAL REDEMPTION RESERVE:			
Per last Balance Sheet	2,961,500		2,961,500
		2,961,500	2,961,500
(b) General reserve:			
Balance as per last balance sheet	7,004,807		7,004,807
		7,004,807	7,004,807
(c) Surplus / (deficit) in the statement of profit and loss:			
Balance as per last balance sheet	26,255,729		24,514,006
Add: Profit for the year	(3,381,688)		1,741,723
		22,874,041	26,255,729
TOTAL		32,840,348	36,222,036

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
4. OTHER LONG-TERM LIABILITIES		
Security Deposits	1,899,840	1,899,840
TOTAL	1,899,840	1,899,840
5. SHORT-TERM BORROWINGS		
(a) Unsecured borrowings:		
(i) Loans from related parties - Repayable on demand	18,500,000	20,000,000
TOTAL	18,500,000	20,000,000
6. OTHER CURRENT LIABILITIES		
(a) Interest accrued but not due on borrowings	-	802,624
(b) Payables to statutory authorities	17,678	148,667
(c) Others	809,940	-
TOTAL	827,618	951,291
7. SHORT-TERM PROVISIONS		
(a) Others		
(i) Bonus/Exgratia to Employees	237,392	205,324
(ii) Tax Provisions less payments	8,107,081	7,807,081
TOTAL	8,344,473	8,012,405

8. FIXED ASSETS

(₹ in Lakhs)

Description of Assets	GROSS BLOCK (at cost)			DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 31 st March, 2012	Additions during the year	Deductions during the year	As at 31 st March, 2013	Upto 31 st March, 2012	For the year on assets	On deduc- tion during the year	Upto 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
A. Tangible assets										
1 Buildings	14,031,529			14,031,529	10,103,536.00	3,841,903		13,945,439	86,090	3,927,993
2 Plant and equipment: Owned	53,363			53,363	13,813.00	18,205		32,018	21,345	39,550
	14,084,892	-	-	14,084,892	10,117,349	3,860,108	-	13,977,457	107,435	3,967,543
Previous Year	14,084,892	-	-	14,084,892	9,904,222	213,127	-	10,117,349	3,967,543	4,180,670

VOLKART FLEMING SHIPPING & SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
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
10. LONG-TERM LOANS AND ADVANCES (unsecured, considered good unless otherwise stated)			
		As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) Security deposits			
(i) Unsecured, considered good	33,799,886		33,799,886
	—		—
(ii) Doubtful	33,799,886		33,799,886
<i>Less: Provision for doubtful deposits</i>	—		—
		33,799,886	33,799,886
(b) Loans and advances to related parties		979,434	941,126
(c) Taxes paid less provision including fringe benefit tax (other than deferred tax)		32,029,510	30,594,820
(d) Balances with statutory / government authorities			
(i) Unsecured, considered good			
(ii) Doubtful		66,808,829	65,335,831
<i>Less: Provision for doubtful balances</i>		—	—
TOTAL		66,808,829	65,335,831

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
11. TRADE RECEIVABLES		
(a) Trade Receivable		
Unsecured, considered good (Due for less than 6 months)	64,562	68,497
TOTAL	64,562	68,497

12. CASH AND BANK BALANCES

	As at 31 st March, 2013	As at 31 st March, 2012
(a) Cash and cash equivalents		
1. Balances with banks:		
(A) In current accounts		
(i) Others	233,749	3,327,975
2. Cash on hand	7,381	11,404
TOTAL	241,130	3,339,379

13. SHORT-TERM LOANS AND ADVANCES

(unsecured, considered good unless otherwise stated)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
(a) Prepaid expenses	6,123	7,110
Less: Provision for doubtful balances	-	-
	6,123	7,110
TOTAL	6,123	7,110

14. REVENUE FROM OPERATIONS

	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
(a) Service Charges		
(i) Professional Services	8,100,000	8,100,000
(b) Other operating revenues:		
(i) Rent and amenity charges	5,767,956	8,132,120
(ii) Others		
TOTAL	13,867,956	16,232,120

VOLKART FLEMING SHIPPING & SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	₹	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
15. OTHER INCOME			
(a) Interest			
(i) on long-term investments	3,089		4,212
(ii) inter-corporate deposit	—		106,582
		3,089	110,794
(b) Credit balances / excess provision written back		93,945	—
TOTAL		97,034	110,794

16. EMPLOYEE BENEFITS EXPENSE

	₹	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
(a) Salaries and wages		6,627,276	6,912,280
(b) Contribution to provident and other funds		277,527	306,774
(c) Staff welfare expense		52,628	71,005
TOTAL		6,957,431	7,290,059

17. FINANCE COSTS

	₹	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
(a) Interest expense		2,230,850	2,545,765
TOTAL		2,230,850	2,545,765

18. OTHER EXPENSES

	₹	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
(a) Repairs & Maintenance			
(i) Building	580,189		549,228
(ii) Others	12,978		136,473
		593,167	685,701
(b) Rent paid		128,880	478,880
(c) Rates & Taxes		1,967,290	1,334,761
(d) Insurance		—	—
(e) Electricity Charges		432,078	229,337

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	₹	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
(f) Conveyance & Travelling Expenses		53,069	83,572
(g) Administrative Expenses		399,910	339,533
(h) Printing Stationery & Telephone		98,695	130,554
(i) Legal & Professional Expenses		65,534	220,624
(j) Director's Fees		24,000	20,000
(k) Sundry Balances Written Off		60,296	-
(l) Brokerage		-	316,640
(m) Bank Charges		21,177	25
(n) Auditor's Remuneration			
(i) Statutory Audit	30,000		30,000
(ii) Tax Audit	15,000		15,000
(iii) Out of Pocket Expenses		45,000	45,000
(o) Miscellaneous Expenses		19,103	46,107
TOTAL		3,908,198	3,930,733

19. EXCEPTIONAL ITEMS - INCOME / (EXPENSE)

	₹	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
(a) Impact due to change in Method of Depreciation		3,807,947	-
TOTAL		3,807,947	-

20. COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES

Nature of Timing Difference	Deferred Tax (Liability) / Assets as at 31/03/2013	Deferred Tax (Liability) / Assets as at 31/03/2012
Depreciation	-	-
Items under section 43B	73,354	63,445
T O T A L	73,354	63,445

21. BREAKUP OF EARNING PER SHARE

Sr. No.	Particulars	As on 31/03/2013	As on 31/03/2012
(a)	Net Profit / (Loss) Attributable to Equity Shareholders	(3,381,688)	1,741,723
(b)	Weighted Average Number of Equity Shares outstanding during the period (Face Value - ₹ 100/- per Share)	50,385	50,385
(c)	Earning Per Share	(67)	35

The Company has not issued any potential dilutive equity shares.

VOLKART FLEMING SHIPPING & SERVICES LIMITED

22 RELATED PARTY TRANSACTIONS

Names of related parties and nature of related party relationship as on 31.3.2013

(A) Holding Company / Ultimate Holding Company

- 1 Shapoorji Pallonji & Company Limited (Ultimate Holding Company)
- 2 Forbes & Company Limited (Holding Company)

(B) Fellow subsidiary

Eureka Forbes Ltd.

Aquamall Water Solutions Ltd. (Subsidiary of Eureka Forbes Ltd.)

Aquadiagnostics Water Research & Technology Centre Ltd.(Subsidiary of Aquamall Water Solutions Ltd.)

Euro Forbes Financial Services Ltd. (Subsidiary of Eureka Forbes Ltd)

Euro Forbes International Pte. Ltd. (Subsidiary of Eureka Forbes Ltd)

Euro Forbes Ltd. Dubai (Subsidiary of Eureka Forbes Ltd)

Euro Forbes Mauritius Ltd. (Subsidiary of EFL Mauritius Ltd)

E4 Development & Coaching Ltd. (Subsidiary of Eureka Forbes Ltd.)

EFL Mauritius Ltd (Subsidiary of Eureka Forbes Ltd)

Forbes Bumi Armada Ltd

Forbes Bumi Armada Offshore Ltd.

Forbes Campbell Services Ltd.

Forbes Campbell Finance Ltd.

Forbes Container Line Pte. Ltd.,Singapore

Forbes Lux FZCO (subsidiary of Euro Forbes Ltd)

Forbes Facility Services Pvt. Ltd. (Subsidiary of Eureka Forbes Ltd.)

Forbes Enviro Solutions Ltd.(Subsidiary of Eureka Forbes Ltd.)

Radiant Energy Systems Pvt. Ltd. (Subsidiary of Eureka Forbes Ltd.)

Shapoorji Pallonji Investment Advisors Pvt Ltd

Gokak Textiles Ltd

Waterwings Equipments Pvt. Ltd. (Subsidiary of Eureka Forbes Ltd.)

Transactions with related parties for the year ended 31st March, 2013 (April-2012 to March-2013)

	Nature of Transaction	A	B	A	B	B	B	B	Total
		Shapoorji Pallonji & Co.	Shapoorji Pallonji Advisors Pvt Ltd	Forbes & Company Ltd	SCI Forbes	Gokak Textiles	Forbes Campbell Finance Ltd	Forbes Campbell Services Ltd	
	Purchases								
1	Goods and Materials	-	-	-	-	-	-	-	-
2	Services Rendered			14					14
3	Fixed Assets	-	-	-	-	-	-	-	-
4	Investment (buy Back of shares)	-	-	-	-	-	-	-	-
	Sales								
5	Goods and Materials	-	-	-	-	-	-	-	-
6	Services Rendered	-	-	8,100,000	-	-	-	-	-
7	Fixed Assets	-	-	-	-	-	-	-	-
8	Investment	-	-	-	-	-	-	-	-
9	Investment - Write off	-	-	-	-	-	-	-	-
	Expenses								
10	Rent	-	-	-	-	-	-	-	-
11	Repairs & Other Expenses	-	-	-	-	-	-	-	-
12	Recovery of Expenses	-	-	7,692	-	-	-	-	7,692
14	Agency Commission	-	-	-	-	-	-	-	-
14	Interest Paid	-	-	2,230,850	-	-	-	-	2,230,850
17	Directors Fees	-	-	-	-	-	-	-	-
16	Provision /Write offs	-	-	-	-	89,499	-	-	89,499
17	Loss on sale of Investments	-	-	-	-	-	-	-	-
	Income								
18	Rent and Other Service Charges	-	840,000	480,000	648,276	-	-	-	1,968,276
19	Interest Received	-	-	-	-	-	-	-	-
20	Dividend Received	-	-	-	-	-	-	-	-
21	Profit on sale of Investment	-	-	-	-	-	-	-	-
22	Provision /Write backs	-	-	-	-	-	-	-	-
23	Misc. Income	-	-	-	-	-	-	-	-
24	Deputation of Staff	-	-	-	-	-	-	-	-
24	Other Reimbursements	-	-	-	-	-	-	296,619	296,619
	Finance								
25	Loans and Advances Given	-	-	-	-	-	-	-	-
26	Loans and Advances Taken	-	-	-	-	-	-	-	-
27	Deposits Given	-	-	-	-	-	-	-	-
28	Deposits Taken	-	-	-	-	-	-	-	-
29	Repayment of Deposits Taken	-	-	1,500,000	-	-	-	-	1,500,000
30	Repayment of Deposits Given	-	-	-	-	-	-	-	-
	Outstandings								
31	Sundry Creditors	-	-	3,372	-	-	-	-	3,372
32	Interest accrued but not due	-	-	-	-	-	-	-	-
33	Sundry Debtors	-	-	-	60,700	910,501	21,314	50,991	1,043,506
34	Loans and Advances	-	-	-	-	-	-	-	-
35	Advance for Capital Purchase	-	-	-	-	-	-	-	-
36	Prov. for Doubtful Loans and Adv.	-	-	-	-	-	-	-	-
37	Provision for Doubtful Debts	-	-	-	-	-	-	-	-
38	Deposits Payable	-	-	18,500,000	-	-	-	-	18,500,000
39	Deposits Receivable	-	-	-	-	-	-	-	-
40	Prepaid Expenses	-	-	-	-	-	-	-	-
	Remuneration								
40	Paid / Payable	-	-	-	-	-	-	-	-
41	Outstanding	-	-	-	-	-	-	-	-
42	Recoverable	-	-	-	-	-	-	-	-
	Guarantees								
43	Given	-	-	-	-	-	-	-	-
44	Outstanding	-	-	-	-	-	-	-	-

VOLKART FLEMING SHIPPING & SERVICES LIMITED

23 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 ₹ 1.29 Lacs (previous year ₹ 4.68 Lacs)
- (b) Except for escalation clauses contained in certain lease agreements providing for increase in the lease payment by a specified percentage / amounts after completion of specified period, the lease terms do not contain any exceptional / restrictive covenants other than prior approval of the lessee before the renewal of lease.
- (c) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is required for further leasing. There is no contingent rent payment
- (d) The company has given certain office / residential premises on operatin lease basis, the details of which are as follows:

Class of Asset	As at 31.03.2013	As at 31.03.2012
Gross carrying Amount	14,084,892	14,084,892
Accumulated Depreciation	13,977,457	10,117,349
Depreciation for the year	3,860,108	213,127

- 24 Previous year's figures have been regrouped wherever necessary.

In terms of our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn. No. : 101048W

Amit Mittal

Chairman

PARESH CHOKSHI

Partner

Membership No. : 33597

C.A. Karnik

Sunetra Ganesan

} *Directors*

Mumbai, 18th April, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31 st March, 2013		Year ended 31 st March, 2012	
	₹	₹	₹	₹
Profit / (Loss) before tax		816,350		2,363,230
Adjustments for -				
Depreciation and amortisation expense	52,161		213,127	
Sundry Balances written Back	(93,945)		-	
Interest on long-term investments - other than trade	(3,089)		(110,794)	
Sundry Balances written off	60,296	-		
Interest expense	2,230,850			2,552,279
		2,246,273		2,654,613
Operating profit / (loss) before working capital changes		3,062,623		5,017,842
Adjustments for changes in working capital:				
Increase / (decrease) in trade payables	(713,135)		(2,818,986)	
Increase / (decrease) in long-term provisions	-		1,899,840	
Increase / (decrease) in short-term provisions	332,068		(638,121)	
Increase / (decrease) in other current liabilities	(423,673)		83,182	
Decrease / (increase) in trade receivables	3,936		(68,425)	
Decrease / (increase) in inventories	-		-	
Decrease / (increase) in long-term loans and advances	(38,308)		1,072,621	
Decrease / (increase) in short-term loans and advances	(59,309)		173,773	
Decrease / (increase) in other current assets	-		-	
		(898,422)		(296,116)
Cash generated from / (used in) operations		2,164,201		4,721,727
Income taxes paid (net of refunds)		(1,534,690)		(1,101,295)
(a) Net cash generated from / (used in) operating activities		629,511		3,620,432
Cash flows from investing activities:				
Proceeds from sale of fixed assets	-		-	
Inter-corporate deposits placed with related parties	-		(1,500,000)	
Inter-corporate deposits refunded by related parties	-		1,500,000	
Investments in bank deposits (having original maturity of more than three months)				
Redemption/maturity of bank deposits (having original maturity of more than three months)				
Interest received	3,089		110,794	
(b) Net cash generated from / (used in) investing activities		3,089		110,794
Cash flows from financing activities:				
Proceeds from short-term borrowings	-		20,000,000	
Repayment of short-term borrowings	(1,500,000)		(20,000,000)	
Interest paid	(2,230,850)		(2,552,279)	
(c) Net cash generated from / (used in) financing activities		(3,730,850)		(2,552,279)
(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)		(3,098,250)		1,178,946
(e) Cash and cash equivalents as at the commencement of the year		3,339,379		2,160,433
(f) Cash and cash equivalents as at the end of the year (d + e)		241,129		3,339,379

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

PARESH CHOKSHI

Partner

Membership No. : 33597

Amit Mittal

Chairman

C.A. Karnik

Sunetra Ganesan

Directors

Mumbai, 18th April, 2013

WATERWINGS EQUIPMENTS PRIVATE LIMITED

(Subsidiary of Eureka Forbes Limited)

Annual Report and Accounts
for the year ended 31st March, 2013

BOARD OF DIRECTORS

Mr. A.V. Suresh	} <i>Directors</i>
Mr. R. S. Moorthy	
Dr. Raman Venkatesh	

CEO

Mr. Uday Gokhale (w.e.f. April 1, 2011)

AUDITORS

M/s. Batliboi & Purohit, Chartered Accountants

LEGAL ADVISORS

M/s. Mallar Law Consulting

BANKERS

Kotak Mahindra Bank Limited, Nariman Point Branch, Mumbai - 400 021

REGISTERED OFFICE

D-8/10 , Popular Nagar, Warje,
Mumbai Bangalore Highway,
Pune - 411 058

REPORT OF THE DIRECTORS

To,
The Members,

Your Directors have pleasure in presenting the seventh Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended March 31, 2013.

1. FINANCIAL RESULTS:

Particulars	Current Year 2012-13 (In ₹)	Previous Year 2011-2012 (In ₹)
Turnover & Other Income	17,26,05,437	15,89,48,543
Profit before Depreciation	1,12,51,725	1,31,36,553
Depreciation	8,86,407	3,38,143
Profit before Tax	1,03,65,318	1,27,98,410
Provision for Taxation	33,00,000	39,00,000
Deferred Tax	(36,981)	(7,726)
Prior Years Tax Adjustments(net)	41,571	43,462
Profit after tax	70,60,728	88,62,674
Profit brought forward from previous year	18,43,103	15,34,892
Profit available for Appropriation	89,03,831	103,97,566
APPROPRIATION:		
1. Interim Dividend	65,00,000	65,00,000
2. Proposed Final Dividend		
3. Dividend Tax	10,54,463	10,54,463
4. Transferred to General Reserve	7,00,000	10,00,000
5. Balance carried to Balance Sheet	<u>6,49,368</u>	<u>18,43,103</u>

2. DIVIDEND:

The Directors, at the Board Meeting held on March 20, 2013, have declared 1300% as Interim Dividend for the year ended March 31, 2013, payable to those shareholders whose names appeared on the Register of Members as on February 28, 2013. Your Directors do not recommend payment of any final dividend at the forth coming Annual General Meeting.

3. TRANSFER TO RESERVES:

The Company proposes to transfer ₹ 700,000 to the General Reserve out of the amount available for appropriations and an amount of ₹ 6,49,368 is proposed to be retained in the Profit and Loss Account.

4. OPERATIONS:

During the year under review, your company recorded excellent results with turnover of ₹ 1726.05 lacs, a growth of 8.60% over the previous year and has made a profit of ₹ 70.61 lacs.

WATERWINGS EQUIPMENTS PRIVATE LIMITED

The company also executed the following prestigious projects: (i) Balco: Rs 96 Lakhs (ii) Nlros Ispat: Rs 76 Lakhs and (iii) Neel Metal: ₹ 20 Lakhs.

The company also exported WTP plants to the following countries in Uganda: RO 400 LPH plant; Ghana: RO 200 LPH plant; Philippines: Dual media filters and Liberia: UF plant 250 LPH.

The company also successfully commissioned the prestigious Nanded city Water treatment plant in Pune (175 X 2 m³/Hr) and the Seven Star project in Chennai in this year.

Mr. Uday Gokhale who was the CEO of the Company has resigned as CEO with effect from March 31, 2013.

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. Raman Venkatesh 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, 2013, 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, 2013, 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 is in look out for absorption of new technologies. Though the Company has not acquired new technology or intellectual property, the Company has made innovation on the age old painting of rubber lining & will now be using Cielcoat method which will improve throughput time and lower costs.

The company has piloted alternative coating technology on DM plants to substitute rubber lining which will result in substantial cost savings and improve throughput time.

c) Foreign Exchange Earnings and Outgo:

Earning in Foreign Exchange during the year under review were ₹ 3,52,906/- (\$6796) 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

A. V. Suresh
Director

R. S. Moorthy
Director

Mumbai, Dated : April 22, 2013

WATERWINGS EQUIPMENTS PRIVATE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATERWINGS EQUIPMENTS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of WATERWINGS EQUIPMENTS PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the 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 these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March , 2013;
- (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.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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.
- 2) As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) 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;

- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- (e) on the basis of written representations received from the directors as on 31 March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Atul Mehta
Partner
Membership No. : 15935

Place : Mumbai
Dated : April 22, 2013

WATERWINGS EQUIPMENTS PRIVATE LIMITED

ANNEXURE REFERRED TO IN OUR REPORT

TO THE MEMBERS OF WATERWINGS EQUIPMENTS PRIVATE LIMITED ("THE COMPANY") FOR THE YEAR ENDED 31 MARCH, 2013

- 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) 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 did not have any term loans outstanding during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet 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 : April 22, 2013

WATERWINGS EQUIPMENTS PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2013

	Notes No.	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
I EQUITY AND LIABILITIES			
1. Shareholders' funds			
a Share Capital	2	500,000	500,000
b Reserves and Surplus	3	10,349,368	10,843,103
		10,849,368	11,343,103
2. Non-current liabilities			
Long-term provisions	5	41,092	133,087
		41,092	133,087
3. Current liabilities			
a Short-term borrowings	7	17,095,180	–
b Trade payables	6	37,803,655	27,703,643
c Other current liabilities	4	3,232,505	5,255,846
d Short-term provisions	5	600,000	627,337
		58,731,340	33,586,826
TOTAL		69,621,800	45,063,016
II ASSETS			
1. Non-current assets			
a Fixed Assets			
(i) Tangible assets	8	4,330,857	1,112,797
(ii) Intangible assets	9	579,164	121,905
b Deferred tax assets (net)	10	100,454	63,473
c Long-term loans and advances	11	2,089,981	2,195,035
d Other non-current assets	12	1,291,526	1,178,852
		8,391,982	4,672,062
2. Current assets			
a Inventories	13	9,651,283	7,397,640
b Trade receivables	14	50,028,530	29,947,507
c Cash and cash equivalents	15	151,565	1,920,249
d Short-term loans and advances	11	1,398,440	1,066,293
e Other current assets	12	–	59,265
		61,229,818	40,390,954
TOTAL		69,621,800	45,063,016

Significant accounting policies

1 to 31

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 : April 22, 2012

A. V. Suresh

R. S. Moorthy

Directors

Mumbai, Dated : April 22, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Notes No.	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹	
Income				
I	Revenue from operation (gross)	16	176,241,970	161,515,787
	Less: Excise duty		3,870,259	2,764,302
	Revenue from operation (net)		172,371,711	158,751,485
II	Other income	17	233,726	197,058
III	Total Revenue		172,605,437	158,948,543
IV Expenses				
	Cost of materials consumed	18	142,764,100	126,256,817
	Changes in inventories of finished goods, work in progress and stock-in-trade	19	(5,323,342)	217,925
	Employee benefit expense	20	14,691,072	13,287,491
	Other expenses	21	7,941,442	6,049,757
	Finance cost	22	1,280,440	-
	Depreciation and amortisation expense	23	886,407	338,143
	Total Expenses		162,240,119	146,150,133
	Profit before tax		10,365,318	12,798,410
	Tax expense			
	Current tax		3,300,000	3,900,000
	Deferred tax		(36,981)	(7,726)
	Prior Years' Tax Adjustments (Net)		41,571	43,462
			3,304,590	3,935,736
	Profit/(Loss) for the year		7,060,728	8,862,674
	Earnings per equity share (₹)	24		
	Basic and Diluted - Par value of ₹ 10/- per share		141.21	177.25

Significant accounting policies 1 to 31

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 : April 22, 2012

A. V. Suresh

R. S. Moorthy

} Directors

Mumbai, Dated : April 22, 2013

WATERWINGS EQUIPMENTS PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13		2011-12	
	₹	₹	₹	₹
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		10,365,318		12,798,410
Adjusted For -				
Depreciation, amortisation and impairment	886,407		338,143	
Unclaimed balances/ excess provision written back	(67,486)		(81,837)	
Profit on sale of assets (net)	(17,971)		–	
Interest income	(75,222)		(115,221)	
Prior period adjustment	(41,571)		(43,462)	
Provision / write-off of doubtful debts, advances and other current assets	106,377		139,226	
		790,534		236,849
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		11,155,852		13,035,259
Adjustments for (increase)/ decrease in operating assets:				
Trade Receivables	(20,187,400)		8,606,888	
Inventories	(2,253,643)		(3,798,710)	
Short Term Loans and advances	(332,147)		(801,816)	
Long -Term Loans and advances	106,650		(1,421,331)	
Adjustments for increase/ (decrease) in operating liabilities:				
Short term borrowings	17,095,180		–	
Trade Payables	10,167,498		(14,930,699)	
Other current liabilities	(2,023,341)		3,597,232	
Short Term Provisions	(27,337)		(72,663)	
Long -Term Provisions	(91,995)		133,087	
	2,453,465		(8,688,012)	
Cash generated from operations		13,609,317		4,347,247
Direct Taxes Paid (net of refunds)	(3,577,927)		(4,362,153)	
(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES		10,031,390		(14,906)
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets(including adjustment on account of capital advances)	(4,519,649)		(559,292)	
Sale of Fixed Assets	252,225		–	
Investment in other bank balances	(112,674)		2,073,203	
Interest Received	134,487		229,592	
(b) NET CASH FROM /(USED IN) INVESTING ACTIVITIES		(4,245,611)		1,743,503

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13		2011-12	
	₹	₹	₹	₹
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend Paid (including Dividend tax)	(7,554,463)		(7,554,463)	
(c) NET CASH FROM/ (USED IN) FINANCING ACTIVITIES		(7,554,463)		(7,554,463)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (a+b+c)		(1,768,684)		(5,825,866)
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT 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
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :				
Cash, Cheques on hand	19,481		63,777	
Balances with scheduled banks on Current accounts,	132,084		1,856,472	
		151,565		1,920,249
NET INCREASE /(DECREASE) AS DISCLOSED ABOVE		(1,768,684)		(5,825,866)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 1 to 31

Per our report attached

For **BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn. No. : 101048W

ATUL MEHTA

Partner

Membership No. : 15935

Mumbai, Dated : April 22, 2012

A. V. Suresh

R. S. Moorthy

} Directors

Mumbai, Dated : April 22, 2013

WATERWINGS EQUIPMENTS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of Financial Statements

(i) *Basis of Accounting*

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

(ii) *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 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. 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.

(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 is measured on the basis of estimated income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 *(Contd.)*

1. SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

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.

(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.

(j) Earnings per share

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

WATERWINGS EQUIPMENTS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013		As at 31 st March, 2012	
	Number of shares	₹	Number of shares	₹
2. SHARE CAPITAL				
Authorised				
Equity shares of ₹ 10/ each *	50,000	500,000	50,000	500,000
	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>
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	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>
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	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>
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	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>

* 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 2013, the Company has recorded per share dividend of ₹ 130 (previous year: ₹ 130) to equity shareholders.

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

	As at 31 st March, 2013		As at 31 st March, 2012	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹ 10/- each fully paid up held by				
Eureka Forbes Limited	5,000	100	5,000	100

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
3. RESERVES AND SURPLUS		
GENERAL RESERVE		
At the beginning of the year	9,000,000	8,000,000
Add: Transferred from surplus balance in the statement of profit and loss	700,000	1,000,000
At the end of the year	9,700,000	9,000,000
(Deficit)/ surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	1,843,103	1,534,892
Add/ (less): Profit/ (loss) for the year	7,060,728	8,862,674
Less: Appropriations		
Interim Dividend on Equity Shares *	6,500,000	6,500,000
Proposed dividend on equity shares	-	-
Tax on dividend on equity shares	1,054,463	1,054,463
Transfer to general reserve	700,000	1,000,000
Balance at the end of the year	649,368	1,843,103
Total	10,349,368	10,843,103

* ₹ 130 (previous year ₹ 130) per equity share

	Long-term		Current	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
4. OTHER LIABILITIES				
Income received in advance - AMC	-	-	12,508	939,959
Gratuity payable (note 27)	-	-	-	55,887
Statutory liabilities (Contributions to PF, Pension, ESIC, withholding Taxes, VAT etc.)	-	-	633,084	1,600,316
Other payables (employee dues)	-	-	2,537,913	2,650,914
Other payables (others)	-	-	49,000	8,770
Total	-	-	3,232,505	5,255,846

	Long-term		Short-term	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
5 PROVISIONS				
Provision for employee benefits				
Leave encashment	41,092	133,087	-	-
Other provisions				
Warranty	-	-	600,000	627,337
Provision for Taxation (Net of Advance Tax)	-	-	-	-
TOTAL	41,092	133,087	600,000	627,337

WATERWINGS EQUIPMENTS PRIVATE LIMITED

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 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
At the beginning of the year	627,337	700,000
Additions during the year	600,000	627,337
Utilization during the year	(627,337)	(269,193)
Unused amount reversed during the year	0	(430,807)
At the end of the year	600,000	627,337

	Long-term		Current	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
6. TRADE PAYABLES				
Due to Micro, Medium and Small Enterprises	-	-	-	-
Due to Others (including acceptances)	-	-	37,803,655	27,563,463
Due to related parties (including acceptances)	-	-	-	140,180
TOTAL	-	-	37,803,655	27,703,643

There is no principal amount and interest due to Micro, Small & Medium enterprises. During the year no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the company.

	Secured / Unsecured	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
7. SHORT-TERM BORROWINGS			
Loans repayable on demand			
From banks	Secured	17,095,180	-
TOTAL		17,095,180	-

a. Short term borrowing from banks is against hypothecation of stock-in-trade & book debts and carries interest @ 13.25% p.a.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

8. TANGIBLE ASSETS

Gross block at Cost	Plant and machinery	Furniture and fixtures	Vehicles	Computers	Total
	₹	₹	₹	₹	₹
As at 1 April 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
Additions	928,432	2,014,429	1,088,199	196,925	4,227,985
Deletions	–	–	(892,043)	–	(8,920,43)
As at 31 March 2013	1,423,131	2,254,648	1,088,199	851,939	5,617,917
Depreciation	Plant and machinery	Furniture and fixtures	Vehicles	Computers	Total
	₹	₹	₹	₹	₹
As at 1 April 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
Charge for the year	149,087	310,637	151,288	164,659	775,671
Deletions	–	–	(657,789)	–	–657,789
As at 31 March 2013	253,074	344,460	151,288	538,238	1,287,060
Net Block					
As at 31 March 2012	390,712	206,396	234,254	281,435	1,112,797
As at 31 March 2013	1,170,057	1,910,188	936,911	313,701	4,330,857

WATERWINGS EQUIPMENTS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

9. INTANGIBLE ASSETS

Gross Block	Computer Software ₹	Total ₹
As at 1 April 2011	245,587	245,587
Purchase	–	–
As at 31 March 2012	245,587	245,587
Purchase	567,995	567,995
As at 31 March 2013	813,582	813,582
	Computer Software ₹	Total ₹
As At 1 April 2011	62,738	62,738
Charge for the year	60,944	60,944
As at 31 March 2012	123,682	123,682
Charge for the year	110,736	110,736
As at 31 March 2013	234,418	234,418
Net Block		
As at 31 March 2012	121,905	121,905
As at 31 March 2013	579,164	579,164
	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹

10. DEFERRED TAX ASSETS

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

76,805 43,180

Fixed Assets : Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting.

23,649 20,293

Gross deferred tax asset

100,454 63,473

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

100,454 63,473

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	Long-term		Short-term	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
11. LOANS AND ADVANCES				
Capital advances				
Unsecured, considered good	–	276,331	–	–
Less: Provision for doubtful capital advances	–	–	–	–
	–	276,331	–	–
Security deposits				
Unsecured, considered good	1,393,350	1,500,000	–	18,848
	1,393,350	1,500,000	–	18,848
Less: Provision for doubtful security deposits	–	–	–	–
	1,393,350	1,500,000	–	18,848
Other loans and advances				
Unsecured considered good, unless stated otherwise				
Balance with statutory/ government authorities	–	–	689,615	186,964
Prepaid expenses	–	–	344,823	212,343
Advance income-tax (Net of provision of taxation)	696,631	418,704	–	–
Advances recoverable in cash or kind	–	–	364,002	648,138
	696,631	418,704	1,398,440	1,047,445
TOTAL	2,089,981	2,195,035	1,398,440	1,066,293

	Non Current		Current	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
12. OTHER ASSETS				
Unsecured considered good, unless otherwise stated				
Interest accrued on fixed deposits	–	–	–	59,265
Bank deposit with original maturity of more than 12 months (Note 15)	1,291,526	1,178,852	–	–
	1,291,526	1,178,852	–	59,265
Less: Provision for doubtful other assets	–	–	–	–
	1,291,526	1,178,852	–	59,265

WATERWINGS EQUIPMENTS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
12. INVENTORIES		
Finished goods	-	-
Raw Material & Spares	4,257,961	7,327,660
Work in Progress	5,393,322	69,980
	<u>9,651,283</u>	<u>7,397,640</u>

	Non Current		Current	
	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
14. TRADE RECEIVABLES				
Debts outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	971,408	1,788,485
	-	-	<u>971,408</u>	<u>1,788,485</u>
Other debts				
Unsecured, considered good	-	-	11,354,349	8,576,589
Debts due from related parties, unsecured	-	-	37,702,773	19,582,433
	-	-	<u>49,057,122</u>	<u>28,159,022</u>
TOTAL	-	-	<u>50,028,530</u>	<u>29,947,507</u>

15. CASH AND BANK BALANCES				
Cash and cash equivalents				
Balance with banks in:				
Current accounts	-	-	132,084	1,856,472
Cash on hand	-	-	19,481	63,777
	-	-	<u>151,565</u>	<u>1,920,249</u>
Other bank balances				
Balance with banks as margin money deposit *	1,291,526	1,178,852	-	-
Amount disclosed under non-current assets (note 12)	(1,291,526)	(1,178,852)	-	-
TOTAL	-	-	<u>151,565</u>	<u>1,920,249</u>

* margin money deposit given as security against bank guarantee

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
16. REVENUE FROM OPERATION		
Sale of products *		
Finished Goods	175,195,212	159,598,641
Sale of services **	1,041,338	1,905,516
Other operating income		
Scrap sales	5,420	11,630
Revenue from operations(Gross)	176,241,970	161,515,787
Less: Excise Duty	3,870,259	2,764,302
Revenue from operations(Net)	<u>172,371,711</u>	<u>158,751,485</u>
* Sale of products		
Water & Waste Water Treatment Plants		
Finished Goods	155,332,052	149,960,870
Components and Spares	19,863,160	9,637,771
	<u>175,195,212</u>	<u>159,598,641</u>
** Sale of services		
Erection & Commissioning	1,041,338	1,571,665
Others	0	333,851
	<u>1,041,338</u>	<u>1,905,516</u>
17. OTHER INCOME		
Interest income on :		
Bank deposits	75,222	115,221
Net profit on sale of assets	17,971	-
Credit balances written back	67,486	81,837
Miscellaneous Income	73,047	-
	<u>233,726</u>	<u>197,058</u>

WATERWINGS EQUIPMENTS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
18. COST OF RAW MATERIAL AND COMPONENTS CONSUMED		
Inventory at the Beginning of the Year	7,327,660	3,311,025
Add:- Purchases	139,694,401	130,273,452
	<u>147,022,061</u>	<u>133,584,477</u>
Less:- Inventory at the End of the Year	4,257,961	7,327,660
Cost of Raw Material & Components consumed	<u>142,764,100</u>	<u>126,256,817</u>
Details of Raw Material & Components Consumed:		
Pump	28,956,556	26,550,313
Membrane/RO Packages	23,616,424	21,643,477
FRP Vessels/MS Vessels	13,623,504	12,489,927
Valves(all types)	6,573,825	6,040,009
Resins	4,018,317	3,687,869
Other Fabricated Components	65,975,474	55,845,222
	<u>142,764,100</u>	<u>126,256,817</u>
	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
19. CHANGES IN INVENTORIES OF WORK IN PROGRESS		
Work In Progress at the beginning of the year	69,980	287,905
Less: Work In Progress at the end of the year	5,393,322	69,980
Net (increase) /decrease	<u>(53,233,42)</u>	<u>217,925</u>
	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
20. EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	14,079,096	12,681,609
Contribution to provident and other fund	412,815	436,833
Staff welfare expense	199,161	169,049
	<u>14,691,072</u>	<u>13,287,491</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
21. OTHER EXPENSES		
Electricity	185,501	39,490
Rent	572,000	625,520
Repairs and Maintenance :		
Others	261,964	168,692
Insurance	183,011	9,487
Advertisement	19,000	81,161
Selling and Sales Promotion	4,500	7,500
Freight, Forwarding and Delivery	1,666,106	1402,819
Payment to Auditors (Refer details Below)	192,947	115,400
Printing and Stationery	316,392	228,440
Communication cost	568,752	262,104
Travelling and Conveyance	2,226,364	1625,399
Legal and Professional Fees	434,066	617,280
Vehicle Expenses and Maintenance	135,231	113,430
Rates and taxes, excluding taxes on income warranty cost	66,744	5,244
Other Establishment Expenses	354,604	388,035
Directors' Sitting Fees	24,000	24,000
Bad Debts/Advances Written-Off	106,377	139,226
Exchange difference (net) (other than considered as finance cost)	23,883	-
	7,941,442	6,049,757
Payment to auditors		
As auditor		
Audit fee	100,000	100,000
Tax audit fee	30,000	-
For other services	40,000	-
For reimbursement of expenses	22,947	15,400
	192,947	115,400
22. FINANCE COST		
Interest expense	545,306	-
Other borrowing cost	735,134	-
	1,280,440	-
23. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on tangible assets	775,671	277,199
Amortization on intangible assets	110,736	60,944
	886,407	338,143
24. 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	7060728	8,862,674
Basic and Diluted Earning Per Share	₹ 141.21	₹ 177.25

WATERWINGS EQUIPMENTS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

25. Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹ Nil (previous year ₹ Nil).
26. Contingent liabilities and commitments not provided for on account of :
- (i) Contingent Liabilities - Bank Guarantees issued on behalf of the Company :- 1,22,783 (previous year ₹ 1,22,783)
- ii) Commitments - performance guarantee ₹ 7,05,467 (previous year ₹ 6,60,667)
27. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below :

Defined Contribution Plan

	2012-13	2011-12
Amount recognised as expense and included in note no. 20 as contribution to provident and other funds	412,815	436,833

Defined Benefit Plan

The employee's 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 method.

	2012-13 Gratuity (Funded) ₹	2011-12 Gratuity (Funded) ₹
a. Change in benefit obligations		
Defined benefit obligation at the beginning of the year	196,890*	265,625
Adjustment based on actuarial certificate*	(72,642)	-
Current Service cost	47,652	59,283
Interest cost	10,872	21,250
Actuarial (gain)/loss on obligations	39,021	(105,999)
Benefit paid	-	(43,269)
Defined benefit obligation at the end of the year	221,793	196,890*
b. Change in fair value of Plan Assets		
Fair value of Plan Assets at the beginning of the year	191,162	178,371
Expected return on Plan Assets	16,440	17,451
Employer Contribution	51,085	38,609
Benefit paid	-	(43,269)
Actuarial gain/(loss) on Plan Assets	-	-
Total Actuarial gain / (loss) to be recognised	5,035	105,999
Fair value of Plan Assets at year end	263,722	191,162
c. Expenses recognised during the year (under the head "Payments to and provisions for employees" - Schedule I)		
Current Service cost	47,652	59,283.00
Interest Cost	10,872	21,250.00
Expected Returns on Plan Assets	(16,440)	(17,451.00)
Actuarial Gain or Loss	33,986	(105,999.00)
Expense Recognised in the Profit and Loss account	76,070	(42,917)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

27.

	2012-13 Gratuity (Funded)	2011-12 Gratuity (Funded)
	₹	₹
d. Category of Assets as on 31.03.2013		
Government of India Assets	-	-
Corporate Bonds	-	-
Special Deposit Scheme of Life Insurance Corporation of India	-	-
State Government (Maharashtra)	-	-
Others	-	-
Total Investments	-	-
e. Assumptions used in the accounting for defined benefit plans		
Discount Rate	8.00%	8.75%
Salary Escalation Rate	5.00%	5.00%
Rate of return on plan assets	8.70%	8.60%

The estimates for rate of escalation in salary considered in the actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

* The company has carried out an actuarial valuation for the gratuity liability from an independent actuary as compared to the working done by LIC in the previous year. The difference of the defined benefit obligation between the closing liability of the previous year and the current year, has been disclosed above.

28. The Company is primarily engaged in business of water and waste water treatment equipments, plants, and its 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.
29. 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.
30. The company has taken commercial premises under cancelable operating lease. Lease rental expenses included in the profit and loss account for the year is ₹ 12,60,800 (Previous Year ₹ 6,25,520/-). None 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.
31. Figures of previous year have been re-grouped wherever necessary.

Per our report attached

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

ATUL MEHTA
Partner
Membership No. : 15935

Mumbai, Dated : April 22, 2012

A. V. Suresh
R. S. Moorthy } *Directors*

Mumbai, Dated : April 22, 2013

WATERWINGS EQUIPMENTS PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

Details Require Under Accounting Standard 18 on "Related Party Disclosure" issued by The Institute of Chartered Accountants of India - Referred in Note No. 29

(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 - Holding company
 Shapoorji Pallonji & Company Limited - ultimate Holding Company
 Forbes & Company Ltd
- B Enterprises that are under common control -
 Aquamall Water Solutions Limited - fellow subsidiary
 Aquadiagnostics Water Research & Technology Centre Limited
 Euro Forbes Financials Services Ltd
 Euro Forbes Limited
 Euro Forbes International Pte. Limited
 Forbes Lux FZCO - fellow subsidiary
 Radiant Energy Systems Pvt. Limited - fellow subsidiary
 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
 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

Transactions with Related Parties

		A	B		
		Eureka Forbes Ltd.	Radiant Energy Systems Pvt Ltd	Forbes Lux FZCO	Aquamall Water Solution Ltd.
Nature of Transaction					
Sales (net of tax)	Goods and Materials	93,040,423	12,787,346	376,789	773,000
	Services Rendered	74,200	-	-	-
Expenses	Repairs & Other Expenses	63,079	-	-	-
	Recovery of Expenses	66,227	22,612	-	
	Dividend Paid	6,500,000	-	-	-
Outstandings	Sundry Debtors	28,095,518	9,607,255	-	-

