

**FORBES & COMPANY LIMITED**

FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES FOR THE  
YEAR 2015-16

# FORBES & COMPANY LIMITED

## Reports and Accounts of Subsidiary Companies

2015-16

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**Aquadiagnostics Water Research & Technology Centre Limited**  
(a wholly owned Subsidiary Company of Aquamall Water Solutions Limited)

Financial Statements  
For the year ended March 31, 2016

## **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<sup>st</sup> March, 2016, the Statement of Profit and Loss, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting



policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statement.

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

## **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, of the state of affairs of the Company as at 31st March, 2016, and its profits and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

- 1 As required by Companies (Auditors Report) Order, 2016 ('the Order') issued by Central Government of India in terms of sub section 11 of section 143 of the Act, we give in the Annexure –A a statement on the matters specified in paragraphs 3 and 4 of the order.
- 2 As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal Financial controls over financial reporting of the Company and the operating effectiveness of such controls refer to our separate report in 'Annexure B' and

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**Kaushal Mehta**  
Partner  
Membership No.111749

Place : Mumbai  
Date : 20 April, 2016

## **Annexure – A to the Independent Auditor’s Report**

(Referred to in paragraph 1 under ‘Report on other legal and Regulatory requirements’ section of our report of even date)

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- c) The company does not hold any immovable property.
- (ii) The Company is a service company, primarily rendering testing services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company
- (iii) The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly clause 3 (iii) (a) and (b) of the order are not applicable to the Company.
- (iv) The Company has not granted any loans, made investments, given guarantees and security under section 185 and 186 of the Act. Thus, paragraph 3(iv) of the order is not applicable to the company.
- (v) The Company has not accepted any deposits during the year within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) To the best of our knowledge and as explained central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013.
- (vii) a. The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable

- b. According to the information and explanations given to us there are no dues outstanding of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess that have not been deposited on account of any dispute.

- (viii) The Company does not have any loans or borrowings from Financial institution, Bank, Government or debenture holders during the year.
- (ix) The Company has not raised any money by way of initial public offer or further public offer and the Company has not taken any term loan.
- (x) As per the information and explanation given by the management we report that no fraud on or by the company has been noticed or reported during the year.
- (xi) The Company has not paid any remuneration to managerial personnel, hence paragraph 3(xi) of the order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us the Company is not a Nidhi Company. Accordingly the paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xvi) As informed and based on our examination of records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) As informed the Company has not entered into any non-cash transactions with Directors or persons connected with him
- (xvi) As per the information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India, 1934.

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

**Kaushal Mehta**  
Partner  
Membership No.111749

Place : Mumbai

Date : 20 April, 2016

## **Annexure - B to the Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Aquadiagnostics Water Research & Technology Centre Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3)

provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For BATLIBOI & PUROHIT**

Chartered Accountants

ICAI Firm Regn. No.101048W

**Kaushal Mehta**

Partner

Membership No. 111749

Place : Mumbai

Date : 20 April, 2016

## BALANCE SHEET AS AT 31st MARCH, 2016

	Notes	As at 31st March, 2016	As at 31st March, 2015
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
a Share Capital	2	30,000,000	30,000,000
b Reserves and Surplus	3	(16,703,206)	(17,516,606)
		<b>13,296,794</b>	<b>12,483,394</b>
<b>2. Non-current Liabilities</b>			
a Long-term Borrowings		-	-
b Long-term provisions	4	145,446	-
		<b>145,446</b>	<b>-</b>
<b>3. Current Liabilities</b>			
a Trade Payables	5	561,517	74,687
b Other Current Liabilities	6	664,112	967,123
b Short-term provisions	4	4,940	-
		<b>1,230,569</b>	<b>1,041,810</b>
<b>Total</b>		<b>14,672,809</b>	<b>13,525,204</b>
<b>II ASSETS</b>			
<b>1. Non-Current Assets</b>			
a Fixed Assets			
(i) Tangible Assets	7	7,519,877	9,197,872
(ii) Capital work-in-progress		-	-
b Long-Term Loans And Advances	8	1,337,433	1,806,787
		<b>8,857,310</b>	<b>11,004,659</b>
<b>2. Current Assets</b>			
a Trade Receivables	9	3,241,936	1,898,008
b Cash And Cash Equivalents	10	1,056,457	379,027
c Short-Term Loans And Advances	8	1,517,106	243,510
		<b>5,815,499</b>	<b>2,520,545</b>
<b>Total</b>		<b>14,672,809</b>	<b>13,525,204</b>

Significant Accounting Policies 1

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

As per our report of even date

For and on behalf of the Board of Directors

For Batliboi & Purohit  
Chartered Accountants  
Firm regn No.101048W

P. J. Reddy  
Chairman

**Kaushal Mehta**  
Partner  
Membership No. 111749

Dr. Venkatesh Tuppil  
Director

Place: Mumbai  
Date: 20th April, 2016

Place: Bangalore

**Statement of Profit and Loss for the year ended 31st March 2016**

	Notes	For the year ended 31st March,2016	For the year ended 31st March,2015
<b>I Income</b>			
a Revenue from operation	11	13,657,547	8,029,490
b Other income	12	33,650	8,235
<b>Total Revenue</b>		<b>13,691,197</b>	<b>8,037,725</b>
<b>II Expenses</b>			
a Employee Benefit Expense	13	2,977,095	1,974,898
b Other Expenses	14	8,086,775	5,047,130
c Finance Cost	15	-	677,630
d Depreciation and Amortisation Expense	16	1,813,927	(1,417,555)
<b>Total Expenses</b>		<b>12,877,797</b>	<b>6,282,103</b>
<b>III Profit / (Loss) before exceptional items, extraordinary items and tax</b>		<b>813,400</b>	<b>1,755,622</b>
Exceptional items		-	-
<b>IV Profit / (Loss) before extraordinary items and tax</b>		<b>813,400</b>	<b>1,755,622</b>
Extraordinary items		-	-
<b>V Profit / (Loss) before tax</b>		<b>813,400</b>	<b>1,755,622</b>
Tax expense		-	-
Current tax		-	-
<b>VI Profit / (Loss) for the year</b>		<b>813,400</b>	<b>1,755,622</b>
<b>Earnings per equity share (₹)</b>	17		
Basic and Diluted-face value of ₹ 10/- per share		0.27	0.82
Significant accounting policies	1		

As per our report of even date

For and on behalf of the Board of Directors

For Batliboi & Purohit  
Chartered Accountants  
Firm regn No.101048W

P.J. Reddy  
Chairman

**Kaushal Mehta**  
Partner  
Membership No. 111749

Dr. Venkatesh Tuppil  
Director

Place: Mumbai  
Date: 20th April, 2016

Place: Bangalore



Cash Flow Statement for the Year ended 31st March, 2016

	2015-16		2014-15	
<b>NET PROFIT / (LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS</b>		813,400		1,755,622
Adjusted For -				
Depreciation and amortisation expense	1,813,927		(1,417,555)	
Unrealised foreign exchange gain	(4,467)		(1,968)	
Finance cost	-		677,630	
Provision / write-off of doubtful debts, advances and other current assets	48,206		-	
		1,857,666		(741,893)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>		2,671,066		1,013,729
Adjustments for (increase)/ decrease in operating assets:				
Trade Receivables	(1,387,610)		(403,593)	
Short Term Loans and advances	(1,273,596)		(125,533)	
Long -Term Loans and advances	700,000		448,185	
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	486,830		(1,050,770)	
Other current liabilities	(303,068)		504,417	
Short Term Provisions	4,940		-	
Long -Term Provisions	145,446		-	
		(1,627,058)		(627,294)
Cash generated from operations		1,044,008		386,435
Direct Taxes Paid (net of refunds)		(230,646)		(559,869)
<b>(a) NET CASH FLOW GENERATED BY/ (USED IN) OPERATING ACTIVITIES</b>		813,362		(173,434)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets(Including adjustment on account of Capital Advances)	(135,932)		-	
<b>(b)NET CASH USED IN INVESTING ACTIVITIES</b>		(135,932)		-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Issue of Equity shares	-		10,000,000	
Repayment of long term borrowings	-		(6,000,000)	
Finance cost paid	-		(3,597,907)	
<b>(c)NET CASH GENERATED/ (USED) FROM FINANCING ACTIVITIES</b>		-		402,093
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)</b>		677,430		228,659

## Cash Flow Statement for the Year ended 31 March, 2016 (Contd.)

	2015-16		2014-15	
<b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :</b>				
Cash , Cheques on hand	4,391		13,552	
Balances with scheduled banks on Current accounts,	374,636		136,816	
		379,027		150,368
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :</b>				
Cash , Cheques on hand	5,329		4,391	
Balances with scheduled banks on Current accounts,	1,051,128		374,636	
		1,056,457		379,027
<b>NET INCREASE /(DECREASE) AS DISCLOSED ABOVE</b>		677,430		228,659

As per our report of even date

For Batliboi & Purohit  
Chartered Accountants  
Firm regn No.101048W

**Kaushal Mehta**  
Partner  
Membership No. 111749

Place: Mumbai  
Date: 20th April, 2016

For and on behalf of the Board of Directors

P.J. Reddy  
Chairman

Dr. Venkatesh Tuppil  
Director

Place: Bangalore

## Notes to the Financial Statements for the year ended 31st March 2016

1. SIGNIFICANT ACCOUNTING POLICIES(a) Basis of preparation of Financial statement.(i) Basis of Accounting

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 and other accounting pronouncements of the Institute of Chartered Accountants of India. The financial statements have been prepared under historical cost convention and on accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(ii) Uses of Estimates

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

(b) Fixed Assets

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

(c) Depreciation and amortisation

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

(d) Revenue Recognition

Income from testing of water and other services is accounted on accrual basis after completion of services.

Revenue from sale of goods is recognised when substantial risk and rewards of ownership are transferred to customers. Sales are net of Sales returns

(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 statement of profit and loss.

(f) 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.

(g) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year.

(h) Lease accounting

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.

(i) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

(j) 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.

(k) Taxation

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

(l) Employee BenefitsGratuity:- (Defined Benefit Scheme)

The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses are recognised in full in the statement of profit and loss for the period in which they occur.

Leave Encashment:- (Defined Benefit Scheme)

Leave encashment, which is a defined benefit plan, is accrued based on actuarial valuation using the Projected Unit Credit Method at the Balance Sheet date.

	As at 31st March,2016		As at 31st March,2015	
	Number of shares	Amount in `	Number of shares	Amount in `
<b>2. Share Capital</b>				
Authorised Equity shares of ` 10/ each *	5,000,000	50,000,000	5,000,000	50,000,000
	<u>5,000,000</u>	<u>50,000,000</u>	<u>5,000,000</u>	<u>50,000,000</u>
<b>Issued</b>				
Equity shares of ` 10/ each fully paid up *				
At the beginning of the year	3,000,000	30,000,000	2,000,000	20,000,000
Add: Issued during the year	-	-	1,000,000	10,000,000
Less: Bought back during the year	-	-	-	-
At the end of the year	<u>3,000,000</u>	<u>30,000,000</u>	<u>3,000,000</u>	<u>30,000,000</u>
<b>Subscribed</b>				
Equity shares of ` 10/ each fully paid up *				
At the beginning of the year	3,000,000	30,000,000	2,000,000	20,000,000
Add: Issued during the year	-	-	1,000,000	10,000,000
Less: Bought back during the year	-	-	-	-
At the end of the year	<u>3,000,000</u>	<u>30,000,000</u>	<u>3,000,000</u>	<u>30,000,000</u>
<b>Fully Paid up</b>				
Equity shares of ` 10/ each fully paid up *				
At the beginning of the year	3,000,000	30,000,000	2,000,000	20,000,000
Add: Issued during the year	-	-	1,000,000	10,000,000
Less: Bought back during the year	-	-	-	-
At the end of the year	<u>3,000,000</u>	<u>30,000,000</u>	<u>3,000,000</u>	<u>30,000,000</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. During the year ended 31st March 2016, the Company has recorded per share dividend of ` NIL (previous year: ` NIL) to equity shareholders.

- 2(a) 30,00,000 (previous year 30,00,000) 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.
- 2(b) During the year company has issued NIL (previous year 10,00,000) equity shares of ` 10 each to Aquamall Water Solutions Limited (holding company).
- 2(c) Details of shareholders holding more than 5% shares of the Company

	As at 31st March,2016		As at 31st March,2015	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ` 10/- each fully paid up held by				
Aquamall Water Solutions Limited Holding company	3000000	100	3000000	100

	As at 31st March, 2016	As at 31st March, 2015
<b>3. Reserves and Surplus</b>		
<b>Surplus / (Deficit) in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	(17,516,606)	(19,230,151)
Add/ (less): Depreciation on Transition to Schedule II of the Companies Act 2013 on tangible fixed assets with nil remaining useful life	-	(42,077)
Add/ (less): Profit/ (loss) for the year	813,400	1,755,622
Balance at the end of the year	<u>(16,703,206)</u>	<u>(17,516,606)</u>
<b>Total</b>	<u><b>(16,703,206)</b></u>	<u><b>(17,516,606)</b></u>

	Long-term		Current	
	As at 31st March,2016	As at 31st March,2015	As at 31st March,2016	As at 31st March,2015
<b>4. Provisions</b>				
<b>Provision for Employee Benefits</b>				
Gratuity ( Note 30)	70,871	-	1,992	-
Leave Encashment (Note 30)	74,575	-	2,948	-
	<u>145,446</u>	<u>-</u>	<u>4,940</u>	<u>-</u>
<b>5. Trade Payables</b>				
Due to Micro, Small and Medium Enterprises	-	-	-	-
Due to others (including acceptances)	-	-	561,517	74,687
Due to related parties	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>561,517</u>	<u>74,687</u>
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.				
<b>6. Other Current Liabilities</b>				
Interest accrued and due on borrowings	-	-	-	-
Advance from Customers	-	-	163,584	29,563
Advances from Related parties	-	-	-	603,914
Statutory liabilities(Contributions to PF,Pension, ESIC,withholding Taxes,VAT etc.)	-	-	49,376	21,954
Employee Benefits Payable	-	-	287,176	179,070
Other payables **	-	-	163,976	132,622
<b>Total</b>	<u>-</u>	<u>-</u>	<u>664,112</u>	<u>967,123</u>
Footnote				
** Other payables				
Prov for audit fee	-	-	78,090	28,090
Prov. for other misc. exp.	-	-	85,886	104,532
	<u>-</u>	<u>-</u>	<u>163,976</u>	<u>132,622</u>

## 7. Tangible Assets

<b>Gross Block</b>	Plant and Machinery (Lab)	Furniture and fixtures	Computers	Total
As at 31 March 2014	11,434,288	780,969	61,500	12,276,757
Additions	1,544,120	-	-	1,544,120
Deletions	-	-	-	-
As at 1st April,2015	12,978,408	780,969	61,500	13,820,877
Additions	133,278	-	2,654	135,932
Deletions	-	-	-	-
<b>As at 31st March,2016</b>	<b><u>13,111,686</u></b>	<b><u>780,969</u></b>	<b><u>64,154</u></b>	<b><u>13,956,809</u></b>
<b>Depreciation</b>	Plant and Machinery (Lab)	Furniture and fixtures	Computers	Total
As At 1 April 2014	5,438,322	521,352	38,809	5,998,483
Depreciation written back*	(3,023,424)	(257,261)	(18,477)	(3,299,162)
Charge for the year	1,711,964	161,686	7,956	1,881,607
Deletions	-	-	-	-
Transition adjustment**	-	24,225	17,852	42,077
As at 31 March 2015	4,126,862	450,003	46,140	4,623,005
Charge for the year	1,716,931	89,006	7,990	1,813,927
Deletions	-	-	-	-
<b>As at 31st March,2016</b>	<b><u>5,843,793</u></b>	<b><u>539,009</u></b>	<b><u>54,130</u></b>	<b><u>6,436,932</u></b>
<b>Net Block</b>				
As at 31 March 2015	<u>8,851,546</u>	<u>330,966</u>	<u>15,360</u>	<u>9,197,872</u>
<b>As at 31st March,2016</b>	<b><u>7,267,893</u></b>	<b><u>241,960</u></b>	<b><u>10,024</u></b>	<b><u>7,519,877</u></b>

\* on account of change in accounting policy (refer note 23)

\*\* adjusted against the opening Surplus balance

	Long-term		Short-term	
	As at 31st March,2016	As at 31st March,2015	As at 31st March,2016	As at 31st March,2015
<b>8. Loans and Advances</b>				
<b>Security Deposits</b>				
Unsecured, considered good	28,041	728,041	700,000	-
	<u>28,041</u>	<u>728,041</u>	<u>700,000</u>	<u>-</u>
Less: Provision for doubtful security deposits	-	-	-	-
	<u>28,041</u>	<u>728,041</u>	<u>700,000</u>	<u>-</u>
<b>Other Loans and Advances</b>				
Unsecured considered good, unless stated otherwise				
Balance with statutory/ government authorities	10,000	10,000	158,335	6,871
Prepaid expenses	-	-	442,079	236,029
Advance income-tax (Net of provision of taxation)	1,299,392	1,068,746	-	-
Advances recoverable in cash or kind	-	-	216,692	610
	<u>1,309,392</u>	<u>1,078,746</u>	<u>817,106</u>	<u>243,510</u>
<b>Total</b>	<b><u>1,337,433</u></b>	<b><u>1,806,787</u></b>	<b><u>1,517,106</u></b>	<b><u>243,510</u></b>
<b>9. Trade Receivables</b>				
Debts outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	306,123	298,877
	<u>-</u>	<u>-</u>	<u>306,123</u>	<u>298,877</u>
Other Debts				
Unsecured, considered good	-	-	1,424,730	1,173,352
Debts due from related parties, unsecured	-	-	1,511,083	425,779
	<u>-</u>	<u>-</u>	<u>2,935,813</u>	<u>1,599,131</u>
Less: Provision for doubtful debts	-	-	-	-
	<u>-</u>	<u>-</u>	<u>2,935,813</u>	<u>1,599,131</u>
<b>Total</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,241,936</u></b>	<b><u>1,898,008</u></b>
<b>10. Cash And Cash Equivalents</b>				
Cash on hand	-	-	5,329	4,391
<b>Balances with Banks</b>				
Current accounts	-	-	1,051,128	374,636
Others	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1,051,128</u>	<u>374,636</u>
<b>Total</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,056,457</u></b>	<b><u>379,027</u></b>



	For the year ended 31st March, 2016	For the year ended 31st March, 2015
<b>11. Revenue From Operation</b>		
<b>Sale of products</b>		
Testing kits & Instruments (Trading)	2,768,980	86,200
<b>Sale of services</b>		
Testing Service	10,888,567	7,943,290
<b>Revenue from operations</b>	<u><u>13,657,547</u></u>	<u><u>8,029,490</u></u>
<b>12. Other Income</b>		
Miscellaneous Income **	33,650	8,235
<b>Total</b>	<u><u>33,650</u></u>	<u><u>8,235</u></u>
** Miscellaneous Income		
Interest on Income Tax refund	33,650	2,566
Other Income	-	5,669
	<u><u>33,650</u></u>	<u><u>8,235</u></u>

	For the year ended 31st	For the year ended 31st
<b>13. Employee Benefit Expense</b>		
Salaries, wages and bonus	2,711,760	1,889,153
Gratuity & Leave encashment expenses	150,386	-
Staff welfare expense	114,949	85,745
<b>Total</b>	<b>2,977,095</b>	<b>1,974,898</b>
<b>14. Other Expenses</b>		
Chemical & Gas	834,452	530,781
Purchases- Trading	2,572,360	-
Power & fuel	487,756	447,359
Rent	1,268,544	1,180,044
Repairs and Maintenance- Machinery	909,012	756,011
Insurance	9,726	11,036
Advertisement	1,700	6,742
Postage	38,187	33,624
Payment to Auditors (Refer details below)	65,000	43,640
Printing and Stationery	85,849	113,233
Communication cost	91,026	76,249
Travelling and Conveyance	482,789	318,979
Legal and Professional Fees	338,726	145,868
Rates and taxes, excluding taxes on income	35,641	342,333
Exchange difference (net)	1,541	49,706
Water Charges	236,474	120,390
Testing Charges	266,559	609,994
Other Establishment Expenses	313,227	261,141
Bad Debts/Advances Written-Off	48,206	-
<b>Total</b>	<b>8,086,775</b>	<b>5,047,130</b>
Payment to Auditors As Auditor		
Statutory audit fee	40,000	28,090
Tax audit fee	10,000	-
For other services	15,000	15,000
For reimbursement of expenses	-	550
<b>Total</b>	<b>65,000</b>	<b>43,640</b>
<b>15. Finance Cost</b>		
Interest Expense	-	638,342
Other borrowing cost	-	39,288
<b>Total</b>	<b>-</b>	<b>677,630</b>
<b>16. Depreciation and Amortisation Expense</b>		
Depreciation on tangible assets for the year	1,813,927	1,881,607
Less: Depreciation on tangible assets written back on change in accounting policy	-	(3,299,162)
<b>Total</b>	<b>1,813,927</b>	<b>(1,417,555)</b>
<b>17. Earnings Per Equity Share</b>		
Number of Equity Shares	3,000,000	3,000,000
Weighted average number of equity shares	3,000,000	2,131,507
Face Value per Share	10	10
Profit / (Loss) After Tax available to Equity Shareholders	813,400	1,755,622
<b>Basic and Diluted Earning Per Share</b>	<b>0.27</b>	<b>0.82</b>

## Notes to the Financial Statements for the year ended 31st March 2016

- 18 Estimated amount of contracts remaining to be executed on Capital accounts and not provided for – Nil (previous year Nil)
- 19 Contingent liabilities not provided for : Nil (previous year Nil)
- 20 The amount of exchange differences included in the statement of profit and loss is a net loss of ` 1,541 (previous year net loss of ` 49,706)
- 21 The Company has a single business & geographical segment as per Accounting Standard 17 dealing with “Segment Reporting” issued by the Institute of Chartered Accountants of India.
- 22 As required under Accounting Standard 18 on “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, the list of related parties and their transactions is attached.
- 23 During the previous year, the Company had revised its accounting policy in respect of depreciation method of its fixed assets where depreciation was provided under the ‘written down value method’. Based on an evaluation carried out by the management in the previous year, fixed assets are now being depreciated on ‘straight line method’ over the expected useful life of the fixed assets as against written down value method. This change in accounting policy has been made as it would result in a more appropriate presentation of the financial statements. As a result of this change, depreciation was calculated retrospectively on straight line method and accordingly the Company had recorded reversal of depreciation expense amounting to ` 32,99,162 pertaining to previous years in the Statement of Profit & Loss. Further, assets individually costing ` 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets.
- Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company had fully depreciated the carrying value of assets (determined after considering the change in the method of depreciation from WDV to SLM), after retaining the residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and had adjusted an amount of ` 42,077 against the opening Surplus balance in the balance sheet under Reserves and Surplus.
- The depreciation expense in the Statement of Profit and Loss for the previous year is higher by ` 12,15,697 consequent to the above change in the method of depreciation.
- 24 The company has not recognised deferred tax assets on income tax losses as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- 25 The company has incurred ` 97,759 (previous year ` NIL) on certification expenses in foreign currency
- 26 The company has earned ` 11,17,756 (previous year ` 9,18,659) against export of services in foreign currency.
- 27 During the year value of import on CIF basis ` 6,50,359 (previous year ` NIL) .
- 28 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 on operating lease basis. Lease payments in respect of such leases recognised in the statement of profit & loss ` 12,68,544 (previous year ` 11,80,044 )
- (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.
- 29 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.

## Disclosure for unhedged foreign currency exposure:

	Currency	Mar'2016		Mar'2015	
		Amount in Foreign Currency	Amount `	Amount in Foreign Currency	Amount `
Trade Receivable and Advances	USD	923	61,009	1,198	74,911
Trade Payables and Advances Received	USD	668	44,154	74	4,640

## Notes to the Financial Statements for the year ended 31st March 2016

- 30 The disclosures required under Accounting standard 15 " Employee Benefits" notified in the Companies ( Accounting Standards) Rules 2006, are given below :

**Defined Benefit plan**

The present value of obligation of gratuity is determined based on estimated liability, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner.

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

	Gratuity (Non-Funded)		Leave Encashment (Non-Funded)	
	2015-16	2014-15	2015-16	2014-15
Defined Benefit obligation at beginning of year	-	-	-	-
Past service cost	58,580	-	64,522	-
Current service cost	14,283	-	13,001	-
Interest cost	-	-	-	-
Actuarial (gain)/loss	-	-	-	-
Benefits paid	-	-	-	-
Defined Benefit obligation at year end	72,863	-	77,523	-

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

	Gratuity (Non-Funded)		Leave Encashment (Non-Funded)	
	2015-16	2014-15	2015-16	2014-15
Fair value of plan assets at beginning of year	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial gain/(loss)	-	-	-	-
Employer contribution	-	-	-	-
Benefits paid	-	-	-	-
Fair value of plan assets at year end	-	-	-	-
Actual return on plan assets	-	-	-	-

- (C) Expenses Recognised during the year (under the head "Employee benefit expense")

	Gratuity (Non-Funded)		Leave Encashment (Non-Funded)	
	2015-16	2014-15	2015-16	2014-15
Past Service Cost	58,580	-	64,522	-
Current Service Cost	14,283	-	13,001	-
Interest Cost	-	-	-	-
Expected Returns on Plan Assets	-	-	-	-
Actuarial (gain) or Loss	-	-	-	-
Expense Recognised in the Statement of Profit and Loss	72,863	-	77,523	-

- (D) Reconciliation of fair value of assets and obligations

	Gratuity (Non-Funded)		Leave Encashment (Non-Funded)	
	2015-16	2014-15	2015-16	2014-15
Fair value of plan assets as at 31 <sup>st</sup> March	-	-	-	-
Present value of obligation as at 31 <sup>st</sup> March	72,863	-	77,523	-
Amount recognised in Balance Sheet (Liability)	72,863	-	77,523	-

(E) Economic and Demographic Assumptions :-

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities & the salary growth rate takes account of inflation, seniority, promotion

	<b>2015-16</b>	<b>2014-15</b>
- Discounting Rate	8.00%	-
- Future Salary Increase	6.00%	-
- Expected Rate of Return on Plan Assets	0.00%	-
- Mortality Table	IALM (2006-08), IALM (2006-08)	
	<b>Withdrawal Rate (%)</b>	<b>Withdrawal Rate (%)</b>
Ages		
- Up to 30 Years	3	-
- From 31 to 44 years	2	-
- Above 44 years	1	-

31 The figures of previous year have been regrouped where ever necessary.

As per our report of even date

*For Batliboi & Purohit  
Chartered Accountants  
Firm regn No.101048W*

*For and on behalf of the Board of Directors*

*P.J. Reddy  
Chairman*

**Kaushal Mehta**  
Partner  
Membership No. 111749  
Place: Mumbai  
Date: 20th April, 2016

*Dr. Venkatesh Tuppil  
Director*

*Place: Bangalore*

22 Related Party Disclosures

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

(A) Holding Company / Ultimate Holding Company:

- 1 Aquamall Water Solutions Ltd. (Holding Company)
- 2 Eureka Forbes Ltd. (Holding company of Aquamall Water Solutions Ltd.)
- 3 Forbes & Company Ltd. (Holding Company of Eureka Forbes Ltd.)
- 4 Shapoorji Pallonji & Co. Ltd. (Ultimate Holding Company)

(B) Enterprises that are under common control (Where there are transactions)

- 1 Forbes Aquatech Ltd.
- 2 Infinite Water Solutions Pvt. Ltd
- 3 Aqualgnis Technologies Pvt. Ltd.

(ii) Transactions with Related Parties

		A	A		B	B	B		Total
		Eureka Forbes Ltd.	Aquamall Water Solutions Ltd.	Parties in A above	Forbes Aquatech Ltd.	Infinite Water Solutions Pvt	Aqualgnis Technologies Pvt. Ltd.	Parties in B above	
<b>Nature of Transaction</b>									
<b>Purchases</b>									
1	Goods and Materials	-	414	<b>414</b>	-	-	-	-	<b>414</b>
		-	-	-	-	-	-	-	-
<b>Sales</b>									
2	Goods and Materials (excluding taxes)	19,900	-	<b>19,900</b>	-	-	-	-	<b>19,900</b>
		<i>29,900</i>	<i>4,000</i>	<i>33,900</i>	-	-	-	-	<i>33,900</i>
3	Services Rendered (excluding taxes)	1,017,429	2,659,480	<b>3,676,909</b>	108,500	16,500	27,000	<b>152,000</b>	<b>3,828,909</b>
		<i>942,855</i>	<i>2,798,520</i>	<i>3,741,375</i>	<i>139,700</i>	<i>13,750</i>	<i>6,600</i>	<i>160,050</i>	<i>3,901,425</i>
<b>Expenses</b>									
4	Miscellaneous expenses	-	29,048	<b>29,048</b>	-	-	-	-	<b>29,048</b>
		-	<i>23,816</i>	<i>23,816</i>	-	-	-	-	<i>23,816</i>
5	Interest Paid	-	-	-	-	-	-	-	-
		<i>638,342</i>	-	<i>638,342</i>	-	-	-	-	<i>638,342</i>
<b>Finance</b>									
6	Inter-corporate deposits taken	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
7	Repayment of Inter-corporate deposits tak	-	-	-	-	-	-	-	-
		<i>6,000,000</i>	-	<i>6,000,000</i>	-	-	-	-	<i>6,000,000</i>
8	Issue of Shares	-	-	-	-	-	-	-	-
		-	<i>10,000,000</i>	<i>10,000,000</i>	-	-	-	-	<i>10,000,000</i>
<b>Outstandings</b>									
9	Trade Payables	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
10	Interest accrued	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
11	Advances received	-	-	-	-	-	-	-	-
		-	603,914	<b>603,914</b>	-	-	-	-	<b>603,914</b>
12	Trade Receivables	999,691	511,391	<b>1,511,082</b>	-	-	-	-	<b>1,511,082</b>
		<i>368,455</i>	-	<i>368,455</i>	57,324	-	-	<b>57,324</b>	<b>425,779</b>
13	Inert Corporate Deposits Payable	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-

Figures in italics are in respect of the previous year

**Aquamall Water Solutions Limited**  
(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements  
For the year ended March 31, 2016

**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<sup>st</sup> March, 2016, the Statement of Profit and Loss, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's 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 on the financial statements.



### ***Basis for qualified opinion***

*As explained in note 40 to the financial statements, the Company has equity investment of Rs. 22,899.48 lakhs in its overseas subsidiary Forbes Lux International Ltd. No provision for diminution on such investment is considered necessary by the management despite significant accumulated losses of Rs. 3440 lacs incurred by the subsidiary.*

### ***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 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and its profit and its cash flows for the year ended on that date.

### **Emphasis of Matter**

We draw attention to the explanation given in Note 39 to the financial statements, the management is of the opinion that no provision is required in respect of investment of Rs. 300 lakhs in ‘Aquadiagnostics Water Research & Technology Centre Limited’ (AWRTC), a wholly owned subsidiary Company, even though the accumulated losses are Rs. 167.03 lakhs. Our opinion is not qualified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

- (1) As required by the Companies (Auditors Report) Order 2016 (‘the Order’) issued by Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the ‘Annexure A’, a statement on the matters specified in paragraphs 3 and 4 of the Order
- (2) As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in ‘Annexure B’; and

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements;
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**Atul Mehta**  
Partner  
Membership No.15935

Place : Mumbai  
Date :30April, 2016

### **Annexure A to the Independent Auditor's Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

- (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; no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made and guarantee given.
- (v) The Company has not accepted any deposits during the year within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) 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 148(1) of the Act and are of the opinion that *prima-facie*, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.  
According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, which were outstanding, at the year-end for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, dues outstanding of income tax, sales tax, duty of excise that have not been deposited on account of any dispute are as follows:

<b>Name of the Statute</b>	<b>Nature of dues</b>	<b>Period to which it relates</b>	<b>Amount (Rs in lakhs)</b>	<b>Forum where the Dispute is pending</b>
Sales Tax Act	Sales Tax	2001 to 2005	1,504.40	Telangana VAT Appellate Tribunal
		2000 to 2012	22.90	Deputy Commissioner , Commercial Taxes
Income Tax Act, 1961	Income Tax	2007-08	84.70	Income Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	2001 to 2006	647.60	CESTAT
		2014 -2016	218.58	Principal Commissioner of Central Excise

- (viii) 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 loans to banks. There were no outstanding dues to any financial institution or debenture holders anytime during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us the Company has utilized the money raised by way of term loans during the year for the purpose for which it was raised.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered in to non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

**Atul Mehta**  
Partner  
Membership No. 15935

Place: Mumbai  
Date: 30 April, 2016

## **Annexure B to the Independent Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of Aquamall Water Solutions Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A

company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **For BATLIBOI & PUROHIT**

Chartered Accountants  
ICAI Firm Regn. No.101048W

### **Atul Mehta**

Partner  
Membership No. 15935

Place: Mumbai  
Date: 30 April, 2016

**BALANCE SHEET AS AT 31ST MARCH, 2016**

	Notes	As at 31 March 2016	As at 31 March 2015
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
a. Share Capital	2	40,001,600	40,001,600
b. Reserves and Surplus	3	<u>3,301,069,830</u>	<u>2,769,820,230</u>
		3,341,071,430	2,809,821,830
<b>2. Non-Current Liabilities</b>			
a. Long-term borrowings	4	1,054,183,531	574,025,507
b. Deferred Tax Liabilities (Net)	5	43,901,639	40,312,742
c. Other Long-term Liabilities	6	52,358,403	53,225,126
d. Long-term Provisions	7	<u>18,448,676</u>	<u>28,460,131</u>
		1,168,892,249	696,023,506
<b>3. Current Liabilities</b>			
a. Short-term Borrowings	8	368,257,277	116,017,897
b. Trade Payables	9	777,840,704	578,119,268
c. Other Current Liabilities	6	226,167,358	211,070,597
d. Short-term Provisions	7	<u>1,086,823</u>	<u>59,427,879</u>
		1,373,352,162	964,635,641
<b>Total</b>		<b><u>5,883,315,841</u></b>	<b><u>4,470,480,977</u></b>
<b>II ASSETS</b>			
<b>1. Non-Current Assets</b>			
a. Fixed Assets			
(i) Tangible Assets	10	552,059,012	477,355,366
(ii) Intangible Assets	11	-	-
(iii) Capital Work-in-Progress			6,287,055
b. Non-Current Investment	12	2,349,226,545	1,538,036,545
d. Long-term Loans and Advances	13	1,240,133,750	1,007,260,222
e. Other Non-Current Assets	14	<u>144,640,429</u>	<u>90,301,746</u>
		4,286,059,736	3,119,240,934
<b>2. Current Assets</b>			
a. Current Investment	12	-	-
b. Inventories	15	377,107,991	370,368,823
c. Trade Receivables	16	1,145,048,039	908,466,820
d. Cash and Bank Balance	17	4,710,092	4,778,234
e. Short-term Loans and Advances	13	70,389,983	66,405,547
f. Other Current Assets	14	-	1,220,619
		<u>1,597,256,105</u>	<u>1,351,240,043</u>
<b>Total</b>		<b><u>5,883,315,841</u></b>	<b><u>4,470,480,977</u></b>

Significant Accounting Policies 1

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

As per our report of even date

For BATLIBOI & PUROHIT <i>Chartered Accountants</i>	<u>S. L. Goklaney</u>	Chairman
Firm Regn No. 101048W	<u>P. J. Reddy</u>	} Directors
ATUL MEHTA	<u>A. V. Suresh</u>	
<i>Partner</i>	<u>D.Sivanandhan</u>	
Membership No. 15935	<u>K.Raman Venkatesh</u>	
	<u>R. S. Moorthy</u>	
	<u>Vasant N Sanzgiri</u>	
	<u>Mrunalini Deshmukh</u>	
	<u>Suresh Redhu</u>	Whole Time Director
	<u>Sachikant Chaudhury</u>	CFO & Company Secretary



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016**

	Notes	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Income</b>			
I Revenue from Operation (Gross)	18	6,815,285,603	5,903,419,118
Less: Excise Duty		<u>474,044</u>	<u>9,095,028</u>
Revenue from Operation (Net)		6,814,811,559	5,894,324,090
II Other Income	19	<u>160,064,573</u>	<u>192,624,670</u>
III <b>Total Revenue</b>		6,974,876,132	6,086,948,760
<b>I Expenses</b>			
Cost of Materials Consumed	20	5,214,668,377	4,518,525,891
Cost of Traded Goods Sold		279,110,744	169,556,388
Changes in Inventories of Finished Goods, Work in Progress and Stock-in-Trade	21	(8,004,637)	9,819,157
Employee Benefit Expenses	22	85,819,684	95,025,340
Other Expenses	23	362,005,245	340,348,501
Finance Cost	24	79,045,531	95,489,447
Depreciation and Amortisation Expense	25	<u>42,225,712</u>	<u>(123,647,711)</u>
<b>Total Expenses</b>		6,054,870,656	5,105,117,013
<b>Profit Before Exceptional Items, Extraordinary Items and Tax</b>		920,005,476	981,831,747
Exceptional Items		-	-
<b>Profit Before Extraordinary Items And Tax</b>		920,005,476	981,831,747
Extraordinary Items		-	-
<b>Profit Before Tax</b>		920,005,476	981,831,747
Tax Expense			
Current Tax		196,344,000	206,529,000
Deferred tax		3,588,897	55,544,898
Prior Years' Tax Adjustments ( Net)		<u>-</u>	<u>-</u>
		<u>199,932,897</u>	<u>262,073,898</u>
<b>Profit/(Loss) For The Year</b>		<u><b>720,072,579</b></u>	<u><b>719,757,849</b></u>
<b>Earnings Per Equity Share (₹)</b>	26		
Basic and Diluted-Par value of ₹ 10/- per share		180.01	179.93
Significant accounting policies	1		

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

As per our report of even date	S. L. Goklaney	<i>Chairman</i>
For BATLIBOI & PUROHIT	P. J. Reddy	} <i>Directors</i>
<i>Chartered Accountants</i>	A. V. Suresh	
Firm Regn No. 101048W	D.Sivanandhan	
ATUL MEHTA	K.Raman Venkatesh	
<i>Partner</i>	R. S. Moorthy	
Membership No. 15935	Vasant N Sanzgiri	
	Mrunalini Deshmukh	
	Suresh Redhu	Whole Time Director
	Sachikant Chaudhury	CFO & Company Secretary
Mumbai , Dated : 30th April 2016		

**Cash Flow Statement for the Year Ended on 31st March, 2016**

	2015-16		2014-15	
<b>NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>		920,005,476		981,831,747
Adjusted For -				
Depreciation, amortisation and impairment	42,225,712		(123,647,711)	
Unrealised foreign exchange Difference	(32,756,406)		(46,805,884)	
Profit on disposal of current investments	(1,774,621)		(17,534)	
Loss / (Profit) on sale of assets (net)	628,189		397,283	
Finance cost	79,045,531		95,489,447	
Interest income	(56,616,516)		(48,287,373)	
Write-off of doubtful debts and advances	1,028,273	31,780,162	-	(122,871,772)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>		951,785,638		858,959,975
Adjustments for (increase)/ decrease in operating				
Trade Receivables	(230,300,351)		(166,015,685)	
Inventories	(6,739,168)		63,033,891	
Short Term Loans and advances	(3,984,436)		(8,970,292)	
Long -Term Loans and advances	1,774,570		19,697,535	
Other current assets	-		2,049	
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	201,392,220		181,927,084	
Other current liabilities	(6,553,001)		(23,710,708)	
Other long term liabilities	(866,723)		(9,476)	
Long -Term Provisions	(10,011,455)		(52,272,232)	
Short Term Provisions	(281,653)	(55,569,997)	52,726,320	66,408,486
Cash generated from operations		896,215,641		925,368,461
Direct Taxes Paid (net of refunds)	(273,263,791)		(153,001,502)	
<b>(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITIES</b>		622,951,850		772,366,959
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets(Including adjustment on account of Capital Advances)	(123,353,803)		(69,869,995)	
Sale of Fixed Assets	1,566,207		4,103,507	
Further Investment in Subsidiary Companies	(811,190,000)		(10,000,000)	
Purchase of current Investments	(100,000,000)			
Sale of current Investments	101,774,621		117,539	
Interest Received	4,697,119		746,301	
(Investment) / Maturity of Margin money deposits	(1,198,667)		-	
ICD given to Holding / Subsidiary Companies	(217,205,870)		(154,971,760)	
ICD received back from Holding / Subsidiary Companies	113,347,219		150,000,000	
Effect of exchange difference on ICD received back	(4,084,564)		-	
<b>(b)NET CASH FROM /(USED) IN INVESTING ACTIVITIES</b>		(1,035,647,738)		(79,874,408)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from long term borrowings	591,680,000		-	
Repayment of long term borrowings	(175,512,687)		(183,858,927)	
Net proceeds / (Repayment) from short term borrowings	247,665,197		(65,069,962)	
Effect of exchange difference on repayment of borrowings	16,192,013		(14,655,568)	
Finance cost paid	(74,816,832)		(97,156,388)	
Dividend Paid (including Dividend tax)	(192,579,945)		(332,397,886)	
<b>(c)NET CASH FROM/ (USED) IN FINANCING ACTIVITIES</b>		412,627,746		(693,138,731)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (a+b+c)</b>		(68,142)		(646,180)

**Cash Flow Statement for the Year ended 31 March, 2016 (Contd.)**

	2015-16		2014-15	
<b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :</b>				
Cash , Cheques on hand	375,910		170,343	
Balances with scheduled banks on Current accounts,	4,402,324	4,778,234	5,254,071	5,424,414
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :</b>				
Cash , Cheques on hand	173,317		375,910	
Balances with scheduled banks on Current accounts, Fixed Deposits	4,536,775	4,710,092	4,402,324	4,778,234
<b>NET INCREASE /(DECREASE) AS DISCLOSED ABOVE</b>		<b>(68,142)</b>		<b>(646,180)</b>

Note :- Cash Flow Statement is prepared as per "Indirect Method" as per AS-3, Cash Flow Statements.

As per our report of even date For BATLIBOI & PUROHIT Chartered Accountants Firm Regn No. 101048W	<u>S. L. Goklaney</u>	<i>Chairman</i>
	<u>P. J. Reddy</u>	} <i>Directors</i>
	<u>A. V. Suresh</u>	
ATUL MEHTA	<u>D.Sivanandhan</u>	
<i>Partner</i>	<u>K.Raman Venkatesh</u>	
Membership No. 15935	<u>R. S. Moorthy</u>	
	<u>Vasant N Sanzgiri</u>	
	<u>Mrunalini Deshmukh</u>	
	<u>Suresh Redhu</u>	Whole Time Director
	<u>Sachikant Chaudhury</u>	CFO & Company Secretary
Mumbai , Dated : 30th April 2016		

**Notes to the Standalone Financial Statements for the year ended 31st March 2016**

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of Financial statements

(i) Basis of Accounting

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") to comply in all material respects with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 and other accounting pronouncements of the Institute of Chartered Accountants of India. 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, if any. 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 / amortisation. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

(c) Depreciation / Amortisation

Depreciation is provided on 'Straight Line' method based on useful lives specified in Part "C" of Schedule II of the Companies Act, 2013 except in case of motor vehicles where useful life is considered to be 5 years based on the Company's scheme wherein motor vehicles are sold to employees after 5 years. Intangible assets are amortised over a period of 3 to 5 years and leasehold land amortised over the period of lease.

(d) Impairment of Assets

In accordance with Accounting Standard (AS-28) on impairment of assets, at each Balance Sheet date, the management reviews the carrying amount of assets in each cash generating units to determine whether there is any indication that those assets were impaired, if any such indication exists the recoverable amount of the asset is estimated in order to determine:

- i. The provision for impairment loss, if the carrying amount of an asset exceeds its recoverable amount or
- ii. The reversal, if any, required of impairment loss recognised in previous years.

(e) Investments

Current investments are valued at lower of cost and 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. Profit and Loss on sale / maturities of investments is calculated based on weighted average cost method.

(f) Inventories

Inventories are valued at cost or net realisable value, whichever is lower by using weighted average basis. Cost includes direct material and labour cost and a proportion of manufacturing overheads.

(g) Revenue Recognition

Revenue from sale of goods is recognised when substantial risk and rewards of ownership are transferred to customers. Sales include excise duty and are net of Sales returns, damages and discounts. Dividends are recorded when the right to receive payment is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable. Revenue is recognised when it is reasonably certain that the ultimate collection will be made.

(h) 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 gains / losses so determined; and also the realized exchange gains / losses are recognized in the statement of Profit and Loss. 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.

The Company has elected to account for exchange differences arising on reporting of long term foreign currency monetary items in accordance with Companies (Accounting Standards) amendment Rules, 2009 pertaining to Accounting Standard 11 (AS-11) notified by Government of India on 31st March, 2009 (as amended on 29th December, 2011). Accordingly, the effect of exchange differences on foreign currency loans of the Company is accounted by addition or deduction to the cost of the assets so far it relates to depreciable capital assets and in other cases by transfer to "Foreign Currency Monetary Item Translation Reserve Account" to be amortised over the balance period of the long term monetary items.

**Notes to the Standalone Financial Statements for the year ended 31st March 2016**

- (i) **Employee Benefits**
- Provident Fund (Defined Contribution Plan):-**  
Company's contributions to the recognised fund, under Employees Provident fund scheme 1952, are charged to statement of Profit and Loss.
- Superannuation (Defined Contribution Plan):-**  
Company's contributions to the superannuation fund, maintained by Life Insurance Corporation of India, are charged to statement of Profit and Loss.
- Gratuity (Defined Contribution Plan):-**  
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 Statement of Profit and Loss. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses are recognised in full in the statement of profit and loss for the period in which they occur.
- Leave Encashment (Defined Contribution Plan):-**  
Leave encashment is accrued based on actuarial valuation using the Projected Unit Credit Method at the Balance Sheet date.
- (j) **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 capitalised as Fixed Asset.
- (k) **Taxation**  
Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid in accordance with the Indian Income Tax Act, 1961, net of MAT credit entitlements, if any. 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. In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.
- (l) **Earnings per share**  
Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of dilutive potential equity shares, if any.
- (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  
**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. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on Straight Line basis. 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.
- (p) **Cash and cash equivalents**  
The Company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

**Notes to the Standalone Financial Statements for the year ended 31st March 2016**

	As at 31 March 2016		As at 31 March 2015	
	Number of shares		Number of shares	
<b>2. Share Capital</b>				
<b>Authorised</b>				
Equity Shares of ` 10/ each *	5,500,000	55,000,000	5,500,000	55,000,000
	<u>5,500,000</u>	<u>55,000,000</u>	<u>5,500,000</u>	<u>55,000,000</u>
<b>Issued</b>				
Equity Shares of ` 10/ each fully paid up *				
At the beginning of the Year	4,000,160	40,001,600	4,000,160	40,001,600
Add: Bonus Shares Issued during the year	-	-	-	-
At the end of the year	<u>4,000,160</u>	<u>40,001,600</u>	<u>4,000,160</u>	<u>40,001,600</u>
<b>Subscribed</b>				
Equity Shares of ` 10/ each fully paid up *				
At the Beginning of the year	4,000,160	40,001,600	4,000,160	40,001,600
Add: Bonus Shares Issued during the year	-	-	-	-
At the end of the year	<u>4,000,160</u>	<u>40,001,600</u>	<u>4,000,160</u>	<u>40,001,600</u>
<b>Fully Paid up</b>				
Equity shares of ` 10/ each fully paid up *				
At the beginning of the year	4,000,160	40,001,600	4,000,160	40,001,600
Add: Bonus Shares Issued during the year	-	-	-	-
At the end of the year	<u>4,000,160</u>	<u>40,001,600</u>	<u>4,000,160</u>	<u>40,001,600</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 2016, the Company has paid interim dividend of Rs. 40 per share (previous year : Rs. 40 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.

Notes to the Standalone Financial Statements for the year ended 31st March 2016

	As at 31 March 2016	As at 31 March 2015
<b>3. Reserves and surplus</b>		
<b>CAPITAL RESERVE</b>		
At the beginning of the year	6,260,417	6,260,417
Additions during the Year	-	-
At the end of the year	<u>6,260,417</u>	<u>6,260,417</u>
<b>GENERAL RESERVE</b>		
At the beginning of the year	1,100,000,000	1,100,000,000
Add: Transferred from surplus balance in the statement of profit and loss	-	-
At the end of the year	<u>1,100,000,000</u>	<u>1,100,000,000</u>
<b>FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT(Refer Note No 43(A))</b>		
At the beginning of the year	37,913,160	100,010,221
Exchange Gain / (Loss) during the year	27,533,446	(17,315,270)
Amortisation / Utilization during the year (Net)	(23,776,480)	(44,781,791)
At the end of the year	<u>41,670,126</u>	<u>37,913,160</u>
<b>Surplus / (Deficit) in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	1,625,646,653	1,104,058,125
Add: Profit for the year	720,072,579	719,757,849
Less: Depreciation on Transition to Schedule II of the Companies Act 2013 on tangible assets with 'NIL' remaining useful life(Net of Deferred tax) (Refer Note 35)	-	6,171,051
Less: Appropriations		
Interim Dividend on Equity Shares *	160,006,400	160,006,400
Proposed Dividend on Equity Shares	-	-
Tax on dividend on equity shares	32,573,545	31,991,870
Transfer to general reserve	-	-
Balance at the end of the year	<u>2,153,139,287</u>	<u>1,625,646,653</u>
<b>Total</b>	<u>3,301,069,830</u>	<u>2,769,820,230</u>

\* Interim Dividend of ` 40 per share(Previous Year ` 40/- per share)

Notes to the Standalone Financial Statements for the year ended 31st March 2016

4. Long Term Borrowings (Secured)	Long Term		Current Maturities	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Foreign Currency Loan from Banks *	1,054,183,531	574,025,507	181,315,920	163,894,857
<b>Total</b>	<b>1,054,183,531</b>	<b>574,025,507</b>	<b>181,315,920</b>	<b>163,894,857</b>
<b>Less:-</b>				
Amount disclosed under "Other Current Liabilities"	-	-	181,315,920	163,894,857
	<b>1,054,183,531</b>	<b>574,025,507</b>	<b>-</b>	<b>-</b>

\* (a) Foreign Currency External Commercial Borrowings (ECB) from The Hongkong and Shanghai Banking Corporation and Societe Generale Bank amounting to EURO 14,500,000 (Outstanding as on 31.03.2016 Euro 8,460,750 (Rs 635,041,051)) carries interest rate of Euribor + Margin (2.5%) and secured against pari passu charge over all fixed assets (excluding movable assets for employee benefits) of the company, Negative lien on all other assets except suitable carve outs for working capital facilities and pledge over brands owned by the company. The loan is repayable in 11 half yearly installments of Euro 1,207,850 and last installment of Euro 1,213,650. Installments payable in next one year are shown under current liabilities.

\* (b) Foreign Currency External Commercial Borrowings (ECB) from ICICI Bank UK Plc amounting to EURO 8,000,000 (Outstanding as on 31.03.2016 Euro 8,000,000 (Rs 600,458,400)) carries interest rate of Euribor + Margin (2.0%) and secured against pari passu charge on tangible and intangible assets of the company. The loan is repayable in 6 half yearly installments of Euro 1,120,000 and last installment of Euro 1,280,000, beginning from 11.12.2017.

5. Deferred Tax Liabilities / (Assets) (Net)

	As at 31 March 2016	As at 31 March 2015
<b>Deferred Tax Liabilities</b>		
Fixed Assets:- Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting.	54,420,051	51,710,111
<b>Deferred Tax Liabilities</b>	<b>54,420,051</b>	<b>51,710,111</b>
<b>Deferred Tax Assets</b>		
Expenditure debited to the statement of profit and loss but allowable for tax purpose in following years	(10,518,412)	(11,397,369)
<b>Deferred Tax Assets</b>	<b>(10,518,412)</b>	<b>(11,397,369)</b>
<b>Net Deferred Tax Liabilities / (Assets)</b>	<b>43,901,639</b>	<b>40,312,742</b>

6. Other Liabilities	Long-term		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Current Maturities of Long-Term Borrowings	-	-	181,315,920	163,894,857
Interest accrued but not due on borrowings	-	-	6,900,003	2,671,304
Income Received in Advance	-	-	6,192,087	4,904,575
Security Deposit Received	52,358,403	53,225,126	436,027	-
Statutory Liabilities (Contributions to PF, Pension, ESIC, withholding Taxes, VAT etc.)	-	-	9,490,228	12,798,887
Advance from Customers	-	-	1,162,826	2,494,257
Other Payables				
- Employee Dues	-	-	14,248,139	20,928,602
- Others	-	-	6,422,128	3,378,115
<b>Total</b>	<b>52,358,403</b>	<b>53,225,126</b>	<b>226,167,358</b>	<b>211,070,597</b>



**Notes to the Standalone Financial Statements for the year ended 31st March 2016**

	Long-term		Short-term	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
<b>7. Provisions</b>				
<b>Provision for Employee Benefits</b>				
Gratuity ( note 36)	-	2,091,424	-	-
Leave Encashment (note 36)	3,026,823	1,846,854	126,713	408,366
	<u>3,026,823</u>	<u>3,938,278</u>	<u>126,713</u>	<u>408,366</u>
<b>Other Provisions</b>				
Provision for Taxation ( Net of Advance Tax )	-	-	960,110	59,019,513
Litigations *	15,421,853	24,521,853	-	-
Proposed equity dividend	-	-	-	-
Provision for tax on proposed equity dividend	-	-	-	-
	<u>15,421,853</u>	<u>24,521,853</u>	<u>960,110</u>	<u>59,019,513</u>
<b>Total</b>	<b><u>18,448,676</u></b>	<b><u>28,460,131</u></b>	<b><u>1,086,823</u></b>	<b><u>59,427,879</u></b>

	As at 31 March 2016	As at 31 March 2015
* Movement of Litigation Provisions (Refer Note 34 for Detail)		
At the beginning of the year	24,521,853	24,638,211
Additions during the year	-	-
Utilization during the year	9,100,000	-
Unused amount reversed during the year	-	116,358
At the end of the year	<u>15,421,853</u>	<u>24,521,853</u>

	As at 31 March 2016	As at 31 March 2015
<b>8. Short Term Borrowings</b>		
Rupee Loans Repayable on Demand from Banks *	368,257,277	116,017,897
	<u>368,257,277</u>	<u>116,017,897</u>
<b>The Above Amount Includes</b>		
Secured Borrowings	168,257,277	112,811,099
Unsecured borrowings	200,000,000	3,206,798
<b>Net Amount</b>	<b><u>368,257,277</u></b>	<b><u>116,017,897</u></b>

\* (a) Short term secured borrowings from State Bank of India is secured by 1st hypothecation pari passu charge on the entire current assets of the company and extension of 1st charge on entire fixed assets of the company present and future and carries interest @ 9.65% p.a.

\* (b) Short term unsecured borrowings from Kotak Mahindra Bank carries interest @ 10.0% p.a and Axis Bank carries interest @ 9.75% p.a

	Non Current		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
<b>9. Trade Payables</b>				
Trade Payables (Including Acceptances)	-	-	646,948,805	510,249,869
Trade Payables (Including Acceptances) to Related Parties	-	-	130,891,899	67,869,399
<b>Total</b>	<u>-</u>	<u>-</u>	<b><u>777,840,704</u></b>	<b><u>578,119,268</u></b>

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

a The principal amount remaining unpaid to any supplier as at the end of the year.		149,110,280	134,412,450
b The interest due on the principal remaining outstanding as at the end of the year.		-	-
c The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day		-	-
d The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without		-	-
e The amount of interest accrued and remaining unpaid at		-	-
f The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible		-	-
g 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 Standalone Financial Statements for the year ended 31st March 2016

**10. Tangible Assets**

<b>Cost or Valuation</b>	Land - Freehold	Land - Leasehold	Buildings	Buildings Leased Out	Plant and machinery	Patterns & Dies (Plant & Machinery) #	Furniture and fixtures	Vehicles	Computers	Electrical Intallation	Office Equipment	Total
As At 1 April 2014	34,739,485	5,171,913	196,966,063	121,257,731	119,097,407	198,705,140	23,238,980	17,977,528	18,746,263	47,269,931	6,682,617	789,853,058
Additions	-	-	1,228,034	-	6,155,864	19,703,400	560,701	1,464,684	1,879,474	412,148	121,432	31,525,736
Deletions	(3,218,463)	-	-	-	-	-	(33,120)	(3,567,935)	(328,770)	(145,616)	(76,849)	(7,370,753)
As at 31 March 2015	<u>31,521,022</u>	<u>5,171,913</u>	<u>198,194,097</u>	<u>121,257,731</u>	<u>125,253,271</u>	<u>218,408,540</u>	<u>23,766,562</u>	<u>15,874,277</u>	<u>20,296,967</u>	<u>47,536,463</u>	<u>6,727,200</u>	<u>814,008,041</u>
Additions	-	-	13,351,211	-	14,584,830	80,339,214	1,690,896	3,189,419	2,084,677	3,410,887	472,619	119,123,754
Deletions	-	-	-	-	(4,268,276)	(1,050,680)	(524,851)	(3,603,079)	(515,827)	(142,850)	(116,290)	(10,221,853)
As at 31 March 2016	<u>31,521,022</u>	<u>5,171,913</u>	<u>211,545,308</u>	<u>121,257,731</u>	<u>135,569,825</u>	<u>297,697,074</u>	<u>24,932,606</u>	<u>15,460,617</u>	<u>21,865,817</u>	<u>50,804,500</u>	<u>7,083,529</u>	<u>922,909,942</u>
<b>Depreciation</b>	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 2014	-	506,078	90,294,788	57,155,497	72,523,138	152,546,085	18,409,455	8,120,456	16,666,668	33,091,972	4,507,554	453,821,691
Depreciation Written Back *	-	-	(44,687,272)	(38,835,316)	(27,955,739)	(33,756,761)	(3,971,914)	(3,203,790)	(1,018,869)	(11,447,647)	(1,625,117)	(166,502,425)
Charge for the year	-	55,600	8,016,997	4,836,334	9,264,351	6,839,092	1,600,897	4,398,416	1,604,182	5,692,815	546,031	42,854,714
Deletions	-	-	-	-	-	-	(31,746)	(2,535,351)	(224,656)	(66,442)	(11,769)	(2,869,963)
Transition adjustment **	-	-	1,757,100	-	952,546	-	482,551	-	596,677	3,205,677	2,354,107	9,348,658
As at 31 March 2015	<u>-</u>	<u>561,678</u>	<u>55,381,613</u>	<u>23,156,514</u>	<u>54,784,296</u>	<u>125,628,416</u>	<u>16,489,244</u>	<u>6,779,731</u>	<u>17,624,002</u>	<u>30,476,375</u>	<u>5,770,806</u>	<u>336,652,675</u>
Depreciation Written Back *	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	55,600	6,567,236	4,836,333	8,594,949	9,209,989	1,561,956	3,788,257	1,594,046	5,678,111	339,235	42,225,712
Deletions	-	-	-	-	(3,423,288)	(1,050,680)	(313,176)	(2,670,928)	(461,324)	(55,956)	(52,105)	(8,027,457)
As at 31 March 2016	<u>-</u>	<u>617,278</u>	<u>61,948,849</u>	<u>27,992,847</u>	<u>59,955,957</u>	<u>133,787,725</u>	<u>17,738,023</u>	<u>7,897,060</u>	<u>18,756,723</u>	<u>36,098,530</u>	<u>6,057,936</u>	<u>370,850,930</u>
<b>Net Block</b>												
As at 31 March 2015	<u>31,521,022</u>	<u>4,610,235</u>	<u>142,812,484</u>	<u>98,101,217</u>	<u>70,468,975</u>	<u>92,780,124</u>	<u>7,277,318</u>	<u>9,094,546</u>	<u>2,672,965</u>	<u>17,060,087</u>	<u>956,394</u>	<u>477,355,366</u>
As at 31 March 2016	<u>31,521,022</u>	<u>4,554,635</u>	<u>149,596,459</u>	<u>93,264,884</u>	<u>75,613,868</u>	<u>163,909,350</u>	<u>7,194,583</u>	<u>7,563,557</u>	<u>3,109,093</u>	<u>14,705,970</u>	<u>1,025,593</u>	<u>552,059,012</u>

\* on account of change in the accounting policy (refer note 35)

\*\* adjusted against the opening Surplus balance (refer note 35)

# Includes leased out moulds having carrying amount of Rs. 1,775,324(Previous Year Rs 1,945,178(refer note 38)

Notes to the Standalone Financial Statements for the year ended 31st March 2016

**11. Intangible Assets**

**TRADE MARK**

	As at 31 March 2016	As at 31 March 2015
<b>Gross Block</b>		
Opening Balance	238,066,800	<b>238,066,800</b>
Purchase	-	-
	<u>238,066,800</u>	<u><b>238,066,800</b></u>
<b>Amortisation</b>		
Opening Balance	238,066,800	<b>238,066,800</b>
Charge for the year	-	-
	<u>238,066,800</u>	<u><b>238,066,800</b></u>
<b>Net Block</b>	<u>-</u>	<u>-</u>

Notes to the Standalone Financial Statements for the year ended 31st March 2016

	Non Current		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
<b>12. Investments</b> (valued at cost unless otherwise stated)				
<b>Trade Investments (Unquoted)</b> <b>Investment in Equity Instruments</b>				
<b>(i) In Subsidiaries</b>				
(a) 3,000,000(previous year 3,000,000) equity shares of `10/- fully paid up in Aquadagnostic Water Research & Technology Centre Ltd	30,000,000	30,000,000	-	-
(b) 33,500 (previous year 22,000) equity shares of CHF 1000/- each fully paid up in Forbes Lux International AG	2,289,947,875	1,478,757,875	-	-
<b>(ii) In Joint Ventures</b>				
2,927,867(previous year 2,927,867) equity shares of `10/- fully paid up in Aquaignis Technologies Pvt Ltd	29,278,670	29,278,670	-	-
	<b>2,349,226,545</b>	<b>1,538,036,545</b>	-	-
Aggregate Book Value of Quoted Investments	-	-	-	-
Market value of quoted investments	-	-	-	-
Aggregate Book Value of Unquoted Investments	2,349,226,545	1,538,036,545	-	-
Aggregate Provision in the Value of Investments	NIL	NIL	-	-

**Notes to the Standalone Financial Statements for the year ended 31st March 2016**

	<b>Long-term</b>		<b>Short-term</b>	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
<b>13. Loans and Advances</b>				
<b>Capital Advances</b>				
Unsecured, considered good	53,995,889	43,478,785	-	-
Less: Provision for doubtful capital advances	-	-	-	-
	<u>53,995,889</u>	<u>43,478,785</u>	<u>-</u>	<u>-</u>
<b>Security Deposits</b>				
Unsecured, considered good	8,370,960	7,350,077	111,000	41,000
Unsecured, good - security deposits to related parties	-	-	-	-
	<u>8,370,960</u>	<u>7,350,077</u>	<u>111,000</u>	<u>41,000</u>
Less: Provision for doubtful security deposits	-	-	-	-
	<u>8,370,960</u>	<u>7,350,077</u>	<u>111,000</u>	<u>41,000</u>
<b>Loans and Advances to Related Parties</b>				
Inter Corporate Deposits Unsecured, considered good (Refer note 33)	1,033,841,287	828,570,681	-	-
Advances Unsecured, considered good	-	-	-	-
	<u>1,033,841,287</u>	<u>828,570,681</u>	<u>-</u>	<u>-</u>
<b>Other Loans and Advances</b> (Unsecured considered good, unless stated otherwise)				
Loans to Employees	35,814	54,886	21,931	64,238
Balance with Statutory/ Government Authorities	82,939,971	85,987,945	10,480,319	15,493,583
Prepaid Expenses#	652,593	381,000	3,706,037	2,444,835
Advance Income-Tax (Net of provision of taxation)	60,297,236	41,436,848	-	-
Advances recoverable in cash or kind				
Related Party *	-	-	2,653,786	603,914
Others **	-	-	53,416,910	47,757,977
	<u>143,925,614</u>	<u>127,860,679</u>	<u>70,278,983</u>	<u>66,364,547</u>
<b>Total</b>	<u><b>1,240,133,750</b></u>	<u><b>1,007,260,222</b></u>	<u><b>70,389,983</b></u>	<u><b>66,405,547</b></u>

# Short Term prepaid expenses include prepaid contributions of Rs 792,014 (Previous year Nil) to employee benefit plan assets in respect of Gratuity (refer note 36)

\* Includes Rs 2,388,491 (Previous Year NIL) due from private companies in which a Director of the company is Director.

\*\* Includes advances of Rs 28,002,058 (Previous Year Rs 44,121,903) against Import purchases

	<b>Non-Current</b>		<b>Current</b>	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
<b>14. Other Assets</b>				
(Unsecured considered good, unless otherwise stated)				
<b>Interest accrued</b>				
On Fixed Deposit	-	-	-	1,220,619
On Loans and Advances (Related Party)	141,859,291	88,719,275	-	-
Margin Money with Bank	2,781,138	1,582,471	-	-
	<u>144,640,429</u>	<u>90,301,746</u>	<u>-</u>	<u>1,220,619</u>
Less: Provision for doubtful other assets	-	-	-	-
	<u><b>144,640,429</b></u>	<u><b>90,301,746</b></u>	<u><b>-</b></u>	<u><b>1,220,619</b></u>

**Notes to the Standalone Financial Statements for the year ended 31st March 2016**

15 Inventories	As at 31 March		As at 31 March	
	2016	2015	2016	2015
(Valued at lower of Cost or Net Realisable Value)				
- Raw Material, Components and Packing Material	365,689,571	366,955,040		
(Including Stock in Transit Rs 123,566,492 (Previous Year Rs 116,358,859))				
- Finished Goods	11,418,420	3,413,783		
	<b>377,107,991</b>	<b>370,368,823</b>		

16 Trade Receivables	Non-Current		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Debts outstanding for a period exceeding six months from the date they are due for				
Unsecured, considered good	-	-	15,467,700	13,818,555
Debts due from related parties, unsecured considered good *	-	-	81,309,628	51,803,038
	-	-	96,777,328	65,621,593
Less: Provision for doubtful debts	-	-	-	-
	-	-	96,777,328	65,621,593
Other Debts				
Unsecured, considered good	-	-	20,953,469	26,038,015
Debts due from related parties, unsecured considered good *	-	-	1,027,317,242	816,807,212
	-	-	1,048,270,711	842,845,227
Less: Provision for doubtful debts	-	-	-	-
	-	-	1,048,270,711	842,845,227
Total	-	-	<b>1,145,048,039</b>	<b>908,466,820</b>

\* Includes Rs 2,994,218/- (Previous Year 5,420,582/-) due from private company in which a Director of the company is Director.

17 Cash & Cash Equivalents	Non Current		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
Balance with Banks in				
Current accounts	-	-	4,536,775	4,402,324
Deposits with original maturity of less than 3 months	-	-	-	-
Cash on Hand	-	-	173,317	375,910
	-	-	4,710,092	4,778,234
<b>Other Bank Balances</b>				
Balance in Banks for Margin Money	2,781,138	1,582,471	-	-
Deposits with original maturity of more than 3 months but less than 12 months *	-	-	-	-
	2,781,138	1,582,471	-	-
Amount disclosed under Non-Current Assets	(2,781,138)	(1,582,471)	-	-
<b>Total</b>	-	-	<b>4,710,092</b>	<b>4,778,234</b>

**Notes to the Standalone Financial Statements for the year ended 31st March 2016**

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>18. Revenue from Operation</b>		
Sale of Products *		
- Finished Goods	6,465,610,286	5,687,439,291
- Traded Goods	339,561,932	208,590,400
Other Operating Income		
Scrap Sales	10,113,385	7,389,427
Revenue from Operations	<b>6,815,285,603</b>	<b>5,903,419,118</b>
* Sale of Products		
<b>Finished Goods</b>		
Vacuum Cleaners	848,598,873	813,954,473
Water Filter-cum-Purifiers	4,621,164,222	3,917,462,940
Air Purifiers	771,964	-
Spares & Accessories	995,075,227	956,021,878
	<b>6,465,610,286</b>	<b>5,687,439,291</b>
<b>Traded Goods</b>		
Vacuum Cleaners	6,000	-
Water Filter-cum-Purifiers	25,298,490	23,128,313
Spares & Accessories	314,257,442	185,462,087
	<b>339,561,932</b>	<b>208,590,400</b>
<b>19. Other Income</b>		
Interest Income on		
Bank Deposits	699,034	1,084,016
Loans and Advances	55,912,640	47,192,060
Others	4,842	11,297
Exchange Difference (net)	17,222,469	55,702,206
Net Profit / (Loss) on Sale of Assets	(628,189)	(397,283)
Rent Income	75,818,386	85,398,732
Profit on sale of Current Investments	1,774,621	17,534
Miscellaneous Income	9,260,770	3,616,108
	<b>160,064,573</b>	<b>192,624,670</b>
<b>20. Cost of Raw Material, Components and Packing Material Consumed</b>		
Inventory at the Beginning of the Year	366,955,040	420,169,774
Add:- Purchases	5,213,402,908	4,465,311,157
	5,580,357,948	4,885,480,931
Less:- Inventory at the End of the Year	365,689,571	366,955,040
Cost of Raw Material, Components and Packing Material Consumed	<b>5,214,668,377</b>	<b>4,518,525,891</b>
<b>Raw Material, Components and Packing Material Consumed</b>		
- Printed Circuit Boards	405,798,625	339,337,970
- U V Lamps	63,922,475	49,466,455
- Pumps	627,265,161	466,841,255
- Electric Motors	162,023,994	154,474,562
- Membrane	683,805,057	595,757,868
- Packing Material	205,122,315	170,840,384
- Others	3,066,730,750	2,741,807,397
	<b>5,214,668,377</b>	<b>4,518,525,891</b>

Notes to the Standalone Financial Statements for the year ended 31st March 2016

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>21. Changes in inventories of finished goods</b>		
Opening stock		
Finished goods	3,413,783	13,232,940
	<u>3,413,783</u>	<u>13,232,940</u>
Less : Closing stock		
Finished goods	11,418,420	3,413,783
	<u>11,418,420</u>	<u>3,413,783</u>
Net(Increase)/ Decrease	<u><b>(8,004,637)</b></u>	<u><b>9,819,157</b></u>
<b>Details of Inventory</b>		
Finished goods		
Vacuum Cleaners	470,942	2,952,296
Air Purifier	218,820	-
Water filter-cum-purifiers	10,728,658	10,280,644
	<u><b>11,418,420</b></u>	<u><b>13,232,940</b></u>
<b>22. Employee Benefit Expense</b>		
Salaries, wages and bonus	75,778,552	84,550,710
Contribution to provident and other fund	4,826,879	5,655,526
Staff welfare expense	5,214,253	4,819,104
	<u><b>85,819,684</b></u>	<u><b>95,025,340</b></u>
<b>23. Other Expenses</b>		
Electricity	7,798,433	7,019,974
Rent	12,517,658	10,437,681
Repairs and Maintenance		
Building	6,195,201	3,783,098
Machinery	2,777,202	3,036,659
Others	15,365,348	13,161,668
Insurance	6,570,045	6,338,276
Advertisement	15,000	53,090
Freight, Forwarding and Delivery	82,184,061	87,365,146
Payment to Auditors *	2,296,827	1,252,315
Printing and Stationery	1,151,599	1,097,700
Communication cost	3,509,825	4,279,185
Wages to Contractual Workers	81,663,358	70,022,202
Travelling and Conveyance	9,899,255	8,417,832
Legal and Professional Fees	9,143,621	6,878,417
Vehicle Expenses and Maintenance	8,391,318	9,617,533
Security Charges	10,848,116	9,585,823
Rates and taxes, excluding taxes on income	4,232,652	4,030,001
Information Technology Expenses	67,023,371	71,718,910
Other Establishment Expenses	15,004,944	11,232,203
Corporate Social Responsibility	13,568,405	10,650,000
Directors' Sitting Fees	820,733	370,788
Bad Debts/Advances Written-Off	1,028,273	-
	<u><b>362,005,245</b></u>	<u><b>340,348,501</b></u>
<b>* Payment to Auditors</b>		
As Auditor		
Audit fee	1,116,375	898,880
Tax audit fee	110,333	106,742
Other Services	968,061	134,579
For Reimbursement of Expenses	102,058	112,114
	<u><b>2,296,827</b></u>	<u><b>1,252,315</b></u>
<b>24. Finance Cost</b>		
Interest Expense	67,015,053	80,530,227
Other Borrowing Cost	9,687,853	14,959,220
Exchange Difference to the extent considered as an adjustment to interest	2,342,625	-
	<u><b>79,045,531</b></u>	<u><b>95,489,447</b></u>
<b>25. Depreciation and Amortisation Expense</b>		
Depreciation on Tangible Assets*	42,225,712	42,854,714
Amortization on Intangible Assets	-	-
For the year charge	42,225,712	42,854,714
Less: Depreciation on tangible assets written back on change in accounting policy*	-	166,502,425
	<u><b>42,225,712</b></u>	<u><b>(123,647,711)</b></u>
* Refer Note 35		
<b>26. Earnings per Equity Share</b>		
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	720,072,579	719,757,849
Basic and Diluted Earning Per Share	<b>Rs. 180.01</b>	<b>Rs. 179.93</b>



Notes to the Standalone Financial Statements for the year ended 31st March 2016

	As at 31.03.2016	As at 31.03.2015
27. Commitments (To the extent not provided for)		
Estimated amount of contracts remaining to be executed on Capital accounts and not provided for	<u>25,718,906</u>	<u>34,643,967</u>
	<u><b>25,718,906</b></u>	<u><b>34,643,967</b></u>
28. Contingent Liabilities and (To the extent not provided for)		
-Disputed Sales Tax demands	148,150,000	148,150,000
-Disputed Central Excise demands	75,763,435	57,152,845
-Disputed Income Tax demand	8,468,280	8,470,620
-Disputed Civil Suit *	3,373,150	3,373,150
-Claims against company not acknowledged #	125,547,954	-
-Corporate guarantee given to bank for the borrowings of subsidiary company (USD 6,900,000)	456,082,410	-
	<u><b>817,385,229</b></u>	<u><b>217,146,615</b></u>
* Civil suit amounting to ` 3,373,150/- (Previous Year ` 3,373,150) has been filed by vendors against Company and matter is subjudice. In the opinion of the Management provision is not required in the books of accounts.		
# Pertains to demand raised by Bangalore Electricity Supply Company Limited in respect of extension of power supply to premises leased out to third party. The Company has filed a writ petition in Karnataka High Court challenging the basis on which demand has been raised. In the opinion of the Management provision is not required in the books of accounts.		
29. Value of Imports on CIF basis :		
- Raw Materials & Components	1,101,144,220	938,842,974
30. (a) Expenditure in Foreign Currency (Accruals)		
- Development Fee	2,613,837	432,457
- Travel Expense	729,229	-
- Interest on ECB	21,159,900	27,853,314
- Other Borrowing Cost	3,961,971	14,068,067
- Others	-	240,611
(b) Outflow in Foreign Currency		
- Investment in shares of Subsidiary	811,190,000	-
- Inter corporate deposit to Subsidiary	217,205,870	-
- Repayment of ECB Loan	175,512,687	183,858,927
- Foreign Currency Loan Repaid to Kotak Bank	104,574,183	-
- Advance to Subsidiary	-	-
31. (a) Earnings in Foreign Exchange (Accruals)		
- Export of Goods on F.O.B. basis	63,662,356	78,065,472
- Interest on Inter Corporate Deposit to Subsidiary	55,912,640	46,533,868
- Commission Earned	1,707,143	-
(b) Inflow in Foreign Currency		
- ECB loan taken from ICICI	591,680,000	-
- Foreign Currency Loan from Kotak Bank	100,000,000	-
- Inter corporate deposit received back from	113,347,219	-
32. The Company has a single business segment and single reportable geographical segment as per Accounting Standard 17 dealing with "Segment Reporting" issued by the Institute of Chartered Accountants of India.		
33. 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.		
34. Disclosures required by Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets"		
	Excise Duty	Sales Tax
Balance as on 1-4-2015	19,946,565	4,575,288
Additional provision during the year	-	-
Provision for extraordinary item	-	-
Provision utilized during the year	<u>9,100,000</u>	<u>-</u>
Balance as at 31-3-2016	<u><b>10,846,565</b></u>	<u><b>4,575,288</b></u>
35. During the previous year, the Company had revised its accounting policy in respect of depreciation method of its fixed assets where depreciation was provided in the earlier years under the 'written down value method'. Based on an evaluation carried out by the management, fixed assets are now being depreciated on 'straight line method' over the expected useful life of the fixed assets as against written down value method. This change in accounting policy has been made as it would result in a more appropriate presentation of the financial statements. As a result of this change, depreciation had been calculated retrospectively on straight line method and accordingly the Company had recorded reversal of depreciation expense amounting to Rs. 166,502,425/- pertaining to earlier years in the previous year's Statement of Profit & Loss.		

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company had fully depreciated the carrying value of assets (determined after considering the change in the method of depreciation from WDV to SLM), after retaining the residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and had adjusted an amount of Rs. 6,171,051/- (net of deferred tax of Rs. 3,177,609/-) against the opening Surplus balance in the balance sheet under Reserves and Surplus.

**Notes to the Standalone Financial Statements for the year ended 31st March 2016**

36. The disclosures required under Accounting standard 15 "Employee Benefits"

**Defined Contribution Plan**

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

	As at 31.03.2016	As at 31.03.2015
- Employer's contribution to Provident Fund	808,451	673,651
- Employer's contribution to superannuation fund	1,077,359	752,799
- Employer's contribution to Pension scheme	1,124,082	1,035,683

**Defined Benefit plan**

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner.

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

	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	2015-16	2014-15	2015-16	2014-15
Defined Benefit obligation at beginning of year	4,754,366	8,299,324	2,255,220	2,878,457
Current service cost	519,355	476,876	494,710	331,486
Interest cost	368,463	705,443	174,780	244,669
Actuarial (gain)/loss	1,045,342	1,152,306	1,201,978	233,377
Benefits paid	(2,316,570)	(5,879,583)	(973,152)	(1,432,769)
Defined Benefit obligation at year end	4,370,956	4,754,366	3,153,536	2,255,220

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

	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	2015-16	2014-15	2015-16	2014-15
Fair value of plan assets at beginning of the year	2,662,942	7,401,583	-	-
Expected return on plan assets	213,035	592,127	-	-
Actuarial gain/(loss)	250,448	(451,185)	-	-
Employer contribution	3,919,384	1,000,000	-	-
Benefits paid	(1,882,839)	(5,879,583)	-	-
Fair value of plan assets at year end	5,162,970	2,662,942	-	-
Actual return on plan assets	140,942	140,942	-	-

(C) Expenses Recognised during the year (under the head "Employee benefit expenses"-note 21)

	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	2015-16	2014-15	2015-16	2014-15
Current Service Cost	519,355	476,876	494,710	331,486
Interest Cost	368,463	705,443	174,780	244,669
Expected Returns on Plan Assets	(213,035)	(592,127)	-	-
Actuarial (gain) or Loss	794,894	1,603,491	1,201,978	233,377
Expense Recognised in the Statement of Profit and Loss	1,469,677	2,193,683	1,871,468	809,532

(D) Reconciliation of fair value of assets and obligations

	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	2015-16	2014-15	2015-16	2014-15
Fair value of plan assets as at 31 <sup>st</sup> March	5,162,970	2,662,942	-	-
Present value of obligation as at 31 <sup>st</sup> March	4,370,956	4,754,366	3,153,536	2,255,220
Amount recognised in Balance Sheet (Asset) / Liability	(792,014)	2,091,424	3,153,536	2,255,220

(E) Economic and Demographic Assumptions :-

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities & the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

	<b>2015-16</b>	<b>2014-15</b>
- Discounting Rate	8.00%	7.75%
- Future Salary Increase	6.00%	5.25%
- Expected Rate of Return on Plan Assets	8.00%	8.00%
- Mortality Table	IALM (2006-08)	IALM (2006-08)
	<b>Withdrawal Rate</b>	<b>Withdrawal Rate</b>
	<b>(%)</b>	<b>(%)</b>
Ages		
- Up to 30 Years	3	3
- From 31 to 44 years	2	2
- Above 44 years	1	1

(F) Experience adjustment on Actuarial Gain / (Loss) for Projected Benefit Obligation and Plan Assets.

	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>
On Plan Projected Benefit Obligation	(820,798)	(1,160,758)	414,714	91,488	211,448
On Plan Assets	250,448	(451,185)	-	(16,817)	(2,964)

(G) Best estimate of contribution to Gratuity fund as per actuarial valuation during next year is Rs.801,425 (P.Y Rs 985,049)

(H) All plan assets in case of gratuity scheme are invested in insurer managed fund.

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 Limited (Holding Company)  
 Forbes & Company Ltd. (Holding Company of Eureka Forbes Ltd.)  
 Shapoorji Pallonji & Co. Ltd. (Ultimate Holding Company)

**B Enterprises that are controlled – (Subsidiary Companies):**

Aquadiagnostics Water Research & Technology Centre Ltd  
 Forbes Lux International AG  
 Lux International AG (Subsidiary of Forbes Lux International AG)

**Subsidiaries of Lux International AG :-**

Forbes Lux Group AG Baar  
 Lux / Sk / s.r.o  
 Lux Italia srl  
 Lux Schweiz AG  
 Lux (Deutschland) GmbH  
 Lux Service GmbH  
 Lux Norge A/s  
 Lux Oesterreich GmbH  
 Lux CZ s.r.o  
 LIAG Trading and Investments Limited  
 Lux Aqua GmbH  
 Lux Aqua Hungaria Kft  
 Lux Hungaria Kereskedelmi Kft

**C Joint Venture**

Aquagnis Technologies Pvt Ltd

**D Enterprises / Trust that are under common control (with whom there are transactions):**

Forbes Facility Service (P) Ltd  
 Forbes Enviro Solutions Ltd \*  
 Forbes Aquatech Limited  
 Forbes Lux FZCO  
 Infinite Water Solutions Pvt Ltd  
 Forbes Concept Hospitality Services Ltd  
 Eureka Forbes Institute of Environment (Trust)  
 \* Radiant Energy Systems Pvt Ltd and Waterwings Equipments Pvt Ltd are merged in Forbes Enviro Solutions Ltd

**AQUAMALL WATER SOLUTIONS LIMITED**  
**RELATED PARTY TRANSACTIONS DURING THE YEAR 2015-16**

		Parties in A above	Parties in B above	Parties in C above	Parties in D above	Total	
<b>Nature of Transaction</b>							
<b>Purchases</b>							
1	<b>Goods and Materials</b>	<b>Current Year (Bold)</b>	-	-	191,527	586,801,789	586,993,316
		<i>Previous Year (Italic &amp; Unbold)</i>	-	-	245,734	503,231,803	503,477,537
2	Fixed Assets	-	-	-	-	-	-
		2,589,238	-	-	-	109,081	2,698,319
<b>Sales</b>							
3	Goods and Materials (excluding taxes)	6,675,171,766	62,911,032	4,415,516	47,371,277	6,789,869,591	
4	Fixed Assets	5,754,225,078	66,540,929	751,556	42,293,816	5,863,811,378	
		-	-	-	415,000	415,000	
		-	-	-	281,420	281,420	
<b>Expenses</b>							
5	Transportation, freight, handling and other charges	-	-	-	-	-	
6	Miscellaneous expenses	67,023,371	3,024,082	32,140	5,626,732	75,706,324	
		71,718,910	3,149,513	-	4,727,007	79,595,430	
7	Recovery of Expenses	705,454	-	-	-	705,454	
		742,834	-	-	-	742,834	
9	Interest Expense	-	-	-	-	-	
10	CSR contribution	-	-	-	482,461	482,461	
		-	-	-	11,757,801	11,757,801	
11	Dividend Paid	-	-	-	9,642,199	9,642,199	
		160,006,400	-	-	-	160,006,400	
		160,006,400	-	-	-	160,006,400	
<b>Income</b>							
12	Rent and Other Service Charges	3,766,200	-	2,792,790	2,985,448	9,544,438	
13	Interest Income	3,766,188	-	2,577,960	2,706,878	9,051,026	
		-	55,912,640	-	-	55,912,640	
		658,192	46,533,868	-	-	47,192,060	
14	Misc. Income	-	-	162,790	627,540	790,330	
		-	-	55,100	735,480	790,580	
<b>Other Receipts</b>							
15	Other Reimbursements	-	29,048	1,435,047	3,811,898	5,275,993	
		6,386	711,460	1,298,941	3,700,540	5,717,327	
<b>Finance</b>							
16	Inter-corporate deposits given	-	217,205,870	-	-	217,205,870	
		150,000,000	4,971,760	-	-	154,971,760	
17	Inter-corporate deposits received	-	-	-	-	-	
18	Accrued interest received	-	-	-	-	-	
19	Inter-corporate deposits received back	-	113,347,219	-	-	113,347,219	
		150,000,000	-	-	-	150,000,000	
20	Repayment of ICD received	-	-	-	-	-	
21	Investment in Equity shares	-	811,190,000	-	-	811,190,000	
		-	10,000,000	-	-	10,000,000	
22	Advance given	-	-	-	-	-	
		-	-	-	-	-	
<b>Outstandings</b>							
23	Trade Payables	-	511,391	-	130,637,253	131,148,644	
		606,569	-	-	67,262,829	67,869,399	
24	Interest accrued	-	141,859,291	-	-	141,859,291	
		-	88,719,275	-	-	88,719,275	
25	Trade Receivables	993,009,399	112,623,253	-	2,994,219	1,108,626,871	
		795,099,386	63,402,540	5,420,582	4,687,742	868,610,250	
26	Long Term Loans and Advances	-	-	-	-	-	
27	Short Term Loans and Advances	-	-	2,388,491	265,295	2,653,786	
		-	603,914	-	-	603,914	
28	Deposits Payable	105,000	-	-	761,232	866,232	
		105,000	-	-	761,232	866,232	
29	Inter-corporate deposits receivable	-	1,033,841,287	-	-	1,033,841,287	
		-	828,570,682	-	-	828,570,682	
30	Guarantees Given	-	-	-	-	-	
31	Guarantees Taken	-	-	-	-	-	

**Foot note :**

1- Figures in italics are in respect of the previous year

1- Outstanding balances in foreign currency include adjustments on account of exchange difference, if any.

**AQUAMALL WATER SOLUTIONS LIMITED**  
**RELATED PARTY TRANSACTIONS DURING THE YEAR 2015-16**

		A	A	Parties in A above	B	B
		Forbes & Company Limited	Eureka Forbes Limited		Aquadiagnostic's Water Research & Technology Centre Limited	Forbes Lux International AG
	<b>Nature of Transaction</b>					
	<b>Purchases</b>					
1	<b>Goods and Materials</b>					
	<b>Current Year (Bold)</b>	-	-	-	-	-
	<i>Previous Year (Italic &amp; Unbold)</i>	-	-	-	-	-
2	Fixed Assets	-	-	-	-	-
		2,496,777	92,461	2,589,238	-	-
	<b>Sales</b>					
3	Goods and Materials (excluding taxes)	-	6,675,171,766	6,675,171,766	361	-
		-	5,754,225,078	5,754,225,078	-	-
4	Fixed Assets	-	-	-	-	-
		-	-	-	-	-
	<b>Expenses</b>					
5	Transportation, freight, handling and other charges	-	-	-	-	-
		-	-	-	-	-
6	Miscellaneous expenses	-	67,023,371	67,023,371	3,024,082	-
		-	71,718,910	71,718,910	3,149,513	-
7	Recovery of Expenses	-	705,454	705,454	-	-
		-	742,834	742,834	-	-
9	Interest Expense	-	-	-	-	-
		-	-	-	-	-
10	CSR contribution	-	-	-	-	-
		-	-	-	-	-
11	Dividend Paid	-	160,006,400	160,006,400	-	-
		-	160,006,400	160,006,400	-	-
	<b>Income</b>					
12	Rent and Other Service Charges	-	3,766,200	3,766,200	-	-
		-	3,766,188	3,766,188	-	-
13	Interest Income	-	-	-	-	55,912,640
		-	658,192	658,192	-	46,533,868
14	Misc. Income	-	-	-	-	-
		-	-	-	-	-
	<b>Other Receipts</b>					
15	Other Reimbursements	-	-	-	29,048	-
		-	6,386	6,386	23,816	-
	<b>Finance</b>					
16	Inter-corporate deposits given	-	-	-	-	217,205,870
		-	150,000,000	150,000,000	-	4,971,760
17	Inter-corporate deposits received	-	-	-	-	-
		-	-	-	-	-
18	Accrued interest received	-	-	-	-	-
		-	-	-	-	-
19	Inter-corporate deposits received back	-	-	-	-	113,347,219
		-	150,000,000	150,000,000	-	-
20	Repayment of ICD received	-	-	-	-	-
		-	-	-	-	-
21	Investment in Equity shares	-	-	-	-	811,190,000
		-	-	-	10,000,000	-
22	Advance given	-	-	-	-	-
		-	-	-	-	-
	<b>Outstandings</b>					
23	Trade Payables	-	-	-	511,391	-
		606,569	-	606,569	-	-
24	Interest accrued	-	-	-	-	141,859,291
		-	-	-	-	88,719,275
25	Trade Receivables	-	993,009,399	993,009,399	-	-
		-	795,099,386	795,099,386	-	-
26	Long Term Loans and Advances	-	-	-	-	-
		-	-	-	-	-
27	Short Term Loans and Advances	-	-	-	-	-
		-	-	-	-	-
28	Deposits Payable	-	105,000	105,000	603,914	-
		-	105,000	105,000	-	-
29	Inter-corporate deposits receivable	-	-	-	-	1,033,841,287
		-	-	-	-	828,570,682
30	Guarantees Given	-	-	-	-	-
		-	-	-	-	-
31	Guarantees Taken	-	-	-	-	-
		-	-	-	-	-

**Foot note :**

1- Figures in italics are in respect of the previous year

1- Outstanding balances in foreign currency include adjustments on account of exchange difference, if any.

**AQUAMALL WATER SOLUTIONS LIMITED  
RELATED PARTY TRANSACTIONS DURING THE YEAR 2015-16**

		B	B	B	B	B	Parties in B above
		Lux International AG	LUX HUNGARIA KFT	LUX SERVICE GMBH	Forbes Lux FZCO	LIAG Trading & Investment Ltd.	
<b>Nature of Transaction</b>							
<b>Purchases</b>							
1	<b>Goods and Materials</b>	<b>Current Year (Bold)</b>	-	-	-	-	-
		<i>Previous Year (Italic &amp; Unbold)</i>	-	-	-	-	-
2	Fixed Assets	-	-	-	-	-	-
<b>Sales</b>							
3	Goods and Materials (excluding taxes)	7,010,157	8,423,182	394,680	26,100,284	20,982,368	62,911,032
		<i>5,047,872</i>	<i>2,710,457</i>	-	<i>58,782,600</i>	-	<i>66,540,929</i>
4	Fixed Assets	-	-	-	-	-	-
<b>Expenses</b>							
5	Transportation, freight, handling and other charges	-	-	-	-	-	-
		-	-	-	-	-	-
6	Miscellaneous expenses	-	-	-	-	-	3,024,082
		-	-	-	-	-	<i>3,149,513</i>
7	Recovery of Expenses	-	-	-	-	-	-
		-	-	-	-	-	-
9	Interest Expense	-	-	-	-	-	-
		-	-	-	-	-	-
10	CSR contribution	-	-	-	-	-	-
		-	-	-	-	-	-
11	Dividend Paid	-	-	-	-	-	-
		-	-	-	-	-	-
<b>Income</b>							
12	Rent and Other Service Charges	-	-	-	-	-	-
		-	-	-	-	-	-
13	Interest Income	-	-	-	-	-	55,912,640
		-	-	-	-	-	<i>46,533,868</i>
14	Misc. Income	-	-	-	-	-	-
		-	-	-	-	-	-
<b>Other Receipts</b>							
15	Other Reimbursements	-	-	-	-	-	29,048
		-	-	-	<i>687,644</i>	-	<i>711,460</i>
<b>Finance</b>							
16	Inter-corporate deposits given	-	-	-	-	-	217,205,870
		-	-	-	-	-	<i>4,971,760</i>
17	Inter-corporate deposits received	-	-	-	-	-	-
		-	-	-	-	-	-
18	Accrued interest received	-	-	-	-	-	-
		-	-	-	-	-	-
19	Inter-corporate deposits received back	-	-	-	-	-	113,347,219
		-	-	-	-	-	-
20	Repayment of ICD received	-	-	-	-	-	-
		-	-	-	-	-	-
21	Investment in Equity shares	-	-	-	-	-	811,190,000
		-	-	-	-	-	<i>10,000,000</i>
22	Advance given	-	-	-	-	-	-
		-	-	-	-	-	-
<b>Outstandings</b>							
23	Trade Payables	-	-	-	-	-	511,391
		-	-	-	-	-	-
24	Interest accrued	-	-	-	-	-	141,859,291
		-	-	-	-	-	<i>88,719,275</i>
25	Trade Receivables	258,499	-	261,950	91,120,436	20,982,368	112,623,253
		<i>458,282</i>	<i>1,818,943</i>	-	<i>61,125,314</i>	-	<i>63,402,540</i>
26	Long Term Loans and Advances	-	-	-	-	-	-
		-	-	-	-	-	-
27	Short Term Loans and Advances	-	-	-	-	-	-
		-	-	-	-	-	-
28	Deposits Payable	-	-	-	-	-	603,914
		-	-	-	-	-	-
29	Inter-corporate deposits receivable	-	-	-	-	-	1,033,841,287
		-	-	-	-	-	<i>828,570,682</i>
30	Guarantees Given	-	-	-	-	-	-
		-	-	-	-	-	-
31	Guarantees Taken	-	-	-	-	-	-
		-	-	-	-	-	-

**Foot note :**

1- Figures in italics are in respect of the previous year  
1- Outstanding balances in foreign currency include adju

**AQUAMALL WATER SOLUTIONS LIMITED**  
**RELATED PARTY TRANSACTIONS DURING THE YEAR 2015-16**

		C	Parties in C above	D	D	D	D
		Aqualgnis Technologies Pvt. Ltd.		Forbes Facility Service (P) Ltd	Forbes Aquatech Limited	Infinite Water Solutions Pvt Ltd	Euro Forbes International PTE Ltd
	<b>Nature of Transaction</b>						
	<b>Purchases</b>						
1	<b>Goods and Materials</b>	191,527	<b>191,527</b>	-	356,896	586,444,893	-
	<i>Current Year (Bold)</i>						
	<i>Previous Year (Italic &amp; Unbold)</i>	245,734	<b>245,734</b>	-	553,073	502,678,730	-
2	Fixed Assets	-	-	-	-	-	-
		-	-	-	-	109,081	-
	<b>Sales</b>						
3	Goods and Materials (excluding taxes)	4,415,516	<b>4,415,516</b>	-	47,227,038	144,238	-
		751,556	<b>751,556</b>	-	42,089,871	203,944	-
4	Fixed Assets	-	-	-	415,000	-	-
		-	-	-	281,420	-	-
	<b>Expenses</b>						
5	Transportation, freight, handling and other charges	-	-	-	-	-	-
		-	-	-	-	-	-
6	Miscellaneous expenses	32,140	<b>32,140</b>	5,023,107	603,625	-	-
				4,503,082	67,670	156,255	-
7	Recovery of Expenses	-	-	-	-	-	-
		-	-	-	-	-	-
9	Interest Expense	-	-	-	-	-	-
		-	-	-	-	482,461	-
10	CSR contribution	-	-	-	-	-	-
		-	-	-	-	-	-
11	Dividend Paid	-	-	-	-	-	-
		-	-	-	-	-	-
	<b>Income</b>						
12	Rent and Other Service Charges	2,792,790	<b>2,792,790</b>	-	-	2,967,948	-
		2,577,960	<b>2,577,960</b>	-	-	2,698,128	-
13	Interest Income	-	-	-	-	-	-
		-	-	-	-	-	-
14	Misc. Income	162,790	<b>162,790</b>	-	627,540	-	-
		55,100	<b>55,100</b>	-	735,480	-	-
	<b>Other Receipts</b>						
15	Other Reimbursements	1,435,047	<b>1,435,047</b>	-	36,115	3,775,783	-
		1,298,941	<b>1,298,941</b>	-	7,735	3,692,805	-
	<b>Finance</b>						
16	Inter-corporate deposits given	-	-	-	-	-	-
		-	-	-	-	-	-
17	Inter-corporate deposits received	-	-	-	-	-	-
		-	-	-	-	-	-
18	Accrued interest received	-	-	-	-	-	-
		-	-	-	-	-	-
19	Inter-corporate deposits received back	-	-	-	-	-	-
		-	-	-	-	-	-
20	Repayment of ICD received	-	-	-	-	-	-
		-	-	-	-	-	-
21	Investment in Equity shares	-	-	-	-	-	-
		-	-	-	-	-	-
22	Advance given	-	-	-	-	-	-
		-	-	-	-	-	-
	<b>Outstandings</b>						
23	Trade Payables	-	-	398,710	1,207,467	129,031,076	-
		-	-	1,062,671	693,339	65,506,820	-
24	Interest accrued	-	-	-	-	-	-
		-	-	-	-	-	-
25	Trade Receivables	-	-	-	2,994,219	-	-
		5,420,582	<b>5,420,582</b>	-	4,680,410	-	-
26	Long Term Loans and Advances	-	-	-	-	-	-
		-	-	-	-	-	-
27	Short Term Loans and Advances	2,388,491	<b>2,388,491</b>	-	256,745	-	-
		-	-	-	-	-	-
28	Deposits Payable	-	-	-	-	751,232	-
		-	-	-	-	751,232	-
29	Inter-corporate deposits receivable	-	-	-	-	-	-
		-	-	-	-	-	-
30	Guarantees Given	-	-	-	-	-	-
		-	-	-	-	-	-
31	Guarantees Taken	-	-	-	-	-	-
		-	-	-	-	-	-

**Foot note :**

1- Figures in italics are in respect of the previous year  
1- Outstanding balances in foreign currency include adju



**AQUAMALL WATER SOLUTIONS LIMITED**  
**RELATED PARTY TRANSACTIONS DURING THE YEAR 2015-16**

		D	D	Parties in D above	Total
		Eureka Forbes Institute of Environment (Trust)	Forbes Enviro Solutions Ltd. (Waterwings Equipments Pvt limited)		
	<b>Nature of Transaction</b>				
	<b>Purchases</b>				
1	<b>Goods and Materials</b>				
	<b>Current Year (Bold)</b>	-	-	586,801,789	586,993,316
	<i>Previous Year (Italic &amp; Unbold)</i>	-	-	503,231,803	503,477,537
2	Fixed Assets	-	-	-	-
		-	-	109,081	2,698,319
		-	-	-	-
	<b>Sales</b>				
3	Goods and Materials (excluding taxes)	-	-	47,371,277	6,789,869,591
		-	-	42,293,816	5,863,811,378
4	Fixed Assets	-	-	415,000	415,000
		-	-	281,420	281,420
	<b>Expenses</b>				
5	Transportation, freight, handling and other charges	-	-	-	-
		-	-	-	-
6	Miscellaneous expenses	-	-	5,626,732	75,706,324
		-	-	4,727,007	79,595,430
7	Recovery of Expenses	-	-	-	705,454
		-	-	-	742,834
9	Interest Expense	-	-	-	-
		-	-	482,461	482,461
10	CSR contribution	11,757,801	-	11,757,801	11,757,801
		9,642,199	-	9,642,199	9,642,199
11	Dividend Paid	-	-	-	160,006,400
		-	-	-	160,006,400
	<b>Income</b>				
12	Rent and Other Service Charges	-	17,500	2,985,448	9,544,438
		-	8,750	2,706,878	9,051,026
13	Interest Income	-	-	-	55,912,640
		-	-	-	47,192,060
14	Misc. Income	-	-	627,540	790,330
		-	-	735,480	790,580
	<b>Other Receipts</b>				
15	Other Reimbursements	-	-	3,811,898	5,275,993
		-	-	3,700,540	5,717,327
	<b>Finance</b>				
16	Inter-corporate deposits given	-	-	-	217,205,870
		-	-	-	154,971,760
17	Inter-corporate deposits received	-	-	-	-
		-	-	-	-
18	Accrued interest received	-	-	-	-
		-	-	-	-
19	Inter-corporate deposits received back	-	-	-	113,347,219
		-	-	-	150,000,000
20	Repayment of ICD received	-	-	-	-
		-	-	-	-
21	Investment in Equity shares	-	-	-	811,190,000
		-	-	-	10,000,000
22	Advance given	-	-	-	-
		-	-	-	-
	<b>Outstandings</b>				
23	Trade Payables	-	-	130,637,253	131,148,644
		-	-	67,262,829	67,869,399
24	Interest accrued	-	-	-	141,859,291
		-	-	-	88,719,275
25	Trade Receivables	-	-	2,994,219	1,108,626,871
		-	7,332	4,687,742	868,610,250
26	Long Term Loans and Advances	-	-	-	-
		-	-	-	-
27	Short Term Loans and Advances	-	8,550	265,295	2,653,786
		-	-	-	603,914
28	Deposits Payable	-	10,000	761,232	866,232
		-	10,000	761,232	866,232
29	Inter-corporate deposits receivable	-	-	-	1,033,841,287
		-	-	-	828,570,682
30	Guarantees Given	-	-	-	-
		-	-	-	-
31	Guarantees Taken	-	-	-	-
		-	-	-	-

**Foot note :**

1- Figures in italics are in respect of the previous year  
1- Outstanding balances in foreign currency include adju

**Notes to the Standalone Financial Statements for the year ended 31st March 2016**

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

	2015-16		2014-15	
		% to Total Consumption		% to Total Consumption
Indigenous	3,812,043,582	73.10	3,315,195,974	73.37
Imported	1,402,624,795	26.90	1,203,329,917	26.63
	<b>5,214,668,377</b>	<b>100.00</b>	<b>4,518,525,891</b>	<b>100.00</b>

38. In accordance with Accounting Standard on Leases (AS-19), disclosures in respect of Leases are made below :

**Operating Leases (Company as Lessee)**

- (i) The Company has taken certain office/factory premises & equipments on cancellable operating lease basis. Lease payments in respect of such leases recognised in the statement of profit and loss.

Particulars	As at 31 March 2016	As at 31 March 2015
	Office/Factory premises	12,517,658
	<b>12,517,658</b>	<b>10,437,681</b>

- (ii) Except for escalation contained in certain lease arrangements providing for increase in the lease by specified percentage /amounts after completion of specified period. The lease terms do not contain any exceptional / restrictive covenants other than prior approval of the lessee before the renewal of lease.
- (iii) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lesser is required for further leasing. There is no contingent rent payment.

**Operating Leases (Company as Lessor)**

- (i) The Company has given certain office/factory premises & moulds on operating lease basis. Detail of which are as follows:-

Class of Asset	Gross amount	Accumulated Depreciation	Depreciation for the year
Building	121,257,731	27,992,847	4,836,334
Moulds	3,566,439	1,791,115	169,854

- (ii) All Non Cancellable operating leases include a clause to enable upward revision of the rental charge on an annual basis either fixed or according to prevailing market conditions. Future minimum rentals receivable under non cancellable operating leases are as follows:-

	As at 31 March 2016	As at 31 March 2015
Within 1 year	77,707,953	65,610,476
After 1 year but not more than 5 years	63,831,064	130,734,733
More than 5 years	-	-

39. During the year 2015-16, the performance of the subsidiary company, Aquadiagnostics Water Research & Technology Centre Limited (AWRTC) has made an extra ordinary growth in revenue. Total revenue increased to Rs. 13,657,547 from Rs.8,029,490 in previous year, a growth of 70% out of which 72% of the revenue is from the customers outside the group and 7.3% of the revenue is from foreign clientele. The subsidiary company continues to focus on upgrading technology and considerably improved the service being rendered. Though the accumulated loss of AWRTC is Rs.1,67,03,206 in the opinion of the management, no provision is required in respect of the investment in AWRTC, since the diminution is temporary in nature.

40. The Company has made equity investment in its subsidiary Forbes Lux International Limited. (FLI ) of Rs.228,99,47,875 as at March 31, 2016.

FLI has recognised an impairment provision of Rs. 25,52,32,914 for diminution in value of its investment in its subsidiary Lux International Limited, Baar, based on a valuation carried out as at December 31, 2015 using discounted cash flow method in accordance with the framework of Swiss GAAP FER (Core FER). The accumulated losses of FLIAG at December 31, 2015 aggregate Rs. 37,54,83,808.

Going forward in the opinion of the management the situation of the European operations will improve significantly and turn positive due to the planned initiatives like opening up of new business lines, entering new markets in Europe and the neighboring countries and by strengthening the Management Team. Hence, the Management is of the view that the diminution in the value of Lux International Limited is temporary in nature and consequently no provision is considered necessary on the Company's investment in FLI.

- 41(a) In recent Chennai floods, company's import inventory worth Rs 18,467,398 was damaged at Chennai port. The inventory was adequately insured and the company has filled insurance claim which has been acknowledged by the insurer. The company does not expect any material losses on settlement of the claim.

- 41(b) There was a fire accident in one of the Company's property at Hyderabad on 13th of April 2016. The company has filed a report with the Fire brigade and the Police at Hyderabad. At present survey is going on and on completion of the survey claim will be lodged with the insurance company. The net value of the building is Rs. 43,33,616/- which is fully insured and is forming part of fixed assets as per note no.

**Notes to the Standalone Financial Statements for the year ended 31st March 2016**

42. 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 Joint Venture as at 31.03.2016 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	Aqualgnis Technologies Pvt. Ltd.	India	31.03.2016	50%	28,046,820	8,993,127	52,325,178	51,269,553
			31.03.2015	50%	28,373,179	10,375,111	14,379,184	19,004,963

b. The Company's share of contingent liabilities of the Joint Venture Aqualgnis Technologies Pvt Ltd as at 31.03.2016 is NIL (Previous Year NIL).

43. (A) As on 31st March 2016, a credit balance of Rs 41,670,126 (Previous Year : Rs 37,913,160) in the "foreign Currency Monetary Translation Reserve Account" pertaining to long term external commercial borrowings and inter corporate deposits remains to be amortised / utilized after utilization of Rs 23,776,481 (Previous Year : Rs 44,781,791) in the statement of Profit and Loss.

(B) During the year, the Company had entered into forward exchange contracts to hedge against its foreign exchange exposures relating to repayment of ECB loan. Forward Exchange Contracts outstanding as at Balance Sheet date were NIL. The company does not enter into any derivative instruments for trading speculative

(C) Details of Unhedged Foreign Currency exposure as at Balance Sheet Date

	Currency	31st March 2016		31st March 2015	
		Amount in Foreign Currency	Amount INR	Amount in Foreign Currency	Amount INR
Trade Receivable and Advances Recoverable	USD	2,522,155	166,711,659	1,046,609	65,444,461
	CHF			-	-
	EURO	269,344	20,216,216	26,810	1,818,943
Inter corporate deposit given to Subsidiary Company	EURO	13,694,770	1,027,892,461	12,129,770	822,952,736
	CHF	86,650	5,948,826	86,650	5,617,944
Trade Payables	USD	862,246	56,993,497	411,788	25,749,119
	EURO			30,499	2,069,237
Loans -ECB LOAN	EURO	16,460,750	1,235,499,451	10,876,450	737,920,364
Interest accrued on ECB Loan	EURO	80,896	6,071,868	39,373	2,671,304

44. In view of the Management of the Company, the operations at Baddi Unit-1 ("the Unit") have become economically unviable due to adverse trade conditions. The Management had, therefore, decided to discontinue the operations of the Unit from October, 2015. The Management believes that the Company is well within its legal and managerial discretion to close down the Unit. Accordingly, the Company has officially closed down the operations of the Unit with effect from 23.03.2016 and paid retrenchment compensation as per terms of Industrial Dispute Act including other legal dues. The Management of the Company is of the opinion that no further liability is likely to arise in respect of the said matter.

45. During the year, the Company has made an additional investment, given corporate guarantee to banks for loan taken by, and placed inter-corporate deposits with, other bodies corporate as per details given below:

Name of the Company	Nature of transaction	Amount	Purpose
Forbes Lux International AG (a subsidiary company)	Equity share capital	811,190,000	For repayment of borrowings.
Forbes Lux International AG (a subsidiary company)	Inter-corporate deposits	217,205,870	For working capital requirements.
Forbes Lux International AG (a subsidiary company)	Corporate Gurantee to Bank	456,082,410	For loans taken by the subsidiary company.

46. Corporate Social Responsibility (CSR)

Details of CSR Expenditure as per Section 135 of the Companies Act, 2013 :-

	2015-16	2014-15
(a) Gross Amount required to be spent by the Company during the year	13,524,716	10,623,581
(b) Amount spent during the year (In Cash) on :-		
(i) Construction / Acquisition of any asset	-	-
(ii) On purposes other than (i) above *	13,568,405	10,650,000
(c) Amount Unspent	-	-

\* Includes contributions of Rs 11,757,801 (Previous year Rs 9,642,200) to Eureka Forbes Institute of Environment (Trust), controlled by the holding company.

**Notes to the Standalone Financial Statements for the year ended 31st March 2016**

47. Previous year figures have been regrouped or rearranged wherever necessary .

As per our report of even date		
	<u>S. L. Goklaney</u>	<i>Chairman</i>
For BATLIBOI & PUROHIT		
<i>Chartered Accountants</i>	<u>P. J. Reddy</u>	] <i>Directors</i>
Firm Regn No. 101048W		
	<u>A. V. Suresh</u>	
	<u>D.Sivanandhan</u>	
ATUL MEHTA		
<i>Partner</i>	<u>K.Raman Venkatesh</u>	
Membership No. 15935		
	<u>R. S. Moorthy</u>	
	<u>Vasant N Sanzgiri</u>	
	<u>Mrunalini Deshmukh</u>	
	<u>Suresh Redhu</u>	<i>Whole Time Director</i>
	<u>Sachikant Chaudhury</u>	<i>CFO &amp; Company Secretary</i>
Mumbai , Dated : 30th April 2016		

**Campbell Properties & Hospitality Services Limited**  
(a wholly owned Subsidiary Company)

Financial Statements  
For the year ended March 31, 2016

## Independent Auditors' Report

To,  
The Members of Campbell Properties & Hospitality Services Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Campbell Properties & Hospitality Services Limited, which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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



misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view 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 Company's 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 on the financial statements.

### 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 March 31, 2016;
- b) in the case of the Statement of Profit and Loss, of the Loss for the period ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

### Report on other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

As required by section 143(3) of the Act, we report that:

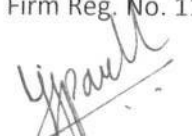
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) the Balance Sheet, the 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013.
- f) In our opinion, the company has, in all material respects, an adequate internal financial controls, system over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2016 based on the internal control over financial reporting criteria established by the company.



With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us :

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Vinodchandra R Shah & Co.  
Chartered Accountants  
Firm Reg. No. 115394W

  
Gaurav J Parekh  
(Partner)  
M. No.:- 140694



Place: Mumbai  
Dated: 22/04/16



## "ANNEXURE A" TO THE AUDITOR'S REPORT

Referred to in the paragraph 1 under the heading ' Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31,2016:

- I The company does not have any fixed assets and, accordingly the provisions of the clause 3(i)(a), 3(i)(b) and 3(i)(c) of the Order are not applicable to the company.
- II. The company's business does not involve inventories, and accordingly, the provisions of the paragraph 3 (ii) of the Order is not applicable to the company.
- III On the basis of books and records produced before us, the company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, the provisions of paragraph 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the order are not applicable to the Company and hence not commented upon.
- IV On the basis of books and records produced before us, the company has complied with the provisions relating to section 185 and section 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and securities
- V In our opinion and according to information given to us, the company has not accepted any deposits during the year and hence the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the Companies ( Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- VI To the best of our knowledge and explanation given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013.
- VII According to information and explanation given to us, in respect of statutory dues:
  - a) The company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, Income Tax, sales-tax, Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. There were no undisputed amounts payable in respect of provident fund, employees' state insurance, Income Tax, sales-tax, Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues in arrears as at March 31, 2016 for a period more than 6 months from the date they became applicable.
  - b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

VIII The company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.



- IX. The Company has not raised moneys by way of public issue / follow on offer (including debt instruments) and term loans during the year.
- X. According to the information and explanations given to us, we report that we have not noticed or reported any fraud on the company by its officers or employees during the year.
- XI. The company has not paid or provided any remuneration to its directors during the year.
- XII. This clause of CARO 2016 is not applicable to the company as the Company is not a Nidhi Company.
- XIII. The provisions relating to section 188 and 177 of the Companies Act, 2013 are not applicable to the company and hence matters relating to paragraph 3(xiii) of the Order have not been commented upon.
- XIV. The company has made a rights issue of 4,87,500 shares of Rs. 10 each (Rs. 48,75,000) to its Holding company (Forbes and Co. Ltd) at a premium of Rs. 30 per share (Rs.1,31,25,000). As per the information and other documents provided to us, the company has complied with the requirements of the section 42 of the companies Act, 2013
- XV. According to the information and explanations given to us, the company has not entered into any non-cash transactions with its directors or persons connected with him. Hence the provision of section 192 of the Companies Act, 2013 have been complied with.
- XVI. This clause of CARO 2016 is not applicable to the Company as the company is not required to be registered under Section 45-IA of the Reserve Bank of India, 1934 Act are not applicable to the company.

**For Vinodchandra R. Shah & Co.**

**Chartered Accountants**

**FRN: 115394W**

  
**Gaurav Parekh**  
**(Partner)**

**M. No.: 140694**



## **"ANNEXURE B" TO THE AUDITOR'S REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over the financial reporting of Campbell Properties and Hospitality Services Limited ("The Company") as of March 31,2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Vinodchandra R. Shah & Co.

Chartered Accountants

FRN: 115394W

  
Gaurav Parekh  
(Partner)

M. No.: 140694



**CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2016**

<u>Particulars</u>	<u>Note No.</u>	<u>As at 31 March 2016 Rs.</u>	<u>As at 31 March 2015 Rs.</u>
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
a Share capital	3	48,75,000	5,00,000
b Reserves and surplus	4	1,28,80,894	(1,87,033)
		<u>1,77,55,894</u>	<u>3,12,967</u>
<b>2 Current liabilities</b>			
a Other current liabilities		15,000	15,000
		<u>15,000</u>	<u>15,000</u>
<b>TOTAL</b>		<u><u>1,77,70,894</u></u>	<u><u>3,27,967</u></u>
<b>II ASSETS</b>			
<b>1 Non-current assets</b>			
a Long-term loans and advances	5	1,75,00,000	-
		<u>1,75,00,000</u>	<u>-</u>
<b>2 Current assets</b>			
a Cash and cash equivalents	6	2,65,524	3,27,967
b Other current assets	7	5,370	-
		<u>2,70,894</u>	<u>3,27,967</u>
<b>TOTAL</b>		<u><u>1,77,70,894</u></u>	<u><u>3,27,967</u></u>
<b>Significant accounting policies</b>	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Vinodchandra R Shah**

*Chartered Accountants*

Firm Reg No-FRN 115394W

SUNETRA GANESAN \_\_\_\_\_  
*Chairperson*

SHRIKRISHNA BHAVE \_\_\_\_\_  
*Director*

**Gaurav J Parekh**

*Partner*

Membership No-140694

Mumbai, 22nd April, 2016

ACHCHYUT KUMAR \_\_\_\_\_  
*Director*

Mumbai, 22nd April, 2016

**CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

<b>Particulars</b>	<b>Note No.</b>	<b>Year Ended 31 March 2016 Rs.</b>	<b>Period Ended 31 March 2015 Rs.</b>
I Revenue from operations		-	-
II Other income	8	5,370	-
III <b>Total revenue (I + II)</b>		<b>5,370</b>	-
IV <b>Expenses:</b>			
Other expenses	9	62,443	1,87,033
<b>Total expenses</b>		<b>62,443</b>	<b>1,87,033</b>
V <b>Profit/(loss) before tax (III - IV)</b>		<b>(57,073)</b>	<b>(1,87,033)</b>
VI <b>Tax expense / (credit):</b>			
<u>Income-tax</u>			
Current tax		-	-
VII <b>Profit/(loss) for the year (V - VI)</b>		<b>(57,073)</b>	<b>(1,87,033)</b>
VIII <b>Earning per equity share:</b>			
Basic and diluted earnings per equity share (nominal value of share Rs. 10)		<b>Rs. (0.12)</b>	<b>Rs. (11.67)</b>
<b>Significant accounting policies</b>	<b>2</b>		
<b>The accompanying notes are an integral part of the financial statements</b>			

As per our report of even date  
**For Vinodchandra R Shah Co.**  
*Chartered Accountants*  
 Firm Reg No-FRN 115394W

SUNETRA GANESAN \_\_\_\_\_  
*Chairperson*

SHRIKRISHNA BHAVE \_\_\_\_\_  
*Director*

**Gaurav J Parekh**  
*Partner*  
 Membership No-140694  
 Mumbai, 22nd April, 2016

ACHCHYUTKUMAR \_\_\_\_\_  
*Director*

Mumbai, 22nd April, 2016

**CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

	Year Ended 31 March 2016 Rs.	Period Ended 31 March 2015 Rs.
<b>Profit / (Loss) before tax</b>	<b>(57,073)</b>	<b>(1,87,033)</b>
<b>Adjustments for -</b>		
Interest on bank deposit / inter-corporate deposit	(5,370)	-
	<b>(5,370)</b>	-
<b>Operating profit / (loss) before working capital changes</b>	<b>(62,443)</b>	<b>(1,87,033)</b>
Adjustments for changes in working capital:		
Increase / (decrease) in trade payables	-	15,000
Decrease / (increase) in long-term loans and advances	(1,75,00,000)	-
	<b>(1,75,00,000)</b>	<b>15,000</b>
<b>Cash generated from / (used in) operations</b>	<b>(1,75,62,443)</b>	<b>(1,72,033)</b>
Income taxes paid (net of refunds)	-	-
<b>(a) Net cash generated from / (used in) operating activities</b>	<b>(1,75,62,443)</b>	<b>(1,72,033)</b>
<b>Cash flows from investing activities:</b>		
Interest received	-	-
<b>(b) Net cash generated from / (used in) investing activities</b>	-	-
<b>Cash flows from financing activities:</b>		
Proceeds from Share Premium on Issuance of Share capital	1,31,25,000	-
Proceeds from Issuance of Share capital	43,75,000	5,00,000
<b>(c) Net cash generated from / (used in) financing activities</b>	<b>1,75,00,000</b>	<b>5,00,000</b>
<b>(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)</b>	<b>(62,443)</b>	<b>3,27,967</b>
<b>(e) Cash and cash equivalents as at the commencement of the year</b>	<b>3,27,967</b>	<b>-</b>
<b>(f) Cash and cash equivalents as at the end of the period (d + e) ( see footnote 2)</b>	<b>2,65,524</b>	<b>3,27,967</b>

**Footnotes:**

1 Cash-flow statement is prepared in accordance with "Indirect method" as explained in the Accounting Standard on Cash Flow Statements (AS-3).

2 Details of Cash and cash equivalents as at the end of the period are as under :-

a) Cash on hand	7,540	8,400
b) Short Term Deposits with Bank	2,50,000	-
c) Balances with banks- Current Account	7,984	3,19,567
	<b>2,65,524</b>	<b>3,27,967</b>

**The accompanying notes are an integral part of the financial statements**

As per our report of even date  
**For Vinodchandra R Shah & Co.**  
Chartered Accountants  
Firm Reg No-FRN 115394W

SUNETRA GANESAN \_\_\_\_\_  
Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_  
Director

**Gaurav J Parekh**  
Partner  
Membership No-140694  
Mumbai, 22nd April, 2016

ACHCHYUTKUMAR \_\_\_\_\_  
Director

Mumbai, 22nd April, 2016

**CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

	<b>As at 31 March 2016 Rs.</b>	<b>As at 31 March 2015 Rs.</b>
<b>3. Share capital</b>		
<b>Authorised:</b>		
5,00,000 equity shares of Rs. 10 each	<b>50,00,000</b>	<i>50,00,000</i>
<b>Issued, subscribed and fully paid:</b>		
4,87,500 ( <i>Previous year 50,000</i> ) equity shares of Rs. 10 each	48,75,000	5,00,000
<b>TOTAL</b>	<b>48,75,000</b>	<i>5,00,000</i>

**(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 Rs 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**

4,87,500 (*Previous year 50,000*) equity shares are held by holding company - Forbes & Company Limited

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

Name of Shareholder	31 March 2016		31 March 2015	
	Number of equity shares held	% holding	Number of equity shares held	% holding
Forbes & Company Limited	4,87,500	100.00	50,000	100.00

	<b>As at 31-Mar-16 Rs.</b>	<b>As at 31-Mar-15 Rs.</b>
<b>4. Reserves and surplus</b>		
<b>(a) Securities Premium:</b>		
Balance as per last balance sheet	-	-
Add: During the year	<b>1,31,25,000</b>	-
	<b>1,31,25,000</b>	-
<b>(b) Surplus / (deficit) in the statement of profit and loss:</b>		
Balance as per last balance sheet	(1,87,033)	-
Add: Profit for the year	(57,073)	<i>(1,87,033)</i>
	<b>(2,44,106)</b>	<i>(1,87,033)</i>
<b>TOTAL</b>	<b>1,28,80,894</b>	<i>(1,87,033)</i>



**CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

	<b>As at 31 March 2016 Rs.</b>	<b>As at 31 March 2015 Rs.</b>
<b>5. Long-term loans and advances</b>		
(unsecured, considered good unless otherwise stated)		
(a) Security deposits		
(i) Unsecured, considered good	1,75,00,000	-
(ii) Doubtful	-	-
	<b>1,75,00,000</b>	-
Less: Provision for doubtful deposits	-	-
<b>TOTAL</b>	<b>1,75,00,000</b>	-
<b>6. Cash and cash equivalents</b>		
(a) Cash and cash equivalents		
1. Balances with banks:		
(A) In current accounts		
(i) Others	7,984	3,19,567
	7,984	3,19,567
(B) Deposits with original maturity of less than three months	2,50,000	-
	2,57,984	3,19,567
2. Cash on hand	7,540	8,400
<b>TOTAL</b>	<b>2,65,524</b>	<b>3,27,967</b>
<b>7. Other current assets</b>		
(a) Interest accrued on deposits with bank	5,370	-
<b>TOTAL</b>	<b>5,370</b>	-

**CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

	<b>Year Ended 31 March 2016 Rs.</b>	<b>Period Ended 31 March 2015 Rs.</b>
<b>8. Other income</b>		
(a) Interest		
(i) on bank deposit	5,370	-
<b>TOTAL</b>	<b>5,370</b>	<b>-</b>
<b>9. Other expenses</b>		
a) Printing & Stationery	360	990
b) Communication	-	500
c) Legal and professional charges	23,792	1,623
d) Payments to the auditor (excluding service tax):		
(i) Statutory Audit fees	16,000	15,000
e) Miscellaneous expenses	22,291	1,68,920
<b>TOTAL</b>	<b>62,443</b>	<b>1,87,033</b>

**CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

**10. BREAKUP OF EARNING PER SHARE**

<u>Sr. No.</u>	<u>Particulars</u>	<u>As on 31.03.2016</u>	<u>As on 31.03.2015</u>
(a)	Net Profit / (Loss) Attributable to Equity Shareholders	(57,073)	(1,87,033)
(b)	Weighted Average Number of Equity Shares outstanding during the period (Face Value - Rs.10/- per Share)	4,88,836	16,027
(c)	Earning Per Share	(0.12)	(11.67)

The Company has not issued any potential dilutive equity shares.

**11. RELATED PARTY TRANSACTIONS**

**(I) Names of related parties and nature of related party relationship as on 31.03.2016**

**(A) Holding Company / Ultimate Holding Company**

- 1 Shapoorji Pallonji & Company Private Limited (Ultimate Holding Company)
- 2 Forbes & Company Limited ( Holding Company)

**(B) Fellow subsidiary (With which there are transactions during the year)**

NIL

**(II) Transactions with Related Parties:**

<b>Sr. No.</b>	<b>Nature of Transaction</b>	<b>Holding Company</b>
	<b>Other Receipts</b>	
1	Other Reimbursements	22,260
		<i>1,68,810</i>
	<b>Finance</b>	
1	Issue of Shares	43,75,000
		<i>5,00,000</i>
2	Securities Premium	1,31,25,000
		-

Figures in italics are in respect of the previous year.

As per our report of even date

**For Vinodchandra R Shah & Co.**

Chartered Accountants

Firm Reg No-FRN 115394W

SUNETRA GANESAN \_\_\_\_\_

Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_

Director

**Gaurav J Parekh**

Proprietor

Membership No-140694

Mumbai, 22nd April, 2016

ACHCHYUTKUMAR \_\_\_\_\_

Director

Mumbai, 22nd April, 2016

# **CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED**

## **NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2016**

### **1. GENERAL INFORMATION :-**

The company was incorporated on December 13, 2014 to carry on the business of acquiring or purchasing or leasing or exchanging or hire purchase or otherwise holding or creating any immovable property including land and / or building or any right or interest therein; and letting such immovable property on lease and to carry on the business of providing or rendering or maintaining hospitality or catering or tour & travel services.

### **2. SIGNIFICANT ACCOUNTING POLICIES :-**

#### **a) Basis of Preparation**

The Financial Statements are prepared under historical cost convention, consistently on accrual basis and are in accordance with the requirements of the Companies Act, 2013 and comply with Accounting Standards referred to in Section 133 of the said Act, read with rule 7 of the Companies (Accounts) Rule, 2014.

#### **b) Use of Estimates**

The presentation of 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, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

#### **c) Fixed Assets**

Fixed Assets are to be stated in the accounts at the purchase price including any attributable cost of bringing the assets to their working condition for their intended use.

#### **d) Depreciation**

Depreciation on tangible fixed assets is to be provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013

#### **e) Taxes on Income**

- (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.

#### **f) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

# CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016 (contd.)

### **g) Provision, contingent liabilities and contingent assets**

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.

### **h) 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 (Accounts) Rules, 2014.

### **i) 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.

### **j) Revenue Recognition**

Income from services is to be recognised as and when the services are performed and accrued on time basis. Interest income is recognized on a time proportion basis unless the collection is doubtful.

### **k) Borrowing Costs**

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.

### **l) Segment Reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

**EFL Mauritius Limited**  
(a Subsidiary Company of Eureka Forbes Limited)

Financial Statements  
For the year ended March 31, 2016

## **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 26, which comprise the statement of financial position as at 31 March 2016 and the statement of profit or loss and other 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 Mauritius 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.

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF EFL Mauritius Limited**

#### **Report on the Financial Statements (continued)**

##### ***Opinion***

In our opinion, the financial statements set out on pages 7 to 26 give a true and fair view of the financial position of the Company at 31 March 2016, 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 Mauritius Companies Act 2001.

##### ***Other Matter***

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Mauritius 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 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 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**

##### ***Mauritius 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 : 19<sup>th</sup> April, 2016



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**1. General information**

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The Company was incorporated in Mauritius under the Mauritius 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, 4<sup>th</sup> Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius. It holds a Category 1 Global Business Licence issued by the Financial Services Commission (“FSC”).

The principal activity of the Company is to act as an investment holding company. As at 31 March 2016, the Company’s primary investment is in Forbes Lux International AG.

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 except for financial instruments carried at fair value.

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

*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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**2. Accounting policies (continued)**

(b) Amendments to published Standards and Interpretations effective in the reporting period

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives. *The amendment has no impact on the Company's financial statements.*

*Annual Improvements 2010-2012 Cycle*

- IFRS 2, 'Share based payments' amendment is amended to clarify the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. *The amendment has no impact on the Company's financial statements.*
- IFRS 3, 'Business combinations' is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss. *The amendment has no impact on the Company's financial statements.*
- IFRS 8, 'Operating segments' is amended to require disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. *The amendment has no impact on the Company's financial statements.*
- IFRS 13 (Amendment), 'Fair Value Measurement' clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. *The amendment has no impact on the Company's financial statements.*
- IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible' are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. *The amendment has no impact on the Company's financial statements.*

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**2. Accounting policies (continued)**

(b) Amendments to published Standards and Interpretations effective in the reporting period  
(continued)

*Annual Improvements 2010-2012 Cycle*

- IAS 24, 'Related party disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. *The amendment has no impact on the Company's financial statements.*
- IAS 38, 'Intangible Assets' is amended to require an entity to take into account accumulated impairment losses when adjusting the amortisation on revaluation. *The amendment has no impact on the Company's financial statements.*

*Annual Improvements 2011-2013 Cycle*

- IFRS 1, 'First-time Adoption of International Financial Reporting Standards' is amended to clarify in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. *The amendment has no impact on the Company's financial statements, since the Company is an existing IFRS preparer.*
- IFRS 3, 'Business combinations' is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint venture under IFRS 11. *The amendment has no impact on the Company's financial statements.*
- IFRS 13, 'Fair value measurement' is amended to clarify that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. *The amendment has no impact on the Company's financial statements.*
- IAS 40, 'Investment property' is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 assists users to distinguish between investment property and owner-occupied property. Preparers also need to consider the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. *The amendment has no 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 2016 or later periods, but which the Company has not early adopted.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**2. Accounting policies (continued)**

(b) Amendments to published Standards and Interpretations effective in the reporting period (continued)

*Standards, Amendments to published Standards and Interpretations issued but not yet effective (continued)*

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

IFRS 14 Regulatory Deferral Accounts

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

IFRS 15 Revenue from Contract with Customers

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

Equity Method in Separate Financial Statements (Amendments to IAS 27)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Annual Improvements to IFRSs 2012-2014 Cycle

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Disclosure Initiative (Amendments to IAS 1)

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 Company's performance is evaluated and its liquidity is managed in Euro. The financial statements are presented in Euro ("EUR") and all values are rounded to the nearest thousands.

(ii) *Transactions and balances*

Transactions denominated in foreign currencies are recorded in Euro at the rates of exchange rating at the dates of transactions. Monetary assets and liabilities at the reporting date which are denominated in foreign currencies are translated into Euro at the rate of exchange rating at that date. Exchange differences are taken to the statement of profit or loss and other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**2. Accounting policies (continued)**

(d) Available-for-sale financial asset

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 initially measured at fair value plus transaction costs.

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.

Available-for-sale financial asset is subsequently carried at their fair value.

Changes in the fair value of the available-for-sale asset are recognised in other comprehensive income and accumulated in the fair value reserve. Where the financial assets are disposed of or are determined to be impaired, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to statement of profit or loss and other comprehensive income.

(e) Income tax

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

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

(f) Deferred taxation

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

The principal temporary difference arises from tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

(g) Stated capital

Ordinary shares and preference shares are classified as equity.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**2. Accounting policies (continued)**

(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 profit or loss and other comprehensive income over the period of the borrowing using the effective interest method.

(i) Financial instruments

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

(j) Prepayments

Prepayments relate to amounts paid in advance by the Company of services being received at year end.

(k) 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.

(l) Other payables and accruals

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.

(m) Revenue recognition

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

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

(n) Expense recognition

All expenses are accounted for in the statement of profit or loss and other comprehensive income on the accrual basis.

**EFL Mauritius Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**2. Accounting policies (continued)**

(o) 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.

(p) 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.

(q) 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.

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 2 (c), the directors have considered those factors described therein and have determined that the functional currency of the Company is the EUR.

EFL MAURITIUS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2016

	Notes	2016 EUR	2016 INR	2015 EUR	2015 INR
<b>ASSETS</b>					
<b>Non-current assets</b>					
Available for sale financial asset	4	3,13,49,108	2,56,57,13,973	3,68,95,045	2,97,02,93,682
Loan receivable	5	-	-	-	-
		3,13,49,108	2,56,57,13,973	3,68,95,045	2,97,02,93,682
<b>Current assets</b>					
Other receivables and prepayments	6	2,654	1,99,202	2,842	1,92,817
Cash and cash equivalents		2,14,215	1,60,78,400	2,46,751	1,67,40,984
		2,16,869	1,62,77,602	2,49,593	1,69,33,802
<b>Total assets</b>		<b>3,15,65,977</b>	<b>2,58,19,91,575</b>	<b>3,71,44,638</b>	<b>2,98,72,27,484</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Stated capital	7	2,87,20,231	2,12,34,26,392	2,87,20,231	2,12,34,26,392
Fair value reserve		1,77,152	3,16,92,081	57,23,089	43,62,71,790
Retained earnings		22,32,416	17,66,96,941	22,45,285	17,76,35,742
Foreign Currency Translation Reserve			21,74,37,819		21,87,87,578
		3,11,29,799	2,54,92,53,232	3,66,88,605	2,95,61,21,502
<b>Current liability</b>					
Other payables and accruals	8	4,36,178	3,27,38,343	4,36,222	2,95,95,787
Current tax liability	9	-	-	19,811	15,10,195
<b>Total equity and liabilities</b>		<b>3,15,65,977</b>	<b>2,58,19,91,575</b>	<b>3,71,44,638</b>	<b>2,98,72,27,484</b>

Approved by the Board on 19th April, 2016 and signed on its behalf by:

**Subiraj Gujadhur**  
Director

**Navun Dussoruth**  
Director

The notes on pages attached herewith form an integral part of these financial statements.



EFL MAURITIUS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST MARCH 2016

	Notes	2016	2016	2015	2015
		EUR	INR	EUR	INR
<b>Revenue</b>					
Interest		-	-	6,69,100	5,10,05,577
Dividend		-	-	-	-
		-	-	6,69,100	5,10,05,577
<b>Expenses</b>					
Audit fees		2,301	1,67,859	2,006	1,52,918
FSC fees		1,592	1,16,137	1,388	1,05,807
Directors' fees		1,637	1,19,420	1,269	96,736
Bank Charges		1,804	1,31,603	1,033	78,746
Accounting fees		1,137	82,945	714	54,428
Annual tax return		682	49,752	714	54,428
Annual TRC fees		819	59,747	634	48,330
Registered office and Secretarial fees		764	55,734	592	45,128
ROC fees		333	24,293	268	20,430
Other Operating Expenses		-	-	82	6,251
Disbursement fees		379	27,648	27	2,058
Amount Receivable written off		-	-	-	-
Legal and professional fees		-	-	-	-
Interest		-	-	-	-
APS fees		1,364	99,505		
		12,812	9,34,644	8,727	6,65,260
<b>Operating loss for the year/period</b>		(12,812)	(9,34,644)	6,60,373	5,03,40,316
Investment in Subsidiary company written off				-	-
Profit on disposal of associated company				-	-
Loss of Foreign Exchange		(57)	(4,158)	(95)	(7,242)
<b>Profit before taxation</b>		(12,869)	(9,38,802)	6,60,278	5,03,33,074
Taxation	9 (c)	-		(19,811)	(15,10,195)
<b>Profit for the year</b>		(12,869)	(9,38,802)	6,40,467	4,88,22,879
<b>Other comprehensive income:</b>					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Change in fair value of available-for-sale financial asset		(55,45,937)	(40,45,79,709)	57,23,089	43,62,71,790
<b>Total comprehensive income/(loss) for the year/period</b>		(55,58,806)	(40,55,18,511)	63,63,556	48,50,94,669

The notes attached herewith form an integral part of these financial statements.

**EFL MAURITIUS LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2016**

	Stated capital		Fair Value Reserve		Retained earnings		Total	
	EUR	INR	EUR	INR	EUR	INR	EUR	INR
<b>At 01 April 2014</b>	<b>2,87,20,231</b>	<b>2,12,34,26,392</b>	-	-	<b>16,04,818</b>	<b>12,88,12,863</b>	<b>3,03,25,049</b>	<b>2,25,22,39,255</b>
Profit for the year	-	-	-	-	6,40,467	4,88,22,879	6,40,467	4,88,22,879
Other comprehensive income for the year	-	-	57,23,089	43,62,71,790	-	-	57,23,089	43,62,71,790
<b>At 31 March 2015</b>	<b>2,87,20,231</b>	<b>2,12,34,26,392</b>	<b>57,23,089</b>	<b>43,62,71,790</b>	<b>22,45,285</b>	<b>17,76,35,742</b>	<b>3,66,88,605</b>	<b>2,73,73,33,924</b>
Profit for the year	-	-	-	-	(12,869)	(9,38,802)	(12,869)	(9,38,802)
Other comprehensive income for the year	-	-	(55,45,937)	(40,45,79,709)	-	-	(55,45,937)	(40,45,79,709)
<b>At 31 March 2016</b>	<b>2,87,20,231</b>	<b>2,12,34,26,392</b>	<b>1,77,152</b>	<b>3,16,92,081</b>	<b>22,32,416</b>	<b>17,66,96,941</b>	<b>3,11,29,799</b>	<b>2,33,18,15,413</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

## 4 Available for sale financial asset

<i>At fair value</i>	2016	2016	2015	2015
	EUR	INR	EUR	INR
At beginning of the year	3,68,95,045	2,97,02,93,682	28,14,191	20,76,50,430
Additions during the year	-	-	2,83,57,765	2,32,63,71,463
Change in fair value	(55,45,937)	(40,45,79,709)	57,23,089	43,62,71,790
At end of the year	3,13,49,108	2,56,57,13,973	3,68,95,045	2,97,02,93,682

The details of the available for sale financial asset as at 31 March 2016 are as follow:

Name of associated company	Country of Incorporation	Types of Shares (unquoted)	Number of Shares	% Held	Cost	Fair Value
Forbes Lux International AG	Switzerland	Ordinary Shares	3,300	8.97%	28,14,191	27,58,721
Forbes Lux International AG	Switzerland	Participation Shares*	34,200	100.00%	2,83,57,765	2,85,90,387
				EUR	3,11,71,956	3,13,49,108
				INR	2,53,40,21,893	2,56,57,13,973

\*The Participation Shares have no voting rights.

*Fair valuation estimation*

IFRS 7 requires disclosure of fair value measurement by level of the following fair value measurement hierarchy:

Quoted prices (unadjusted) in active market for identical assets or liabilities-Level 1;

Inputs other than quoted prices as in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)-Level 2; and

Inputs for the asset or liability that are based on observable market data-Level 3

The following table presents the Company's available-for-sale financial asset that is measured at fair value at 31st March:

		Level 1	Level 2	Level 3	Total
		<b>2016</b>			
Available-for-sale financial asset	EUR	-	-	3,13,49,108	3,13,49,108
	INR	-	-	2,56,57,13,973	2,56,57,13,973
<b>2015</b>					
Available-for-sale financial asset	EUR	-	-	3,68,95,045	3,68,95,045
	INR	-	-	2,97,02,93,682	2,97,02,93,682

**5 Loan Receivable**

	2016	2016	2015	2015
	EUR	INR	EUR	INR
At beginning of the year	-	-	2,66,90,880	2,19,33,71,108
Addition during the year	-	-	-	-
Transferred to available-for-sale financial asset	-	-	(2,66,90,880)	(2,19,33,71,108)
At end of the year	-	-	-	-

The Loan receivable form Forbes Lux International AG, bears interest at the rate of 5% per annum is unsecured and repayable after more than one year.

**6 Prepayments**

	2016	2016	2015	2015
	EUR	INR	EUR	INR
Directors' Fees	1,054	79,110	1,118	75,851
Annual TRC Fees	527	39,555	559	37,926
Registered Office and Secretarial Fees	492	36,928	522	35,415
FSC Fees	384	28,822	407	27,613
ROC Fees	197	14,786	236	16,012
	2,654	1,99,202	2,842	1,92,817

**7 Stated capital**

	2016	2016	2015	2015
	EUR	INR	EUR	INR
<u>Issued and fully paid up:</u>				
<u>- Ordinary shares of EUR1 each</u>				
At beginning and end of the year	15,001	9,45,546	15,001	9,45,546
<u>- Preference shares of EUR1 each</u>				
At beginning of the year	2,87,05,230	2,12,24,80,846	2,87,05,230	2,12,24,80,846
Issued During the year	-	-	-	-
At end of the year	2,87,05,230	2,12,24,80,846	2,87,05,230	2,12,24,80,846
<b>Total</b>	<b>2,87,20,231</b>	<b>2,12,34,26,392</b>	<b>2,87,20,231</b>	<b>2,12,34,26,392</b>

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.
- (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.

**8 Other payables and accruals**

	2016	2016	2015	2015
	EUR	INR	EUR	INR
Payable to related parties (See note 10)	4,32,374	3,24,52,825	4,32,374	2,93,34,717
Accruals	3,804	2,85,518	3,848	2,61,070
	4,36,178	3,27,38,343	4,36,222	2,95,95,787

The amount payable to related party is unsecured, interest free and repayable on demand.

**9 Taxation****(a) Income tax**

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

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

**(b) Current tax liability**

	2016	2016	2015	2015
	EUR	INR	EUR	INR
Provision for the year	-	-	19,811	15,10,195

At 31 March 2016, the Company had accumulated tax losses amounting to EUR 12,812 (Rs. 9,61,634) which are available for set off against future taxable profits of the Company.

**(c) Tax Expense**

	2016	2016	2015	2015
	EUR	INR	EUR	INR
Provision for the year	-	-	19,811	15,10,195
	-	-	-	-

**(d) Tax reconciliation**

	2016	2016	2015	2015
	EUR	INR	EUR	INR
(Loss)/ Profit before Taxation	(12,869)	(9,38,802)	6,60,278	5,03,33,074
Tax calculated at 15% (2015:15%)	(1,930)	(1,40,820)	99,042	75,49,961
Adjustment for:				
Non-allowable expenses	9	657	14	1,067
Foreign Tax credit	(1,921)	(1,40,164)	99,056	75,51,028
Deferred Tax asset not recognised	-	-	(79,245)	(60,40,833)
<b>Tax charge</b>	1,921	1,40,164	-	-
	-	-	19,811	15,10,195

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

**10 Related party transactions**

During the year under review, the company transacted with the below related entity. The nature, volume of transaction and the balance with the entity are as follows:

Name of related parties	Relationship	Nature of transactions	2016	2016	2015	2015
			Balance	Balance	Balance	Balance
			EUR	INR	EUR	INR
Eureka Forbes Ltd	Shareholder	Amount payable	4,32,374	3,24,52,825	4,32,374	2,93,34,717

The above transaction has been made at arm's length, on normal commercial terms and in the normal course of business.

**11 Financial instruments and associated risks**

## Overview

The company has exposure to the following risks from its use of Financial instruments:

- Market Risk
- Political Risk
- Credit Risk
- Liquidity Risk
- Compliance Risk
- Capital Risk

*Risk Management framework*

The board of Directors has overall responsibility for the establishment and oversight of the company's risk management

(a) 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.

**11 Financial instruments and associated risks (continued)**Currency risk (continued)Currency profile

	2016				2015			
	Financial assets		Financial liabilities		Financial assets		Financial liabilities	
	EUR	INR	EUR	INR	EUR	INR	EUR	INR
Swiss Franc ("CHF")	3,13,49,108	2,56,57,13,973	-	-	3,68,95,045	2,97,02,93,682	-	-
United States ("USD")	-	-	3,804	2,85,518	-	-	3,848	2,61,070
Euro ("EUR")	2,14,215	1,60,78,400	4,32,374	3,24,52,825	2,46,751	1,67,40,984	4,32,374	2,93,34,717
	3,15,63,323	2,58,17,92,373	4,36,178	3,27,38,343	3,71,41,796	2,98,70,34,667	4,36,222	2,95,95,787

Prepayments amounting to EUR 2,654 (Equivalent to INR 199,202) [(2015: EUR 2,842) (Equivalent to INR 192,817)] have not been included in financial assets.

Sensitivity analysis

The Company is exposed to the CHF and USD.

The following table details the Company's sensitivity to a 10% increase and decrease in the EUR against the relevant foreign currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates a decrease in profit where the EUR strengthens 10% against the relevant currency. For a 10% weakening of the EUR against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	Impact on profit			
	2016		2015	
	EUR	INR	EUR	INR
CHF	31,34,911	25,65,71,397	36,89,505	29,70,29,368
USD	(380)	28,552	385	26,107

Interest Rate risk

The majority of the Company's financial assets and liabilities are non-interest bearing and as a result the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the value of individual stocks.

The Company invests in unlisted company whose securities may be considered to be illiquid. Such illiquidity may adversely affect the ability of the Company to acquire or dispose of such investment. The investment may be difficult to value and to sell or otherwise liquidate and the risk of investing in such company is much greater than the risk of investing in publicly traded securities. However on account of the inherent uncertainty of valuation the estimated values may differ from the values that would be used had a ready market for the investment existed.

**(b) 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.

**(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 end of the reporting period.

The Company's credit risk arises principally from available-for-sale financial assets and 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.

**11 Financial instruments and associated risks (continued)**

The maximum exposure to credit risk at the end of the reporting period was:

	2016	2016	2015	2015
	EUR	INR	EUR	INR
<b>Counter parties</b>				
Available-for-sale financial asset	3,13,49,108	2,56,57,13,973	3,68,95,045	2,97,02,93,682
Loan Receivable	-	-	-	-
Other Receivables	-	-	-	-
Cash and cash equivalents	2,14,215	1,60,78,400	2,46,751	1,67,40,984
	<b>3,15,63,323</b>	<b>2,58,17,92,373</b>	<b>3,71,41,796</b>	<b>2,98,70,34,667</b>

**(d) Compliance risk**

Compliance risk arises from a failure or inability to comply with the laws, regulations or codes applicable to the industry. Non-compliance can lead to fines, public reprimands, and enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate.

**(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) Fair values**

The carrying amounts of available-for-sale financial asset, cash and cash equivalents and other payable and accruals approximate their fair values.

Accounting classifications and fair value hierarchy

The tables below analyse fair value measurements for financials assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The difference levels are defined as follows :

Level 1 - Quoted Prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement dates.

Level 2 - 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).

Level 3 - Unobservable inputs for the assets or liability

Financial Assets and Financial liabilities not carried at fair value but for which fair values are disclosed below:



	Level 1	Level 2	Level 3	Total
	EURO	EURO	EURO	EURO
<b>2016</b>				
Cash & Cash Equivalents	-	2,14,215	-	2,14,215
Total asset	-	2,14,215	-	2,14,215
Payable to Related Party	-	-	4,32,374	4,32,374
Accruals	-	-	3,804	3,804
	-	-	4,36,178	4,36,178
<b>2015</b>				
Cash & Cash Equivalents	-	2,46,751	-	2,46,751
Total asset	-	2,46,751	-	2,46,751
Payable to Related Party	-	-	4,32,374	4,32,374
Accruals	-	-	3,848	3,848
	-	-	4,36,222	4,36,222
	Level 1	Level 2	Level 3	Total
	INR	INR	INR	INR
<b>2016</b>				
Cash & Cash Equivalents	-	1,60,78,400	-	1,60,78,400
Total asset	-	1,60,78,400	-	1,60,78,400
Payable to Related Party	-	-	3,24,52,825	3,24,52,825
Accruals	-	-	2,85,518	2,85,518
	-	-	3,27,38,343	3,27,38,343
<b>2015</b>				
Cash & Cash Equivalents	-	1,67,40,984	-	1,67,40,984
Total asset	-	1,67,40,984	-	1,67,40,984
Payable to Related Party	-	-	2,93,34,717	2,93,34,717
Accruals	-	-	2,61,070	2,61,070
	-	-	2,95,95,787	2,95,95,787

The Company recognises transfers between levels of fair value hierarchy as of the reporting period during which the transfer has occurred. There have been no transfer between the levels in 2016 (2015: no transfer in either direction).

(g) 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 maturity profile of the financial liability is summarised as follows:

	<u>On Demand</u>	<u>3 Months to 1 Year</u>	<u>Total</u>
	EUR	EUR	EUR
<b><u>2016</u></b>			
Other Payables and Accruals	<u>4,32,374</u>	<u>3,804</u>	<u>4,36,178</u>
<b><u>2015</u></b>			
Other Payables and Accruals	<u>4,32,374</u>	<u>3,848</u>	<u>4,36,222</u>
	<u>On Demand</u>	<u>3 Months to 1 Year</u>	<u>Total</u>
	INR	INR	INR
<b><u>2016</u></b>			
Other Payables and Accruals	<u>3,24,52,825</u>	<u>2,85,518</u>	<u>3,27,38,343</u>
<b><u>2015</u></b>			
Other Payables and Accruals	<u>2,93,34,717</u>	<u>2,61,070</u>	<u>2,95,95,787</u>

**12 Events after reporting period**

There have been no material events since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended 31 March 2016.

**15. Contingent liabilities**

At 31 March 2016, there was no contingent liability arising in the ordinary course of business.

**16. Holding company**

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

**17. Foreign Exchange Rates**

<b>Average Rate</b>	<b>2016</b>	72.9507
	<b>2015</b>	76.2301
<b>Closing Rate</b>	<b>2016</b>	75.0573
	<b>2015</b>	67.8457

**Eureka Forbes Limited**  
(a wholly owned Subsidiary Company)

Financial Statements  
For the year ended March 31, 2016

## **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 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's 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 on the financial statements.

### ***Basis for qualified opinion***

*As explained in note 28 (XV) to the financial statements, the Company has made equity investment in, and advanced loans including interest accrued of Rs. 6851.81lakhs and 3507.64lakhs respectively to its overseas subsidiary Euro Forbes Ltd. Further the Company has also issued a corporate guarantee to a bank of Rs.16524.72lakhs for loan taken by this subsidiary. The accumulated losses of this subsidiary are Rs. 2681.29lakhs as at December 31, 2015. Further, the auditors of this subsidiary company have qualified their audit opinion on various matters and have also included an Emphasis of Matter paragraph regarding going concern assumption. In spite of the above, no provision for diminution / impairment on such investment and loans is considered necessary by the management.*

### ***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 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and its profit and its cash flows for the year ended on that date.

### **Emphasis of Matter**

- a. We draw attention to note 28 (XVI) of the financial statements which, describes the lawsuit filed against the Company by IBM India Pvt Ltd.
- b. We draw attention to note 28 (XX) of the Financial Statements relating to events occurring after balance sheet in respect of fire at one of the warehouse of the Company, where inventory has been damaged.

Our opinion is not modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

- (1) As required by the Companies (Auditors Report) Order 2016 ('the Order') issued by Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order
- (2) As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 (XVI and XVII) to the financial statements;
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For BATLIBOI & PUROHIT**

*Chartered Accountants*

ICAI Firm Registration No.101048W

**Atul Mehta**

*Partner*

Membership No. 15935

Place : Mumbai

Date : 06May, 2016

### **Annexure A to the Independent Auditor's Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification 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. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year.  
As per information and explanations given to us, discrepancies noted on verification between book records and physical stock of inventory at warehouses were material and have been adequately dealt with in the books of accounts.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the investments made and loan, securities and guarantee given.
- (v) The Company has not accepted any deposits during the year within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products and services.
- (vii) (a) The company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, which were outstanding, at the year-end for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, dues outstanding of income tax, sales tax, value added tax, service tax and duty of excise that have not been deposited on account of any dispute are as follows:



Name of the Statute	Nature of dues	Period to which it relates	Amount (Rs in lakhs)	Forum where the Dispute is pending
Income Tax Act, 1961	Income tax	AY 2006-07	31.6	Tribunal
		AY 2009-10	22.3	Tribunal
		AY 2010-11	213.02	CIT (Appeals)
		AY 2011-12	373.64	CIT (Appeals)
		AY 2012-13	808.25	CIT (Appeals) #
Sales Tax Act	Sales Tax	2006-07, 2008-09, 2010-11	109.17	Deputy Commissioner of Appeals commercial taxes.
		2002 to 2004, 2006-07 to 2011-12	492.33	Deputy Commissioner of commercial taxes.
		2012-13	0.89	Joint Commissioner of commercial taxes
		2004-05, 2007-08 to 2011-12	21.11	Asst Commissioner of sales Tax Appeals
		2010-11, 2011-12	711.63	Asst Commissioner DVAT, New Delhi
		2007-08	3.97	Superintendent of tax
		1998-99 to 2007-08	2050.48	Assistant commissioner (Assessment) special circle-II
		2004-05, 2007-08, 2008-09, 2013-14 to 2015-16	32.79	Asst Commissioner of Commercial taxes
		2012-13	6.33	Appellate officer Commercial tax
		1994-95, 1996-97, 1998-99, 2000-01, 2003-04 to 2005-06	4.69	Assessing authority
		2003-04 to 2005-06	74.93	Joint Commissioner (Appeals) Trade Tax
		2010-11	4.71	Joint Excise & Taxation Commissioner
		2013-14 and 2015-16	2.96	Excise & Taxation officer.
The Finance Act, 1994	Service tax	2009-10 to 2012-13	1087.64	Commissioner of service tax
Central Excise Act, 1944	Excise duty	2002-03	56.51	Appellate Tribunal

# The Company is in the process of filing appeal with CIT (Appeals)

- (viii) 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 loans to banks. There were no outstanding dues to any financial institution or debenture holders anytime during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us the Company has utilized the money raised by way of term loans during the year for the purpose for which it was raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given by the management, the Company has paid managerial remuneration over and above limits / approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 aggregating Rs3,15,74,336 as at 31 March, 2016. (refer note 28XIII). The details are as below:-

S.No.	Name of the Director	Amount involved Rs. (in excess of the limit prescribed)	Amount due for recovery as at Balance sheet date	Steps taken to recover the amount	Remarks
1	Mr Suresh Lal Goklaney	3,15,74,336	Nil	N.A	The Company is in the process of filing an application to the Central Government, for approval of the excess amount after obtaining shareholder's approval at the ensuing Annual General Meeting. Till such time, the excess amount is held in trust by the Director.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

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

Place: Mumbai  
Date: 06May, 2016

## **Annexure B to the Independent Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of Eureka Forbes Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to

permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **For Batliboi&Purohit**

*Chartered Accountants*

ICAI Firm Registration no :101048W

### **Atul Mehta**

*Partner*

Membership no: 15935

Place : Mumbai

Date: 06 May, 2016

**AT 31ST MARCH, 2016**

	Notes	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
a Share Capital	2	3,72,80,000	3,72,80,000
b Reserves and Surplus	3	<u>2,41,02,11,011</u>	<u>2,15,76,99,271</u>
		2,44,74,91,011	2,19,49,79,271
<b>2. Non-current liabilities</b>			
a Long-term borrowings	4	45,37,25,131	57,40,25,507
b Long-term trade payables		-	-
c Other long-term liabilities	5	1,13,55,82,947	1,09,66,77,952
d Long-term provisions	6	<u>2,27,06,216</u>	<u>2,54,64,923</u>
		1,61,20,14,294	1,69,61,68,382
<b>3. Current liabilities</b>			
a Short-term borrowings	7	64,97,91,949	41,05,32,324
b Trade payables	8	2,52,20,85,261	2,07,92,48,327
c Other current liabilities	5	3,80,01,59,227	3,84,47,44,061
d Short-term provisions	6	<u>15,53,76,662</u>	<u>11,89,81,373</u>
		7,12,74,13,099	6,45,35,06,085
<b>Total</b>		<u><u>11,18,69,18,404</u></u>	<u><u>10,34,46,53,738</u></u>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
a Fixed Assets			
(i) Tangible assets	9	89,24,79,895	90,62,21,770
(ii) Intangible assets	10	3,21,20,478	3,99,88,603
b Non-current investment	11	2,94,79,96,864	2,82,08,68,679
c Deferred tax assets (net)	12	6,90,29,542	3,92,68,774
d Long-term loans and advances	13	68,89,63,044	65,05,20,126
e Other non-current assets	14	<u>26,48,76,992</u>	<u>10,37,93,000</u>
		4,89,54,66,815	4,56,06,60,952
<b>2. Current assets</b>			
a Current investments	15	9,47,738	11,70,674
b Inventories	16	2,11,08,22,783	1,88,34,03,916
c Trade receivables	17	2,97,74,47,719	2,70,04,42,705
d Cash and Bank balance	18	87,14,84,077	87,33,08,360
e Short-term loans and advances	13	32,88,56,315	31,87,78,994
f Other current assets	14	<u>18,92,957</u>	<u>68,88,137</u>
		6,29,14,51,589	5,78,39,92,786
<b>Total</b>		<u><u>11,18,69,18,404</u></u>	<u><u>10,34,46,53,738</u></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 <i>Chartered Accountants</i> Firm Regn No. 101048W	S.P.Mistry	_____	<i>Chairman</i>
	S.L.Goklaney	_____	<i>Executive Vice Chairman</i>
	Anil Kamath	_____	<i>Director</i>
ATUL MEHTA <i>Partner</i> Membership No. 15935	R S Moorthy	_____	<i>Chief Financial Officer</i>
	Dattaram Shinde	_____	<i>Company Secretary</i>



## Statement of Profit and Loss for the year ended 31st March, 2016

	Notes	For the year ended 31 March 2016 ₹	For the year ended 31 March 2015 ₹
<b>I Income</b>			
Revenue from operation (gross)	19	18,84,01,22,226	16,27,98,31,966
Less: Excise duty		-	-
Revenue from operation (net)		18,84,01,22,226	16,27,98,31,966
Other income	20	28,37,99,022	56,41,58,118
<b>Total Revenue</b>		19,12,39,21,248	16,84,39,90,084
<b>II Expenses</b>			
Purchase of Traded goods	21	9,55,19,49,777	8,22,50,60,191
Changes in Stock in trade	22	(22,74,18,867)	21,26,75,932
Employee benefit expense	23	2,85,43,99,368	2,53,48,54,899
Other expenses	24	6,25,84,65,562	5,30,67,89,289
Finance cost	25	13,67,60,639	9,85,09,059
Depreciation and amortisation expense (Refer Note 28.XVIII)	26	23,18,11,242	69,68,005
<b>Total Expenses</b>		18,80,59,67,721	16,38,48,57,375
<b>III Profit before exceptional items, extraordinary items and tax</b>		31,79,53,527	45,91,32,709
Exceptional items		-	-
<b>IV Profit before extraordinary items and tax</b>		31,79,53,527	45,91,32,709
Extraordinary items		-	-
<b>V Profit before tax</b>		31,79,53,527	45,91,32,709
Tax expense			
Current tax		8,50,00,000	3,65,37,000
Deferred tax		(2,97,60,768)	3,87,85,694
Prior Years' Tax Adjustments ( Net)		1,02,02,555	
MAT credit entitlement		-	(1,49,80,000)
		6,54,41,787	6,03,42,694
<b>VI Profit for the year</b>		25,25,11,740	39,87,90,015
<b>Earnings per equity share (₹)</b>	27		
Basic and Diluted (Par value of ₹ 10/- per share)		67.73	106.97
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	S.P.Mistry	_____	Chairman
	S.L.Goklaney	_____	Executive Vice Chairman
	Anil Kamath	_____	Director
ATUL MEHTA Partner Membership No. 15935	R S Moorthy	_____	Chief Financial Officer
	Dattaram Shinde	_____	Company Secretary
Mumbai , Dated : 6th May, 2016	Mumbai , Dated : 6th May, 2016		



Cash Flow Statement for the year ended 31st March, 2016

	2015-16		2014-15	
	₹	₹	₹	₹
<b>NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>		31,79,53,527		45,91,32,709
Adjusted For -				
Depreciation, amortisation and impairment	23,18,11,242		69,68,005	
Unrealised foreign exchange loss/(gain)	4,09,86,371		(7,10,43,039)	
Dividend income	(16,50,45,666)		(28,50,46,373)	
Profit on disposal of investments(net)	(1,95,217)		(1,87,27,230)	
Unclaimed balances/ excess provision written back	-		-	
Profit on sale of assets (net)	(2,32,46,249)		(70,68,052)	
Reversal of provision for diminution in value of long term investments	-		-	
Provision for diminution in value of investment	3,36,219		9,663	
Finance cost	13,67,60,639		9,85,09,059	
Interest income	(3,99,25,275)		(8,83,19,976)	
Investment written off				
Prior Period Items				
Provision / write-off of doubtful debts, advances and other current assets	6,42,84,961		5,40,84,157	
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>		24,57,67,025		(31,06,33,786)
Adjustments for (increase)/ decrease in operating assets:		56,37,20,552		14,84,98,923
Trade Receivables	(33,86,99,032)		(72,29,15,775)	
Inventories	(22,74,18,867)		21,26,75,932	
Short Term Loans and advances	(1,03,28,249)		38,59,37,061	
Long -Term Loans and advances	(4,43,97,605)		(28,35,54,845)	
Other current assets	-		-	
Other non -current assets	(13,16,23,394)		-	
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	44,05,06,676		(1,35,33,601)	
Other current liabilities	(6,41,50,608)		54,59,26,849	
Other long term liabilities	3,89,04,995		4,41,72,156	
Short Term Provisions	1,02,19,998		1,24,79,759	
Long -Term Provisions	(27,58,707)		35,27,382	
	(32,97,44,793)		18,47,14,918	
Cash generated from operations		23,39,75,759		33,32,13,841
Direct Taxes Paid (net of refunds)	(4,68,00,340)		(6,77,97,070)	
<b>(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITIES</b>		18,71,75,419		26,54,16,771
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets(Including adjustment on account of Capital Advances)	(23,28,75,602)		(22,57,11,113)	
Sale of Fixed Assets	4,54,26,635		2,51,70,170	
Bank Balance not considered as Cash & Cash equivalents	(7,80,440)		(9,75,623)	
Subscription of investment in Subsidiary Company	(11,38,70,842)		(56,75,28,605)	
Subscription of investment in Joint Venture				
Purchase and subscription of non current	(1,83,70,625)		(1,87,91,430)	
Purchase of current Investments	(9,02,97,185)		(2,08,00,00,000)	
Proceeds from sale of non current Investments	50,00,000		1,60,68,834	
Proceeds from sale of current Investments	9,04,92,402		2,10,37,85,896	
ICD given	-		(6,56,47,500)	
ICD received back	-		24,48,63,466	
ICD taken	-		15,00,00,000	
ICD repaid back	-		(15,00,00,000)	
Interest Received	1,74,21,324		19,08,47,331	
Dividend Received	16,50,45,666		28,50,46,373	
<b>(b) NET CASH FROM / (USED) IN INVESTING ACTIVITIES</b>		(13,28,08,667)		(9,28,72,201)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Buyback of Shares at premium				
Proceeds from long term borrowings - ECB Loans				
Repayment of long term borrowings - ECB Loan	(16,38,94,858)		(19,63,09,444)	
Net increase / (decrease) in working capital borrowings	24,35,00,778		23,92,93,760	
Proceeds from other short term borrowings	17,40,00,000		1,15,70,00,000	
Repayment of other short term borrowings	(17,40,00,000)		(1,15,70,00,000)	
Finance cost	(13,46,15,928)		(10,01,92,734)	
<b>(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES</b>		(5,50,10,008)		(5,72,08,418)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)</b>		(6,43,256)		11,53,36,152





## Cash Flow Statement for the year ended 31st March, 2016

	2015-16		2014-15	
	₹	₹	₹	₹
<b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :</b>				
Cash , Cheques on hand	20,31,14,457		12,76,13,247	
Balances with scheduled banks on Current	65,26,19,942		61,27,85,000	
		85,57,34,399		74,03,98,247
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :</b>				
Cash , Cheques on hand	13,55,05,627		20,31,14,457	
Balances with scheduled banks on Current	71,95,85,516		65,26,19,942	
		85,50,91,143		85,57,34,399
<b>NET INCREASE /(DECREASE) AS DISCLOSED ABOVE</b>		(6,43,256)		11,53,36,152

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

S.P.Mistry

Chairman

S.L.Goklaney

Executive Vice

Anil Kamath

Director

ATUL MEHTA  
Partner  
Membership No. 15935

R S Moorthy

Chief Financial Officer

Dattaram Shinde

Company Secretary

Mumbai , Dated : 6th May ,2016

Mumbai , Dated : 6th May, 2016



Notes to the financial statements for the year ended 31 March 2016

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of Financial statements

(i) Basis of Accounting

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 and other accounting pronouncements of the Institute of Chartered Accountants of India. 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/amortisation. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

(c) Depreciation and amortisation

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc. :

Type of Assets	Period
Plant & Machinery for cleaning services	5 years
Plant & Machinery on rent	as per terms of Rental - 2/3 years
Motor Cycles	3 years
Motor Cars	5 years

Intangible assets are amortised over a period of 3 to 5 years.

(d) 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.

(e) 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. The nature of one of the business lines of the company, Direct Sales, requires that stocks are issued to the sales personnel for selling to the customers. Stock with employees who stop reporting to work are not valued by the company.

(f) Revenue Recognition

Revenue from sales of goods is recognised on dispatch and transfer of all significant risk and rewards of ownership to the buyer. The amount sales 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.

(g) 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 over the life of the contract. Forward exchange contract outstanding at the year end are revalued at the year end at closing exchange rate.

(h) employee Benefits

Defined Contribution plans

Defined contribution plans are employee state insurance scheme and Government administered pension fund scheme for all applicable employees and superannuation scheme for eligible employees. The Company's contribution to defined contribution plans are recognised in the Statement of Profit and Loss in the financial year to which they relate.

Defined benefit plans

Provident fund scheme

The Company makes specified monthly contributions towards Employee Provident Fund scheme to a separate trust administered by the Company. The minimum interest payable by the trust to the beneficiaries is being notified by the Government every year. 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.

Gratuity Scheme

The Company operate a defined benefit gratuity plan for employees. The Company contributes to a separate trust administered by the Company towards meeting the Gratuity obligation. The Company's liability is determined on the basis of an actuarial valuation.

Other long term employee benefits

Entitlements to annual leave are recognised when they accrue to employees. The Company determines the liability for such accumulated leaves using the Projected Accrued Benefit method with actuarial valuations being carried out at each Balance Sheet date.

(i) 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.

(j) Lease accounting

Operating Leases:

Leases, where the lessor retains, substantially all the risk and rewards incidental to ownership of the leased assets, are classified as operating lease. Operating lease expense is recognised in the statement of profit and loss on a straight line basis over the lease term. In respect of assets given on lease, lease rentals are accounted on accrual basis in accordance with the respective lease terms

(k) Taxation

Income Taxes are accounted for in accordance with Accounting Standard 22 "Accounting for Taxes on Income". 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.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(l) 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 statement of Profit and Loss 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.

(m) 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.

(n) Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year.

(o) Cash and Cash Equivalent

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments where the original maturity is three months or less.

The Cash Flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 "Cash Flow Statements".



## Notes to the financial statements for the year ended 31 March 2016

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	₹	Number of shares	₹
<b>2. Share Capital</b>				
Authorised				
Equity shares of ₹ 10/ each *	<u>1,50,00,000</u>	<u>15,00,00,000</u>	<u>1,50,00,000</u>	<u>15,00,00,000</u>
	<u>1,50,00,000</u>	<u>15,00,00,000</u>	<u>1,50,00,000</u>	<u>15,00,00,000</u>
<b>Issued</b>				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	37,28,000	3,72,80,000	37,28,000	3,72,80,000
Add: Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
At the end of the year	<u>37,28,000</u>	<u>3,72,80,000</u>	<u>37,28,000</u>	<u>3,72,80,000</u>
<b>Subscribed</b>				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	37,28,000	3,72,80,000	37,28,000	3,72,80,000
Add: Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
At the end of the year	<u>37,28,000</u>	<u>3,72,80,000</u>	<u>37,28,000</u>	<u>3,72,80,000</u>
<b>Fully Paid up</b>				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	37,28,000	3,72,80,000	37,28,000	3,72,80,000
Add: Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
At the end of the year	<u>37,28,000</u>	<u>3,72,80,000</u>	<u>37,28,000</u>	<u>3,72,80,000</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	2,27,000	10	22,70,000

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

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	% holding	Number of shares	% holding
Equity shares of ₹ 10/- each fully paid up held by -				
Forbes & Company Limited	37,28,000	100	37,28,000	100
Holding company				



## Notes to the financial statements for the year ended 31 March 2016

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>3. Reserves and surplus</b>		
<b>CAPITAL RESERVE</b>		
At the beginning of the year	25,04,303	25,04,303
At the end of the year	<u>25,04,303</u>	<u>25,04,303</u>
<b>CAPITAL REDEMPTION RESERVE</b>		
At the beginning of the year	1,22,20,000	1,22,20,000
At the end of the year	<u>1,22,20,000</u>	<u>1,22,20,000</u>
<b>GENERAL RESERVE</b>		
At the beginning of the year	75,00,00,000	75,00,00,000
Add: Transferred from surplus balance in the statement of profit and loss	-	-
At the end of the year	<u>75,00,00,000</u>	<u>75,00,00,000</u>
<b>Surplus / (Deficit) in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	1,39,29,74,968	1,04,36,53,351
Less: Depreciation on Transition to Schedule II of the Companies Act 2013 on tangible fixed assets with nil remaining useful life(Net of Deferred tax)	-	4,94,68,398
Add/ (less): Profit/ (loss) for the year	25,25,11,740	39,87,90,015
Less: Appropriations		
Transfer to general reserve	-	-
Balance at the end of the year	<u>1,64,54,86,708</u>	<u>1,39,29,74,968</u>
<b>Total</b>	<u>2,41,02,11,011</u>	<u>2,15,76,99,271</u>



## Notes to the financial statements for the year ended 31 March 2016

	Secured/ unsecured	Non-current portion		Current maturities	
		As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>4. Long-term borrowings</b>					
Term loans from Banks - Foreign currency denominated loans	Secured	45,37,25,131	57,40,25,507	18,13,15,920	16,38,94,857
		<u>45,37,25,131</u>	<u>57,40,25,507</u>	<u>18,13,15,920</u>	<u>16,38,94,857</u>
Other loans and advances					
<b>Total</b>		<u>45,37,25,131</u>	<u>57,40,25,507</u>	<u>18,13,15,920</u>	<u>16,38,94,857</u>
The above amount includes Secured borrowings		45,37,25,131	57,40,25,507	18,13,15,920	16,38,94,857
Amount disclosed under the head "Other Current Liabilities " ( note 5 )				(18,13,15,920)	(16,38,94,857)
<b>Net Amount</b>		<u>45,37,25,131</u>	<u>57,40,25,507</u>	<u>-</u>	<u>-</u>

- a. Foreign currency denominated loan - External Commercial Borrowing (ECB) borrowed from The Hongkong and Shanghai Banking Corporation and Societe Generale Bank, Amounting to Euro 14,500,000 is repayable in 12 Equal Semi Annual instalments starting from 12th February 2014 carrying interest rate of Euribor + Margin 2.5% p.a. The loan is secured by first mortgage / pari-passu charge on the immovable properties situated at Andhra Pradesh, Gujarat, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Naidu, Uttar Pradesh and West Bengal.



## Notes to the financial statements for the year ended 31 March 2016

	Long-term		Current	
	As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>5. Other liabilities</b>				
Current maturities of long-term borrowings (note 4)	-	-	18,13,15,920	16,38,94,857
Interest accrued but not due on borrowings	-	-	48,49,693	27,04,982
Income received in advance	81,63,38,745	80,58,54,472	2,39,10,76,963	2,41,78,50,353
Advance from customers	-	-	8,03,91,541	15,25,41,953
Forward Currency contract payable	-	-	10,60,900	-
Interest free Trade Deposits	25,33,64,773	22,64,35,928	1,79,36,888	67,86,902
Other Deposits	-	3,80,000	-	-
Gratuity payable [note 28(V)]	-	-	93,67,077	1,81,92,495
Statutory liabilities (Contributions to PF,Pension, ESIC,withholding Taxes,VAT etc.)	-	-	29,67,69,213	26,27,93,265
Other payables *	6,58,79,429	6,40,07,552	81,73,91,032	81,99,79,254
<b>Total</b>	<b><u>1,13,55,82,947</u></b>	<b><u>1,09,66,77,952</u></b>	<b><u>3,80,01,59,227</u></b>	<b><u>3,84,47,44,061</u></b>
* Other Payables Include the following				
Dues to employees			28,43,74,951	29,91,80,715
Deductions from employees for company's assets	6,58,79,429	6,40,07,552	11,25,78,168	15,47,45,868
Dues on account of customer rebate schemes and other contractual liabilities	-	-	42,04,37,913	36,60,52,671
<b>Total</b>	<b><u>6,58,79,429</u></b>	<b><u>6,40,07,552</u></b>	<b><u>81,73,91,032</u></b>	<b><u>81,99,79,254</u></b>



**Notes to the financial statements for the year ended 31 March 2016**

	Long-term		Short-term	
	As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>6. Provisions</b>				
<b>Provision for employee benefits</b>				
Leave encashment (note 28(V) )	2,27,06,216	2,54,64,923	1,18,98,132	68,47,890
	<u>2,27,06,216</u>	<u>2,54,64,923</u>	<u>1,18,98,132</u>	<u>68,47,890</u>
<b>Other provisions</b>				
Warranties	-	-	11,37,43,552	10,85,73,796
Provision for Taxation (Net of Advance Tax)	-	-	2,97,34,978	35,59,687
	<u>-</u>	<u>-</u>	<u>14,34,78,530</u>	<u>11,21,33,483</u>
<b>Total</b>	<u>2,27,06,216</u>	<u>2,54,64,923</u>	<u>15,53,76,662</u>	<u>11,89,81,373</u>

**Provision for Warranties**

The company gives warranty on certain products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Warranty provisions are made for expected future outflows where no reimbursements are expected and estimated based on using historical information on the nature frequency and average cost of warranty claims. The Table given below gives information about movement in warranty provisions.

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
At the beginning of the year	10,85,73,796	9,81,75,926
Additions during the year	11,37,43,552	10,85,73,796
Utilization during the year	8,88,62,232	8,53,21,017
Unused amount reversed /( additional utilisation) during the year	1,97,11,564	1,28,54,909
At the end of the year	<u>11,37,43,552</u>	<u>10,85,73,796</u>

**Notes to the financial statements for the year ended 31 March 2016**

	Secured/ unsecured	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>7. Short-term borrowings</b>			
Loans repayable on demand			
From banks	Secured	45,91,69,039	41,05,32,324
From banks	Unsecured	19,06,22,910	-
<b>Total</b>		<u>64,97,91,949</u>	<u>41,05,32,324</u>

a. Short term borrowing from banks is secured by pari-passu charge on company's immovable properties and hypothecation of stock-in-trade & book debts and carries interest @ 9.8 % to 15 % p.a.

**Notes to the financial statements for the year ended 31 March 2016**

	Long-term		Current	
	As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>8. Trade Payables</b>				
Trade payables (including acceptances) (Refer note below for dues to Micro and Small Enterprises)	-	-	1,37,35,72,685	1,13,96,67,422
Trade payables to related parties [ Refer Note 28 (VII)]	-	-	1,14,85,12,576	93,95,80,905
<b>Total</b>	<u>-</u>	<u>-</u>	<u>2,52,20,85,261</u>	<u>2,07,92,48,327</u>

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 2016 ₹	As at 31 March 2015 ₹
The principal amount remaining unpaid to any supplier as at the end of the year	2,25,99,896	10,17,98,009
The interest due on the principal remaining outstanding as at the end of the year	-	-
The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Act	-	-

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

**Notes to the financial statements for the year ended 31 March 2016**
**9. Tangible Assets**

<b>Gross Block</b>	Land - Leasehold	Buildings *	Plant and Machinery	Plant and Machinery-on rent **	Electrical Installation & Equipment	Laboratory Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Computers	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
As at 1st April 2014	7,23,690	55,69,38,940	2,93,13,732	5,13,63,488	5,15,79,085	1,30,67,922	2,41,06,204	5,74,66,710	42,89,91,254	31,93,06,607	1,53,28,57,632
Additions	-	-	9,42,009	8,99,65,454	43,59,185	5,71,501	22,21,699	44,34,682	9,87,49,679	2,04,68,023	22,17,12,232
Deletions	-	-	(93,08,946)	(4,001)	(8,39,177)	(58,850)	(11,21,006)	(10,55,589)	(4,21,13,816)	(1,13,03,808)	(6,58,05,193)
As at 31 March 2015	<u>7,23,690</u>	<u>55,69,38,940</u>	<u>2,09,46,795</u>	<u>14,13,24,941</u>	<u>5,50,99,093</u>	<u>1,35,80,573</u>	<u>2,52,06,897</u>	<u>6,08,45,803</u>	<u>48,56,27,117</u>	<u>32,84,70,822</u>	<u>1,68,87,64,671</u>
Additions	-	-	5,65,828	6,85,94,385	49,25,002	5,83,494	2,21,09,659	61,73,294	9,68,31,884	2,34,10,583	22,31,94,129
Deletions	-	-	(23,41,590)	(34,58,356)	(10,77,930)	(99,505)	(1,88,634)	(13,04,919)	(9,93,66,549)	(33,88,426)	(11,12,25,909)
As at 31 March 2016	<u>7,23,690</u>	<u>55,69,38,940</u>	<u>1,91,71,033</u>	<u>20,64,60,970</u>	<u>5,89,46,165</u>	<u>1,40,64,562</u>	<u>4,71,27,922</u>	<u>6,57,14,178</u>	<u>48,30,92,452</u>	<u>34,84,92,979</u>	<u>1,80,07,32,891</u>
<b>Depreciation</b>											
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
As at 1st April 2014	-	15,56,46,764	1,38,42,332	1,10,04,039	2,96,94,444	66,65,303	1,68,70,640	4,64,51,758	22,36,19,083	26,20,90,828	76,58,85,191
Depreciation written back #	-	(9,54,82,627)	(49,83,592)	-	(1,06,70,002)	(29,36,592)	(51,72,851)	(60,56,129)	(8,60,33,958)	(3,17,45,897)	(24,30,81,648)
Charge for the year	1,78,417	87,84,070	27,36,732	5,12,32,353	62,53,518	13,27,622	30,18,509	33,75,428	11,86,97,943	3,68,97,078	23,25,01,670
Deletions	-	-	(33,48,881)	(4,000)	(4,39,501)	(58,850)	(10,33,351)	(5,63,036)	(3,10,54,212)	(1,12,01,244)	(4,77,03,075)
Transition adjustment	-	-	19,20,420	-	25,99,759	9,08,741	66,51,140	10,46,334	5,01,23,348	1,16,91,021	7,49,40,763
As at 31 March 2015	<u>1,78,417</u>	<u>6,89,48,207</u>	<u>1,01,67,011</u>	<u>6,22,32,392</u>	<u>2,74,38,218</u>	<u>59,06,224</u>	<u>2,03,34,087</u>	<u>4,42,54,355</u>	<u>27,53,52,204</u>	<u>26,77,31,786</u>	<u>78,25,42,901</u>
Charge for the year	7,584	87,84,069	19,15,730	7,35,94,393	57,80,701	13,23,455	54,23,314	31,54,511	8,47,64,757	3,00,07,104	21,47,55,618
Deletions	-	-	(14,35,039)	(17,09,799)	(6,62,528)	(94,777)	(1,47,467)	(7,25,645)	(8,09,62,083)	(33,08,185)	(8,90,45,523)
As at 31 March 2016	<u>1,86,001</u>	<u>7,77,32,276</u>	<u>1,06,47,702</u>	<u>13,41,16,986</u>	<u>3,25,56,391</u>	<u>71,34,902</u>	<u>2,56,09,934</u>	<u>4,66,83,221</u>	<u>27,91,54,878</u>	<u>29,44,30,705</u>	<u>90,82,52,996</u>
<b>Net Block</b>											
As at 31 March 2015	<u>5,45,273</u>	<u>48,79,90,733</u>	<u>1,07,79,784</u>	<u>7,90,92,549</u>	<u>2,76,60,875</u>	<u>76,74,349</u>	<u>48,72,810</u>	<u>1,65,91,448</u>	<u>21,02,74,913</u>	<u>6,07,39,036</u>	<u>90,62,21,770</u>
As at 31 March 2016	<u>5,37,689</u>	<u>47,92,06,664</u>	<u>85,23,331</u>	<u>7,23,43,984</u>	<u>2,63,89,774</u>	<u>69,29,660</u>	<u>2,15,17,988</u>	<u>1,90,30,957</u>	<u>20,39,37,574</u>	<u>5,40,62,274</u>	<u>89,24,79,895</u>

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

\*\* Plant & Machinery leased out comprises of products given on rentals. The useful life of the products is considered to be 2 / 3 years and amortisation has been done accordingly.



## Notes to the financial statements for the year ended 31 March 2016

## 10. Intangible Assets

<b>Gross Block</b>	<b>Computer Software</b>	<b>Brand Name / Trademarks</b>	<b>Total</b>
	₹	₹	₹
As at 1st April 2014	7,72,26,094	8,14,50,000	15,86,76,094
Purchase			-
As at 31 March 2015	<u>7,72,26,094</u>	<u>8,14,50,000</u>	<u>15,86,76,094</u>
Purchase	91,87,500		91,87,500
As at 31 March 2016	<u>8,64,13,594</u>	<u>8,14,50,000</u>	<u>16,78,63,594</u>
<b>Amortisation</b>			
As at 1st April 2014	7,59,68,109	2,51,71,397	10,11,39,506
Charge for the year	12,57,985	1,62,90,000	1,75,47,985
As at 31 March 2015	<u>7,72,26,094</u>	<u>4,14,61,397</u>	<u>11,86,87,491</u>
Charge for the year	7,65,625	1,62,90,000	1,70,55,625
As at 31 March 2016	<u>7,79,91,719</u>	<u>5,77,51,397</u>	<u>13,57,43,116</u>
<b>Net Block</b>			
As at 31 March 2015	<u>-</u>	<u>3,99,88,603</u>	<u>3,99,88,603</u>
As at 31 March 2016	<u>84,21,875</u>	<u>2,36,98,603</u>	<u>3,21,20,478</u>

**Notes to the financial statements for the year ended 31 March 2016**

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>11. Non-current investment</b>		
Non-current investments (valued at cost unless otherwise stated)		
Trade investments		
<b>Investment in subsidiaries</b>		
Unquoted equity shares		
40,00,160 ( <i>previous year 40,00,160</i> ) equity shares of ₹10/- fully paid up in Aquamall Water Solutions Ltd.	1,95,01,280	1,95,01,280
10,00,000 ( <i>previous year 10,00,000</i> ) equity shares of ₹ 10/- fully paid up in Forbes Facility Services Pvt Ltd.	1,00,00,000	1,00,00,000
28,27,263 ( <i>previous year 50,000</i> ) equity shares of ₹ 10/- fully paid up in Forbes Enviro Solutions Ltd	3,18,85,635	5,00,000
NIL ( <i>previous year 50,000</i> ) equity shares of ₹ 10/- fully paid up in Waterwings Equipments Private Limited *	-	2,10,74,500
NIL ( <i>previous year 7,250</i> ) equity shares of ₹ 100/- fully paid up in Radiant Energy Systems Private Limited *	-	1,03,11,135
15,001 ( <i>previous year 15,001</i> ) ordinary shares of Euro 1/- fully paid up in EFL Mauritius Limited	9,45,546	9,45,546
40,610 ( <i>previous year 34,450</i> ) equity shares of AED 1000 each fully paid up in Euro Forbes Limited	68,50,81,197	57,12,10,355
50,000 ( <i>previous year 50,000</i> ) equity shares of ₹ 10/- fully paid up in Euro Forbes Financial Services	5,00,000	5,00,000
Unquoted preference shares		
2,87,05,230 ( <i>previous year 2,87,05,230</i> ) redeemable preference shares of Euro 1/- fully paid up in EFL Mauritius Limited	2,12,24,80,849	2,12,24,80,849
<b>Investment in Joint Ventures</b>		
Unquoted equity shares		
5,00,000 ( <i>previous year 5,00,000</i> ) equity shares of ₹ 10/- fully paid up in Forbes Aquatech Ltd.	50,00,000	50,00,000
26,25,000 ( <i>previous year 26,25,000</i> ) equity shares of ₹ 10/- fully paid up in Forbes Concept Hospitality Services Pvt.Ltd	2,62,50,000	2,62,50,000
35,00,000 ( <i>previous year 35,00,000</i> ) equity shares of ₹ 10/- fully paid up in Infinite Water Solutions Private Ltd	3,50,00,000	3,50,00,000
5,000 ( <i>previous year 5,000</i> ) equity shares of ₹ 10/- fully paid up in Forbes G4S Solution Private Ltd.	50,000	50,000
NIL ( <i>previous year 500,000</i> ) equity shares of ₹ 10/- fully paid up in EuroLife Regen Pvt. Ltd.	-	50,00,000
<b>Investment in Other Company</b>		
Unquoted equity shares		
7,143 ( <i>previous year 7,143</i> ) equity shares of ₹ 10/- fully paid up in Water Quality Association.	71,430	71,430
378 ( <i>previous year NIL</i> ) equity shares of ₹ 10/- fully paid up in Kasiak Research Private Ltd.	1,24,74,000	-
1,465 ( <i>previous year NIL</i> ) equity shares of ₹ 10/- fully paid up in Idea Bubbles Consulting Services Private Limited	58,96,625	-
	<u>2,95,51,36,562</u>	<u>2,82,78,95,095</u>
Less: Provision for diminution in value of investment in Forbes Concept Hospitality Services Pvt.Ltd and Forbes G4SS Ltd	2,63,00,000	2,62,50,000
	<u><b>2,92,88,36,562</b></u>	<u><b>2,80,16,45,095</b></u>
<b>Non-trade investments</b>		
Quoted equity shares		
8913 ( <i>previous year 8913</i> ) equity shares of ₹ 10/- fully paid up in Reliance Power Limited	25,06,950	25,06,950
249600 ( <i>previous year 2,49,600</i> ) equity shares of ₹ 10/- fully paid up in SPS FINQUEST Limited	1,87,20,000	1,87,20,000
Less: Provision for diminution in value of investment	20,66,648	20,03,366
	<u>1,91,60,302</u>	<u>1,92,23,584</u>
	<u><b>2,94,79,96,864</b></u>	<u><b>2,82,08,68,679</b></u>
Aggregate book value of quoted investments (gross)	2,12,26,950	2,12,26,950
Market value of quoted investments	2,49,01,102	2,09,70,785
Aggregate book value of unquoted investments	2,95,51,36,562	2,82,78,95,095
Aggregate provision in the value of investments	2,83,66,648	2,82,53,366

\* During the year as per the scheme of Amalgamation approved by the High Court of Judication at Bombay, Radiant Energy Systems Private Limited and Waterwings Equipment Private Limited were merged into Forbes Enviro Solutions Limited. The scheme was approved on 21<sup>st</sup> August 2015 with appointed date as 1st April 2013.

As per the Scheme sanctioned by High Court, upon the scheme becoming effective Forbes Enviro Solution Limited allotted shares without any further application and without further payment to as per the exchange ratio given in the High court order

i) Radiant Energy Systems Private Limited :

13,22,763 fully paid up equity share of Forbes Enviro Solutions Limited of Rs.10 each

ii) Waterwings Equipment Private Limited:

14,54,500 fully paid up equity share of Forbes Enviro Solutions Limited of ₹10 each



## Notes to the financial statements for the year ended 31 March 2016

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>12. Deferred tax assets (net)</b>		
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	3,64,62,219	3,23,81,405
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.	2,27,21,051	-
Investments - On provision for diminution	98,46,272	97,29,913
Gross deferred tax asset	<u>6,90,29,542</u>	<u>4,21,11,318</u>
Deferred tax liability		
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.	-	28,42,544
Gross deferred tax liability	<u>-</u>	<u>28,42,544</u>
Net deferred tax asset	<u><u>6,90,29,542</u></u>	<u><u>3,92,68,774</u></u>

**Notes to the financial statements for the year ended 31 March 2016**

	Long-term		Short-term	
	As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>13. Loans and Advances</b>				
<b>Capital advances</b>				
Secured, considered good				
Unsecured, considered good	44,92,854	39,98,881	-	-
Unsecured, good - capital advances to related parties	-	-	-	-
Unsecured, considered doubtful	-	-	-	-
	44,92,854	39,98,881	-	-
Less: Provision for doubtful capital advances	-	-	-	-
	44,92,854	39,98,881	-	-
<b>Security deposits</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	13,90,90,708	13,09,29,405	3,37,27,526	1,96,63,614
Unsecured, good - security deposits to related parties	1,05,000	1,05,000	-	-
Unsecured, considered doubtful	-	-	-	-
	13,91,95,708	13,10,34,405	3,37,27,526	1,96,63,614
Less: Provision for doubtful security deposits	-	-	-	-
	13,91,95,708	13,10,34,405	3,37,27,526	1,96,63,614
<b>Loans and advances to related parties</b> [refer note 28 (VII)]				
Inter Corporate Deposits Unsecured, considered good *	23,68,80,921	22,11,02,657	7,40,00,000	8,00,00,000
Advances Unsecured, considered good **	2,72,80,175	-	38,59,188	3,05,13,904
	26,41,61,096	22,11,02,657	7,78,59,188	11,05,13,904
<b>Other loans and advances</b>				
Unsecured considered good, unless stated otherwise				
Loans to employees	62,01,068	80,76,210	13,40,782	20,93,445
Balance with statutory/ government authorities	8,82,11,174	7,96,59,317	9,37,99,747	8,31,22,600
Prepaid expenses	80,19,338	57,39,926	6,72,27,536	6,95,05,687
Advance income-tax (Net of provision of taxation)	17,86,81,806	18,59,28,730	-	-
Minimum Alternative Tax (MAT) recoverable	-	1,49,80,000	-	-
Advances recoverable in cash or kind	-	-	5,49,01,536	3,38,79,744
Others	-	-	-	-
	28,11,13,386	29,43,84,183	21,72,69,601	18,86,01,476
<b>Total</b>	68,89,63,044	65,05,20,126	32,88,56,315	31,87,78,994

\* Note : Inter Corporate Deposits Given include ₹. 3,90,00,000/- (Previous Year ₹.4,50,00,000/-) due from Private Companies (Forbes Facility Services Pvt Limited and Eurolife Regen Pvt Limited) in which a Director of the Company is a Director.

\*\* Note : Advances Unsecured considered good include ₹. 36,14,406/- (Previous Year ₹.27,51,493/-) due from Private Companies (Infinite Water Solutions Pvt Limited , Forbes Facility Services Ltd , Shapoorji Pallaonji and company Pvt Ltd) in which a Director of the Company is a Director.





## Notes to the financial statements for the year ended 31 March 2016

	Non Current		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
	₹	₹	₹	₹
<b>14. Other assets</b>				
Unsecured considered good, unless otherwise stated				
Trade receivables [Refer Note 17]				
Unsecured, considered good	13,16,23,394	-	-	-
Debts due from related parties, unsecured	-	-	-	-
Unsecured, considered doubtful from related parties	-	-	-	-
	<u>13,16,23,394</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: Provision for doubtful debts	-	-	-	-
	<u>13,16,23,394</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest Accrued -				
On fixed deposits	-	-	5,61,615	6,32,275
On Inter Corporate Deposits to related parties *	11,38,83,095	8,63,83,964	13,31,342	62,55,862
Bank balance [Refer Note 18]	1,93,70,503	1,74,09,036	-	-
	<u>13,32,53,598</u>	<u>10,37,93,000</u>	<u>18,92,957</u>	<u>68,88,137</u>
Less: Provision for doubtful other assets	-	-	-	-
	<u>13,32,53,598</u>	<u>10,37,93,000</u>	<u>18,92,957</u>	<u>68,88,137</u>
	<u>26,48,76,992</u>	<u>10,37,93,000</u>	<u>18,92,957</u>	<u>68,88,137</u>

\* Note : Interest accrued on loans and advances to related party include ₹. 13,31,342 /- (Previous Year ₹.62,55,862/-) due from Private Companies (Forbes Facility Services Pvt Limited) in which a Director of the Company is a Director.



## Notes to the financial statements for the year ended 31 March 2016

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>15. Current investments (Non-Trade)</b>		
Current investments (valued at cost or market value whichever is lower)		
Quoted equity shares		
100( <i>previous year 100</i> ) equity shares of ₹ 10/- fully paid up in Bajaj Holding and Investment Limited	1,23,743	1,23,743
3785( <i>previous year 3785</i> ) equity shares of ₹ 10/- fully paid up in MOIL Ltd	14,19,375	14,19,375
	<u>15,43,118</u>	<u>15,43,118</u>
Less: Provision for diminution in value of investment	5,95,380	3,72,444
Total	<u>9,47,738</u>	<u>11,70,674</u>
Aggregate book value of quoted investments	15,43,118	15,43,118
Market value of quoted investments	9,47,738	11,70,674
Aggregate book value of unquoted investments	-	-
Aggregate provision in the value of investments	5,95,380	3,72,444



Notes to the financial statements for the year ended 31 March 2016

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>16. Inventories (Valued at lower of cost and net realisable value)</b>		
Stock In Trade :		
Units {includes in transit ₹ 11,96,10,262/- ( <i>Previous year:</i> ₹.8,95,14,554/-)} [refer note 22]	1,31,87,06,353	1,19,58,44,515
Spares and Accessories {includes in transit ₹ 7,81,97,164/- ( <i>Previous year:</i> ₹ 6,24,48,677/-)} [refer note 22]	79,21,16,430	68,75,59,401
	<u>2,11,08,22,783</u>	<u>1,88,34,03,916</u>



## Notes to the financial statements for the year ended 31 March 2016

	Non Current		Current	
	As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>17. Trade receivables</b>				
Debts outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	13,03,24,740	-	80,64,98,807	48,30,17,676
Debts due from related parties, unsecured			11,03,24,900	9,12,79,135
Unsecured, considered doubtful from related parties			49,02,140	49,02,140
	<u>13,03,24,740</u>	<u>-</u>	<u>92,17,25,847</u>	<u>57,91,98,951</u>
Less: Provision for doubtful debts			49,02,140	49,02,140
	<u>13,03,24,740</u>	<u>-</u>	<u>91,68,23,707</u>	<u>57,42,96,811</u>
Other debts				
Secured, considered good				
Unsecured, considered good	12,98,654	-	2,04,28,74,577	2,10,88,09,624
Debts due from related parties, unsecured			1,77,49,435	1,73,36,270
Unsecured, considered doubtful			-	-
	<u>12,98,654</u>	<u>-</u>	<u>2,06,06,24,012</u>	<u>2,12,61,45,894</u>
Less: Provision for doubtful debts			-	-
	<u>12,98,654</u>	<u>-</u>	<u>2,06,06,24,012</u>	<u>2,12,61,45,894</u>
Amount disclosed under non-current assets (note 14)	(13,16,23,394)	-		
Total	<u>-</u>	<u>-</u>	<u>2,97,74,47,719</u>	<u>2,70,04,42,705</u>

Note : Trade Receivable include ₹. 11,65,59,428/- (Previous Year ₹. 9,48,51,042) due from a Private Company (Forbes Facility Services Pvt Limited, Shapoorji Pallonji Oil and Gas Pvt Ltd, and Shapoorji Pallonji and Company Pvt Ltd.) in which a Director of the Company is a Director.

**Notes to the financial statements for the year ended 31 March 2016**

	Non Current		Current	
	As at 31 March 2016 ₹	As at 31 March 2015 ₹	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>18. Cash and Bank balance</b>				
<b>Cash and cash equivalents</b>				
Balance with banks in:				
-Current accounts			71,95,85,516	65,26,19,942
-Deposits with original maturity of less than 3 months				
Cheques/ drafts on hand			11,04,12,964	18,31,43,565
Cash on hand			2,50,92,663	1,99,70,892
	<u>-</u>	<u>-</u>	<u>85,50,91,143</u>	<u>85,57,34,399</u>
<b>Other bank balances</b>				
Balance in banks for margin money	1,65,93,945	1,29,56,687	-	-
Deposits with original maturity of more than 12 months *	27,76,558	44,52,349	1,51,44,459	1,43,33,701
Deposits with original maturity of more than 3 months but less than 12 months *	-	-	12,48,475	32,40,260
	<u>1,93,70,503</u>	<u>1,74,09,036</u>	<u>1,63,92,934</u>	<u>1,75,73,961</u>
Amount disclosed under non-current assets (note 14)	(1,93,70,503)	(1,74,09,036)		
<b>Total</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>87,14,84,077</u></u>	<u><u>87,33,08,360</u></u>

\* Deposits lodged as security with Govt authorities



## Notes to the financial statements for the year ended 31 March 2016

	For the year ended 31 March 2016	<i>For the year ended 31 March 2015</i>
	₹	₹
<b>19. Revenue from operation</b>		
Sale of products *	14,52,52,87,493	12,67,29,42,397
Sale of services **	3,94,07,80,155	3,36,52,38,381
Other operating income		
Scrap sales	1,01,19,371	1,20,67,932
Other (includes income from renting of products)	36,39,35,207	22,95,83,256
Revenue from operations	<u>18,84,01,22,226</u>	<u>16,27,98,31,966</u>
<b>* Sale of Products</b>		
Vacuum Cleaners	2,78,81,50,753	2,67,63,79,766
Water filter-cum-purifiers and Water & Waste Water Treatment Plants	9,86,03,87,552	8,55,50,70,741
Electronic air cleaning systems	15,98,79,557	3,69,96,359
Security systems	31,59,07,552	28,43,83,530
Fire Extinguishers	29,76,81,250	14,51,20,032
Other Products	5,27,44,137	3,47,42,519
Spares & Accessories	1,05,05,36,692	94,02,49,450
	<u>14,52,52,87,493</u>	<u>12,67,29,42,397</u>
<b>** Sale of services</b>		
Maintenance Service	3,70,72,54,423	3,09,27,51,633
Cleaning Service	16,26,30,548	20,20,82,422
Others	7,08,95,184	7,04,04,326
	<u>3,94,07,80,155</u>	<u>3,36,52,38,381</u>
<b>20. Other Income</b>		
Interest income on :		
Bank deposits	26,33,030	3,31,52,866
Current investment		
Long-term investments		
Loans and Advances	3,72,80,961	5,51,67,110
Others	11,284	-
Exchange difference (net)	-	13,99,43,331
Dividend Income :		
Subsidiaries	16,00,06,400	28,00,11,200
Non-current Investments - Trade	50,00,000	50,00,000
Current investment - Non-Trade	39,266	35,173
Profit on sale of assets (Net)	2,32,46,249	70,68,052
Gain on sale of current investments (Net)	1,95,217	2,37,85,896
Miscellaneous Income *	5,53,86,615	1,99,94,490
	<u>28,37,99,022</u>	<u>56,41,58,118</u>

\* Miscellaneous Income includes recovery of bad debts/ bad advances ₹ 34,52,637/- (previous year ₹ 26,40,454/-)



## Notes to the financial statements for the year ended 31 March 2016

	For the year ended 31 March 2016	<i>For the year ended 31 March 2015</i>
	₹	₹
<b>21. Purchase of Traded goods</b>		
Vacuum Cleaners	1,51,07,53,722	1,42,13,90,283
Water filter-cum-purifiers and Water & Waste Water Treatment Plants	5,50,51,51,052	4,54,64,27,885
Electronic air cleaning systems	15,59,91,501	1,67,58,255
Security systems	18,88,12,690	13,91,05,255
Fire Extinguishers	-	-
Other Products	2,69,20,375	1,34,12,288
Spares & Accessories	2,16,43,20,437	2,08,79,66,225
<b>Total</b>	<b><u>9,55,19,49,777</u></b>	<b><u>8,22,50,60,191</u></b>
<b>22. Changes in Stock-in-trade</b>		
Opening stock		
- Units	1,19,58,44,515	1,52,70,09,846
- Spares and Accessories	68,75,59,401	56,90,70,002
	<u>1,88,34,03,916</u>	<u>2,09,60,79,848</u>
Less :		
Closing stock *		
- Units	1,31,87,06,353	1,19,58,44,515
- Spares and Accessories	79,21,16,430	68,75,59,401
	<u>2,11,08,22,783</u>	<u>1,88,34,03,916</u>
<b>Net( increase)/ decrease</b>	<b><u>(22,74,18,867)</u></b>	<b><u>21,26,75,932</u></b>
* Details of Stock-in-trade		
Vacuum Cleaners	31,43,11,911	22,08,15,861
Water filter-cum-purifiers and Water & Waste Water Treatment Plants	71,66,05,621	54,48,74,373
Electronic air cleaning systems	8,03,46,650	97,49,858
Security Systems	7,67,95,668	4,70,31,005
Fire Extinguishers	10,03,35,362	34,08,30,340
Other Products	3,03,11,141	2,56,54,740
Spares & Accessories	79,21,16,430	69,44,47,739
<b>Total</b>	<b><u>2,11,08,22,783</u></b>	<b><u>1,88,34,03,916</u></b>



## Notes to the financial statements for the year ended 31 March 2016

	For the year ended 31 March 2016 ₹	<i>For the year ended 31 March 2015 ₹</i>
<b>23. Employee benefit expense</b>		
Salaries, wages and bonus	2,64,84,01,065	2,35,26,85,357
Contribution to provident and other fund	12,53,49,573	11,56,30,018
Staff welfare expense	8,06,48,730	6,65,39,524
	<u>2,85,43,99,368</u>	<u>2,53,48,54,899</u>
<b>24. Other expenses</b>		
Electricity	3,07,78,177	2,83,96,794
Rent	13,26,92,256	12,06,38,429
Repairs and Maintenance -		
Building	1,01,34,591	49,11,084
Machinery	-	1,36,636
Others	5,73,68,203	5,37,05,698
Insurance	4,23,93,173	4,03,68,681
Advertisement	79,94,50,669	69,51,69,085
Selling and Sales Promotion	1,24,48,14,742	84,25,99,808
Freight, Forwarding and Delivery	42,52,31,258	31,33,93,668
Payment to Auditors (Refer details Below)	40,61,284	33,42,259
Printing and Stationery	3,88,05,186	4,05,05,897
Communication cost	14,68,03,673	12,31,25,151
Travelling and Conveyance	28,24,71,890	22,45,15,835
Legal and Professional Fees	13,95,53,683	12,03,16,759
Vehicle Running Expenses	17,07,36,072	23,10,81,073
Rates and taxes, excluding taxes on income	12,82,52,927	12,19,73,311
Conference Expenses	13,17,56,654	15,68,41,072
Service Charges	1,68,66,59,341	1,49,34,75,952
Information Technology Expenses	20,56,70,704	19,23,96,721
Logistics Expenses	18,28,46,144	14,56,22,619
Other Establishment Expenses	29,72,79,258	26,70,89,719
Corporate Social Responsibility Expenses	51,30,000	59,38,392
Directors' Sitting Fees	26,17,042	7,86,520
Bad Debts/Advances Written-Off	6,42,84,961	5,40,84,157
Net loss on sale / liquidation long-term investments	-	50,58,666
Provision for diminution in value of investments	3,36,219	9,663
Exchange difference (net) (other than considered as finance cost)	61,77,595	
Commission to Directors	2,21,59,860	2,13,05,640
	<u>6,25,84,65,562</u>	<u>5,30,67,89,289</u>
Payment to auditors		
As auditor		
Audit fee	28,62,500	23,59,560
Tax audit fee	2,86,250	2,80,900
In other capacity		
For other services	7,35,816	5,73,036
For reimbursement of expenses	1,76,718	1,28,763
	<u>40,61,284</u>	<u>33,42,259</u>





## Notes to the financial statements for the year ended 31 March 2016

	For the year ended 31 March 2016 ₹	<i>For the year ended 31 March 2015 ₹</i>
<b>25. Finance cost</b>		
Interest expense	6,91,59,080	<i>7,28,18,899</i>
Other borrowing cost	1,13,13,018	<i>2,37,46,447</i>
Interest on Taxes	31,92,661	
Net foreign currency transactions and translation	5,30,95,880	<i>19,43,713</i>
	<u>13,67,60,639</u>	<u><i>9,85,09,059</i></u>
<b>26. Depreciation and amortisation expense</b>		
Depreciation on tangible assets	21,47,55,617	<i>23,25,01,668</i>
Amortization on intangible assets	1,70,55,625	<i>1,75,47,984</i>
For the year charge	<u>23,18,11,242</u>	<u><i>25,00,49,652</i></u>
Less: Depreciation on tangible assets written back on change in accounting policy	-	<i>24,30,81,647</i>
	<u>23,18,11,242</u>	<u><i>69,68,005</i></u>
<b>27 Earnings per equity share</b>		
Number of Equity Shares	37,28,000	<i>37,28,000</i>
Weighted average number of equity shares	37,28,000	<i>37,28,000</i>
Face Value per share	10	<i>10</i>
Profit After Tax available to Equity Shareholders	25,25,11,740	<i>39,87,90,015</i>
Basic and Diluted Earning Per Share	₹ 67.73	<i>106.97</i>

**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 - ₹165,24,72,500/- (previous year ₹.156,32,50,000/-)
- (ii) Bank Guarantees issued on behalf of the Company - ₹ 14,14,965/- (previous year ₹.30,55,776/-)
- (iii) Disputed Income Tax Demands - ₹ 14,48,80,978/- (previous year ₹.6,40,56,278/-).
- (iv) Disputed Central Excise Demands - ₹ 56,51,360/- (previous year ₹.56,51,360/-).
- (v) Disputed Sales Tax demands - ₹ 35,15,98,988/- (previous year ₹.26,48,86,806/-).
- (vi) Disputed Service Tax demands - ₹10,87,64,346 /- (previous year ₹.10,87,64,346/-)

**(b) Commitments:**

- (i) Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹. NIL (previous year ₹.Nil).
- (ii) Towards product performance ₹.11,97,14,387/- (previous year ₹.16,47,37,411/-)
- (ii) Towards service performance ₹. 4,87,63,266/- (previous year ₹.4,61,91,542/-)

II (a) Expenditure in foreign currency on account of :	2015-16 ₹	2014-15 ₹
Subscription, travelling, advertisement, testing charges, training, professional fees, royalty samples etc.	8,38,42,154	1,19,63,769
Interest on Foreign Currency Loans	2,33,22,701	2,89,85,582
(b) Remittance in Foreign Currency :		
On account of investment in shares of Subsidiary	11,38,70,842	56,75,28,605
On account of Inter corporate deposit to subsidiary company	-	3,06,47,500
On account of repayment of ECB	17,56,81,783	19,63,09,445
On account of repayment of Foreign Currency Short Term Loan	17,99,03,067	8,70,00,000
III Value of Imports on C.I.F basis :		
Units, Spares and accessories	80,85,87,851	53,21,12,815
IV Earnings in Foreign Exchange :		
Export of goods on F.O.B basis	8,48,39,478	16,00,90,511
Commission & other receipts	1,93,51,649	24,82,484
Sale of Investment in Subsidiary	-	85,68,834
Repayment of Inter corporate deposit by subsidiary company	-	21,46,07,611
Interest on Inter corporate deposit to subsidiary company	2,74,99,131	4,36,65,025
On account of borrowing of Foreign Currency Short Term Loan	26,10,00,000	8,70,00,000

**V The disclosures required under Accounting Standard 15 (revised) "Employee Benefits" issued by the Institute of Chartered Accountants of India are given below:**
**Defined Benefit Plans / Contribution Plan**

Contribution to Defined Benefit Plans / Contribution Plan, recognised are charged off for the year as under :

	2015-16 ₹	2014-15 ₹
Employer's contribution to Provident Fund *	1,90,58,754	1,86,66,896
Employer's contribution to Superannuation Fund *	1,17,26,833	1,09,61,395
Employer's contribution to Pension Scheme	3,25,34,915	3,00,08,019

\* The company has formed its own trust for Managing Provident fund which is considered as defined Benefit plan and superannuation which is considered as defined contribution plan 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.

	2015-16		2014-15	
	Gratuity (Funded)	Leave Encashment (non Funded)	Gratuity (Funded)	Leave Encashment (non Funded)
	₹	₹	₹	₹
<b>a. Change in benefit obligations</b>				
Defined benefit obligation at the beginning of the year	15,05,08,156	3,23,12,813	12,18,41,281	2,67,03,542
Current Service cost	1,10,06,668	65,32,882	89,65,500	32,83,850
Interest cost	1,19,50,348	25,65,637	1,14,28,712	25,04,792
Liability Transferred In/Acquisiti	24,663	-	-	-
Actuarial (gain)/loss on obligations	49,53,147	51,38,868	2,03,92,123	89,56,901
Benefit paid	(1,44,46,246)	(1,19,45,852)	(1,21,19,460)	(91,36,272)
Defined benefit obligation at the end of the year	16,39,96,736	3,46,04,348	15,05,08,156	3,23,12,813
<b>b. Change in fair value of Plan Assets</b>				
Fair value of Plan Assets at the beginning of the year	13,23,15,661		11,55,92,089	
Expected return on Plan Assets	1,05,05,863		1,01,72,104	
Asset Transferred In/Acquisition	24,663		82,71,441	
Employer Contribution	2,57,14,744			
Benefit paid	(1,44,46,246)		(1,21,19,460)	
Actuarial gain/(loss) on Plan Assets	5,14,974		1,03,99,487	
Fair value of Plan Assets at year end	15,46,29,659		13,23,15,661	
Total Actuarial gain / (loss) to be recognised	(44,38,173)		(99,92,636)	
<b>c. Expenses recognised during the year (under the head "Employee benefit expenses" - note 23)</b>				
Current Service cost	1,10,06,668	65,32,882	89,65,500	32,83,850
Interest Cost	1,19,50,348	25,65,637	1,14,28,712	25,04,792
Expected Returns on Plan Assets	(1,05,05,863)		(1,01,72,104)	
Actuarial (Gain) or Loss	44,38,173	51,38,868	99,92,636	89,56,901
Expense Recognised in the Statement of Profit and Loss	1,68,89,326	1,42,37,387	2,02,14,744	1,47,45,543
<b>d. Amount recognised in the Balance sheet</b>				
Present value of benefit obligation at the end of the year	(16,39,96,736)	(3,46,04,348)	(15,05,08,156)	(3,23,12,813)
Fair value of Plan Assets at year end	15,46,29,659		13,23,15,661	
Funded status (Surplus / (deficit))	(93,67,077)	(3,46,04,348)	(1,81,92,495)	(3,23,12,813)
<b>e. Category of Assets</b>				
Government of India Securities	3,56,57,040		3,14,34,821	
Corporate Bonds	7,25,71,617		8,26,44,072	
Special Deposit Scheme	41,03,069		41,03,069	
Others	4,22,97,933		1,41,33,699	
Total Investments	15,46,29,659		13,23,15,661	
<b>f. Assumptions used in the accounting for defined benefit plans</b>				
The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities & the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.				
Discount Rate	8.07%	8.07%	7.94%	7.94%
Rate of Return on Plan Assets	8.07%		7.94%	
Salary Escalation Rate	3.50%	3.50%	3.50%	3.50%
Mortality Table	IALM (2006-08)	IALM (2006-08)	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
<b>Attrition Rate:</b>				
For Service 4 Years and Below	10%	2%	10%	2%
For Service 5 Years and Above	2%	2%	2%	2%

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.

**g Experience Adjustments for the Current and the previous four periods**

	As at 31.03.2016	As at 31.03.2015	As at 31.03.2014	As at 31.03.2013	As at 31.03.2012
Gratuity (Funded)					
Defined Benefit Obligation	16,39,96,736	15,05,08,156	12,18,41,281	10,65,55,931	8,85,33,569
Plan Asset	15,46,29,659	13,23,15,661	11,55,92,089	9,92,27,626	8,64,65,849
Surplus/(Deficit)	-93,67,077	-1,81,92,495	-62,49,192	-73,28,305	-20,67,720
Experience Adjustment on Plan Liabilities LOSS/(G	63,55,397	1,05,34,463	1,64,92,779	1,03,61,874	54,98,103
Experience Adjustment on Plan Assets (LOSS)/GAI	5,14,974	1,03,99,487	9,69,906	-1,01,731	4,64,289

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 a.)The company has taken various residential/commercial premises and Equipments under cancellable operating lease. Lease rental expenses included in the statement of profit and loss for the year is ₹. 13,26,92,256/-(Previous Year ₹.12,06,38,429/-) for Premises and ₹.1,77,22,695/-(Previous Year ₹ 2,55,14,238/-) for Equipment. 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.

b.) The company has entered the business of giving products on operating lease and the details are as under :

	2015-16	2014-15
Gross carrying amount of products given on operating lease	20,64,60,970	14,13,24,941
Accumulated Depreciation	13,41,16,986	6,22,32,392
Depreciation for the year	7,35,94,393	5,12,32,353

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 01.04.2015	During the year Asset/(Liability) ₹	Closing Asset / (Liability) As at 31.03.2016 ₹
Depreciation	(28,42,544)	2,55,63,595	2,27,21,051
Expenses allowed for tax purpose on payment basis	3,23,81,405	40,80,814	3,64,62,219
Investments - On provision for diminution	97,29,913	1,16,359	98,46,272
<b>Total</b>	<b>3,92,68,774</b>	<b>2,97,60,768</b>	<b>6,90,29,542</b>

X 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 31.03.2016 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	31.03.2016	50%	6,58,799	50,000	7,250	12,500
			31.03.2015	50%	(6,51,550)	(37,500)	(2,32,318)	(12,500)
2	Forbes Aquatech Limited	India	31.03.2016	50%	6,26,43,218	2,08,13,222	23,33,02,312	21,20,83,891
			31.03.2015	50%	(5,53,65,792)	(2,42,27,466)	(23,34,65,121)	(21,64,44,166)
3	Infinite Water Solutions Pvt Limited	India	31.03.2016	50%	15,07,03,890	2,68,02,163	29,43,23,789	25,37,06,142
			31.03.2015	50%	(13,42,74,568)	(3,99,60,807)	(26,15,17,951)	(21,93,94,093)
4	Forbes G4S Solutions Pvt Limited	India	31.03.2016	50%	-	2,36,767	1,461	10,435
			31.03.2015	50%	-	(2,27,793)	-	(25,057)
5	EuroLife Regen Pvt Ltd.	India	31.03.2016	50%	-	-	-	-
			31.03.2015	50%	(10,87,845)	(40,45,323)	(2,48,532)	(20,95,321)

b. The Company's share of contingent liabilities of the Joint Venture Forbes Aquatech Limited as at 31.03.2016 is ₹.88,93,626/-(Previous Year ₹.86,83,294/) and Infinite Water Solutions Limited as at 31.03.2016 is ₹ 70,27,240/- (Previous year ₹ Nil)

- XI ₹.6,92,21,335/- (Previous year ₹.5,95,18,069/-) revenue expenses incurred during the year on Research and Development has been charged to the respective heads of accounts.
- XII Net foreign exchange difference gain/ (loss), included in the statement of profit and loss is ₹.(5,92,73,474)/- (Previous Year ₹.13,79,99,618). Exchange difference (Loss) on outstanding forward exchange contract to be recognised in the statement of profit and loss of the subsequent year aggregates to ₹.2,02,040/ (previous year Nil).
- XIII Remuneration paid to Executive Vice Chairman exceeds the limit prescribed under Section 197 read with schedule V of the Companies Act,2013 by ₹. 3,15,74, 336 /- (Previous Year ₹.2,06,17,228) and is subject to shareholders and Central Government approval. Pending such approval the remuneration paid in excess of the limit is being held in trust by Executive Vice Chairman.  
During the year the company has filed the application for the approval of Central Government for remuneration of previous year.

- XIV The Company has entered into the below mentioned forward exchange contracts to hedge 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

The Foreign currency (FC) exposure hedged as at 31st March 2016 are as under

Particulars	Currency	As at 31st March 2016		As at 31st March 2015	
		FC Amount	INR Amount	FC Amount	INR Amount
Forward Contract outstanding	USD	12,88,126	8,62,04,582	NIL	NIL

The Foreign currency (FC) exposure not hedged as at 31st March 2016 are as under

Particulars	Currency	31st Mar 2016		31st March 2015		
		FC Amount	INR Amount	FC Amount	INR Amount	
a. Receivable - Debtors	USD	10,82,664	7,15,62,914	19,19,432	12,00,22,098	62.53
Loans	USD	10,40,000	6,87,42,856	10,40,000	6,50,31,200	62.53
	SGD	34,30,255	16,81,38,065	34,30,255	15,60,71,457	45.50
Advances	USD	2,398	1,58,522	1,86,778	1,16,79,197	62.53
	EUR	1,155	86,691	1,155	78,362	67.85
b. Payable Creditors	USD	12,71,836	8,40,66,992	1,27,343	79,62,738	62.53
	EUR	12,20,677	9,16,20,692	3,70,595	2,51,43,249	67.85
Loans -Buyers Credit	USD	18,41,259	12,17,05,216	82,864	51,81,506	62.53
Loans - External Commercial Borrowing (ECB)	EUR	84,60,750	63,50,41,051	1,08,76,450	73,79,20,364	67.85
Accrued interest	EUR	29,766	22,34,164			
	USD	5,044	3,33,420			
c. Investments Equity Shares	EUR	15,001	9,45,546	15,001	9,45,546	63.03
	AED	4,06,10,000	68,50,81,197	3,44,50,000	57,12,10,355	16.58
Preference shares	EUR	2,87,05,230	2,12,24,80,849	2,87,05,230	2,12,24,80,849	73.94
	INR		Indian Rupees			
	USD		United States Dollar			
	SGD		Singapore Dollar			
	EUR		Euro			
	AED		United Arab Emirates Dirham			

- XV The Company has invested ₹.68,50,81,197/- in its 100% subsidiary Euro Forbes Ltd. and also extended loans including interest of ₹.35,07,64,016 (Previous year ₹.30,74,86,621). Further, the Company has also given a corporate guarantee to a Bank of ₹165,24,72,500/- for loan taken by Euro Forbes Limited at Dubai. Significant accumulated losses exist in the above subsidiary. In the opinion of the management due to the planned growth in the business of the ASEAN region in the next 3 to 5 years the subsidiary will have future profitable operations; hence no provision has been made by the Management for the above investments and loans.

- XVI 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 derived by the company even after completion of three years of the arrangement with IBM. Disputes have therefore arisen and the agreement has been terminated. IBM has raised a claim of ₹ 75,00,00,000/- on the Company & the Company has raised a counter claim of ₹ 261,50,41,882/- on IBM. The matter has been referred to Arbitration and the arbitration proceedings have commenced in the financial year 2012-13 and the matter is sub-judice. 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.

XVII Loans and Advances (Note 13) includes an amount of ₹. 42,84,826 (*Previous Year ₹.42,84,826*) relating to 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.

XVIII Disclosure pursuant to Section 186(4) of the companies Act 2013

(a) Name of the Company	Nature of transaction	Purpose	2015-16		2014-15	
			Amount ₹	Maximum Amount during the year ₹	Amount ₹	Maximum Amount during the year ₹
Euro Forbes Limited	Loan	For expansion of Business	-	23,68,80,921 *	3,06,47,500	22,11,02,657
Euro Forbes Limited	Corporate Guarantee	For expansion of Business	-	1,65,24,72,500 *	1,56,32,50,000	1,56,32,50,000
Waterwings Equipments Private Limited	Loan	Working capital	-	-	2,50,00,000	2,50,00,000
Radiant Energy Systems Private Limited	Loan	Working capital	-	-	1,00,00,000	1,00,00,000
Forbes Enviro Solutions Limited	Loan	Working capital	-	3,50,00,000 \$	-	-

\* Year end balance has been reinstated at the year end forex currency rate

\$ Waterwings Equipments Private Limited and Radiant Energy Systems Private Limited merged with Forbes Enviro Solutions Limited

(b) Details of Investment made are given in note 11 and 15

XIX Corporate social responsibility expenditure:-

Particulars	For the year ended 31 March 2016			For the year ended 31 March 2015		
a)Gross amount required to be spent by the company during the year	₹ 51,26,203			₹ 59,02,626		
b) Amount spent during the year on						
Particulars	Paid in cash	Yet to be paid	Total	Paid in cash	Yet to be paid	Total
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) Purposes other than (i) above	₹ 51,30,000		₹ 51,30,000	₹ 59,02,626		₹ 59,02,626

XX There was a fire accident in one of the Company's Warehouse at Hyderabad on the 13<sup>th</sup> of April 2016 and the entire inventory stored in the warehouse was destroyed completely. The company has filed a report with the Fire brigade and the Police at Hyderabad. At present survey is going on and on completion of the survey claim will be lodged with the insurance company. The total value of inventory stored in the warehouse at the time of fire is ₹ 33,97,93,103, which fully insured and is included in the inventories reflected in note no 16.

XXI Previous year figures have been re-grouped wherever necessary.

Per our report attached  
For BATLIBOI & PUROHIT

*Chartered Accountants*  
Firm Regn No. 101048W

S.P.Mistry \_\_\_\_\_ *Chairman*

S.L.Goklaney \_\_\_\_\_ *Executive Vice Chairman*

Anil Kamath \_\_\_\_\_ *Director*

ATUL MEHTA  
*Partner*  
Membership No. 15935

R S Moorthy \_\_\_\_\_ *Chief Financial Officer*

Dattaram Shinde \_\_\_\_\_ *Company Secretary*

Mumbai , Dated : 6th May , 2016

Mumbai , Dated : 6th May , 2016







**Euro Forbes Financial Services Limited**  
(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements  
For the year ended March 31, 2016

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Euro Forbes Financial Services Ltd

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Euro Forbes Financial Services Ltd ('the Company') which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting

policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statement.

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

## **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, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

- 1 As required by Companies (Auditors Report) Order, 2016 ('the Order') issued by Central Government of India in terms of sub section 11 of section 143 of the Act, we give in the Annexure –A a statement on the matters specified in paragraphs 3 and 4 of the order
- 2 As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal Financial controls over financial reporting of the Company and the operating effectiveness of such controls refer to our separate report in 'Annexure B' and

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**Paresh Chokshi**  
Partner  
Membership No.33597

Place : Mumbai  
Date :14 April, 2016

**Annexure – A to the Independent Auditor’s Report**

(Referred to in paragraph 1 under ‘Report on other legal and Regulatory requirements’ section of our report of even date)

- (i) The Company does not have any fixed assets, accordingly the provisions of this clause are not applicable to the Company.
- (ii) The Company does not have any physical inventories, accordingly the provisions of this clause are not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly clause 3 (iii) (a) and (b) of the order are not applicable to the Company.
- (iv) The Company has not granted any loans, made investments, given guarantees and security and hence provisions of this clause are not applicable.
- (v) The Company has not accepted any deposits during the year within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) To the best of our knowledge and as explained central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013;
- (vii) a. The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, undisputed dues in respect of income-tax, which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

Name of statute	Nature of dues	Amount	Period to which it relates	Due date	Date of payment
Income Tax Act, 1961	Tax deducted at source	7,500	2011-12	May 2012	Unpaid

- b. According to the information and explanations given to us there are no dues outstanding of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess that have not been deposited on account of any dispute.

- (viii) The Company has not taken any loans from Financial institution, Bank, Government or debenture holders.
- (ix) The Company has not raised any money by way of initial public offer or further public offer and the Company has not taken any term loan.
- (x) Based on the audit procedures performed and as per the information and explanation given by the management we report that no fraud on or by the company has been noticed or reported during the year.
- (xi) The Company has not paid any remuneration to managerial personnel, hence the provision of this clause are not applicable.
- (xii) In our opinion and according to the information and explanations given to us the Company is not a Nidhi Company. Accordingly the provision of this clause are not applicable.
- (xiii) The Company does not have any related party transactions during the year.
- (xvi) As informed and based on our examination of records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) As informed the Company has not entered into any non-cash transactions with Directors or persons connected with him
- (xvi) As per the information & explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India, 1934.

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

**Paresh Chokshi**  
Partner  
Membership No.33597

Place : Mumbai  
Date :14 April, 2016

## **Annexure - B to the Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Euro Forbes Financial Services Limited (“the Company”) as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with



generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Paresh Chokshi**  
Partner  
Membership No.33597

Place : Mumbai  
Date :14 April, 2016

Euro Forbes Financial Services Limited

BALANCE SHEET AS AT 31st MARCH, 2016

	Notes	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
a Share Capital	2	5,00,000	5,00,000
b Reserves and Surplus	3	<u>(2,08,394)</u> 2,91,606	<u>(1,76,447)</u> 3,23,553
<b>2. Non-current liabilities</b>			
<b>3. Current liabilities</b>			
a Short-term borrowings			
b Trade payables	4	42,553	28,090
c Other current liabilities	5	7,500	7,500
d Short-term provisions			-
		<u>50,053</u>	<u>35,590</u>
<b>Total</b>		<u><u>3,41,659</u></u>	<u><u>3,59,143</u></u>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
a Fixed Assets		-	-
<b>2. Current assets</b>			
a Current investments		-	-
b Trade receivables		-	-
c Cash and cash equivalents	6	3,41,659	3,59,143
		<u>3,41,659</u>	<u>3,59,143</u>
<b>Total</b>		<u><u>3,41,659</u></u>	<u><u>3,59,143</u></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 <i>Chartered Accountants</i> Firm Regn No. 101048W	Marzin R Shroff
	Director
	A V Suresh
	Director
Paresh Chokshi <i>Partner</i> Membership No. 33597	R.S.MOORTHY
	Director
Mumbai , Dated : 14th April 2016	Mumbai , Dated: 14th April 2016

**Euro Forbes Financial Services Limited**

**Statement of Profit and Loss for the year ended 31 March 2016**

	Notes	For the year ended 31 March 2016	For the year ended 31 March
<b>Income</b>			
I Revenue from operation		-	-
II Other income		-	-
III <b>Total Revenue</b>		<u>-</u>	<u>-</u>
<b>IV Expenses</b>			
Employee benefit expense			
Other expenses	7	31,947	17,472
Finance cost			
Depreciation and amortisation expense			
<b>Total Expenses</b>		<u>31,947</u>	<u>17,472</u>
<b>Profit / (Loss) before tax</b>		(31,947)	(17,472)
Tax expense			
Current tax			
Deferred tax			
<b>Profit/(Loss) for the year</b>		<u>(31,947)</u>	<u>(17,472)</u>
<b>Earnings per equity share (₹)</b>			
Basic and Diluted-Par value of ₹ 10/- per share	8	(0.64)	(0.35)

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

Marzin R Shroff

Director

A V Suresh

Director

Paresh Chokshi  
*Partner*  
Membership No. 33597

R.S.MOORTHY

Director

Mumbai , Dated : 14th April 2016

Mumbai , Dated: 14th April 2016

**Euro Forbes Financial Services Limited**  
**Cash Flow Statement for the Year ended 31 March, 2016**

	2015-16		2014-15	
	₹	₹	₹	₹
<b>NET PROFIT / (LOSS) BEFORE TAX AND EXTRA ORDINARY ITEMS</b>		(31,947)		(17,472)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>		(31,947)		(17,472)
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	14,463		5,618	
Other current liabilities	-	14,463	-	5,618
Cash generated / (used) from operations		(17,484)		(11,854)
<b>(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES</b>		(17,484)		(11,854)
<b>(b) NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>		-		-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Share Capital		-	-	-
<b>(c) NET CASH FROM/ (USED IN) FINANCING ACTIVITIES</b>				-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)</b>		(17,484)		(11,854)
<b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :</b>				
Cash , Cheques on hand				
Balances with scheduled banks on Current accounts,	3,59,143.00	3,59,143.00	3,70,997	3,70,997
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :</b>				
Cash , Cheques on hand			-	
Balances with scheduled banks on Current accounts,	3,41,659.00	3,41,659	3,59,143	3,59,143
<b>NET INCREASE / (DECREASE) AS DISCLOSED ABOVE</b>		(17,484)		(11,854)

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

*Marzin R Shroff*

*Director*

*A V Suresh*

Paresh Chokshi  
Partner  
Membership No. 33597

*Director*

*R.S.MOORTHY*

*Director*

Mumbai , Dated : 14th April 2016

*Mumbai , Dated: 14th April 2016*

## Euro Forbes Financial Services Limited

### Notes to the financial statements

#### 1. SIGNIFICANT ACCOUNTING POLICIES

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

###### (i) Basis of Accounting

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 and other accounting pronouncements of the Institute of Chartered Accountants of India. The financial statements have been prepared under historical cost convention and on accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

###### (ii) Uses of Estimates

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

##### (b) 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.

**Euro Forbes Financial Services Limited**

**Notes to the financial statements**

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	₹	Number of shares	₹
<b>2. Share Capital</b>				
<b>Authorised</b>				
Equity shares of ₹ 10/ each *	50,000	5,00,000	50,000	5,00,000
	<u>50,000</u>	<u>5,00,000</u>	<u>50,000</u>	<u>5,00,000</u>
<b>Issued</b>				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	50,000	5,00,000	50,000	5,00,000
Add: Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
At the end of the year	<u>50,000</u>	<u>5,00,000</u>	<u>50,000</u>	<u>5,00,000</u>
<b>Subscribed</b>				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	50,000	5,00,000	50,000	5,00,000
Add: Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
At the end of the year	<u>50,000</u>	<u>5,00,000</u>	<u>50,000</u>	<u>5,00,000</u>
<b>Fully Paid up</b>				
Equity shares of ₹ 10/ each fully paid up *				
At the beginning of the year	50,000	5,00,000	50,000	5,00,000
Add: Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
At the end of the year	<u>50,000</u>	<u>5,00,000</u>	<u>50,000</u>	<u>5,00,000</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

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

Eureka Forbes Limited

Holding company

100%

Euro Forbes Financial Services Limited

Notes to the financial statements

	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>3. Reserves and surplus</b>		
<b>(Deficit)/ surplus in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	(1,76,447)	(1,58,975)
Add/ (less): Profit/ (loss) for the year	(31,947)	(17,472)
<b>Total</b>	<b><u>(2,08,394)</u></b>	<b><u>(1,76,447)</u></b>

Euro Forbes Financial Services Limited

Notes to the financial statements

	<b>Current</b>	
	As at 31 March 2016 ₹	As at 31 March 2015 ₹
<b>4. Trade Payables</b>		
Trade payables	42,553	28,090
<b>Total</b>	<b>42,553</b>	<b>28,090</b>
<b>5. Other Current Liabilities</b>		
Other Payables - TDS	7,500	7,500
<b>Total</b>	<b>7,500</b>	<b>7,500</b>



Euro Forbes Financial Services Limited

Notes to the financial statements

	<u>Current</u>	
	As at 31 March 2016 ₹	<i>As at 31 March 2015</i> ₹
<b>6. Cash and cash equivalents</b>		
<b>Balance with banks in</b>		
Current accounts	3,41,659	<i>3,59,143</i>
<b>Total</b>	<u>3,41,659</u>	<u><i>3,59,143</i></u>
<b>Other bank balances</b>		
Balance in banks for margin money		
Deposits with original maturity of more than 12 months *		
Deposits with original maturity of more than 3 months but less than 12 months *	<u>                    </u>	<u>                    </u>
		<i>0</i>
Amount disclosed under non-current assets (note 17)		<i>0</i>
<b>Total</b>	<u><u>3,41,659</u></u>	<u><u><i>3,59,143</i></u></u>

## Euro Forbes Financial Services Limited

### Notes to the financial statements

	For the year ended 31 March 2016 ₹	<i>For the year ended 31 March 2015 ₹</i>
<b>7. Other expenses</b>		
Auditors Remuneration (* Refer details Below)	17175	16,854
Legal and Professional Fees	14142	0
Other Establishment Expenses	630	618
	<u>31,947</u>	<u>17,472</u>
 (* ) Auditor Remuneration :		
As auditor		
Audit fee	11,450	11,236
Tax audit fee	-	-
In other capacity		
Management services	-	-
For other services	5,725	5,618
For reimbursement of expenses		
	<u>17,175</u>	<u>16,854</u>
 <b>8. Earnings per equity share</b>		
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 / (Loss) After Tax available to Equity Shareholder:	(31,947)	(17,472)
 Basic and Diluted Earnings Per Share	(0.64)	(0.35)

## Euro Forbes Financial Services Limited

### Notes to the financial statements

9. Details required under Accounting Standard 18 on "Related Party Disclosures " issued by the Institute of Chartered Accountants of India for the year ended 31st March 2016.
- ( 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 - Ultimate Holding Company  
Forbes & Company Ltd - Holding Company of Eureka Forbes Limited  
Eureka Forbes Limited - Holding Company
- B Enterprises that are controlled - ( Subsidiary Company) - None
- ( II ) Transactions with Related Parties - There are no transactions with the related Parties.
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
12. Previous years figures have been regrouped where ever necessary.

Per our report attached For BATLIBOI & PUROHIT <i>Chartered Accountants</i> Firm Regn No. 101048W	Marzin R Shroff  Director A V Suresh  Director R.S.MOORTHY  Director
Paresh Chokshi <i>Partner</i> Membership No. 33597	
Mumbai , Dated : 14th April 2016	Mumbai , Dated: 14th April 2016

**Euro Forbes Limited**  
(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements  
For the year ended December 31, 2015

## **INDEPENDENT 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 at 31 December 2015, statement of profit or loss and other 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 information.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 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 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 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 management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Basis of Qualified Opinion***

1) The company has made investment of US \$ 13,881,917 (Rs. 917,957,032) in and advanced unsecured loan of US \$ 22,259,224 (Rs. 1,471,915,673) inclusive of accrued interest US \$ 1,884,524 (Rs. 124,616,223) , to a subsidiary. The total investments plus long term funding amounts to US \$ 36,141,141 (Rs. 2,389,872,704). This subsidiary has :

- incurred Loss of US \$ 1,771,217 (Rs. 114,157,061) during the year and has accumulated losses of US \$ 6,735,219 (Rs. 445,373,765) as at December 2015,

- long overdue receivables of US \$ 27,920,611 (Rs. 1,846,281,115) , the existence and recoverability of which we are unable to verify following satisfactory audit procedure, and

- no profitable projections for the ensuing years.

2) The company has incurred loss of US \$ 292,822 (Rs. 18,872,730) after recognizing interest income from the subsidiary of US \$ 1,231,537 (Rs. 79,374,037) and the accumulated losses as at 31st December, 2015 amount to US \$ 4,437,495 (Rs, 266,178,765). Further, the company has no other source of income nor any profitable projections for the ensuing years.

3) The company has long term loan liability of US \$ 25,000,000 (Rs. 1,653,152,500) due and payable during the years 2018 to 2020 as described in note 11 with no positive cash flows except contribution of funds by the parent shareholder company.

### ***Opinion***

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements present fairly in all material respects, the financial position of EURO FORBES LIMITED as at 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### ***Emphasis of Matter***

Without qualifying our opinion, we draw attention to the note 2 of the financial statements which states that :

(i) The financial statements contain information about the company as an individual company and do not contain consolidated financial information as a parent of the group, and

(ii) The accompanying financial statements have been prepared on the basis that the company will continue as a going concern. The continuation of the company as a going concern is dependent upon the shareholder and the banker continuing to provide the necessary financial support and upon the operations of the company's subsidiary company commencing profitable operations in the future generating sufficient cash flows.

### **Report on Other Legal and Regulatory Requirements**

Also, in our opinion, proper books of account have been kept by the company, and the contents of the Director's report relating to these financial statements are in agreement with the books of accounts. According to information available to us there were no violations of the laws of Jebel Ali Free Zone Authority Offshore Companies Regulations or the Articles of Association of the company have occurred during the year, which would have had a material effect on the business of the company or on its financial performance.

Signed by:

C. D. Shah

Partner

Registration No. 677

**Shah & Alshamali Associates Chartered Accountants**

12th April, 2016

Euro Forbes Ltd  
Statement of Financial Position  
31st December 2015

	Notes	2015 US \$	2015 INR	2014 US \$	2014 INR	2013 US \$	2013 INR
<b>ASSETS</b>							
<b>Non-current assets</b>							
Investments in a subsidiary	5	1,38,81,917	91,79,57,032	1,38,81,917	88,86,57,835	27,08,317	16,73,04,658
Investment in an Overseas Company	6	2,50,000	1,65,31,525	1,50,000	95,38,515	-	-
Loan to a Subsidiary	7	2,03,74,700	1,34,72,99,450	2,02,90,000	1,29,02,43,129	5,40,000	3,33,58,176
Interest receivable from related parties		18,84,524	12,46,16,222	6,53,151	4,15,33,937	52,078	32,17,087
<b>Total Non current assets</b>		<b>3,63,91,141</b>	<b>2,40,64,04,229</b>	<b>3,49,75,068</b>	<b>2,22,99,73,417</b>	33,00,395	20,38,79,921
<b>Current assets</b>							
Cash & Cash Equivalents	8	2,28,101	1,50,83,430	6,50,991	4,13,96,583	65,786	40,63,891
<b>Total current assets</b>		<b>2,28,101</b>	<b>1,50,83,430</b>	<b>6,50,991</b>	<b>4,13,96,583</b>	65,786	40,63,891
<b>Total Assets</b>		<b>3,66,19,242</b>	<b>2,42,14,87,659</b>	<b>3,56,26,059</b>	<b>2,27,13,69,999</b>	33,66,181	20,79,43,812
<b>EQUITY AND LIABILITIES</b>							
<b>Capital and reserves</b>							
<b>Shareholder's funds</b>							
Share capital	9	97,32,866	61,82,91,746	93,81,549	59,50,60,523	81,693	36,81,750
Accumulated losses		(44,37,495)	(26,61,78,765)	(41,44,673)	(24,73,06,035)	(9,28,528)	(5,05,00,956)
<b>Foreign Currency Translation Reserve</b>		-	(19,50,748)		(88,35,675)		(54,93,518)
<b>Shareholder's equity funds</b>		<b>52,95,371</b>	<b>35,01,62,233</b>	<b>52,36,876</b>	<b>33,89,18,813</b>	(8,46,835)	(5,23,12,724)
Loan Account	10	55,30,726	36,57,25,341	51,13,460	32,51,65,433	42,10,974	26,01,30,392
<b>Total shareholder's funds</b>		<b>1,08,26,097</b>	<b>71,58,87,574</b>	<b>1,03,50,336</b>	<b>66,40,84,246</b>	33,64,139	20,78,17,668
<b>Non-current liability</b>							
Bank Borrowings	11	2,50,00,000	1,65,31,52,500	2,50,00,000	1,58,97,52,500	-	-
Loan from a related party	12	5,04,521	3,33,62,006				
		<b>2,55,04,521</b>	<b>1,68,65,14,506</b>	<b>2,50,00,000</b>	<b>1,58,97,52,500</b>	-	-
<b>Current liability</b>							
Accruals		2,88,624	1,90,85,579	2,75,723	1,75,33,253	2,042	1,26,143
<b>Total liabilities</b>		<b>2,57,93,145</b>	<b>1,70,56,00,085</b>	<b>2,52,75,723</b>	<b>1,60,72,85,753</b>	2,042	1,26,143
<b>Total equity and liabilities</b>		<b>3,66,19,242</b>	<b>2,42,14,87,659</b>	<b>3,56,26,059</b>	<b>2,27,13,69,999</b>	33,66,181	20,79,43,812

The notes on pages 8 to 15 form an integral part of these financial statements.

Mr. Sunil Dhondiram Uphale  
DIRECTOR



**EURO FORBES LIMITED**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the year ended 31 December 2015**

	Notes	2015 US \$	2015 INR	2014 US \$	2014 INR
<b>Revenue</b>					
Interest Income	13	12,31,537	7,93,74,037	7,76,393	4,75,09,700
<b>Expenses</b>					
Finance Charges	13	(15,03,933)	(9,69,30,287)	(14,61,905)	(8,94,58,133)
Impairment Loss	5	-	-	(24,63,383)	(15,07,41,426)
Administrative Expenses		(20,426)	(13,16,480)	(67,250)	(41,15,219)
<b>Loss for the year</b>		<b>(2,92,822)</b>	<b>(1,88,72,730)</b>	<b>(32,16,145)</b>	<b>(19,68,05,079)</b>
Other comprehensive income		-	-	-	-
<b>Total Comprehensive loss for the year</b>		<b>(2,92,822)</b>	<b>(1,88,72,730)</b>	<b>(32,16,145)</b>	<b>(19,68,05,079)</b>

*The notes on pages 8 to 15 form an integral part of these financial statements.*

**EURO FORBES LIMITED**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2015**

	Share Capital	Accumulated losses	Total	Total
	US \$	US \$	US \$	INR
<b>As at 31 December 2013</b>	<b>81,693</b>	<b>(9,28,528)</b>	<b>(8,46,835)</b>	<b>(5,23,12,724)</b>
Contributed during the year	92,99,856	-	92,99,856	59,13,78,773
Net loss for the period	-	(32,16,145)	(32,16,145)	(19,68,05,079)
Foreign Currency Translation Reserve				(33,42,157)
<b>As at 31 December 2014</b>	<b>93,81,549</b>	<b>(41,44,673)</b>	<b>52,36,876</b>	<b>33,89,18,813</b>
Contributed during the year	3,51,317	-	3,51,317	2,32,31,223
Net loss for the period		(2,92,822)	(2,92,822)	(1,88,72,730.00)
Foreign Currency Translation Reserve				68,84,927
<b>As at 31 December 2015</b>	<b>97,32,866</b>	<b>(44,37,495)</b>	<b>52,95,371</b>	<b>35,01,62,233</b>

*The notes on pages 8 to 15 form an integral part of these financial statements.*

**EURO FORBES LIMITED**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

**1. Legal status and business activity**

**EURO FORBES LIMITED** is an offshore company with limited liability incorporated as per the laws of Jebel Ali Free Zone Offshore Companies Regulations 2003 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.

The company incorporated to carry out general trading and investment holding globally, has invested in and advanced funds to its subsidiary company in cash and in kind.

**2 Basis of preparation**

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 exemption under IAS 27 "Separate Financial Statements" 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 accompanying financial statements have been prepared on the basis that the company will continue as a going concern. The continuation of the company as a going concern is dependent upon the shareholder and the banker continuing to provide the necessary financial support and upon the operations of the company's subsidiary company remaining profitable in the future.

- In the opinion of the management, the going concern assertion remains appropriate for the following reasons:
- The shareholder has confidence in the business.
- The shareholder has given assurance about the injection of adequate funds in the company to ensure all short, medium and long term liabilities are met as they fall due.
- Key executive management is in place.
- The management is of the opinion that the company's subsidiary will generate sufficient cash flows and operating profit in the ensuing years.
- There are no pending legal proceedings or claims against the company

*Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of UAE laws.

*Basis of measurement*

The Financial statements have been prepared under the historical cost basis, except as disclosed in the accounting policies.

*Functional and presentation currency*

The Financial statements have been presented in US Dollars, being the functional and presentation currency of the company.

*Use of estimates and judgements*

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 4.

### ***Adoption of new and revised International Financial Reporting Standards (IFRS)***

The company adopted all applicable accounting standards and amendments which are effective for annual periods beginning on or after 1 January 2015. The company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

### **3 *Summary of significant accounting policies***

The accounting policies, which are consistent with those used in the previous year, in dealing with items that are considered material in relation to the financial statements are as follows:

#### ***Investments in subsidiaries***

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 recognized in the statement of profit or loss and other comprehensive income when dividend is declared by the subsidiaries out of the profits made subsequent to the date of acquisition.

#### ***Financial instruments***

Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

#### ***Financial assets***

The financial assets include bank balance, loan to a subsidiary and interest receivable.

##### ***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 are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Loans and receivables are initially measured at fair value and subsequently carried at amortized cost using effective interest method. The company assesses at the end of each reporting date whether there is objective evidence that the financial assets are impaired.

##### ***Cash and cash equivalents***

Cash and cash equivalents for the purpose of the statement of cash flows comprise bank current accounts that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

#### ***Financial liabilities***

The company's financial liabilities comprise borrowing, loan from a related party and accruals.

##### ***Loans and borrowings***

Loans and borrowings are initially recognized at fair value net of directly attributable transaction costs. Interest-bearing loans and borrowings are subsequently measured at amortized cost using effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

##### ***Other payables***

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

#### ***Impairment of financial assets***

All financial assets, except for those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognized in profit or loss.

#### ***Provisions***

Provisions are recognized when the company has a legal or constructive obligation 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 the amount can be reliably estimated.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable than an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

**Contingencies**

Contingent liabilities are not recognized in the financial statements. They are disclosed unless possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

**Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

**Interest income**

Revenue from interest income is recognized on accrual basis using the effective interest method.

**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.

Resulting gain or loss is taken to the statement of profit or loss and other comprehensive income.

**4 Significant accounting judgment employed in applying accounting policies and key sources of estimation uncertainties****4.1 Significant accounting judgment employed**

The significant judgement made in applying accounting policies that has the most significant effect on the amounts recognized in the financial statements is as under:

**Impairment**

At each reporting date, management conducts an assessment of investments and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously a provision was made, it is written off against the provision.

Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

**4.2 Key sources of estimation uncertainty**

Key assumption made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is as follows:

**Impairment of loans and receivables**

Management regularly undertakes a review of the amounts of loans and other receivables owed to the company and assess the likelihood of non-recovery. Such assessment is based upon the age of the debt, historic recovery rates and assessed credit worthiness of the receivable. Based on the assessment assumptions are made as to the level of provisioning required.

**Impairment**

Assessment of net recoverable amount of investment and all financial assets other than loans and receivables, per above, are based on assumptions regarding future cash flows expected to be received from related assets

5. **Investments in Subsidiary**

	<b>Country of Incorporation</b>	<b>% of Ownership</b>	<b>2015 US \$</b>	<b>2015 INR</b>	<b>2014 US \$</b>	<b>2014 INR</b>
<b>Investment in subsidiary:</b>						
Forbes LuxFZCO	U A E	99.42	1,38,81,917	91,79,57,032	1,63,45,300	1,03,93,99,262
9 shares of AED 100,000 each (US \$ 27,248 each)						
Purchased at US\$ 300,924 per share						
500 Shares of AED 100,000 each (US \$ 27,248 each)						
Less: Impaired during the year			-		(24,63,383)	(15,07,41,426)
			1,38,81,917	91,79,57,032	1,38,81,917	88,86,57,835
<b>Carrying value as at 31 December</b>			<b>71,86,419</b>	<b>47,52,09,861</b>	<b>89,47,363</b>	<b>56,89,63,708</b>

The principal activity of company is trading and distribution of water purifiers, filters and purifications devices, electrical and electronics appliances and related items and spare parts manufactured by an overseas related party and sourced from external/ third party vendors.

6. **Investment in an overseas company**

This represents investment in series C preferred units in Econopure Water Systems LLC, USA in terms of an agreement between Econopure Water Systems LLC and Eureka Forbes Limited (the parent shareholder company) for the purpose of marketing, selling and servicing current products using DXV's technology "LFNano" and "point of use systems" on an exclusive basis in India by the parent shareholder company. The parent shareholder company shall have exclusive right to market, sell and service current products and systems within India using DXV technology "LFNano" and DXV POU technology.

Econopure Water Systems LLC is a water technology company that, amongst other technologies, designs and sells residential, commercial and industrial membrane systems designed to mitigate the effects of membrane fouling.

7. **Loan to a subsidiary**

This represents unsecured and 6% - 7.5% interest bearing loan of US \$ 20,374,700 (Rs. 1,347,299,450) [previous year US \$ 20,290,000 (Rs. 1,290,243,129)] advanced to Forbes Lux FZCO, a subsidiary company to meet with its investments, working capital and general corporate requirements which is repayable on demand after period of three years from the first draw down. The company has agreed to retain the loan balance until such time as the subsidiary's other financial assets and trade receivables are realized.

8. **Cash and cash equivalents**

This represents balance in call deposit accounts with a bank.

<b>Share capital</b>	<b>2015 US \$</b>	<b>2015 INR</b>	<b>2014 US \$</b>	<b>2014 INR</b>
Authorized capital				
131,000 shares of nominal value of AED 1,000 each (Converted @1 US \$ = AED 3.67)	3,56,94,823		3,56,94,823	
Issued and paid up capital				
35,740 shares of nominal value of AED 1,000 each (Previous year 34,450 shares of AED 1,000 each) (Converted @1 US\$ = AED 3.672)	97,32,866	61,82,91,746	93,81,549	59,50,60,523

## 10. Shareholder's loan account

This represents secured loan and accrued interest thereon from Eureka Forbes Limited, the parent shareholder company, to acquire stake in the 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. The parent shareholder company has agreed to retain the loan balances until such time as the step-down subsidiary company's other financial assets and trade receivables are realized.

## 11. Bank borrowings

This represents term loan from a bank for business expansion through its subsidiaries, guaranteed by the parent shareholder company, which carries interest rate of LIBOR plus 385 bps per annum and is repayable in 3 annual instalments commencing from the year 2018 as follows:

Repayment of	Term loan	Term loan
	(US \$)	(INR)*
2018	60,00,000	39,67,56,600
2019	60,00,000	39,67,56,600
2020	1,30,00,000	85,96,39,300
	<b>2,50,00,000</b>	<b>1,65,31,52,500</b>

The company has also taken pre-approved Loan Equivalent Risk (LER) facility from the bank to manage and measure the foreign exchange and interest rate risk.

In addition, there are various conditions and financial covenants attached to the bank facilities, which are in the normal course of business.

## 12. Loan from a related party

This represents unsecured, 5% p.a. interest bearing loan and accrued interest thereon from Lux International AG, fellow subsidiary company, to meet with the working capital requirement, repayable within 2 years from the date of agreement or such other time as may be mutually agreed between the parties.

## 13. 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	Parent Shareholder Company
- Forbes Lux FZCO, Dubai, UAE	Subsidiary Company
- Lux International AG, Switzerland	Fellow Subsidiary Company
- Mr. Rajagopalan Sambamoorthy	Director
- Mr. Sunil Dhondiram Uphale	Director

The nature of significant related party transactions during the year represents interest income of US \$ 1,231,537 (Rs. 79,374,037) [previous year US \$ 776,393 (Rs. 47,509,700)] from the subsidiary company, charge of interest of US \$ 417,266 (Rs. 26,893,294) [previous year US \$ 402,486 (Rs. 24,629,265)] by the parent shareholder company and US \$ 4,521 (Rs. 291,384) [previous year US \$ Nil (Rs. Nil)] by a fellow subsidiary company. The company also receives and provides interest bearing loans from / to the related parties as and when required to meet their requirements. The transactions and balances are reflected in the statement of financial position and statement of profit or loss and other comprehensive income.

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

### Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally loan to the subsidiary, bank balance and interest receivable.

The management believes the outstanding balance of investment in a subsidiary and loan to a subsidiary are good and fully realizable and hence no impairment is considered necessary. The company's bank balance in current accounts are placed with a high credit quality financial institution. Financial liabilities comprises of bank borrowing, loan from a related party and accruals. The parent shareholder of the company has agreed to retain the loan balance until such time as the step down subsidiary company's other financial assets and trade receivables are realized.

### Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The company limits its liquidity risk by ensuring adequate funding requirements from the parent company are available to meet its commitments for liabilities as they fall due.

The following are the contractual maturities of the company's financial liabilities as of 31 December 2015.

	Carrying Amounts USD	Carrying Amounts Rs.	Payable within next 12 months USD	Payable within next 12 months Rs.	Payable within 2-5 years USD	Payable within 2-5 years Rs.
Bank Borrowings	2,50,00,000	1,65,31,52,500	-	-	2,50,00,000	1,65,31,52,500
Loan from a related party	5,04,521	3,33,62,006	-	-	5,04,521	3,33,62,006
Accruals	2,88,624	1,90,85,579	2,88,624	1,90,85,579	-	-
	<b>2,57,93,145</b>	<b>1,70,56,00,085</b>	<b>2,88,624</b>	<b>1,90,85,579</b>	<b>2,55,04,521</b>	<b>1,68,65,14,506</b>

### Market risk

Market risk is a risk that changes in market prices, such as interest rate risk and currency risk, will affect the company's income or the value of its holdings of financial instruments.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. To measure and manage interest rate risk and its possible impact on economic value of the company, the company has taken pre-approved Loan Equivalent Risk facility from a bank. Borrowings from the parent company and loan to the subsidiary are at rates decided by the management from time to time. Loan from a related party is at fixed interest rate.

#### Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars or UAE Dirhams to which US Dollars rate is pegged.

### 15. Financial Instruments: Fair Value

The fair values of the company's financial assets, comprising loan to a subsidiary, interest receivable, cash and bank balance, and financial liabilities, comprising bank borrowing, unsecured loan from a related party and accruals are approximate to their carrying values.

### 16. Capital management

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

### 17. Contingent Liabilities.

There were no contingent liabilities and capital commitments of a significant amount outstanding at the date of statement of financial position.

### 18. Comparative figures

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

### 19. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 12 April 2016.

### 20. Foreign Exchange Rates

Average Rate	2015	64.4512
	2014	61.1929
Closing Rate	2015	66.1261
	2014	63.5901



**Forbes Bumi Armada Limited**  
(Subsidiary Company of Forbes Campbell Finance Limited)

Financial Statements  
For the year ended March 31, 2016

# Price Waterhouse & Co Chartered Accountants LLP

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF FORBES BUMI ARMADA LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Forbes Bumi Armada Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, 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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
6. 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 auditors' 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

8. 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, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

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Mumbai - 400 028  
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Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)



# Price Waterhouse & Co Chartered Accountants LLP

## INDEPENDENT AUDITORS' REPORT

To the Members of Forbes Bumi Armada Limited

Report on the Financial Statements

Page 2 of 2

### Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
  - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
    - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2016 on its financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2016.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009



Sarah George  
Partner  
Membership Number: 045255

Place: Mumbai  
Date: April 29, 2016

# Price Waterhouse & Co Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Forbes Bumi Armada Limited on the financial statements for the year ended March 31, 2016

Page 1 of 2

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Forbes Bumi Armada Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



# Price Waterhouse & Co Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Forbes Bumi Armada Limited on the financial statements for the year ended March 31, 2016

Page 2 of 2

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009



Sarah George  
Partner  
Membership Number: 045255

Place: Mumbai  
Date: April 29, 2016

# Price Waterhouse & Co Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Forbes Bumi Armada Limited on the financial statements as of and for the year ended March 31, 2016

Page 1 of 2

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
    - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
    - (c) The Company does not own any immovable properties as disclosed in Note 9 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
  - ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
  - iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
  - iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
  - v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
  - vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
  - vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax, though there has been slight delay in a few cases, and is regular in depositing undisputed statutory dues, including service tax, provident fund and profession tax, as applicable, with the appropriate authorities.
    - (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax as at March 31, 2016 which have not been deposited on account of a dispute, are as follows:
- | Name of the statute      | Nature of dues | Amount (Rs.) | Period to which the amount relates | Forum where the dispute is pending  |
|--------------------------|----------------|--------------|------------------------------------|-------------------------------------|
| The Income Tax Act, 1961 | Income Tax     | 4,473,798    | Financial year 2009-10             | Commissioner of Income Tax (Appeal) |
- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
  - ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
  - x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.



# Price Waterhouse & Co Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Forbes Bumi Armada Limited on the financial statements as of and for the year ended March 31, 2016

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- xi. There is no managerial remuneration as per the provisions of Section 197 read with Schedule V to the Act. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009



Sarah George  
Partner  
Membership Number: 045255

Place: Mumbai  
Date: April 29, 2016

**Forbes Bumi Armada Limited**  
**Balance Sheet as at March 31, 2016**

	Note	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	<b>3</b>	55,000,000	55,000,000
Reserves and surplus	<b>4</b>	29,353,903	20,473,186
<b>Non-current liabilities</b>			
Long-term provisions	<b>5</b>	121,779	54,042
<b>Current liabilities</b>			
Trade payables	<b>6</b>	8,264,687	10,270,013
Other current liabilities	<b>7</b>	79,854,497	47,983,333
Short-term provisions	<b>8</b>	25,457	31,741
<b>Total</b>		<b><u>172,620,323</u></b>	<b><u>133,812,315</u></b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	<b>9</b>	706,887	253,824
Intangible assets	<b>9</b>	254,622	11,496
Deferred tax asset (net)	<b>10</b>	7,603,022	2,170,353
Long-term loans and advances	<b>11</b>	12,045,890	7,868,504
Other non-current assets	<b>12</b>	908,235	770,812
<b>Current assets</b>			
Current investments	<b>13</b>	22,206,097	43,232,187
Trade receivables	<b>14</b>	50,895,478	32,488,022
Cash and bank balances	<b>15</b>	4,465,662	1,065,818
Short-term loans and advances	<b>16</b>	1,004,391	1,159,761
Other current assets	<b>17</b>	72,530,039	44,791,538
<b>Total</b>		<b><u>172,620,323</u></b>	<b><u>133,812,315</u></b>

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

This is the Balance Sheet referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**  
 Firm Registration No. 304026E/ E-300009

For and on behalf of the Board of Directors

Director

Director

**Sarah George**  
 Partner  
 Membership No: 045255

Director

Company Secretary

Place: Mumbai  
 Date: April 29, 2016

Place: Mumbai  
 Date: April 29, 2016



**Forbes Bumi Armada Limited**  
**Statement of Profit and Loss for the year ended March 31, 2016**

	Note	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
<b>Revenue</b>			
Revenue from operations	19	546,103,894	268,513,249
Other income	20	1,921,263	6,260,720
<b>Total revenue</b>		<b>548,025,157</b>	<b>274,773,969</b>
<b>Expenses</b>			
Employee benefits expense	21	522,158,179	256,061,625
Finance costs	22	419,362	17,337
Depreciation and amortisation expense	9	193,396	75,540
Other expenses	23	12,206,173	6,144,673
<b>Total expenses</b>		<b>534,977,110</b>	<b>262,299,175</b>
<b>Profit before tax</b>		<b>13,048,047</b>	<b>12,474,794</b>
<b>Tax expense</b>			
Current tax		9,600,000	4,247,417
Deferred tax		(5,432,670)	(2,170,353)
		<b>4,167,330</b>	<b>2,077,064</b>
<b>Profit for the year</b>		<b>8,880,717</b>	<b>10,397,730</b>
<b>Earnings per equity share (Face value per share Rs. 10)</b>			
Basic and Diluted	24	1.61	1.89

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

This is the Statement of Profit and Loss referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration No. 304026E/ E-300009

For and on behalf of the Board of Directors

Director

Director

Director

Company Secretary

**Sarah George**  
Partner  
Membership No: 045255

Place: Mumbai  
Date: April 29, 2016

Place: Mumbai  
Date: April 29, 2016

**Forbes Bumi Armada Limited**  
**Cash flow Statement for the year ended March 31, 2016**

Particulars	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
<b>Cash flow from operating activities (A)</b>		
<b>Profit before tax</b>	<b>13,048,047</b>	<b>12,474,794</b>
<b>Adjustment for</b>		
Depreciation and amortisation expense	193,396	75,540
Finance costs	419,362	17,337
Net gain on foreign currency transactions and translation	-	(28,209)
Dividend income	(1,674,402)	(6,228,754)
Interest income	(145,271)	(5,625)
Liabilities written back to the extent no longer required	(101,590)	-
<b>Operating profit before working capital changes</b>	<b>11,739,542</b>	<b>6,305,083</b>
(Increase) in Trade receivables	(18,407,456)	(32,459,813)
(Increase)/ Decrease in Short-term loans and advances	155,370	(1,159,761)
(Increase) in Other current assets	(27,738,501)	(44,791,538)
(Increase) in Other non-current assets	(137,423)	(5,625)
(Increase) in Long-term loans and advances	(1,709,730)	(2,393,622)
Increase in Long-term loans provisions	67,737	54,042
Increase/ (Decrease) in Trade payable	(2,005,326)	8,763,461
Increase in Other current liabilities	31,972,755	47,881,572
Increase/ (Decrease) in Short-term provisions	(6,284)	31,741
<b>Cash used in operations</b>	<b>(6,069,316)</b>	<b>(17,774,460)</b>
Net taxes (Paid)	(12,067,656)	(8,614,856)
<b>Net Cash flow used in operating activities (A)</b>	<b>(18,136,972)</b>	<b>(26,389,316)</b>
<b>Cash flow from investing activities (B)</b>		
Redemption of current investment	21,026,090	21,504,644
Dividend on current investment	1,674,402	6,228,754
Purchase of Fixed asset	(889,585)	(340,860)
Interest income	145,271	5,625
<b>Net Cash flow generated from investing activities (B)</b>	<b>21,956,178</b>	<b>27,398,163</b>
<b>Cash flow from financing activities (C)</b>		
Finance costs	(419,362)	(17,337)
<b>Net Cash flow used in financing activities (C)</b>	<b>(419,362)</b>	<b>(17,337)</b>

**Forbes Bumi Armada Limited**  
**Cash flow Statement for the year ended March 31, 2016 (Continued)**

	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
<b>Net increase in cash and bank balances (A+B+C)</b>	<b>3,399,844</b>	<b>991,510</b>
Cash and cash equivalents at the beginning of the year	1,065,818	74,308
Cash and cash equivalents at the end of the year	<b>4,465,662</b>	<b>1,065,818</b>
<b>Cash and cash equivalents comprise of</b>		
Cash on hand	45,802	34,652
Cheques on hand	-	463,950
Balances with banks in current account	4,419,860	567,216
<b>Cash and bank balances as at the end of the year</b>	<b>4,465,662</b>	<b>1,065,818</b>

**Notes:**

- 1) The cash flow statement has been prepared in accordance with the requirements of Accounting Standards - 3 "Cash Flow Statement".
- 2) Previous Year's figures have been regrouped/ reclassified, wherever considered necessary, to confirm with the current year's presentation.

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

This is the Cash Flow Statement referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**  
 Firm Registration No. 304026E/ E-300009

**For and on behalf of the Board of Directors**

Director

Director

**Sarah George**  
 Partner  
 Membership No: 045255

Director

Company Secretary

Place: Mumbai  
 Date: April 29, 2016

Place: Mumbai  
 Date: April 29, 2016

**Forbes Bumi Armada Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016**

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**1. General Information**

Forbes Bumi Armada Limited (the 'Company') is a joint venture between Forbes Campbell Finance Limited and Bumi Armada Berhad (Malaysia). Refer Note 3.6 for shareholding details. The Company has been granted a Recruitment and Placement License from the Director General Shipping and accordingly provides manning services.

**2. Significant Accounting Policies**

**(i) Basis of preparation**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of the business the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated March 30, 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 is applicable to accounting period commencing on or after the date of notification i.e. April 01, 2016.

**(ii) Tangible Assets**

Tangible Assets are stated at acquisition cost, net of accumulated depreciation. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro rata basis on the straight-line method over the estimated useful lives of the assets which is as prescribed under Schedule II to the Companies Act, 2013 as follows:

<u>Assets</u>	<u>Useful life</u>
Computer Hardware	3 years
Office Equipments	5 years

**(iii) Intangible Assets**

Intangible Assets are stated at acquisition cost, net of accumulated amortisation. Intangible assets are amortised on a straight line basis over their estimated useful lives. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The amortisation rates used are:

<u>Assets</u>	<u>Useful life</u>
Computer Software	6 years

**(iv) 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 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 recognized 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 recoverable amount.

**(v) Investments**

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. Current investments are carried at cost or fair value, whichever is lower.

**(vi) Foreign currency translation**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. As at the reporting date, non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All the monetary assets and liabilities in foreign currency are restated at the end of the accounting period. Exchange differences on the restatement of all monetary items are recognised in the Statement of Profit and Loss.

**(vii) Revenue Recognition**

The Company recognises revenue on accrual basis based on the terms of contract with customers. The Company raises a monthly invoice towards manpower charges and other allied charges as and when due based on the terms of the contract. The Service Income represents mark-up earned on support services provided to the customers.

**(viii) Other Income**

Dividend is recognised when right to receive dividend is established.

**(ix) Employee Benefits**

- (a) **Defined contribution plans**  
Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.
- (b) **Defined benefit plan**  
The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they
- (c) **Compensated absences**  
Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.  
Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits.

**(x) Current and deferred Tax**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

**(xi) Provisions and contingent liabilities**

Provisions: Provisions are recognised when there is a present obligation 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 there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**(xii) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

**(xiii) Cash and cash equivalents**

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**(xiv) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(xv) Estimates**

The presentation of financial statement requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Difference between the actual results and the estimates are recognized in the year in which the results are known/ materialised.

**Forbes Bumi Armada Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>3. Share capital</b>		
<b>3.1 Authorised</b>		
10,000,000 (March 2015: 10,000,000) equity shares of Rs. 10 each	100,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
<b>3.2 Issued, Subscribed and fully paid up</b>		
5,500,000 (March 2015: 5,500,000) equity shares of Rs. 10 each	55,000,000	55,000,000
	<u>55,000,000</u>	<u>55,000,000</u>

**3.3 Reconciliation of number of shares**

**Equity Shares**

	As at March 31, 2016		As at March 31, 2015	
	Number of Shares	Rupees	Number of Shares	Rupees
Balance as at the beginning of the year	5,500,000	55,000,000	5,500,000	55,000,000
Shares issued during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<u>5,500,000</u>	<u>55,000,000</u>	<u>5,500,000</u>	<u>55,000,000</u>

**3.4 Rights, preference and restrictions attached to shares**

Equity Shares: The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**3.5 Shares held by holding Company**

	As at March 31, 2016	As at March 31, 2015
Equity Shares:		
2,805,000 shares (March 31, 2015: 2,805,000 shares) of Rs. 10 each held by Forbes Campbell Finance Limited & Nominees	28,050,000	28,050,000
	<u>28,050,000</u>	<u>28,050,000</u>

**3.6 Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	As at March 31, 2016		As at March 31, 2015	
	Number of Shares	%	Number of Shares	%
Equity Shares:				
Forbes Campbell Finance Limited & Nominees	2,805,000	51%	2,805,000	51%
Bumi Armada (Singapore) Pte. Ltd	2,695,000	49%	2,695,000	49%
	<u>5,500,000</u>		<u>5,500,000</u>	

**4. Reserves and surplus**

**Surplus in Statement of Profit and Loss**

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
Balance as at the beginning of the year	20,473,186	10,075,456
Profit for the year	8,880,717	10,397,730
<b>Balance as at the end of the year</b>	<u>29,353,903</u>	<u>20,473,186</u>

**Forbes Bumi Armada Limited**

**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

	<b>As at March 31, 2016 Rupees</b>	<b>As at March 31, 2015 Rupees</b>
<b>5. Long-term provisions</b>		
Provision for employee benefits		
Provision for gratuity (Refer note 25B)	121,779	54,042
	<b>121,779</b>	<b>54,042</b>
<b>6. Trade payables</b>		
Trade payables	8,264,687	10,270,013
	<b>8,264,687</b>	<b>10,270,013</b>
<p>Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on request made by the company. There are no overdue principal amounts/ interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payments made during the year or brought forward from previous year.</p>		
<b>7. Other current liabilities</b>		
Employee benefits payable	63,616,849	38,783,191
Statutory dues including provident fund and tax deducted at source	16,237,648	9,167,652
Directors fees	-	32,490
	<b>79,854,497</b>	<b>47,983,333</b>
<b>8. Short-term provisions</b>		
Provision for employee benefits		
Provision for gratuity (Refer note 25B)	169	78
Provision for compensated absences	25,288	31,663
	<b>25,457</b>	<b>31,741</b>



**Forbes Bumi Armada Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>10. Deferred tax asset (net)</b>		
Tax effect of items constituting deferred tax assets		
Disallowances under Section 40(a)(ia), 40A(7) and 43B of the Income Tax Act, 1961	7,677,469	2,217,870
Tax effect of items constituting deferred tax liabilities		
Timing difference between book balance and balance as per Income Tax Act, 1961 for fixed assets	66,876	39,946
Other timing differences	7,571	7,571
	<b>7,603,022</b>	<b>2,170,353</b>
<b>11. Long-term loans and advances</b>		
Unsecured and considered good (unless otherwise stated)		
Security deposits	4,103,352	2,393,622
Other loans and advances		
Advance income tax [Net of Provision of Rs.15,032,001 (March 31, 2015: 5,432,001)]	7,942,538	5,474,882
	<b>12,045,890</b>	<b>7,868,504</b>
<b>12. Other non-current assets</b>		
Long term deposits with banks with maturity more than 12 months (held as lien against bank guarantee)	908,235	770,812
	<b>908,235</b>	<b>770,812</b>
<b>13. Current investments</b>		
At cost or market value, whichever is less:		
Mutual Funds (Unquoted)		
Birla Sun Life Mutual Fund - Cash plus daily dividend regular plan Reinvestment (144,806 units: PY: 137,330 units)	14,508,918	13,759,732
ICICI Prudential Mutual Fund - Liquid plan regular daily dividend (Nil units: PY: 148,428 units)	-	14,850,356
HDFC Liquid Fund - Dividend daily reinvest (Nil Units: PY 717,702 units)	-	7,319,268
UTI - Liquid Cash Plan - Institutional daily dividend reinvestment (7,550 units: PY: 7,164 units)	7,697,179	7,302,831
	<b>22,206,097</b>	<b>43,232,187</b>
Aggregate amount of unquoted investments	22,206,097	43,232,187
<b>14. Trade Receivables</b>		
Unsecured, considered good		
Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
Others	50,895,478	32,488,022
	<b>50,895,478</b>	<b>32,488,022</b>
<b>15. Cash and bank balances</b>		
Cash and bank balances		
Cash on hand	45,802	34,652
Cheques on hand	-	463,950
Balances with banks in current account	4,419,860	567,216
	<b>4,465,662</b>	<b>1,065,818</b>
<b>16. Short-term loans and advances</b>		
Unsecured, considered good (unless otherwise stated)		
Security deposits	-	1,038,849
Other loans and advances		
Advance to Vendor	137,869	-
Prepaid Expenses	643,337	82,231
Balances with government authorities	223,185	38,681
	<b>1,004,391</b>	<b>1,159,761</b>

**Forbes Bumi Armada Limited**

**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

	<b>As at March 31, 2016 Rupees</b>	<b>As at March 31, 2015 Rupees</b>
<b>17. Other current assets</b>		
Unbilled revenue	72,530,039	44,791,538
	<b><u>72,530,039</u></b>	<b><u>44,791,538</u></b>
<b>18. Contingent liabilities</b>		
Disputed matter with respect to transfer pricing regulations	4,473,798	4,473,798
Bank guarantee	750,000	750,000
	<b><u>Year ended March 31, 2016 Rupees</u></b>	<b><u>Year ended March 31, 2015 Rupees</u></b>
<b>19. Revenue</b>		
Income from manpower services	542,967,273	266,847,889
Other operating Revenue		
Service income	3,136,621	1,665,360
	<b><u>546,103,894</u></b>	<b><u>268,513,249</u></b>
<b>20. Other Income</b>		
Dividend income	1,674,402	6,228,754
Net gain on foreign currency transactions and translation	-	26,341
Interest income	145,271	5,625
Liabilities written back to the extent no longer required	101,590	-
	<b><u>1,921,263</u></b>	<b><u>6,260,720</u></b>
<b>21. Employee benefits expense</b>		
Salaries, Wages and Bonus	521,791,694	255,823,362
Contribution to Provident and Other Funds (Refer note 25A)	197,010	122,229
Gratuity (Refer note 25B)	67,828	54,120
Staff welfare expenses	101,647	61,914
	<b><u>522,158,179</u></b>	<b><u>256,061,625</u></b>
<b>22. Finance costs</b>		
Interest on statutory dues	419,362	17,337
	<b><u>419,362</u></b>	<b><u>17,337</u></b>
<b>23. Other operating expenses</b>		
Rent (Net of Rs. 3,077,513 charged to SP Armada Oil Exploration Private Limited)	5,690,146	2,451,981
Travelling and conveyance	28,097	279,428
Directors Fees	220,000	210,000
Payment to Auditors		
As auditor:		
Audit Fee	600,000	600,000
Tax Audit Fee	100,000	100,000
Professional fees	2,809,754	2,031,742
Printing and stationery	204,455	59,175
Communication charges	245,099	50,806
Bank charges	81,425	14,874
Electricity Expenses	645,967	-
Contractual staff cost	662,373	309,998
Net loss on foreign currency transactions and translation	23,889	-
Miscellaneous expenditure	894,968	36,669
	<b><u>12,206,173</u></b>	<b><u>6,144,673</u></b>

Forbes Bumi Armada Limited

Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)

9. Tangible and Intangible assets

Rupees

Particulars	Gross block				Depreciation				Net block	
	April 01, 2015	Additions	Disposal/ adjustments	March 31, 2016	April 01, 2015	For the Year	Disposal/ adjustments	March 31, 2016	March 31, 2016	March 31, 2015
<b>Tangible Assets</b>										
Computer	322,560	-	-	322,560	74,357	83,096	-	157,453	165,107	248,203
Office Equipments	6,300	612,781	-	619,081	679	76,622	-	77,301	541,780	5,621
<b>Total tangible assets</b>	<b>328,860</b>	<b>612,781</b>	-	<b>941,641</b>	<b>75,036</b>	<b>159,718</b>	-	<b>234,754</b>	<b>706,887</b>	<b>253,824</b>
Previous year	-	328,860	-	328,860	-	75,036	-	75,036	253,824	-
<b>Intangible Assets</b>										
Computer Software	12,000	276,804	-	288,804	504	33,678	-	34,182	254,622	11,496
<b>Total intangible assets</b>	<b>12,000</b>	<b>276,804</b>	-	<b>288,804</b>	<b>504</b>	<b>33,678</b>	-	<b>34,182</b>	<b>254,622</b>	<b>11,496</b>
Previous Year	-	12,000	-	12,000	-	504	-	504	11,496	-

**Forbes Bumi Armada Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

**24. Earnings per share**

Earnings per share has been calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating the basic/ diluted earnings per equity share are as stated below :

<b>Particulars</b>	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
Profit after taxation (Rupees)	8,880,717	10,397,730
Weighted average number of equity shares of Rs. 10 each outstanding during the year	5,500,000	5,500,000
Basic and Diluted earnings per share (Rupees)	1.61	1.89
Face value per share (Rupees)	10	10

**25. Disclosures under Accounting Standard 15 (Revised 2005) "Employee Benefits"**

**(A) Defined Contribution Plans**

Provident Fund

The provident fund and the state defined contribution plans are operated by the Regional Provident Fund Commissioner. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Company has recognised the following amounts in the Statement of Profit and Loss for the year :

	<b>Year ended March 31, 2016 Rupees</b>	<b>Year ended March 31, 2015 Rupees</b>
Contribution to Provident Fund	197,010	98,663
	<b>197,010</b>	<b>98,663</b>

**(B) Defined Benefit Plans  
Gratuity**

(i) Changes in present value of obligation

Balance at the beginning of the year	54,120	-
Current service cost	67,828	54,120
Balance at the end of the year	<b>121,948</b>	<b>54,120</b>

	<b>As at March 31, 2016 Rupees</b>	<b>As at March 31, 2015 Rupees</b>
(ii) Assets and Liabilities recognised in the Balance sheet		
Present value of defined benefit obligation	121,948	54,120
Amount recognised as liability	<b>121,948</b>	<b>54,120</b>
Recognised under:		
Long term provision (Refer note 5)	121,779	54,042
Short term provision (Refer note 8)	169	78
	<b>121,948</b>	<b>54,120</b>
(iii) Expenses recognised in the Statement of Profit and Loss		
Current service cost	67,828	54,120
Total expenses	<b>67,828</b>	<b>54,120</b>

**Forbes Bumi Armada Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

(iv) Actuarial Assumptions

Discount rate	7.80%	7.92%
Salary growth rate	10.00%	10.00%
Expected average remaining working lives of employees (years)	8	9

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
(v) Disclosure under para 120(n) of AS - 15		
<b>Gratuity</b>		
Present value of the defined benefit obligation	121,948	54,120
Experience adjustments in plan liabilities	4,748	-
Experience adjustments in plan assets	-	-

**26. Related Party Disclosures**

**(A) Name of related parties and nature of relationship**

**(i) Shareholders**

Forbes Campbell Finance Limited \*  
 Bumi Armada (Singapore) Pte Ltd \*

\* For equity holding refer note 3.

**(ii) Other Related Parties with whom transactions have taken place during the year:**

**(I) Fellow Subsidiaries:**  
 Forbes Bumi Armada Offshore Limited  
 SP Armada Oil Exploration Private Limited  
 Armada C7 Pte. Limited  
 Forvol International Services Limited

**(iii) Transactions with Related Parties**

Particulars of transactions	Fellow Subsidiaries				Rupees
	Forbes Bumi Armada Offshore Limited	SP Armada Oil Exploration Private Limited	Armada C7 Pte. Limited	Forvol International Services Limited	Total
Service income	1,474,428 <i>528,152</i>	1,662,193 -	- <i>1,137,208</i>	- -	<b>3,136,621</b> <i>1,665,360</i>
Travelling expense	-	-	-	802,171 <i>4,304,501</i>	<b>802,171</b> <i>4,304,501</i>
Reimbursement of Rent	-	3,077,513 -	-	-	<b>3,077,513</b> -
Reimbursement expenses	17,621,928 <i>6,632,186</i>	29,624,909 <i>713,456</i>	116,919 <i>16,754,264</i>	-	<b>47,363,756</b> <i>24,099,906</i>
Income from manpower services	252,904,749 <i>256,179,545</i>	290,062,524 <i>10,718,696</i>	-	-	<b>542,967,273</b> <i>266,898,241</i>

**Note :** Figures in Italics represents previous year's figures.

**Forbes Bumi Armada Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

	<b>As at March 31, 2016 Rupees</b>	<b>As at March 31, 2015 Rupees</b>
<b>(B) Balances with Related Parties as at March 31, 2016 are as follows</b>		
<b><u>Trade payables</u></b>		
Forvol International Services Limited	-	1,160,907
Bumi Armada Berhad	153,200	153,200
Bumi Armada Navigation Sdn Bhd	233,884	233,884
<b><u>Trade receivables</u></b>		
Forbes Bumi Armada Offshore Limited	22,613,282	20,037,899
SP Armada Oil Exploration Private Limited	27,728,951	666,950
Armada C7 Pte. Limited	553,244	11,691,962

**27. Segment Reporting**

In accordance with Accounting Standard 17 "Segment Reporting" as prescribed under Companies (Accounting Standards) Rules, 2006, the Company has determined its business segment as manning agent. Since, there are no other business segments in which the Company operates and the services are provided only within India, there are no other primary reportable segments. Therefore the segment revenue, segment results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charge are all as is reflected in the financial statements.

**28. Operating Lease**

There is a premises taken by the Company on operating lease.

With respect to all operating leases:

	<b>Year ended March 31, 2016 Rupees</b>	<b>Year ended March 31, 2015 Rupees</b>
Lease rent for premises	5,690,146	2,451,981

**29. Expenditure in foreign currency**

Directors sitting fees	220,000	90,000
Employee benefits expense	11,751,694	2,819,347
Training expense	79,186	-

**30.** Previous year figures have been reclassified to confirm to this year's classification.

For **Price Waterhouse & Co Chartered Accountants LLP** For and on behalf of the Board of Directors  
 Firm Registration No. 304026E/ E-300009

Director

Director

Director

Company Secretary

**Sarah George**

Partner

Membership No: 045255

Place: Mumbai

Date: April 29, 2016

Place: Mumbai

Date: April 29, 2016

**Forbes Bumi Armada Offshore Limited**  
(a Subsidiary Company)

Financial Statements  
For the year ended March 31, 2016

# Price Waterhouse & Co Chartered Accountants LLP

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF FORBES BUMI ARMADA OFFSHORE LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Forbes Bumi Armada Offshore Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, 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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
6. 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 auditors' 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

8. 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, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

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Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)





# Price Waterhouse & Co Chartered Accountants LLP

## INDEPENDENT AUDITORS' REPORT

To the Members of Forbes Bumi Armada Offshore Limited

Report on the Financial Statements

Page 2 of 2

### Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
  - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
    - i. The Company does not have any pending litigations as at March 31, 2016 which would impact its financial position.
    - ii. The Company has long-term contracts as at March 31, 2016 for which there were no material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009



Sarah George  
Partner  
Membership Number: 045255

Place: Mumbai  
Date: April 29, 2016

# Price Waterhouse & Co Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Forbes Bumi Armada Offshore Limited on the financial statements for the year ended March 31, 2016

Page 1 of 2

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Forbes Bumi Armada Offshore Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



# Price Waterhouse & Co Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Forbes Bumi Armada Offshore Limited on the financial statements for the year ended March 31, 2016

Page 2 of 2

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009



Sarah George  
Partner  
Membership Number: 045255

Place: Mumbai  
Date: April 29, 2016

# Price Waterhouse & Co Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Forbes Bumi Armada Offshore Limited on the financial statements as of and for the year ended March 31, 2016

Page 1 of 2

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.  
(c) The Company does not own any immovable properties as disclosed in Note 9 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax, though there has been slight delay in a few cases, and is regular in depositing undisputed statutory dues, including service tax, provident fund and profession tax, as applicable, with the appropriate authorities.  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and service-tax which have not been deposited on account of any dispute.
- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.



# Price Waterhouse & Co Chartered Accountants LLP

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Forbes Bumi Armada Offshore Limited on the financial statements as of and for the year ended March 31, 2016

Page 2 of 2

- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009



Sarah George  
Partner  
Membership Number: 045255

Place: Mumbai  
Date: April 29, 2016

**Forbes Bumi Armada Offshore Limited**  
**Balance Sheet as at March 31, 2016**

	Note	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	100,000,000	100,000,000
Reserves and surplus	4	164,294,551	218,022,329
<b>Non-current liabilities</b>			
Long-term provisions	5	853,668	344,055
<b>Current liabilities</b>			
Trade payables	6		
Total outstanding dues of micro enterprises and small enterprises and		-	73,180,033
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,203,295,349	686,844,102
Other current liabilities	7	41,666,426	25,664,750
Short-term provisions	8	161,827	545,085
<b>Total</b>		<b><u>1,510,271,821</u></b>	<b><u>1,104,600,354</u></b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets		2,305,138	2,187,358
Intangible assets	9	697,742	50,260
Deferred tax asset (net)	10	73,369,173	71,511,215
Non-current investments	11	1,170,000	1,170,000
Long-term loans and advances	12	183,357,004	84,648,195
<b>Current assets</b>			
Current investments	13	-	189,703,315
Inventories	14	-	3,181,445
Trade receivables	15	478,442,594	70,693
Cash and bank balances	16	313,811,910	333,277,190
Short-term loans and advances	17	6,922,290	22,947,239
Other current assets	18	450,195,970	395,853,444
<b>Total</b>		<b><u>1,510,271,821</u></b>	<b><u>1,104,600,354</u></b>

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

This is the Balance Sheet referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration No. 304026E/ E-300009

For and on behalf of the Board of Directors

Director

Director

**Sarah George**  
Partner  
Membership No: 045255

Director

**Pramod Sapra**  
Manager

Place: Mumbai  
Date: April 29, 2016

Vikram Kapur  
Company Secretary and Chief Financial Officer

Place: Mumbai  
Date: April 29, 2016

**Forbes Bumi Armada Offshore Limited**  
**Statement of Profit and Loss for the year ended March 31, 2016**

	Note	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
<b>Revenue</b>			
Revenue from operations	<b>19</b>	5,264,713,392	4,924,140,741
Other income	<b>20</b>	5,720,529	44,314,204
<b>Total revenue</b>		<b><u>5,270,433,921</u></b>	<b><u>4,968,454,945</u></b>
<b>Expenses</b>			
Operating expenses (includes prior period expense: Current year - Nil, Previous Year - Rs.11,367,292)	<b>21</b>	5,219,003,244	4,636,377,091
Employee benefits expense	<b>22</b>	31,040,388	33,629,438
Finance costs	<b>23</b>	9,265,186	8,520,927
Depreciation and amortisation expense	<b>9</b>	1,067,879	1,371,890
Other expenses	<b>24</b>	62,368,635	151,177,106
<b>Total expenses</b>		<b><u>5,322,745,332</u></b>	<b><u>4,831,076,452</u></b>
<b>Profit/ (Loss) before tax</b>		<b><u>(52,311,411)</u></b>	<b><u>137,378,493</u></b>
<b>Tax expense</b>			
Current tax		-	74,893,835
Deferred tax		2,032,109	(28,806,208)
<b>Short provision for earlier years</b>			
Current tax		3,274,325	41,387,094
Deferred tax		(3,890,067)	(42,621,159)
		<b><u>1,416,367</u></b>	<b><u>44,853,562</u></b>
<b>Profit/ (Loss) for the year</b>		<b><u>(53,727,778)</u></b>	<b><u>92,524,931</u></b>
<b>Earnings per equity share (Face value per share Rs. 10)</b>	<b>25</b>	<b>(5.37)</b>	<b>9.25</b>
Basic and Diluted			

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

This is the Statement of Profit and Loss referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**  
 Firm Registration No. 304026E/ E-300009

**For and on behalf of the Board of Directors**

Director

Director

**Sarah George**  
 Partner  
 Membership No: 045255

Director

Pramod Sapra  
 Manager

Place: Mumbai  
 Date: April 29, 2016

Vikram Kapur  
 Company Secretary and Chief Financial Officer

Place: Mumbai  
 Date: April 29, 2016

**Forbes Bumi Armada Offshore Limited**  
**Cash Flow Statement for the year ended March 31, 2016**

Particulars	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
<b>Cash Flow from Operating Activities (A)</b>		
<b>Profit/(Loss) before tax</b>	<b>(52,311,411)</b>	<b>137,378,493</b>
<b>Adjustment for:</b>		
Depreciation and amortisation expense	1,067,879	1,371,890
Unrealised foreign exchange loss/ (gain)	20,844,899	(3,116,251)
Dividend income	(5,249,317)	(4,770,423)
Interest and other finance cost	9,265,186	8,520,927
Provision for doubtful debts	-	87,959,524
Liabilities written back to the extent no longer required	(193,480)	(8,167,066)
Provision for diminution in value of land	-	1,020,690
<b>Operating Profit Before Working Capital Changes</b>	<b>(26,576,244)</b>	<b>220,197,783</b>
<b>Changes in Working Capital:</b>		
(Increase)/Decrease in Trade receivables	(488,212,463)	485,378,378
Decrease/(Increase) in Inventories	3,181,445	(2,294,194)
Decrease/(Increase) in Short-term loans and advances	16,022,615	(7,773,262)
(Increase) in Other current assets	(54,342,526)	(379,450,407)
(Increase) in Long-term loans and advances	(4,059,098)	(68,169,372)
Increase in Long-term provisions	509,613	58,842
Increase in Trade payable	443,386,817	73,690,960
Increase/(Decrease) in Other current liabilities	16,195,156	(53,789,709)
(Decrease)/Increase in Short-term provisions	(383,258)	515,394
<b>Cash (used in)/ generated from Operations</b>	<b>(94,277,943)</b>	<b>268,364,413</b>
Net Taxes (Paid)	(97,924,036)	(84,921,130)
<b>Net Cash (used in)/ generated from Operating Activities (A)</b>	<b>(192,201,979)</b>	<b>183,443,283</b>
<b>Cash Flow from Investing Activities (B)</b>		
Purchase of current investment	-	(194,770,423)
Redemption of current investment	189,703,315	35,222,217
Dividend on current investment	5,249,317	4,770,423
Purchase of Fixed asset	(1,833,141)	(866,665)
Disposal of Fixed asset	-	32,001
<b>Net Cash generated from/ (used in) Investing Activities (B)</b>	<b>193,119,491</b>	<b>(155,612,447)</b>
<b>Cash Flow from Financing Activities (C)</b>		
Interest and other finance cost paid	(9,265,186)	(8,520,927)
<b>Net Cash (used in) from Financing Activities (C)</b>	<b>(9,265,186)</b>	<b>(8,520,927)</b>



**Forbes Bumi Armada Offshore Limited**  
**Cash Flow Statement for the year ended March 31, 2016 (Continued)**

Particulars	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
<b>Net (Decrease)/ Increase in Cash and bank balances (A+B+C)</b>	<b>(8,347,675)</b>	<b>19,309,909</b>
Cash and cash equivalents at the beginning of the year	333,277,190	313,967,281
Cash and cash equivalents at the end of the year	<u>324,929,515</u>	<u>333,277,190</u>
	<b>(8,347,675)</b>	<b>19,309,909</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash on hand	5,066	39,165
Cheques on hand	-	12,481,292
Balances with banks in current account	313,806,844	320,756,733
Effect of exchange differences on balances with banks in foreign currency	11,117,605	-
<b>Cash and bank balances as at the end of the year</b>	<b><u>324,929,515</u></b>	<b><u>333,277,190</u></b>

**Notes:**

- 1) The cash flow statement has been prepared in accordance with the requirements of Accounting Standards - 3 "Cash Flow Statement".
- 2) Previous Year's figures have been regrouped/ reclassified, wherever considered necessary, to confirm with the current year's presentation.

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

This is the Cash Flow Statement referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**  
 Firm Registration No. 304026E/ E-300009

**For and on behalf of the Board of Directors**

Director

Director

**Sarah George**  
 Partner  
 Membership No: 045255

Director

Pramod Sapra  
 Manager

Place: Mumbai  
 Date: April 29, 2016

Vikram Kapur  
 Company Secretary and Chief Financial Officer

Place: Mumbai  
 Date: April 29, 2016

**Forbes Bumi Armada Offshore Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016**

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**1. General Information**

Forbes Bumi Armada Offshore Limited (the 'Company') is a joint venture between Forbes & Company Limited and Bumi Armada Berhad (Malaysia). Refer Note 3.6 for shareholding details. The Company has been awarded a 7 year contract by Oil and Natural Gas Corporation Limited (ONGC) for providing a Floating Production, Storage and Offloading (FPSO) vessel to ONGC on a charter hire basis and operations and maintenance services of the same. The Company's operations started from April 22, 2013. The Company has hired a FPSO on an operating lease from Armada D1 Pte. Limited (AD1).

**2. Significant Accounting Policies**

**(i) Basis of preparation**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of the business the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated March 30, 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 is applicable to accounting period commencing on or after the date of notification i.e. April 1, 2016.

**(ii) Tangible Assets**

Tangible Assets are stated at acquisition cost, net of accumulated depreciation. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro rata basis on the straight-line method over the estimated useful lives of the assets which is as prescribed under Schedule II to the Companies Act, 2013, except for Furniture where useful life is based on technical evaluation done by management, as follows:

<b>Assets</b>	<b>Useful life</b>
Computer	3 years
Vehicles	8 years
Office Equipments	5 years
Furniture	5 years

**(iii) Intangible Assets**

Intangible Assets are stated at acquisition cost, net of accumulated amortisation. Intangible assets are amortised on a straight line basis over their estimated useful lives. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The amortisation rates used are:

<b>Asset</b>	<b>Useful life</b>
Computer Software	6 years

**(iv) 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 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 recognized 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 recoverable amount.

**(v) Investments**

Investments that are readily realisable and are intended to be held for not more than one year from the date, are classified as current investments. Current investments are carried at cost or fair value, whichever is lower.

Long term investments are carried at cost. However, provision for diminution is made to recognize a decline, other than temporary in the value of the investments, such reduction being determined and made for each investment individually.

**Forbes Bumi Armada Offshore Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

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**(vi) Inventories**

Inventories includes stores, spares and consumables which are stated at lower of cost and net realisable value. The cost of stores, spares and consumables is based on actual purchase and related cost of the respective item. Materials dispatched to the FPSO are charged to the Statement of Profit and Loss. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**(vii) Foreign currency translation**

- (a) On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. As at the reporting date, non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All the monetary assets and liabilities in foreign currency are restated at the end of the accounting period. Exchange differences on the restatement of all monetary items are recognised in the Statement of Profit and Loss.
- (b) The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

**(viii) Revenue Recognition**

The Company recognises revenue on an accrual basis based on the terms of contract with ONGC when no significant uncertainty exists regarding the amount of consideration. The Company raises a monthly invoice towards charter hire charges, which is based on the availability of the FPSO, and other allied charges as and when due based on the terms of the agreement.

Revenue for any claims/ change order made by the Company on ONGC are recorded for when no significant uncertainty exists. No disclosure is made for contingent assets. Further, on any deductions/ debit notes raised by ONGC, the same are evaluated based on the accounting policy as explained in 2 (xii) below, terms of the contract, and accordingly requisite provisions/ disclosures are made in the financial statements.

**(ix) Other Income**

Dividend is recognised when the right to receive dividend is established.

**(x) Employee Benefits**

- (a) **Defined contribution plans**  
Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.
- (b) **Defined benefit plan**  
The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.
- (c) **Compensated absences**  
Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.  
Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits.

**(xi) Current and deferred tax**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

**(xii) Provisions and contingent liabilities**

**Provisions:** Provisions are recognised when there is a present obligation 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 there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

In case some or all of the expenditure required to settle the provision is virtually certain to be reimbursed by another party, the reimbursement is recognised as a separate asset. In the Statement of Profit and Loss, the expense related to the provision is presented net of the amount recognised for the reimbursement.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**(xiii) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

**(xiv) Cash and bank balances**

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**(xv) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(xvi) Estimates**

The presentation of financial statement requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Difference between the actual results and the estimates are recognized in the year in which the results are known/ materialised.

**Forbes Bumi Armada Offshore Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

	<b>As at March 31, 2016 Rupees</b>		<b>As at March 31, 2015 Rupees</b>	
<b>3. Share capital</b>				
<b>3.1 Authorised</b>				
15,000,000 (March 2015: 15,000,000) equity shares of Rs. 10 each		150,000,000		150,000,000
		<u>150,000,000</u>		<u>150,000,000</u>
<b>3.2 Issued, subscribed and fully paid up:</b>				
10,000,000 (March 2015: 10,000,000) equity shares of Rs. 10 each		100,000,000		100,000,000
		<u>100,000,000</u>		<u>100,000,000</u>
<b>3.3 Reconciliation of number of shares</b>				
<b>Equity Shares</b>				
	<b>As at March 31, 2016</b>		<b>As at March 31, 2015</b>	
	<b>Number of Shares</b>	<b>Rupees</b>	<b>Number of Shares</b>	<b>Rupees</b>
Balance as at the beginning of the year	10,000,000	100,000,000	10,000,000	100,000,000
Shares issued during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<u>10,000,000</u>	<u>100,000,000</u>	<u>10,000,000</u>	<u>100,000,000</u>
<b>3.4 Rights, preferences and restrictions attached to shares</b>				
Equity Shares: The Company has one class of equity shares having a par value of Rs 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.				
<b>3.5 Shares held by holding Company</b>				
		<b>As at March 31, 2016</b>		<b>As at March 31, 2015</b>
Equity Shares:				
5,000,100 shares (March 31, 2015: 5,000,100 shares) of Rs. 10 each held by Forbes & Company Limited & Nominees		5,000,100		5,000,100
		<u>5,000,100</u>		<u>5,000,100</u>
<b>3.6 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company</b>				
	<b>As at March 31, 2016</b>		<b>As at March 31, 2015</b>	
	<b>Number of Shares</b>	<b>%</b>	<b>Number of Shares</b>	<b>%</b>
Equity Shares:				
Forbes & Company Limited & Nominees	5,000,100	50.001%	5,000,100	50.001%
Bumi Armada Berhad	4,999,900	49.999%	4,999,900	49.999%
	<u>10,000,000</u>		<u>10,000,000</u>	
<b>4. Reserves and surplus</b>				
		<b>As at March 31, 2016 Rupees</b>		<b>As at March 31, 2015 Rupees</b>
<b>Surplus in Statement of Profit and Loss</b>				
Balance as at the beginning of the year		218,022,329		125,497,398
Profit/(Loss) for the year		(53,727,778)		92,524,931
<b>Balance as at the end of the year</b>		<u>164,294,551</u>		<u>218,022,329</u>

**Forbes Bumi Armada Offshore Limited**

**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>5. Long-term provisions</b>		
Provision for employee benefits:		
Provision for gratuity (Refer note 26B)	853,668	344,055
	<b>853,668</b>	<b>344,055</b>
<b>6. Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises (Refer note 29) and	-	73,180,033
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,203,295,349	686,844,102
	<b>1,203,295,349</b>	<b>760,024,135</b>
<b>7. Other current liabilities</b>		
Employee benefits payable	7,000,000	7,065,035
Statutory dues including provident fund and tax deducted at source	34,666,426	17,864,904
Unamortised premium on forward contract	-	673,951
Directors fees	-	60,860
	<b>41,666,426</b>	<b>25,664,750</b>
<b>8. Short-term provisions</b>		
Provision for employee benefits:		
Provision for gratuity (Refer note 26B)	4,507	1,929
Provision for compensated absences	157,320	543,156
	<b>161,827</b>	<b>545,085</b>

**Forbes Bumi Armada Offshore Limited**

**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

	<b>As at March 31, 2016 Rupees</b>	<b>As at March 31, 2015 Rupees</b>
<b>10. Deferred tax asset (net)</b>		
Tax effect of items constituting deferred tax assets		
Provision for doubtful debts	69,388,923	69,388,923
Disallowances under Section 40(a)(ia), 40A(7) and 43B of the Income Tax Act, 1961	4,066,347	2,153,786
Tax effect of items constituting deferred tax liabilities		
Timing difference between book balance and balance as per Income Tax Act, 1961 for fixed assets	77,038	25,929
Other timing differences	9,059	5,565
	<b><u>73,369,173</u></b>	<b><u>71,511,215</u></b>
<b>11. Non-current investments</b>		
Land (Refer Note 28e)	2,190,690	2,190,690
Less: Provision for diminution in value of land	1,020,690	1,020,690
	<b><u>1,170,000</u></b>	<b><u>1,170,000</u></b>
<b>12. Long-term loans and advances</b>		
Unsecured, considered good (unless otherwise stated)		
Loans and advances to related parties (Refer note 28d)	68,159,201	68,159,201
Security deposits	3,077,514	1,025,838
Other loans and advances		
Advance income tax [Net of provision Rs. 186,555,254 (March 31, 2015: Rs. 183,280,929)]	106,039,303	11,389,592
Prepaid expenses	6,080,986	4,073,564
	<b><u>183,357,004</u></b>	<b><u>84,648,195</u></b>
<b>13. Current investments</b>		
At cost or market value, whichever is less:		
Mutual Funds (Unquoted):		
Birla Sun Life Mutual Fund - Cash plus daily dividend regular plan reinvestment (Nil units: Previous year 1,023,793 units units)	-	102,578,958
ICICI Prudential Mutual Fund - Liquid plan regular daily dividend (Nil units: Previous year 870,690 units)	-	87,124,357
	<b><u>-</u></b>	<b><u>189,703,315</u></b>
Aggregate amount of unquoted investments	-	189,703,315

**Forbes Bumi Armada Offshore Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>14. Inventories</b>		
Stores, spares and consumables	-	3,181,445
	<u>-</u>	<u>3,181,445</u>
<b>15. Trade receivables</b>		
Unsecured, considered good		
Outstanding for a period exceeding 6 months from the date they are due for payment	420,962	70,693
Others	478,021,632	
Unsecured, considered doubtful		
Outstanding for a period exceeding 6 months from the date they are due for payment	290,565,829	208,705,059
Others	-	40,704,007
Less: Provision for doubtful debts	290,565,829	249,409,066
	<u>478,442,594</u>	<u>70,693</u>
<b>16. Cash and bank balances</b>		
Cash and cash equivalents		
Cash on hand	5,066	39,165
Cheques on hand	-	12,481,292
Balances with banks in current account	313,806,844	320,756,733
	<u>313,811,910</u>	<u>333,277,190</u>
<b>17. Short-term loans and advances</b>		
Unsecured, considered good (unless otherwise stated)		
Security deposits	25,000	2,008,300
Other loans and advances		
Advance to vendors	2,651,308	11,321,799
Balances with government authorities	1,500,279	5,500,198
Prepaid expenses	2,745,703	4,116,942
	<u>6,922,290</u>	<u>22,947,239</u>
<b>18. Other current assets</b>		
Unbilled revenue	450,195,970	425,505,740
Less: Provision for unbilled income	-	36,572,296
Unamortised premium on forward contract (including reinstatement of contracts)	-	6,920,000
	<u>450,195,970</u>	<u>395,853,444</u>



**Forbes Bumi Armada Offshore Limited**
**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
<b>19. Revenue from operations</b>		
Income from time charter revenue	5,264,713,392	4,924,140,741
	<b><u>5,264,713,392</u></b>	<b><u>4,924,140,741</u></b>
<b>20. Other income</b>		
Dividend income	5,249,317	4,770,423
Net gain on foreign currency transactions and translation	-	31,273,335
Liabilities written back to the extent no longer required	193,480	8,167,066
Miscellaneous income	277,732	103,380
	<b><u>5,720,529</u></b>	<b><u>44,314,204</u></b>
<b>21. Operating expenses</b>		
Charter hire expenses	4,392,062,681	4,147,256,793
Manpower expenses	252,904,749	267,986,993
Inspection & Certification	36,848,394	2,011,446
Stores, spares and consumables (Refer note 28f)	467,215,239	178,502,469
Repairs to machinery	13,615,088	16,386,909
Transportation, freight and handling	9,874,593	5,389,133
Victualing cost	16,866,229	9,300,570
Scrap & Wastage	2,765,475	-
Others	26,850,796	9,542,778
	<b><u>5,219,003,244</u></b>	<b><u>4,636,377,091</u></b>
<b>22. Employee benefits expense</b>		
Salaries, Wages and Bonus	29,317,420	30,453,888
Contribution to Provident and Other Funds (Refer note 26A)	1,094,431	2,472,166
Gratuity (Refer note 26B)	512,191	234,824
Staff welfare expenses	116,346	468,560
	<b><u>31,040,388</u></b>	<b><u>33,629,438</u></b>
<b>23. Finance costs</b>		
Bank guarantee commission	8,393,341	8,216,760
Interest on statutory dues	871,845	304,167
	<b><u>9,265,186</u></b>	<b><u>8,520,927</u></b>
<b>24. Other expenses</b>		
Rent	3,961,036	9,296,818
Repairs - others	308,327	853,521
Electricity	179,798	-
Insurance	239,040	647,209
Rates and taxes	-	2,000
Travelling and conveyance	4,528,514	3,338,866
Directors Fees	860,000	780,000
Payment to Auditors		
As auditor:		
Audit Fee	925,000	1,600,000
Tax Audit Fee	150,000	175,000
Expenditure towards Corporate Social Responsibility (CSR) activities (Refer Note 33)	2,463,181	1,298,633
Professional fees	10,436,360	30,425,455
Provision for diminution in value of land	-	1,020,690
Bank Charges	4,991,703	4,754,260
Contractual staff cost	4,577,395	2,905,037
Provision for doubtful debts	-	87,959,524
Net loss on foreign currency transactions and translation	23,785,713	-
Miscellaneous expenditure	4,962,568	6,120,093
	<b><u>62,368,635</u></b>	<b><u>151,177,106</u></b>

Forbes Bumi Armada Offshore Limited

Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)

9. Tangible and Intangible assets

Rupees

Particulars	Gross block				Depreciation				Net block	
	April 01, 2015	Addition	Disposal/ adjustments	March 31, 2016	April 01, 2015	For the year	Disposal/ adjustments	March 31, 2016	March 31, 2016	March 31, 2015
<b>Tangible assets</b>										
Computer	1,782,601	105,750	106,050	1,782,301	836,216	585,475	106,050	1,315,641	466,660	946,385
Vehicles	1,833,644	-	-	1,833,644	640,949	198,151	-	839,100	994,544	1,192,695
Office equipments	801,048	851,766	-	1,652,814	752,770	151,053	-	903,823	748,991	48,278
Furniture	-	109,181	-	109,181	-	14,238	-	14,238	94,943	-
<b>Total tangible assets</b>	<b>4,417,293</b>	<b>1,066,697</b>	<b>106,050</b>	<b>5,377,940</b>	<b>2,229,935</b>	<b>948,917</b>	<b>106,050</b>	<b>3,072,802</b>	<b>2,305,138</b>	<b>2,187,358</b>
Previous Year	3,611,588	842,665	36,960	4,417,293	889,051	1,345,843	4,959	2,229,935	2,187,358	2,722,537
<b>Intangible assets</b>										
Computer Software	96,600	766,444	-	863,044	46,340	118,962	-	165,302	697,742	50,260
<b>Total intangible assets</b>	<b>96,600</b>	<b>766,444</b>	<b>-</b>	<b>863,044</b>	<b>46,340</b>	<b>118,962</b>	<b>-</b>	<b>165,302</b>	<b>697,742</b>	<b>50,260</b>
Previous Year	72,600	24,000	-	96,600	20,293	26,047	-	46,340	50,260	52,307

**Forbes Bumi Armada Offshore Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

**25. Earnings per share**

Earnings per share has been calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating the basic/ diluted earnings per equity share are as stated below:

<b>Particulars</b>	<b>Year ended March 31, 2016</b>	<b>Year ended March 31, 2015</b>
(Loss)/ Profit after taxation (Rupees)	(53,727,778)	92,524,931
Weighted average number of equity shares of Rs. 10 each outstanding during the year	10,000,000	10,000,000
Basic and Diluted earnings per share (Rupees)	(5.37)	9.25
Face value per share (Rupees)	10	10

**26. Disclosures under Accounting Standard 15 (Revised 2005) "Employee Benefits"**

**(A) Defined contribution plans**

Provident Fund

The provident fund and the state defined contribution plans are operated by the Regional Provident Fund Commissioner. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Company has recognised the following amounts in the Statement of Profit and Loss for the year :

	<b>Year ended March 31, 2016 Rupees</b>	<b>Year ended March 31, 2015 Rupees</b>
Contribution to Provident Fund	1,094,431	906,560
	<b><u>1,094,431</u></b>	<b><u>906,560</u></b>

**(B) Defined Benefit Plans**

**Gratuity**

**(i) Changes in present value of obligation**

	<b>As at March 31, 2016 Rupees</b>	<b>As at March 31, 2015 Rupees</b>
Balance at the beginning of the year	345,984	111,160
Current service cost	263,095	151,148
Interest cost	27,644	10,327
Actuarial (gains)/ loss	221,452	73,349
Balance at the end of the year	<b><u>858,175</u></b>	<b><u>345,984</u></b>

**(ii) Assets and Liabilities recognised in the Balance sheet**  
Present value of Defined Benefit Obligation

	<b>As at March 31, 2016 Rupees</b>	<b>As at March 31, 2015 Rupees</b>
Present value of Defined Benefit Obligation	858,175	345,984
Amount recognised as liability	<b><u>858,175</u></b>	<b><u>345,984</u></b>

Recognised under:

Long term provision (Refer note 5)	853,668	344,055
Short term provision (Refer note 8)	4,507	1,929
	<b><u>858,175</u></b>	<b><u>345,984</u></b>

**Forbes Bumi Armada Offshore Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
(iii) Expenses recognised in the Statement of Profit and Loss		
Current service cost	263,095	151,148
Interest cost	27,644	10,327
Actuarial (gain)/ loss	221,452	73,349
	<u>512,191</u>	<u>234,824</u>
(iv) Actuarial Assumptions		
Discount Rate (per annum)	7.79%	7.99%
Rate of increase in compensation levels	10.00%	10.00%
Expected average remaining working lives of employees (years)	7	7
The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market		
(v) Disclosure under para 120(n) of AS - 15		
<b>Gratuity</b>		
Present value of the Defined Benefit Obligation	858,175	345,984
Experience Adjustments in plan liabilities	221,452	73,349
Experience Adjustments in plan assets	-	-

**27. Related Party Disclosures**

**(A) Name of related parties and nature of relationship:**

**(i) Shareholders:**

Forbes & Company Limited \*  
 Bumi Armada Berhad \*

\* For equity holding refer note 3.

**(ii) Other Related Parties with whom transactions have taken place during the year:**

**(I) Fellow Subsidiaries:**

Forbes Bumi Armada Limited  
 Bumi Armada Navigation Sdn Bhd  
 Forvol International Services Limited  
 Armada D1 Pte. Limited  
 Bumi Armada Automation International Sdn Bhd  
 Bumi Armada Singapore Pte Ltd  
 Eureka Forbes Limited  
 Forbes Facility Services Private Limited

**(II) Key Management Personnel:**

Mr. Pramod Sapra (Manager)  
 Mr. Vikram Kapur (Chief Financial Officer & Company Secretary)

**Forbes Bumi Armada Offshore Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

**(iii) Transactions with Related Parties:**

Particulars of transactions	Shareholders		Fellow Subsidiaries								Rupees
	Forbes & Company Limited	Bumi Armada Berhad	Forbes Facility Services Private Limited	Forbes Bumi Armada Limited	Bumi Armada Navigation Sdn Bhd	Forvol International Services Limited	Armada D1 Pte. Limited	Bumi Armada Automation International Sdn Bhd	Bumi Armada Singapore Pte. Limited	Eureka Forbes Limited	Total
Stores, spares and consumables	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	1,721,083	-	-	1,721,083
Charter hire expenses	-	-	-	-	-	-	4,392,062,681	-	-	-	4,392,062,681
	-	-	-	-	-	-	4,147,256,793	-	-	-	4,147,256,793
Insurance expense	-	-	-	-	221,096	-	-	-	-	-	-
	-	-	-	-	-	-	176,384	1,211,504	-	-	1,608,984
Bank guarantee commission	-	3,225,461	-	-	-	-	-	-	-	-	3,225,461
	-	-	-	-	-	-	3,122,937	-	-	-	3,122,937
Manpower expenses	-	-	-	252,904,749	-	-	-	-	-	-	252,904,749
	-	-	-	256,179,545	-	-	-	-	-	-	256,179,545
Victualing Expenses	-	-	8,119,938	-	-	-	-	-	-	-	8,119,938
	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses towards liquidated damage	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	10,231,981	-	-	-	10,231,981
Reimbursement of expenses towards subsea	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	13,660,251	-	-	-	13,660,251
Reimbursement of expenses towards diesel cost	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	68,159,201	-	-	-	68,159,201
Reimbursement of expenses/ (income)	-	-	-	19,096,356	-	-	-	-	-	-	19,096,356
	-	(70,188)	-	7,160,338	-	-	(1,779,453)	-	-	-	5,310,697
Liabilities written back to the extent no longer required	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	6,952,054	-	-	-	6,952,054
Other expenses	299,800	-	-	-	-	1,521,463	-	-	-	-	1,821,263
	579,245	140,483	-	-	-	732,692	-	1,532,388	279,305	13,990	3,278,103

**Note :** Figures in Italics represents previous year's figures.

**Forbes Bumi Armada Offshore Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
<b>(iv) Transactions with Related Parties stated in Note 27(A)(ii)(II) above</b>		
Remuneration		
Mr. Pramod Sapra	15,808,110	3,637,567
Mr. Vikram Kapur	4,665,517	3,978,355
<b>(B) Balances with Related Parties as at March 31, 2016 are as follows</b>		
<b>Long-term loans and advances</b>		
Armada D1 Pte. Limited	68,159,201	68,159,201
<b>Trade payables</b>		
Forbes & Company Limited	-	18,474
Forbes Bumi Armada Limited	22,613,282	20,037,901
Bumi Armada Berhad	3,243,843	334,982
Bumi Armada Navigation Sdn Bhd	208,244	208,801
Forvol International Services Limited	140,502	112,949
Armada D1 Pte. Limited	705,179,986	672,749,419
Bumi Armada Automation International Sdn Bhd	14,227,040	15,642,857
Bumi Armada Singapore Pte. Limited	322,336	299,983
Forbes Facility Services Private Limited	5,112,351	-
<b>Guarantees given to ONGC for performance obligation under the contract</b>		
Forbes & Company Limited	267,651,988	267,651,988
Bumi Armada Berhad	267,651,988	267,651,988
<b>28. Other Notes forming part of the accounts</b>		
<b>a. CIF value of imports</b>		
Stores, spare parts and consumables	330,882,660	73,753,114
	<b><u>330,882,660</u></b>	<b><u>73,753,114</u></b>
<b>b. Expenditure in foreign currency</b>		
Charter hire expenses	4,392,062,681	4,147,256,793
Stores, spares and consumables	330,566,301	79,420,808
Repairs and maintenance	9,188,736	13,696,991
Inspection & Certification	36,848,394	-
Internet Charges	-	7,869,521
Crew Insurance	-	4,095,379
Bank guarantee commission	3,120,113	3,823,954
Other expenses	-	2,029,074
	<b><u>4,771,786,225</u></b>	<b><u>4,258,192,520</u></b>
<b>c. Earnings in foreign currency</b>		
Income from time charter revenue	5,264,713,392	4,924,140,741
	<b><u>5,264,713,392</u></b>	<b><u>4,924,140,741</u></b>

**Forbes Bumi Armada Offshore Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

**d. Deduction against Diesel cost**

ONGC while making payment towards charter hire charges had deducted in 2014 Rs. 241,296,999 towards diesel provided by them during the mobilisation phase of FPSO. The Company has contested this claim and the matter is currently being pursued by "Outside Expert Committee" appointed as per the terms of the contract. During the previous year against the said claim, the Company has received Rs. 45,549,621.

Further, the Company has also entered into an agreement dated January 15, 2014 with Armada D1 Pte. Limited (AD1) wherein partially the said claim is reimbursable from them in case the Company has to incur the diesel cost. Considering the probability of claim being accepted and principle of prudence, the Company has provided for the said amount. Consequentially,

i) The Statement of Profit and Loss includes a Nil net charge (Previous year Rs. 11,367,292) in Note 21 (Net of reimbursable amount of Rs. 68,157,700 from AD1 in the previous year).

ii) The gross provision of Rs. 195,725,877 made has been disclosed as "Provision for doubtful debts" in note 15.

iii) The gross amount recoverable from AD1 has been disclosed as "Loans and advances to related parties" in note 12.

**e. Satisfaction of charge for loan taken by AD1**

The Company has obtained on lease FPSO from AD1 under a bareboat charter agreement. AD1 had availed a term loan of upto USD 276,400,000 from a consortium of banks to finance the FPSO. The Company had provided the following as security to AD1's lenders to the extent of the bareboat charter amounts due and payable by the Company to AD1 under the bareboat charter agreement:

i) Mortgage of land situated at Survey No. 36A of Mauje Pali of Taluka Sudhagad, district Raigad purchased for a consideration of Rs. 1,300,000 (Refer note 11).

ii) Charge over all the rights of the Company under the charter hire agreement with ONGC dated August 10, 2013.

The aforesaid securities have been released by the erstwhile lenders of AD1 pursuant to prepayment done by AD1 on August 21, 2015 under a loan refinancing arrangement with new lenders. A deed of re-conveyance dated September 11, 2015 has been executed in respect of the mortgage of the land (as mentioned hereinabove). No security has been created or is subsisting on the Company's assets and properties under the re-financing arrangement. An arrangement has been entered with the new lender wherein the Company is required to maintain a bank account with the lender which has certain restrictions.

**f. Major operations and maintenance expenditure**

As per terms of the agreement between the Company and AD1, it is the obligation of the Company to incur any operational and maintenance expenditure in relation to the FPSO. During the year, the Company has incurred Rs. 252,989,877 towards refurbishment of the gas turbine generator (GTG), which typically is required to be incurred every 3-5 years. The Company has also incurred a cost of Rs. 32,677,750 towards under water inspection in lieu of dry docking (UWILD) which is required every 3 years. The said expenditure has been charged off to the Statement of Profit and Loss.

**29. Dues to micro, small and medium enterprises**

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as year end	-	6,579,569
Interest due to suppliers registered under the MSMED Act and remaining unpaid as year end	-	214,070
Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	65,617,342
Interest paid, other than under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under the MSMED Act for payments already made	-	763,958
Further Interest remaining due and payable for earlier years	-	5,094

The above disclosure is based on the information available with the Company regarding the status of registration of such vendors under the said Act. There are no other delays in payments to such suppliers during the year or for any earlier years.

**Forbes Bumi Armada Offshore Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

**30. Segment Reporting**

In accordance with Accounting Standard 17 "Segment Reporting" as prescribed under Companies (Accounting Standards) Rules, 2006, the Company has determined its business segment as supply and operation maintenance of FPSO vessel to ONGC on charter hire basis. Since, there are no other business segments in which the Company operates and the services are provided only within India, there are no other primary reportable segments. Therefore the segment revenue, segment results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charge are all as is reflected in the financial statements.

**31. Operating Lease**

The Company has entered into a bare boat charter agreement for hiring FPSO vessel on operating lease for a period of 7 years. There is also a premises taken by the Company on operating lease.

	<b>Year ended March 31, 2016 Rupees</b>	<b>Year ended March 31, 2015 Rupees</b>
With respect to all operating leases:		
Lease payments recognised in the Statement of Profit and Loss during the year		
Charter hire expenses	4,392,062,681	4,147,256,793
Lease rent for premises	3,961,036	9,296,818

The Company has entered into a seven year contract with Armada D1 Pte. Limited for lease of FPSO. Considering the conditions under which the contract can be terminated between the Company and AD1, and also the rationale based on which charter hire rates are varying year on year, the lease rent charges continue to be charged based on actuals and not on a straight line basis.

**32. Derivative instruments outstanding and unhedge foreign currency exposures as at the reporting date**

		<b>As at March 31, 2016 USD/Rupees</b>	<b>As at March 31, 2015 USD/Rupees</b>
a. Derivatives outstanding as at the reporting date			
<b>Particulars</b>	<b>Purpose</b>		
Forward contract to sell USD	Hedge of firm commitment	-	\$1,000,000
		-	Rs. 63,850,000

**b. Particulars of unhedged foreign currency exposures as at the reporting date**

<b>Particulars/ Currency</b>	<b>As at March 31, 2016</b>		<b>As at March 31, 2015</b>	
	<b>Amount in Foreign Currency</b>	<b>Amount in Rupees</b>	<b>Amount in Foreign Currency</b>	<b>Amount in Rupees</b>
<b>Trade receivable</b>				
USD	11,780,433	769,008,423	858,495	53,681,692
<b>Trade payable</b>				
USD	16,587,578	1,097,585,487	10,872,721	681,489,085
MYR	221,603	206,980	32,105	542,519
SGD	6,575	322,338	6,575	299,985
JPY	-	-	881,250	461,731
Euro	-	-	306	20,824
Balance in EEFC account	\$4,494,976	297,310,313	\$3,525,683	282,990,935



**Forbes Bumi Armada Offshore Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2016 (Continued)**

	<b>Year ended March 31, 2016 Rupees</b>	<b>Year ended March 31, 2015 Rupees</b>
<b>33. Corporate Social Responsibility Expenditure</b>		
Gross amount required to be spent by the company during the year	2,463,181	1,298,633
Amount spent during the year for the purpose of water purification	2,463,181	1,298,633
<b>34.</b> Previous year figures have been reclassified to confirm to this year's classification.		

For **Price Waterhouse & Co Chartered Accountants LLP**  
 Firm Registration No. 304026E/ E-300009

**For and on behalf of the Board of Directors**

Director

Director

**Sarah George**  
 Partner  
 Membership No: 045255

Director

Pramod Sapra  
 Manager

Vikram Kapur  
 Company Secretary and Chief Financial Officer

Place: Mumbai  
 Date: April 29, 2016

Place: Mumbai  
 Date: April 29, 2016

**Forbes Campbell Finance Limited**  
(a wholly owned Subsidiary Company)

Financial Statements  
For the year ended March 31, 2016

# BATLIBOI & PUROHIT

## Chartered Accountants

### 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<sup>st</sup> March, 2016, the Statement of Profit and Loss, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting



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## Chartered Accountants

policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statement.

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

**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, of the state of affairs of the Company as at 31st March, 2016, and its profits and its cash flows for the year ended on that date.

**Emphasis of Matter**

We draw attention to the explanation given in Note 25 to the financial statements regarding the Company's investment of Rs. 1,34,92,600 in the equity shares of Svadeshi Mills Co. Ltd. The management is of the opinion that no provision is considered necessary in respect of this investment based on the reasons stated in the said note. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

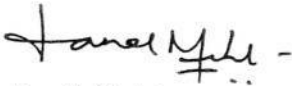
- 1 As required by Companies (Auditors Report) Order, 2016 ('the Order') issued by Central Government of India in terms of sub section 11 of section 143 of the Act, we give in the Annexure –A a statement on the matters specified in paragraphs 3 and 4 of the order.
- 2 As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls refer to our separate report in 'Annexure B' and



Chartered Accountants

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



**Janak Mehta**  
Partner  
Membership No.116976



Place : Mumbai  
Date : April 22, 2016

Chartered Accountants

**Annexure – A to the Independent Auditor’s Report**

(Referred to in paragraph 1 under ‘Report on other legal and Regulatory requirements’ section of our report of even date)

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly clause 3 (iii) (a) and (b) of the order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in the current year, in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits during the year within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) To the best of our knowledge and as explained the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013;
- (vii) a) The company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.



## Chartered Accountants

Undisputed dues in respect of sales-tax which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Name of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Due date	Date of payment
Sales Tax	Sales Tax and interest thereon	15,69,598	FY 1993 to 2000	Various	Unpaid

- b According to information and explanations given to us, the following dues of income tax and sales tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount (in Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax	Income tax	15,489,390	F.Y. 2003-04	Commissioner of Income Tax (Appeals)
Income Tax	Income tax	75,000	F.Y.2004-05	Income Tax Appellate, Tribunal
Income Tax	Income tax	190,459	F.Y.2007-08	Income Tax Appellate, Tribunal
Income Tax	Income Tax	17,233,159	F.Y.2009-10	Commissioner of Income Tax (Appeals)
Madhya Pradesh Sales Tax Act	Sales Tax Demands	10,09,077	F.Y. 1997-98 to 1999-2000	Commercial tax officer, Bhopal

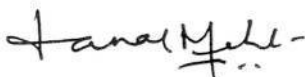
- (viii) The Company has not defaulted in repayment of any loans from financial institution, bank, Government or debenture holders.
- (ix) The Company has not raised any money by way of initial public offer or further public offer and the Company has not taken any term loan during the year.
- (x) As per the information and explanation given by the management we report that no fraud on or by the Company has been noticed or reported during the year.
- (xi) The Company has not paid any remuneration to managerial personnel, hence paragraph 3(xi) of the order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us the Company is not a Nidhi Company. Accordingly the paragraph 3 (xii) of the Order is not applicable.



Chartered Accountants

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xvi) As informed and based on our examination of records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) As informed the Company has not entered into any non-cash transactions with Directors or persons connected with him
- (xvi) As per the information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India, 1934.

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



**Janak Mehta**  
Partner  
Membership No.116976



Place : Mumbai  
Date : April 22, 2016



Chartered Accountants

**Annexure - B to the Auditors' Report****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Forbes Campbell Finance Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Chartered Accountants

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

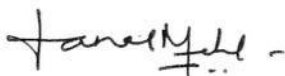
**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For BATLIBOI & PUROHIT**

Chartered Accountants

ICAI Firm Regn. No.101048W

**Janak Mehta**

Partner

Membership No.116976



Place : Mumbai

Date : April 22, 2016

**FORBES CAMPBELL FINANCE LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2016**

Particulars	Note No.		As at 31st Mar., 2016 in ₹	As at 31st Mar., 2015 in ₹
<b>I EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' funds</b>				
a Share capital	2	3,86,41,310		3,86,41,310
b Reserves and surplus	3	<u>(2,89,54,148)</u>		<u>(2,91,33,288)</u>
			<b>96,87,162</b>	<b>95,08,022</b>
<b>2 Non-current liabilities</b>				
a Long-term borrowings	4		<b>17,26,75,000</b>	<b>17,26,75,000</b>
<b>3 Current liabilities</b>				
a Trade payables		49,816		52,908
b Other current liabilities	5	<u>25,22,591</u>		<u>25,22,941</u>
			<b>25,72,407</b>	<b>25,75,849</b>
<b>TOTAL</b>			<b><u>18,49,34,569</u></b>	<b><u>18,47,58,871</u></b>
<b>II ASSETS</b>				
<b>1 Non-current assets</b>				
a Fixed assets				
(i) Tangible assets	6	5,45,404		5,68,244
b Non-current investments	7	16,31,24,033		16,31,24,033
c Long-term loans and advances	8	<u>2,01,74,067</u>		<u>2,01,96,065</u>
			<b>18,38,43,504</b>	<b>18,38,88,342</b>
<b>2 Current assets</b>				
a Cash and cash equivalents	9	10,84,405		8,70,529
b Other current assets	10	<u>6,660</u>		<u>-</u>
			<b>10,91,065</b>	<b>8,70,529</b>
<b>TOTAL</b>			<b><u>18,49,34,569</u></b>	<b><u>18,47,58,871</u></b>
<b>Significant accounting policies</b>	<b>1</b>			

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

**Janak Mehta**  
Partner  
Membership No.: 116976  
Mumbai, 22nd April, 2016

SUNETRA GANESAN \_\_\_\_\_ *Chairperson*

SHRIKRISHNA BHAVE \_\_\_\_\_

S.P. KADAKIA \_\_\_\_\_

MR. PANKAJ KHATTAR \_\_\_\_\_

Directors

Mumbai, 22nd April, 2016

# FORBES CAMPBELL FINANCE LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	Note No.	Year End. 31st Mar., 2016 in ₹	Year End. 31st Mar., 2015 in ₹
I Revenue from operations	11	4,80,000	3,60,000
II Other income	12	30,817	1,77,53,648
III <b>Total revenue (I + II)</b>		<b>5,10,817</b>	<b>1,81,13,648</b>
IV <b>Expenses:</b>			
Finance cost	13	1,72,675	1,89,303
Depreciation and amortisation expense	14	22,840	22,840
Other expenses	15	1,00,162	1,79,438
<b>Total expenses</b>		<b>2,95,677</b>	<b>3,91,581</b>
V <b>Profit before tax (III - IV)</b>		<b>2,15,140</b>	<b>1,77,22,067</b>
VI <b>Tax expense / (credit):</b>			
Income-tax		36,000	-
VII <b>Profit for the year (V - VI)</b>		<b>1,79,140</b>	<b>1,77,22,067</b>
VIII <b>Earning per equity share:</b>			
Basic and diluted earnings per equity share (nominal value of share ₹ 10)		₹ 0.05	₹ 4.59

Significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

SUNETRA GANESAN \_\_\_\_\_ *Chairperson*

SHRIKRISHNA BHAVE \_\_\_\_\_

S.P. KADAKIA \_\_\_\_\_

PANKAJ KHATTAR \_\_\_\_\_

*Directors*

**Janak Mehta**

Partner

Membership No.: 116976

Mumbai, 22nd April, 2016

Mumbai, 22nd April, 2016

**FORBES CAMPBELL FINANCE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016**

	Year End. 31st Mar., 2016 In ₹	Year End. 31st Mar., 2015 In ₹
<b>Profit / (Loss) before tax</b>	<b>2,15,140</b>	<b>1,77,22,067</b>
<b>Adjustments for -</b>		
Depreciation and amortisation expense	22,840	22,840
Provision for diminution in the value of Investments, no longer required written back (Net of loss on sale of equity shares of Joint Venture)	-	(1,76,74,178)
Interest on bank deposit / inter-corporate deposit	(26,497)	(79,470)
Finance Costs	1,72,675	1,89,303
	<b>1,69,018</b>	<b>(1,75,41,505)</b>
<b>Operating profit / (loss) before working capital changes</b>	<b>3,84,158</b>	<b>1,80,562</b>
<b>Adjustments for changes in working capital:</b>		
Increase / (decrease) in trade payables	(3,092)	(3,300)
Increase / (decrease) in other current liabilities	(350)	400
Decrease / (increase) in trade receivables	-	27,000
Decrease / (increase) in long-term loans and advances	-	1,500
	<b>(3,442)</b>	<b>25,600</b>
<b>Cash generated from / (used in) operations</b>	<b>3,80,716</b>	<b>2,06,162</b>
Income taxes paid (net of refunds)	<b>(14,002)</b>	<b>(43,948)</b>
<b>(a) Net cash generated from / (used in) operating activities</b>	<b>3,66,714</b>	<b>1,62,214</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of long-term investments in Joint Venture	-	1,76,74,178
Investments in bank deposits (having original maturity of more than three months)	(5,00,000)	-
Interest received	19,837	79,470
<b>(b) Net cash generated from / (used in) investing activities</b>	<b>(4,80,163)</b>	<b>1,77,53,648</b>
<b>Cash flows from financing activities:</b>		
Repayment of long-term borrowings	-	(1,70,00,000)
Interest paid	(1,72,675)	(2,29,237)
<b>(c) Net cash generated from / (used in) financing activities</b>	<b>(1,72,675)</b>	<b>(1,72,29,237)</b>
<b>(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)</b>	<b>(2,86,124)</b>	<b>6,86,625</b>
<b>(e) Cash and cash equivalents as at the commencement of the year</b>	<b>8,70,529</b>	<b>1,83,904</b>
<b>(f) Cash and cash equivalents as at the end of the year (d + e)</b>	<b>5,84,405</b>	<b>8,70,529</b>

**Footnotes:**

- 1 Cash-flow statement is prepared in accordance with "Indirect method" as explained in the Accounting Standard on Cash Flow Statements (AS-3).  
2 Details of Cash and cash equivalents as at the commencement of the year are as under :-

a) Cash on hand	3,487	4,882
b) Balances with banks- Current Account	8,67,042	1,79,022
	<b>8,70,529</b>	<b>1,83,904</b>

- 3 Details of Cash and cash equivalents as at the end of the year are as under :-

a) Cash on hand	2,959	3,487
b) Balances with banks- Current Account	5,81,446	8,67,042
	<b>5,84,405</b>	<b>8,70,529</b>

**The accompanying notes are an integral part of the financial statements**

As per our report of even date

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

**Janak Mehta**  
Partner  
Membership No.: 116976  
Mumbai, 22nd April, 2016

SUNETRA GANESAN \_\_\_\_\_ Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_

S.P. KADAKIA \_\_\_\_\_

PANKAJ KHATTAR \_\_\_\_\_

Directors

Mumbai, 22nd April, 2016

**FORBES CAMPBELL FINANCE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

	As at 31st Mar., 2016 In ₹	As at 31st Mar., 2015 In ₹
<b>2. Share capital</b>		
<b>Authorised:</b>		
46,14,200 (Previous year: 46,14,200) equity shares of ₹ 10 each	<u>4,61,42,000</u>	<u>4,61,42,000</u>
<b>Issued, subscribed and fully paid:</b>		
38,64,131 (Previous year: 38,64,131) equity shares of ₹ 10 each	3,86,41,310	3,86,41,310
<b>TOTAL</b>	<u><u>3,86,41,310</u></u>	<u><u>3,86,41,310</u></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 Rs 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, if any, 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**

38,64,131 (Previous year - 38,64,131) equity shares are held by holding company - Forbes & Company Limited

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

Name of Shareholder	31st Mar., 2016		31st Mar., 2015	
	Number of equity shares held	% holding	Number of equity shares held	% holding
Forbes & Company Limited	38,64,131	100	38,64,131	100

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st Mar., 2016 In ₹	As at 31st Mar., 2015 In ₹
<b>3. Reserves and surplus</b>		
<b>(a) Capital Redemption Reserve:</b>		
Balance as per last balance sheet	75,00,000	75,00,000
	<u>75,00,000</u>	<u>75,00,000</u>
<b>(b) Securities Premium:</b>		
Balance as per last balance sheet	30,00,71,700	30,00,71,700
	<u>30,00,71,700</u>	<u>30,00,71,700</u>
<b>(c) Amalgamation Reserve:</b>		
Balance as per last balance sheet	2,04,061	2,04,061
	<u>2,04,061</u>	<u>2,04,061</u>
<b>(d) Surplus / (deficit) in the statement of profit and loss:</b>		
Balance as per last balance sheet	(33,69,09,049)	(35,45,97,471)
Add: Profit for the year	1,79,140	1,77,22,067
Less: Opening depreciation adjustment	-	(33,645)
	<u>(33,67,29,909)</u>	<u>(33,69,09,049)</u>
<b>TOTAL</b>	<u><u>(2,89,54,148)</u></u>	<u><u>(2,91,33,288)</u></u>

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

Non - current portion		Current maturities	
As at 31st Mar., 2016 In ₹	As at 31st Mar., 2015 In ₹	As at 31st Mar., 2016 In ₹	As at 31st Mar., 2015 In ₹

### 4. Long-term borrowings

#### UNSECURED:

##### (a) Debentures

(i) 0.1% unsecured optionally convertible redeemable debentures [1,72,67,500 (Previous Year:1,72,67,500) Debentures of ₹ 10/- each] (Refer Footnote)	17,26,75,000	17,26,75,000	-	-
<b>TOTAL</b>	<b>17,26,75,000</b>	<b>17,26,75,000</b>	<b>-</b>	<b>-</b>

#### Footnote:

##### Details of terms of repayment of Debentures:

- 1 The debentures shall carry interest @ 0.1 % p.a. payable annually.
- 2 The Company shall at any time after the expiry of 18 months from the date of allotment of the convertible debentures by a written notice of 30 days call upon the holders of convertible debentures to give their consent to the conversion of the debentures into equity shares. The conversion shall be at a price to be determined by the Board of Directors. The equity shares so issued and allotted upon conversion shall rank pari passu with the then existing equity shares in all respect including dividend. In case the holder do not consent to the conversion, the debentures shall be redeemed at par, upon the expiry of 20 years from the date of allotment. the company shall have an option to redeem the same, earlier at any time before the date of maturity after giving a written notice of 30 days.



## FORBES CAMPBELL FINANCE LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	<b>As at 31st Mar., 2016 In ₹</b>	<i>As at 31st Mar., 2015 In ₹</i>
<b>5. Other current liabilities</b>		
(a) Interest accrued but not due on debentures	68,086	68,086
(b) Security Rent deposits	5,00,000	5,00,000
(c) TDS Payable	4,255	4,605
(d) Sales Tax Payable	15,69,598	15,69,598
(e) Other Liabilities	3,80,652	3,80,652
<b>TOTAL</b>	<b>25,22,591</b>	<b>25,22,941</b>

# FORBES CAMPBELL FINANCE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

## 6. Fixed assets

(in ₹)

Description of Assets	GROSS BLOCK (at cost)			DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1st April, 2015	Additions during	As at 31st Mar., 2016	As at 1st April, 2015	Adjustments	For the year	Upto 31st Mar., 2016	As at 31st Mar., 2016	As at 31st Mar., 2015
<b>A. Tangible assets</b>									
1 Buildings	13,31,694	-	13,31,694	7,63,450	-	22,840	7,86,290	5,45,404	5,68,244
2 Furniture and fixtures	1,02,600	-	1,02,600	1,02,600	-	-	1,02,600	-	-
3 Office equipment	1,45,000	-	1,45,000	1,45,000	-	-	1,45,000	-	-
	<b>15,79,294</b>	-	<b>15,79,294</b>	<b>10,11,050</b>	-	<b>22,840</b>	<b>10,33,890</b>	<b>5,45,404</b>	<b>5,68,244</b>
<i>Previous Year</i>	<i>15,79,294</i>	-	<i>15,79,294</i>	<i>9,54,565</i>	<i>33,645</i>	<i>22,840</i>	<i>10,11,050</i>	<i>5,68,244</i>	

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st Mar., 2016 In ₹	As at 31st Mar., 2015 In ₹
<b>7. Non - current investments</b>		
<b>(a) Other than trade investments [Long-term - unquoted (fully paid) (valued at cost unless stated otherwise)]</b>		
<b>In equity shares</b>		
<b>In subsidiaries</b>		
1. 49,000 (Previous year: 49,000) equity shares of ₹ 10 each in Forbes Campbell Services Ltd.	4,93,994	4,93,994
2. 28,05,000 (Previous year: 28,05,000) equity shares of ₹ 10 each in Forbes Bumi Armada Ltd.	2,80,56,395	2,80,56,395
3. 16,56,000 (Previous year: 16,56,000) equity shares of ₹ 10 each in Forbes Edumetry Ltd [At cost ₹ 1,44,36,124 (Previous year ₹ 1,44,36,124) less provision for other than temporary diminution in value ₹ 1,44,36,122 (Previous year ₹ 1,44,36,122) ]	2	2
	<b>2,85,50,391</b>	<b>2,85,50,391</b>
<b>In other entities</b>		
1. 1,18,97,200 (Previous year: 1,18,97,200) equity shares of ₹ 10 each in Forbes Technosys Ltd. (see Note 24)	11,78,26,350	11,78,26,350
2. 13,49,260 (Previous year: 13,49,260) equity shares of ₹ 10 each in The Svadeshi Mills Co. Ltd. (see Note 25)	1,34,92,600	1,34,92,600
	<b>13,13,18,950</b>	<b>13,13,18,950</b>
<b>(b) Other than trade investments [Long-term - quoted (fully paid) (valued at cost unless stated otherwise)]</b>		
<b>In equity shares</b>		
<b>In Holding Company (Quoted)</b>		
1,66,398 (Previous year: 1,66,398) equity shares of ₹ 10 each in Forbes & Company Ltd.	32,54,692	32,54,692
<b>TOTAL</b>	<b>16,31,24,033</b>	<b>16,31,24,033</b>
<b>Footnotes:</b>		
Aggregate amount of quoted Investments [Market Value - ₹ 20,19,65,573; (Previous year ₹ 28,72,02,948) ]	<b>32,54,692</b>	<b>32,54,692</b>
Aggregate amount of unquoted investments	<b>15,98,69,341</b>	<b>15,98,69,341</b>
Aggregate provision for other than temporary diminution in value of investments	<b>1,44,36,122</b>	<b>18,28,12,730</b>

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st Mar., 2016 In ₹	As at 31st Mar., 2015 In ₹
<b>8. Long-term loans and advances</b>		
(unsecured, considered good unless otherwise stated)		
(a) Security deposits		
(i) Unsecured, considered good	10,000	10,000
(ii) Doubtful	-	-
	<u>10,000</u>	<u>10,000</u>
Less: Provision for doubtful deposits	-	-
	<u><b>10,000</b></u>	<u>10,000</u>
(b) Loans and advances to related parties		
(i) Unsecured, considered good	-	-
(ii) Doubtful	38,26,000	38,26,000
	<u>38,26,000</u>	<u>38,26,000</u>
Less: Provision for doubtful loans	38,26,000	38,26,000
	<u>-</u>	<u>-</u>
(c) Taxes paid less provision (other than deferred tax)	<b>1,99,64,258</b>	1,99,86,256
(d) Balances with statutory / government authorities		
(i) Unsecured, considered good	1,99,809	1,99,809
(ii) Doubtful	-	-
	<u>1,99,809</u>	<u>1,99,809</u>
Less: Provision for doubtful balances	-	-
	<u><b>1,99,809</b></u>	<u>1,99,809</u>
<b>TOTAL</b>	<u><b>2,01,74,067</b></u>	<u>2,01,96,065</u>

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st Mar., 2016 In ₹	As at 31st Mar., 2015 In ₹
<b>9. Cash and cash equivalents</b>		
<b>(a) Cash and cash equivalents</b>		
1. Balances with banks: In current accounts	5,81,446	8,67,042
	<b>5,81,446</b>	<b>8,67,042</b>
2. Cash on hand	2,959	3,487
	<b>5,84,405</b>	<b>8,70,529</b>
<b>(b) Other bank balances</b>		
In deposit accounts with original maturity of more than 3 months but less than 12 months deposited with Standard Chartered Bank.	5,00,000	-
<b>TOTAL</b>	<b>10,84,405</b>	<b>8,70,529</b>

## FORBES CAMPBELL FINANCE LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st Mar., 2016 ₹	As at 31st Mar., 2015 ₹
<b>10. Other current assets</b>		
(a) Interest accrued on deposits with bank	6,660	-
<b>TOTAL</b>	<b>6,660</b>	<b>-</b>

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	Year End. 31st Mar., 2016 In ₹	Year End. 31st Mar., 2015 In ₹
<b>11. Revenue from operations</b>		
(a) <b>Other operating revenues :-</b>		
(i) Rent and amenity	4,80,000	3,60,000
<b>TOTAL</b>	<b>4,80,000</b>	<b>3,60,000</b>
<b>12. Other income</b>		
(a) Interest		
(i) Interest on bank deposit	26,497	79,470
(ii) on Income Tax refund	4,320	-
	<b>30,817</b>	<b>79,470</b>
(b) Provision for dimunition in the value of Investment in a joint venture company, no longer required written back (Net of Loss on sale of investment in a joint venture company ₹ 15,07,02,430) (see Note 23)	-	1,76,74,178
<b>TOTAL</b>	<b>30,817</b>	<b>1,77,53,648</b>

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	In ₹	Year End. 31st Mar., 2016 In ₹	Year End. 31st Mar., 2015 In ₹
<b>13. Finance costs</b>			
(a) Interest expense on:			
i) Debentures		1,72,675	1,89,303
<b>TOTAL</b>		<b>1,72,675</b>	<b>1,89,303</b>
<b>14. Depreciation and amortisation expense</b>			
(a) Depreciation of tangible assets		22,840	22,840
<b>TOTAL</b>		<b>22,840</b>	<b>22,840</b>
<b>15. Other expenses</b>			
(a) Repairs to			
(i) Buildings	26,400		14,400
(ii) Others	-		-
		<b>26,400</b>	<b>14,400</b>
(b) Rates and taxes		<b>21,908</b>	<b>84,798</b>
(c) Printing & Stationery		<b>360</b>	<b>-</b>
(d) Legal and professional charges		<b>1,482</b>	<b>22,472</b>
(e) Payments to the auditor (including service tax):			
(i) Audit fees	25,000		28,090
(ii) For other services	23,587		22,472
(iii) For reimbursement of expenses	1,180		506
		<b>49,767</b>	<b>51,068</b>
(f) Miscellaneous expenses		<b>245</b>	<b>6,700</b>
<b>TOTAL</b>		<b>1,00,162</b>	<b>1,79,438</b>



## FORBES CAMPBELL FINANCE LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

#### 16. The basic / diluted earnings per share is calculated as follows:

S.No.	Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
1.	(Loss) / Profit for the year (In ₹)	1,79,140	1,77,22,067
2.	Weighted average number of equity shares (Nos.)	38,64,131	38,64,131
3.	Basic / Diluted Earnings per share (In ₹)	0.05	4.59
4.	Nominal value per share (in ₹)	10	10

The Company has not issued any potential dilutive equity shares.

#### 17. Contingent liabilities and other amounts for are as follows:

	For the year ended 31st March, 2016	For the year ended 31st March, 2015
A Corporate guarantee issued in favour of Union Bank of India which in turn has issued guarantee on behalf of Forbes Technosys Ltd., a fellow subsidiary of the Company.	1,50,00,000	1,50,00,000
B Income Tax matters in dispute under appeal.	3,29,88,008	2,10,59,516
C Sales Tax Demands by the Madhya Pradesh Sales Tax Authorities for the year 1997-98, 1998-99 and 1999-00.	10,09,077	10,09,077

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

### 18. (a) Related party disclosures

#### (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 Limited
- 2 Forbes Campbell Services Limited
- 3 Forbes Edumetry Limited (*under voluntary winding up*)

#### (C) Fellow Subsidiaries (where there are transactions)

- 1 Forbes Technosys Limited
- 2 Volkart Fleming Shipping and Services Limited

#### (D) Joint Ventures

- 1 Nypro Forbes Products Limited (*Upto 23.02.2015*)

**FORBES CAMPBELL FINANCE LIMITED**
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**18. Related party disclosures (contd.)**
**(b) Details of related party transactions during the year ended 31st March, 2016 and balances outstanding as at 31st March, 2016:**

	A		B		Parties in B above	C		Parties in C above	D		Total
	Forbes & Company Ltd.	Parties in A above	Forbes Campbell Services Ltd.	Forbes Edumetry Ltd.		Forbes Technosys Ltd.	Volkart Fleming Shipping and Services Ltd.		Nyro Forbes Products Ltd.	Parties in D above	
<b>Nature of Transaction</b>											
1	<b>Purchases / Services</b>										
	Investment	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
2	<b>Expenses</b>										
	Interest Paid	1,72,675	<b>1,72,675</b>	-	-	-	-	-	-	-	<b>1,72,675</b>
		<i>1,89,303</i>	<b>1,89,303</b>	-	-	-	-	-	-	-	<b>1,89,303</b>
3	Provision / Write offs	-	-	-	-	-	-	-	-	-	-
4	Miscellaneous expenses	12	<b>12</b>	-	-	-	-	-	-	-	<b>12</b>
		<i>12</i>	<b>12</b>	-	-	-	-	-	-	-	<b>12</b>
5	<b>Income</b>										
	Rent and Other Service Charges	4,80,000	<b>4,80,000</b>	-	-	-	-	-	-	-	<b>4,80,000</b>
		<i>3,60,000</i>	<b>3,60,000</b>	-	-	-	-	-	-	-	<b>3,60,000</b>
6	Provision written back	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	<i>16,83,76,608</i>	<b>16,83,76,608</b>	<b>16,83,76,608</b>
7	Other Reimbursements (Payments)	-	-	-	-	-	-	7,209	<b>7,209</b>	-	<b>7,209</b>
		<i>6,237</i>	<b>6,237</b>	-	-	-	-	<i>23,140</i>	<b>23,140</b>	-	<b>29,377</b>
8	<b>Finance</b>										
	Deposits given	-	-	-	-	-	-	-	-	-	-
		<i>1,00,000</i>	<b>1,00,000</b>	<i>1,00,000</i>	-	<b>1,00,000</b>	-	-	-	-	<b>2,00,000</b>
9	Repayment of Deposits Given	-	-	-	-	-	-	-	-	-	-
		<i>1,00,000</i>	<b>1,00,000</b>	<i>1,00,000</i>	-	<b>1,00,000</b>	-	-	-	-	<b>2,00,000</b>
10	Non Convertible Debentures issued	-	-	-	-	-	-	-	-	-	-
11	Redemption of Non Convertible Debenture issued	-	-	-	-	-	-	-	-	-	-
		<i>1,70,00,000</i>	<b>1,70,00,000</b>	-	-	-	-	-	-	-	<b>1,70,00,000</b>
12	<b>Guarantees outstanding</b>										
	Given on behalf of a Fellow Subsidiary	-	-	-	-	-	1,50,00,000	-	<b>1,50,00,000</b>	-	<b>1,50,00,000</b>
		-	-	-	-	-	<i>1,50,00,000</i>	-	<i>1,50,00,000</i>	-	<i>1,50,00,000</i>
13	<b>Outstandings</b>										
	Interest accrued but not due	68,086	<b>68,086</b>	-	-	-	-	-	-	-	<b>68,086</b>
		<i>68,086</i>	<b>68,086</b>	-	-	-	-	-	-	-	<b>68,086</b>
14	Trade Receivables	-	-	-	-	-	-	-	-	-	-
15	Long Term Loans and Advances	-	-	-	38,26,000	<b>38,26,000</b>	-	-	-	-	<b>38,26,000</b>
		-	-	-	<i>38,26,000</i>	<b>38,26,000</b>	-	-	-	-	<i>38,26,000</i>
16	Provision for Dim. In th value of Investment	-	-	-	1,44,36,122	<b>1,44,36,122</b>	-	-	-	-	<b>1,44,36,122</b>
		-	-	-	<i>1,44,36,122</i>	<b>1,44,36,122</b>	-	-	-	-	<i>1,44,36,122</i>
17	Provision for Doubtful Trade Receivables	-	-	-	38,26,000	<b>38,26,000</b>	-	-	-	-	<b>38,26,000</b>
		-	-	-	<i>38,26,000</i>	<b>38,26,000</b>	-	-	-	-	<i>38,26,000</i>
18	Deposits Payable	5,00,000	<b>5,00,000</b>	-	-	-	-	-	-	-	<b>5,00,000</b>
		<i>5,00,000</i>	<b>5,00,000</b>	-	-	-	-	-	-	-	<i>5,00,000</i>
19	Deposits receivable	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-

**Footnote:**
*Figures in italics are in respect of the previous year.*

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

### 19. Segment reporting

The Company has identified business segments as "Investment Activities" and "Real estate".

Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

#### Information about primary business segments for the year:

Particulars	Investment Activities		Real Estate		Total	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
External segment revenue	-	1,76,74,178	4,80,000	3,60,000	4,80,000	1,80,34,178
Add: Inter segment revenue	-	-	-	-	-	-
<b>Revenue from operations</b>	-	1,76,74,178	4,80,000	3,60,000	4,80,000	1,80,34,178
<b>Segment Results - Profit / (Loss) (including exceptional items related to segments)</b>	-	1,76,74,178	4,08,852	2,37,962	4,08,852	1,79,12,140
Add: Unallocated income					30,817	79,470
Less: Unallocated expenses					(51,854)	(80,240)
<b>(Loss) / Profit before tax and finance costs</b>					3,87,815	1,79,11,370
Less: Finance costs					(1,72,675)	(1,89,303)
<b>(Loss) / Profit before tax</b>					2,15,140	1,77,22,067
<b>Provision for taxation:</b>						
Current tax expense					(36,000)	-
<b>(Loss) / Profit after tax</b>					1,79,140	1,77,22,067
<b>Capital employed</b>						
<b>Segment assets</b>	16,31,24,033	16,31,24,033	5,45,404	5,68,244	16,36,69,437	16,36,92,277
Unallocated corporate assets					2,12,65,132	2,10,66,594
<b>Total assets</b>	16,31,24,033	16,31,24,033	5,45,404	5,68,244	18,49,34,569	18,47,58,871
<b>Segment liabilities</b>	(17,27,47,341)	(17,27,47,691)	(5,00,000)	(5,00,000)	(17,32,47,341)	(17,32,47,691)
Unallocated corporate liabilities					(20,00,066)	(20,03,158)
<b>Total liabilities</b>	(17,27,47,341)	(17,27,47,691)	(5,00,000)	(5,00,000)	(17,52,47,407)	(17,52,50,849)
<b>Capital employed</b>	(96,23,308)	(96,23,658)	45,404	68,244	96,87,162	95,08,022
<b>Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress</b>	-	-	-	-	-	-
Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress					-	-
<b>Total capital expenditure</b>					-	-
<b>Segment depreciation / amortisation</b>	-	-	22,840	22,840	22,840	22,840
Unallocated corporate depreciation / amortisation					-	-
<b>Total depreciation / amortisation</b>					22,840	22,840
<b>Non-cash segment expenses other than depreciation</b>	-	-	-	-	-	-
Unallocated non-cash expenses other than depreciation					-	-
<b>Total non-cash expenses other than depreciation</b>					-	-

## FORBES CAMPBELL FINANCE LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

20. 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.
21. **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.
22. In the previous year ended 31<sup>st</sup> March, 2015, the Company has revised depreciation rate on fixed assets as per the useful life specified in schedule II of the Companies Act, 2013.
23. In the previous year ended 31<sup>st</sup> March, 2015, the Company has sold 1,50,13,664 equity shares of Nypro Forbes Products Limited for consideration of ₹ 1,76,74,178/-.
24. As at March 31, 2016, the Company has investments of Rs. 11,78,26,350 in equity shares of Forbes Technosys Limited (FTL). The accumulated losses of FTL have exceeded 50% of its net worth. Considering the future growth prospects of the Company, supported by an external valuation report, the management believes that diminution of value is temporary in nature and hence no provision is considered necessary.
25. As at March 31, 2016, the Company has investments of Rs. 1,34,92,600 in equity shares of Svadeshi Mills Co. Ltd (SMCL). All assets of SMCL are in the hands of Official Liquidator, High Court Bombay. The High Court has directed the Official Liquidator to proceed with the winding up of SMCL.

Two of the group companies had filed an application on April 15, 2011 for permanent stay against winding up proceeding of SMCL. The said application was dismissed by the order of the Bombay High Court dated October 14, 2011. Aggrieved by the said order, an appeal had been filed on November 17, 2011 before Divisional bench of Bombay High Court by the group companies. The said appeal is dismissed. Against this order, special leave petition was filed in the Supreme Court of India which has been dismissed. A Review Petition has been filed before the Hon'ble Supreme Court and the outcome is awaited.

In the opinion of the management, the assets of SMCL in liquidation are still sufficient enough to pay off its debts and obligation and therefore no provision is considered necessary on the equity investment held by the Company in SMCL.

26. Operating Lease: Company as lessor  
The company has given the licensed premises on operating lease basis, the details of which are as follows:

Class of Asset	As at 31.03.2016	As at 31.03.2015
Gross carrying Amount	13,31,694	13,31,694
Accumulated Depreciation	7,86,290	7,63,450
Depreciation for the year	22,840	22,840

27. Figures for the previous year have been regrouped wherever necessary.

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

SUNETRA GANESAN \_\_\_\_\_

Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_

**Janak Mehta**  
Partner  
Membership No.: 116976  
Mumbai, 22nd April, 2016

S.P. KADAKIA \_\_\_\_\_

Directors

MR. PANKAJ KHATTAR \_\_\_\_\_

Mumbai, 22nd April, 2016

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 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, 2013, and comply with the Accounting Standards referred to in Section 133 of the said Act, read with rule 7 of the Companies (Accounts) Rule, 2014.

#### 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) Revenue Recognition

##### 1. Sale of services

Income from services is recognised on accrual basis as and when the services are performed.

##### 2. 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) 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

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016 (contd.)

been determined had no impairment loss been recognised.

### **f) Depreciation**

Depreciation is provided on straight line basis at the Useful life of an asset prescribed in Schedule II of the Companies Act, 2013.

### **g) Investments**

Long Term Investments are valued at cost less provision for diminution other than temporary in nature, if any.

### **h) Taxes on Income**

1. 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.
2. 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.

### **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 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.

### **j) 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 (Accounts) Rules, 2014.

### **k) 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.

### **l) 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.

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016 (contd.)

### m) Lease Accounting

#### Operating Lease :-

Leasing of an asset 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.

### n) Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

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'.



**Forbes Campbell Services Limited**  
(Subsidiary Company of Forbes Campbell Finance Limited)

Financial Statements  
For the year ended March 31, 2016

# FORBES CAMPBELL SERVICES LIMITED

F. Y. 2015 - 16

## **Atul HMV & Associates**

*Chartered Accountants*

Chitalia House, 274/276, Dr. Cawasji Hormasji Lane,  
3<sup>rd</sup> Floor, Near Marine Lines stn., Mumbai - 400 002.

Tel: 22093101, Tel/Fax: 66348474

e-mail: [atulhmv@yahoo.co.in](mailto:atulhmv@yahoo.co.in) , [atulhmv@gmail.com](mailto:atulhmv@gmail.com)

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF FORBES CAMPBELL SERVICES LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **FORBES CAMPBELL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016 and the Statement of Profit and Loss, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's 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 on the financial statements.

## 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its 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, 2016, ("the order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013, we give in the annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order.

2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet and the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Atul HMV & Associates**

**Chartered Accountants**

**FRN No: 124043W**



**Hemanshu M. Vora**

**Partner**

**Membership No. 100283**

Place: Mumbai

Date: April 22, 2016



**ANNEXURE A TO THE AUDITORS' REPORT**

Annexure A referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" Section of our Report of even date to the Members of FORBES CAMPBELL SERVICES LTD (the Company), on the Financial Statements for the year ended March 31, we report that :

- (i) The company does not have any fixed assets. Accordingly the provisions of clause 3 (i) of the Companies (Auditor's report) Order, 2016 are not applicable.
- (ii) The company does not have any inventory. Accordingly the provisions of clause 3 (ii) of the Companies (Auditor's report) Order, 2016 are not applicable.
- (iii) The Company has not granted any loans, secured or unsecured to the Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently, clauses (iii) (a), (iii) (b) and (iii) (c) of paragraph 3 of the Order are not applicable
- (iv) In respect of loans, investments, guarantees and security, all the provisions of section 185 & 186 of the Companies Act, 2013 have been complied with.
- (v) The Company has not accepted any deposits within the meaning of provisions of Section 73 to 76 of the Act or any other relevant provision of the Companies Act, 2013 and the rules framed there under.
- (vi) The Central Government has not prescribed the maintenance of cost records under subsection (1) of section 148 of the Act, for any services rendered by the Company.
- (vii) (a) 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, employee's state insurance, income tax, service tax. The provisions of Sales Tax, Value Added Tax, Customs Duty, Excise Duty and Cess are not applicable to the company

- (b) As per information and explanation given to us, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of dispute.
- (viii) The Company has not availed any loans or borrowings from banks, financial institutions or government or issued any debentures. Thus, provisions of clause 3 (viii) of the Companies (Auditor's report) Order, 2016 are not applicable.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instrument) and terms loans. Thus, provisions of clause 3 (ix) of the Companies (Auditor's report) Order, 2016 are not applicable.
- (x) According to the information and explanation given to us, no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has not paid any managerial remuneration. Thus, provisions of clause 3 (xi) of the Companies (Auditor's report) Order, 2016 are not applicable.
- (xii) The Company is not a Nidhi Company. Thus, provisions of clause 3 (xii) of the Companies (Auditor's report) Order, 2016 are not applicable.
- (xiii) According to the information and explanations given to us and the records examined, all the transaction with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 and details have been disclosed in the financial statement etc. as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us, company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year under review.
- (xv) According to the information and explanation given to us, company has not entered into any non-cash transaction with director or persons connected with him.



(xvi) According to the information and explanation given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Atul HMV & Associates**  
**Chartered Accountants**

**FRN No: 124043W**



**Hemanshu M. Vora**

**Partner**

**Membership No. 100283**



Place: Mumbai

Date: April 22, 2016

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE  
ON THE FINANCIAL STATEMENTS OF FORBES CAMPBELL SERVICES  
LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3  
of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Forbes Campbell Services Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in

accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in

accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on internal control over financial reporting criteria established by

the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Atul HMV & Associates**

**Chartered Accountants**

**FRN No: 124043W**



**Hemanshu M. Vora**

**Partner**

**Membership No. 100283**

Place: Mumbai

Date: April 22, 2016



**FORBES CAMPBELL SERVICES LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2016**

Particulars	Note No.	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
a Share capital	2	5,00,000	5,00,000
b Reserves and surplus	3	<u>3,51,151</u>	<u>1,38,207</u>
		<b>8,51,151</b>	<b>6,38,207</b>
<b>2 Non-current liabilities</b>			
a Long-term provisions	4	<u>1,09,595</u>	<u>96,719</u>
		<b>1,09,595</b>	<b>96,719</b>
<b>3 Current liabilities</b>			
a Trade payables		35,084	76,959
b Other current liabilities	5	1,54,490	92,263
c Short-term provisions	6	<u>11,086</u>	<u>10,275</u>
		<b>2,00,660</b>	<b>1,79,497</b>
<b>TOTAL</b>		<b><u>11,61,406</u></b>	<b><u>9,14,423</u></b>
<b>II ASSETS</b>			
<b>1 Non-current assets</b>			
a Deferred tax assets	18	21,412	-
b Long-term loans and advances	7	<u>1,23,397</u>	<u>2,67,237</u>
		<b>1,44,809</b>	<b>2,67,237</b>
<b>2 Current assets</b>			
a Trade receivables	8	-	4,28,657
b Cash and Cash equivalent	9	9,87,857	2,16,023
c Short-term loans and advances	10	<u>28,740</u>	<u>2,506</u>
		<b>10,16,597</b>	<b>6,47,186</b>
<b>TOTAL</b>		<b><u>11,61,406</u></b>	<b><u>9,14,423</u></b>

Significant accounting policies 1

The accompanying notes are an integral part of the financial statements

In terms of our report attached

**For Atul HMV & Associates**

Chartered Accountants

FRN No: 124043W

**Hemanshu M. Vora**

Partner

Mem No.: 100283

Mumbai, 22nd April, 2016

SUNETRA GANESAN \_\_\_\_\_ Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_ } Directors

PANKAJ KHATTAR \_\_\_\_\_ }

Mumbai, 22nd April, 2016

# FORBES CAMPBELL SERVICES LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	Note No.	Year Ended 31st March, 2016 ₹	Year Ended 31st March, 2015 ₹
I Revenue from operations	11	48,60,000	43,93,578
II Other income	12	6,952	2,532
III <b>Total revenue (I + II)</b>		<b>48,66,952</b>	<b>43,96,110</b>
IV <b>Expenses:</b>			
Employee benefits expense	13	19,78,158	18,14,395
Other expenses	14	25,80,488	25,79,391
<b>Total expenses</b>		<b>45,58,646</b>	<b>43,93,786</b>
V <b>Profit / (loss) before exceptional items and tax (III - IV)</b>		<b>3,08,306</b>	<b>2,324</b>
VI Exceptional items		-	-
VII <b>Profit before tax (V + VI)</b>		<b>3,08,306</b>	<b>2,324</b>
VIII <b>Tax expense / (credit):</b>			
Income-tax		1,17,000	500
Excess provision for tax relating to prior years		(226)	(14,119)
Deferred Tax Credit		(21,412)	-
IX <b>Profit for the year (VII - VIII)</b>		<b>2,12,944</b>	<b>15,943</b>
X <b>Earning per equity share:</b>			
Basic and diluted earnings per equity share (nominal value of share ₹ 10)		₹ 4.26	₹ 0.32

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

Mumbai, 22nd April, 2016

SUNETRA GANESAN \_\_\_\_\_ Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_

PANKAJ KHATTAR \_\_\_\_\_

Directors

Mumbai, 22nd April, 2016

**FORBES CAMPBELL SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016**

	Year Ended 31st March, 2016 In ₹	Year Ended 31st March, 2015 In ₹
<b>Profit / (Loss) before tax</b>	<b>3,08,306</b>	2,324
<b>Adjustments for -</b>		
Interest from Income Tax Refund and others	(6,952)	(2,532)
	<b>(6,952)</b>	<b>(2,532)</b>
<b>Operating profit / (loss) before working capital changes</b>	<b>3,01,354</b>	<b>(208)</b>
Adjustments for changes in working capital:		
Increase / (decrease) in trade payables	(41,875)	28,707
Increase / (decrease) in long term provisions	12,876	25,810
Increase / (decrease) in short-term provisions	811	1,431
Increase / (decrease) in other current liabilities	62,227	2,884
Decrease / (increase) in trade receivables	4,28,657	6,780
Decrease / (increase) in long-term loans and advances	(28,420)	-
Decrease / (increase) in short-term loans and advances	(26,234)	9,997
	<b>4,08,042</b>	<b>75,609</b>
<b>Cash generated from / (used in) operations</b>	<b>7,09,396</b>	<b>75,401</b>
Income taxes paid (net of refunds)	<b>55,486</b>	<b>(61,460)</b>
<b>(a) Net cash generated from / (used in) operating activities</b>	<b>7,64,882</b>	<b>13,941</b>
<b>Cash flows from investing activities:</b>		
Interest received	6,952	2,532
<b>(b) Net cash generated from / (used in) investing activities</b>	<b>6,952</b>	<b>2,532</b>
<b>Cash flows from financing activities:</b>		
<b>(c) Net cash generated from / (used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)</b>	<b>7,71,834</b>	<b>16,473</b>
<b>(e) Cash and cash equivalents as at the commencement of the year</b>	<b>2,16,023</b>	<b>1,99,550</b>
<b>(f) Cash and cash equivalents as at the end of the year (d + e)</b>	<b>9,87,857</b>	<b>2,16,023</b>

**Footnotes:**

1 Cash-flow statement is prepared in accordance with "Indirect method" as explained in the Accounting Standard on Cash Flow Statements (AS-3).

In terms of our report attached

**For Atul HMV & Associates**  
Chartered Accountants  
FRN No: 124043W

**Hemanshu M. Vora**  
Partner  
Mem No.: 100283  
Mumbai, 22nd April, 2016

SUNETRA GANESAN \_\_\_\_\_ Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_ } Directors

PANKAJ KHATTAR \_\_\_\_\_

Mumbai, 22nd April, 2016



## FORBES CAMPBELL SERVICES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>2. Share capital</b>		
<b>Authorised:</b> 50,000 (Previous year: 50,000) equity shares of ₹ 10 each	<u>5,00,000</u>	<u>5,00,000</u>
<b>Issued, subscribed and fully paid:</b> 50,000 (Previous year: 50,000) equity shares of ₹ 10 each	5,00,000	5,00,000
<b>TOTAL</b>	<u>5,00,000</u>	<u>5,00,000</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**

49,000 (Previous year: 49,000) equity shares are held by the holding company - Forbes Campbell Finance Limited

**(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, 2016		As at 31st March, 2015	
	Number of equity shares held	% holding	Number of equity shares held	% holding
Forbes Campbell Finance Limited	49,000	98.00	49,000	98.00

## FORBES CAMPBELL SERVICES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>3. Reserves and surplus</b>		
<b>(a) Surplus / (deficit) in the statement of profit and loss:</b>		
Balance as per last balance sheet	1,38,207	1,22,264
Add: Profit for the year	2,12,944	15,943
<b>TOTAL</b>	<b>3,51,151</b>	<b>1,38,207</b>

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	<b>As at 31st March, 2016 ₹</b>	<b>As at 31st March, 2015 ₹</b>
<b>4. Long-term provisions</b>		
<b>Provision for employee benefits</b>		
(a) Compensated absences	1,09,595	96,719
<b>TOTAL</b>	<b>1,09,595</b>	<b>96,719</b>

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>5. Other current liabilities</b>		
(a) Liability towards Employee and other contractual liabilities	1,00,161	40,334
(b) Payables to statutory authorities	31,418	29,018
(c) Other Liabilities	22,911	22,911
<b>TOTAL</b>	<b>1,54,490</b>	<b>92,263</b>

### 6. Short-term provisions

(a) Provision for employee benefits		
(i) Compensated absences	11,086	10,275
<b>TOTAL</b>	<b>11,086</b>	<b>10,275</b>

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>7. Long-term loans and advances</b>		
(unsecured, considered good unless otherwise stated)		
(a) Security deposits		
(i) Unsecured, considered good	84,777	84,777
(ii) Doubtful	-	-
	<u>84,777</u>	<u>84,777</u>
Less: Provision for doubtful deposits	-	-
	<u><b>84,777</b></u>	<u>84,777</u>
(b) Prepaid expenses	10,920	-
(c) Loans and advances to employees	17,500	-
(d) Taxes paid less provision(other than deferred tax)	10,200	1,82,460
<b>TOTAL</b>	<u><b>1,23,397</b></u>	<u><b>2,67,237</b></u>

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>8. Trade receivables</b>		
<b>(a) Other trade receivables:</b>		
(i) Unsecured, considered good	-	4,28,657
(ii) Doubtful	-	-
	-	4,28,657
Less: Provision for doubtful Debts	-	-
	-	4,28,657
<b>TOTAL</b>	<b>-</b>	<b>4,28,657</b>
<b>9. Cash and cash equivalents</b>		
1. Balances with banks:		
(A) <u>In current accounts</u>		
(i) Others	9,85,973	2,09,917
	<b>9,85,973</b>	2,09,917
2. Cash on hand	1,884	6,106
<b>TOTAL</b>	<b>9,87,857</b>	<b>2,16,023</b>

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	<b>As at 31st March, 2016 ₹</b>	<b>As at 31st March, 2015 ₹</b>
<b>10. Short-term loans and advances</b> (unsecured, considered good unless otherwise stated)		
(a) Prepaid expenses	<b>6,240</b>	-
(b) Loans and advances to employees	<b>22,500</b>	2,506
<b>TOTAL</b>	<b>28,740</b>	2,506

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	Year Ended 31st March, 2016 ₹	Year Ended 31st March, 2015 ₹
<b>11. Revenue from operations</b>		
a) Service Charges (Net of Service Tax)	48,60,000	43,93,578
<b>TOTAL</b>	<b>48,60,000</b>	<b>43,93,578</b>
<b>12. Other income</b>		
(a) Interest		
(i) on Income Tax refund	6,864	1,720
(ii) on staff advance	88	812
<b>TOTAL</b>	<b>6,952</b>	<b>2,532</b>



# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	Year Ended 31st March, 2016 ₹	Year Ended 31st March, 2015 ₹
<b>13. Employee benefits expense</b>		
(a) Salaries and wages	17,35,774	15,60,455
(b) Contribution to provident and other funds	1,65,975	1,63,784
(c) Staff welfare expense	76,409	90,156
<b>TOTAL</b>	<b>19,78,158</b>	<b>18,14,395</b>

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	Year Ended 31st March, 2016	Year Ended 31st March, 2015
	₹	₹
<b>14. Other expenses</b>		
(a) Printing & Stationery	1,988	504
(b) Legal and professional charges	25,10,563	24,99,437
(c) Travelling and conveyance	19,119	26,738
(d) Payments to the auditor (excluding service tax)		
(i) Audit fees	25,000	25,000
(ii) For other services	5,000	5,000
	<u>30,000</u>	<u>30,000</u>
(e) Miscellaneous expenses	18,818	22,712
<b>TOTAL</b>	<u><u>25,80,488</u></u>	<u><u>25,79,391</u></u>

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

### 15. (a) Related party disclosures

#### (A) Holding Company / Ultimate Holding Company

- 1 Shapoorji Pallonji & Company Limited (*Ultimate Holding Company*)
- 2 Forbes & Company Limited (*Intermediary Holding Company*)
- 3 Forbes Campbell Finance Limited (*Holding Company*)

#### (B) Fellow Subsidiaries

- 1 Eureka Forbes Ltd.
- 2 Aquadiagnostics Water Research & Technology Centre Ltd.
- 3 Aquamall Water Solutions Ltd.
- 4 Campbell Properties & Hospitality Services Ltd.
- 5 EFL Mauritius Ltd.
- 6 Euro Forbes Financial Services Ltd.
- 7 Euro Forbes Ltd. Dubai
- 8 Forbes Bumi Armada Ltd.
- 9 Forbes Bumi Armada Offshore Ltd.
- 10 Forbes Edumetry Ltd. (*Under Voluntary Winding up*)
- 11 Forbes Enviro Solutions Ltd.
- 12 Forbes Facility Services Pvt. Ltd.
- 13 Forbes Lux FZCO
- 14 Forbes Lux Group AG
- 15 Forbes Lux International AG
- 16 Forbes Technosys Ltd.
- 17 Lux (Deutschland) GmbH
- 18 Lux CZ s.r.o.
- 19 Lux Hungaria Kereskedelmi. Kft
- 20 Lux International AG
- 21 Lux Italia srl
- 22 Lux Norge A/s
- 23 Lux Oesterreich GmbH
- 24 Lux Schweiz AG
- 25 Lux Service GmbH
- 26 Lux/ Sk/s.r.o.
- 27 Radiant Energy Systems Pvt.Ltd. (*up to 21.08.2015*)
- 28 Shapoorji Pallonji Forbes Shipping Ltd.
- 29 Volkart Fleming Shipping & Services Ltd.
- 30 Waterwings Equipments Pvt. Ltd. (*up to 21.08.2015*)

## FORBES CAMPBELL SERVICES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

#### 15. Related party disclosures (contd.)

(b) Details of related party transactions during the year ended 31st March, 2016 and balances outstanding as at 31st March, 2016:

		A	A	Parties in A above	B	Parties in B above	Total
		Forbes & Company Ltd.	Forbes Campbell Finances Ltd.		Volkart Fleming Shipping and Services Ltd.		
1	<b>Nature of Transaction</b> Sales / Services						
	Services Rendered	44,40,000 <i>43,93,577</i>	- -	<b>44,40,000</b> <i>43,93,577</i>	4,20,000 -	<b>4,20,000</b> -	<b>48,60,000</b> <i>43,93,577</i>
2	<b>Expenses</b>						
	Miscellaneous expenses	12 <i>12</i>	- -	<b>12</b> <i>12</i>	- -	- -	<b>12</b> <i>12</i>
3	<b>Other Reimbursements</b>	102 <i>45,447</i>	- -	<b>102</b> <i>45,447</i>	- <i>43,058</i>	- <i>43,058</i>	<b>102</b> <i>88,505</i>
4	<b>Finance</b>						
	Deposits taken	-	-	-	-	-	-
5	Repayment of Deposits Taken	- <i>-</i>	<i>1,00,000</i> -	<i>1,00,000</i> -	- -	- -	<i>1,00,000</i> -
		- <i>-</i>	<i>1,00,500</i> -	<i>1,00,500</i> -	- -	- -	<i>1,00,500</i> -
6	<b>Outstandings</b>						
	Trade Payables	- <i>44,424</i>	- -	- <i>44,424</i>	- -	- -	- <i>44,424</i>
7	Trade Receivables	- <i>4,28,657</i>	- -	- <i>4,28,657</i>	- -	- -	- <i>4,28,657</i>

#### Footnote:

Figures in italics are in respect of the previous year.

#### 16. 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	31st March, 2016	31st March, 2015
Net Profit after Tax attributable to Equity Shareholders	<b>2,12,944</b>	<i>15,943</i>
Weighted Average Number of Equity Shares	<b>50,000</b>	<i>50,000</i>
Basic & Diluted Earnings Per Share	<b>4.26</b>	<i>0.32</i>
Face Value of Equity Shares	<b>10</b>	<i>10</i>

17. Balance in respect of certain advance given and advance received is subject to confirmation.

18. Deferred tax asset is as under:

Nature of Timing Difference	31st March, 2016	31st March, 2015
Provisions and liabilities to be allowed on payment basis	21,411	-
	<b>21,411</b>	-

19. Additional information as required under Schedule III of the Companies Act, 2013 has not been furnished as the same is not applicable.

20. No amount is due to Small Scale Industries (SSI) as at 31st March, 2016, as defined under Micro, Small & Medium Enterprises Development Act, 2006.

21. Figures for the previous year have been regrouped wherever necessary.

In terms of our report attached

**For Atul HMV & Associates**

Chartered Accountants

FRN No: 124043W

SUNETRA GANESAN \_\_\_\_\_

Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_

Directors

**Hemanshu M. Vora**

Partner

Mem No.: 100283

Mumbai, 22nd April, 2016

PANKAJ KHATTAR \_\_\_\_\_

Mumbai, 22nd April, 2016

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 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, 2013, and comply with the Accounting Standards referred to in Section 133 of the said Act, read with rule 7 of the Companies (Accounts) Rule, 2014.

#### 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 recognized in the period in which the results are known / materialized.

#### c) Revenue

Income from service activity is accounted as and when services 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 are based on Employees Group Gratuity Scheme with Life Insurance Corporation of India and are administered through trust formed for this purposes. The liability, if any, not provided for will be accounted in the year of payment.

#### f) Taxes on Income

The Company's Income Taxes include taxes on the Company's taxable profits, 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

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016 (contd.)

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.

### **g) 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.

### **h) 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 (Accounts) Rules, 2014.

### **i) 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.

### **j) 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 issued during the year.

### **k) Segment Reporting**

As the company’s activity falls within a single segment viz. service activities, the disclosure requirements in Accounting Standard on Segment Reporting (AS – 17) notified under the Companies (Accounts) Rules, 2014 is not applicable.

**Forbes Enviro Solutions Limited**  
(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements  
For the year ended March 31, 2016

## **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<sup>st</sup> March, 2016, the Statement of Profit and Loss, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting



policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statement.

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

## **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, of the state of affairs of the Company as at 31st March, 2016, and its profits and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

- 1 As required by Companies (Auditors Report) Order, 2016 ('the Order') issued by Central Government of India in terms of sub section 11 of section 143 of the Act, we give in the Annexure –A a statement on the matters specified in paragraphs 3 and 4 of the order.
- 2 As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls refer to our separate report in 'Annexure B' and

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Batliboi & Purohit**  
Chartered Accountants  
ICAI Firm Registration Number: 101048W

**Atul Mehta**  
Partner  
Membership Number: 15935

Place: Mumbai  
Date: May 2, 2016

## **Annexure – A to the Independent Auditor’s Report**

(Referred to in paragraph 1 under ‘Report on other legal and Regulatory requirements’ section of our report of even date)

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not own any immovable properties.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly clause 3 (iii) (a) and (b) of the order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits during the year within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) To the best of our knowledge and as explained the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013;
- (vii) a. Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

- b. According to information and explanations given to us, the following dues of sales tax have not been deposited by the Company on account of dispute. There are no dues of income-tax, service tax, sales-tax, wealth tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

<b>Name of statute</b>	<b>Nature of dues</b>	<b>Amount under dispute (Rs)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Sales Tax Act	Maharashtra Value Added Tax	10,71,025	2002-03, 2004-05	Commissioner of Sales Tax
	Central Sales Tax	34,851	2004-05	Commissioner of Sales Tax

- (viii) The Company has not defaulted in repayment of any loans from banks. The Company did not have any outstanding dues in respect of a financial institution or debenture holders or to government during the year.
- (ix) The Company has not raised any money by way of initial public offer or further public offer and the Company has not taken any term loan during the year.
- (x) As per the information and explanation given by the management we report that no fraud on or by the Company has been noticed or reported during the year.
- (xi) The Company has not paid any remuneration to managerial personnel, hence paragraph 3(xi) of the order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us the Company is not a Nidhi Company. Accordingly the paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xvi) As informed and based on our examination of records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

- (xv) As informed the Company has not entered into any non-cash transactions with Directors or persons connected with him
- (xvi) As per the information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India, 1934.

**For Batliboi & Purohit**  
Chartered Accountants  
ICAI Firm Registration Number: 101048W

**Atul Mehta**  
Partner  
Membership Number: 15935

Place: Mumbai  
Date: May 2, 2016

## **Annexure - B to the Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Forbes Enviro Solutions Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## **For BATLIBOI & PUROHIT**

Chartered Accountants  
ICAI Firm Regn. No.101048W

## **Atul Mehta**

Partner  
Membership No.15935

Place : Mumbai  
Date : May 2, 2016

**Balance Sheet As At 31st March,2016**

	Notes	As at 31 March 2016	As at 31 March 2015 ₹
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
a Share Capital	2	2,82,72,630	5,00,000
b Reserves and Surplus	3	(60,41,839)	(2,13,960)
		<u>2,22,30,791</u>	<u>2,86,040</u>
<b>2. Non-current liabilities</b>			
a Long-term trade payables		-	-
b Other long-term liabilities	4	25,48,482	-
c Long-term provisions	5	4,45,007	-
d Deferred tax liability (net)	8	1,37,153	-
		<u>31,30,642</u>	<u>-</u>
<b>3. Current liabilities</b>			
a Short-term borrowings	7	3,50,00,000	-
b Trade payables	6	10,04,17,219	26,808
c Other current liabilities	4	1,52,71,157	-
d Short-term provisions	5	12,98,767	-
		<u>15,19,87,143</u>	<u>26,808</u>
<b>Total</b>		<u><u>17,73,48,576</u></u>	<u><u>3,12,848</u></u>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
a Fixed Assets			
(i) Tangible assets	9	47,75,556	-
(ii) Intangible assets	10	5,80,660	-
b Long-term loans and advances	11	2,04,78,518	-
c Other non-current assets	12	11,15,055	-
		<u>2,69,49,789</u>	<u>-</u>
<b>2. Current assets</b>			
a Current investments	13	1,00,000	-
b Inventories	14	2,10,21,590	-
c Trade receivables	15	12,12,62,312	-
d Cash and Bank balances	16	45,18,765	3,12,848
e Short-term loans and advances	11	34,96,120	-
f Other current assets	12	-	-
		<u>15,03,98,787</u>	<u>3,12,848</u>
<b>Total</b>		<u><u>17,73,48,576</u></u>	<u><u>3,12,848</u></u>
Significant accounting policies and notes	1 to 33	-	-

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

As per our report of even date For <b>BATLIBOI &amp; PUROHIT</b> Chartered Accountants Firm Regn No.101048W	<u>A.V.Suresh</u>	<i>Director</i>
	<u>R.S.Moorthy</u>	<i>Director</i>
ATUL MEHTA Partner Membership No.15935	<u>Vikram Surendran</u>	<i>Director</i>
	<u>Ashu Khanna</u>	<i>Director</i>



**Statement of Profit and Loss for the year ended 31st March,2016**

	Notes	For the year ended 31 March 2016	For the year ended 31 March 2015 ₹
<b>Income</b>			
I Revenue from operation (gross)	17	28,71,66,675	-
Less: Excise duty		26,51,984	-
Revenue from operation (net)		28,45,14,691	-
II Other income	18	9,33,033	-
<b>III Total Revenue</b>		28,54,47,724	-
<b>IV Expenses</b>			
Cost of materials consumed	19	22,19,91,159	-
Purchases of traded goods	19	32,34,029	-
Changes in inventories of finished goods,work in progress and stock-in-trade	20	(23,68,391)	-
Employee benefit expense	21	2,55,19,073	-
Other expenses	22	2,99,69,017	11,236
Finance cost	23	44,21,027	-
Depreciation and amortisation expense	24	13,80,989	-
<b>Total Expenses</b>		28,41,46,903	11,236
<b>Profit before tax</b>		13,00,821	(11,236)
Tax expense			
Current tax (MAT)		2,47,871	-
Deferred tax credit		(90,617)	-
MAT Credit Entitlement		(2,47,871)	-
		(90,617)	-
<b>Profit/(Loss) for the year</b>		13,91,438	(11,236)
<b>Earnings per equity share (₹)</b>	25		
Basic and Diluted-Par value of ₹ 10/- per share		0.02	(0.22)

Significant accounting policies and notes 1 to 33

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

As per our report of even date  
For **BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Regn No.101048W

\_\_\_\_\_  
A.V.Suresh *Director*

\_\_\_\_\_  
R.S.Moorthy *Director*

ATUL MEHTA  
Partner  
Membership No.15935

\_\_\_\_\_  
Vikram Surendran *Director*

\_\_\_\_\_  
Ashu Khanna *Director*

Mumbai, Dated 2nd May ,2016.

**Cash Flow Statement for the Year ended 31 March, 2016**

	2015-16		2014-15	
	₹	₹	₹	₹
<b>NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>		13,00,821		(11,236)
Adjusted For -				
Depreciation, amortisation and impairment	13,80,989		-	
Finance cost	44,21,027		-	
Interest income	(2,74,618)		-	
Bad debts/ advances written off	7,49,027		-	
		62,76,425		-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>		75,77,246		(11,236)
Adjustments for (increase)/ decrease in operating assets:				
Trade Receivables	60,11,328		-	
Inventories	(1,02,19,995)		-	
Short Term Loans and advances	53,73,036		-	
Long -Term Loans and advances	(83,07,482)		-	
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	28,18,359		5,618	
Other current liabilities	(7,42,604)		-	
Other long term liabilities	25,48,482		-	
Short Term Provisions	1,43,466		-	
Long -Term Provisions	1,80,370		-	
	(21,95,040)		5,618	
Cash generated from operations		53,82,206		(5,618)
Direct Taxes Paid (net of refunds)		(3,91,803)		-
<b>(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES</b>		49,90,403		(5,618)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets(including adjustment on account of capital advances)	(81,105)		-	
Maturity/ Repayment of other bank balances	22,35,502		-	
Interest Received	3,30,632		-	
<b>(b)NET CASH FROM /(USED IN) INVESTING ACTIVITIES</b>		24,85,029		-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Repayment of other short term borrowings	(8,09,399)		-	
Finance cost	(44,21,027)		-	
<b>(c)NET CASH FROM/ (USED IN) FINANCING ACTIVITIES</b>		(52,30,426)		-
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (a+b+c)</b>		22,45,006		(5,618)

Cash Flow Statement for the Year ended 31 March, 2016 (Contd.)

	2015-16		2014-15	
	₹	₹	₹	₹
<b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :</b>				
Cash , Cheques on hand	2,03,557		-	
Balances with scheduled banks on Current accounts,	20,70,202	22,73,759	3,18,466	3,18,466
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :</b>				
Cash , Cheques on hand	1,40,471		-	
Balances with scheduled banks on Current accounts,	43,78,294	45,18,765	3,12,848	3,12,848
<b>NET INCREASE /(DECREASE) AS DISCLOSED ABOVE</b>		<b>22,45,006</b>		<b>(5,618)</b>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 to 33

As per our report of even date For <b>BATLIBOI &amp; PUROHIT</b> Chartered Accountants Firm Regn No.101048W	A.V.Suresh	Director
	<hr/> R.S.Moorthy	Director
ATUL MEHTA Partner Membership No.15935	<hr/> Vikram Surendran	Director
	<hr/> Ashu Khanna	Director

Mumbai, Dated 2nd May ,2016.

**Notes to the financial statements for the year ended 31st March,2016.**

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of Financial statement.

(i) Basis of Accounting

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting standards specified under Section 133 of the Companies Act,2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act,2013 and other accounting pronouncements of the Institute of Chartered Accountants of India. 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/ amortisation. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

(c) Depreciation and amortisation

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in schedule II to the Companies Act, 2013.

Intangible assets ( Computer Software) is amortised over a period of 5

(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

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 Service tax

(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 fund (defined contribution scheme) on actual liability basis and liability for Gratuity and Leave Encashment (defined benefit scheme) is provided based on actuarial valuation determined on balance sheet date using projected unit credit method. Actuarial gain / (losses) are immediately charged to the statement of profit and loss.

(h) Taxation

Income Taxes are accounted for in accordance with Accounting Standard 22 "Accounting for Taxes on Income". 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.

Minimum Alternative Tax ("MAT") under the provisions of the Income-tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(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 statement of Profit and Loss 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 after tax for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year.

(l) Leases

Leasing of assets whereby the lessor essentially remains the owner of the asset is classified as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on Straight Line basis. 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.

(m) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments where the original maturity is three months or less.

The Cash Flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 "Cash Flow Statements".

**Notes to the financial statements for the year ended 31st March,2016.**

	As at 31 March 2016		As at 31 March 2015	
	Number of shares		Number of shares	₹
<b>2. Share Capital</b>				
<b>Authorised</b>				
Equity shares of ` 10/ each * #	50,00,000	5,00,00,000	50,000	5,00,000
	<u>50,00,000</u>	<u>5,00,00,000</u>	<u>50,000</u>	<u>5,00,000</u>
<b>Issued</b>				
Equity shares of ` 10/ each fully paid up *				
At the beginning of the year	50,000	5,00,000	50,000	5,00,000
Add: Issued during the year (refer note 32)	27,77,263	2,77,72,630	-	-
Less: Bought back during the year	-	-	-	-
At the end of the year	<u>28,27,263</u>	<u>2,82,72,630</u>	<u>50,000</u>	<u>5,00,000</u>
<b>Subscribed</b>				
Equity shares of ` 10/ each fully paid up *				
At the beginning of the year	50,000	5,00,000	50,000	5,00,000
Add: Issued during the year (refer note 32)	27,77,263	2,77,72,630	-	-
Less: Bought back during the year	-	-	-	-
At the end of the year	<u>28,27,263</u>	<u>2,82,72,630</u>	<u>50,000</u>	<u>5,00,000</u>
<b>Fully Paid up</b>				
Equity shares of ` 10/ each fully paid up *				
At the beginning of the year	50,000	5,00,000	50,000	5,00,000
Add: Issued during the year (refer note 32)	27,77,263	2,77,72,630	-	-
Less: Bought back during the year	-	-	-	-
At the end of the year	<u>28,27,263</u>	<u>2,82,72,630</u>	<u>50,000</u>	<u>5,00,000</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.

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

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	% holding	Number of shares	% holding
Equity shares of Rs. 10/- each fully paid up held by				
Eureka Forbes Limited	Holding 28,27,263	100	50,000	100
	company			

# The Company has vide shareholders approval dated 04/03/2016 increased the Audthorised Capital to ` 50,000,000/- . The Company has issued 27,77,263 equity shares of face value ` 10/- each in term of Note 32(ff) of the accounts.

The approval from Registrar of Companies for increase in share capital is under process.

**Notes to the financial statements for the year ended 31st March,2016.**

	As at 31 March 2016	<i>As at 31 March 2015</i>
		₹
<b>3. Reserves and surplus</b>		
<b>GENERAL RESERVE</b>		
At the beginning of the year	-	-
Add: General Reserve balance of transferor	1,33,50,000	
Less: Adjustment on amalgamation ( Note.32)	<u>(1,33,50,000)</u>	
At the end of the year	<u>-</u>	<u>-</u>
<b>(Deficit)/ surplus In the Statement of Profit and Loss</b>		
Balance at the beginning of the year	(2,13,960)	<i>(2,02,724)</i>
Profit & (Loss) balance of transferor Companies	59,78,313	
Less: Adjustment on amalgamation	(77,03,666)	-
Less: Goodwill on amalgamation written off	(54,93,964)	-
Add : Profit/ (loss) for the year	13,91,438	<i>(11,236)</i>
<b>Balance at the end of the year</b>	<u><b>(60,41,839)</b></u>	<u><b>(2,13,960)</b></u>
<b>Total</b>	<u><b>(60,41,839)</b></u>	<u><b>(2,13,960)</b></u>

**Notes to the financial statements for the year ended 31st March,2016.**

	Non Current		Current	
	As at 31 March 2016	As at 31 March 2015 ₹	As at 31 March 2016	As at 31 March 2015 ₹
<b>4. Other long term liabilities</b>				
Income received in advance	25,48,482	-	-	-
Statutory liabilities(Contributions to PF,Pension, ESIC,withholding Taxes,VAT etc.)	-	-	8,25,954.00	-
Employee dues	-	-	9,65,467.00	-
Other payables :	-	-	-	-
Due to Related Party	-	-	-	-
Due to Others	-	-	1,34,79,736	-
<b>Total</b>	<b>25,48,482</b>	<b>-</b>	<b>1,52,71,157</b>	<b>-</b>

	Long-term		Short-term	
	As at 31 March 2016	As at 31 March 2015 ₹	As at 31 March 2016	As at 31 March 2015 ₹
<b>5 Provisions</b>				
<b>Provision for employee benefits</b>				
Leave encashment (refer note 26)	4,45,007	-	53,162	-
<b>Other provisions</b>				
Warranty	-	-	12,45,605	-
	-	-	12,45,605	-
<b>Total</b>	<b>4,45,007</b>	<b>-</b>	<b>12,98,767</b>	<b>-</b>

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 March 2016	As at 31 March 2015
At the beginning of the year	10,60,978	-
Additions during the year	12,45,605	-
Utilization during the year	-	-
Unused amount reversed during the year	(10,60,978)	-
At the end of the year	<u>12,45,605</u>	<u>-</u>

**Notes to the financial statements for the year ended 31st March,2016.**

	As at 31 March 2016	<i>As at 31 March 2015</i> ₹
<b>6. Trade Payables</b>		
Due to Micro, Medium and Small Enterprises*	50,09,926	-
Due to Others (including acceptances)	9,53,98,743	26,808
Due to related parties (including acceptances)	8,550	-
<b>Total</b>	<b><u>10,04,17,219</u></b>	<b><u>26,808</u></b>

\*During the year there are no dues of interest to the above suppliers. 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 March 2016	<i>As at 31 March 2015</i> ₹
<b>7. Short-term borrowings</b>			
Intercompany deposit from related parties	Unsecured	3,50,00,000	-
<b>Total</b>		<b><u>3,50,00,000</u></b>	<b><u>-</u></b>

<b>8. Deferred tax Liability</b>			
Deferred tax liabilities (A)			
Excess of depreciation / amortisation on fixed assets under income tax law over depreciation/ amortisation provided in accounts		2,91,087	-
Deferred tax asset (B)			
43B disallowances under Income-tax Act		1,53,934	-
<b>Net deferred tax liability</b>		<b><u>1,37,153</u></b>	<b><u>-</u></b>

**Reconciliation of Deferred tax movement**

	2015-16
Opening Deferred Tax liability of transferor Companies	2,27,770
Less: Closing deferred tax liability	<u>1,37,153</u>
Net Deferred tax credit for the year	<u>90,617</u>



**Notes to the financial statements for the year ended 31st March, 2016.**

**9. Tangible Assets**

	₹	₹	₹	₹	₹	₹	₹	₹
	Furniture and fixtures	Vehicles	Computers	Electrical Installation	Office Equipments	Plant & Machinery	Total	
<b>Gross block at Cost</b>								
As At 1 April 2015	-	-	-	-	-	-	-	-
Transferred on Account of Merger	31,33,537	24,33,009	25,25,883	8,54,601	12,02,160	6,60,858	1,08,10,048	
Additions	-	-	27,957	-	-	-	27,957	
Deletions	-	-	-	-	-	-	-	
<b>As at 31 March 2016</b>	<b>31,33,537</b>	<b>24,33,009</b>	<b>25,53,840</b>	<b>8,54,601</b>	<b>12,02,160</b>	<b>6,60,858</b>	<b>1,08,38,005</b>	
<b>Depreciation</b>								
As At 1 April 2015	-	-	-	-	-	-	-	
Transferred on Account of Merger	8,49,870	7,40,430	20,86,697	1,66,382	5,65,318	5,83,400	49,92,097	
Deletions	-	-	-	-	-	-	-	
Charge for the year	2,56,876	3,04,357	1,83,746	90,714	2,34,659	-	10,70,352	
<b>As at 31 March 2016</b>	<b>11,06,746</b>	<b>10,44,787</b>	<b>22,70,443</b>	<b>2,57,096</b>	<b>7,99,977</b>	<b>5,83,400</b>	<b>60,62,449</b>	
<b>Net Block</b>								
<b>As at 31 March 2016</b>	<b>20,26,791</b>	<b>13,88,222</b>	<b>2,83,397</b>	<b>5,97,505</b>	<b>4,02,183</b>	<b>77,458</b>	<b>47,75,556</b>	
<b>As at 31 March 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**Notes to the financial statements for the year ended 31st March,2016.**

**10 Intangible Assets**

<b>Gross block at Cost</b>	Computer Software	Total ₹
As At 1 April 2015	-	-
Transferred on Account of Merger	14,53,653	14,53,653
Additions	53,148	53,148
Deletions	-	-
As at 31 March 2016	<u>15,06,801</u>	<u>15,06,801</u>
<b>Depreciation</b>		
As At 1 April 2015	-	-
Transferred on Account of Merger	6,15,504	6,15,504
Deletions	-	-
Charge for the year	3,10,637	3,10,637
As at 31 March 2016	<u>9,26,141</u>	<u>9,26,141</u>
<b>Net Block</b>		
<b>As at 31 March 2016</b>	<u>5,80,660</u>	<u>5,80,660</u>
<b>As at 31 March 2015</b>	<u>-</u>	<u>-</u>

Notes to the financial statements for the year ended 31st March,2016.

	Long-term		Short-term	
	As at 31 March 2016	<i>As at 31 March 2015</i>	As at 31 March 2016	<i>As at 31 March 2015</i>
		₹		₹
<b>11. Loans and Advances</b>				
<b>Security deposits</b>				
Unsecured, considered good	12,96,850	-	1,20,000	-
Unsecured security deposit to related parties	10,000	-	-	-
	<u>13,06,850</u>	<u>-</u>	<u>1,20,000</u>	<u>-</u>
Less: Provision for doubtful security deposits				
	<u>13,06,850</u>	<u>-</u>	<u>1,20,000</u>	<u>-</u>
<b>Other loans and advances</b>				
Unsecured considered good, unless stated otherwise				
Loans to employees	-	-	1,24,677	-
Balance with statutory/ government authorities	1,41,36,836	-	20,90,491	-
Prepaid expenses	-	-	8,36,529	-
Advance income-tax (Net of provision of taxation)	47,86,961	-	-	-
Advances recoverable in cash or kind	-	-	3,24,423	-
MAT Credit Entitlement	2,47,871	-	-	-
	<u>1,91,71,668</u>	<u>-</u>	<u>33,76,120</u>	<u>-</u>
<b>Total</b>	<u><u>2,04,78,518</u></u>	<u><u>-</u></u>	<u><u>34,96,120</u></u>	<u><u>-</u></u>
	Non Current		Current	
	As at 31 March 2016	<i>As at 31 March 2015</i>	As at 31 March 2016	<i>As at 31 March 2015</i>
		₹		₹
<b>12. Other assets</b>				
Unsecured considered good, unless otherwise stated				
Interest accrued on fixed deposits	2,43,062	-	-	-
Bank deposit with original maturity of more than 12 months (Note 16)	8,71,993	-	-	-
	<u>11,15,055</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the financial statements for the year ended 31st March,2016.

		<b>Current</b>	
		As at 31 March 2016	As at 31 March 2015
			₹
<b>13. Current investments</b>			
	Current investments (valued at cost or market value whichever is lower)		
	<b>Unquoted</b>		
	Reliance Vision Fund - Growth Plan	1,00,000	-
	(357.856 Units(Previous Year Units 357.856) having face value of Rs.100 each.		
	Total	<u>1,00,000</u>	<u>-</u>
	Aggregate book value of unquoted investments	1,00,000	-
	Market value of unquoted investments as of 31st March 2016	1,47,761	-
		<i>As at 31 March 2016</i>	<i>As at 31 March 2015</i>
			₹
<b>14. Inventories</b>			
	Raw Material & Spares	1,49,16,301	-
	Work in Progress	61,05,289	-
		<u>2,10,21,590</u>	<u>-</u>

**Notes to the financial statements for the year ended 31st March,2016.**

	As at 31 March 2016	<i>As at 31 March 2015</i>
		₹
<b>15. Trade receivables</b>		
Debts outstanding for a period exceeding six months from the date they are due for		
Unsecured, considered good	2,41,48,930	-
Debts due from related parties, unsecured	30,01,013	-
Unsecured, considered doubtful	<u>2,71,49,943</u>	<u>-</u>
Less: Provision for doubtful debts	-	-
	<u>2,71,49,943</u>	<u>-</u>
Other debts		
Unsecured, considered good	1,37,50,940	-
Debts due from related parties, unsecured	<u>8,03,61,429</u>	<u>-</u>
	9,41,12,369	-
Less: Provision for doubtful debts	-	-
	<u>9,41,12,369</u>	<u>-</u>
Total	<u>12,12,62,312</u>	<u>-</u>

**Notes to the financial statements for the year ended 31st March,2016.**

	Non Current		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015 ₹
<b>16. Cash and bank balances</b>				
<b>Cash and cash equivalents</b>				
<b>Balance with banks in</b>				
Current accounts	-	-	43,78,294	3,12,848
Cash on hand	-	-	1,40,471	-
	<u>-</u>	<u>-</u>	<u>45,18,765</u>	<u>3,12,848</u>
<b>Other bank balances</b>				
Balance with banks as margin money deposit	8,71,993	-	-	-
Amount disclosed under non-current assets (note 12)	(8,71,993)	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>45,18,765</u>	<u>3,12,848</u>

Notes to the financial statements for the year ended 31st March,2016.

	As at 31 March 2016	As at 31 March 2015 ₹
<b>17. Revenue from operation</b>		
Sale of products *		
Finished Goods	19,11,66,058	-
Traded goods	42,95,128	
Sale of services **	9,17,05,489	-
Revenue from operations(Gross)	<u>28,71,66,675</u>	-
Less: Excise Duty	26,51,984	-
Revenue from operations(Net)	<u><u>28,45,14,691</u></u>	<u><u>-</u></u>
* <u>Sale of products (net of excise)</u>		
Water & Waste Water Treatment Plants:		
Finished Goods	18,85,14,074	-
	<u>18,85,14,074</u>	<u>-</u>
<u>Sale of traded goods</u>		
Packaged Drinking Water	42,95,128	-
	<u>42,95,128</u>	<u>-</u>
** <u>Sale of services</u>		
Erection & Commissioning	-	-
Others	9,17,05,489	-
	<u>9,17,05,489</u>	<u>-</u>
<b>18. Other Income</b>		
Interest Income on Bank Deposits	2,74,618	-
Discount received	6,58,415	-
	<u>9,33,033</u>	<u>-</u>

**Notes to the financial statements for the year ended 31st March,2016.**

	As at 31 March 2016	As at 31 March 2015
<b>19. Cost of Raw Material and Components consumed</b>		₹
Inventory at the beginning of the year	-	-
Add:- Opening inventory transferred on account of merger	70,64,697	-
Add:- Purchases	<u>22,98,42,763</u>	-
	23,69,07,460	-
Less:- Inventory at the end of the year	<u>1,49,16,301</u>	-
Cost of Raw Material & Components consumed	<u><u>22,19,91,159</u></u>	<u><u>-</u></u>
 <u>Purchase of traded goods</u>		
Packaged Drinking Water	<u>32,34,029</u>	-
	<u><u>32,34,029</u></u>	<u><u>-</u></u>
 <b>Changes in inventories of finished goods, work-in-progress and stock-</b>		
<b>20. in-trade</b>		
Opening stock		
Opening Work in Progress		
- Opening Work-in-progress transferred on account of merger	<u>37,36,898</u>	-
	<u><u>37,36,898</u></u>	<u><u>-</u></u>
Less :		
Closing stock		
- Work-in-progress	<u>61,05,289</u>	-
Net( increase)/ decrease	<u><u>(23,68,391)</u></u>	<u><u>-</u></u>



**Notes to the financial statements for the year ended 31st March,2016.**

	As at 31 March 2016	As at 31 March 2015 ₹
<b>21. Employee benefit expense</b>		
Salaries, wages and bonus	2,38,63,603	-
Contribution to provident and other fund	9,18,125	-
Staff welfare expense	7,37,345	-
	<u>2,55,19,073</u>	<u>-</u>
<b>22. Other expenses</b>		
Electricity	3,20,849	-
Rent	19,84,478	-
Repairs and Maintenance :		
Others	1,23,943	-
Insurance	5,21,665	-
Advertisement	1,13,374	-
Freight, Forwarding and Delivery	46,18,292	-
Payment to Auditors (Refer details Below)	4,20,030	11,236
Printing and Stationery	1,58,070	-
Communication cost	4,89,853	-
Travelling and Conveyance	47,92,921	-
Legal and Professional Fees	25,01,529	-
Vehicle Running Expenses	1,64,408	-
Rates and taxes, excluding taxes on income	13,04,417	-
Service Charges	55,54,828	-
Warranty cost	1,84,627	-
Other Establishment Expenses	59,18,707	-
Directors' Sitting Fees	48,000	-
Bad Debts/Advances Written-Off	7,49,027	-
	<u>2,99,69,018</u>	<u>11,236</u>
Payment to auditors		
As auditor		
Audit fee	3,21,000	5,618
Tax audit fee	45,000	-
In other capacity		
Management services		
For other services	2,500	5,618
For reimbursement of expenses	51,530	-
	<u>4,20,030</u>	<u>11,236</u>
<b>23. Finance cost</b>		
Interest expense on Inter Corporate Deposit	40,00,931	-
Bill Discounting charges	2,83,374	-
Bank charges	1,36,722	-
	<u>44,21,027</u>	<u>-</u>
<b>24. Depreciation and amortisation expense</b>		
Depreciation on tangible assets	10,70,352	-
Amortization on intangible assets	3,10,637	-
Charge for the year	<u>13,80,989</u>	<u>-</u>
<b>25</b>		
Earnings per equity share		
Number of Equity Shares	5,60,45,260	50,000
Weighted average number of equity shares*	5,60,45,260	50,000
Face Value per share	10	10
Profit/(loss) After Tax available to Equity Shareholders	13,91,438	(11,236)
Basic and Diluted Earning Per Share	0.02	(0.22)

\*Includes merger consideration pending allotment of 27,77,263 equity shares

33 Figures of previous year have been re-grouped wherever necessary. The current year figures are not comparable with that of the corresponding previous year due to merger of Radiant Energy Systems Pvt. Ltd. and Waterwings Equipment Pvt. Ltd. with the company during the year.

As per our report of even date  
*For BATLIBOI & PUROHIT*  
Chartered Accountants  
Firm Regn No.101048W

\_\_\_\_\_  
A.V.Suresh *Director*

\_\_\_\_\_  
R.S.Moorthy *Director*

ATUL MEHTA  
Partner  
Membership No.15935

\_\_\_\_\_  
Vikram Surendran *Director*

\_\_\_\_\_  
Ashu Khanna *Director*

Mumbai, Dated 2nd May ,2016.

Related Party disclosure as referred in note 28

**( 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 and Company Private Limited - Ultimate Holding Company  
 Forbes & Company Ltd - Holding Company of Eureka Forbes Ltd  
 Eureka Forbes Ltd - Holding Company

B Fellow Subsidiary (where there are transactions)  
 Aquamall Water Solutions Limited - fellow subsidiary  
 Shapoorji & Pallonji Rural Solutions Pvt. Ltd.

**( II ) Transactions with Related Parties**

		A	B		C
		Eureka Forbes Ltd.	Aquamall Water Solution Ltd	Shapoorji & Pallonji Rural Solutions Pvt. Ltd.	Shapoorji Pallonji and Company Pvt.Ltd
<b>Nature of Transaction</b>					
<b>Purchases</b>	Goods and Materials	8,990	-	-	-
		-	-	-	-
	Services	56,178	-	-	-
		-	-	-	-
<b>Sales (net of taxes)</b>	Goods and Materials	21,85,55,376	-	18,89,577	20,49,017
		-	-	-	-
	Services Rendered	1,18,83,904	-	-	-
		-	-	-	-
	Other Reimbursements	3,47,445	-	30,000	5,500
		-	-	-	-
<b>Expenses</b>	Rent	-	19,868	-	-
	Interest	40,00,930	-	-	-
		-	-	-	-
<b>Finance</b>	Intercompany Deposits	-	-	-	-
		-	-	-	-
<b>Outstandings</b>	Trade payable	-	8,550	-	-
		-	-	-	-
	Other Payables	-	-	-	-
		-	-	-	-
	Intercompany Deposits	3,50,00,000	-	-	-
		-	-	-	-
	Trade Receivables	7,73,60,416	-	6,44,078	23,56,935
		-	-	-	-
	Other Deposits	-	10,000	-	-
		-	-	-	-

Note: There was no Related Party transaction during the previous year

**Forbes Facility Services Private Limited**  
(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements  
For the year ended March 31, 2016

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Forbes Facility Services Pvt. Ltd.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Forbes Facility Services Pvt. Ltd. ('the Company') which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting

policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statement.

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

## **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, of the state of affairs of the Company as at 31st March, 2016, and its profits and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

- 1 As required by Companies (Auditors Report) Order, 2016 ('the Order') issued by Central Government of India in terms of sub section 11 of section 143 of the Act, we give in the Annexure –A a statement on the matters specified in paragraphs 3 and 4 of the order.
- 2 As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal Financial controls over financial reporting of the Company and the operating effectiveness of such controls refer to our separate report in 'Annexure B' and

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements-refer note 29 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**Kaushal Mehta**  
Partner  
Membership No.111749

Place : Mumbai  
Date : 22<sup>nd</sup> April 2016

### **Annexure – A to the Independent Auditor’s Report**

(Referred to in paragraph 1 under ‘Report on other legal and Regulatory requirements’ section of our report of even date)

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- c) The company does not have ownership of any immovable property.
- (ii) The company has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed on such verification.
- (iii) The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly clause 3 (iii) (a) and (b) of the order are not applicable to the Company.
- (iv) The Company has not granted any loans, made investments, given guarantees and security under section 185 and 186 of the Act. Thus paragraph 3(iv) of the order is not applicable to the company.
- (v) The Company has not accepted any deposits during the year within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) To the best of our knowledge and as explained central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013;
- (vii) a. The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities *though there have been delays in few cases.*

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.



- b. According to the information and explanations given to us there are no dues outstanding of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess that have not been deposited on account of any dispute.
- (viii) The Company has not defaulted in repayment of any loans to Banks. The company does not have any loans or borrowings from Financial institution, Government or debenture holders.
- (ix) The Company has not raised any money by way of initial public offer or further public offer and the Company has not taken any term loan.
- (x) As per the information and explanation given by the management we report that no fraud on or by the company has been noticed or reported during the year.
- (xi) The Company has not paid any remuneration to managerial personnel, hence paragraph 3(xi) of the order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us the Company is not a Nidhi Company. Accordingly the paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) As informed and based on our examination of records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

- (xv) As informed the Company has not entered into any non-cash transactions with Directors or persons connected with him
- (xvi) As per the information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India, 1934.

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

**Kaushal Mehta**  
Partner  
Membership No.111749

Place : Mumbai  
Date : 22<sup>nd</sup> April 2016

**BALANCE SHEET AS AT 31 st MARCH, 2016**

	Notes	As at 31 March 2016 Rupees	As at 31 March 2015 Rupees
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
a Share Capital	2	1,00,00,000	1,00,00,000
b Reserves and Surplus	3	<u>78,34,830</u>	<u>68,82,211</u>
		1,78,34,830	1,68,82,211
<b>2. Non-current liabilities</b>			
a Other long-term liabilities	4	8,25,837	17,01,467
b Long-term provisions	5	<u>53,07,884</u>	<u>30,80,005</u>
		61,33,721	47,81,472
<b>3. Current liabilities</b>			
a Short-term borrowings	6	7,06,80,883	6,57,10,134
b Trade payables	7	18,52,70,683	17,09,90,209
c Other current liabilities	4	10,13,24,312	6,92,49,080
d Short-term provisions	5	<u>8,60,662</u>	<u>7,13,219</u>
		35,81,36,540	30,66,62,642
<b>Total</b>		<u><u>38,21,05,091</u></u>	<u><u>32,83,26,325</u></u>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
a Fixed Assets			
(i) Tangible assets	8	4,63,29,925	5,17,24,337
b Deferred tax assets (net)	9	1,91,53,882	63,95,216
c Long-term loans and advances	10	7,55,12,564	5,96,28,171
d Other non-current assets	11	<u>11,39,500</u>	<u>30,29,719</u>
		14,21,35,871	12,07,77,443
<b>2. Current assets</b>			
a Inventories	12	1,22,63,891	1,03,56,167
b Trade receivables	13	22,12,90,762	18,66,42,713
c Cash and Bank Balances	14	55,87,649	81,29,336
d Short-term loans and advances	10	7,93,669	23,87,557
e Other current assets	11	<u>33,249</u>	<u>33,109</u>
		23,99,69,220	20,75,48,882
<b>Total</b>		<u><u>38,21,05,091</u></u>	<u><u>32,83,26,325</u></u>

Significant accounting policies and notes to accounts 1-32

The accompanying notes are an integral part of the financial statements

As per our report of even date <b>For BATLIBOI &amp; PUROHIT</b> Chartered Accountants Firm Regn No. 101048W	S L Goklaney Director	A V Suresh Director
<b>Kaushal Mehta</b> Partner Membership No. 111749	C. A. Karnik Director	Marzin Shroff Director
	S K Palekar Director	
Mumbai , Dated : 22.04.2016	Mumbai , Dated: 22.04.2016	

**Statement of Profit and Loss for the year ended 31 March 2016**

	Notes	For the year ended 31 March 2016 Rupees	For the year ended 31 March 2015 Rupees
<b>Income</b>			
I Revenue from operation (Net)	15	112,37,31,555	91,04,34,378
II Other income	16	5,17,213	12,60,234
III <b>Total Revenue</b>		<u>112,42,48,768</u>	<u>91,16,94,612</u>
<b>IV Expenses</b>			
Cost of Services & Material Consumed	17	45,83,59,142	43,74,17,426
Employee benefit expense	18	57,26,15,192	37,03,09,459
Other expenses	19	6,68,63,676	5,96,35,759
Finance cost	20	100,13,922	93,06,793
Depreciation and amortisation expense	21	209,11,223	47,70,353
<b>Total Expenses</b>		<u>112,87,63,155</u>	<u>88,14,39,790</u>
<b>Profit before tax</b>		(45,14,387)	3,02,54,822
Tax expense			
Current Year Tax		72,91,660	81,00,000
Deferred Tax		(1,27,58,666)	16,88,260
		<u>(54,67,006)</u>	<u>97,88,260</u>
<b>Profit/(Loss) for the Year</b>		<u>9,52,619</u>	<u>2,04,66,562</u>
<b>Earnings per equity share (Rs.)</b>	22		
Basic and Diluted-Par value of ` 10/- per share		0.95	20.47
Significant accounting policies and notes to accounts	1-32		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn No. 101048W

S L Goklaney  
Director

A V Suresh  
Director

C. A. Karnik  
Director

Marzin Shroff  
Director

**Kaushal Mehta**

Partner

Membership No. 111749

S K Palekar  
Director

Mumbai , Dated : 22.04.2016

Mumbai , Dated: 22.04.2016

**Cash Flow Statement for the Year ended 31 March, 2016**

	2015-16		2014-15	
	Rupees		Rupees	
<b>NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>		(45,14,387)		3,02,54,822
Adjusted For -				
Depreciation, amortisation and impairment	2,09,11,223		47,70,353	
Unclaimed balances/ excess provision written back			(7,64,498)	
(Profit)/ loss on sale of assets (net)	2,00,285		(1,35,823)	
Finance cost	1,00,13,922		93,06,793	
Interest income	(4,93,999)		(3,51,926)	
Provision / write-off of doubtful debts, advances and other current assets	35,30,962		33,22,873	
		3,41,62,393		1,61,47,772
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>		2,96,48,006		4,64,02,594
Adjustments for (increase)/ decrease in operating assets:				
Trade Receivables	(3,81,79,011)		(6,37,54,865)	
Inventories	(19,07,724)		(10,57,673)	
Short Term Loans and advances	15,93,888		7,99,577	
Long -Term Loans and advances	(7,39,199)		29,52,426	
Adjustments for increase/ (decrease) in operating liabilities:				
Trade Payables	1,42,80,474		2,23,32,484	
Other current liabilities	3,55,49,889		2,37,65,020	
Other long term liabilities	(8,75,630)		7,06,170	
Short Term Provisions	1,47,443		3,05,396	
Long -Term Provisions	22,27,879		10,87,734	
		1,20,98,009		(128,63,731)
Cash generated from operations		4,17,46,015		3,35,38,863
Direct Taxes Paid (net of refunds)		(2,24,36,854)		(1,78,95,322)
<b>(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES</b>		1,93,09,161		1,56,43,541
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets(Including adjustment on account of Capital Advances)	(1,77,95,962)		(1,64,91,221)	
Sale of Fixed Assets	20,78,866		3,18,372	
Investment in other Bank Balances	(21,12,163)		(1,48,642)	
Increase/(Decrease in Bank Margin Money Deposit	18,90,219		(15,29,719)	
Interest Received	4,93,859		3,38,977	
<b>(b)NET CASH FROM /(USED IN) INVESTING ACTIVITIES</b>		(1,54,45,181)		(1,75,12,233)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Net increase / (decrease) in working capital borrowings	49,70,749		89,35,074	
Finance cost	(1,34,88,579)		(45,00,794)	
<b>(c)NET CASH FROM/ (USED IN) FINANCING ACTIVITIES</b>		(85,17,830)		44,34,280
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)</b>		(46,53,850)		25,65,588

**Cash Flow Statement for the Year ended 31 March, 2016 (Contd.)**

	2015-16		2014-15	
	Rupees		Rupees	
<b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :</b>				
Cash , Cheques on hand	7,84,153		5,83,225	
Balances with scheduled banks on Current accounts,	64,24,097	72,08,250	40,59,437	46,42,662
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :</b>				
Cash , Cheques on hand	8,14,813		7,84,153	
Balances with scheduled banks on Current accounts,	17,39,587	25,54,400	64,24,097	72,08,250
<b>NET INCREASE /(DECREASE) AS DISCLOSED ABOVE</b>		(46,53,850)		25,65,588

As per our report of even date <b>For BATLIBOI &amp; PUROHIT</b> Chartered Accountants Firm Regn No. 101048W	S L Goklaney Director	A V Suresh Director
<b>Kaushal Mehta</b> Partner Membership No. 111749	C. A. Karnik Director	Marzin Shroff Director
Mumbai , Dated : 22.04.2016	S K Palekar Director	
	Mumbai , Dated: 22.04.2016	

**Notes to the financial statements for the year ended 31 March 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

(i) **Basis of Accounting**

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 and other accounting pronouncements of the Institute of Chartered Accountants of India. 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/amortisation. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

(c) **Depreciation and amortisation**

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc. :

Type of Assets	Period
Plant & Machinery for cleaning services	5 years
Motor Cars	5 years
Office Equipment (Mobile Phones)	3 Years

Intangible assets are amortised over a period of 3 to 5 years.

(c) **Investments**

Current investments, if any, are carried at the lower of cost and quoted / fair value, computed categorywise. Long term investments are carried at costs. Provision for diminution in the value of long term investments is made only if such decline is not temporary in the opinion of the management.

(d) **Inventories**

Inventories are valued at cost or net realisable value, whichever is lower by using Weighted Average method of valuation. Obsolete / Slow moving inventories are adequately provided for.

(e) **Revenue Recognition**

Sales are recognised when goods are supplied and are recorded net of sales returns, discounts, rebates, and sales tax/VAT. Income from Services are recognised proportionately over the period in which services are rendered 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 statement of profit and loss. In the case of forward exchange contract, the premium or discount is recognised in the statement of profit and loss over the life of the contract.

(g) **Retirement Benefits**

Contributions are made to Statutory Provident Fund on actual liability basis (Defined contribution scheme).

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.

(h) **Taxation**

Income Taxes are accounted for in accordance with Accounting Standard 22 "Accounting for Taxes on Income". 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 Statement of Profit and Loss 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 after tax for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year.
- (l) Lease accounting  
"Operating Lease:  
Leases, where the lessor retains, substantially all the risk & rewards incidental to ownership of the leased assets, are classified as operating lease. Operating Lease expenses/income are recognised in the statement of profit & loss on straight line basis over the leased term."
- (m) Cash & Cash equivalents  
Cash & Cash equivalents for the purpose of Cash Flow statement comprises cash & cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investment where the original maturity is three months or less  
Cash Flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow statements".



**Notes to the financial statements for the year ended 31 March 2016**

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Rupees	Number of shares	Rupees
<b>2. Share Capital</b>				
Authorised				
Equity shares of ` 10/ each *	20,00,000	2,00,00,000	20,00,000	2,00,00,000
	<u>20,00,000</u>	<u>2,00,00,000</u>	<u>20,00,000</u>	<u>2,00,00,000</u>
<b>Issued</b>				
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	<u>10,00,000</u>	<u>1,00,00,000</u>	<u>10,00,000</u>	<u>1,00,00,000</u>
<b>Subscribed</b>				
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	<u>10,00,000</u>	<u>1,00,00,000</u>	<u>10,00,000</u>	<u>1,00,00,000</u>
<b>Fully Paid up</b>				
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	<u>10,00,000</u>	<u>1,00,00,000</u>	<u>10,00,000</u>	<u>1,00,00,000</u>

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

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	% holding	Number of shares	% holding
<b>Equity shares of ` 10/- each fully paid up held by</b>				
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 Rs.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 31 March 2016**

<b>3. (Deficit)/ surplus in the Statement of Profit and Loss</b>	As at 31 March 2016	As at 31 March 2015
Balance at the beginning of the year	68,82,211	10,11,338
Less: Depreciation on Transition to Schedule II of the Companies Act 2013 on tangible fixed assets with nil remaining useful life(Net of Deferred tax) ( Refer Note 30 b)	-	1,45,95,689
Add/ (less): Profit/ (loss) for the year	<u>9,52,619</u>	<u>2,04,66,562</u>
Balance at the end of the year	<u><b>78,34,830</b></u>	<u><b>68,82,211</b></u>
 <b>Net surplus/(deficit) in the statement of Profit and Loss</b>	 <u><b>78,34,830</b></u>	 <u><b>68,82,211</b></u>

Notes to the financial statements for the year ended 31 March 2016

	Long-term		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
	Rupees	Rupees	Rupees	Rupees
<b>4 Other liabilities</b>				
Interest accrued and due on borrowings - to related parties	-	-	13,31,342	48,05,999
Deposit from Employees	8,25,837	17,01,467	17,08,473	28,17,095
Statutory liabilities(Contributions to PF,Pension, ESIC,withholding Taxes,VAT etc.)	-	-	1,66,69,186	2,22,75,097
Employee Dues	-	-	7,61,85,596	3,70,19,971
Other payables			54,29,715	23,30,918
<b>Total</b>	<b>8,25,837</b>	<b>17,01,467</b>	<b>10,13,24,312</b>	<b>6,92,49,080</b>

**Notes to the financial statements for the year ended 31 March 2016**

	Long-term		Short-term	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
	Rupees	Rupees	Rupees	Rupees
<b>5 Provisions</b>				
<b>Provision for employee benefits</b>				
Gratuity ( note.25 )	45,02,212	25,50,376	4,01,659	2,39,906
Leave encashment (note.25 )	8,05,672	5,29,629	4,59,003	4,73,313
<b>Total</b>	<u>53,07,884</u>	<u>30,80,005</u>	<u>8,60,662</u>	<u>7,13,219</u>

**Notes to the financial statements for the year ended 31 March 2016**

	Secured/ unsecured	As at 31 March 2016  Rupees	As at 31 March 2015  <i>Rupees</i>
<b>6 Short-term borrowings</b>			
Loans repayable on demand :			
From banks	Secured	3,16,80,883	2,67,10,134
ICD from related parties	Unsecured	3,90,00,000	3,90,00,000
<b>Total</b>		<u><u>7,06,80,883</u></u>	<u><u>6,57,10,134</u></u>

- 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 @ 13.25 % p.a.

Notes to the financial statements for the year ended 31 March 2016

	Long-term		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
	Rupees	Rupees	Rupees	Rupees
<b>7. Trade Payables</b>				
Trade payables (including acceptances)				
- Due to Micro, Small & Medium Enterprises	-	-	10,97,259	37,23,028
- Others	-	-	7,57,26,669	7,52,10,890
Trade payables (including acceptances) to related parties	-	-	10,84,46,755	9,20,56,291
<b>Total</b>	<u>-</u>	<u>-</u>	<u><b>18,52,70,683</b></u>	<u><b>17,09,90,209</b></u>

There is no 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.

<b>8 Gross Block at Cost</b>	<b>Plant &amp; Equipment</b>	<b>Furniture and fixtures</b>	<b>Vehicles</b>	<b>Computers</b>	<b>Electrical</b>	<b>Office Equip</b>	<b>Total</b>
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>As At 1 April 2014</b>	10,03,39,000	5,18,698	49,37,458	33,32,009	1,19,226	2,30,544	10,94,76,935
Additions	1,39,36,601	-	20,41,307	4,21,315	-	91,998	1,64,91,221
Deletions	-	-	(5,85,712)	(1,06,869)	-	-	(6,92,581)
<b>As at 31 March 2015</b>	<u>11,42,75,601</u>	<u>5,18,698</u>	<u>63,93,053</u>	<u>36,46,455</u>	<u>1,19,226</u>	<u>3,22,542</u>	<u>12,52,75,575</u>
Additions	1,52,29,556	17,775	17,76,877	6,30,659	9,190	1,31,905	1,77,95,962
Deletions	(1,12,47,087)	(56,234)	(33,45,837)	(3,39,155)	(21,734)	-	(1,50,10,047)
<b>As at 31 March 2016</b>	<u>11,82,58,070</u>	<u>4,80,239</u>	<u>48,24,093</u>	<u>39,37,959</u>	<u>1,06,682</u>	<u>4,54,447</u>	<u>12,80,61,490</u>
<b>Depreciation</b>	<b>Plant and Equipment</b>	<b>Furniture and fixtures</b>	<b>Vehicles</b>	<b>Computers</b>	<b>Electrical</b>	<b>Office Equip</b>	<b>Total</b>
<b>As At 1 April 2014</b>	4,27,14,547	3,39,904	21,26,330	22,92,634	82,659	1,29,205	4,76,85,279
Depreciation written back #	2,24,31,194	1,51,894	9,06,184	4,41,415	18,762	26,486	2,39,75,935
Charge for the year	2,63,74,263	81,347	14,77,852	7,32,921	17,695	62,210	287,46,288
Deletions	-	-	(4,36,436)	(73,596)	-	-	(5,10,032)
Transition adjustment @	2,13,52,382	-	-	2,29,289	-	23,967	2,16,05,638
<b>As at 31 March 2015</b>	<u>6,80,09,998</u>	<u>2,69,357</u>	<u>22,61,562</u>	<u>27,39,833</u>	<u>81,592</u>	<u>1,88,896</u>	<u>7,35,51,238</u>
Charge for the year	1,88,65,785	66,848	12,75,037	6,18,291	7,382	77,880	2,09,11,223
Deletions	(1,06,84,734)	(53,423)	(16,93,519)	(2,78,571)	(20,649)	-	(1,27,30,896)
<b>As at 31 March 2016</b>	<u>7,61,91,049</u>	<u>2,82,782</u>	<u>18,43,080</u>	<u>30,79,553</u>	<u>68,325</u>	<u>2,66,776</u>	<u>8,17,31,565</u>
<b>Net Block</b>							
<i>As at 31 March 2015</i>	<u>4,62,65,603</u>	<u>2,49,341</u>	<u>41,31,491</u>	<u>9,06,622</u>	<u>37,634</u>	<u>1,33,646</u>	<u>5,17,24,337</u>
<i>As at 31 March 2016</i>	<u>4,20,67,021</u>	<u>1,97,457</u>	<u>29,81,013</u>	<u>8,58,406</u>	<u>38,357</u>	<u>1,87,671</u>	<u>4,63,29,925</u>

# On Account of Change in the Accounting Policy (Refer Note no.30 a)

@ Adjusted against the Opening Surplus Balance (Refer Note no.30 b)

**Notes to the financial statements for the year ended 31 March 2016**

	As at 31 March 2016	As at 31 March 2015
	Rupees	Rupees
<b>9 Deferred tax (net)</b>		
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	1,16,98,929	25,16,026
Provision for doubtful debts	2,95,928	-
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.(#)	71,59,025	38,79,190
Gross deferred tax asset	<u>1,91,53,882</u>	<u>63,95,216</u>
Gross deferred tax liability	-	-
Net deferred tax asset	<u><u>1,91,53,882</u></u>	<u><u>63,95,216</u></u>

# Adjusted last year impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting ( 70,09,949)



Notes to the financial statements for the year ended 31 March 2016

	Long-term		Short-term	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
	Rupees	Rupees	Rupees	Rupees
<b>10 Loans and Advances</b>				
<b>Security deposits</b>				
Unsecured, considered good	<u>82,71,826</u>	<u>75,32,627</u>	<u>-</u>	<u>-</u>
Less: Provision for doubtful security deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>82,71,826</u>	<u>75,32,627</u>	<u>-</u>	<u>-</u>
<b>Other loans and advances</b>				
Unsecured considered good, unless stated otherwise				
Loans to employees	-	-	3,41,320	50,756
Prepaid expenses	-	-	2,78,788	8,32,652
Advance income-tax (Net of provision of taxation)	6,72,40,738	5,20,95,544	-	-
Advances recoverable in cash or kind	<u>-</u>	<u>-</u>	<u>1,73,561</u>	<u>15,04,149</u>
	<u>6,72,40,738</u>	<u>5,20,95,544</u>	<u>7,93,669</u>	<u>23,87,557</u>
<b>Total</b>	<u><u>7,55,12,564</u></u>	<u><u>5,96,28,171</u></u>	<u><u>7,93,669</u></u>	<u><u>23,87,557</u></u>

Notes to the financial statements for the year ended 31 March 2016

	Non Current		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
	Rupees	Rupees	Rupees	Rupees
<b>11. Other assets</b>				
Unsecured considered good, unless otherwise stated				
Interest accrued on fixed deposits	-	-	33,249	33,109
Other Bank balances ( Note 14 )	11,39,500	30,29,719	-	-
	<u>11,39,500</u>	<u>30,29,719</u>	<u>33,249</u>	<u>33,109</u>
Less: Provision for doubtful other assets				
	<u>11,39,500</u>	<u>30,29,719</u>	<u>33,249</u>	<u>33,109</u>

**Notes to the financial statements for the year ended 31 March 2016**

	As at 31 March 2016	<i>As at 31 March 2015</i>
	Rupees	<i>Rupees</i>
<b>12. Inventories</b>		
<b>Raw Materials :</b>		
Foods & Beverages	44,42,414	29,39,212
Spares & Consumables	78,21,477	74,16,955
	<u>1,22,63,891</u>	<u>103,56,167</u>

Notes to the financial statements for the year ended 31 March 2016

	Non Current		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
	Rupees	Rupees	Rupees	Rupees
<b>13. Trade receivables</b>				
Debts outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	4,36,43,253	3,46,43,859
	-	-	4,36,43,253	3,46,43,859
Less: Provision for doubtful debts	-	-	8,95,042	-
	-	-	4,27,48,211	3,46,43,859
Other debts				
Unsecured, considered good	-	-	16,50,65,708	14,96,15,560
Debts due from related parties, unsecured	-	-	1,34,76,843	23,83,294
	-	-	17,85,42,551	15,19,98,854
Less: Provision for doubtful debts	-	-	-	-
	-	-	17,85,42,551	15,19,98,854
Total	-	-	22,12,90,762	18,66,42,713

Notes to the financial statements for the year ended 31 March 2016

	Non Current		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
	Rupees	Rupees	Rupees	Rupees
<b>14. Cash and Bank Balances</b>				
Cash and Cash Equivalents:				
<b>Balance with banks in</b>				
Current accounts	-	-	17,39,587	64,24,097
Cash on hand	-	-	8,14,813	7,84,153
	<u>-</u>	<u>-</u>	<u>25,54,400</u>	<u>72,08,250</u>
<b>Other bank balances :</b>				
Balance in banks for margin money*	11,39,500	30,29,719	-	-
Deposits with original maturity of more than 3 months but less than 12 months	-	-	30,33,249	9,21,086
Deposits with original maturity of more than 12 months	-	-	-	-
	<u>11,39,500</u>	<u>30,29,719</u>	<u>30,33,249</u>	<u>9,21,086</u>
Amount disclosed under non-current assets (note 11)	(11,39,500)	(30,29,719)	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>55,87,649</u>	<u>81,29,336</u>

\* Margin Money Deposit given as Security against Bank Guarantee

**Notes to the financial statements for the year ended 31 March 2016**

	Year Ended 31 March 2016 Rupees	Year Ended 31 March 2015 Rupees
<b>15. Revenue from operation</b>		
Sale of services - Cleaning	70,99,30,227	59,85,64,360
Sale of Foods & Beverages	41,38,01,328	31,18,70,018
Revenue from operations	<u>112,37,31,555</u>	<u>91,04,34,378</u>
<b>16. Other Income</b>		
Interest income on :		
Bank deposits	4,93,999	3,44,810
Others	-	7,116
Net Profit on sale of assets	-	1,35,823
Excess Provision Written Back	-	7,64,498
Miscellaneous Income	23,214	7,987
	<u>5,17,213</u>	<u>12,60,234</u>

**Notes to the financial statements for the year ended 31 March 2016**

	Year Ended 31 March 2016	Year Ended 31 March 2015
	Rupees	Rupees
<b>17. Cost of Services and Material Consumed</b>		
Cost of Services	12,55,32,757	18,12,01,386
<b>Consumption of Consumables</b>		
Inventory at the beginning of the year	74,16,955	59,69,648
Add : Purchases	6,03,17,338	3,51,48,637
	<u>6,77,34,293</u>	<u>4,11,18,285</u>
Less : Inventory at the end of the year	78,21,477	74,16,955
	<u>5,99,12,816</u>	<u>3,37,01,330</u>
<b>Consumption of Foods &amp; Beverages</b>		
Inventory at the beginning of the year	29,39,212	33,28,846
Add : Purchases	27,44,16,771	22,21,25,076
	<u>27,73,55,983</u>	<u>22,54,53,922</u>
Less : Inventory at the end of the year	44,42,414	29,39,212
	<u>27,29,13,569</u>	<u>22,25,14,710</u>
Total	<u>45,83,59,142</u>	<u>43,74,17,426</u>

**Notes to the financial statements for the year ended 31 March 2016**

	Year Ended 31 March 2016 Rupees	Year Ended 31 March 2015 Rupees
<b>18. Employee benefit expense</b>		
Salaries, wages and bonus	48,90,07,069	31,61,00,773
Contribution to provident and other fund	6,38,05,357	3,89,61,761
Staff welfare expense	1,98,02,766	1,52,46,925
	<u>57,26,15,192</u>	<u>37,03,09,459</u>
<b>19. Other expenses</b>		
Electricity	13,27,523	15,07,317
Rent	1,45,65,795	1,12,96,794
Repairs and Maintenance		
Machinery	17,31,278	13,82,658
Others	9,99,844	5,32,090
Insurance	21,55,087	7,33,228
Advertisement	6,21,730	5,16,712
Payment to Auditors (Refer details Below)	5,30,680	2,49,108
Printing and Stationery	23,06,141	18,24,352
Communication cost	41,91,539	34,44,177
Travelling and Conveyance	1,33,58,970	1,05,24,133
Legal and Professional Fees	65,96,352	38,56,968
Vehicle Expenses and Maintenance	13,59,186	12,02,980
Rates and taxes, excluding taxes on income	24,14,641	1,15,54,132
Information Technology Expenses	32,60,372	31,91,479
Other Establishment Expenses	76,71,291	44,45,758
Directors' Sitting Fees	42,000	51,000
Bad Debts/Advances Written-Off	26,35,920	33,22,873
Provision for Doubtful debts	8,95,042	-
Loss on sale of fixed assets (net)	2,00,285	-
	<u>6,68,63,676</u>	<u>5,96,35,759</u>
<b>Payment to auditors</b>		
As auditor		
Audit fee	3,16,630	1,50,000
Tax audit fee	41,489	30,000
For other services	1,66,861	62,338
Reimbursement of expenses	5,700	6,770
	<u>5,30,680</u>	<u>2,49,108</u>
<b>20. Finance cost</b>		
Interest to bank	46,59,292	39,66,792
Interest on ICD	53,54,630	53,40,001
	<u>100,13,922</u>	<u>93,06,793</u>
<b>21. Depreciation and amortisation expense</b>		
Depreciation on tangible assets	2,09,11,223	2,87,46,288
For the Year Charge	2,09,11,223	2,87,46,288
Less : Depreciation on tangible assets written back on change in accounting policy (Refer Note No.30)	-	2,39,75,935
	<u>2,09,11,223</u>	<u>47,70,353</u>
<b>22 Earnings per equity share</b>		
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	9,52,619	2,04,66,562
Basic and Diluted Earning Per Share	346 Rs. 0.95	Rs. 20.47



**Forbes Lux FZCO**  
(Subsidiary Company of Euro Forbes Limited)

Financial Statements  
For the year ended December 31, 2015

## **INDEPENDENT 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 at 31 December 2015, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows 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 and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the implementing rules and regulations issued by the Jebel Ali Free Zone Authority, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply 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 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 management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Basis of Opinion**

As stated in note 5 to the financial statements, although other financial assets are unsecured and outstanding for a period ranging 2006 to 2014, the management has considered this as good and recoverable and no impairment is considered necessary by the management. We are not able to verify the existence and recoverability of amounts due from these parties following satisfactory audit procedures.

#### **Opinion**

In our opinion, except for the possible effects of the matter discussed in the basis of opinion paragraph, the financial statements present fairly, in all material respects the financial position of FORBES LUX FZCO as at 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **Report On Other Legal and Regulatory Requirements**

Also, in our opinion, the company has maintained proper books of account. We obtained all the information which we considered necessary for our audit. According to the information available to us, there were no contraventions of the Regulation No. 1/92 issued by the Jebel Ali Free Zone Authority pursuant to Law No. 9 of 1992 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  
Registration No. 677  
**Shah & Alshamali Associates Chartered Accountants**  
17 March 2015  
Dubai

**FORBES LUX FZCO**  
**Statement of Financial Position**  
**31st December 2015**

	Notes	2015 US \$	2015 INR	2014 US \$	2014 INR
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property & Equipment	5	5,520	3,04,276	7,074	4,04,433
Other Financial Assets	6	2,79,20,611	1,84,62,81,115	2,60,08,454	1,65,38,80,191
		<b>2,79,26,131</b>	<b>1,84,65,85,391</b>	<b>2,60,15,528</b>	<b>1,65,42,84,624</b>
<b>Current assets</b>					
Inventories	7	2,78,135	1,83,91,983	4,39,263	2,79,32,778
Trade and other receivables	8	31,28,732	20,68,90,845	41,18,335	26,18,85,334
Cash & Cash Equivalents	9	48,825	32,28,607	6,90,176	4,38,88,361
		<b>34,55,692</b>	<b>22,85,11,435</b>	<b>52,47,774</b>	<b>33,37,06,473</b>
<b>Total assets</b>		<b>3,13,81,823</b>	<b>2,07,50,96,826</b>	<b>3,12,63,302</b>	<b>1,98,79,91,097</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
<b>Shareholders' funds</b>					
Share Capital	10	1,39,63,562	88,49,05,748	1,39,63,562	88,49,05,748
Accumulated losses		(67,35,219)	(38,78,36,676)	(49,64,002)	(27,45,23,713)
<b>Foreign Currency Translation Reserve</b>			<b>(1,91,47,679)</b>		<b>(3,81,44,517)</b>
<b>Shareholders' equity funds</b>		<b>72,28,343</b>	<b>47,79,21,393</b>	<b>89,99,560</b>	<b>57,22,37,518</b>
Loan Account	11	<b>2,22,59,224</b>	<b>1,47,19,15,672</b>	<b>2,09,43,151</b>	<b>1,33,17,77,066</b>
<b>Total shareholder's funds</b>		<b>2,94,87,567</b>	<b>1,94,98,37,065</b>	<b>2,99,42,711</b>	<b>1,90,40,14,584</b>
<b>Current liabilities</b>					
Trade and other payables	12	18,94,256	12,52,59,761	13,20,591	8,39,76,514
		18,94,256	12,52,59,761	13,20,591	8,39,76,514
<b>Total liabilities</b>		<b>18,94,256</b>	<b>12,52,59,761</b>	<b>13,20,591</b>	<b>8,39,76,514</b>
<b>Total equity and liabilities</b>		<b>3,13,81,823</b>	<b>2,07,50,96,826</b>	<b>3,12,63,302</b>	<b>1,98,79,91,097</b>

The notes attached herewith form an integral part of these financial statements.

MANAGER

**FORBES LUX FZCO**

**Statement of Profit or Loss and Other Comprehensive Income  
for the year ended 31 December 2015**

	Notes	2015 US \$	2015 INR	2014 US \$	2014 INR
<b>Sales</b>		35,25,740	22,72,38,174	47,07,210	28,80,47,595
Cost of sales	13	(25,01,868)	(16,04,04,297)	(32,10,873)	(19,55,99,195)
<b>Gross profit</b>		10,23,872	6,68,33,877	14,96,337	9,24,48,401
General Expenses	13	(15,56,525)	(10,03,19,904)	(17,76,211)	(10,86,91,413)
<b>Loss from Operations</b>		(5,32,653)	(3,34,86,027)	(2,79,874)	(1,62,43,013)
Finance Cost	15	(12,38,564)	(7,98,26,936)	(15,69,187)	(9,60,23,025)
<b>Exceptional Items</b>		-	-	-	-
<b>Net Loss for the year</b>		(17,71,217)	(11,33,12,963)	(18,49,061)	(11,22,66,037)
Other Comprehensive Income/ (Loss)		-	-	-	-
<b>Total Comprehensive loss for the year</b>		(17,71,217)	(11,33,12,963)	(18,49,061)	(11,22,66,037)

*The notes attached herewith form an integral part of these financial statements.*

**FORBES LUX FZCO**

**Statement of Changes in Equity**

*for the year ended 31 December 2015*

	Share Capital	Accumulated losses	Total	Total
	US \$	US \$	US \$	INR
<b>As at 31 December 2013</b>	<b>3,26,579</b>	<b>(31,14,941)</b>	<b>(27,88,362)</b>	<b>(17,22,83,122)</b>
Contributed during the year	1,36,36,983	-	1,36,36,983	86,71,77,113
Net loss for the period	-	(18,49,061)	(18,49,061)	(11,22,66,037)
Foreign Currency Translation Reserve	-	-	-	(1,03,90,435)
<b>As at 31 December 2014</b>	<b>1,39,63,562</b>	<b>(49,64,002)</b>	<b>89,99,560</b>	<b>57,22,37,518</b>
Net loss for the period	-	(17,71,217)	(17,71,217)	(11,33,12,963)
Foreign Currency Translation Reserve	-	-	-	1,89,96,839
<b>As at 31 December 2015</b>	<b>1,39,63,562</b>	<b>(67,35,219)</b>	<b>72,28,343</b>	<b>47,79,21,393</b>

*The notes on pages 6 to 17 from an integral part of these financial statements.*

**FORBES LUX FZCO**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2015**

**1 Legal status and business activity**

**FORBES LUX FZCO** is a free zone company with limited liability incorporated in the Jebel Ali Free Zone, Dubai, United Arab Emirates pursuant to law No. 2 of 1986 and implementing Rules and Regulations issued there under by the Jebel Ali Free Zone Authority with Euro Forbes Limited (EFL), UAE and VDB Investment GmbH (VIG), Switzerland as its shareholders. The address of the registered office of the company is Office No. LB17207, P.O. Box 261698, Jebel Ali, Dubai, United Arab Emirates.

The ultimate parent company is considered to be Eureka Forbes Limited, India.

The company is operating under trade license number 106894 with distribution of water heaters, filters & purifications devices, refrigerators, washing machines & household electrical appliances, electrical & electronics appliances and spare parts as its activities.

**2 Basis of preparation**

As the company is reporting accumulated losses of US \$ 6,735,219 (Rs. 387,836,676) resulting from substantial operating losses since inception, the company is considered to be unprofitable which cast significant doubt on its ability to continue as a going concern.

However, these accompanying financial statements have been prepared on the basis that the company will continue as a going concern. The continuation of the company as a going concern is dependent upon parent entities continuing to provide the necessary financial support and upon the operations of the company commencing profitable in the future. One of the shareholder company and its parent shareholder company have extended their written assurance about the injection of adequate funds in the company to maintain sufficient equity funds in the company and to ensure that all short, medium and long term liabilities are met as they fall due to carry on their businesses without any significant curtailment of operations.

*Statement of Compliance*

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable implementing rules and regulations issued by the Jebel Ali Free Zone Authority.

*Basis of measurement*

The financial statements of the company have been prepared under the historical cost basis except as disclosed in the policies and are presented in US Dollars being the functional and presentation currency of the company.

*Functional and presentation currency*

The Financial statements have been presented in US Dollars, being the functional and presentation currency of the company.

*Use of estimates and judgements*

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 4.

**Adoption of new and revised International Financial Reporting Standards (IFRS)**

The company adopted all applicable accounting standards and amendments which are effective for annual periods beginning on or after 1 January 2015. The company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

**3. Summary of significant accounting policies**

The accounting policies, which are consistent with those used in the previous year, in dealing with items that are considered material in relation to the financial statements are as follows:

**Property, plant and equipment**

Property, plant and equipment are stated at cost together with any related expenses of acquisition less accumulated depreciation and impairment if any. Depreciation is charged using the straight-line method whereby the cost of an asset is depreciated over its estimated useful lives as follows:

Furniture and office equipment	2-5 years
Vehicles	5 years

Depreciation on additions and disposals during the year is charged on a proportionate basis for the period of use. Gains or/and losses on deletion of assets are included in statement of profit or loss and other comprehensive income.

### **Inventories**

Inventories are valued at lower of cost or net realizable value. Cost of inventories are determined using the first in first out method and comprises invoice value plus applicable landing charges. Net realizable value is based on estimated selling price less any further costs expected to be incurred up to disposal.

### **Financial instruments**

Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

### **Financial assets**

The company's financial assets comprise trade and other receivables and bank balance.

#### **Trade and other receivables**

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

#### **Other current financial assets**

Other current financial assets which comprise deposits with a maturity date of more than three months from the date of deposit are classified as loans and receivables.

#### **Cash and cash equivalents**

Cash and cash equivalents for the purpose of the statement of cash flows comprise bank current accounts that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

### **Financial liabilities**

The company's financial liabilities comprise trade and other payables.

#### **Trade and other payables**

Trade and other payables are recognized for amounts to be paid in future for goods or services received, whether invoiced by the supplier or not.

### **Impairment of financial assets**

All financial assets, except for those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognized in profit or loss.

### **Provisions**

Provisions are recognized when the company has a legal or constructive obligation 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 the amount can be reliably estimated.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

### **Contingencies**

Contingent liabilities are not recognized in the financial statements. They are disclosed unless possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable

### **Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

### **Sale of goods**

Revenue from sales of goods are recognized when the company has delivered products to the customer; the customer has accepted the products; and collectability of the related receivables is reasonably assured.

### **Staff end-of-services benefits**

The company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' basic salary and length of service. Staff end of service benefits are accounted on cash basis.

### **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. Resulting exchange gains/losses are taken to the statement of profit or loss and other comprehensive income.

## **4. Significant accounting judgment employed in applying accounting policies and key sources of estimation uncertainties**

### **4.1 Significant judgment employed in applying accounting policies**

The significant judgment made in applying accounting policies that has most significant effect on the amounts recognized in the financial statements pertains to impairment.

At each reporting date, management conducts an assessment of property, plant and equipment, and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, impairment loss is recognized.

In the case of trade and other receivables, if an amount is deemed irrecoverable, it is written off to profit or loss and other comprehensive income or, if previously a provision was made, it is written off against the provision. Reversals of provisions against trade and other receivables are made to the extent of the related amounts being recovered.

### **4.2 Key sources of estimation uncertainty**

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

#### **Carrying values of property, plant and equipment**

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

#### **Inventory provision**

Management regularly undertakes a review of the company's inventory in order to assess the likely realization proceeds, taking into account purchase and replacement prices, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

#### **Impairment**

Assessment of net recoverable amount of property, plant and equipment and all financial assets other than loans and receivables, are based on assumptions regarding future cash flows expected to be received from related assets.

#### **Impairment of other receivables**



Management regularly undertakes a review of the amounts of other receivables and assess the likelihood of non-recovery. Such assessment is based upon the age of the debt, historic recovery rates and assessed credit worthiness of the receivable. Based on the assessment, assumptions are made as to the level of provisioning required.

#### **Impairment of trade receivables**

An estimation of the collectible amount of trade receivables 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 is applied according to the length of past time due, based on anticipated recovery rates.

5. Property & equipment

	Furniture & office equipment	Vehicles	Total	Total
	US\$	US\$	US\$	INR
<b>Cost</b>				
As at 01.01.2015	7,490	13,616	21,106	10,83,329
Additions during the year	425	-	425	27,392
As at 31.12.2015	7,915	13,616	21,531	11,10,721
<b>Depreciation</b>				
As at 01.01.2015	6,891	7,141	14,032	6,78,896
Charge for the year	345	1,634	1,979	1,27,549
As at 31.12.2015	7,236	8,775	16,011	8,06,445
<b>Net book value</b>				
As at 31.12.2015	679	4,841	5,520	3,04,276
As at 31.12.2014	599	6,475	7,074	4,04,433

	Furniture & office equipment	Vehicles	Total	Total
	US\$	US\$	US\$	INR
<b>Cost</b>				
As at 01.01.2014	6,837	13,616	20,453	10,43,370
Additions during the year	653	-	653	39,959
As at 31.12.2014	7,490	13,616	21,106	10,83,329
<b>Depreciation</b>				
As at 01.01.2014	6,837	4,417	11,254	5,08,902
Charge for the year	54	2,724	2,778	1,69,994
As at 31.12.2014	6,891	7,141	14,032	6,78,896
<b>Net book value</b>				
As at 31.12.2014	599	6,475	7,074	4,04,433
As at 31.12.2013	-	9,199	9,199	5,34,468

6. Other financial assets

	2015 US \$	2015 INR	2014 US \$	2014 INR
Trade receivables -acquired and reclassified*	2,22,68,175	1,47,25,07,567	1,97,21,887	1,25,41,16,767
Advance to related parties and dealers - acquired#	56,52,436	37,37,73,548	62,86,567	39,97,63,424
	2,79,20,611	1,84,62,81,115	2,60,08,454	1,65,38,80,191
Provision for doubtful debts	-	-	-	-
	2,79,20,611	1,84,62,81,115	2,60,08,454	1,65,38,80,191

\* Includes USD 4,606,958 (Equivalent to INR 304,640,165) [previous year USD 4,051,755 (Equivalent to INR 257,651,506)] due from overseas related parties on trade account.

# Includes USD 3,726,523(Equivalent to INR 246,420,432) [previous year USD 3,726,523(Equivalent INR 236,969,970)] due from overseas related parties.

Although balances carried under "Other financial assets" are unsecured and outstanding for a period ranging from the year 2006 to 2014, in the opinion of the management they are considered good and recoverable.

Movements on provision for doubtful debts account is as under:

	2015 US \$	2015 INR	2014 US \$	2014 INR
Opening balance	-	-	16,54,332	10,21,95,367
Provision made during the year	-	-	-	-
Utilised During the Year	-	-	(16,54,332)	(10,21,95,367)
Closing balance	-	-	-	-

## 7. Inventories

Inventories lying at third party warehouse comprising water purifiers, filters & purifications devices, electrical & electronics appliances and related items are stated as per the items physically taken, valued and certified by the management.

## 8. Trade and other receivables

	2015 US \$	2015 INR	2014 US \$	2014 INR
Trade receivables ~	30,70,329	20,30,28,882	40,89,681	26,00,63,224
Advance to suppliers	42,499	28,10,293	8,039	5,11,201
Other receivables	4,084	2,70,059	4,084	2,59,702
Deposits	11,820	7,81,611	16,531	10,51,208
	31,28,732	20,68,90,845	41,18,335	26,18,85,334

~Includes USD 1,781,832 (Equivalent to INR 117,825,601) [previous year USD 1,615,953(Equivalent to INR 102,758,613)] due from overseas related parties on trade account.

The company's average credit period is 0 to 120 days for the local customers 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 the shareholder's loan account and or will be reimbursed by the parent company of one of the shareholders of the company in case of non-recovery. Receivables over 365 days are classified as non-current assets and disclosed under the head "Other financial assets".

As at 31 December 2015, the ageing of unimpaired trade receivables is as follows:

		Total	<120 Days	121-150 Days	151-365 Days	> 365 Days
2015	US \$	30,70,329	9,95,598	1,40,672	19,34,059	-
2015	INR	20,30,28,882	6,58,35,013	93,02,091	12,78,91,779	-
2014	US \$	40,89,681	13,38,491	2,76,884	24,74,306	-
2014	INR	26,00,63,224	8,51,14,777	1,76,07,081	15,73,41,366	-

## 9. Cash and bank balances

This represents balance in current accounts with a bank.

## 10. Share capital

	2015 US \$	2015 INR	2014 US \$	2014 INR
<b>Authorised, issued and paid up:</b> 512 shares of AED 100,000 each (USD 1 converted @ AED 3.667)	1,39,63,562		1,39,63,562	
<b>Issued to:</b> Euro Forbes Limited	1,38,81,917	88,04,73,576	1,38,81,917	88,04,73,576
VDB Investment GmbH, Switzerland	81,645	44,32,172	81,645	44,32,172
	1,39,63,562	88,49,05,748	1,39,63,562	88,49,05,748

## 11. Shareholder's loan account

This represents loan together with interest accrued thereon from Euro Forbes Limited, one of the shareholders of the company. This loan is unsecured, which carries interest charge of 6-7.5% and is not subject to any fixed term of repayment. The shareholder company has agreed to retain the loan balances until such time as the company's other financial assets (note 6) and trade receivables (note 8), fairly valued, are realized.

## 12. Trade and other payables

	2015 US \$	2015 INR	2014 US \$	2014 INR
Trade payables ~	18,03,348	11,92,48,370	11,41,650	7,25,97,638
Advance from customers	19,876	13,14,322	1,927	1,22,538
Accruals	71,032	46,97,069	1,77,014	1,12,56,338
	18,94,256	12,52,59,761	13,20,591	8,39,76,514

~Includes USD 1,482,914 (Equivalent to INR 98,059,319) [previous year USD 922,056(Equivalent to INR 58,633,633)] 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. Cost of Sales**

	<b>2015 US \$</b>	<b>2015 INR</b>	<b>2014 US \$</b>	<b>2014 INR</b>
Opening inventories	4,39,263	2,79,32,778	2,91,889	1,80,31,268
Purchases during the year (including direct expenses)	23,40,740	15,08,63,502	33,58,247	20,55,00,705
Closing inventories	(2,78,135)	(1,83,91,983)	(4,39,263)	(2,79,32,778)
	<b>25,01,868</b>	<b>16,04,04,297</b>	<b>32,10,873</b>	<b>19,55,99,195</b>

**14. Expenses**

	<b>2015 US \$</b>	<b>2015 INR</b>	<b>2014 US \$</b>	<b>2014 INR</b>
Staff salaries	1,10,166	71,00,331	95,694	58,55,789
Warehousing & logistics expense	53,615	34,55,551	78,851	48,25,117
Other administrative expenses (net)	1,04,891	67,60,351	1,96,580	1,20,29,290
Exchange loss	15,317	9,87,199	80,646	49,34,959
Selling & distribution expenses	3,51,820	2,26,75,221	5,03,867	3,08,33,058
Bad Debts	9,18,737	5,92,13,702	8,17,795	5,00,43,207
Depreciation	1,979	1,27,549	2,778	1,69,994
	<b>15,56,525</b>	<b>10,03,19,904</b>	<b>17,76,211</b>	<b>10,86,91,413</b>

**15. Finance Charges**

	<b>2015 US \$</b>	<b>2015 INR</b>	<b>2014 US \$</b>	<b>2014 INR</b>
Interest to related parties	12,31,373	7,93,63,467	12,25,535	7,49,93,979
Interest on bank loan	-	-	3,26,795	1,99,97,517
Bank Charges	7,191	4,63,469	16,857	10,31,528
	<b>12,38,564</b>	<b>7,98,26,936</b>	<b>15,69,187</b>	<b>9,60,23,025</b>

**16. Related party transactions and 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 comprise the parent company of a shareholder, shareholder companies, companies under common ownership and/or common management control and key management personnel as under:

**Shareholders:**

Euro Forbes Limited, Dubai  
VDB Investment GmbH, Switzerland

**Parent company of a shareholder:**

Eureka Forbes Limited, India

**Entities under common control**

Lux International AG, Switzerland  
Aquamall Water Solutions Ltd.  
India Euro P2P Direct Thailand Co. Ltd., Thailand

**Key officer:**

Mr. Sunil Dhondiram Uphale

## 17. Financial instruments: Credit, liquidity and market risk exposures

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally other financial assets, bank current accounts, trade and other receivables and amount due from related parties and dealers. The company bank current accounts are placed with high credit quality financial institution.

Amounts due from related parties, trade and other receivables are stated net of the allowance for doubtful debts. As at 31 December 2015, the company is exposed to credit risk from its operating activities including trade and other receivables and advance to related parties and dealers. The company's maximum exposure to credit risk from trade receivables situated outside the U.A.E. amounts to USD 25,251,984 (previous year USD 23,561,255) due from 3 customers, due from the dealers and related parties.

There are no significant concentrations of credit risk to receivables outside the industry in which the company operates.

### Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. 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 shareholder and its parent shareholder company have agreed to retain the loan balances until such time as the company's other financial assets and trade receivables, fairly valued, are realized.

### Market risk

Market risk is a risk that changes in market prices, such as interest rate risk and currency risk, will affect the company's income or the value of its holdings of financial instruments.

### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Loans and advances from and to related parties are at fixed rate of interest.

### Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. There is no significant currency risk as substantially all financial assets and financial liabilities are denominated in US Dollars or UAE Dirhams, which is fixed to US Dollars rate.

## 18. Financial instruments: Fair value

The fair values of the company's financial assets, comprising of trade and other receivables, cash and 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 and capital commitments

There are no contingent liabilities of significant in nature outstanding and capital commitments 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 17 March 2015

## 22. Exchange Rates

Rates used for conversion of US \$ to INR are:

2015	Average Rate	1 US \$ =	64.4512
	Closing Rate	1 US \$ =	66.1261
2014	Average Rate	1 US \$ =	61.1929
	Closing Rate	1 US \$ =	63.5901

## 16. 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

### Parent company of a shareholder:

- Eureka Forbes Ltd, India

### Entities under common control:

- Lux International AG. Switzerland
- Aquamall Water Solutions Ltd., India
- Euro P2P Direct Thailand Co. Ltd., Thailand

### Key officers:

- Mr. Sunil D. Uphale

At the date of statement of financial position balances and significant transactions during the year with related parties were as follows:

		Shareholders		Parent company of one of the Shareholders		Entities under common control		Total	
		USD Dr/(Cr)	INR	USD Dr/(Cr)	INR	USD Dr/(Cr)	INR	USD Dr/(Cr)	INR
<b>Balances:</b>									
Shareholder's loan account	2015	(2,22,59,224)	(1,47,19,15,672)	-	-	-	-	(2,22,59,224)	(1,47,19,15,672)
	2014	(2,09,43,151)	(1,33,17,77,066)	-	-	-	-	(2,09,43,151)	(1,33,17,77,066)
Trade receivables	2015	-	-	14,064	9,29,997	63,74,726	42,15,35,769	63,88,790	42,24,65,766
	2014	-	-	750	47,693	56,66,958	36,03,62,426	56,67,708	36,04,10,118
Trade payables	2015	-	-	(2,34,882)	(1,55,31,831)	(12,48,032)	(8,25,27,489)	(14,82,914)	(9,80,59,319)
	2014	-	-	(1,49,209)	(94,88,215)	(7,72,847)	(4,91,45,418)	(9,22,056)	(5,86,33,633)
Advances	2015	-	-	-	-	37,26,523	24,64,20,433	37,26,523	24,64,20,433
	2014	-	-	-	-	37,26,523	23,69,69,970	37,26,523	23,69,69,970
<b>Transactions:</b>									
Purchases	2015	-	-	85,673	55,21,728	4,76,127	3,06,86,957	5,61,800	3,62,08,684
	2014	-	-	8,55,942	5,23,77,530	33,494	20,49,593	8,89,436	5,44,27,124
Sales	2015	-	-	(14,064)	(9,06,442)	(17,68,710)	(11,39,95,482)	(17,82,774)	(11,49,01,924)
	2014	-	-	(12,930)	(7,91,224)	(16,15,953)	(9,88,84,770)	(16,28,883)	(9,96,75,993)
Commission expense	2015	-	-	-	-	24,100	15,53,274	24,100	15,53,274
	2014	-	-	-	-	27,850	17,04,221	27,850	17,04,221
Interest expense	2015	12,31,273	7,93,57,022	-	-	-	-	12,31,273	7,93,57,022
	2014	7,76,293	4,75,03,581	4,49,242	2,74,90,398	-	-	12,25,535	7,49,93,979

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.

**Forbes Lux Group AG**  
(a wholly owned Subsidiary Company of Lux International AG)

Financial Statements  
For the year ended December 31, 2015

Report of the Statutory Auditor on the Limited Statutory Examination to the General Meeting of Shareholders of

Forbes Lux Group Ltd, Baar

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of Forbes Lux Group Ltd for the year ended 31 December 2015.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Roman Wenk  
Licensed Audit Expert  
Auditor in Charge

Larissa Eckstein  
Licensed Audit Expert  
Zurich, 15 April 2016

Enclosures  
Financial statements (balance sheet, income statement and notes)  
Proposed appropriation of available earnings



FORBES LUX GROUP Ltd, BAAR

BALANCE SHEET AS OF 31 December 2015

<b>ASSETS</b>		Note	31.12.2015	31.12.2015	31.12.2014	31.12.2014
			CHF	INR	CHF	INR
<b>Current assets</b>						
Cash and cash equivalents			73,361	48,86,356	52,917	34,00,399
Other short-term receivables	2.1		1,14,230	76,08,518	36,321	23,33,955
Accrued income shareholder			23,732	15,80,717		-
<b>Total current assets</b>			<b>2,11,323</b>	<b>1,40,75,591</b>	<b>89,238</b>	<b>57,34,354</b>
<b>Non-current assets</b>						
Financial assets	2.2		11,43,460	7,61,62,440	11,97,051	7,69,21,420
Investments	2.3		11,38,840	7,58,54,716	9,20,780	5,91,68,494
<b>Total non-current assets</b>			<b>22,82,300</b>	<b>15,20,17,156</b>	<b>21,17,831</b>	<b>13,60,89,914</b>
<b>TOTAL ASSETS</b>			<b>24,93,623</b>	<b>16,60,92,747</b>	<b>22,07,069</b>	<b>14,18,24,268</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
		Note	31.12.2015	31.12.2015	31.12.2014	31.12.2014
			CHF	INR	CHF	INR
<b>Liabilities</b>						
<b>Current liabilities</b>						
Other short-term liabilities	2.4		727	48,423	14,176	9,10,937
Accrued expenses due to third parties			5,264	3,50,619	17,006	10,92,790
<b>Total current liabilities</b>			<b>5,991</b>	<b>3,99,043</b>	<b>31,182</b>	<b>20,03,727</b>
<b>Non-current liabilities</b>						
Long-term interest-bearing loans from governing bodies (board of directors)			5,41,305	3,60,54,702	6,01,360	3,86,42,852
Provision for unrealized exchange rate gains			60,170	40,07,743	21,130	13,57,795
<b>Total long-term liabilities</b>			<b>6,01,475</b>	<b>4,00,62,445</b>	<b>6,22,490</b>	<b>4,00,00,647</b>
<b>Total liabilities</b>			<b>6,07,466</b>	<b>4,04,61,488</b>	<b>6,53,672</b>	<b>4,20,04,374</b>
<b>Shareholders' equity</b>						
Share capital			10,00,000	6,93,69,700	10,00,000	6,93,69,700
Legal capital reserves			8,50,000	5,89,64,245	8,50,000	5,89,64,245
- Capital contribution reserves						
Foreign Currency Translation Reserve			-	20,89,555		-15,01,022
Voluntary retained earnings						
- Results carried forward			-2,96,603	-2,70,13,030	-4,70,233	-3,84,49,530
- Profit for the year			3,32,760	2,22,20,789	1,73,630	1,14,36,500
<b>Total Shareholders' equity</b>			<b>18,86,157</b>	<b>12,56,31,259</b>	<b>15,53,397</b>	<b>9,98,19,893</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>24,93,623</b>	<b>16,60,92,747</b>	<b>22,07,069</b>	<b>14,18,24,268</b>

**FORBES LUX GROUP Ltd, BAAR**  
**STATEMENT OF INCOME 2015**

	Note	2015 CHF	2015 INR	2014 CHF	2014 INR
<b>INCOME</b>					
Income from Royalties		1,95,698	1,30,68,169	1,98,485	1,30,73,626.38
Income from Factory Participation		1,81,677	1,21,31,886	2,40,461	1,58,38,462.72
Financial income	2.5	78,663	52,52,897	32,313	21,28,362.79
Extraordinary income		12,006	8,01,727		
<b>Total income</b>		<b>4,68,044</b>	<b>3,12,54,679</b>	<b>4,71,259</b>	<b>3,10,40,452</b>
<b>EXPENSES</b>					
Financial expenses	2.6	-61,451	-41,03,527	-48,617	(32,02,259.59)
Development and tooling expenses		-6,708	-4,47,942	-7,339	(4,83,398.46)
Personnel expenses		-	-	-1,62,383	(1,06,95,693.24)
Legal and consulting expenses		-	-	-13,720	(9,03,696.27)
Management fees		-5,057	-3,37,692	-	-
Other operating expenses		-61,788	-41,26,031	-60,180	(39,63,880.57)
Extraordinary expenses		-280	-18,698	-3,381	(2,22,696.58)
FX differences				-2,009	(1,32,326.95)
Direct taxes		-	-		
<b>Total expenses</b>		<b>-1,35,284</b>	<b>-90,33,890</b>	<b>-2,97,629</b>	<b>-1,96,03,952</b>
<b>Profit for the year</b>		<b>3,32,760</b>	<b>2,22,20,789</b>	<b>1,73,630</b>	<b>1,14,36,500</b>

FORBES LUX GROUP Ltd, BAAR  
NOTES

1. Principles

1.1 General aspects

The financial statement 2015 has been generated for the first time under the regulations of the new Swiss Accounting regulations (Para 32 of the Swiss Code of Obligations). To ensure the comparability, the previous year's figures in the balance sheet and the income statement were reclassified to the new structures.

1.2 Revenue from royalties and factory participation

Revenue from Royalties and Factory participation, which depends on order volume of the subsidiaries, is recorded as at invoicing. Once the service has been rendered it is invoiced, at the latest at the end of each quarter.

1.3 Financial Assets

Financial assets include non-current loans and are recognized at acquisition cost. Loans granted in foreign currency are translated at the rate of balance sheet date, whereby unrealized losses are recorded but unrealized gains are not recognized. In case of a resale, the gain or loss is recognized through the income statement

1.4 Interest-bearing loans

Interest-bearing loans are recognized in the balance sheet at nominal value. Loans receipt in foreign currency are translated at the rate of balance sheet date, whereby unrealized losses are recorded but unrealized gains are not recorded.

## 2. Information on balance sheet and income statement items

### 2.1 Other short-term receivables

<b>CHF</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Receivables from third parties	352	7,795
Receivables from companies in which the entity holds an investment	1,13,878	28,526
<b>Total</b>	<b>1,14,230</b>	<b>36,321</b>
INR	76,08,518	23,33,955

### 2.2 Financial assets

<b>CHF</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Loans to companies in which the entity holds an investment	10,07,150	-
Loans to shareholders	1,36,310	11,97,051
<b>Total</b>	<b>11,43,460</b>	<b>11,97,051</b>
INR	7,61,62,440	7,69,21,420

### 2.3 Investments

<b>Company</b>	<b>Domicile</b>	<b>Share capital</b>		<b>Share in Capital and voting rights in %</b>	
		<b>31.12.2015</b>	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
<b>Lux /SK/ s.r.o.</b>	Slovakia	EUR 563'000	EUR 363'000	100%	100%
Direct Sales Company					
<b>Lux del Paraguay</b>	Paraguay	PYG 5'000'000'000	PYG 5'000'000'000	50%	50%
Direct Sales Company					

In December 2015, the company increased the share capital of Lux /SK/ s.r.o. from EUR 363'000 to EUR 563'000. The transaction was made by converting shareholder loan.

### 2.4 Other short-term liabilities

<b>CHF</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Liabilities due to third parties	727	1,056
Liabilities due to shareholder	-	13,119
<b>Total</b>	<b>727</b>	<b>14,175</b>
INR	48,423	9,10,937

### 2.5 Financial income

<b>CHF</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Interest income from companies in which the entity holds an investment	7,629	2,261
Interest income from shareholder	23,732	30,052
Dividend income	47,302	0
<b>Total</b>	<b>78,663</b>	<b>32,313</b>
INR	52,52,897	21,28,363

### 2.6 Financial expenses

<b>CHF</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Interest expenses and charges	3,583	444

Interest expenses to governing bodies (board of directors)	44,252	48,173
Net exchange losses realized and unrealized as well as gains realized	13,616	2,009
<b>Total</b>	<b>61,451</b>	<b>50,626</b>
INR	-41,03,527	-32,02,260

### 3. Other information

#### 3.1 Full-time equivalents

Forbes Lux Group AG does not have any employees.

#### 3.2 Collateral provided for liabilities of related parties

Forbes Lux Group AG issued "Performance Guarantees" in favour of MrReto von der Becke, CEO. He has granted a loan to Lux Paraguay of EUR 1'050'000 (PY: EUR 1'050'000). Mr von der Becke does not hold any shares in Lux International AG or any group subsidiary.

11,36,741	12,62,856
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#### 3.3 Significant events after the balance sheet date

No significant events occurred.

	31.12.2015	
	CHF	INR
Retained earnings brought forward	-2,96,603	-2,70,13,030
Net profit for the year	3,32,760	2,22,20,789
Retained earnings to be carried forward	<u>36,157</u>	<u>-47,92,241</u>
Dividend distribution	-	-
Retained earnings to be carried forward	<u>36,157</u>	<u>-47,92,241</u>

**Forbes Lux International AG, Baar**  
(a wholly owned Subsidiary Company of Aquamall Water Solutions Limited)

Financial Statements  
For the year ended December 31, 2015

Report of the Auditor to the Board of Directors on the Financial Statements of  
Forbes Lux International Ltd, Baar

As auditor, we have been engaged to audit the accompanying financial statements of Forbes Lux International Ltd, which comprise the balance sheet, income statement, statement of changes in equity, cash flow statement and notes for the year ended December 31, 2015.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with core FER. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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 Swiss Auditing Standards. 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 the internal control system relevant to the entity's preparation 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 existence and effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, 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 for the year ended December 31, 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with core FER.

Roman Wenk  
Licensed Audit Expert

Larissa Eckstein  
Licensed Audit Expert

Zurich, 15 April 2016

Enclosure:

- Financial statements (balance sheet, income statement, statement of changes in equity, cash flow statement and notes)

FORBES LUX INTERNATIONAL AG, Baar  
BALANCE SHEET AS OF 31st DECEMBER 2015

	2015 CHF	2015 EUR	2015 INR	Restated		
				2014 CHF	2014 EUR	2014 INR
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	24,312	22,453	16,19,227	19,33,679	18,47,727	12,53,60,330
Other Current Receivables	2,48,241	2,29,253	1,65,33,225	7,313	6,988	4,74,101
Prepaid expenses and accrued income	79,209	73,150	52,75,449			
<b>Total Current Assets</b>	<b>3,51,762</b>	<b>3,24,856</b>	<b>2,34,27,901</b>	<b>19,40,992</b>	<b>18,54,715</b>	<b>12,58,34,431</b>
<b>Non-Current assets</b>						
Investment	8,43,54,464	6,75,33,279	4,99,25,38,705	8,81,74,464	7,11,20,641	5,24,77,71,619
Loans	57,47,284	53,07,674	38,27,77,790	13,18,602	12,59,990	8,54,84,913
<b>Total Non-Current assets</b>	<b>9,01,01,748</b>	<b>7,28,40,953</b>	<b>5,37,53,16,495</b>	<b>8,94,93,066</b>	<b>7,23,80,631</b>	<b>5,33,32,56,532</b>
<b>TOTAL ASSETS</b>	<b>9,04,53,510</b>	<b>7,31,65,809</b>	<b>5,39,87,44,397</b>	<b>9,14,34,058</b>	<b>7,42,35,346</b>	<b>5,45,90,90,964</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Liabilities</b>						
Other Short-term Payables	88,775	81,985	59,12,549	45,592	43,565	29,55,727
Accrued Expenses	21,44,299	19,80,282	14,28,13,571	20,08,793	19,19,502	13,02,29,967
<b>Total current Liabilities</b>	<b>22,33,074</b>	<b>20,62,266</b>	<b>14,87,26,120</b>	<b>20,54,385</b>	<b>19,63,068</b>	<b>13,31,85,695</b>
Deferred Tax Liabilities	4,66,960	4,31,242.23	3,11,00,240.87	1,95,802	1,87,099	1,26,93,836
Loans						
-Shareholders	1,48,26,095	1,36,92,047	98,74,40,303	1,45,88,717	1,39,40,249	94,57,85,920
-Third parties	59,45,466	54,90,697	39,59,77,010	1,64,00,891	1,56,71,871	1,06,32,69,085
Provision for unrealized exchange gains		-	-	-	-	-
<b>Total Non-Current liabilities</b>	<b>2,12,38,521</b>	<b>1,96,13,986</b>	<b>1,41,45,17,554</b>	<b>3,11,85,410</b>	<b>2,97,99,219</b>	<b>2,02,17,48,840</b>
<b>Total Liabilities</b>	<b>2,34,71,595</b>	<b>2,16,76,253</b>	<b>1,56,32,43,674</b>	<b>3,32,39,795</b>	<b>3,17,62,286</b>	<b>2,15,49,34,535</b>
<b>Shareholder's equity</b>						
Share Capital	3,68,00,000	3,10,27,092	2,46,97,58,055	2,53,00,000	2,04,06,727	1,68,64,08,305
Participation Certificates Share Capital	3,42,00,000	3,26,79,810	2,21,71,84,585	3,42,00,000	3,26,79,810	2,21,71,84,585
Capital contribution reserves	11,20,820	9,58,337	7,71,93,957	7,12,110	5,80,889	4,93,53,707
Accumulated Losses						
Balance beginning of the year	(20,17,847)	(15,75,857)	(13,54,67,409)	(14,11,771)	(11,51,723)	(9,49,22,381)
Opening Adjustment (As per Working)	-	-	-	5,85,354	5,59,335	3,79,48,475
Loss for the period	(31,21,058)	(29,30,986)	(20,85,33,175)	(11,91,430)	(9,83,469)	(7,84,93,503)
Total accumulated losses	(51,38,905)	(45,06,842)	(34,40,00,584)	(20,17,847)	(15,75,857)	(13,54,67,409)
<b>Foreign Currency Translation Reserve</b>		<b>(86,68,841)</b>	<b>(58,46,35,291)</b>		<b>(96,18,510)</b>	<b>(51,33,22,760)</b>
<b>Total shareholders' equity</b>	<b>6,69,81,915</b>	<b>5,14,89,556</b>	<b>3,83,55,00,722</b>	<b>5,81,94,263</b>	<b>4,24,73,060</b>	<b>3,30,41,56,429</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>9,04,53,510</b>	<b>7,31,65,809</b>	<b>5,39,87,44,397</b>	<b>9,14,34,058</b>	<b>7,42,35,346</b>	<b>5,45,90,90,964</b>



## INCOME STATEMENT 2015

	Restated					
	2015 CHF	2015 EURO	2015 INR	2014 CHF	2014 EURO	2014 INR
<b>OPERATING REVENUES</b>						
Dividend Income	-	-	-	16,50,000	13,61,997	10,87,04,900
<b>Operating Revenues</b>	-	-	-	16,50,000	13,61,997	10,87,04,900
<b>OPERATING EXPENSES</b>						
Office and administration expenses	(6,295)	(5,912)	(4,20,600)	(13,021)	(10,748)	(8,57,846)
Events, meetings and travel expenses	(45,742)	(42,956)	(30,56,247)	(18,219)	(15,039)	(12,00,300)
Legal and consulting expenses	(62,326)	(58,530)	(41,64,305)	(1,88,886)	(1,55,916)	(1,24,44,142)
Service expenses-Group	(36,000)	(33,808)	(24,05,336)	(36,000)	(29,716)	(23,71,743)
Swiss stamp duty	(1,15,000)	(1,07,997)	(76,83,713)	(3,42,000)	(2,82,305)	(2,25,31,561)
<b>Total operating expenses</b>	<b>(2,65,363)</b>	<b>(2,49,202)</b>	<b>(1,77,30,202)</b>	<b>(5,98,126)</b>	<b>(4,93,725)</b>	<b>(3,94,05,592)</b>
<b>OPERATING RESULT</b>	<b>(2,65,363)</b>	<b>(2,49,202)</b>	<b>(1,77,30,202)</b>	<b>10,51,874</b>	<b>8,68,272</b>	<b>6,92,99,308</b>
<b>NON-OPERATING INCOME/(EXPENSES)</b>						
Financial income	79,209	74,385	52,92,341	610	504	40,188
Impairment of financial assets	(38,20,000)	(35,87,362)	(25,52,32,914)			
Financial expenses	(17,82,811)	(16,74,238)	(11,91,18,337)	(30,86,275)	(25,47,573)	(20,33,29,222)
-Shareholder		-	-	-	-	-
-Group Companies		-	-	-	-	-
-Third Parties		-	-	-	-	-
Prior Period Income/(Expenses)	(453)	(425)	(30,267)	(1,529)	(1,262)	(1,00,733)
FX Differences	29,40,259	27,61,197	19,64,53,108	11,78,540	9,72,829	7,76,44,287
<b>Total non-operating income/(expenses)</b>	<b>(25,83,796)</b>	<b>(24,26,443)</b>	<b>(17,26,36,069)</b>	<b>(19,08,654)</b>	<b>(15,75,503)</b>	<b>(12,57,45,481)</b>
<b>NET LOSS BEFORE TAXES</b>	<b>(28,49,159)</b>	<b>(26,75,645)</b>	<b>(19,03,66,271)</b>	<b>(8,56,780)</b>	<b>(7,07,231)</b>	<b>(5,64,46,172)</b>
<b>Taxes</b>	<b>(2,71,899)</b>	<b>(2,55,340)</b>	<b>(1,81,66,904)</b>	<b>(3,34,650)</b>	<b>(2,76,238)</b>	<b>(2,20,47,330)</b>
<b>NET LOSS FOR THE YEAR</b>	<b>(31,21,058)</b>	<b>(29,30,986)</b>	<b>(20,85,33,175)</b>	<b>(11,91,430)</b>	<b>(9,83,469)</b>	<b>(7,84,93,503)</b>

**Statement of Changes in Equity**

		Share capital	Participation	Capital Contribution	Retained	Result	Total	INR
		in TCHF	Share capital	Reserve	Earnings	Current period		
<b>Equity beginning of the year</b>	<b>01.01.2015</b>	25,300	34,200	712	(2,018)	-	58,194	3,81,74,79,189
-								
Capital Increase		11,500					11,500	78,33,49,750
Capital Contribution Reserve				409			409	2,78,40,250
Retained Earnings								
Profit of the year						(3,121)	(3,121)	(20,85,33,175)
Dividends	-							
<b>Equity end of the year</b>	<b>31.12.2015</b>	36,800	34,200	1,121	(2,018)	(3,121)	66,982	4,42,01,36,014

**1 Principles**

For the first time these financial statements of Forbes Lux International AG, Baar (Switzerland) were prepared in accordance with the framework and selected central recommendation of Swiss GAAP FER (Core FER) as the company qualifies for a small organisation. On this basis, internal classification, valuation and reporting principles have been defined and applied uniformly. The financial statements are based on results with cut-off date as of 31 December and constitute a true and fair view of the financial position, earnings and cash flows. As the organisation adopted Core FER as a whole for the first time, prior year balance sheet was presented with the new regulation.

**Accounting policies and valuation principles**

**1.1. Revenue**

The income of the company consists of income from dividends.

**1.2. Non-current interest-bearing liabilities**

Interest-bearing liabilities are recognized in the balance sheet at nominal value.

**2 Other short term receivables**

Other short term receivables consists of the Swiss VAT refund.

	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>
	<b>CHF</b>	<b>EURO</b>	<b>INR</b>	<b>CHF</b>	<b>EURO</b>	<b>INR</b>
Lux International AG, A/R	2,43,471	2,24,848	1,62,15,536	-		
VAT recoverable CHF	4,770	4,405	3,17,689	7,313	6,988	4,74,101
<b>Total</b>	<b>2,48,241</b>	<b>2,29,253</b>	<b>1,65,33,225</b>	<b>7,313</b>	<b>6,988</b>	<b>4,74,101</b>

**3 Accrued Income**

The interest income against Lux International AG is accrued to an interest rate of 5 % for the period from 01.10.15-31.12.2015.

	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>
	<b>CHF</b>	<b>EURO</b>	<b>INR</b>	<b>CHF</b>	<b>EURO</b>	<b>INR</b>
Lux International AG, Accrued interest income	79,209	73,150	52,75,449	-	-	-
<b>Total Accrued income</b>	<b>79,209</b>	<b>73,150</b>	<b>52,75,449</b>	<b>-</b>	<b>-</b>	<b>-</b>

**4 Long-term loans**

	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>	<b>2014</b>
	<b>CHF</b>	<b>EURO</b>	<b>INR</b>	<b>CHF</b>	<b>EURO</b>	<b>INR</b>
Loan to Lux International AG	57,47,284	53,07,674	38,27,77,790	13,18,602	12,59,990	8,54,84,913
<b>Total long-term loans</b>	<b>57,47,284</b>	<b>53,07,674</b>	<b>38,27,77,790</b>	<b>13,18,602</b>	<b>12,59,990</b>	<b>8,54,84,913</b>

## 5 Current liabilities

	2015 CHF	2015 EURO	2015 INR	2014 CHF	2014 EURO	2014 INR
Withholding Tax payable	-	-	-	2,94,000	2,80,932	1,90,60,008
Swiss Stamp Duty	1,15,000	1,06,204	76,59,163	3,42,000	3,26,798	2,21,71,846
Account payable 3rd parties	26,135	24,136	17,40,639	26,152	24,989	16,95,410
Account payable Lux International AG	62,642	57,851	41,72,078	19,440	18,576	12,60,294
Accruals loan interest to Aquamall WS Ltd.	18,97,735	17,52,577	12,63,92,034	11,81,027	11,28,530	7,65,65,937
Accruals 3rd parties	1,31,562	1,21,499	87,62,206	1,91,766	1,83,242	1,24,32,199
	22,33,074	20,62,266	14,87,26,120	20,54,385	19,63,068	13,31,85,695

## 6 Long term loans

The loan from Aquamall is granted at an interest of 5 % and Axis Bank at 4 %.

Duration of loans of USD 6'000'000,00 (CHF 5'945'466,00) and Aquamall Water Solutions Ltd of EUR 13'694'770.00 (CHF 14'826'094.95) are 5 years or more.

	2015 CHF	2015 EURO	2015 INR	2014 CHF	2014 EURO	2014 INR
Loan Aquamall Water Solutions Ltd.	1,48,26,095	1,36,92,047	98,74,40,303	1,45,88,717	1,39,40,249	94,57,85,918
Loan Axis Bank	59,45,466	54,90,697	39,59,77,010	-	-	-
Loan HSBC Hong Kong	-	-	-	1,64,00,891	1,56,71,872	1,06,32,69,087
Total	2,07,71,561	1,91,82,744	1,38,34,17,313	3,09,89,608	2,96,12,120	2,00,90,55,005

## 7 Taxes

### Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

### Deferred tax

Deferred income tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for SWISS GAAP FER financial reporting purposes. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. A deferred tax liability is recognised for all taxable temporary differences, unless the deferred tax liability arises from goodwill for which amortisation is not tax deductible. Non-recoverable withholding taxes are only accrued if a distribution by subsidiary companies is foreseen. Tax Rate: 21 %

## 7 Management assumptions and significant estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 and in any future periods affected.

## 8 Total operating expenses

	2015 CHF	2015 EURO	2015 INR	2014 CHF	2014 EURO	2014 INR
Swiss stamp duty	1,15,000	1,07,997	76,83,713	3,42,000	2,82,305	2,25,31,561
Service expenses Group	36,000	33,808	24,05,336	36,000	29,716	23,71,743
Legal and consulting fees	62,326	58,530	41,64,305	1,88,886	1,55,916	1,24,44,142
Events and meetings and travel expenses	45,742	42,956	30,56,247	18,219	15,039	12,00,300
Office and administration expenses	6,295	5,912	4,20,600	13,021	10,748	8,57,846
	<u>2,65,363</u>	<u>2,49,202</u>	<u>1,77,30,202</u>	<u>5,98,126</u>	<u>4,93,725</u>	<u>3,94,05,592</u>

## 9 Financial Income

	2015 CHF	2015 EURO	2015 INR	2014 CHF	2014 EURO	2014 INR
Interest income from third parties	-	-	-	610	504	40,188
Interest income from Related Parties (Lux International AG)	79,209	74,385	52,92,341	-	-	-
	<u>79,209</u>	<u>74,385</u>	<u>52,92,341</u>	<u>610</u>	<u>504</u>	<u>40,188</u>

## Financial Expenses

	2015 CHF	2015 EURO	2015 INR	2014 CHF	2014 EURO	2014 INR
Guarantee fee to related parties (Lux international AG)	(4,11,212)	(3,86,169)	(2,74,75,088)	(3,31,398)	(2,73,553)	(2,18,33,083)
Interest expense to Aquamall WS Ltd.	(7,58,151)	(7,11,980)	(5,06,55,782)	(20,06,374)	(16,56,166)	(13,21,83,446)
Interest expense to group companies	-	-	-	(3,318)	(2,739)	(2,18,596)
Arrangement fee Axis Bank	(1,45,827)	(1,36,946)	(97,43,416)	-	-	-
Interest expense 3rd parties ( UBS, HSBC, CS)	(4,67,621)	(4,39,143)	(3,12,44,050)	(7,45,185)	(6,15,115)	(4,90,94,098)
	<u>(17,82,811)</u>	<u>(16,74,238)</u>	<u>(11,91,18,337)</u>	<u>(30,86,275)</u>	<u>(25,47,573)</u>	<u>(20,33,29,222)</u>

## 10 Subsequent events

There are no events after the balance sheet date to report that would have a significant impact on these consolidated financial statements.

## 11 Approval

These financial statements were approved by the Board of Directors on 26th April 2016.

## 12 Management Report

Refer to Management Report of Lux International AG.

13 **Increase in Participation Share Capital**

In 2014 the loan of EFL Mauritius Ltd of CHF 32'101'655 (EUR 26'690'880) has been converted into Participation Share Capital.

14 **Investments**

Company and Objective	Currency	Share Capital (local currency)	31.12.2014 Quota	31.12.2014 Book Values CHF	31.12.2014 Book Values EUR	31.12.2014 Book Values INR	31.12.2013 Quota	31.12.2013 Book Values CHF	31.12.2013 Book Values EUR	31.12.2013 Book Values INR
A/R Lux International AG Holding Company, Direct sales industry	CHF	75,00,000	100%	8,43,54,464	6,75,33,279	4,99,25,38,705	100%	8,81,74,464	7,11,20,641	5,24,77,71,619
<b>Total Book Value</b>				8,43,54,464	6,75,33,279	4,99,25,38,705		8,81,74,464	7,11,20,641	5,24,77,71,619

Investment in Lux International AG has been impaired by CHF 3'820'000,00 (Rs 255,232,914).

Company	Domicil	Share Capital		Share in Capital and voting rights in %	
		31-12-2015	31-12-2014	31-12-2015	31-12-2014
<b>Lux (Schweiz) AG</b>	Switzerland	CHF 1,00,000	CHF 1,00,000	100%	100%
Direct Sales Company					
<b>Lux (Deutschland) GmbH</b>	Germany	EUR 71,53,000	EUR 71,53,000	100%	100%
Direct Sales Company					
<b>Forbes Lux Group AG</b>	Switzerland	CHF 10,00,000	CHF 10,00,000	100%	100%
Holding Company					
<b>AMC Cookware PTE Ltd.</b>	South Africa	ZAR 1,00,000	ZAR 1,00,000	50%	50%
Direct Sales Company & Local production					
<b>Lux Italia s.r.l</b>	Italia	EUR 2,81,000	EUR 2,81,000	100%	100%
Direct Sales Company					
<b>Lux (CZ), s.r.o.</b>	Czech R.	CZK 2,00,00,000	CZK 2,00,00,000	100%	51%
Direct Sales Company					
<b>LIAG Trading Limited</b>	Dubai	USD 28,000	0	100%	0%
Trading Company					
<b>Lux Norway</b>	Norway	NOK 10,00,000	0	100%	0%
Direct Sales Company					
<b>Lux Aqua GmbH</b>	Switzerland	CHF 20,000	0	100%	0%
Holding Company					
<b>Lux Service GmbH</b>	Germany	EUR 20'000	EUR 20'000	100%	100%
Logistics and services Company					
<b>Lux Oesterreich GmbH</b>	Austria	EU 500'000	EU 500'000	100%	100%
Direct Sales Company					
<b>Lux Hungary Kft.</b>	Hungary	HUF 30'000'000	HUF 30'000'000	100%	100%
Direct Sales Company					
<b>Lux Aqua (HU)</b>	Hungary	HUF 60'000'000	HUF 60'000'000	100%	100%

Collateral provided for liabilities of third parties		31-12-2015	31-12-2014
Lux International AG issued a Guarantee in favour of Société Générale and HSBC Bank amounting to EUR 15'750'000 for a loan which these two Banks have granted to Forbes Lux International AG, the parent company which holds 100% of the shares of Lux International AG.	CHF	-	1,89,42,840
	INR		1,22,80,63,534

**Forbes Technosys Limited**  
(a wholly owned Subsidiary Company)

Financial Statements  
For the year ended March 31, 2016



## INDEPENDENT AUDITOR'S 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 31<sup>st</sup> March, 2016, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.



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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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

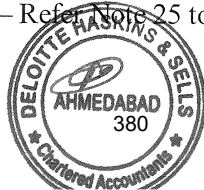
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its loss and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 to the financial statements.



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# Deloitte Haskins & Sells

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm's Registration No.117365W)



*N.V. Shah*

Nilesh Shah  
Partner  
(Membership No. 49660)

*Ny*  
Place: Mumbai  
Date: May 5, 2016

# Deloitte Haskins & Sells

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **FORBES TECHNOSYS LIMITED** (“the Company”) as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.



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# Deloitte Haskins & Sells

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

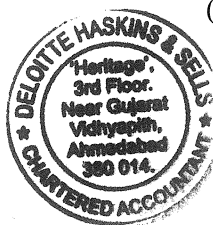
## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm's Registration No. 117365W)



*N. V. Shah*  
Nilesh Shah  
Partner  
Membership No. 49660

Place: Mumbai  
Date: May 5, 2016

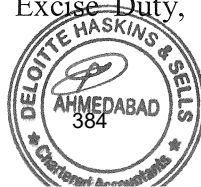
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# Deloitte Haskins & Sells

## ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c) The Company does not have immovable property and hence reporting under clause (iii) (c) of the CARO 2016 is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 186 of the Companies Act, 2013 in respect of making investments. The Company has not granted any loans or provided any guarantees.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - a) 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, Value Added Tax, cess and other



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# Deloitte Haskins & Sells

material statutory dues applicable to it to the appropriate authorities

b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

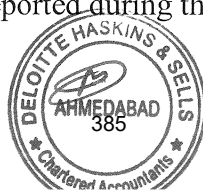
c) Details of dues of Service Tax and Excise Duty which have not been deposited as on March 31, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the Amount Relates	Amount Involved (Rupees)	Amount Unpaid (Rupees)
Central Excise Act, 1944	Excise Duty, Interest and Penalty	Commissioner of Central Excise (Appeals)	February 2009 – December 2009	927,996	782,947
Central Excise Act, 1944	Excise Duty, Interest and Penalty	Commissioner of Central Excise (Appeals)	February 2010 – October 2010	2,17,588	133,794
Finance Act, 1994 and Service Tax Laws	Service Tax Penalty	Additional Commissioner Service Tax	2007-2012	15,66,599	1,566,599

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not taken any loans from any financial institution and government.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.

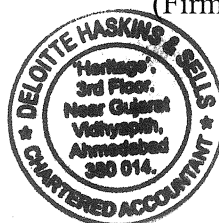
(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.



# Deloitte Haskins & Sells

- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm's Registration No. 117365W)



*N. Shah*

Nilesh Shah  
Partner  
Membership No. 49660

Place: Mumbai  
Date: May 5, 2016



**FORBES TECHNOSYS LIMITED**  
**Balance sheet as at 31st March, 2016**

Particulars		Note No.	As at 31st March, 2016	As at 31st March, 2015
			Rupees	Rupees
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	(a) Share capital	<b>2</b>	588,972,000	538,972,000
	(b) Reserves and surplus	<b>3</b>	(452,678,091)	(179,304,868)
			136,293,909	359,667,132
<b>2</b>	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	<b>4</b>	421,400,000	770,000,000
	(b) Other long-term liabilities	<b>5</b>	12,183,000	6,507,770
	(c) Long-term provisions	<b>6</b>	21,732,932	17,662,522
			455,315,932	794,170,292
<b>3</b>	<b>Current liabilities</b>			
	(a) Short-term borrowings	<b>7</b>	596,952,083	475,870,373
	(b) Trade payables	<b>8</b>	-	-
	(A) total outstanding dues of micro enterprises and small enterprises; and		-	-
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		707,512,963	570,706,748
	(c) Other current liabilities	<b>9</b>	611,274,882	51,212,624
	(d) Short-term provisions	<b>10</b>	11,109,146	3,577,849
			1,926,849,074	1,101,367,594
	<b>TOTAL</b>		<b>2,518,458,915</b>	<b>2,255,205,018</b>
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Fixed assets	<b>11</b>		
	(i) Tangible assets		72,727,898	67,842,015
	(ii) Intangible assets		83,128,853	24,661,438
			155,856,751	92,503,453
	(iii) Capital work-in-progress		-	1,575,315
	(iv) Intangible assets under development		669,053,856	503,536,028
			824,910,607	597,614,796
	(b) Long-term loans and advances	<b>12</b>	45,152,725	35,683,985
	(c) Other non-current assets	<b>13</b>	86,016,763	60,417,163
			131,169,488	96,101,148
<b>2</b>	<b>Current assets</b>			
	(a) Inventories	<b>14</b>	406,909,514	305,129,469
	(b) Trade receivables	<b>15</b>	983,683,814	1,123,375,222
	(c) Cash and cash equivalents	<b>16</b>	67,901,282	44,132,826
	(d) Short-term loans and advances	<b>17</b>	103,571,260	87,724,419
	(e) Other current assets	<b>18</b>	312,950	1,127,138
			1,562,378,820	1,561,489,074
	<b>TOTAL</b>		<b>2,518,458,915</b>	<b>2,255,205,018</b>
	<b>See accompanying notes forming part of the financial statements</b>	<b>1-42</b>		

In terms of our report attached.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

Nilesh Shah  
Partner

**For and on behalf of the Board of Directors**

Mr. Ashok Barat \_\_\_\_\_  
Chairman

Mr. Ajay P. Singh \_\_\_\_\_  
Executive Director

Mr. S.Kuppuswamy \_\_\_\_\_  
Director

Mr. Pallon S. Mistry \_\_\_\_\_  
Director

Mr. Eddie Dady Poonawala \_\_\_\_\_  
Director

Mrs. Kashmira Rohinton Mewawala \_\_\_\_\_  
Director

Mr. Vijay K. Lahoti \_\_\_\_\_  
Chief Financial Officer

Mr. V.K Vora \_\_\_\_\_  
Company Secretary

Place : Mumbai  
Date : 5th May, 2016

Place : Mumbai  
Date : 5th May, 2016

**FORBES TECHNOSYS LIMITED**

**Statement of Profit and Loss for the year ended 31st March, 2016**

Particulars		Note No.	For the year ended	For the year ended
			31st March, 2016	31st March, 2015
			Rupees	Rupees
1	Revenue from operations (gross)	19	3,556,417,426	3,282,042,627
	Less: Excise duty	19	120,330,148	110,860,068
	Revenue from operations (net)		3,436,087,278	3,171,182,559
2	Other income	20	8,195,225	6,735,080
3	<b>Total revenue (1+2)</b>		<b>3,444,282,503</b>	<b>3,177,917,639</b>
4	<b>Expenses</b>			
	(a) Cost of materials consumed	21.a	774,393,381	708,119,312
	(b) Purchases of stock-in-trade (traded goods)	21.b	2,270,163,895	1,879,087,717
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21.c	(79,900,932)	(32,401,732)
	(d) Employee benefits expense	22	121,324,520	81,514,767
	(e) Finance costs	23	91,905,151	71,350,415
	(f) Depreciation and amortisation expense	11	47,672,188	30,070,573
	(g) Other expenses	24	492,097,523	431,006,012
	<b>Total expenses</b>		<b>3,717,655,726</b>	<b>3,168,747,064</b>
5	<b>(Loss) / Profit before tax (3 - 4)</b>		(273,373,223)	9,170,575
6	<b>Tax expense</b>			
	(a) Current tax expense		-	-
	(b) Deferred tax		-	-
			-	-
7	<b>(Loss) / Profit for the year from continuing operations (5 - 6)</b>		<b>(273,373,223)</b>	<b>9,170,575</b>
8	<b>Earnings per share (of Rs. 10/- each):</b>			
	Basic and Diluted	37	(13.28)	(0.68)
	<b>See accompanying notes forming part of the financial statements</b>	1-42		

In terms of our report attached.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants

Nilesh Shah  
Partner

**For and on behalf of the Board of Directors**

Mr. Ashok Barat \_\_\_\_\_  
Chairman

Mr. Ajay P. Singh \_\_\_\_\_  
Executive Director

Mr. S.Kuppuswamy \_\_\_\_\_  
Director

Mr. Pallon S. Mistry \_\_\_\_\_  
Director

Mr. Eddie Dady Poonawala \_\_\_\_\_  
Director

Mrs. Kashmira Rohinton Mewawala \_\_\_\_\_  
Director

Mr. Vijay K. Lahoti \_\_\_\_\_  
Chief Financial Officer

Mr. V.K Vora \_\_\_\_\_  
Company Secretary

Place : Mumbai  
Date : 5th May, 2016

Place : Mumbai  
Date : 5th May, 2016

**FORBES TECHNOSYS LIMITED**
**Cash Flow Statement for the year ended 31st March, 2016**

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
	Rupees	Rupees	Rupees	Rupees
<b>NET (LOSS) / PROFIT BEFORE TAX</b>		<b>(273,373,223)</b>		<b>9,170,575</b>
Depreciation and Amortisation	47,672,188		30,070,573	
Interest Income	(837,654)		(836,751)	
Finance Cost	91,905,151		71,350,415	
Provision for trade receivables	5,697,375		1,242,312	
Share issue expenses	950,000		-	
Fixed assets written off	160,807		157,053	
Liabilities/provisions no longer required written back	(6,831,268)		(3,015,028)	
Provision for warranty	7,064,306		2,000,000	
Bad Debts written off	11,253,073		1,010,501	
Provision for obsolete stock	5,568,172		3,847,885	
Provision for Employee Benefits	6,537,401		4,947,480	
		<b>169,139,551</b>		<b>110,774,440</b>
<b>OPERATING (LOSS) / PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>(104,233,672)</b>		<b>119,945,015</b>
Changes in working capital:				
<u>Adjustments for (increase) / decrease in operating assets:</u>				
Trade and Other Receivables	98,159,360		(128,004,207)	
Long Term Loans and Advances	853,612		(2,033,027)	
Short Term Loans and Advances	(15,846,841)		(13,021,617)	
Inventories	(107,348,217)		(125,323,020)	
<u>Adjustments for increase / (decrease) in operating liabilities:</u>				
Trade Payables	143,637,483		80,777,223	
Other Current Liabilities	9,755,257		(12,606,361)	
Short Term Warranty Provision	(2,000,000)		-	
Other Long Term Liabilities	5,675,230		3,865,206	
		<b>132,885,884</b>		<b>(196,345,803)</b>
<b>CASH GENERATED / (USED) IN OPERATING ACTIVITIES</b>		<b>28,652,212</b>		<b>(76,400,788)</b>
Net Income Tax (paid)		(10,322,352)		(16,570,295)
<b>(a) NET CASH USED IN OPERATING ACTIVITIES</b>		<b>18,329,860</b>		<b>(92,971,083)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets including adjustments on account of capital work-in-progress	(202,911,685)		(237,225,301)	
Bank balances not considered as cash and cash equivalents				
- Placed	(204,420)		(214,794)	
- Matured	2,444,708		406,739	
Investment in a Subsidiary Company	(500,000)		-	
Proceeds from Sale of Investments in a Subsidiary Company	500,000		-	
Interest Received	633,842		118,646	
<b>(b) NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(200,037,555)</b>		<b>(236,914,710)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds of Long Term Borrowings	200,000,000		500,000,000	
Proceeds from issue of Equity Shares	50,000,000		-	
Share Issue Expenses	(950,000)		-	
Changes in working capital loan	114,281,710		-	
Proceeds from Short term Borrowings	320,000,000		50,507,288	
Repayment of Short Term Borrowings	(313,200,000)		(107,500,000)	
Interest and other finance charges paid (Includes interest cost capitalised - Refer Note 23)	(162,415,271)		(109,933,405)	
<b>(c) NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>207,716,439</b>		<b>333,073,883</b>
<b>(d) NET INCREASE IN CASH AND CASH EQUIVALENTS (a)+(b)+(c)</b>		<b>26,008,744</b>		<b>3,188,090</b>
Cash and cash equivalents at the beginning of the year (Refer Note 16)		<b>36,035,116</b>		<b>32,847,026</b>
Cash and cash equivalents at the end of the year (Refer Note 16)		<b>62,043,860</b>		<b>36,035,116</b>

**Notes:**

(i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS-3) "Cash Flow Statements" notified under the Companies (Accounting Standard) Rules, 2006.

(ii) Conversion of debentures to the extent of Rs. 100,000,000 into equity shares during previous year, being non-cash transaction does not form part of the above Cash Flow Statement.

See accompanying notes 1 - 42 forming part of the financial statements

In terms of our report attached.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

Nilesh Shah  
Partner

Place : Mumbai  
Date : 5th May, 2016

**For and on behalf of the Board of Directors**

Mr. Ashok Barat \_\_\_\_\_  
Chairman  
Mr. Ajay P. Singh \_\_\_\_\_  
Executive Director  
Mr. S.Kuppuswamy \_\_\_\_\_  
Director  
Mr. Pallon S. Mistry \_\_\_\_\_  
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Mr. Eddie Dady Poonawala \_\_\_\_\_  
Director  
Mrs. Kashmira Rohinton Mewawala \_\_\_\_\_  
Director  
Mr. Vijay K. Lahoti \_\_\_\_\_  
Chief Financial Officer  
Mr. V.K Vora \_\_\_\_\_  
Company Secretary

Place : Mumbai  
Date : 5th May, 2016

**FORBES TECHNOSYS LIMITED**

**Notes forming part of the financial statements**

**Note 2 Share capital**

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Rupees	Number of shares	Rupees
(a) Authorised				
Equity shares of Rs.10 each	32,000,000	320,000,000	22,000,000	220,000,000
Preference Shares of Rs. 10 each.	32,000,000	320,000,000	32,000,000	320,000,000
(b) Issued				
Equity Shares of Rs.10 each with voting rights	26,897,200	268,972,000	21,897,200	218,972,000
8% Cumulative Optionally Convertible Redeemable Preference Shares of Rs. 10 each	2,000,000	20,000,000	2,000,000	20,000,000
0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares of Rs. 10 each	10,000,000	100,000,000	10,000,000	100,000,000
8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares of Rs. 10 each	20,000,000	200,000,000	20,000,000	200,000,000
(c) Subscribed and fully paid up				
Equity Shares of Rs.10 each with voting rights	26,897,200	268,972,000	21,897,200	218,972,000
8% Cumulative Optionally Convertible Redeemable Preference Shares of Rs. 10 each	2,000,000	20,000,000	2,000,000	20,000,000
0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares of Rs. 10 each	10,000,000	100,000,000	10,000,000	100,000,000
8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares of Rs. 10 each	20,000,000	200,000,000	20,000,000	200,000,000
<b>Total</b>		<b>588,972,000</b>		<b>538,972,000</b>

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

**Note 2 Share capital (contd.)**

Particulars				
<b>Notes:</b>				
<b>(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:</b>				
Particulars	Opening Balance	Fresh issue	Conversion (Refer footnotes below)	Closing Balance
Equity shares with voting rights :				
Year ended 31st March, 2016				
- Number of shares	21,897,200	5,000,000	-	26,897,200
- Amount	218,972,000	50,000,000	-	268,972,000
Year ended 31st March, 2015				
- Number of shares	21,897,200	-	-	21,897,200
- Amount	218,972,000	-	-	218,972,000
8% Cumulative Optionally Convertible Redeemable Preference Shares				
Year ended 31st March, 2016				
- Number of shares (Refer Note 2 below)	2,000,000	-	-	2,000,000
- Amount	20,000,000	-	-	20,000,000
Year ended 31st March, 2015				
- Number of shares (Refer Note 2 below)	12,000,000	-	(10,000,000)	2,000,000
- Amount	120,000,000	-	(100,000,000)	20,000,000
0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares				
Year ended 31st March, 2016				
- Number of shares (Refer Note 2 below)	10,000,000	-	-	10,000,000
- Amount	100,000,000	-	-	100,000,000
Year ended 31st March, 2015				
- Number of shares (Refer Note 2 below)	-	-	10,000,000	10,000,000
- Amount	-	-	100,000,000	100,000,000
8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares				
Year ended 31st March, 2016				
- Number of shares	20,000,000	-	-	20,000,000
- Amount	200,000,000	-	-	200,000,000
Year ended 31st March, 2015				
- Number of shares	20,000,000	-	-	20,000,000
- Amount	200,000,000	-	-	200,000,000
<b>Notes :-</b>				
1) 10,000,000 Equity Shares allotted to Forbes & Company Ltd., Holding company during F.Y. 2013-14, pursuant to conversion of 1% Compulsory Convertible, Optionally Redeemable Debentures into Equity Shares at par.				
2) 10,000,000 Cumulative Non Convertible Redeemable Participating Preference Shares allotted to Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd), Ultimate Holding Company during previous year, pursuant to consent received on 15th July, 2014 for conversion of 8% Cumulative Optionally Convertible Redeemable Preference Shares.				
<b>(ii) Rights attached to equity shares:</b>				
a) Right to receive dividend as may be approved by the Board / Annual General Meeting.				
b) The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provision of the Companies Act.				
c) Every member of the Company holding equity shares has a right to attend the General Meeting of the Company and has a right to speak and on a show of hands, has one vote if he is present in person and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the Company.				
<b>(iii) Rights attached to 8% Cumulative Optionally Convertible Redeemable Preference Shares</b>				
a) The Company has option after expiry of 18 months from the date of allotment to get Preference shares converted into equity shares of Rs.10 each.				
b) Entitled for 8% dividend on preferential basis.				
c) Voting Right only for matters which directly affects the rights attached to Preference shares.				
<b>(iv) Rights attached to 0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares</b>				
a) The preference shares shall be redeemable at par upon the expiry of 20 years from dated of allotment.				
b) Shall have right to dividend with Equity shareholders up to 8% after dividend of 0.1% has been paid to Equity shareholders.				
c) Voting Right only for matters which directly affects the rights attached to Preference shares.				
<b>(v) Rights attached to 8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares</b>				
a) 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 from the date of allotment can convert preference shares into equity shares. The conversion shall be at a price to be determined by the Board of Directors.				
b) Entitled for 8% dividend on preferential basis.				
c) Voting Right only for matters which directly affects the rights attached to Preference shares.				

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

**Note 2 Share capital (contd.)**

<b>(vi) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:</b>				
<b>Particulars</b>	<b>Equity shares with voting rights</b>	<b>8% Cumulative Optionally Convertible Redeemable Preference Shares</b>	<b>0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares</b>	<b>8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares</b>
<b>As at 31st March, 2016</b>				
Forbes & Company Ltd., the Holding company	15,000,000	2,000,000	-	20,000,000
Forbes Campbell Finance Ltd., the fellow subsidiary company	11,897,180	-	-	-
Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd)	-	-	10,000,000	-
<b>As at 31st March, 2015</b>				
Forbes Campbell Finance Ltd., the holding company	11,897,180	-	-	-
Forbes & Company Ltd., the intermediate holding company	10,000,000	2,000,000	-	20,000,000
Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd)	-	-	10,000,000	-
<b>(vii) Details of shares held by each shareholder holding more than 5% shares:</b>				
<b>Class of shares / Name of shareholder</b>	<b>Number of shares held</b>	<b>% holding in that class of shares</b>		
<b>As at 31st March, 2016</b>				
<b>Equity shares with voting rights</b>				
Forbes & Company Ltd., the Holding company	15,000,000	55.77		
Forbes Campbell Finance Ltd., the Fellow subsidiary company	11,897,180	44.23		
<b>8% Cumulative Optionally Convertible Redeemable Preference Shares</b>				
Forbes & Company Ltd., the Holding company	2,000,000	100.00		
Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd)	-	-		
<b>0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares</b>				
Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd)	10,000,000	100.00		
<b>8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares</b>				
Forbes & Company Ltd., the Holding company	20,000,000	100.00		
<b>As at 31st March, 2015</b>				
<b>Equity shares with voting rights</b>				
Forbes Campbell Finance Ltd., the holding company	11,897,180	54.33		
Forbes & Company Ltd., the intermediate holding company (Refer note below)	10,000,000	45.67		
<b>8% Cumulative Optionally Convertible Redeemable Preference Shares</b>				
Forbes & Company Ltd., the intermediate holding company (Refer note below)	2,000,000	100.00		
<b>0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares</b>				
Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd)	10,000,000	100.00		
<b>8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares</b>				
Forbes & Company Ltd., the intermediate holding company (Refer note below)	20,000,000	100.00		
<b>Note :</b>				
Due to convertible preference share issued to Forbes & Company Ltd. (FCL), FCL shall become immediate holding Company as per provisions of Companies Act, 2013.				

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

**Note 3 Reserves and surplus**

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
Deficit in the Statement of Profit and Loss:		
Opening balance	(179,304,868)	(188,475,443)
Add : (Loss) / Profit for the year	(273,373,223)	9,170,575
<b>Total</b>	(452,678,091)	(179,304,868)



**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

**Note 4 Long-term borrowings**

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
(a) Debentures (Refer Note (i) below) Unsecured Series I (250 of face value of Rs. 1,000,000/- each) Series II (250 of face value of Rs. 1,000,000/- each)	- 250,000,000	250,000,000 250,000,000
(b) Term loans (Refer Note (ii) below) From a bank Secured	171,400,000	270,000,000
<b>Total</b>	<b>421,400,000</b>	<b>770,000,000</b>

**Notes :**

(i) Details of debentures issued by the Company and its repayment terms :

Particulars	Terms of repayment
Unsecured, Redeemable, Non Convertible Debentures	i) The Series I & Series II Debentures are Unsecured, Redeemable and Non Convertible ii) Date of allotment of Debentures : 20th October, 2014. iii) The maturity of Debentures Series I - 20th March, 2017; Series II - 20th October, 2017. iv) The debentures carry interest @ 10.75% p.a payable on quarterly basis. v) The debentures are backed by Corporate Guarantee of Forbes & Company Ltd.

(ii) Details of terms of repayment for Term loans and security provided in respect thereof :

Particulars	Terms of repayment and security
<b>Term loans from a bank:</b>	
Axis Bank Ltd I (Current Year)	i) Primary charge - Exclusive 1st charge on movable & immovable fixed assets (tangible + intangible) present & future of the company. ii) Collateral - Extension of pari passu 1st charge on current assets of the company. iii) Letter of Comfort (LOC) from Shapoorji Pallonji & Company Ltd. iv) The Maturity of Term Loan - March 2020. v) Terms of repayment - Quarterly repayments in 14 tranches starting from December 2016 with interest rate depending upon the base rate, currently 10.25%.
Axis Bank Ltd II (Previous Year)	i) One time bullet repayment after 3 years from the date of disbursement (i.e. September 2013) with interest rate depending on base rate, currently 10.75% to 11.50%. ii) Secured by exclusive 1st charge on movable and immovable fixed assets (tangible and intangible), present and future, of the Company. iii) Secured by 1st charge, present and future, on all stocks, book debts and receivables of the Company. iv) The Loan is backed by Corporate Guarantee of Forbes & Company Ltd.

**FORBES TECHNOSYS LIMITED**

**Notes forming part of the financial statements**

**Note 5 Other long-term liabilities**

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
Others: Trade / security deposits received	12,183,000	6,507,770
<b>Total</b>	12,183,000	6,507,770

**Note 6 Long-term provisions**

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
Provision for employee benefits: (i) Provision for compensated absences (ii) Provision for gratuity (Refer Note 34 b)	9,947,309 11,785,623	8,100,182 9,562,340
<b>Total</b>	21,732,932	17,662,522

**Note 7 Short-term borrowings**

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
(a) Term Loans (Refer Note (ii) below) From a bank Secured	88,000,000	-
(b) Loans repayable on demand From banks Secured : Cash credits (Refer Note (i) below) Unsecured : Working capital loan	438,952,083 -	324,670,373 111,200,000
(c) Loans and advances from related parties (Refer Note 36.b) Unsecured	70,000,000	-
(d) Loans from other parties Unsecured	-	40,000,000
<b>Total</b>	596,952,083	475,870,373

**Notes:**

(i) Loans from banks on cash credits are secured by hypothecation of current assets of the Company and backed by Corporate Guarantee of Forbes & Company Ltd.

(ii) Details of terms of repayment for Term loans and security provided in respect thereof :

Particulars	Terms of repayment and security
Term loan from a bank: DCB Bank Ltd	i) Repayment in 15 monthly equal instalments with initial 3 months moratorium from the date of disbursement i.e 28th August 2015 along with interest rate depending upon the base rate, currently 10.85% ii) The Loan is backed by Corporate Guarantee of Forbes & Company Ltd. iii) The Maturity of Term Loan - January 2017.

**FORBES TECHNOSYS LIMITED**

**Notes forming part of the financial statements**

**Note 8 Trade payables**

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
Trade Payables (Refer Note 27)	707,512,963	570,706,748
<b>Total</b>	707,512,963	570,706,748

**Note 9 Other current liabilities**

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
(a) Current maturities of long-term debt (Refer Note below)	548,600,000	-
(b) Interest accrued but not due on borrowings	14,609,439	12,902,438
(c) Income received in advance (Unearned revenue)	9,543,303	2,394,086
(d) Other payables		
(i) Statutory remittances	8,446,186	13,055,303
(ii) Advances from customers	30,075,954	22,860,797
<b>Total</b>	611,274,882	51,212,624

**Note :** Current maturities of long term debt (Refer Notes (i) and (ii) in Note 4 - Long term borrowings for details of security and guarantee).

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
(a) Debentures Unsecured Series I (250 of face value of Rs. 1,000,000/- each)	250,000,000	-
(b) Term loans From a bank Secured	298,600,000	-
<b>Total</b>	548,600,000	-

**Note 10 Short-term provisions**

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
Provision for employee benefits:		
(i) Provision for compensated absences	2,338,664	1,082,515
(ii) Provision for gratuity (Refer Note 34.b)	1,706,176	495,334
(iii) Provision for warranty (Refer Note 38)	7,064,306	2,000,000
<b>Total</b>	11,109,146	3,577,849

**FORBES TECHNOYSYS LIMITED**  
Notes forming part of the financial statements

Note 11 Fixed assets

Description of Assets	GROSS BLOCK (at cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1st April, 2015	Additions during the year	Deductions during the year	As at 31st March, 2016	Upto 1st April, 2015	For the year	On deduction during the year	Upto 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
<b>Tangible assets</b>										
1 Furniture and fixtures (Previous year)	5,074,020 (4,163,052)	97,500 (910,968)	- (-)	5,171,520 (5,074,020)	3,396,453 (2,304,444)	1,110,361 (1,092,009)	- (-)	4,506,814 (3,396,453)	664,706 (1,677,567)	1,677,567
2 Data Processing Equipment (i) On Lease (Previous year)	13,031,189 (4,638,912)	9,383,229 (6,392,277)	- (-)	22,414,418 (13,031,189)	3,315,262 (2,388,354)	3,244,918 (926,909)	- (-)	6,560,180 (3,315,262)	15,854,238 (9,715,927)	9,715,927
(ii) Other than Lease (Previous year)	100,693,580 (70,794,105)	13,707,394 (32,347,873)	- (2,448,398)	114,400,974 (100,693,580)	49,242,165 (38,345,700)	14,106,558 (13,303,410)	(2,406,945)	63,348,723 (49,242,165)	51,052,251 (51,451,415)	51,451,415
3 Vehicles (Previous year)	795,000 (650,000)	- (145,000)	- (-)	795,000 (795,000)	795,000 (650,000)	(145,000)	- (-)	795,000 (795,000)	- (-)	-
4 Office equipment (Previous year)	11,306,490 (7,581,460)	2,655,501 (3,775,530)	133,321 (60,500)	13,828,670 (11,306,490)	6,309,384 (3,100,733)	2,383,653 (3,259,151)	21,070 (50,500)	8,671,967 (6,309,384)	5,156,703 (4,997,106)	4,997,106
<b>Total (A) (Previous year)</b>	<b>130,900,279 (87,827,529)</b>	<b>25,843,624 (45,571,646)</b>	<b>133,321 (2,498,698)</b>	<b>156,610,582 (130,900,279)</b>	<b>63,055,264 (45,789,231)</b>	<b>20,845,490 (18,726,478)</b>	<b>21,070 (2,457,445)</b>	<b>83,882,684 (63,055,264)</b>	<b>72,727,898 (67,842,015)</b>	<b>67,842,015</b>
<b>Intangible assets</b>										
<b>Internally generated</b>										
5 Bill Payment and Cheque Deposit Software (Previous year)	16,350,380 (16,350,380)	34,530,570 (-)	- (-)	50,880,950 (16,350,380)	13,137,632 (10,927,520)	8,043,945 (2,210,112)	- (-)	21,181,577 (13,137,632)	29,698,373 (3,212,748)	3,212,748
5 Fobes Express (Previous year)	12,697,256 (12,697,256)	49,974,048	-	62,671,304 (12,697,256)	8,232,901 (6,174,676)	10,387,233 (2,058,229)	- (-)	18,620,134 (8,232,901)	44,051,170 (4,464,355)	4,464,355
<b>Others</b>										
6 Intellectual Property / Distribution Rights (Previous year)	44,988,039 (44,988,039)	- (-)	- (-)	44,988,039 (44,988,039)	32,252,283 (32,252,283)	- (-)	- (-)	32,252,283 (32,252,283)	- (-)	-
7 Computer Software (Previous year)	28,270,534 (8,001,204)	789,496 (20,895,566)	(62,6,236)	29,060,030 (28,270,534)	112,86,199 (48,36,598)	8,395,521 (7,075,837)	(626,236)	19,681,720 (11,286,199)	9,378,310 (16,984,335)	16,984,335
8 Goodwill (Previous year)	17,141,708 (17,141,708)	- (-)	- (-)	17,141,708 (17,141,708)	171,41,708 (171,41,708)	- (-)	- (-)	17,141,708 (17,141,708)	- (-)	-
<b>Total (B) (Previous year)</b>	<b>119,447,917 (99,178,587)</b>	<b>85,294,114 (20,895,566)</b>	<b>- (626,236)</b>	<b>204,742,031 (119,447,917)</b>	<b>82,050,723 (71,332,785)</b>	<b>26,826,699 (11,344,174)</b>	<b>(626,236)</b>	<b>108,877,422 (82,050,723)</b>	<b>12,735,756 (12,735,756)</b>	<b>83,126,853 (24,661,438)</b>
<b>Total (A + B) (Previous year)</b>	<b>250,348,196 (187,006,116)</b>	<b>111,137,738 (66,467,214)</b>	<b>133,321 (3,125,134)</b>	<b>361,352,613 (250,348,196)</b>	<b>145,106,987 (118,122,016)</b>	<b>47,672,189 (30,070,652)</b>	<b>21,070 (3,083,691)</b>	<b>192,760,106 (145,106,987)</b>	<b>155,856,751 (92,503,453)</b>	<b>92,503,453</b>

**Note:** The depreciation expense for the previous year in the Statement of Profit and Loss is higher by Rs. 1,041,118/- consequent to the change in the useful life of the assets (refer note 33), pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014.

**FORBES TECHNOSYS LIMITED****Notes forming part of the financial statements****Note 12 Long-term loans and advances**

(Unsecured, considered good)

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
(a) Security Deposits	3,349,475	3,929,708
(b) Loans and advances to employees	-	70,013
(c) Prepaid expenses	811,059	1,014,425
(d) Advance Income Tax [Net of provision of Rs. 327,750 (Previous year Rs. 327,750)]	40,992,191	30,669,839
<b>Total</b>	<b>45,152,725</b>	<b>35,683,985</b>

**Note 13 Other non-current assets**

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
(a) Long term trade receivables Unsecured, considered good	84,519,141	59,937,541
(b) Interest accrued on deposits	1,497,622	479,622
<b>Total</b>	<b>86,016,763</b>	<b>60,417,163</b>

**Note 14 Inventories**

(At lower of cost and net realisable value)

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
(a) Raw materials	163,943,499	142,064,386
(b) Finished goods (other than those acquired for trading)	39,853,278	55,540,665
(c) Stock in trade (acquired for trading)	203,112,737	107,524,418
<b>Total</b>	<b>406,909,514</b>	<b>305,129,469</b>

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

**Note 15 Trade receivables**

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	266,392,409	403,850,439
Doubtful	13,952,167	8,254,792
	280,344,576	412,105,231
Less: Provision for doubtful trade receivables	13,952,167	8,254,792
	266,392,409	403,850,439
Other Trade receivables		
Unsecured, considered good	717,291,405	719,524,783
<b>Total</b>	<b>983,683,814</b>	<b>1,123,375,222</b>

**Note 16 Cash and cash equivalents**

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
A. Cash and cash equivalents (as per AS 3 Cash Flow Statements)		
(a) Cash on hand	314,469	484,006
(b) Balances with banks		
- In current accounts	61,729,391	35,551,110
Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements)	62,043,860	36,035,116
B. Other bank balances		
- Deposits held as margin money (Refer Note below)	5,857,422	8,097,710
<b>Total</b>	<b>67,901,282</b>	<b>44,132,826</b>

**Note:**

Balances with banks include deposits held as margin monies amounting to Rs.4,681,752/- (As at 31 March, 2015 Rs.2,846,217/-) with remaining maturity of more than 12 months.

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

**Note 17 Short-term loans and advances**  
(Unsecured, considered good, unless otherwise stated)

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
(a) Security deposits	2,077,425	1,497,192
(b) Loans and advances to employees	3,032,562	3,681,557
(c) Prepaid expenses	3,287,822	4,303,083
(d) Balances with government authorities		
Cenvat credit receivable	2,751,806	22,096
Service Tax credit receivable	33,299,856	21,252,780
Advances with Public bodies (VAT, Octroi etc.)	642,760	454,188
(e) Others		
(i) Advances to Suppliers	22,987,842	14,440,625
(ii) Earnest money deposits	23,216,354	20,114,379
(iii) Others	12,274,833	21,958,519
<b>Total</b>	103,571,260	87,724,419

**Note 18 Other current assets**

Particulars	As at 31st March, 2016	As at 31st March, 2015
	Rupees	Rupees
Interest accrued on deposits	312,950	1,127,138
<b>Total</b>	312,950	1,127,138

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**
**Note 19 Revenue from operations**

	Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
		Rupees	Rupees
(a)	Sale of products (Refer Note (i) below)	3,294,238,175	3,037,722,750
(b)	Sale of services (Refer Note (ii) below)	238,453,257	231,189,159
(c)	Other operating revenues (Refer Note (iii) below)	23,725,994	13,130,718
	Revenue from operations (Gross)	3,556,417,426	3,282,042,627
	<u>Less:</u>		
(d)	Excise duty	120,330,148	110,860,068
	<b>Total</b>	<b>3,436,087,278</b>	<b>3,171,182,559</b>

Notes	Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
		Rupees	Rupees
(i)	Sale of products comprises of :		
	<u>Manufactured goods</u>		
	Kiosks	1,006,286,753	1,067,844,450
	<b>Total - Sale of manufactured goods</b>	<b>1,006,286,753</b>	<b>1,067,844,450</b>
	<u>Traded goods</u>		
	Business Automation Products	529,086,296	543,251,589
	Mobile Recharge	1,758,865,126	1,426,626,711
	<b>Total - Sale of traded goods</b>	<b>2,287,951,422</b>	<b>1,969,878,300</b>
	<b>Total - Sale of products</b>	<b>3,294,238,175</b>	<b>3,037,722,750</b>
(ii)	Sale of services comprises of :		
	Sales - Annual maintenance and support services charges	124,851,110	136,047,185
	Sales- transaction charges	49,338,897	62,050,003
	Commission on Mobile Recharge	64,263,250	33,091,971
	<b>Total - Sale of services</b>	<b>238,453,257</b>	<b>231,189,159</b>
(iii)	Other operating revenues comprise:		
	Lease Income	23,725,994	13,130,718
	<b>Total - Other operating revenues</b>	<b>23,725,994</b>	<b>13,130,718</b>

**Note 20 Other income**

	Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
		Rupees	Rupees
(a)	Interest on fixed deposit with banks	837,654	836,751
(b)	Interest on staff loans	5,435	12,752
(c)	Interest on Income tax refund	311,905	459,560
(d)	Liabilities / provisions no longer required written back	6,831,268	3,015,028
(e)	Miscellaneous income	208,963	2,410,989
	<b>Total</b>	<b>8,195,225</b>	<b>6,735,080</b>



**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

**Note 21.a Cost of materials consumed**

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Rupees	Rupees
Opening stock	142,064,386	52,990,983
Add: Purchases	796,272,494	797,192,715
	938,336,880	850,183,698
Less: Closing stock	163,943,499	142,064,386
<b>Cost of materials consumed</b>	<b>774,393,381</b>	<b>708,119,312</b>
Material consumed comprises:		
Cash Acceptor	55,034,744	101,758,097
Touch Screen and Monitor	85,925,410	65,412,347
Kiosks Enclosure	110,343,135	113,306,966
Personal Computer	57,630,320	69,400,750
Scanner	18,834,509	31,441,379
OEM MICR Module	5,023	757,792
Thermal Printer	176,514,401	84,729,480
Others	270,105,839	241,312,501
<b>Total</b>	<b>774,393,381</b>	<b>708,119,312</b>

**Note 21.b Purchases of stock-in-trade (traded goods)**

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Rupees	Rupees
Note Counting Machine	45,864,893	45,681,116
Electronic Cash Register	52,806	8,838,697
Point of Sale Machine	63,560,873	25,891,839
Hand held terminal	74,475,044	54,043,350
Scanner	126,269,484	62,213,216
Others	193,360,041	275,066,362
Mobile Recharge Purchase	1,766,580,754	1,407,353,137
<b>Total</b>	<b>2,270,163,895</b>	<b>1,879,087,717</b>

**Note 21.c Changes in inventories of finished goods, work-in-progress and stock-in-trade**

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Rupees	Rupees
<u>Inventories at the end of the year:</u>		
Finished goods	39,853,278	55,540,665
Work-in-progress	-	-
Stock in trade	203,112,737	107,524,418
	242,966,015	163,065,083
<u>Inventories at the beginning of the year:</u>		
Finished goods	55,540,665	42,132,530
Work-in-progress	-	9,709,309
Stock in trade	107,524,418	78,821,512
	163,065,083	130,663,351
<b>Net (increase)</b>	<b>(79,900,932)</b>	<b>(32,401,732)</b>

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

**Note 22 Employee benefits expense**

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Rupees	Rupees
Salaries and wages	104,321,765	69,522,482
Contributions to provident and other funds (Refer Note 34.a)	7,808,288	5,541,310
Grauity expense (Refer Note 34.b)	3,561,771	3,046,607
Staff welfare expenses	5,632,696	3,404,368
<b>Total</b>	<b>121,324,520</b>	<b>81,514,767</b>

**Note 23 Finance costs**

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Rupees	Rupees
(a) Interest expense on:		
(i) Debentures	53,897,260	24,003,426
(ii) Other loans	95,368,351	82,447,946
(b) Other Borrowing Cost		
(i) Loan processing charges	500,000	4,250,000
(ii) Other charges	14,356,661	8,773,046
	164,122,272	119,474,418
Less : Interest capitalised during the year (Refer Note below)	72,217,121	48,124,003
	91,905,151	71,350,415
<b>Note:</b> The Company has capitalised the interest cost on borrowings relating to intangible assets under development.		

**FORBES TECHNOSYS LIMITED**

**Notes forming part of the financial statements**

**Note 24 Other Expenses**

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Rupees	Rupees
Managed assets service provider's charges	73,377,119	73,031,098
Job work charges	5,283,481	1,376,698
Contract labour charges	113,195,722	82,262,433
Power and fuel	4,367,368	4,982,174
Water	690,097	599,985
Rent including lease rentals	24,643,817	25,276,293
Repairs and maintenance - Buildings	489,225	843,215
Repairs and maintenance - Others	9,795,010	11,438,826
Insurance	2,587,288	1,783,040
Communication	8,390,685	6,837,622
Travelling and conveyance	34,631,995	31,710,124
Printing and stationery	5,998,886	2,385,344
Advertisement	820,676	1,320,689
Warranty and AMC expenses (Refer Note 38)	19,166,572	30,777,323
Increase of excise duty on inventory	411,708	751,957
Freight and forwarding	62,920,046	61,080,790
Recharge incentive	47,366,201	36,712,710
Service charges	15,874,242	15,900,463
Fixed assets written off	160,807	157,053
Sales commission	4,895,421	3,340,709
Annual maintenance and service charges	1,677,998	1,304,300
Share issue expenses	950,000	-
Other filing fees	1,112,643	1,437,189
Legal and professional	5,977,890	6,289,536
Payments to auditors (Refer Note (i) below)	1,167,799	824,947
Exchange loss (Net)	9,397,790	5,744,816
Loans and advances written off	-	4,956,334
Less : Adjusted against provision for doubtful advances	-	(4,956,334)
Bad debts written off	11,253,073	1,010,501
Provision for trade receivables (net)	5,697,375	1,242,312
Miscellaneous expenses	19,796,589	20,583,865
<b>Total</b>	<b>492,097,523</b>	<b>431,006,012</b>

**Note :**

**Payments to the auditors comprises of :**

Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	Rupees	Rupees
For statutory audit	975,000	700,000
For taxation matters	150,000	100,000
Reimbursement of expenses	42,799	24,947
Service Tax	169,331	101,963
	1,337,130	926,910
Less: Input credit availed	169,331	101,963
<b>Total</b>	<b>1,167,799</b>	<b>824,947</b>

**FORBES TECHNOSYS LIMITED**

**Notes forming part of the financial statements**

25	<b>Contingent liabilities and commitments (to the extent not provided for)</b>	<b>As at 31st March, 2016</b>		<b>As at 31st March, 2015</b>		
		Rupees		Rupees		
		(a) Dividend on Preference shares	98,200,901	76,897,535		
		(b) Excise demand of Rs. 463,998/- and Penalty of Rs. 463,998/- and paid deposit for stay order Rs. 145,049/-; Demand of Excise Duty Rs. 83,794/- and Penalty of Rs. 83,794/- Paid out of these Rs. 83,794/- . Fine of Rs. 50,000/- against demand of Rs. 83,794/-.	1,145,584	1,145,584		
	(c) Service Tax demand	1,566,599	1,566,599			
26	<b>Operating leases:</b> The Company has obtained various 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 non-cancellable for a period of one year. Either party can terminate the agreement after lock in period by giving one to three months prior notice in writing.					
		<b>For the year ended 31st March, 2016</b>		<b>For the year ended 31st March, 2015</b>		
		Rupees		Rupees		
	Future minimum lease payments :					
	not later than one year	756,000		1,948,378		
	later than one year and not later than five years	2,955,960		-		
	later than five years	-		-		
	Lease payments recognised in the Statement of Profit and Loss	20,225,916		18,870,028		
27	On the basis of information and record available with the management, there are no outstanding dues to the Micro & Small enterprises as defined in Micro, Small & Medium Enterprises Development Act, 2006.					
28	<b>Details on derivative instruments and unhedged foreign currency exposures</b>					
	The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:					
	<b>As at 31 March, 2016</b>		<b>As at 31 March, 2015</b>			
	<b>Receivable/ (Payable)</b>	<b>Receivable/ (Payable) in Foreign currency</b>	<b>Receivable/ (Payable)</b>	<b>Receivable/ (Payable) in Foreign currency</b>		
	Rs.97,338,288	-	Rs.413,883	USD 6,600.00		
	Rs. 4,999,153	USD (1,453,328.7)	Rs.108,175,783	USD (1,730,339.91)		
		EURO (64,649.47)	Rs.9,083,588	EURO (126,688.50)		
29	<b>Value of imports calculated on CIF basis</b>		<b>For the year ended 31st March, 2016</b>		<b>For the year ended 31st March, 2015</b>	
			Rupees		Rupees	
	Raw materials and Components		210,348,905	320,936,926		
	Purchases for resale		140,360,912	190,684,908		
	Total		350,709,817	511,621,834		

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

30	<b>Expenditure in foreign currency</b>	<b>For the year ended 31st March, 2016</b>	<b>For the year ended 31st March, 2015</b>	
		<b>Rupees</b>	<b>Rupees</b>	
		213,474	1,220,056	
		213,474	1,220,056	
31	<b>Details of consumption of imported and indigenous items</b>	<b>Rupees</b>	<b>%</b>	
		<u>Imported</u>		
		Raw materials and Components	212,329,037 (325,640,635)	27% (40%)
		<u>Indigenous</u>		
		Raw materials and Components	562,064,344 (382,478,677)	73% (60%)
		774,393,381 (708,119,312)	100% (100%)	
	Note: Figures / percentages in brackets relate to the previous year			
32	<b>Earnings in foreign exchange</b>	<b>For the year ended 31st March, 2016</b>	<b>For the year ended 31st March, 2015</b>	
		<b>Rupees</b>	<b>Rupees</b>	
		-	383,883	
		-	383,883	
33	During the previous year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company has revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. Further, assets individually costing Rs. 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets. The details of previously applied depreciation method, rates / useful life are as follows:			
	<b>Asset</b>	<b>Previous depreciation method</b>	<b>Previous depreciation rate / useful life</b>	<b>Revised useful life based on SLM</b>
	Furniture and Fixtures	SLM	10% - 100% / ~1 - 10 years	3 - 10 years
	Office Equipment	SLM	4.75% - 100% / ~1 - 21 years	3 - 5 years
	Data Processing equipment on lease	SLM	16.21% - 100% / ~1 - 6 years	3 - 6 years
	Vehicles	SLM	25% / ~4 years	4 years
	Intellectual Property / Distribution Rights	SLM	5 years	5 years
	Bill Payment and Cheque Deposit Software	SLM	1 - 5 years	3 - 5 years
	Computer Software	SLM	1 - 5 years	3 - 5 years
	Goodwill	SLM	5 years	5 years

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

<b>Note</b>																												
34 34.a	<p><b>Employee benefit plans</b>  <u>Defined contribution plans</u>  The Company makes contributions to Provident Fund and Employees State Insurance which is defined contribution plan for qualifying employees. Under the Scheme, 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 fund".</p> <table border="1" data-bbox="487 651 698 1879"> <thead> <tr> <th></th> <th style="text-align: right;">For the year ended 31st March, 2016</th> <th style="text-align: right;">For the year ended 31st March, 2015</th> </tr> </thead> <tbody> <tr> <td>Contributions to provident fund</td> <td style="text-align: right;">6,226,209</td> <td style="text-align: right;">5,541,310</td> </tr> <tr> <td>Contributions to Employees State Insurance</td> <td style="text-align: right;">27,796</td> <td style="text-align: right;">22,705</td> </tr> </tbody> </table> <p style="text-align: right;">(Rupees)</p>		For the year ended 31st March, 2016	For the year ended 31st March, 2015	Contributions to provident fund	6,226,209	5,541,310	Contributions to Employees State Insurance	27,796	22,705																		
	For the year ended 31st March, 2016	For the year ended 31st March, 2015																										
Contributions to provident fund	6,226,209	5,541,310																										
Contributions to Employees State Insurance	27,796	22,705																										
34.b	<p><u>Defined benefit plans</u>  The Company offers Gratuity (included as part of Gratuity expense in Note 22 Employee benefits expense) as employee benefit scheme to its employees.</p> <p>The following table sets out the unfunded status of the defined benefit schemes and the amount recognised in the financial statements:</p> <table border="1" data-bbox="876 651 1315 1879"> <thead> <tr> <th></th> <th style="text-align: right;">For the year ended 31st March, 2016</th> <th style="text-align: right;">For the year ended 31st March, 2015</th> </tr> </thead> <tbody> <tr> <td><b>Expenses recognised in Statement of Profit and Loss</b></td> <td></td> <td></td> </tr> <tr> <td>Current service cost</td> <td style="text-align: right;">1,525,532</td> <td style="text-align: right;">1,155,677</td> </tr> <tr> <td>Interest cost</td> <td style="text-align: right;">803,608</td> <td style="text-align: right;">729,292</td> </tr> <tr> <td>Expected return on plan assets</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Actuarial (gains) / losses</td> <td style="text-align: right;">1,232,631</td> <td style="text-align: right;">1,161,638</td> </tr> <tr> <td><b>Total expense</b></td> <td style="text-align: right;"><b>3,561,771</b></td> <td style="text-align: right;"><b>3,046,607</b></td> </tr> <tr> <td><b>Actual benefit payments for year</b></td> <td></td> <td></td> </tr> <tr> <td>Actual benefit payments</td> <td style="text-align: right;">127,646</td> <td style="text-align: right;">763,897</td> </tr> </tbody> </table> <p style="text-align: right;">(Rupees)</p>		For the year ended 31st March, 2016	For the year ended 31st March, 2015	<b>Expenses recognised in Statement of Profit and Loss</b>			Current service cost	1,525,532	1,155,677	Interest cost	803,608	729,292	Expected return on plan assets	-	-	Actuarial (gains) / losses	1,232,631	1,161,638	<b>Total expense</b>	<b>3,561,771</b>	<b>3,046,607</b>	<b>Actual benefit payments for year</b>			Actual benefit payments	127,646	763,897
	For the year ended 31st March, 2016	For the year ended 31st March, 2015																										
<b>Expenses recognised in Statement of Profit and Loss</b>																												
Current service cost	1,525,532	1,155,677																										
Interest cost	803,608	729,292																										
Expected return on plan assets	-	-																										
Actuarial (gains) / losses	1,232,631	1,161,638																										
<b>Total expense</b>	<b>3,561,771</b>	<b>3,046,607</b>																										
<b>Actual benefit payments for year</b>																												
Actual benefit payments	127,646	763,897																										
(i)																												
(ii)																												

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

**Note 34 Disclosures under Accounting Standards (contd.)**

	Particulars	For the year ended		For the year ended				
		31st March, 2016		31st March, 2015		2013-2014	2012-2013	2011-2012
		Rupees		Rupees				(Rupees)
(iii)	<b>Change in obligations during the year</b> Present value of defined benefit obligations at the beginning of the year Current service cost Interest cost Actuarial (gains) / losses Past service cost Benefits paid Present value of defined benefit obligations at the end of the year	10,057,674 1,525,532 803,608 1,232,631 - (127,646) 13,491,799	7,774,964 1,155,677 729,292 1,161,638 - (763,897) 10,057,674					
(iv)	<b>Experience adjustments</b>							
	<b>Gratuity</b>	2015-2016		2014-2015		2013-2014	2012-2013	2011-2012
	Opening Net Liability	10,057,674	7,774,964			7,245,573	2,257,314	4,132,957
	Expense as above	3,561,771	3,046,607			1,529,878	5,260,954	(1,577,443)
	Amount Recognised in Balance Sheet	13,491,799	10,057,674			7,774,964	7,245,573	2,257,314
	Experience gain / (loss) adjustments on plan liabilities	1,232,631	1,161,638			(98,351)	4,315,692	(2,518,986)
(v)	<b>Actuarial assumptions</b> Discount rate Salary escalation Attrition Retirement Age Mortality tables	7.79% 5% 12% 60 yrs Indian Assured Lives Mortality(2006-08)	7.99% 5% 4% 60 yrs Indian Assured Lives Mortality(2006-08)					
	<b>Notes:</b> (a) 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. (b) The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors. (c) 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**

Note	Particulars		
35	Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
		Rupees	Rupees
	<b>Details of borrowing costs capitalised</b>		
	Borrowing costs capitalised during the year to intangible assets under development	72,217,121	48,124,003
		<b>72,217,121</b>	<b>48,124,003</b>



**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

**Note 25 Disclosures under Accounting Standards (contd.)**

Note	Particulars					
36	<b>Related party transactions</b>					
36.a	<b>Details of related parties:</b>					
	<b>Description of relationship</b>	<b>Names of related parties</b>				
	Ultimate holding company	Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd)				
	Holding company (w.e.f 10th March 2016)	Forbes & Company Limited				
	Fellow Subsidiary (w.e.f 10th March 2016)	Forbes Campbell Finance Ltd				
	Fellow Subsidiary	Eureka Forbes Ltd				
	Fellow Subsidiary	Lucrative Properties Private Limited.				
	Key Management Personnel	Mr. Ajay P. Singh, Executive Director				
36.b	<b>Details of related party transactions during the year ended 31st March, 2016 and balances outstanding as at 31st March, 2016:</b>					
		<b>Ultimate holding company</b>	<b>Holding company</b>	<b>Fellow Subsidiary</b>	<b>Key Management Personnel</b>	<b>Total</b>
	Purchase of fixed assets	- (-)	- (128,889)	- (-)	- (-)	- (128,889)
	Sale of goods	- (-)	- (277,956)	- (-)	- (-)	- (277,956)
	Services rendered	- (-)	- (5,429,425)	- (-)	- (-)	- (5,429,425)
	Service charges	- (-)	15,843,838 (15,877,625)	- (-)	- (-)	15,843,838 (15,877,625)
	Services received	- (-)	7,339,970 (6,198,277)	- (71,165)	- (-)	7,339,970 (6,269,442)
	Interest paid / provided	- (1,551,387)	4,241,096 (-)	6,051,366 (-)	- (-)	10,292,462 (1,551,387)
	Deposits taken	- (20,000,000)	100,000,000 (-)	100,000,000 (-)	- (-)	200,000,000 (20,000,000)
	Repayment of Deposits	- (27,500,000)	50,000,000 (-)	80,000,000 (-)	- (-)	130,000,000 (27,500,000)
	Guarantees taken	- (-)	- (500,000,000)	- (-)	- (-)	- (500,000,000)
	Remuneration paid / payable (Refer Note (ii) below) (Refer Note (iii) below)	- (-)	- (-)	- (-)	15,215,258 (8,291,946)	15,215,258 (8,291,946)
	Reimbursement of expenses	- (-)	- (-)	- (-)	103,417 (151,970)	103,417 (151,970)
	Issue of Equity shares	- (-)	50,000,000 (-)	- (-)	- (-)	50,000,000 (-)
	Conversion in terms of issued preference shares from 8% Cumulative Optionally Convertible Redeemable Preference Shares to 0.1% Cumulative Non Convertible Redeemable Participating Preference Shares	- (100,000,000)	- (-)	- (-)	- (-)	- (100,000,000)
	<b>Balances outstanding at the end of the year</b>					
	Interest accrued	- (-)	- (-)	194,126 (-)	- (-)	194,126 (-)
	Trade payables	- (-)	65,967,047 (40,583,450)	235,178 (192,785)	136,744 (94,022)	66,338,969 (40,870,257)
	Deposits payable	- (-)	50,000,000 (-)	20,000,000 (-)	- (-)	70,000,000 (-)
	Trade receivables	- (-)	10,527,357 (10,527,357)	- (-)	- (-)	10,527,357 (10,527,357)
	Guarantees taken	- (-)	1,692,000,000 (1,692,000,000)	15,000,000 (15,000,000)	- (-)	1,707,000,000 (1,707,000,000)

**Notes:**

(i) Figures in bracket relates to the previous year

(ii) Remuneration for the Current Year includes an amount of Rs.4,500,000/- paid as annual performance incentive for F.Y 2014-15.

(iii) Remuneration for the previous year excludes an amount of Rs.4,209,120/- paid as annual performance incentive for F.Y 2013-14 against provision made during that year.

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

Note	Particulars	For the year ended 31st March, 2016	For the year ended 31st March, 2015
		Rupees	Rupees
37	<b>Earnings per share</b>		
	<u>Continuing Operations</u>		
37.a	<u>Basic</u>		
	(Loss) / Profit for the year from continuing operations	(273,373,223)	9,170,575
	Less: Preference dividend and tax thereon	21,303,366	24,038,625
	Loss for the year from continuing operations attributable to the equity shareholders	(294,676,589)	(14,868,050)
	Weighted average number of equity shares	22,184,085	21,897,200
	Par value per share	10	10
	Earnings per share from continuing operations - Basic	(13.28)	(0.68)
37.b	<u>Diluted</u> 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.		
38	<b>Provision for Warranty</b> The Company gives warranty on certain products, undertaking to repair or replace the item 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.		
	<b>Particulars</b>	<b>For the year ended 31st March, 2016</b>	<b>For the year ended 31st March, 2015</b>
		<b>Rupees</b>	<b>Rupees</b>
	At the beginning of the year	2,000,000	-
	Addition during the year	7,064,306	2,000,000
	Utilization during the year	2,000,000	-
	Unused amount reversed during the year	-	-
	<b>At the end of the year</b>	<b>7,064,306</b>	<b>2,000,000</b>



**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

Note	Particulars		
39	<b>Deferred Tax :</b>		
	<b>Components of net deferred tax assets as at March 31st, 2016 are as follows:</b>		
	<b>Particulars</b>	<b>For the year ended 31st March, 2016</b>	<b>For the year ended 31st March, 2015</b>
		<b>Rupees</b>	<b>Rupees</b>
	<b>Deferred Tax (liabilities)/assets</b>		
	<b>Deferred Tax liability :</b>		
	Depreciation	13,092,163	8,481,802
	<b>Total (A)</b>	<b>13,092,163</b>	<b>8,481,802</b>
	<b>Deferred Tax assets :</b>		
	Provision for Gratuity	4,460,389	3,325,067
	Provision for compensated absences	4,061,743	3,035,800
	Provision for warranty	2,335,459	661,200
	Unabsorbed Depreciation	32,483,297	32,759,927
	Carry forward of loss	71,620,081	74,726,112
	<b>Total (B)</b>	<b>114,960,969</b>	<b>114,508,106</b>
	<b>Net deferred tax assets not recognised :</b>	<b>101,868,806</b>	<b>106,026,304</b>
	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.		
40	During the year, the Company has incorporated a wholly owned subsidiary named Technext e-Payments & Services Limited (Technext) on July 14, 2015 with an intent to spin off transaction service business and dispose off the subsidiary to third party in due course. Technext did not undertake any activity during the year. The control on Technext was intended to be temporary since incorporation and the Company has disposed off the same on March 28, 2016 as the proposed business plan / activity did not materialise. Hence, consolidated financial statements are not prepared as per Accounting Standard 21 - Consolidated Financial Statements.		
41	Refer to Annexure for segment related information.		
42	Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.		

Forbes Technosys Limited  
Note 41 Disclosures under Accounting Standards (contd.)

Note	(A) Primary Segment													
	Particulars	Particulars												
		TRADING			MANUFACTURING			FORBES XPRESS			TRANSACTION NETWORK AND SUPPORT SERVICES			Total
		For the year ended 31 March, 2016	For the year ended 31 March, 2015	For the year ended 31 March, 2016	For the year ended 31 March, 2016	For the year ended 31 March, 2015	For the year ended 31 March, 2016	For the year ended 31 March, 2015	For the year ended 31 March, 2016	For the year ended 31 March, 2015	For the year ended 31 March, 2016	For the year ended 31 March, 2015		
Rupees														
	Revenue (net of excise)	529,086,296	543,251,589	885,956,605	956,984,382	1,823,128,376	1,459,718,682	197,916,001	211,227,906	3,436,087,278	3,171,182,559			
	Inter-segment revenue	-	-	-	-	-	-	-	-	-	-			
	<b>Total</b>	<b>529,086,296</b>	<b>543,251,589</b>	<b>885,956,605</b>	<b>956,984,382</b>	<b>1,823,128,376</b>	<b>1,459,718,682</b>	<b>197,916,001</b>	<b>211,227,906</b>	<b>3,436,087,278</b>	<b>3,171,182,559</b>			
	<b>Segment result</b>	<b>90,308,506</b>	<b>88,612,128</b>	<b>38,113,944</b>	<b>203,155,517</b>	<b>(36,829,200)</b>	<b>10,128,582</b>	<b>89,889,103</b>	<b>111,312,490</b>	<b>181,482,353</b>	<b>413,208,697</b>			
	Unallocable expenses net of unallocated									454,855,576	404,038,122			
	Profit before taxes									(273,373,223)	9,170,575			
	Tax expense									-	-			
	<b>Profit for the year</b>	<b>483,410,888</b>	<b>253,011,507</b>	<b>1,200,293,518</b>	<b>1,480,524,780</b>	<b>110,940,859</b>	<b>80,339,267</b>	<b>550,347,341</b>	<b>341,332,210</b>	<b>2,354,992,606</b>	<b>2,155,207,764</b>			
	Unallocable assets									163,466,310	99,997,254			
	<b>Total assets</b>	<b>138,296,968</b>	<b>141,402,654</b>	<b>417,402,212</b>	<b>315,064,879</b>	<b>24,955,598</b>	<b>14,353,802</b>	<b>17,338,385</b>	<b>17,610,857</b>	<b>2,518,458,916</b>	<b>2,255,205,018</b>			
	Unallocable liabilities									597,993,163	489,032,192			
	<b>Total liabilities</b>	<b>15,664,888</b>	<b>26,440,181</b>	<b>88,509,374</b>	<b>125,738,292</b>	<b>46,278,666</b>	<b>20,686,891</b>	<b>112,436,360</b>	<b>101,549,916</b>	<b>262,889,288</b>	<b>274,415,280</b>			
	<b>Other information</b>									12,190,963	10,934,024			
	Capital expenditure (allocable)									43,015,558	25,568,770			
	Capital expenditure (unallocable)									4,656,630	4,501,803			
	Depreciation and amortisation (allocable)									25,735,040	3,167,554			
	Depreciation and amortisation (unallocable)									6,698,208	6,302,477			
	Other significant non-cash expenses (allocable)									-	-			
	Other significant non-cash expenses (unallocable)									-	-			
	<b>(B) Secondary Segment</b>	<b>There is no reportable geographical segment.</b>												

**LIAG Trading & Investments Limited**  
(a wholly owned Subsidiary of Lux International AG)

Financial Statements  
For the year ended December 31, 2015

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF LIAG TRADING AND INVESTMENTS LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of LIAG TRADING AND INVESTMENTS LIMITED, which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the applicable 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 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 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 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 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 present fairly, in all material respects, the financial position of LIAG TRADING AND INVESTMENTS LIMITED as at 31 December 2015 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

### **Report on Other Legal and Regulatory Requirements**

Also, in our opinion, the company has maintained proper books of account. The information contained in the Directors' report relating to the financial statements is in agreement with the books. We obtained all the information which we considered necessary for our audit. According to the information available to us, there were no contraventions during the period of the Jebel Ali free Zone Authority Regulations 2003 or the Articles of Association of the company which might have materially affected the financial position of the company or its financial performance.

**LIAG TRADING AND INVESTMENT LIMITED**

	<b>2015</b>	<b>2015</b>
	<b>USD</b>	<b>INR</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
ADVANCE	5,157	3,41,012
CASH AND CASH EQUIVALENTS	29,403	19,44,306
	34,560	22,85,318
	34,560	22,85,318
<b>TOTAL ASSETS</b>	<b>34,560</b>	<b>22,85,318</b>
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>SHAREHOLDER'S FUNDS</b>		
SHARE CAPITAL	27,500	18,18,468
ACCUMULATED LOSS	(7,269)	(4,68,496)
FOREIGN CURRENCY TRANSLATION RESERVE		(12,175)
	20,231	13,37,797
	20,231	13,37,797
<b>EQUITY FUNDS</b>	<b>20,231</b>	<b>13,37,797</b>
<b>CURRENT ACCOUNT</b>	12,830	8,48,398
	33,061	21,86,195
	33,061	21,86,195
<b>TOTAL SHAREHOLDER'S FUNDS</b>	<b>33,061</b>	<b>21,86,195</b>
<b>CURRENT LIABILITY</b>		
ACCRUAL	1,499	99,123
	1,499	99,123
	1,499	99,123
<b>TOTAL LIABILITY</b>	<b>1,499</b>	<b>99,123</b>
<b>TOTAL EQUITY AND LIABILITY</b>	<b>34,560</b>	<b>22,85,318</b>

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**LIAG TRADING AND INVESTMENT LIMITED**

	<b>2015</b>	<b>2015</b>
	<b>USD</b>	<b>INR</b>
<b>EXPENDITURE</b>		
LEGAL AND INCORPORATION EXPENSES	(5,368)	(3,45,974)
PROFESSIONAL FEES	(1,499)	(96,612)
OTHER ADMINISTRATIVE EXPENSES	(402)	(25,909)
<b>TOTAL EXPENDITURE</b>	<u>(7,269)</u>	<u>(4,68,496)</u>
LOSS FOR THE PERIOD	(7,269)	(4,68,496)
OTHER COMPREHENSIVE INCOME/(LOSS)	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u>(7,269)</u>	<u>(4,68,496)</u>

## **1. Legal status and business activity**

LIAG TRADING AND INVESTMENTS LIMITED (the "company") is a limited liability offshore company incorporated on 4 February 2015 in Jebel Ali Free Zone pursuant to Law No. of 1992 and implementing rules and regulations issued there under by the Jebel Ali Free Zone Authority.

The company is a wholly owned subsidiary of Lux International AG, Switzerland ("Shareholder company") and the ultimate parent company is Forbes & Co. Ltd., India.

The company has not carried out any activity during the period.

## **2. Basis of preparation**

### **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

### **Basis of measurement**

The financial statements have been prepared under the historical cost basis.

### **Functional and presentation currency**

The financial statements have been presented in US Dollars (USD), being the functional and presentation currency of the company.

### **Use of estimates and judgements**

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.

There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

## **3. Significant accounting policies**

The accounting policies in dealing with items that are considered material in relation to the company's financial statements are as follows:

### **Financial instruments**

Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

### **Financial assets**

The financial assets include advance and bank balance.

### **Other current financial assets**

Other current financial assets include deposits with a maturity date of more than three months from the date of deposit.

### **Cash and cash equivalents**

Cash and cash equivalents comprise bank call deposit accounts that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

### **Financial liability**

The financial liability includes accrual.

### **Other payables**

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

### **Impairment of financial assets**

All financial assets, except for those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognized in profit or loss.

### **Foreign currency transactions**

Transactions in foreign currencies are converted into US Dollars at fixed rate of exchange. 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. Resulting exchange gains/losses are to be taken to the statement of profit or loss and other comprehensive income.

### **4.Cash and cash equivalents**

This represents balance in call deposit accounts with a bank.

### **5.Share capital**

Authorised, issued and paid up:  
(100 shares of AED 1,000 each converted at AED 3.64 = US\$ 1)

<b>2015 USD</b>	<b>2015 INR</b>
27,500	18,18,468

### **6.Current account**

This represents balance in unsecured and non-interest bearing current account of the parent shareholder company.

## **7.Related party transactions and 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 company, parent company of the shareholder and key management personnel as under:

Shareholder company:

Lux International AG, Switzerland

Parent company of the shareholder:

Eureka Forbes Limited, India

Ultimate parent company:

Forbes & Co. Ltd., India

Key management personnel / Directors:

Reto Andreas Von Der Becke

Urs Meier

Gaetano Paolucci

The company receives funds from a related party as and when required as working capital facilities with or without interest charge. The balance with a related party as at the statement of financial position date is disclosed in note 6.

## **8.Financial instruments: Credit, liquidity and market risk exposures**

### **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets, which potentially expose the company to concentrations of credit risk, comprise bank balance. The company's bank balance in call deposit accounts is placed with a high credit quality institution.

### **Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The company limits their liquidity risk by ensuring adequate reserves, sufficient cash and cash equivalents to ensure funds are available to meet its commitments for liabilities as they fall due.

### **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as interest rate risk and currency risk, which will affect the company's income or the value of its holding of financial instruments.

### **Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In the absence of interest bearing borrowings, there is no interest rate risk.

### **Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will

fluctuate because of changes in foreign exchange rates. Except as under, there are no currency risk as substantially all financial assets and financial liabilities are denominated in the US Dollars or UAE Dirhams to which the US Dollars rate is fixed:

**9. Financial instruments: Fair value**

The fair value of the company's financial assets, comprising advance and bank balance, and financial liability, comprising accrual, are approximate to their carrying values.

**10. Contingent liabilities and capital commitments**

There are no contingent liabilities and capital commitments of significant amount outstanding at the date of statement of financial position.

**11. Comparative figures**

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

**12. Approval of the financial statements**

The financial statements were approved by the board and authorized for and authorized for issue on 16th April 2016

**Lux Aqua GmbH**  
(a wholly owned Subsidiary of Lux International AG)

Financial Statements  
For the year ended December 31, 2015

**Lux Aqua GmbH, BAAR**

**BALANCE SHEET AS OF 31 December 2015 (unaudited)**

	31-12-2015	
	CHF	INR
<b>ASSETS Current assets</b>		
Cash and cash equivalents	-	-
Capital Contribution account	20,000	13,32,140
Other short-term receivables	360	23,979
Accrued income	-	-
<b>Total current assets</b>	<b>20,360</b>	<b>13,56,119</b>
<b>Non-current assets</b>		
Financial assets	3,11,400	2,07,41,420
Investments	2,07,600	1,38,27,613
<b>Total non-current assets</b>	<b>5,19,000</b>	<b>3,45,69,033</b>
<b>TOTAL ASSETS</b>	<b>5,39,360</b>	<b>3,59,25,152</b>
	31-12-2015	
	CHF	INR
<b>LIABILITIES AND SHAREHOLDERS' EQUITY Liabilities</b>		
Other short-term liabilities	5,670	3,77,662
<b>Total short-term liabilities</b>	<b>5,670</b>	<b>3,77,662</b>
Long-term interest-bearing liabilities	5,19,000	3,45,69,033
Provision for unrealized exchange rate gains	-	-
<b>Total long-term liabilities</b>	<b>5,19,000</b>	<b>3,45,69,033</b>
<b>Total liabilities</b>	<b>5,24,670</b>	<b>3,49,46,695</b>
<b>Shareholders' equity</b>		
Share capital	20,000	13,32,140
Reserve from capital contributions	-	-
Voluntary retained earnings	-	-
Accumulated deficit	-	-
- Results carried forward	-	-
- Profit for the year	(5,310)	(3,54,586)
Total accumulated deficit	(5,310)	(3,54,586)
Foreign Currency Translation Reserve	-	903
<b>Total Shareholders' equity</b>	<b>14,690</b>	<b>9,78,457</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS'</b>	<b>5,39,360</b>	<b>3,59,25,152</b>
	-	-

**Lux Aqua GmbH, BAAR****STATEMENT OF INCOME 31.12.2015 (unaudited)**

	<b>31-12-2015</b>	
	<b>CHF</b>	<b>INR</b>
<b>OPERATING INCOME</b>		
Income from Royalties	-	-
Income from Factory Participation	-	-
<b>Total operating income</b>	<b>-</b>	<b>-</b>
<b>OPERATING EXPENSES</b>		
Development and tooling expenses	-	-
Personnel expenses	-	-
Legal and consulting expenses	(810)	(54,089)
Audit fees	-	-
Expenses for Service - Group	(4,500)	(3,00,497)
<b>Total operating expenses</b>	<b>(5,310)</b>	<b>(3,54,586)</b>
<b>OPERATING PROFIT</b>	<b>(5,310)</b>	<b>(3,54,586)</b>
<b>NON-OPERATING INCOME / (EXPENSES)</b>		
Financial income	-	-
Financial expenses	-	-
<b>Total non-operating expenses</b>	<b>-</b>	<b>-</b>
<b>EXTRAORDINARY (EXPENSES) / INCOME</b>		
Extraordinary income	-	-
Extraordinary expenses	-	-
<b>Total extraordinary expenses</b>	<b>-</b>	<b>-</b>
<b>PROFIT BEFORE TAX</b>	<b>(5,310)</b>	<b>(3,54,586)</b>
Taxes	-	-
<b>NET PROFIT FOR THE PERIOD</b>	<b>(5,310)</b>	<b>(3,54,586)</b>



## Notes

### 1. Principles

#### 1.1 General aspects

The financial statement 2015 has been generated for the first time under the regulations of the new Swiss Accounting regulations (Para 32 of the Swiss Code of Obligations). To ensure the comparability, the previous year's figures in the balance sheet and the income statement were restated to the new structures. The relevant positions of the balance sheet and income statement are marked with an asterisk (\*).

### 2. Information on balance sheet and income statement items

#### 2.1 Other short-term receivables

<b>CHF</b>	<b>31.12.2015</b>
Receivables from Shareholder (Lux International AG)	20,000
VAT Refund	360
<b>Total</b>	<u>20,360</u>
INR	<u>13,56,119</u>

#### 2.2 Financial assets

<b>CHF</b>	<b>31.12.2015</b>
Long term loans in which the entity holds an investment	
Lux Aqua GmbH	<u>3,11,400</u>
<b>Total</b>	<u>3,11,400</u>
INR	<u>2,07,41,420</u>

#### 2.3 Investments in CHF

<b>Company</b>	<b>Domicile</b>	<b>Capital</b>		<b>Share in Capital and voting rights in %</b>	
		<b>31.12.2015</b>	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Lux Aqua Hungary Kft	Switzerland	207600	0	100%	0%

Lux Aqua Hungary was founded in 2015 whereat Lux Aqua GmbH, Baar is the only equity holder on it.

#### 2.4 Other short-term liabilities

<b>CHF</b>	<b>31.12.2015</b>
Liabilities due to shareholder	-
Lux International AG	<u>5,670</u>
<b>Total</b>	<u>5,670</u>
INR	<u>3,77,662</u>

## 2.5 Long-term interest-bearing liabilities

<b>CHF</b>	<b>31.12.2015</b>
Long-term loans from Shareholder Lux International AG	<u>5,19,000</u>
<b>Total</b>	<u>5,19,000</u>
INR	<u>3,45,69,033</u>

## 2.8 Extraordinary expenses

No extraordinary expenses or income occurred

## 3. Other information

### 3.1 Full-time equivalents

Lux Aqua GmbH does not have any employees.

### 3.2 Operating Expenses

<b>CHF</b>	<b>31.12.2015</b>
Legal fees	810
Expenses for Services (Lux International AG)	4,500
Other services	
<b>Total</b>	<u>5,310</u>
INR	<u>(3,54,586)</u>

### 3.3 Significant events after the balance sheet date

No significant events occurred.

**Lux Aqua Hungary KFT**  
(a wholly owned Subsidiary of Lux Aqua GmbH)

Financial Statements  
For the year ended December 31, 2015

KPMG Hungária Kft. Tel.: +36 (1) 887 71 00  
Váci út 31. Fax: +36 (1) 887 71 01  
H-1134 Budapest E-mail: info@kpmg.hu  
Hungary Internet: kpmg.hu

#### Independent Auditors' Report

To the member of Lux Aqua Hungária Kft.

We have audited the accompanying simplified annual report for the period between 25 October 2015 and 31 December 2015 of Lux Aqua Hungária Kft. (hereinafter referred to as "the Company"), which comprises the balance sheet as at 31 December 2015, which shows total assets of THUF 392,547 and retained loss for the period of THUF 7,736, and the income statement for the period between 25 October 2015 and 31 December 2015, and supplementary notes, comprising a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Simplified Annual Report

Management is responsible for the preparation and fair presentation of this simplified annual report in accordance with the provisions of the Hungarian Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of simplified annual report that is free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on this simplified annual report based on our audit. We conducted our audit in accordance with the Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the simplified annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the simplified annual report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the simplified annual report, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the simplified annual report 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 simplified annual report.

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 simplified annual report gives a true and fair view of the financial position of Lux Aqua Hungária Kft. as at 31 December 2015, and of its financial performance for the period between 25 October 2015 and 31 December 2015 in accordance with the provisions of the Hungarian Act on Accounting.

Budapest, 4 May 2016  
KPMG Hungária Kft.  
Registration number: 000202

Zoltán Varga  
Director

Professional Accountant  
Registration number: 7320

25425060-7739-113-01

Statistical code

Lux Aqua Hungtiria Kft. 01-09-274414

Company registration number

Simplified Annual Report:

Simplified Balance Sheet

ASSETS	THUF	INR
A. Fixed Assets	2,47,038	5,70,11,430
I.Intangible assets	1,49,189	3,44,29,837
II.Tangible assets	97,849	2,25,81,592
III.Long term financial assets	-	-
B. CURRENT ASSETS	1,45,489	3,35,75,951
I.Stocks	70,927	1,63,68,533
II.Receivables	8,266	19,07,627
III.Securities	-	-
IV.Cash and bank	66,296	1,52,99,791
C. Prepayments	20	4,616
<b>TOTAL ASSETS</b>	<b>3,92,547</b>	<b>9,05,91,997</b>
LIABILITIES		
D. EQUITY	52,264	1,20,72,104
I.Share capital	60,000	1,38,46,800
II.Unpaid share capital (-)	-	-
III.Capital reserve	-	-
IV.Retained earnings	-	-
V.Allocated reserves	-	-
VI.Valuation reserve	-	-
VII.Profit per balance skeet	-7,736	-17,74,696
FOREIGN TRANSLATION RESERVE		-10,618
E. PROVISIONS	-	-
F. LIABILITIES	3,34,030	7,70,87,443
I.Differed liabilities	-	-
II.Long term liabilities	2,10,000	4,84,63,800
III.Short term liabilities	1,24,030	2,86,23,643
G. Accruals	6,253	14,43,067
<b>TOTAL LIABILITIES</b>	<b>3,92,547</b>	<b>9,05,91,997</b>

**Simplified Annual Report:  
Profit and Loss Statement**

	<b>THUF</b>	<b>INR</b>
<b>I. Total net sales</b>	7,952	18,24,248
<b>II. Capit. val. of own pert.</b>	-	-
<b>III. Other income</b>	-	-
of which: reversed loss of value	-	-
<b>IV. Material type expenditures</b>	6,314	14,48,479
<b>V. Payments to personnel</b>	5,958	13,66,810
<b>VI. Depreciation</b>	1,643	3,76,917
<b>VII. Other expenditures</b>	1,165	2,67,260
of which: loss of value	53	12,159
<b>A. Operating result</b>	<b>-7,128</b>	<b>-16,35,217</b>
<b>IX. Financial incomes</b>	-	-
<b>X. Financial expenses</b>	-608	-1,39,480
<b>B. FINANCIAL RESULT</b>	<b>-608</b>	<b>-1,39,480</b>
<b>C. RESULT OF ORDINARY ACTIVITIES</b>	<b>-7,736</b>	<b>-17,74,696</b>
<b>XI. Extraordinary revenues</b>	-	-
<b>XII. Extraordinary expenditures</b>	-	-
<b>D. EXTRAORDINARY RESULT</b>	-	-
<b>E. Profit before tax</b>	<b>-7,736</b>	<b>-17,74,696</b>
<b>XIII. Tax liabilities</b>	-	-
<b>F. PROFIT AFTER TAX</b>	<b>-7,736</b>	<b>-17,74,696</b>
<b>G. Profit per balance sheet</b>	<b>-7,736</b>	<b>-17,74,696</b>

**Lux CZ s. r. o**  
(a wholly owned Subsidiary Company of Lux (Deutschland) GmbH)

Financial Statements  
For the year ended December 31, 2015

BALANCE SHEET  
in full form  
as at 31.12.2015  
Reg. No.2 5 7 2 1 3 9 9

Name and Address of the Accounting Entity  
LUX (CZ), s.r.o.  
Brunclíkova 17/1875  
Praha 6 - Petřiny  
16200

**Summary of the component's financial performance in the period**

BALANCE SHEET	31-12-2015		31-12-2014	
	TCZK	INR	TCZK	INR
TANGIBLE FIXED ASSETS	456	12,20,078	951	26,51,007.60
INVENTORY	7,112	1,90,28,938	9,383	2,61,56,050.80
LONG-TERM RECEIVABLES	156	4,17,395	140	3,90,264.00
SHORT-TERM RECEIVABLES	2,476	66,24,810	2,543	70,88,866.80
CASH AND CASH EQUIVALENTS	3,076	82,30,176	3,817	1,06,40,269.20
ACCRUALS	423	11,31,783	630	17,56,188.00
DEFERRED TAX				-
<b>TOTAL ASSETS</b>	<b>13,699</b>	<b>3,66,53,181</b>	<b>17,464</b>	<b>4,86,82,646</b>
SHAREHOLDER'S EQUITY	6,811	2,04,32,019	5,232	1,78,98,010
-Registered Capital	20,000	5,57,52,000	20,000	6,19,64,000.00
-Capital Funds	20,000	5,57,52,000	10,000	3,09,82,000.00
-Profit Funds	2,053	57,22,943	2,053	63,60,604.60
-Profit/Loss Brought Forward	(26,821)	(7,47,66,220)	(16,309)	(5,05,28,543.80)
-Current Year Profit	(8,421)	(2,20,28,704)	(10,512)	(3,08,80,051.20)
Liabilities	6,885	1,84,21,575	12,158	3,38,91,640.80
Accruals	3	8,027	74	2,06,282.40
FCTR		(22,08,439)		(33,13,286)
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>13,699</b>	<b>3,66,53,181</b>	<b>17,464</b>	<b>4,86,82,646</b>



PROFIT AND LOSS ACCOUNT by Type

in full

as on 31.12.2015

Name and Address of the Accounting Entity

Reg. No.

LUX (CZ), s.r.o.

2 5 7 2 1 3 9 9

Brunclíkova 17/1875

Praha 6 - Petržiny

16200

INCOME STATEMENT	31-12-2015		31-12-2014	
	CZK	INR	CZK	INR
SALES REVENUE	3,77,92,000	9,88,61,037.60	4,61,44,000	13,55,52,614.40
COST OF GOODS SOLD	(1,42,07,000)	(3,71,64,446.48)	(1,60,23,000)	(4,70,69,164.80)
GROSS PROFIT	2,35,85,000	6,16,96,591	3,01,21,000	8,84,83,449.60
SALES OF OWN PRODUCT AND SERVICES	26,99,000	70,60,381.58	30,63,000	89,97,868.80
DIRECT COST	(1,96,85,000)	(5,14,94,483.63)	(2,14,19,000)	(6,29,20,454.40)
PERSONNEL EXPENSES	(1,41,09,000)	(3,69,08,085.83)	(1,97,66,000)	(5,80,64,601.60)
FEES AND TAXES	(54,000)	(1,41,259.95)	(88,000)	(2,58,508.80)
DEPRECIATION	(4,95,000)	(12,94,882.88)	(7,24,000)	(21,26,822.40)
SALE OF LONG TERM ASSETS	5,000	13,079.63	8,82,000	25,90,963.20
OTHER OPERATING REVENUE	8,66,000	22,65,391.05	4,60,000	13,51,296.00
OTHER OPERATING EXPENSES	(5,10,000)	(13,34,121.75)	(21,29,000)	(62,54,150.40)
NET BOOK VALUE OF SOLD LONG TERM ASSETS AND MATERIALS	-	-	(5,38,000)	(15,80,428.80)
RESERVES AND DEFERRED INCOME IN OPERATING REVENUE	(4,79,000)	(12,53,028.08)	4,13,000	12,13,228.80
NET PROFIT FROM OPERATIONS	(81,77,000)	(2,13,90,419)	(97,25,000)	(2,85,68,160)
INTEREST PAID	(2,76,000)	(7,21,995.30)	(5,07,000)	(14,89,363.20)
INTEREST RECEIVED	-	-	1,000	2,937.60
NET FINANCIAL REVENUE	32,000	83,709.60	(2,81,000)	(8,25,465.60)
CURRENT YEAR LOSS	<b>(84,21,000)</b>	<b>(2,20,28,704)</b>	<b>(1,05,12,000)</b>	<b>(3,08,80,051)</b>

Prepared on: 1.2.2016

Legal form of the accounting entity: Limited liability company

Subject of business : Purchase of goods for the purposes of their further sales

Signature:

CEO: Libor Kotla'n

**Lux del Paraguay S. A**  
(a Subsidiary Company of Forbes Lux International AG)

Financial Statements  
For the year ended December 31, 2015

## INDEPENDENT AUDITORS REPORT

### **Financial statements identification**

1. We have audited the financial statements of LUX DEL PARAGUAY S.A., which include Balance sheet at December 31st, 2015, and the related Statements of Income, Equity Changes Statements in Capital and Cash flow Statements of the year ended in that date; as well as an Accounting policies summary and other clarifying notes.

### **Management's Responsibility for the financial statements**

2. Management is responsible for the preparation and rational presentation of these financial statements in accordance with applicable accounting standards in Paraguay. This responsibility includes: designing, implementing and maintaining the internal control relevant to the preparation and rational presentation of financial statements that are free from mistakes of relative importance, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimations reasonable in the circumstances.

### **Auditors' Responsibility**

Our responsibility is to express an opinion about these financial statements based on our audit. We performed our audit in accordance with applicable audit standards in Paraguay, issued by the Council of Public Accountants of Paraguay (Consejo de Contadores Públicos del Paraguay). These standards require that we comply with ethical requirements as well as plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of relative important mistakes.

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 evaluation of the risks of relative important mistakes on the financial statements, whether due to fraud or error. In making risk assessments, the auditor considers internal control relevant to the preparation and reasonable presentation of Financial statements by the company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion about the effectiveness of, internal control of the company. An audit also includes the property of accounting policies used and the reasonableness of accounting estimations made by management, as well evaluating the general presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriated to provide base for our audit opinion.

### **Opinion**

3. In our opinion, the financial statements referred on Chapter 1 of this report. has been presented reasonably, with respect to the financial position of LUX DEL PARAGUAY Sociedad Anonima at December 31st, 2015, and the results of its operation and cash flow.s for the year ended on that date, according to the standards issued by the Council of Public

Accountants of Paraguay (Consejo de Contadores Públicos del Paraguay).

**Report on other legal and regulatory requirements**

4. In compliance with current laws and following the standards established in the 1020 DPA issued by the Council of Public Accountants of Paraguay (Consejo de Contadores Públicos del Paraguay), we report:

a) LUX DEL PARAGUAY S.A. keeps its records in accordance with the established in the Law 125/91, Law 2421/04 and its requirements.

b) At the date of this report, the company has complied with payments and / or has provisioned their tax obligations related to the year ended December 31st, 2015. Except for the fact that up to the date of issuance of this report, there is a balance in controversy over Gs. 376.669.222.- required by the Treasury in respect of VAT that the Management claims that it is an application error of Tax Credit as a result of the rectification of Affidavits of year 2011, made by LUX DEL PARAGUAY S.A.

c) It has complied with the provisions of Resolution number 20/08 and its amendments which regulates the Article 33 of Law 2421/04 and Resolution number 29114, being no tax issues to mention.

**Usage restriction**

Due to the nature of this report its use is limited to the management of the company and Undersecretary of State Taxation (Subsecretaría de Estado de Tributación) dependent of Ministry of Finance (Ministerio de Hacienda) of the Republic of Paraguay, in accordance with Article 33 of Law 2421/04 and should not be used for other purposes.

April 6, 2016  
Asuncion Paraguay

C & M Consulting & Management S.R.L  
Mat F-53  
Vat No. 80045672 - 6

ROMNY COLMAN MIERS  
CEO, PARTNER  
MAT CCP - 479

COMPANYWAME TIN FROM TO  
LUX OF PARAGUAY LIMITED COMPANY 80027212-9 01-01-2015 31.12.2015

Balance Sheet

<b>PARTICULARS</b>	<b>2015 PYG AMOUNT</b>	<b>2015 INR AMOUNT</b>	<b>2014 PYG AMOUNT</b>	<b>2014 INR AMOUNT</b>
<b><u>ASSETS</u></b>				
CURRENT ASSETS	27,66,29,31,368	30,89,94,943	25,21,83,15,331	33,84,29,791.74
NON-CURRENT ASSETS	2,06,60,01,890	2,30,77,241	1,49,43,59,598	2,00,54,305.81
<b>TOTAL</b>	<b>29,72,89,33,258</b>	<b>33,20,72,184</b>	<b>26,71,26,74,929</b>	<b>35,84,84,098</b>

**LIABILITY**

CURRENT LIABILITIES	10,73,78,15,449	11,99,41,399	12,22,95,34,812	16,41,20,357.18
NON-CURRENT LIABILITIES	12,47,85,71,033	13,93,85,638	6,44,51,72,212	8,64,94,211.09
EQUITY				
-CAPITAL	5,00,00,00,000	6,71,00,000	5,00,00,00,000	6,71,00,000
RESERVES				
-LEGAL RESERVE	63,66,35,104	83,99,977	57,27,83,447	76,86,754
-REVALUATION RESERVE	25,98,66,071	33,59,200	20,28,87,267	27,22,747
RESULTS				
-ACCUMULATED RESULTS	1,68,84,45,534	2,26,39,878	98,52,64,051	1,32,22,244
-EXERCISE RESULTS	(1,07,23,99,933)	(1,27,13,301)	1,27,70,33,140	1,71,12,244
FCTR		(1,60,40,606)		25,541
<b>TOTAL</b>	<b>29,72,89,33,258</b>	<b>33,20,72,184</b>	<b>26,71,26,74,929</b>	<b>35,84,84,098</b>

- - - -

COMPANYWAME  
LUX OF PARAGUAY LIMITED COMPANY

TIN  
80027212-9

FROM  
01-01-2015

TO  
31.12.2015

Income Statement

	2015 PYG	2015 INR	2014 PYG	2014 INR
<u>PARTICULARS</u>	<u>AMOUNT</u>	<u>AMOUNT</u>	<u>AMOUNT</u>	<u>AMOUNT</u>
OPERATING INCOME	28,93,96,17,156	34,30,79,161	29,58,50,06,851	39,64,39,092
OPERATING COSTS	(8,85,94,12,529)	(10,50,28,336)	(8,33,91,85,521)	(11,17,45,086)
OTHER INCOME	7,04,61,57,795	8,35,32,201	(7,14,41,51,503)	(9,57,31,630)
<b>GAIN/(LOSSES) TOTAL GROSS</b>	<b>27,12,63,62,422</b>	<b>32,15,83,027</b>	<b>14,10,16,69,827</b>	<b>18,89,62,376</b>
SALES OR MARKETING EXPENSES	(12,91,56,65,305)	(15,31,15,212)	(13,18,39,41,291)	(17,66,64,813)
ADMINISTRATIVE EXPENSES	(11,49,38,98,019)	(13,62,60,161)	(11,16,78,08,629)	(14,96,48,636)
BANK AND FINANCIAL EXPENSES	(3,44,34,17,602)	(4,08,21,716)	(2,17,23,25,522)	(2,91,09,162)
DEPRECIATION AND AMORTIZATION OF ASSETS	(30,12,48,592)	(35,71,302)	(20,57,71,225)	(27,57,334)
<b>OPERATIVE GAINS(LOSSES)</b>	<b>(1,02,78,67,096)</b>	<b>(1,21,85,364)</b>	<b>(12,62,81,76,840)</b>	<b>(16,92,17,570)</b>
INCOME TAX	(4,45,32,837)	(5,27,937)	(38,30,93,026)	(51,33,447)
<b>NET PROFIT/LOSS OF EXERCISE</b>	<b>(1,07,23,99,933)</b>	<b>(1,27,13,301)</b>	<b>(13,01,12,69,866)</b>	<b>(15,42,48,604)</b>

**Lux (Deutschland) GmbH**  
(a wholly owned Subsidiary Company of Lux International AG)

Financial Statements  
For the year ended December 31, 2015

The English language text below is a translation of the Auditors' Report on the 2015 statutory financial statements of Lux Deutschland GmbH provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation. This translation has been prepared solely for the information of the Member of Lux Deutschland GmbH and must not be distributed to any other party.

#### Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Lux Deutschland GmbH, Fulda, for the business year from 1 January to 31 December 2015. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [„Handelsgesetzbuch“: „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a

Frankfurt am Main, den 4. April 2016

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Moller Klein  
Wirtschaftsprüfer Wirtschaftsprüfer



Lux Deutschland GmbH (until 2 March 2015: Lux (Deutschland) GmbH)

Fulda

Balance Sheet at 31 December 2015

	Assets			
	31-12-2015		31-12-2014	
	EUR	INR	EUR	INR
<b>A. Non-current assets</b>				
I. Intangible assets				
1. Industrial protection rights and similar rights and assets purchased for consideration	70,824.00	51,07,671.07	1,27,013	98,17,152
II. Property, plant and equipment				
1. Other operational and office equipment	1,51,876.00	1,09,52,962.99	2,40,555	1,85,93,097
III. Financial assets				
1. Shares in affiliated entities	53,25,000.00	38,40,27,285.00	78,91,700	60,99,69,222
	55,47,700.00	40,00,87,919.06	82,59,268	63,83,79,472
<b>B. Current assets</b>				
I. Inventories				
1. Trading stock	5,26,039.81	3,79,36,833.81	5,66,842	4,38,12,626
II. Receivables and other assets				
1. Trade accounts receivable	26,41,436.15	19,04,94,563.98	29,26,448	22,61,92,486
2. Accounts receivable from affiliated entities	17,18,581.79	12,39,40,337.81	21,16,915	16,36,21,662
3. Receivable from shareholder	23,57,880.06	17,00,45,122.59	4,31,290	3,33,35,512
4. Other assets	1,58,462.36	1,14,27,956.79	4,49,735	3,47,61,110
	68,76,360.36	49,59,07,981.17	59,24,388	45,79,10,770
III. Cash on hand and bank balances	3,97,405.14	2,86,59,984.41	3,05,552	2,36,16,866
	77,99,805.31	56,25,04,799.39	67,96,782	52,53,40,263
<b>C. Prepaid expenses and deferred charges</b>	65,296.14	47,09,013.97	52,425.00	40,52,059.31
<b>D. Deferred Tax Assets</b>	2,58,980.00	1,86,77,067.84	2,96,373.50	2,29,07,448.75
<b>TOTAL</b>	<b>1,36,71,781.45</b>	<b>98,59,78,800.25</b>	<b>1,54,04,848.37</b>	<b>1,19,06,79,242.64</b>

Shareholder equity and liabilities

	Shareholder equity and liabilities			
	31-12-2015		31-12-2014	
	EUR	INR	EUR	INR
<b>A. Shareholder equity</b>				
I. Subscribed capital	71,53,000.00	60,77,18,880.00	71,53,000.00	60,77,18,880.00
II. Capital reserve	1,89,70,000.00	1,60,14,18,541.22	1,81,70,085.75	1,54,37,30,485.32
III. Earnings reserves				
Other earnings reserves	92,054.10	78,20,916.34	92,054.10	78,20,916.34
IV. Accumulated net loss	(2,45,06,942.24)	(2,06,70,15,031.67)	(2,32,15,023.22)	(1,96,39,03,228.12)
V. Loss for the period	(6,81,184.06)	(4,84,64,747.26)	(12,91,919.02)	(10,31,11,803.55)
Foreign Currency Translation Reserve		(2,74,18,784.93)		(2,20,58,386.22)
	10,26,927.80	7,40,59,773.69	9,08,197.61	7,01,96,863.77
1. Pension provisions	-	-	9,20,048.00	7,11,12,810.04
2. Tax provisions	94,525.00	68,16,935.05	84,525.00	65,33,148.56
3. Other provisions and accrued liabilities	9,14,341.00	6,59,40,261.37	7,97,755.00	6,16,60,478.34
	10,08,866.00	7,27,57,196.41	18,02,328.00	13,93,06,436.94
1. Liabilities due to banks	-	-	2,00,000.00	1,54,58,500.00
2. Trade accounts payable	88,452.69	63,79,013.41	2,36,332.89	1,82,66,759.90
3. Accounts payable to affiliated entities	103.10	7,435.35	2,563.27	1,98,121.55
4. Accounts payable to shareholder	7,193.65	5,18,790.21	33,447.95	25,85,275.68
5. Other liabilities	1,13,14,946.07	81,60,09,017.69	1,19,46,810.65	92,33,98,862.17
	1,14,10,695.51	82,29,14,256.65	1,24,19,154.76	95,99,07,519.29
<b>D. Deferred income</b>	2,25,292.14	1,62,47,573.49	2,75,168.00	2,12,68,422.64
<b>TOTAL</b>	<b>1,36,71,781.45</b>	<b>98,59,78,800.25</b>	<b>1,54,04,848.37</b>	<b>1,19,06,79,242.64</b>

## Income statement for the year ended 31 December 2015

	2015			2014		
	EUR	EUR	INR	EUR	EUR	INR
1. Sales revenue	1,54,50,162.36			1,65,63,016.99		
Other operating income	17,83,573.80	<b>1,72,33,736.16</b>	<b>1,22,61,42,414</b>	5,18,667.02	<b>1,70,81,684.01</b>	<b>1,36,33,38,738</b>
3. Cost of materials						
a) Cost of purchased trading stock		<b>39,77,352.91</b>	<b>28,29,79,909</b>		<b>43,88,955.32</b>	<b>35,02,95,252</b>
4. Personnel expenses						
a) Wages and salaries	39,15,978.49			37,20,856.18		
b) Social security costs and expenses for retirement and support benefits	8,24,579.39	<b>47,40,557.88</b>	<b>33,72,80,264</b>	5,94,232.11	<b>43,15,088.29</b>	<b>34,43,99,710</b>
5. Amortisation of intangible assets and depreciation of property, plant and equipment	1,99,881.03			2,24,334.32		
6. Other operating expenses	88,19,329.42	<b>90,19,210.45</b>	<b>64,16,96,981</b>	90,55,091.41	<b>92,79,425.73</b>	<b>74,06,17,878</b>
		<b>-5,03,385.08</b>	<b>-3,58,14,740.99</b>		<b>-9,01,785.33</b>	<b>-7,19,74,102.36</b>
7. Income from participatory interests	3,56,950.07			2,11,670.89		
–of which, from affiliated entities: EUR 211.670,89 (prior year: EUR 460.996,84)--						
8. Loss (prior year: income) from a profit or loss transfer agreement	12,412.46			-11,017.81		
9. Other interest and similar income						
–of which, from affiliated entities: EUR 0,00 (prior year: EUR 16.861,16)--	4,59,536.37			5,75,854.57		
–of which, from interest from provisions: EUR 56.019,00 (prior year: EUR 62.114,37)--						
10. Interest and similar expenses						
–of which, from affiliated entities EUR 46.261,88 (Vorjahr: EUR 14.223,63)--	9,66,369.38	<b>-1,37,470.48</b>	<b>-97,80,722</b>	11,62,267.47	<b>-3,85,759.82</b>	<b>-3,07,88,610</b>
11. Result from normal operations		<b>-6,40,855.56</b>	<b>-4,55,95,463.21</b>		<b>-12,87,545.15</b>	<b>-10,27,62,712.30</b>
12. Extraordinary expenses	0.00			-10,389.00		
13. Taxes on income	-37,393.50			7,385.13		
14. Other taxes	-2,935.00	<b>-40,328.50</b>	<b>-28,69,284</b>	-1,370.00	<b>-4,373.87</b>	<b>-3,49,091</b>
15. Loss for the period		<b>-6,81,184.06</b>	<b>-4,84,64,747.26</b>		<b>-12,91,919.02</b>	<b>-10,31,11,803.55</b>

**Lux International AG**  
(a wholly owned Subsidiary Company of Forbes Lux International AG)

Financial Statements  
For the year ended December 31, 2015

Report of the Statutory Auditor on the Limited Statutory Examination to the General Meeting of Shareholders of

Lux International Ltd, Baar

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of Lux International Ltd for the year ended 31 December 2015.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

KPMG AG

Roman Wenk  
Licensed Audit Expert  
Auditor in Charge

Larissa Eckstein  
Licensed Audit Expert

Zurich, 15 April 2016

Enclosures:

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

LUX INTERNATIONAL LTD, BAAR

BALANCE SHEET AS OF 31 December 2015

	31.12.2015	31.12.2015	31.12.2014	31.12.2014
	CHF	INR	CHF	INR
<b>ASSETS Current assets</b>				
Cash and cash equivalents	8,19,551	5,45,87,833	9,63,555	6,19,17,177
Trade accounts receivables	23,60,152	15,72,02,644	22,01,484	14,14,65,381
Other current receivables	1,04,709	69,74,352	2,86,050	1,83,81,316
Current financial assets	64,957	43,26,591	1,06,742	68,59,145
Prepaid expenses and accrued income	1,18,612	79,00,389	1,57,132	1,00,97,161
<b>Total current assets</b>	<b>34,67,981</b>	<b>23,09,91,810</b>	<b>37,14,963</b>	<b>23,87,20,179</b>
<b>Non current assets</b>				
Financial assets	18,19,722	12,12,06,223	14,73,542	9,46,88,483
Investments	2,28,76,719	1,52,37,49,622	1,89,69,630	1,21,89,71,351
Property, plant and equipment	4,73,595	3,15,44,742	5,34,752	3,43,62,682
Intangible assets	22,24,317	14,81,55,082	19,00,099	12,20,98,652
<b>Total non current assets</b>	<b>2,73,94,353</b>	<b>1,82,46,55,670</b>	<b>2,28,78,023</b>	<b>1,47,01,21,168</b>
<b>TOTAL ASSETS</b>	<b>3,08,62,334</b>	<b>2,05,56,47,481</b>	<b>2,65,92,986</b>	<b>1,70,88,41,347</b>

## LUX INTERNATIONAL LTD, BAAR

## BALANCE SHEET AS OF 31 December 2015

	31.12.2015	31.12.2015	31.12.2014	31.12.2014
<b>LIABILITIES AND SHAREHOLDERS' EQUITY Liabilities</b>	CHF	INR	CHF	INR
<b>Current liabilities</b>				
Trade accounts payables	4,55,953	3,03,69,661	3,57,706	2,29,85,866
Other current payables to shareholder	2,43,471	1,62,16,873		
Current interest-bearing liabilities	17,21,350	11,46,53,959	12,02,720	7,72,85,705
Current provisions	1,21,231	80,74,833	1,16,230	74,68,835
Accrued expenses and deferred income	5,42,485	3,61,33,298	8,19,857	5,26,83,273
<b>Total current liabilities</b>	<b>30,84,490</b>	<b>20,54,48,625</b>	<b>24,96,513</b>	<b>16,04,23,679</b>
<b>Non-current liabilities</b>				
Interest-bearing loans	88,10,971	58,68,72,345	34,51,730	22,18,05,063
Provisions for unrealized exchange gains	41,950	27,94,164		
<b>Total non-current liabilities</b>	<b>88,52,921</b>	<b>58,96,66,509</b>	<b>34,51,730</b>	<b>22,18,05,063</b>
<b>Total liabilities</b>	<b>1,19,37,411</b>	<b>79,51,15,134</b>	<b>59,48,243</b>	<b>38,22,28,742</b>
<b>Shareholders' equity</b>				
Share capital	75,00,000	52,02,72,750	75,00,000	52,02,72,750
Legal capital reserves	15,00,000	10,40,54,550	15,00,000	10,40,54,550
Voluntary retained earnings				
- Free Reserves	-	-	58,38,548	40,50,18,323
- Results carried forward	1,16,44,743	79,71,24,959	44,93,514	30,56,44,174
- Loss/Gain for the year	(17,19,820)	(11,45,51,984)	13,12,681	8,64,62,458
FOREIGN CURRENCY TRANSLATION RESERVE		(4,63,67,929)		(9,48,39,650)
<b>Total shareholders' equity</b>	<b>1,89,24,923</b>	<b>1,26,05,32,346</b>	<b>2,06,44,743</b>	<b>1,32,66,12,605</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>3,08,62,334</b>	<b>2,05,56,47,481</b>	<b>2,65,92,986</b>	<b>1,70,88,41,347</b>

**LUX INTERNATIONAL LTD, BAAR**  
**STATEMENT OF INCOME 2015**

	2015 CHF	2015 INR	2014 CHF	2014 INR
<b>INCOME</b>				
Dividend income	80,000	53,28,560	2,20,908	1,45,50,564
Income from Royalties	3,33,615	2,22,21,094	8,91,589	5,87,26,360
Income from Factory Participation	62,83,234	41,85,07,367	73,22,365	48,23,02,765
Financial income	5,06,671	3,37,47,835	4,40,045	2,89,84,477
Other operating income	1,10,329	73,48,684	1,65,773	1,09,18,983
Extraordinary income	1,27,603	84,99,253	73,967	48,71,990
<b>Total income</b>	<b>74,41,452</b>	<b>49,56,52,793</b>	<b>91,14,647</b>	<b>60,03,55,138</b>
<b>EXPENSES</b>				
Production expenses	-	-	-	-
Restructuring expenses	-	-	-	-
Financial expense	(6,22,429)	(4,14,58,128)	(75,995)	(50,05,568)
Personnel expenses	(37,29,528)	(24,84,12,671)	(38,61,025)	(25,43,14,423)
Other operating expenses	(26,16,663)	(17,42,88,072)	(23,62,775)	(15,56,29,078)
Depreciation on property, plant and equipment	(96,405)	(64,21,248)	(50,283)	(33,11,994)
Foreign currency differences	-	-	-	-
Amortization on intangible assets	(7,89,155)	(5,25,63,247)	(8,93,136)	(5,88,28,256)
Impairment loss on investment	(11,41,618)	(7,60,39,750)	-	-
Extraordinary expense	(1,62,643)	(1,08,33,162)	(5,58,490)	(3,67,86,103)
Direct taxes	(2,830)	(1,88,498)	(262)	(17,257)
<b>Total expenses</b>	<b>(91,61,271)</b>	<b>(61,02,04,777)</b>	<b>(78,01,966)</b>	<b>(51,38,92,680)</b>
<b>Loss/Gain for the year</b>	<b>(17,19,819)</b>	<b>(11,45,51,984)</b>	<b>13,12,681</b>	<b>8,64,62,458</b>

## NOTES

### 1 Principles

#### 1.1 General aspects

The financial statement 2015 has been generated for the first time under the regulations of the new Swiss Accounting regulations (Para 32 of the Swiss Code of Obligations). To ensure the comparability, the previous year's figures in the balance sheet and the income statement were reclassified to the new structures.

#### 1.2 Property, plant and equipment

Property, plant and equipment (PPE) includes office equipment, cars as well as EDP hardware and is valued at acquisition or manufacturing costs less accumulated depreciation and impairment losses. PPE is depreciated between 3 and 8 years using the straight-line method. As soon as there are indicators that book values may be overstated, these are reviewed and, if necessary, adjusted.

#### 1.3 Intangible assets

Intangible assets include Development and tooling costs as well as EDP Software and are amortized between 3 and 5 years using the straight-line method.

#### 1.4 Revenue from royalties and factory participation

Revenue from Royalties and Factory participation, which depends on order volume of the subsidiaries, is recorded as at invoicing. Once the service has been rendered it is invoiced, at the latest at the end of each quarter.

#### 1.5 Financial assets

Financial assets include non-current loans and are recognized at acquisition cost. Loans granted in foreign currency are translated at the rate of balance sheet date, whereby unrealized losses are recorded but unrealized gains are not recognized. In case of a resale, the gain or loss is recognized through the income statement as financial income or financial expenses.

#### 1.6 Interest-bearing loans

Interest-bearing loans are recognized in the balance sheet at nominal value. Loans receipt in foreign currency are translated at the rate of balance sheet date, whereby unrealized losses are recorded but unrealized gains are not recognized.



## 2. Information on balance sheet and income statement items

### 2.1 Trade accounts receivables

CHF	31.12.2015	31.12.2014
Receivables from third parties	19,05,298	19,83,249
Receivables from companies in which the entity holds an investment	53,763	1,03,244
Receivables from other group companies	4,01,090	1,14,991
<b>Total</b>	<b>23,60,151</b>	<b>22,01,484</b>
INR	15,72,02,644	14,14,65,381

### 2.2 Other current receivables

CHF	31.12.2015	31.12.2014
Receivables from third parties	42,066	2,53,492
Receivables from companies in which the entity holds an investment	0	13,118
Receivables from shareholders	62,642	19,440
<b>Total</b>	<b>1,04,708</b>	<b>2,86,050</b>
INR	69,74,352	1,83,81,316

### 2.3 Financial Assets

CHF	31.12.2015	31.12.2014
Loans to third parties	6,44,724	1,40,239
Loans to companies in which the entity holds an investment	11,74,998	13,33,303
<b>Total</b>	<b>18,19,722</b>	<b>14,73,542</b>
INR	12,12,06,223	9,46,88,483

### 2.4 Investments

Company	Domicile	Share Capital		Share in Capital and voting rights in %	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
<b>Lux (Schweiz) AG</b> Direct Sales Company	Switzerland	CHF 100,000	CHF 100,000	100%	100%
<b>Lux (Deutschland) GmbH</b> Direct Sales Company	Germany	EUR 7,153,000	EUR 7,153,000	100%	100%
<b>Forbes Lux Group AG</b> Holding Company	Switzerland	CHF 1,000,000	CHF 1,000,000	100%	100%
<b>AMC Cookware PTE Ltd.</b> Direct Sales Company & Local production	South Africa	ZAR 100,000	ZAR 100,000	50%	50%
<b>Lux Italia s.r.l.</b> Direct Sales Company	Italia	EUR 110,000	EUR 110,000	100%	100%
<b>Lux (CZ), s.r.o.</b> Direct Sales Company	Czech R.	CZK 20,000,000	CZK 20,000,000	100%	51%
<b>LIAG Trading Limited</b> Trading Company	Dubai	AED 100,000	0	100%	0%
<b>Lux Norway A/S*</b> Direct Sales Company	Norway	NOK 8,500,000	NOK 1,000,000	100%	100%
<b>Lux Aqua GmbH</b> Holding Company	Switzerland	CHF 20,000	0	100%	0%
<b>Lux Service GmbH *</b> Logistics and services Company	Germany	EUR 20'000	EUR 20'000	100%	100%
<b>Lux Oesterreich GmbH *</b> Direct Sales Company	Austria	EU 500'000	EU 500'000	100%	100%
<b>Lux Hungary Kft. *</b> Direct Sales Company	Hungary	HUF 30'000'000	HUF 30'000'000	100%	100%
<b>Lux Aqua (HU) *</b> B2B Water Business Company	Hungary	HUF 60'000'000	0	100%	0%
<b>Lux /SK/ s.r.o. *</b> Direct Sales Company	Slovakia	EUR 563'000	EUR 363'000	100%	100%
<b>Lux del Paraguay S.A. *</b> Direct Sales Company	Paraguay	PYG 5'000'000'000	PYG 5'000'000'000	50%	50%

Investment in AMC Cookware PTE Ltd. has been impaired by CHF 1'141'618.

\* Indirect participations by Lux International AG.

### 2.5 Trade accounts payables

CHF	31.12.2015	31.12.2014
Accounts payable due to third parties	2,79,972	1,49,907
Accounts payable due to companies in which the entity holds an investment	1,60,220	1,80,137

Accounts payable to other group companies	15,761	27,662
<b>Total</b>	<b>4,55,953</b>	<b>3,57,706</b>
INR	3,03,69,661	2,29,85,866

## 2.6 Interest-bearing loans

CHF	31.12.2015	31.12.2014
Loans from companies in which the entity holds an investment	26,84,774	17,12,176
Loans from other group companies	3,78,914	4,20,952
Loans from shareholders	57,47,284	13,18,602
<b>Total</b>	<b>88,10,972</b>	<b>34,51,730</b>
INR	58,68,72,345	22,18,05,063

## 2.7 Income from Royalties

CHF	31.12.2015	31.12.2014
Income from third parties	87,817	95,372
Income from companies which the entity holds an investment	1,40,245	3,25,321
Income from group companies	1,05,553	4,70,895
<b>Total</b>	<b>3,33,615</b>	<b>8,91,588</b>
INR	2,22,21,094	5,87,26,360

## 2.8 Other operating income

CHF	31.12.2015	31.12.2014
Other income from third parties	33,829	93,773
Other income from group companies which entity holds an investment	40,500	36,000
Other income from shareholders	36,000	36,000
<b>Total</b>	<b>1,10,329</b>	<b>1,65,773</b>
INR	73,48,684	1,09,18,983

## 2.9 Financial income

CHF	31.12.2015	31.12.2014
Interest income from third parties	13,966	285
Interest income from companies in which the entity holds an investment	70,518	1,06,786
Interest income from other group companies	10,975	1,577
Interest income from shareholders	4,11,212	3,31,398
<b>Total</b>	<b>5,06,671</b>	<b>4,40,046</b>
INR	3,37,47,835	2,89,84,477

## 2.10 Financial expenses

CHF	31.12.2015	31.12.2014
Interest expense and charges to third parties	-85,893	-24,182
Interest expense to companies in which the entity holds an investment	-31,349	-30,052
Interest expense to other group companies	-11,035	-16,375
Interest expense to shareholders	-79,209	0
Net exchange losses realized and unrealized as well as gains realized	-4,14,944	-5,385
<b>Total</b>	<b>-6,22,430</b>	<b>-75,994</b>
INR	-4,14,58,128	-50,05,568

## 2.11 Extraordinary income

Extraordinary income contains reversal of unused accruals from the financial year 2014.

## 2.12 Extraordinary expenses

Extraordinary expenses contains various write-offs and especially write-off of unrefundable VAT from Great Britain from Trophy Event and write-off of Royalty Waiver of Lux Germany from 2014.

### 3 Other Information

3.1 Full-time equivalents 31.12.2015 31.12.2014

Number of Full-time Employees (average over the year) 15 15

#### 3.2 Residual amount of leasing obligations

The maturity of leasing obligations which have a residual term of more than twelve months or which cannot be canceled within the next twelve months is as follows:

<b>CHF</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Up to 1 year	4,31,612	3,58,777
1-5 years	11,72,202	15,99,117
More than 5 years	0	0
<b>Total</b>	<u>16,03,814</u>	<u>19,57,894</u>

These amounts include payments related to rental or leasing contracts up to the end of their contract period.

3.3 Collateral provided for liabilities of third parties	31.12.2015	31.12.2014
Lux International AG issued a Guarantee in favour of Société Générale and HSBC Bank amounting to EUR 15'750'000 for a loan which these two Banks have granted to Forbes Lux International AG, the parent company which holds 100% of the shares of Lux International AG.	0	1,89,42,840
Forbes Lux Group AG issued "Performance Guarantees" in favour of Mr Reto von der Becke, CEO. He has granted a loan to Lux Paraguay of EUR 1'050'000 (PY: EUR 1'050'000). Mr von der Becke does not hold any shares in Lux International AG or any group subsidiary.	49,25,876	54,72,376
Lux International AG has issued a Guarantee Declaration towards Commerzbank, Germany, in favour of Lux Germany. The bank granted an overdraft limit of EUR 200'000 (PY: EUR 200'000) to the subsidiary, which has been drawn down completely in both financial years.	2,16,522	2,40,544
Lux International AG has issued a Guarantee Declaration towards Commerzbank, Germany, in favour of Lux Germany. The bank established a credit facility of EUR 200'000 which can be used for granting bank guarantees towards landlords (security for rented office facilities). As of 31st December 2015, guarantees amounting to EUR 134'300 (PY: EUR 126'403) have been issued.	2,16,522	2,40,544
Lux International AG has issued two Guarantee Declarations towards Banca Popolare di Milano; Italy (EUR 300'000) and Banco Carige; Italy (EUR 100'000), in favour of Lux Italy. The banks have granted overdraft limits to the subsidiary, which has been drawn down partly as of 31st December 2015 (BPM: EUR 89'000, PY: EUR 21'000; Carige: EUR 79'000, PY: EUR 63'000).	4,32,864	4,81,088
Lux International AG has issued a Guarantee Declaration towards Bank Austria, Austria, in favour of Lux Austria. The bank granted an overdraft limit of EUR 250'000 to the subsidiary, which has not been called as of 31st December 2015.	2,70,540	3,00,680
Lux International AG has issued a Letter of Comfort towards Budapest Bank, Hungary, in favour of Lux Hungary. The amount is limited to a maximum of HUF 890'000'000. Lux Hungary has pledged various assets to Budapest Bank on the basis of local Bank Loan Agreements. The subsidiary has drawn down HUF 751'036'000 (PY: HUF 724'100'000).	28,44,440	28,29,619

#### 3.4 Significant events after the balance sheet date

No significant events occurred

#### APPROPRIATION OF AVAILABLE EARNINGS AS OF 31 DECEMBER 2015

(Proposal of the board of directors)

	31.12.2015	31.12.2015
	CHF	INR
Retained earnings brought forward	1,16,44,743	79,71,24,959
Net loss for the year	(17,19,820)	(11,45,51,984)
Retained earnings to be carried forward - Subtotal	99,24,923	66,10,68,962
Dividend distribution	-	-
Retained earnings to be carried forward - Total	<u>99,24,923</u>	<u>66,10,68,962</u>

**Lux Italia s. r. l**  
(a wholly owned Subsidiary Company of Lux International AG)

Financial Statements  
For the year ended December 31, 2015

## LUX ITALIA SRL

### Profit and Loss account for the year ended 31.12.2015

	2015		2014	
	EURO	INR	EURO	INR
NET SALES	17,91,000	12,74,25,710	17,39,000	13,87,94,633
PURCHASE COST	(9,86,000)	(7,01,51,731)	(9,66,000)	(7,70,99,261)
<b>GROSS PROFIT</b>	<b>8,05,000</b>	<b>5,72,73,979</b>	<b>7,73,000</b>	<b>6,16,95,372</b>
SALESMEN REMUNERATION AND OTHER SALES EXPENSES	(3,95,000)	(2,81,03,381)	(3,67,000)	(2,92,91,334)
ADMINISTRATION COSTS	(4,28,000)	(3,04,51,258)	(4,18,000)	(3,33,61,792)
EXTRAORDINARY EXPENSES	(85,000)	(60,47,563)	(52,000)	(41,50,271)
DEPRICIATION AND AMORTIZATION	(4,000)	(2,84,591)	(11,000)	(8,77,942)
FINANCIAL CHARGES,NET	(37,000)	(26,32,469)	(23,000)	(18,35,697)
TAX	(4,000)	(2,84,591)	(6,000)	(4,78,877)
<b>NET PROFIT FOR THE YEAR</b>	<b>(1,48,000)</b>	<b>(1,05,29,874)</b>	<b>(1,04,000)</b>	<b>(83,00,542)</b>

### Balance sheet as on 31.12.2015

	2015		2014	
	EURO	INR	EURO	INR
Cash	1,000	72,118	2,000	1,54,585
Trade Receivables	3,74,000	2,69,72,057	4,22,000	3,26,17,435
Inventories	62,000	44,71,304	43,000	33,23,578
Total accrued income & prepayments	12,000	8,65,414	27,000	20,86,898
Tangible Assets	4,000	2,88,471	5,000	3,86,463
Intangible Assets	18,000	12,98,120	11,000	8,50,218
<b>Total</b>	<b>4,71,000</b>	<b>3,39,67,484</b>	<b>5,10,000</b>	<b>3,94,19,175</b>
Bank Overdraft	1,68,000	1,21,15,790	85,000	65,69,863
Other Liabilities	2,67,000	1,92,55,453	2,28,000	1,76,22,690
Pension Liabilities- Short Term	19,000	13,70,238	13,000	10,04,803
Provision Long Term	1,07,000	77,16,605	96,000	74,20,080
Long term Loans	40,000	28,84,712	1,50,000	1,15,93,875
Share Capital	1,10,000	93,45,600	1,10,000	93,45,600
FCTR		(11,35,678)		(5,12,658)
Other Reserves	(92,000)	(70,55,362)	(68,000)	(53,24,535)
Reserves (P/L)	(1,48,000)	(1,05,29,874)	(1,04,000)	(83,00,542)
<b>Total</b>	<b>4,71,000</b>	<b>3,39,67,484</b>	<b>5,10,000</b>	<b>3,94,19,175</b>

**Lux Hungaria Kereskedelmi kft**  
(a wholly owned Subsidiary Company of Lux (Deutschland) GmbH)

Financial Statements  
For the year ended December 31, 2015

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Hungary Internet: kpmg.hu

## Independent Auditors' Report

To the member of Lux Hungária Kereskedelmi Kft.  
Report on the Annual Report

We have audited the accompanying 2015 annual report of Lux Hungária Kereskedelmi Kft. (hereinafter referred to as "the Company"), which comprises the balance sheet as at 31 December 2015, which shows total assets of THUF 2,243,377 and retained profit for the year of THUF 1,425, and the income statement for the year then ended, and supplementary notes, comprising a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Annual Report

Management is responsible for the preparation and fair presentation of this annual report in accordance with the provisions of the Hungarian Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of annual report that is free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with the Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the annual report 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 annual report.

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 annual report gives a true and fair view of the financial position of Lux Hungária Kereskedelmi Kft. as at 31 December 2015, and of its financial performance for the year then ended in accordance with the provisions of the Hungarian Act on Accounting.

#### Report on the Business Report

We have audited the accompanying 2015 business report of Lux Hungária Kereskedelmi Kft. Management is responsible for the preparation of the business report in accordance with the provisions of the Hungarian Act on Accounting. Our responsibility is to assess whether this business report is consistent with the annual report prepared for the same business year. Our work with respect to the business report was limited to the assessment of the consistency of the business report with the annual report, and did not include a review of any information other than that drawn from the audited accounting records of the Company.

In our opinion, the 2015 business report of Lux Hungária Kereskedelmi Kft. is consistent with the data included in the 2015 annual report of Lux Hungária Kereskedelmi Kft.

Budapest, 4 May 2016

KPMG Hungária Kft.  
Registration number: 000202

Zoltán Varga László Fébó  
Director Professional Accountant  
Registration number: 006702

**BALANCE SHEET AS AT 31.12.2015****ASSETS**

	31ST DEC 2015		31ST DEC 2014	
	HUF	INR	HUF	INR
<b>A. FIXED ASSETS AND INVESTMENTS</b>	<b>40,81,69,000</b>	<b>9,41,97,242</b>	<b>40,73,44,000</b>	<b>9,99,66,291</b>
I. Intangible assets				
1 Capitalised costs of foundation and restructuring	-	-	-	-
2 Capitalised costs of research and development	-	-	-	-
3 Rights representing money	-	-	-	-
4 Intellectual property	-	-	-1,72,000	(49,284.88)
5 Goodwill	-	-	-	-
6 Advances on intangible assets	-	-	-	-
7 Value adjustment of intangible assets	-	-	-	-
<b>II. Tangible assets</b>	<b>40,81,69,000</b>	<b>9,41,97,242</b>	<b>40,75,16,000</b>	<b>11,62,91,088</b>
1 Land and buildings	34,18,16,000	7,88,84,296	34,20,53,000	9,80,08,946
2 Technical equipment, machinery and vehicles	-	-	1,54,67,000	37,87,929
3 Other equipment and fittings	5,99,63,000	1,38,38,261	4,98,91,000	1,44,58,285
4 Breeders	-	-	-	-
5 Construction-in-progress	63,90,000	14,74,684	1,05,000	35,927
6 Advances on construction-in-progress	-	-	-	-
7 Value adjustment of tangible assets	-	-	-	-
<b>III. Financial investments</b>				
1 Long-term participation in related companies	-	-	-	-
2 Long-term lendings to related companies	-	-	-	-
3 Other long-term participations	-	-	-	-
4 Long-term lendings to other holding companies	-	-	-	-
5 Other long-term lendings	-	-	-	-
6 Securities representing long-term credit relationships	-	-	-	-
7 Value adjustment of financial investments	-	-	-	-
<b>B. CURRENT ASSETS</b>	<b>1,82,52,67,000</b>	<b>42,12,35,118</b>	<b>1,79,79,59,000</b>	<b>44,12,37,118</b>
I. Inventories	<b>48,05,99,000</b>	<b>11,09,12,637</b>	<b>51,97,62,000</b>	<b>12,75,54,792</b>
1 Raw materials	20,17,000	4,65,483	16,15,000	3,96,337
2 Semi-finished goods and work in progress	-	-	-	-
3 Livestock	-	-	-	-
4 Finished products	-	-	-	-
5 Purchased goods	47,85,82,000	11,04,47,154	51,81,47,000	12,71,58,455
6 Advances on inventories	-	-	-	-
<b>II. Receivables</b>	<b>1,33,34,14,000</b>	<b>30,77,25,283</b>	<b>1,26,69,18,000</b>	<b>31,09,14,346</b>
1 Accounts receivable	1,09,01,35,000	25,15,81,355	1,22,49,19,000	30,06,07,372
2 Receivables from related companies	20,88,84,000	4,82,06,250	6,67,000	1,63,688
3 Receivables from other holding companies	-	-	-	-
4 Bills receivable	-	-	-	-
5 Other receivables	3,43,95,000	79,37,678	4,13,32,000	1,01,43,286
<b>III. Securities</b>				
1 Participations in related companies	-	-	-	-
2 Other participations	-	-	-	-
3 Own shares, own business shares	-	-	-	-
4 Securities for resale representing credit relationship	-	-	-	-
<b>IV. Liquid assets</b>	<b>1,12,54,000</b>	<b>25,97,198</b>	<b>1,12,79,000</b>	<b>27,67,979</b>
1 Cash and cheques	1,04,98,000	24,22,728	89,81,000	22,04,027
2 Bank deposits	7,56,000	1,74,470	22,98,000	5,63,952
<b>C. PREPAYMENTS</b>	<b>99,41,000</b>	<b>22,94,184</b>	<b>68,25,000</b>	<b>16,74,923</b>
1 Prepayments on revenues	88,71,000	20,47,249	36,64,000	8,99,182
2 Prepayments on costs and expenses	10,70,000	2,46,935	31,61,000	7,75,741
3 Deferred expenses	-	-	-	-
<b>TOTAL ASSETS</b>	<b>2,24,33,77,000</b>	<b>51,77,26,544</b>	<b>2,21,21,28,000</b>	<b>54,28,78,332</b>

**LIABILITIES**

	31ST DEC 2015		31ST DEC 2014	
	HUF	INR	HUF	INR
<b>D. EQUITY</b>	<b>1,19,34,64,000</b>	<b>27,54,27,622</b>	<b>1,19,20,39,000</b>	<b>29,25,38,291</b>

I. Issued capital of which : repurchased own shares at nominal value	3,00,00,000	85,96,200	3,00,00,000	85,96,200
II. Issued unpaid capital (-)	-	-	-	-
III. Share premium	12,34,96,000	3,53,86,544	12,34,96,000	3,53,86,544
IV. Retained earnings	1,03,85,43,000	30,18,13,589	1,14,77,26,000	33,04,30,453
V. Tied-up reserves	-	-	-	-
VI. Valuation reserve	-	-	-	-
VII. Net profit (loss)	14,25,000	3,26,906	-10,91,83,000	-2,86,16,864
Foreign Currency Translation Reserve	-	-7,06,95,617	-	-5,32,58,042
	-	-	-	-
<b>E. PROVISIONS</b>	<b>99,87,000</b>	<b>23,04,800</b>	<b>1,00,17,000</b>	<b>24,58,272</b>
			1,00,17,000	24,58,272
1 Provision for contingent liabilities	99,87,000	23,04,800	-	-
2 Provision for future liabilities	-	-	-	-
3 Other provisions	-	-	-	-
	-	-	-	-
<b>F. LIABILITIES</b>	<b>98,93,60,000</b>	<b>22,83,24,501</b>	<b>95,84,37,000</b>	<b>23,52,10,024</b>
I. Deferred liabilities	-	-	-	-
1 Deferred liabilities to related companies	-	-	-	-
2 Deferred liabilities to other holding companies	-	-	-	-
3 Deferred liabilities to other enterprises	-	-	-	-
	-	-	-	-
II. Long-term liabilities	<b>1,03,71,000</b>	<b>23,93,419</b>	-	-
1 Long-term borrowings	-	-	-	-
2 Convertible bonds	-	-	-	-
3 Liabilities from bond issues	-	-	-	-
4 Borrowings for capital expenditures and developments	-	-	-	-
5 Other long-term borrowings	-	-	-	-
6 Long-term liabilities to related companies	-	-	-	-
7 Long-term liabilities to other holding companies	-	-	-	-
8 Egyéb hosszú lejáratú kötelezettségek	1,03,71,000	23,93,419	-	-
	-	-	-	-
III Current liabilities	<b>97,89,89,000</b>	<b>22,59,31,081</b>	<b>95,84,37,000</b>	<b>23,52,10,024</b>
1 Short-term borrowings	-	-	-	-
2 out of this: convertible bonds	-	-	-	-
3 Short-term credits	75,10,35,000	17,33,23,857	72,41,00,000	17,77,01,381
4 Advances from customers	-	-	-	-
5 Accounts payable	9,68,65,000	2,23,54,505	9,46,67,000	2,32,32,228
6 Bills payable	-	-	-	-
7 Short-term liabilities to related companies	11,53,000	2,66,089	1,05,48,000	25,88,585
8 Short-term liabilities to other holding companies	-	-	-	-
9 Other short-term liabilities	12,99,36,000	2,99,86,630	12,91,22,000	3,16,87,830
	-	-	-	-
<b>G. ACCRUALS</b>	<b>5,05,66,000</b>	<b>1,16,69,621</b>	<b>5,16,35,000</b>	<b>1,26,71,745</b>
1 Accrued income	-	-	-	-
2 Accrued expenses	5,05,66,000	1,16,69,621	5,16,35,000	1,26,71,745
3 Deferred income	-	-	-	-
	-	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,24,33,77,000</b>	<b>51,77,26,544</b>	<b>2,21,21,28,000</b>	<b>54,28,78,332</b>

Budapest, 9 April 2015

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<b>PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015</b>
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	2015		2014	
	HUF	INR	HUF	INR
I. 1. Domestic sales	2,83,50,14,000	65,03,73,474	2,73,72,85,000	71,74,42,399
2. Export sales	1,93,81,000	44,46,147	1,66,12,000	43,54,005
I. Total sales	2,85,43,95,000	65,48,19,621	2,75,38,97,000	72,17,96,404
3. Changes in self-manufactured inventories	-	-	-	-
4. Capitalised value of self-manufactured assets	-	-	-	-
II. Capitalised value of own production	-	-	-	-
III. Other income	3,86,64,000	88,69,812	3,90,71,000	1,02,40,509
out of this: value loss recovered	1,96,25,000	45,02,122	-	-
5. Costs of raw material	13,61,60,000	3,12,36,125	10,44,70,000	2,73,81,587
6. Value of material-type services used	72,23,02,000	16,57,01,496	80,74,69,000	21,16,37,625
7. Value of other service	4,52,11,000	1,03,71,742	4,75,26,000	1,24,56,565
8. Costs of goods sold	95,49,87,000	21,90,81,180	96,61,83,000	25,32,36,564
9. Value of services sold (intermediated)	8,09,000	1,85,591	1,20,000	31,452
IV. Material-type expenditures	1,85,94,69,000	42,65,76,135	1,92,57,68,000	50,47,43,793
10. Wages and salaries	56,23,01,000	12,89,96,067	52,23,12,000	13,68,97,975
11. Other payroll related costs	14,85,51,000	3,40,78,714	15,52,62,000	4,06,94,170
12. Social security contribution	17,18,52,000	3,94,24,138	16,17,52,000	4,23,95,199
V. Payroll and related expenditures	88,27,04,000	20,24,98,918	83,93,26,000	21,99,87,345
VI. Depreciation	2,97,66,000	68,28,544	2,50,84,000	65,74,516
VII. Other expenses	9,61,22,000	2,20,51,108	7,86,53,000	2,06,14,951
out of this: value loss	89,26,000	20,47,691	-	-
<b>A. OPERATING RESULT</b>	<b>2,49,98,000</b>	<b>57,34,729</b>	<b>-7,58,63,000</b>	<b>-1,98,83,692</b>
13. Dividends and other benefits received (due)	-	-	-	-
out of this: from related companies	-	-	-	-
14. Exchange gain on sale of business shares	-	-	-	-
out of this: from related companies	-	-	-	-
15. Interests and exchange gain on fixed assets	-	-	7,45,000	1,95,265
out of this: from related companies	-	-	-	-
16. Other interests interest-related revenues received (due)	6,21,000	1,42,462	12,90,000	3,38,109
out of this: from related companies	-	-	-	-
17. Other revenues of financial transactions	90,06,000	20,66,044	1,06,19,000	27,83,240
out of this: revaluation difference	-	-	-	-
VIII. Revenues from financial activities	96,27,000	22,08,506	1,26,54,000	33,16,613
18. Exchange loss on fixed assets	-	-	-	-
out of this: given to related companies	-	-	-	-
19. Fizetendő kamatok és ráfordítások	2,98,43,000	68,46,208	3,14,07,000	82,31,775
out of this: given to related companies	-	-	-	-
20. Value loss of business shares, securities and bank deposits	-	-	-	-
21. Other expenses of financial transactions	94,86,000	21,76,160	98,42,000	25,79,588
out of this: revaluation difference	-	-	-	-
IX. Total expenses of financial transactions	3,93,29,000	90,22,368	4,12,49,000	1,08,11,363
<b>B. INCOME (LOSS) ON FINANCIAL ACTIVITIES</b>	<b>-2,97,02,000</b>	<b>-68,13,862</b>	<b>-2,88,95,000</b>	<b>-75,73,380</b>
<b>C. INCOME (LOSS) BEFORE EXTRAORDINARY ACTIVITIES</b>	<b>-47,04,000</b>	<b>-10,79,133</b>	<b>-10,44,58,000</b>	<b>-2,73,78,442</b>
X. Extraordinary revenues	61,29,000	14,06,039	-	-
XI. Extraordinary expenditures	-	-	47,25,000	12,38,423
<b>D. NET GAIN (LOSS) ON EXTRAORDINARY ACTIVITIES</b>	<b>61,29,000</b>	<b>14,06,039</b>	<b>-47,25,000</b>	<b>-12,38,423</b>
<b>E. PROFIT BEFORE TAX</b>	<b>14,25,000</b>	<b>3,26,906</b>	<b>-10,91,83,000</b>	<b>-2,86,16,864</b>
XII. Tax liability	-	-	-	-
<b>F. PROFIT AFTER TAX</b>	<b>14,25,000</b>	<b>3,26,906</b>	<b>-10,91,83,000</b>	<b>-2,86,16,864</b>
22. Use of retained earnings for dividends	-	-	-	-
23. Dividend paid (approved)	-	-	-	-
<b>G. NET PROFIT (LOSS) FOR PERIOD</b>	<b>14,25,000</b>	<b>3,26,906</b>	<b>-10,91,83,000</b>	<b>-2,86,16,864</b>

Budapest, 9 April 2015

A kiegészítő melléklet az eredménykimutatás elválaszthatatlan részét képezi.

**Lux Norge AS**  
(a wholly owned Subsidiary Company of Lux (Deutschland) GmbH)

Financial Statements  
For the year ended December 31, 2015

**INCOME STATEMENT  
LUX NORGE AS**

	2015		2014	
	NOK	INR	NOK	INR
<b>OPERATING INCOME AND OPERATING EXPENSES</b>				
Revenue	3,44,67,279	26,89,15,951	3,21,31,365	31,12,62,959
Other operating income	16,01,949	1,24,98,510	16,89,592	1,63,67,416
<b>Operating Income</b>	<b>3,60,69,228</b>	<b>28,14,14,461</b>	<b>3,38,20,957</b>	<b>32,76,30,375</b>
Raw materials and consumables used	1,13,04,750	8,82,00,394	1,05,66,924	10,23,63,906
Payroll expenses	1,79,76,017	14,02,50,053	1,42,22,657	13,77,77,723
Depreciation and amortisation expense	1,27,476	9,94,576	1,14,472	11,08,913
Other operating expenses	1,00,59,736	7,84,86,714	1,47,23,861	14,26,32,986
<b>Operating expenses</b>	<b>3,94,67,979</b>	<b>30,79,31,738</b>	<b>3,96,27,914</b>	<b>38,38,83,529</b>
<b>Operating profit</b>	<b>(33,98,751)</b>	<b>(2,65,17,276)</b>	<b>(58,06,957)</b>	<b>(5,62,53,154)</b>
<b>FINANCIAL INCOME AND EXPENSES</b>				
Other interest income	(3,575)	(27,892)	25,604	2,48,031
Interest expense to group entities	3,32,991	25,98,017	2,16,142	20,93,811
Other Interest expenses	2,13,861	16,68,557	1,36,064	13,18,079
Other financial expenses	3,80,684	29,70,121	7,57,012	73,33,327
<b>Net financial income and expenses</b>	<b>(9,31,111)</b>	<b>(72,64,589)</b>	<b>(10,83,614)</b>	<b>(1,04,97,186)</b>
Operating result before tax	(43,29,861)	(3,37,81,857)	(68,90,571)	(6,67,50,339)
Tax on ordinary result	(8,02,916)	(62,64,403)	(18,45,428)	(1,78,77,030)
<b>Operating result after tax</b>	<b>(35,26,945)</b>	<b>(2,75,17,454)</b>	<b>(50,45,143)</b>	<b>(4,88,73,309)</b>
<b>EXTRAORDINARY INCOME AND EXPENSE</b>				
<b>Annual net profit</b>	<b>(35,26,945)</b>	<b>(2,75,17,454)</b>	<b>(50,45,143)</b>	<b>(4,88,73,309)</b>

**BALANCE SHEET  
LUX NORGE AS**

	2015		2014	
ASSETS	NOK	INR	NOK	INR
<b>FIXED ASSETS</b>				
<b>INTANGIBLE FIXED ASSETS</b>				
Deferred tax asset	44,90,082	3,39,44,706	36,87,166	3,14,61,518
<b>Total intangible assets</b>	<b>44,90,082</b>	<b>3,39,44,706</b>	<b>36,87,166</b>	<b>3,14,61,518</b>
<b>TANGIBLE FIXED ASSETS</b>				
Equipment and other movables	2,42,233	18,31,265	1,90,708	16,27,256
<b>Total tangible fixed assets</b>	<b>2,42,233</b>	<b>18,31,265</b>	<b>1,90,708</b>	<b>16,27,256</b>
<b>FINANCIAL FIXED ASSETS</b>				
Investments in shares	20,000	1,51,199	20,000	1,70,654
Other receivables	7,00,475	52,95,542	8,15,197	69,55,840
<b>Total financial fixed assets</b>	<b>7,20,475</b>	<b>54,46,741</b>	<b>8,35,197</b>	<b>71,26,494</b>
<b>Total fixed assets</b>	<b>54,52,790</b>	<b>4,12,22,711</b>	<b>47,13,071</b>	<b>4,02,15,268</b>
<b>CURRENT ASSETS</b>				
Inventories	38,86,642	2,93,82,741	41,12,371	3,50,89,669
<b>DEBTORS</b>				
Accounts receivables	73,24,135	5,53,69,948	66,05,202	5,63,60,273
Other receivables	7,32,941	55,40,983	7,29,693	62,26,259
<b>Total debtors</b>	<b>80,57,076</b>	<b>6,09,10,931</b>	<b>73,34,895</b>	<b>6,25,86,532</b>
<b>INVESTMENTS</b>				
Cash and bank deposits	18,73,267	1,41,61,767	14,54,143	1,24,07,781
<b>Total current assets</b>	<b>1,38,16,985</b>	<b>10,44,55,439</b>	<b>1,29,01,409</b>	<b>11,00,83,982</b>
<b>Total assets</b>	<b>1,92,69,775</b>	<b>14,56,78,150</b>	<b>1,76,14,480</b>	<b>15,02,99,250</b>

**BALANCE SHEET**  
**LUX NORGE AS**

EQUITY AND LIABILITIES RESTRICTED EQUITY	2015		2014	
	NOK	INR	NOK	INR
Share capital	85,00,000	7,25,28,035	10,00,000	85,32,710
<b>Total restricted equity</b>	<b>85,00,000</b>	<b>7,25,28,035</b>	<b>10,00,000</b>	<b>85,32,710</b>
<b>RETAINED EARNINGS</b>				
Other equity	(50,78,962)	(5,03,54,647)	(15,52,016)	(2,28,37,193)
FCTR		36,89,435		95,94,291
<b>Total retained earnings</b>	<b>(50,78,962)</b>	<b>(4,66,65,212)</b>	<b>(15,52,016)</b>	<b>(1,32,42,902)</b>
<b>Total equity</b>	<b>34,21,038</b>	<b>2,58,62,823</b>	<b>(5,52,016)</b>	<b>(47,10,192)</b>
<b>LIABILITIES</b>				
<b>PROVISIONS</b>				
Pension liabilities	23,29,223	1,76,08,763	21,92,066	1,87,04,263
<b>OTHER LONG-TERM LIABILITIES</b>				
Other long term liabilities	52,38,893	3,96,05,664	40,38,525	3,44,59,563
Subordinated loans	-	-	30,00,000	2,55,98,130
<b>Total of other long term liabilities</b>	<b>52,38,893</b>	<b>3,96,05,664</b>	<b>70,38,525</b>	<b>6,00,57,693</b>
<b>CURRENT LIABILITIES</b>				
Liabilities to financial institutions	(77,529)	(5,86,114)	24,32,133	2,07,52,686
Trade creditors	32,47,213	2,45,48,703	17,59,135	1,50,10,189
Public duties payable	15,65,345	1,18,33,899	16,86,253	1,43,88,308
Other short term liabilities	35,45,590	2,68,04,412	30,58,384	2,60,96,304
<b>Total short term liabilities</b>	<b>82,80,619</b>	<b>6,26,00,900</b>	<b>89,35,905</b>	<b>7,62,47,486</b>
<b>Total liabilities</b>	<b>1,58,48,735</b>	<b>11,98,15,327</b>	<b>1,81,66,496</b>	<b>15,50,09,442</b>
<b>Total equity and liabilities</b>	<b>1,92,69,773</b>	<b>14,56,78,150</b>	<b>1,76,14,480</b>	<b>15,02,99,250</b>

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**Note 1 - Accounting principles**

The financial statements comprise the income statement, balance sheet, notes and are prepared in accordance with Norwegian Accounting Act and good accounting practice in Norway as of 31 December 2015. The financial statements are based on the fundamental principles and classification of assets and liabilities included Accounting Act definitions. In applying accounting principles and presenting transactions and other matter, emphasis is placed on economic realities, not just legal form. Contingent losses that are probable and quantifiable are expensed in the period.

Valuation and classification of assets and liabilities.

Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Debtors due within one year are classified as current assets. The classification of current and non-current liabilities, uses same criteria. Long-term liabilities are recorded at nominal value at the time. Long-term debt denominated in foreign currencies are recorded at the closing rate. Current assets are valued at the lower of cost and net realizable value. Current liabilities are recognized at the nominal amount received at the time. Current liabilities are not measured at fair value due to interest rate changes.

Some items are valued by other rules, as explained below.

Receivables.

Trade receivables and other receivables are recorded at nominal value less provision for bad debts. Provisions for doubtful accounts is based on an individual assessment of each receivable.

Pensions.

Accounting for pensions uses a linear earnings profile and expected final salary basis. Actuarial calculations have been applied.

Taxes.

Taxes are expensed as they accrue, ie tax expense relates to the accounting profit before tax. When the equity method of accounting for shareholdings in companies which are separately liable for tax, the profit share is already deducted tax. The tax charge comprises current tax and changes in deferred tax. Allocated between the ordinary profit and extraordinary items in accordance with the tax. Deferred tax liabilities and assets are presented net in the balance sheet.

**Note 2 - Personnel cost, number of employees, compensation, pension etc.**

Personel Cost		2015	2014
	NOK	NOK	
Salaries		1,49,55,661	1,16,47,282
Employers National Insurance Premium		17,00,281	15,38,419
Pension Cost		7,46,757	6,08,960
Other payroll expenses and other benefits		5,73,318	4,27,997
Total		<u>1,79,76,017</u>	<u>1,42,22,658</u>
INR		<u>14,02,50,053</u>	<u>13,77,77,723</u>
Average Number of Employees		40	27
Benefits (in NOK)		Managing Director	Board of Directors
Remuneration		9,34,929	-
Other Benefits		1,83,624	-
Pension		-	-
Total		<u>11,18,553</u>	<u>-</u>
INR		<u>87,27,023</u>	
Audit			
The audit fee is stated excld VAT. (in NOK)			
Ordinary Fee		2,24,461	
Other Assisstance		68,000	
Total		<u>2,92,461</u>	
INR		<u>22,81,800</u>	

**Pensions**

Lux Norway AS is obliged by the Act on mandatory occupational pension scheme for alle employees.

**Note 3 - Tax****Tax payable is calculated as follows:**

	01.01.2015	31.12.2014
Ordinary result before tax	(43,29,861)	(68,90,570)
Permanent differnces	25,701	55,653
Adjustment temporary differences	14,54,973	13,09,387
Taxable income	<u>(28,49,187)</u>	<u>(55,25,530)</u>
Skatt 27%		

**Tax expense is calculated as follows:**

Gross changes in deferred taxes	(8,02,916)	(18,45,428)
This years total tax expense:	<u>(8,02,916)</u>	<u>(18,45,428)</u>

**Spesification of basis basis for deferred tax:**

Current assets	(1,79,511)	(2,07,858)
Inventory	(2,31,913)	(2,43,500)
Account recievable	(21,27,548)	(6,81,834)
Other temporary differences	(27,18,693)	(26,69,537)
Tax losses carries forward	(1,27,02,664)	(98,53,441)
Total	<u>(1,79,60,329)</u>	<u>(1,36,56,170)</u>
Deferred tax	<u>(44,90,082)</u>	<u>36,87,170</u>
INR	<u>3,39,44,706</u>	<u>3,14,61,518</u>

**Note 4 Tangible fixed assets**

	Machinery/equipment	Vehicles	Other equipmen	Total	INR
Cost pr 01.01	12,33,637	5,21,695	2,64,955	20,20,287	1,72,38,523
Access	-	1,79,000	-	1,79,000	15,27,355
Sale	-	-	-	-	-
Total Cost pr 31.12	<u>12,33,637</u>	<u>7,00,695</u>	<u>2,64,955</u>	<u>21,99,287</u>	<u>1,87,65,878</u>
Acc. Depreciation pr 01.01	10,50,654	5,21,695	2,57,230	18,29,579	1,56,11,267
Acc. Depreciation pr 31.12	11,25,654	5,66,445	2,64,955	19,57,054	1,66,05,843
Booked value pr 31.12	<u>1,07,983</u>	<u>1,34,250</u>	<u>-</u>	<u>2,42,233</u>	<u>18,31,265</u>
Year depr.	<u>75,000</u>	<u>44,750</u>	<u>7,725</u>	<u>1,27,475</u>	<u>9,94,576</u>

Linearty depr. 10-33% 10-33% 10-33%

### **Note 5 Capital and shareholders**

Share capital and shareholders information:

	No.	In %
Lux International AG	42500	100%
<b>Total</b>	<b>42500</b>	<b>100%</b>

### **Note 6 - Equity and shareholder information**

	Share Capital	Other Equity	Equity 31.12	INR
Equity pr 31.12.2014	1000000	-1552017	-552017	-14304483.05
Profit for the year	0	-3526945	-3526945	-27517454.14
Other paid in caital	7500000		7500000	63995325
Equity pr 31.12.2015	8500000	-5078962	3421038	22173387.8

### **Note 7 Cash and cash equivalents**

The company restricted bank deposits pr 31.12 are kr 631 870.

### **Note 8 - Outstanding with group companies**

	2015	2014
Trade receivable		
Receivables	59,00,436	58,36,475
Othe receivables	36,39,156	26,42,521
Loss account receivable	(22,15,457)	(18,73,794)
Total	73,24,135	66,05,202
INR	5,53,69,948	5,63,60,273

	2015	2014
Other short-term receivable		
Human receivables	3,80,129	80,500
Other receivable	3,52,811	6,49,194
Total	7,32,940	7,29,694
INR	55,40,983	62,26,259

	2015	2014
Trade payables		
Payables	32,47,213	17,59,135
Total	32,47,213	17,59,135
INR	2,45,48,703	1,50,10,189

### **Note 9 Transactions between related parties**

	2015	2014
Royalty Lux internationsl AS, Sveits		
Loan from Lux International AG, Sveits	52,38,893	40,38,525
Total	52,38,893	40,38,525
INR	3,96,05,664	3,44,59,563

### **Note 10 Guarantee**

As security for the overdraft is posed pledge of inventories with kr 3500000  
Used bank overdraft at the end og the year were kr 0.

### **Note 11 Pension**

	<b><u>2015</u></b>	
	<b>Funded</b>	<b>Unfunded</b>
Present value of pensions earned this year	1,56,831	-
Interest expense on the pension commitment	7,44,064	14,628
Return on pension funds	(7,09,226)	-
Adm. Cost	45,547	-
Differences/estimate changes charged to income	10,25,576	-
Social security fees	33,447	2,062
Net pension expenses	12,96,239	16,690
Expenses related to defined contribution scheme 2015	97536	
Total pension cost 2015	1393775	

The unfunded plan was settled in 2015 as the only member passed away.

Net pension commitment	2015		2014	
	Funded	Unfunded	Funded	Unfunded
Pension Commitment incurred 31.12	2,41,84,827	5,90,828	2,48,02,126	5,47,788
Estimated effect of future salary increases	(2,21,43,440)	(5,90,828)	(2,34,30,486)	-
Estimated Pension Commitment 31.12	<u>20,41,387</u>	<u>-</u>	<u>13,71,640</u>	<u>5,47,788</u>
Social Security Fees	2,87,836	-	1,93,401	77,238
Net Pension Commitment	<u>23,29,223</u>	<u>-</u>	<u>15,65,041</u>	<u>6,25,026</u>
Financial assumptions:				
Discount rate	2,50 %	2,50 %	4,10 %	4,10 %
Estimated salary increase/pension increase/social security	2,50 %	0,00 %	3,75 %	4,10 %
Base figure adjustment	2,50 %	0,00 %	3,75 %	3,75 %
Expected return on funds	2,50 %	0,00 %	0,00 %	0,00 %
Expected G- increase	2,25 %	0,00 %	3,00 %	3,00 %
Social fee	14,10 %	14,10 %	14,10 %	14,10 %

**Lux Osterreich GmbH**  
(a wholly owned Subsidiary Company of Lux (Deutschland) GmbH)

Financial Statements  
For the year ended December 31, 2015

## **Auditor's Report**

### Report on the Financial Statements

We have audited the accompanying financial statements of

Lux Österreich GmbH, □  
Schwechat, Austria,

for the fiscal year from 1 January 2015 to 31 December 2015. These financial statements comprise the statement of financial position as of 31 December 2015, the income statement for the fiscal year 2015, and the notes.

Our liability as auditors is guided under Section 275 UGB (Austrian Commercial Code).

### Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles 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 Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing – ISA. In accordance with International Standards on Auditing, we are required to 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

Our audit did not give rise to any objections. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2015, and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Vienna, 22 January 2016

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:  
Mag. Thomas Smrekar  
Wirtschaftsprüfer  
(Austrian Chartered Accountants)

This report is a translation of the original report in German, which is solely valid.

The financial statements together with our auditor's opinion may only be published if the financial statements are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

**ASSETS**

	31-12-2015				31-12-2014			
	EUR		INR		EUR		INR	
<b>A. Fixed Assets</b>								
I. Intangible Assets								
1. Licences		3,625		2,61,427		3,125		2,41,539
II. Tangible Assets								
1. Other plants, furniture and fixtures		40,383		29,12,333		46,445		35,89,850
III. Financial assets								
1. Securities		57,230		41,27,302		59,073		45,65,900
		1,01,238		73,01,062		1,08,643		83,97,289
<b>B. Current assets</b>								
I. Inventories								
1. Finished goods and merchandise		2,79,884		2,01,84,597		2,89,111		2,23,46,132
II. Accounts receivable								
1. Accounts receivable from trade	16,20,207		11,68,45,785		17,29,218		13,36,55,581	
2. Accounts receivable from affiliated companies	3,53,296		2,54,78,932		3,78,205		2,92,32,422	
4. Other receivables and assets	41,342	20,14,845	29,81,503	14,53,06,220	27,452	21,34,875	21,21,805	16,50,09,808
III. Cash on hand and in banks		76,444		55,13,008		2,63,221		2,03,44,998
		23,71,174		17,10,03,826		26,87,207		20,77,00,939
<b>C Prepaid expenses</b>		10,124		7,30,112		10,306		7,96,554
		24,82,536		17,90,34,999		28,06,156		21,68,94,782

**LIABILITIES AND SHAREHOLDERS EQUITY**

	31-12-2015				31-12-2014			
	EUR		INR		EUR		INR	
<b>A. Shareholder's equity</b>								
I. Share capital		5,00,000		4,24,80,000		5,00,000		4,24,80,000
III. Net profit/loss		1,14,701		81,60,736		3,56,950		2,84,89,220
thereof profit carryforward 0,00 (PY: TEUR 0)		6,14,701		5,06,40,736		8,56,950		7,09,69,220
Foreign Currency Translation Reserve				(63,09,840)				(47,33,407)
<b>B. Accruals</b>								
1. Accrued severance payments	96,000		69,23,309		95,400		73,73,705	
2. Accrued pensions	62,241		44,88,684		62,618		48,39,902	
3. Other accruals	1,39,300	2,97,541	1,00,46,010	2,14,58,002	1,43,650	3,01,668	1,11,03,068	2,33,16,674
<b>C. Liabilities</b>								
1. Bank loans and overdrafts	10,74,660		7,75,02,142		12,08,463		9,34,05,127	
2. Accounts payable from trade	14,355		10,35,250		21,043		16,26,442	
3. Accounts payable to affiliated companies	68,537		49,42,709		38,000		29,37,134	
4. Other liabilities								
thereof due to taxes: EUR 70.599,72 (PY: TEUR 58);								
thereof due to social security: EUR 35.983,68								
(PY: TEUR 37)	4,12,741	15,70,293	2,97,66,000	11,32,46,101	3,80,032	16,47,538	2,93,73,592	12,73,42,295
		24,82,536		17,90,34,999		28,06,156		21,68,94,782

Contingencies	55,265	39,85,583	59,265	45,80,732
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PARTICULARS	INCOME STATEMENT FOR FY 2015			INCOME STATEMENT FOR FY 2014			
	EUR	EUR	INR	EUR	EUR	INR	
1. Net sales		49,67,795		35,34,47,714	52,34,022		41,77,42,478
2. Other operating income							
a) Income from disposal and revaluation of fixed assets excluding financial assets	-		-		2,000		1,59,626
b) Income from the reversal of accruals	21,347		15,18,814		12,396		9,89,358
c) Sundry	25,298	46,646	17,99,918	33,18,733	1,56,054	1,70,450	1,24,55,157
3. Cost of materials and other purchased production services							
a) Cost of materials		(12,39,027)		(8,81,54,057)	(13,14,763)		(10,49,35,057)
4. Personnel expenses							
a) Salaries	(20,47,564)		(14,56,79,646)		(20,64,994)		(16,48,13,140)
b) Expenses for severance payments	(21,695)		(15,43,561)		(35,504)		(28,33,654)
c) Expenses for pensions	(5,526)		(3,93,143)		(3,174)		(2,53,334)
d) Expenses for statutory social security and payroll related taxes and contributions	(4,01,527)	(24,76,312)	(2,85,67,773)	(17,61,84,122)	(3,85,428)	(24,89,100)	(3,07,62,146)
5. Amortization and depreciation		(22,115)		(15,73,426)	(19,403)		(15,48,579)
6. Other operating expenses							
a) Sundry		(13,01,119)		(9,25,71,737)	(14,29,767)		(11,41,13,823)
<b>7. Subtotal from line 1 to 6 (EBIT)</b>		<b>(24,131)</b>		<b>(17,16,895)</b>	<b>1,51,440</b>		<b>1,20,86,886</b>
8. Income from other long-term securities		1,552		1,10,421	4,365		3,48,383
9. Other interest and similar income thereof from affiliated companies: EUR 17.889,50 (PY: TEUR 15)		1,82,790		1,30,05,132	2,62,985		2,09,89,565
10 Expenses for financial assets thereof depreciation: EUR 0,00 (PY: TEUR -2)		(1,843)		(1,31,125)	-		-
11 Interest and similar expenses thereof for affiliated companies: EUR 0,00 (PY: TEUR 0)		(32,667)		(23,24,171)	(37,811)		(30,17,790)
<b>12 Subtotal from line 8 to 11 (Financial result)</b>		<b>1,49,833</b>		<b>1,06,60,257</b>	<b>2,29,539</b>		<b>1,83,20,158</b>
<b>13 Result on ordinary operations</b>		<b>1,25,701</b>		<b>89,43,362</b>	<b>3,80,979</b>		<b>3,04,07,044</b>
<b>14 Extraordinary result</b>		-		-	-		-
15 Taxes on income		(11,000)		(7,82,626)	(24,029)		(19,17,824)
<b>16 Net income for the year = Profit for the year</b>		<b>1,14,701</b>		<b>81,60,736</b>	<b>3,56,950</b>		<b>2,84,89,220</b>
17 Profit carried forward from prior year		-		-	-		-
<b>18 Net profit</b>		<b>1,14,701</b>		<b>81,60,736</b>	<b>3,56,950</b>		<b>2,84,89,220</b>

**Lux Schweiz AG**  
(a wholly owned Subsidiary Company of Lux International AG)

Financial Statements  
For the year ended December 31, 2015

## LUX SCHWEIZ AG, BAAR

## BALANCE SHEET AS OF DECEMBER 31, 2015

	31-12-2015		31-12-2014	
	CHF	INR	CHF	INR
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	86,321	57,49,600	31,820	20,44,699
Trade accounts receivables				
- Third parties	4,89,261	3,25,88,184	5,01,661	3,22,36,304
- Group Companies	6,490	4,32,307	11,826	7,59,936
Other receivables				
- Third parties	1,500	99,911	1,539	98,869
Inventories	87,913	58,55,624	87,283	56,08,739
Prepaid expenses and accrued income	6,907	4,60,041	842	54,074
<b>Total current assets</b>	<b>6,78,392</b>	<b>4,51,85,666</b>	<b>6,34,970</b>	<b>4,08,02,621</b>
<b>Non-current assets</b>				
Loans				
- granted to shareholders	0	0	0	0
- granted to third parties	22,613	15,06,151	43,884	28,19,921
Tangible assets	1,162	77,397	3,950	2,53,823
<b>Total non-current assets</b>	<b>23,775</b>	<b>15,83,548</b>	<b>47,834</b>	<b>30,73,745</b>
<b>TOTAL ASSETS</b>	<b>7,02,167</b>	<b>4,67,69,214</b>	<b>6,82,804</b>	<b>4,38,76,366</b>

## LUX SCHWEIZ AG, BAAR

## BALANCE SHEET AS OF DECEMBER 31, 2015

	31-12-2015		31-12-2014	
	CHF	INR	CHF	INR
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Trade accounts payable third parties	1,09,962	73,24,270	82,514	53,02,256
Other payables				
- Third parties	93,018	61,95,630	93,132	59,84,587
- Group companies	39,846	26,54,003	58,105	37,33,791
Accrued liabilities	30,000	19,98,210	28,500	18,31,384
<b>Total current liabilities</b>	<b>2,72,826</b>	<b>1,81,72,113</b>	<b>2,62,251</b>	<b>1,68,52,018</b>
<b>Non-current liabilities</b>				
Loan from group companies				
Provisions	1,60,610	1,06,97,748	1,61,418	1,03,72,586
<b>Total non-current liabilities</b>	<b>1,60,610</b>	<b>1,06,97,748</b>	<b>1,61,418</b>	<b>1,03,72,586</b>

<b>Total liabilities</b>	4,33,436	2,88,69,861	4,23,669	2,72,24,605
Foreign currency Translation Reserve	0	2,16,659	0	-3,11,769
<b>Equity</b>				
Share capital	1,00,000	69,36,970	1,00,000	69,36,970
Reserves	73,500	42,45,516	66,000	37,45,964
Retained earnings /Accumulated deficit				
- Profit brought forward	5,635	5,17,227	815	1,99,757
- Profit / Loss for the year	89,596	59,82,981	92,320	60,80,839
Retained earnings / Accumulated deficit	95,231	65,00,208	93,135	62,80,596
<b>Total Shareholders' equity</b>	2,68,731	1,76,82,694	2,59,135	1,69,63,530
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	7,02,167	4,67,69,214	6,82,804	4,38,76,366

**LUX SCHWEIZ AG, BAAR**  
**INCOME STATEMENT 2015**

	2015		2014	
	CHF	INR	CHF	INR
<b>INCOME</b>				
Net sales	18,12,401	12,10,27,088	17,19,050	11,32,28,774
Other operational revenue	71,742	47,90,722	82,325	54,22,479
<b>TOTAL INCOME</b>	<b>18,84,143</b>	<b>12,58,17,810</b>	<b>18,01,374</b>	<b>11,86,51,253</b>
<b>EXPENSE</b>				
Material expense	-3,31,406	-2,21,30,358	-3,20,449	-2,11,07,005
Personnel expense	-11,44,035	-7,63,95,477	-10,50,276	-6,91,78,598
Depreciations	-2,788	-1,86,175	-2,788	-1,83,637
Rent expense	-10,416	-6,95,552	-10,416	-6,86,071
Energy and maintenance	-34,849	-23,27,132	-28,854	-19,00,516
Office and administration expenses	-1,42,250	-94,99,075	-1,72,364	-1,13,53,112
Advertising expenses	-15,854	-10,58,661	-20,399	-13,43,605
Representation and travel expenses	-1,507	-1,00,663	-1,201	-79,087
Distribution expenses	-23,904	-15,96,238	-19,101	-12,58,113
Other expenses	-72,388	-48,33,890	-69,534	-45,80,015
<b>Total operating expense</b>	<b>-17,79,397</b>	<b>-11,88,23,221</b>	<b>-16,95,381</b>	<b>-11,16,69,758</b>
<b>Operating result before interest and taxes</b>	<b>1,04,745</b>	<b>69,94,589</b>	<b>1,05,994</b>	<b>69,81,494</b>
Disposal of assets	0	0	0	0
Extraordinary income	0	0	0	0
Financial income	438	29,230	725	47,763
Financial expense	-8,267	-5,52,032	-6,703	-4,41,483
Foreign exchange gain, net	0	0	0	0
Foreign exchange loss, net	-7,674	-5,12,422	-7,500	-4,93,975
Income from financial restructuring			0	0
<b>Profit / Loss before taxes</b>	<b>89,242</b>	<b>59,59,365</b>	<b>92,517</b>	<b>60,93,798</b>
Taxes	354	23,616	-197	-12,959
<b>PROFIT / LOSS FOR THE YEAR</b>	<b>89,596</b>	<b>59,82,981</b>	<b>92,320</b>	<b>60,80,839</b>

**LUX SCHWEIZ AG, BAAR**

**NOTES AS OF DECEMBER 31, 2015**

	<b>31-12-2015</b>	<b>31-12-2014</b>
	<b>CHF</b>	<b>CHF</b>
<b>1. Fire insurance values of the tangible fixed assets</b>	1,00,000	1,00,000
<b>2. Total amount of leasing commitments</b>	0	49,512
<b>3. Payables to pension funds</b>	0	0

**4. Riskmanagement**

Lux Schweiz AG is a subsidiary of Lux International Group. The risk management of Lux Schweiz AG is managed at group

**5. Disputes with former employees / Litigations**

Provision amounting to CHF 110'000 for potential legal litigation costs.

**LUX SCHWEIZ AG, BAAR**

**APPROPRIATION OF AVAILABLE EARNINGS AS OF DECEMBER 31, 2015**

(Proposal of the board of directors)

	<b>31-12-2015</b>		<b>31-12-2014</b>	
	<b>CHF</b>	<b>INR</b>	<b>CHF</b>	<b>INR</b>
Balance brought forward from previous years	5,635	5,17,227	815	1,99,757
Profit / Loss for the year	89,596	59,82,981	92,320	60,80,839
<b>Retained Earnings for distribution</b>	<b>95,231</b>	<b>65,00,208</b>	<b>93,135</b>	<b>62,80,596</b>
Dividend, gross			-80,000	-52,69,366
Attribution towards the legal reserves (OR 671.1)				
Additional attribution towards the legal reserves (OR 671.2.3)			-7,500	-4,94,003
<b>Retained Earnings to be carried forward</b>	<b>95,231</b>	<b>65,00,208</b>	<b>5,635</b>	<b>5,17,227</b>

**Lux Services GmbH**  
(a wholly owned Subsidiary Company of Lux (Deutschland) GmbH)

Financial Statements  
For the year ended December 31, 2015

**LUX SERVICE GMBH**  
**FULDA**  
**BALANCE SHEET AS DECEMBER 31, 2015**

**ASSETS**

	31- Dec- 2015	31- Dec- 2015	31- Dec- 2014	31- Dec- 2014
	EUR	INR	EUR	INR
<b>A. Fixed assets</b>				
I. Intangible assets				
1. concessions, patents, licenses, trade marks and similar rights and assets	2,365	1,70,559	8,145	5,52,603
II. Tangible assets				
1. Fixtures, fittings, tools and equipment	23,230	16,75,296	21,525	14,60,379
	<u>25,595</u>	<u>18,45,855</u>	<u>29,670</u>	<u>20,12,982</u>
<b>B. Current assets</b>				
I. Stocks				
1. Raw materials and supplies	11,868	8,55,877	10,724	7,27,558
2. Finished goods and goods for resale	21,61,802	15,59,04,436	24,72,767	16,77,66,630
	<u>21,73,670</u>	<u>15,67,60,313</u>	<u>24,83,491</u>	<u>16,84,94,187</u>
II. Debtors and other assets				
1. Trade debtors	2,58,257	1,86,24,943	1,62,470	1,10,22,886
2. Amounts owed by group undertaking	1,38,729	1,00,04,840	70,414	47,77,274
3. Amounts owed by undertakings in which the company has a participating interest	-	-	-	-
4. Other assets	1,981	1,42,900	10,102	6,85,381
	<u>3,98,968</u>	<u>2,87,72,682</u>	<u>2,42,986</u>	<u>1,64,85,540</u>
III. Cash at bank and in hand, postal giro and central bank balances	10,640	7,67,362	90,119	61,14,191
	<u>25,83,278</u>	<u>18,63,00,356</u>	<u>28,16,596</u>	<u>19,10,93,919</u>
<b>C. Prepayments and accrued income</b>	-	-	84,151	57,09,277
<b>TOTAL</b>	<u>26,08,873</u>	<u>18,81,46,212</u>	<u>29,30,417</u>	<u>19,88,16,178</u>

**LIABILITIES**

	31- Dec- 2015	31- Dec- 2015	31- Dec- 2014	31- Dec- 2014
	EUR	INR	EUR	INR
<b>A. Shareholders equity</b>				
I. Share capital	25,000	18,44,673	25,000.00	18,44,673
FOREIGN CURRENCY TRANSLATION RESERVE		(41,727)		(1,25,60,761)
<b>B. Provisions</b>				
1. Other provisions	1,37,500	99,16,198	1,30,200.00	93,89,737.56
<b>C. Creditors</b>				
1. Trade creditors	7,04,898	5,08,35,692	6,69,700.98	4,82,97,361.34
2. Amounts owed to group undertakings	-	-	-	-
3. Amounts owed to undertakings in which the company has a participation	17,18,095	12,39,05,266	20,81,855.90	15,01,38,867
4. Other creditors including taxation: EUR 22.924,32 (previous year: EUR 28.884,42) and social security: EUR 0,00 (previous year: EUR 0,00)	23,380	16,86,111	23,659.90	17,06,300
	<u>24,46,373</u>	<u>17,64,27,069</u>	<u>27,75,217</u>	<u>20,01,42,529</u>
<b>TOTAL</b>	<u>26,08,873</u>	<u>18,81,46,212</u>	<u>29,30,417</u>	<u>19,88,16,178</u>



**LUX SERVICE GMBH  
FULDA**

**PROFIT AND LOSS STATEMENT  
1 JANUARY - 31 DECEMBER 2015**

	2015		2015		2014		2014	
	EUR	EUR	INR	INR	EUR	EUR	INR	INR
1. Turnover	1,02,97,506		73,26,44,932		1,05,25,730.29		84,00,89,059	
2. Other operating income	<u>2,94,832</u>	1,05,92,339	<u>2,09,76,663</u>	75,36,21,595	<u>1,29,316.54</u>	1,06,55,047	<u>1,03,21,128</u>	85,04,10,187
3. Costs of materials								
a) Cost of raw materials, consumables and of purchased merchandise		80,52,110		57,28,89,878		82,32,344		65,70,47,251
4. Staff costs								
a) Wages and salaries	13,70,701		9,75,22,341		13,53,669.79		9,63,10,627	
b) Social security, pension and other benefit costs, of which 0,00 EUR is for pens	<u>2,55,648</u>	16,26,348	<u>1,81,88,766</u>	11,57,11,107	<u>2,49,813.53</u>	16,03,483	<u>1,77,73,683</u>	12,79,78,654
5. Depreciation written off tangible and intangible fixes assets	15,542		11,05,754		15,423.24		10,97,330	
6. Other operating charges	<u>8,85,549</u>	9,01,090	<u>6,30,04,843</u>	6,41,10,597	<u>8,14,678.05</u>	8,30,101	<u>5,79,62,551</u>	6,62,52,791
7. Other interest receivable and similar income	-		-		0.00		-	
8. Interest payable and similar charges	-	-	-	-	0.00	-	-	-
9. Result of ordinary activities		12,790		9,10,013		(10,882)		(8,68,509)
10. Other taxes		378		26,894		378		30,169
11. Income / costs for profit and loss transfer agreement		<u>(12,412)</u>		<u>(8,83,119)</u>		<u>(12,412)</u>		<u>(9,90,674)</u>
12. Profit / loss for the financial year		<u><u>(0)</u></u>		<u><u>(0)</u></u>		<u><u>(23,672)</u></u>		<u><u>(18,89,353)</u></u>

**Lux/ SK/ s. r. o**  
(a wholly owned Subsidiary Company of Forbes Lux Group AG)

Financial Statements  
For the year ended December 31, 2015

## Balance sheet (rounded EUR)

Company: LUX /SK/ s.r.o. (2015), Svrčia 25, 841 04, Bratislava From: opening

To: closing

Code a	Assets b	Number of line c	In the current period of account	In the current period of account	In prev. per. of acc.	In prev. per. of acc.
			Netto 2	INR	Netto 3	INR
	<b>Total assets line 02 + line 33 + line 74</b>	<b>01</b>	<b>1,76,891</b>	<b>1,27,56,990</b>	<b>1,68,142</b>	<b>1,29,96,116</b>
A.	Non-current assets line 03 + line 11 + line 21	02		-	2,449	1,89,289
A.I.	Non-current intangible assets - total (lines 04 to 10)	03		-		-
A.I.1	Capitalized development costs (012) - /072, 091A/	04				-
2.	Software (013) - /073, 091A/	05		-		-
3.	Valuable rights (014) - /074, 091A/	06				-
4.	Goodwill (015) - /075, 091A/	07				-
5.	Other non-current intangible assets (019, 01X) - /079, 07X, 091A/	08				-
6.	Acquisition of non-current intangible assets (041) - /093/	09				-
7.	Advance payments made for non-current intangible assets (051) - /095A/	10				-
A.II.	Property, plant and equipment - total (lines 12 to 20)	11		-	2,449	1,89,289
A.II.1.	Land (031) - /092A/	12				-
2.	Structures (021) - /081, 092A/	13				-
3.	Individual movable assets and sets of movable assets (022) - /082, 092A/	14		-	2,449	1,89,289
4.	Perennial crops (025) - /085, 092A/	15				-
5.	Livestock (026) - /086, 092A/	16				-
6.	Other property, plant and equipment (029, 02X, 032) - /089,08X, 092A/	17				-
7.	Acquisition of property, plant and equipment (042) - /094/	18				-
8.	Advance payments made for property, plant and equipment (052) - /095A/	19				-
9.	Value adjustment to acquired assets (+/- 097)+/- 098	20				-
A.III.	Non-current financial assets - total (lines 22 to 32)	21				-
A.III.1.	Participation certificates and shares in interconnected accounting entities (061A, 062A, 063A) - /096A/	22				-
2.	Participation certificates and shares with share participation excluding to the interconnected accounting entities (062A) - /096A/	23				-
3.	Other viable securities and shares (063A) - /096A/	24				-
4.	Loans to the interconnected accounting entities (066A) - /096A/	25				-

5.	Loans within the share participation excluding to the interconnected accounting entities (066A) - /096A/	26				-
6.	Other loans (067A) - /096A/	27				-
7.	Debt securities and other long-term financial assets (065A, 069A, 06XA) - /096A/	28				-
8.	Loans and other non-current financial assets with residual maturity up to one year (066A, 067A, 069A, 06XA) - /096A/	29				-
9.	Bank accounts with notice period exceeding one year (22XA)	30				-
10.	Acquisition of non-current financial assets (043) - /096A/	31				-
11.	Advance payments made for non-current financial assets (053) - /095A/	32				-
B.	Current assets line 34 + line 41 + line 53 + line 66 + line 71	33	1,74,886	1,26,12,394	1,63,695	1,26,52,396
B.I.	Inventory - total (lines 35 to 40)	34	80,714	58,20,916	98,079	75,80,771
B.I.1.	Raw material (112, 119, 11X) - /191, 19X/	35				-
2.	Work in progress and semi-finished products (121, 122, 12X) - /192, 193, 19X/	36				-
3.	Finished goods (123) - /194/	37			-	-
4.	Animals (124) - /195/	38				-
5.	Merchandise (132, 133, 13X, 139) - /196, 19X/	39	80,714	58,20,916	98,079	75,80,771
6.	Advance payments made for inventory (314A) - /391A/	40				-
B.II.	Non-current receivables - total (line 42 + lines 46 to 52)	41				-
B.II.1	Trade receivables - total (lines 43 to 45)	42				-
1.a.	Receivables from the business activity with the interconnected accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	43				-
1.b.	Receivables from the business activity within the share participation excluding receivables to the interconnected accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	44				-
1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	45				-
2.	Net value of the contract (316A)	46				-
3.	Other receivables with the interconnected accounting entities (351A) - /391A/	47				-
4.	Other receivables within the share participation excluding receivables to the interconnected accounting entities (351A) - /391A/	48				-
5.	Receivables from participants, members, and association (354A, 355A, 358A, 35XA) - /391A/	49				-
6.	Receivables from derivative operations (373A, 376A)	50				-

7.	Other receivables (335A, 336A, 33XA, 371A, 374A, 375A, 378A) - /391A/	51					-
8.	Deferred tax asset (481A)	52					-
B.III.	Current receivables - total (line 54 + lines 58 to 65)	53	38,973	28,10,647	58,185	44,97,264	
B.III.1.	Trade receivables - total (lines 55 to 57)	54	33,509	24,16,595	51,664	39,93,240	
1.a.	Receivables from the business activity with the interconnected accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	55	600	43,271			-
1.b.	Rreceivables from the business activity within the share participation excluding receivables to the interconnected accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	56					-
1.c.	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	57	32,909	23,73,325	51,664	39,93,240	
2.	Net value of the contract (316A)	58					-
3.	Other receivables with the interconnected accounting entities (351A) - /391A/	59					-
4.	Other receivables within the share participation excluding receivables to the interconnected accounting entities (351A) - /319A/	60					-
5.	Receivables from participants, members, and association (354A, 355A, 358A, 35XA, 398A) - /391A/	61					-
6.	Social security (336A) - /391A/	62					-
7.	Tax assets (341, 342, 343, 345, 346, 347) - /391A/	63					-
8.	Receivables from derivative operations (373A, 376A)	64					-
9.	Other receivables (335A, 33XA, 371A, 373A, 374A, 375A, 376A, 378A) - /391A/	65	5,464	3,94,052	6,521	5,04,024	
B.IV.	Current financial assets - total (lines 67 to 70)/	66					-
B.IV.1.	Short-term financial assets in the interconnected accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	67					-
2.	Short-term financial assets excluding the short-term financial assets in the interconnected accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	68					-
3.	Own shares and own ownership interests (252)	69					-
4.	Acquisition of current financial assets (259, 314A) - /291A/	70					-
B.V.	Financial accounts - total (line 72 + line 73)	71	55,199	39,80,830	7,431	5,74,361	
B.V.1.	Cash on hand (211, 213, 21X)	72	5,085	3,66,719	4,233	3,27,179	
2.	Bank accounts (221A, 22X, +/-261)	73	50,114	36,14,111	3,198	2,47,181	
C.	Accruals/deferrals - total (lines 75 to 78)	74	2,005	1,44,596	1,998	1,54,430	
C.1.	Non-current prepaid expenses (381A, 382A)	75					-
2.	Current prepaid expenses (381A, 382A)	76	2,005	1,44,596	1,998	1,54,430	
3.	Non-current accrued income (385A)	77 <sup>487</sup>					-

4.	Current accrued income (385A)	78				-
						-
	Total equity and liabilities line 80 + line 101 + line 141	79	1,76,891	1,27,56,990	1,68,142	1,29,96,116
	FCTR			(47,603)		3,84,273
A.	Equity line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 100	80	41,053	30,08,255	45,193	34,93,080
A.I.	Share capital - total (lines 82 to 84)	81	5,62,776	4,24,63,424	3,62,776	2,80,39,864
A.I.1.	Share capital (411 or +/- 491)	82	5,62,776	4,24,63,424	3,62,776	2,80,39,864
2.	Change in share capital +/- 419	83				
3.	Receivables related to unpaid share capital (/ - /353)	84				
A.II.	Share premium (412)	85				
A.III.	Other capital funds (413)	86	3,99,744	3,08,97,136	3,99,744	3,08,97,136
A.IV.	Legal reserve funds (lines 88 + line 89)	87	3,988	3,08,320	3,988	3,08,320
A.IV.1.	Legal reserve fund and non-distributable fund from capital contributions (417A,418, 421A, 422)	88	3,988	3,08,320	3,988	3,08,320
2.	Reserve fund for own stocks and own shares (417A, 421A)	89				
A.V.	Other funds created from profit line 91 + line 92	90				
A.V.1.	Statutory funds (423, 42X)	91				
2.	Other funds (427, 42X)	92				
A.VI.	Differences from revaluation - total (lines 94 to 96)	93				
A.VI.1.	Differences from revaluation of assets and liabilities (+/- 414)	94				
2.	Investment revaluation reserves (+/- 415)	95				
3.	Differences from revaluation in the event of amalgamation into a separate accounting entity or demerger (+/- 416)	96				
A.VII.	Net profit/loss of previous years (line 98 and line 99)	97	(7,21,315)	(5,61,36,512)	(5,68,850)	(4,39,67,839)
A.VII.1.	Retained earnings from previous years (428)	98	74,770	57,79,160	74,770	57,79,160
2.	Accumulated losses from previous years (/ - /429)	99	(7,96,085)	(6,19,15,673)	(6,43,620)	(4,97,46,999)
A.VIII.	Net profit/loss for the accounting period +/- line 01 - (line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 101 + line 141)	100	(2,04,140)	(1,45,24,112)	(1,52,465)	(1,21,68,674)
B.	Liabilities line 102 + line 118 + line 121 + line 122 + line 136 + line 139 + line 140	101	1,35,838	97,96,338	1,22,949	95,03,036
B.I.	Non-current liabilities - total (line 103 + lines 107 to 117)	102	24,442	17,62,703	9,212	7,12,019
B.I.1.	Non-current trade liabilities - total (lines 104 to 106)	103				-
1.a.	Liabilities from the business activity with the interconnected accounting entities (321A, 475A, 476A)	104				-
1.b.	Liabilities from the business activity within the share participation excluding liabilities to the interconnected accounting entities (321A, 475A, 476A)	105				-
1.c.	Other trade liabilities (321A, 475A, 476A)	106				-
2.	Net value of the contract (316A)	107 <sup>488</sup>				-

3.	Other liabilities with the interconnected accounting entities (471A, 47XA)	108					-
4.	Other liabilities within the share participation excluding liabilities to the interconnected accounting entities (471A, 47XA)	109	15,000		10,81,767		-
5.	Other non-current liabilities (479A, 47XA)	110					-
6.	Long-term advance payments received (475A)	111					-
7.	Long-term bills of exchange to be paid (478A)	112					-
8.	Bonds issued (473A/-/255A)	113					-
9.	Liabilities related to social fund (472)	114	9,442	6,80,936	9,212	7,12,019	
10.	Other non-current liabilities (336A, 372A, 474A, 47XA)	115					-
11.	Non-current liabilities from derivative operations (373A, 377A)	116					-
12.	Deferred tax liability (481A)	117					-
B.II.	Long-term provisions line 119 + line 120	118					-
B.II.1	Legal provisions (451A)	119					-
2.	Other provisions (459A, 45XA)	120					-
B.III.	Long-term bank loans (461A, 46XA)	121					-
B.IV.	Current liabilities - total (line 123 + lines 127 to 135)	122	84,537	60,96,622	86,538	66,88,738	
B.IV.1.	Trade liabilities - total (lines 124 to 126)	123	50,969	36,75,772	40,154	31,03,603	
1.a.	Liabilities from the business activity with the interconnected accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124					-
1.b.	Liabilities from the business activity within the the share participation excluding liabilities to the interconnected accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	125					-
1.c.	Other liabilities from the business activity (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	126	50,969	36,75,772	40,154	31,03,603	
2.	Net value of the contract (316A)	127					-
3.	Other liabilities with the interconnected accounting entities (361A, 36XA, 471A, 47XA)	128					-
4.	Other liabilities within the share participation excluding liabilities to the interconnected accounting entities (361A, 36XA, 471A, 47XA)	129					-
5.	Liabilities to partners and association (364. 365, 366, 367, 368, 398A, 478A, 479A)	130					-
6.	Liabilities to employees (331, 333, 33X, 479A)	131	12,668	9,13,588	20,221	15,62,932	
7.	Liabilities related to social security (336A)	132	6,177	4,45,472	12,013	9,28,515	
8.	Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)	133	14,323	10,32,943	14,005	10,82,481	
9.	Liabilities from derivative operations (373A, 377A)	134					-

10.	Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA)	135	400	28,847	145	11,207
B.V.	Current provisions line 137 + line 138	136	26,859	19,37,012	27,199	21,02,279
B.V.1	Legal provisions (323A, 451A)	137	26,859	19,37,012	15,349	11,86,363
2.	Other provisions (323A, 32X, 459A, 45XA)	138			11,850	9,15,916
B.VI.	Current bank loans (221A, 231, 232, 23X, 461A, 46XA)	139				-
B.VII.	Short-term financial assistance (241, 249, 24X, 473A, /-/255A)	140				-
C.	Accruals/deferrals - total (lines 142 to 145)	141				-
C.1.	Non-current accrued expenses (383A)	142				-
2.	Current accrued expenses (383A)	143				-



**Profit and loss account (rounded EUR)**

**Company: LUX /SK/ s.r.o. (2015), Svrčia 25, 841 04, Bratislava From: opening**

**To: closing**

Code a	Text b	Number of line c	2015		2014	
			EURO	INR	EURO	INR
*	Revenue from the sale of merchandise (604, 607)	01	6,31,322	4,49,17,171	8,92,158	7,12,05,717
**	Cost of merchandise sold (504, 505A, 507)	02	6,31,324	4,49,17,314	8,92,644	7,12,44,506
I.	Trade margin line 01 - line 02	03	6,16,739	4,38,79,623	8,72,187	6,96,11,774
II.	Production line 05 + line 06 + line 07	04				
III.	Revenue from the sale of own products and services (601,602, 606)	05	14,583	10,37,548	19,971	15,93,943
IV.	Changes in internal inventory (+/- account group 61)	06				
V.	Own work capitalized (account group 62)	07				
VI.	Production line 09 + line 10	08				
VII.	Consumed raw materials, energy consumption, and consumption of other non-inventory supplies (501, 502, 503, 505A)	09	2	142	486	38,789
**	Services (account group 51)	10	8,34,305	5,93,58,965	10,49,273	8,37,45,521
A.	Added value line 03 + line 04 - line 08	11	1,93,081	1,37,37,288	2,68,311	2,14,14,679
B.	Personnel expenses total (lines 13 to 16)	12	32,278	22,96,509	29,294	23,38,039
C.	Wages and salaries (521, 522)	13	(7,424)	(5,28,201)	3,007	2,39,997
D.	Remuneration of board members of company or cooperative (523)	14	3,90,172	2,77,59,879	4,53,494	3,61,94,671
E.	Social insurance expenses (524, 525, 526)	15	2,11,727	1,50,63,910	2,47,873	1,97,83,463
E.1.	Social expenses (527, 528)	16	1,52,809	1,08,72,024	1,76,290	1,40,70,216
2.	Taxes and fees (account group 53)	17				
3.	Amortization and adjustments to non-current intangible assets and depreciation of property, plant and equipment (551, 553)	18	51,917	36,93,780	63,591	50,75,382
4.	Revenue from the sale of non-current assets and raw materials (641, 642)	19	7,001	4,98,106	7,992	6,37,865
F.	Carrying value of non-current assets sold and raw materials sold (541, 542)	20	1,516	1,07,860	1,100	87,794
G.	Creation and reversal of value adjustment for debts (+/- 547)	21	2,479	1,76,375	14,820	11,82,827
G.1.	Other operating income (644, 645, 646, 648, 655, 657)	22	2,479	1,76,375	14,820	11,82,827
2.	Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557)	23				
H.	Transfer of operating income (-) (697)	24				
I.	Transfer of operating expenses (-) (597)	25	1,669	1,18,746	22,476	17,93,875
J.	Profit/loss from operations line 11 - line 12 - line 17 - line 18 + line 19 - line 20 - line 21 + line 22 - line 23 + (-line 24) - (-line 25)	26	8,807	6,26,599	8,898	7,10,175
***	Revenue from the sale of securities and shares (661)	27	(2,02,981)	(1,44,41,652)	(1,56,629)	(1,25,01,015)
*	Securities and shares sold (561)	28	23,215	16,51,696	1,38,052	1,10,18,330
**	Income from non-current financial assets line 30+ line 31 + line 32	29	6,391	4,54,706	13,514	10,78,592
VIII.	Income from securities and ownerships interests in a controlled entity and in a company where significant influence is held (665A)	30				
IX.	Income from other long-term securities and shares (665A)	31				
IX.1.	Income from other non-current financial assets (665A)	32				
2.	Income from current financial assets (666)	33				
3.	Expenses related to current financial assets (566)	34				
X.	Gains on revaluation of securities and income from derivate transactions (664, 667)	35				
X.1.	Loss on revaluation of securities and expenses related to derivate transactions (564, 567)	36				
2.	Creation and reversal of value adjustment for financial assets (+/- 565)	37				
3.	Interest income (662)	38				
XI.	Interest expense (562)	39	2	142	1	80
XI.1.	Exchange rate gains (663)	40				
2.	Exchange rate losses (563)	41	2	142	1	80
XII.	Other income from financial activities (668)	42	1	71		
XIII.	Other expenses related to financial activities (568, 569)	43				
XIV.	Transfer of financial income (-) (698)	44	6,388	4,54,492	13,513	10,78,512

**	Transfer of financial expenses (-) (598)	45	4,670	3,32,260	6,469	5,16,310
K.	Profit/loss from financial activities line 27 - line 28 + line 29 + line 33 - line 34 + line 35 - line 36 - line 37 + line 38 - line 39 + line 40 - line 41 + line 42 - line 43 + (-line 44) (- line 45)	46				
L.	Profit/loss from ordinary activities before taxation line 26 + line 46	47				
M.	Income tax on ordinary activities line 49 + line 50	48				
N.	- current (591, 595)	49	2,368	1,68,478	4,542	3,62,510
N.1.	- deferred (+/- 592)	50				
2.	Profit/loss from ordinary activities after taxation line 47 - line 48	51	2,368	1,68,478	4,542	3,62,510
O.	Extraordinary income (account group 68)	52	20	1,423	198	15,803
P.	Extraordinary expenses (account group 58)	53				
Q.	Profit/loss from extraordinary activities before taxation line 52 - line 53	54	2,282	1,62,359	1,729	1,37,997
***	Income tax on extraordinary activities line 56 + line 57	55	1,721	1,22,445	7,045	5,62,282
****	- current (593)	56	(2,01,260)	(1,43,19,206)	(1,49,584)	(1,19,38,733)
R.	- deferred (+/- 594)	57	2,880	2,04,906	2,881	2,29,941
R.1.	Profit/loss from extraordinary activities line 54 - line 55	58	2,880	2,04,906	2,881	2,29,941
2.	Profit/loss for the accounting period before taxation (+/-) [line 47 + line 54]	59				
S.	Transfer of net profit/net loss shares to partners (+/- 596)	60				
****	Profit/loss for the accounting period (+/-) [line 51 + line 58 - line 60]	61	(2,04,140)	(1,45,24,112)	(1,52,465)	(1,21,68,674)

**Shapoorji Pallonji Forbes Shipping Limited**  
(Formerly SCI Forbes Limited)  
(a Subsidiary Company)

Financial Statements  
For the year ended March 31, 2016

**INDEPENDENT AUDITOR'S REPORT**  
To the Members of  
**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
**(FORMERLY SCI FORBES LIMITED)**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Shapoorji Pallonji Forbes Shipping Limited (Formerly SCI Forbes Limited), ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's 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 on the standalone financial statements.

### **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, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

### **Emphasis of Matter**

We draw attention to the following matter in the Notes to the financial statements:

Note No. 34 to the financial statements regarding the application made by the Company under Section 197 read with Schedule V of the Act to the Central Government for the re-appointment and approval of remuneration of the Chief Executive Officer and Manager for the period from October 1, 2015 to March 31, 2016, the approval of which is awaited.

Our opinion is not modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and 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.



**KALYANIWALLA  
& MISTRY**

- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our Information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position other than certain disputed income tax demands and service tax refunds disclosed under Contingent Liabilities, note 25 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Kalyaniwalla & Mistry**  
Chartered Accountants  
Firm Registration No: 104607W

*Ermin K. Irani*

**Ermin K. Irani**  
Partner  
Membership Number: 35646



Place : Mumbai  
Date: April 21, 2016

**Annexure “A” to the Independent Auditor’s Report**

Referred to in Paragraph 1 under the heading ‘Report on Other Legal and Regulatory Requirements’ of our report of even date on the financial statements of the Company for the year ended March 31, 2016:

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The fixed assets have been physically verified by the management at periodic intervals. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
  - c. The Company does not own any immovable property. Accordingly, the requirements of paragraph 3 (i) (c) are not applicable
2. The Company did not have any inventory as at the Balance sheet date. Inventories of fuel and stores and spares delivered on board ships are charged to revenue as per the accounting policy followed by the company.
3. The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of sub-clause (a), (b) and (c) of paragraph 3 (iii) of the Order are not applicable.
4. According to the information and explanations given to us and the records examined by us, the Company has not entered into any transactions to which the provisions of sections 185 and 186 of the Act are applicable.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and therefore, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable to the Company.
6. As informed to us, the maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Act in respect of the activities carried on by the Company.





7. a. According to the information and explanations given to us and the records examined by us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities, wherever applicable and there are no such outstanding dues as at March 31, 2016, for a period of more than six months from the date they became payable.
- b. According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of any dispute, except as stated below:

No.	Name of the Statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
1	Income – tax Act, 1961	Income Tax	7,079,947	2011-2012	Appellate Tribunal, Mumbai
2	Income – tax Act, 1961	Income Tax	876,210	2012-2013	Commissioner of Income Tax (Appeals), Mumbai
3	Income – tax Act, 1961	Income Tax	256,090	2013-2014	Deputy Commissioner of Income Tax, Mumbai
4	Finance Act, 1994	Service Tax	6,153,331	2014-2015	Commissioner of Central Excise (Appeals)

8. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, financial institution and government. The Company has not issued any debentures.
9. According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). Money raised by way of term loans have been applied for the purpose for which the loans were obtained.
10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

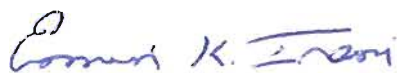




**KALYANIWALLA  
& MISTRY**

11. The remuneration paid to the Chief Executive Officer and Manager for the period from October 1, 2015 to March 31, 2016 is subject to the approval of the Central Government. An application has been made by the Company under Section 197 read with Schedule V of the Act to the Central Government for the re-appointment and approval of remuneration aggregating to Rs 4,220,000 of the Chief Executive Officer and Manager for the said period.
12. The Company is not a Nidhi Company. Therefore, the provisions of paragraph 3 (xii) of the Order are not applicable.
13. According to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the Act, wherever applicable. The details of such transactions have been disclosed in note 27 to the financial statements.
14. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
16. According to the information and explanations given to us, the Company is not required to be registered under section 45 – IA of the Reserve Bank of India Act, 1934.

**For Kalyaniwalla & Mistry**  
Chartered Accountants  
Firm Registration No: 104607W



**Ermin K. Irani**  
Partner  
Membership Number: 35646



Place : Mumbai  
Date : April 21, 2016

**Annexure “B” to the Independent Auditor’s Report**

Referred to in Paragraph 2(f) under the heading ‘Report on Other Legal and Regulatory Requirements’ of our report of even date on the financial statements of the Company for the year ended March 31, 2016 :

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”).**

We have audited the internal financial controls over financial reporting of Shapoorji Pallonji Forbes Shipping Limited (Formerly SCI Forbes Limited), (“the Company”), as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Kalyaniwalla & Mistry**  
Chartered Accountants  
Firm Registration No: 104607W



**Ermin K. Irani**  
Partner  
Membership Number: 35646  
Place : Mumbai  
Date: April 21, 2016.



**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
**Balance Sheet as at March 31, 2016**

	Notes	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	3	2,836,000,000	2,836,000,000
Reserves and Surplus	4	(999,870,435)	(1,114,069,410)
		<b>1,836,129,565</b>	<b>1,721,930,590</b>
<b>Non Current Liabilities</b>			
Long-term Borrowings	5	1,922,893,534	2,092,625,300
Long-term provisions	6	220,906	-
		<b>1,923,114,440</b>	<b>2,092,625,300</b>
<b>Current Liabilities</b>			
Trade payables	7	39,998,686	60,662,940
Other Current Liabilities	8	114,199,732	100,872,395
Short-term provisions	9	42,097	1,633,379
		<b>154,240,515</b>	<b>163,168,714</b>
<b>TOTAL</b>		<b>3,913,484,520</b>	<b>3,977,724,604</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets			
Tangible Assets	10	3,411,837,480	3,523,986,070
Intangible Assets	11	122,818	62,164
Long-term loans and advances	12	4,849,185	4,844,765
Other non-current assets	13	103,275,842	82,485,068
		<b>3,520,085,325</b>	<b>3,611,378,067</b>
<b>Current assets</b>			
Trade receivables	14	85,122,004	103,847,048
Cash and bank balances	15	171,555,812	125,976,122
Short-term loans and advances	16	99,067,273	98,869,261
Other current assets	17	37,654,106	37,654,106
		<b>393,399,195</b>	<b>366,346,536</b>
<b>TOTAL</b>		<b>3,913,484,520</b>	<b>3,977,724,604</b>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date  
For and on behalf of  
**KALYANIWALLA & MISTRY**  
CHARTERED ACCOUNTANTS  
Firm Registration No. : 104607W

**For and on behalf of the Board**

Director

Director

**Ermin K. Irani**  
PARTNER  
Membership Number: 35646  
Mumbai, Dated : 21 April 2016

**Chief Financial Officer**

**Company Secretary**  
Mumbai, Dated : 21 April 2016

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
**(FORMERLY KNOWN AS SCI FORBES LIMITED)**  
**Statement of Profit and Loss for the year ended March 31, 2016**

	<u>Notes</u>	<u>Year ended March 31, 2016 Rs.</u>	<u>Year ended March 31, 2015 Rs.</u>
<b>INCOME</b>			
Revenue from operations	18	1,008,413,429	800,625,859
Other Income	19	23,679,530	41,706,627
		<b>1,032,092,959</b>	<b>842,332,486</b>
<b>EXPENSES</b>			
Employee benefits expense	20	260,210,915	242,765,036
Operating and Other expenses	21	320,908,057	355,520,660
Finance Costs	22	107,975,200	185,442,157
Depreciation & Amortization Expense	23	227,416,047	219,828,068
Impairment loss on ships		-	-
		<b>916,510,218</b>	<b>1,003,555,921</b>
<b>Profit / (Loss) before tax</b>		<b>115,582,741</b>	<b>(161,223,435)</b>
<b>Tax expense</b>			
Current Tax		1,388,000	1,188,173
Excess provision of Income tax written back		(4,234)	
		<b>1,383,766</b>	<b>1,188,173</b>
<b>Profit / (Loss) for the year</b>		<b>114,198,975</b>	<b>(162,411,608)</b>
Earnings per equity share {nominal value of share Rs 10 (March 31, 2015: Rs 10)}			
	24		
Basic		0.71	(1.02)
Diluted		0.71	(1.02)

The accompanying notes are an integral part of the financial statements

As per our report of even date  
For and on behalf of  
**KALYANIWALLA & MISTRY**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No. : 104607W

**For and on behalf of the Board**

**Director**

**Director**

**Ermin K. Irani**  
PARTNER  
Membership Number: 35646  
Mumbai, Dated : 21 April 2016

**Chief Financial Officer**

**Company Secretary**  
Mumbai, Dated : 21 April 2016

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
**Cash Flow Statement for the year ended March 31, 2016**

	Year ended March 31, 2016	Year ended March 31, 2015
	Rs.	Rs.
<b>A. Cash Flow from operating activities :</b>		
(Loss) / Profit before tax	115,582,741	(161,223,435)
<b>Adjusted for :</b>		
Depreciation / amortizations	227,416,047	219,828,068
Loss on fixed asset lost	37,167	
Interest income	(3,240,599)	(1,604,163)
Financial costs	107,975,200	185,442,157
Unrealised foreign exchange (gain) / loss	(8,410,983)	(11,784,501)
<b>Operating profit before working capital changes</b>	<b>439,359,573</b>	<b>230,658,126</b>
<b>Adjustment for :</b>		
Trade payables	(22,159,483)	21,677,650
Other current liabilities	(563,480)	(23,240,281)
Short Term Provision	(1,587,048)	-
Long Term Provision	220,906	-
Trade receivables	18,725,044	(51,876,561)
Short-term loans and advances	2,317,269	(49,890,995)
<b>Cash generated from operations</b>	<b>436,312,781</b>	<b>127,327,939</b>
Direct taxes paid	(1,392,234)	(1,192,330)
<b>Net cash generated from operating activities</b>	<b>434,920,547</b>	<b>126,135,609</b>
<b>B. Cash flow from Investing activities :</b>		
Purchase of fixed assets	(331,109)	(187,827)
Proceeds from sale of fixed assets	35,178	-
Short Term Fixed Deposits matured / (placed) during the year (net)	4,104,823	(92,795,528)
Movement in deposits placed as security with lender bank	(15,967,337)	69,847,330
Interest received	3,240,599	1,604,163
<b>Net Cash generated from investing activities</b>	<b>(8,917,846)</b>	<b>(21,531,862)</b>
<b>C. Cash flow from financing activities</b>		
Increase in / (Repayment of) proceeds from term borrowings	(277,055,302)	18,960,071
Interest Paid	(110,509,086)	(101,957,230)
<b>Net cash used in financing activities</b>	<b>(387,564,387)</b>	<b>(82,997,159)</b>
<b>Net Increase in cash and cash equivalents</b>	<b>38,438,314</b>	<b>21,606,588</b>
Cash and cash equivalents at the beginning of the year	25,588,643	648,126
Effect of exchange rate changes gain / (loss)	8,109,319	3,333,929
<b>Cash and cash equivalents at the end of the year</b>	<b>72,136,276</b>	<b>25,588,643</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	1,437	6,108
Balances with Banks:		
- on current account	72,134,839	25,582,535
	<b>72,136,276</b>	<b>25,588,643</b>

As per our report of even date

For and on behalf of

**KALYANIWALLA & MISTRY**

CHARTERED ACCOUNTANTS

Firm Registration No. : 104607W

**Ermin K. Irani**

PARTNER

Membership Number: 35646

Mumbai, Dated : 21 April 2016

For and on behalf of the Board

**Director**

**Director**

**Chief Financial Officer**

**Company Secretary**

Mumbai, Dated : 21 April 2016

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
**Notes to financial statements for the year ended March 31, 2016**

**Note:-1 -General information**

The Company was incorporated on July 18, 2006 to carry on the business of shipowners, charterers, etc. The Company was operating as a 50:50 joint venture between Shipping Corporation of India Limited and The Shapoorji Pallonji group till July 01, 2014 when the entire equity and preference shareholding of Shipping Corporation of India Limited are transferred to G.S. Enterprises a partnership firm in the Shapoorji Pallonji group. The Company's name was changed from SCI Forbes Limited to Shapoorji Pallonji Forbes Shipping Limited with effect from 21 August, 2014. The Company has four chemical tankers currently which are deployed on time charter basis under a pooling arrangement.

**Note:-2 -Significant accounting policies**

**1 Basis of preparation**

The financial statements have been prepared on the accrual basis of accounting, under the historical cost convention and in conformity in all material aspects with generally accepted accounting principles in India and the accounting standards specified under section 133 of the Companies Act, 2013 (“the Act”) read with Rule 7 of the Companies(Accounts) Rules, 2014.

The Ministry of Corporate Affairs, vide notification dated March 30, 2016, has issued The Companies (Accounting Standards) Amendment Rules, 2016 thereby amending The Companies (Accounting Standards) Rules, 2006 (‘principal rules’). The said Rules come into effect from the date of notification, i.e., March 30, 2016. The Company believes that Rule 3(2) of the principal rules has not been withdrawn or replaced and accordingly, the Companies (Accounting Standards) Amendment Rules, 2016 will apply for the accounting periods commencing on or after March 30, 2016. In view of the same, the accounting policies adopted in the preparation of financial statements for the current year are consistent with those of previous year.

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services rendered and the time between the rendering of service and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

**2 Use of Estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.



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### **3 Tangible Assets**

Fixed assets are stated at cost of acquisition, including taxes and incidental expenses related to acquisition and borrowing costs during construction period, less accumulated depreciation and impairment losses, if any.

Exchange differences on repayment and year end translation of foreign currency liabilities relating to acquisition of depreciable assets, to the extent permitted under Para 46A of AS - 11, are adjusted to the carrying cost of the depreciable asset.

### **4 Depreciation**

Depreciation is provided on the straight line method over the useful life as prescribed under Schedule II of the Companies Act , 2013. The residual value is considered as Nil in case of asset other than ships as the residual value of such assets is insignificant. The Residual value for ship is considered as 5% of the original cost.

The Estimated Useful Life is as under :

<b>Assets</b>	<b>Useful life</b>
Vessels	20 years
Computers	3 years
Office Equipment	5 years
Furniture & Fixtures	10 years

Mobile Phones purchased are charged to the statement of profit and loss.

### **5 Intangible Assets**

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any.

<b>Assets</b>	<b>Useful life</b>
Software	3 years

### **6 Borrowing cost**

Borrowing costs including ancillary cost incurred in connection with the arrangement of borrowings that are directly attributable to the acquisition / construction of the underlying fixed assets are capitalized as a part of the cost of asset, up to the date of acquisition / completion of construction. Borrowing costs include amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.



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**7 Assets impairment**

The carrying amounts of the Company's tangible & intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment . If any such indication exists, the asset's recoverable amounts are estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss, if any, is recognized in the Statement of Profit and Loss in the period in which impairment takes place.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, however subject to the increased carrying amount not exceeding the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior accounting periods.

**8 Revenue Recognition**

Charter hire earnings are recognized as the service is performed and accrued on time basis. Interest income is recognized on a time proportion basis unless the collection is doubtful.

**9 Operating Expenses**

Operating expenses are recognised as expense on accrual basis. Stores and spares delivered on board the ship are charged to statement of profit & loss A/c

**10 Employee Benefits**

The provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employees' State Insurance Act, 1948 and the Payment of Gratuity Act, 1972 are not applicable to the Company.

Compensated absences are provided on basis of an actuarial valuation using the Projected Unit Credit method as on the date of Balance Sheet. Actuarial gain/loss, if any, are immediately recognised in the statement of profit and loss account. Compensated absences which are expected to be availed or encashed within twelve months from the Balance sheet date are treated as short term employee benefit.

**11 Foreign Exchange Transactions**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies, remaining unsettled at period end are translated at closing rates. The difference in translation of long - term monetary items and realised gains and losses on foreign currency transactions relating to acquisition of depreciable capital assets are added to or deducted from the cost of the asset and depreciated over the balance life of the asset. The difference in translation of other monetary assets and liabilities and realized gains and losses on other foreign currency transactions are recognized in the Statement of Profit and Loss.

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## **12 Provision for Taxation**

Tax expense comprises both current and deferred tax.

Provision for current income - tax is made on the basis of assessable income under the Income - tax Act, 1961. Income from shipping activities is assessed on the basis of deemed tonnage income of the Company.

Deferred income -tax is recognized on timing differences, between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods only in respect of the non - shipping activities of the company. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the balance sheet date.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

## **13 Provision for Contingent Liabilities**

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

## **14 Cash and cash equivalents**

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

## **15 Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

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	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
<b>3 - Share Capital</b>		
<b>Authorised</b>		
160,000,000 (March 31, 2015: 160,000,000) Equity Shares of Rs. 10/- each	1,600,000,000	1,600,000,000
175,000,000 (March 31, 2015: 175,000,000) 0% Redeemable Preference Shares of Rs. 10/- each	1,750,000,000	1,750,000,000
<b>Issued, Subscribed and Paid up</b>		
160,000,000 (March 31, 2015: 160,000,000) Equity Shares of Rs. 10/- each fully paid	1,600,000,000	1,600,000,000
123,600,000 (March 31, 2015: 123,600,000) 0% Redeemable Preference Shares of Rs.10/- each fully paid.	1,236,000,000	1,236,000,000
<b>Total Issued, subscribed and paid up</b>	<b>2,836,000,000</b>	<b>2,836,000,000</b>

**(a) Reconciliation of shares outstanding at the beginning and at the end of the year**  
**Equity shares**

	As at March 31, 2016		As at March 31, 2015	
	Nos	Rupees	Nos	Rupees
Outstanding at the beginning of the year	160,000,000	1,600,000,000	160,000,000	1,600,000,000
Add: Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>160,000,000</b>	<b>1,600,000,000</b>	<b>160,000,000</b>	<b>1,600,000,000</b>

**Preference shares**

	As at March 31, 2016		As at March 31, 2015	
	Nos	Rupees	Nos	Rupees
Outstanding at the beginning of the year	123,600,000	1,236,000,000	123,600,000	1,236,000,000
Add: Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>123,600,000</b>	<b>1,236,000,000</b>	<b>123,600,000</b>	<b>1,236,000,000</b>

**(b) Rights, preferences and restrictions attached to shares**

*Equity Shares*

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

*Preference Shares*

The following 0% Redeemable Preference Shares were issued to the promoters on right basis in 2009 and 2010. Since no terms for redemption have been specified for these shares, they will be redeemed at par not later than 20 years from the date of issue as per the provisions of section 55 of the Companies Act, 2013 (erstwhile section 80 of the Companies Act, 1956)

Date of Allotment	Number of Shares allotted	Date of redemption (Not later than)	Redemption terms
12-Aug-09	24,800,000	12-Aug-29	Redeemable at par
06-Nov-09	32,000,000	06-Nov-29	Redeemable at par
22-Mar-10	42,200,000	22-Mar-30	Redeemable at par
02-Jul-10	24,600,000	02-Jul-30	Redeemable at par
	<b>123,600,000</b>		

The said shares shall in the event of winding up, be entitled to rank as regards repayment of capital, in priority to Equity shares but shall not be entitled to any further participation in profits or assets. The voting rights of the shareholders shall be in accordance with the provisions of section 47 of the Companies Act, 2013 (erstwhile section 87 of the Companies Act, 1956).

**(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% of holding	No. of Shares	% of holding
<b>Equity shares of Rs 10 each fully paid</b>				
G.S. Enterprises, a partnership firm represented by its partners Shapoorji Pallonji & Company Limited and Goswami Infratech Private Limited holding the shares jointly in the Company.	80,000,000	50%	80,000,000	50%
Sterling Investment Corporation Private Limited	40,000,000	25%	40,000,000	25%
Forbes & Co. Limited	40,000,000	25%	40,000,000	25%
<b>0% Redeemable Preference shares of Rs 10 each fully paid</b>				
G.S. Enterprises, a partnership firm represented by its partners Shapoorji Pallonji & Company Limited and Goswami Infratech Private Limited holding the shares jointly in the Company.	61,800,000	50%	61,800,000	50%
Sterling Investment Corporation Private Limited	30,900,000	25%	30,900,000	25%
Forbes & Co. Limited	30,900,000	25%	30,900,000	25%

**(d) Information regarding issue of shares in the last five years:**

- The Company has not issued any shares without payment being received in the last five years.
- The Company has not issued any bonus shares in the last five years.
- The Company has not undertaken any buyback of shares in the last five years.

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	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
<b>4 - Reserves and Surplus</b>		
<b>Tonnage Tax Reserve</b>		
Balance as per last financial statements	45,150,000	45,150,000
Add : Transfer from surplus in statement of profit and loss	23,500,000	-
<b>Closing Balance</b>	<b>68,650,000</b>	<b>45,150,000</b>
<b>Surplus in Statement of Profit and Loss</b>		
Balance as per last financial statements	(1,159,219,410)	(996,807,802)
(Loss) / Profit for the year	114,198,975	(162,411,608)
Less: Transfer to Tonnage Tax Reserve	(23,500,000)	-
<b>Closing Balance</b>	<b>(1,068,520,435)</b>	<b>(1,159,219,410)</b>
<b>Total Reserves and Surplus</b>	<b>(999,870,435)</b>	<b>(1,114,069,410)</b>

**5 - Long Term Borrowings**

	Non-current portion		Current maturities	
	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
<b>Term Loans - Secured</b>				
Foreign currency loans from bank	1,922,893,534	2,092,625,300	90,631,273	74,206,571
Amount disclosed under the head 'other current liabilities' (note 8)	-	-	(90,631,273)	(74,206,571)
<b>Total Long term borrowings</b>	<b>1,922,893,534</b>	<b>2,092,625,300</b>	<b>-</b>	<b>-</b>

(a) The foreign currency term loan from Axis Bank, DIFC Branch, Dubai was obtained in July 2014 at Libor plus a Margin of 4.15%, which was revised to 3.50% with effect from 2nd January, 2016. The company has prepaid an amount of USD 3 million on 29th March 2016. The loan is repayable in 12 consecutive unequal semi-annual installments starting at the end of 6 months from the initial utilisation date i.e. July 2, 2014. The repayment of installment follow an increasing pattern culminating in a bullet repayment installment of USD 18,728,138 on July 2, 2020.

(b) The above term loan is secured by first charge on the vessels refinanced under the loan and a first charge over Designated Earnings Account, receivables, earnings, claims against third parties, revenues of the Vessels of whatsoever nature.

The Company is required to maintain as on the last date of each financial reporting period, a Fixed Asset Coverage Ratio of atleast 1.25:1

The Company shall ensure that its payment obligations under the refinancing agreement rank and continue to rank at least pari passu with the claims of all of its other unsecured and unsubordinated creditors, except for the obligations mandatorily preferred by law applied to companies generally.

(c) The Company is required to establish and maintain a Designated Earning Account and ensure that all Earnings are paid in respect of each vessel are paid into the Designated Earning Account. The company has not transferred all earning from the vessel to Designated Earning Account during the year.

(d) The Company is also required to establish and maintain a Debt Service Reserve Account, an interest bearing USD - denominated bank account to be opened with Axis Bank Ltd., DIFC Branch, Dubai. The account should have an amount equal to the aggregate of the next immediate schedule Repayment Installment to be paid and the next immediate scheduled interest due and payable which has been complied with.

**6 Long Term Provision**

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
Provision for compensated absences	220,906	-
<b>Total Long term provisions</b>	<b>220,906</b>	<b>-</b>

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	<b>As at March 31, 2016 Rs.</b>	<b>As at March 31, 2015 Rs.</b>
<b>7 - Trade payables</b>		
Sundry Creditors other than micro and small enterprises	39,998,686	60,662,940
<b>Total trade payables</b>	<b>39,998,686</b>	<b>60,662,940</b>

Based on the information available with the Company, there are no outstanding dues to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006. There is no interest payable to any suppliers under the said Act.

	<b>As at March 31, 2016 Rs.</b>	<b>As at March 31, 2015 Rs.</b>
<b>8 - Other Current Liabilities</b>		
Current maturities of long-term borrowings (refer note 5)	90,631,273	74,206,571
Interest accrued but not due on borrowings	21,537,834	24,071,720
Tax deducted at source	100,348	641,303
Employee benefits payable	1,311,891	997,377
Other payables	618,386	955,424
<b>Total other current liabilities</b>	<b>114,199,732</b>	<b>100,872,395</b>

**9 - Short Term Provisions**

Provision for compensated absences	21,695	1,608,743
Provision for tax (net of advance income tax)	20,402	24,636
<b>Total short term provisions</b>	<b>42,097</b>	<b>1,633,379</b>

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**10 - Tangible Assets**

Description	Gross Block				Depreciation				Impairment			Net Block		
	As at April 1, 2015	Additions	Disposals	Adjustments - Exchange differences (refer note (b) below)	As at March 31, 2016	Up to April 1, 2015	For the year	On Disposals / Adjustments	Up to March 31, 2016	Up to April 1, 2015	For the year	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
Ships	5,246,300,234	-	-	115,069,440	5,361,369,674	1,240,349,686	227,278,528	-	1,467,628,214	482,133,573	-	482,133,573	3,411,607,887	3,523,817,068
Office Equipments	124,197	78,499	58,899	-	143,797	100,539	17,333	21,732	96,140	-	-	-	47,657	23,658
Furniture & fixtures	59,251	-	-	-	59,251	27,914	5,926	-	33,840	-	-	-	25,411	31,337
Computers	632,302	141,625	83,200	-	690,727	518,295	63,929	48,022	534,202	-	-	-	156,525	114,007
<b>Total</b>	<b>5,247,115,984</b>	<b>220,124</b>	<b>142,099</b>	<b>115,069,440</b>	<b>5,362,263,449</b>	<b>1,240,996,434</b>	<b>227,365,716</b>	<b>69,754</b>	<b>1,468,292,396</b>	<b>482,133,573</b>	<b>-</b>	<b>482,133,573</b>	<b>3,411,837,480</b>	<b>3,523,986,070</b>
<i>Previous Year</i>	<i>5,155,343,191</i>	<i>167,589</i>	<i>-</i>	<i>91,405,204</i>	<i>5,247,115,984</i>	<i>1,021,200,945</i>	<i>219,795,395</i>	<i>-</i>	<i>1,240,996,340</i>	<i>482,133,574</i>	<i>-</i>	<i>482,133,574</i>	<i>3,523,986,070</i>	<i>3,652,208,672</i>

(a) Ships are mortgaged to a financial institution for banking loan facility (refer note 5).

(b) Exchange differences on borrowing for acquisition of capital assets:

Pursuant to the Ministry of Corporate Affairs notification date March 31, 2009 and December 29, 2011 inserting paragraph 46 & 46A in Accounting standard (AS) 11 " The Effects of changes in Foreign Exchange Rates ", the Company has exercised the option available there under in respect of long term foreign currency monetary items covered under the notification. Accordingly, (gain) / loss arising from the effect of changes in foreign exchange rates on settlement / revaluation of the foreign currency loans relating to the acquisition of depreciable capital asset is added to / (reduced from) the cost of ships.

**11 - Intangible Assets**

Description	Gross Block				Amortization				Net Block	
	As at April 1, 2015	Additions	Disposals	As at March 31, 2016	Up to April 1, 2015	For the year	On Disposals	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
Software	116,682	110,985	-	227,667	54,518	50,331	-	104,849	122,818	62,164
<b>Total</b>	<b>116,682</b>	<b>110,985</b>	<b>-</b>	<b>227,667</b>	<b>54,518</b>	<b>50,331</b>	<b>-</b>	<b>104,849</b>	<b>122,818</b>	<b>62,164</b>
<i>Previous Year</i>	<i>96,444</i>	<i>20,238</i>	<i>-</i>	<i>116,682</i>	<i>21,845</i>	<i>32,673</i>	<i>-</i>	<i>54,518</i>	<i>62,164</i>	<i>74,599</i>

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	<b>As at March 31, 2016 Rs.</b>	<b>As at March 31, 2015 Rs.</b>
<b>12 - Long-term loans and advances</b>		
<b>Unsecured, considered good (unless stated otherwise):</b>		
Security Deposits	19,850	19,850
Other Long-term loans and advances		
- Advance income tax (net of provision of tax)	4,829,335	4,824,915
<b>Total long term loans and advances</b>	<b>4,849,185</b>	<b>4,844,765</b>

**13 - Other non-current assets**

**Other bank balances**

Long term deposit with bank - earmarked balances (refer note (a) below)	103,275,842	82,485,068
<b>Total other non-current assets</b>	<b>103,275,842</b>	<b>82,485,068</b>

(a) Long term deposits with bank represents amount deposited with Axis Bank under the Debt Service Reserve to be maintained as a part of the loan agreement with the Bank. The said deposit is marked under lien with the Bank.

	<b>As at March 31, 2016 Rs.</b>	<b>As at March 31, 2015 Rs.</b>
<b>14 - Trade receivables</b>		
<b>Unsecured, considered good (unless stated otherwise):</b>		
Outstanding for a period exceeding six months from date they are due of payment	-	-
Others	85,122,004	103,847,048
<b>Total trade receivables</b>	<b>85,122,004</b>	<b>103,847,048</b>

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	<b>As at March 31, 2016 Rs.</b>	<b>As at March 31, 2015 Rs.</b>
<b>15 - Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	1,437	6,108
Balances with Banks:		
- on current accounts	72,134,839	25,582,535
	<b>72,136,276</b>	<b>25,588,643</b>
<b>Other bank balances</b>		
- Deposits with bank with maturity more than 3 months but less than 12 months	99,419,536	100,387,479
<b>Total cash and bank balances</b>	<b>171,555,812</b>	<b>125,976,122</b>

**16 - Short-term loans and advances**

**Unsecured, considered good, unless stated otherwise**

Security deposit (refer note (a) below)	47,587,888	45,072,607
Service Tax paid under protest	-	3,913,436
Service Tax Refund receivable	10,896,293	-
Advances recoverable in cash or kind	40,583,092	49,883,218
<b>Total short-term loans and advances</b>	<b>99,067,273</b>	<b>98,869,261</b>

(a) Security deposit includes deposit given to Marida Tankers Inc (the pool) of Rs 46,586,838 (March 31, 2015: Marida Tankers Inc (the pool) Rs 44,071,557). The deposit is furnished in the form of bunker provided by the Company, on its four vessels at the time of their entry in the pool.

	<b>As at March 31, 2016 Rs.</b>	<b>As at March 31, 2015 Rs.</b>
<b>17 - Other current assets</b>		
Amount receivable from a related party for recovery of expenses	37,654,106	37,654,106
<b>Total other current assets</b>	<b>37,654,106</b>	<b>37,654,106</b>



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	<b>Year ended March 31, 2016 Rs.</b>	<b>Year ended March 31, 2015 Rs.</b>
<b>18 - Revenue from operations</b>		
Sale of services		
-Charter hire income	1,008,413,429	800,625,859
<b>Total revenue from operations</b>	<b>1,008,413,429</b>	<b>800,625,859</b>

Charter hire income includes income earned from the vessels deployed under pool arrangements Rs 1,008,413,429 (previous year: Rs 800,625,859). The income is accounted by the Company on the basis of monthly earnings statements received from the pool. These earnings are net of expenses like bunker, port expenses, brokerage, commission, etc. The earnings are distributed by the pool in accordance with the pool sharing formula as defined in the pool agreement and on the basis of vessel's rating as defined in the pool formula.

	<b>Year ended March 31, 2016 Rs.</b>	<b>Year ended March 31, 2015 Rs.</b>
<b>19 - Other income</b>		
Interest income on		
- deposits with banks	3,240,599	1,604,163
Gain on foreign exchange transactions (net)	17,293,404	25,330,561
Misc Income	471,566	14,771,903
Prior Period Income	2,673,962	-
<b>Total other income</b>	<b>23,679,530</b>	<b>41,706,627</b>

	<b>Year ended March 31, 2016 Rs.</b>	<b>Year ended March 31, 2015 Rs.</b>
<b>20 - Employee benefits expense</b>		
Salaries, Allowances and Bonus	15,118,143	12,980,891
Crew wages and allowances	241,242,999	226,078,445
Crew provident fund and other funds	3,646,466	3,609,768
Staff welfare expenses	203,307	95,932
<b>Total employee benefits expense</b>	<b>260,210,915</b>	<b>242,765,036</b>

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
**(FORMERLY KNOWN AS SCI FORBES LIMITED)**  
**Notes to Financial Statements for the year ended March 31, 2016**

	<b>Year ended March 31, 2016 Rs.</b>	<b>Year ended March 31, 2015 Rs.</b>
<b>21 - Operating and Other expenses</b>		
Fuel, Oil & Lubricants	19,506,418	25,368,969
Repairs & Maintenance - Fleet (including dry dock expenses 80,333,657 previous year Rs. 125,027,094)	105,168,790	141,721,833
Stores and Spares	64,964,772	50,412,026
Crew Repatriation ,Victualling etc.	28,203,023	27,894,999
Vessel Operating expenses	9,956,911	18,050,622
Insurance & Protection Club Fees	21,779,371	20,477,631
Management Fees	32,568,978	31,964,758
Communication Charges	3,253,331	3,463,638
Survey Expenses	7,124,514	9,205,567
Rent	3,118,616	2,858,400
Legal & Professional expenses	9,848,821	11,616,927
Auditors' remuneration	495,719	851,114
Directors Sitting Fees	3,125,000	1,305,848
Miscellaneous Expenses	11,793,794	10,328,327
<b>Total other expenses</b>	<b>320,908,057</b>	<b>355,520,660</b>
	<b>Year ended March 31, 2016 Rs.</b>	<b>Year ended March 31, 2015 Rs.</b>
<b>22 - Interest and Finance cost</b>		
Interest on long term borrowings	99,809,152	75,549,327
Interest others	434,064	-
Loan arrangement expenses amortised	-	100,742,553
Exchange difference to the extent considered as an adjustment to borrowing costs	7,180,570	6,767,026
Bank and finance charges	551,414	2,383,251
<b>Total interest and finance cost</b>	<b>107,975,200</b>	<b>185,442,157</b>
	<b>Year ended March 31, 2016 Rs.</b>	<b>Year ended March 31, 2015 Rs.</b>
<b>23 - Depreciation and amortization expense</b>		
Depreciation on tangible assets	227,365,716	219,795,395
Depreciation on intangible assets	50,331	32,673
<b>Total depreciation and amortization expense</b>	<b>227,416,047</b>	<b>219,828,068</b>

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
**Notes to Financial Statements for the year ended March 31, 2016**

**24 - Earnings Per Share**

	Year ended March 31, 2016	Year ended March 31, 2015
(a) Profit / (Loss) for the year after tax for Equity Shareholders (Rs)	114,198,975	(162,411,608)
(b) Number of Equity shares		
Number of Equity shares as on April 1	160,000,000	160,000,000
Number of fully paid Equity shares as on March 31	160,000,000	160,000,000
Weighted average number of equity shares (Nos)	<u>160,000,000</u>	<u>160,000,000</u>
(c) Nominal value of Equity share (Rs)	10	10
(d) Basic and Diluted Earnings per share (Rs)	<u>0.71</u>	<u>(1.02)</u>

**25 - Contingent liabilities and commitments (to the extent not provided for)**

	Year ended March 31, 2016 Rs.	Year ended March 31, 2015 Rs.
(i) Contingent liabilities classified as:		
Claims against the company not acknowledged as debt;	-	-
Income Tax Demands under dispute	8,212,247	3,443,032
Service Tax demand & Interest thereon	-	3,913,436
Services Tax Refund under dispute	6,153,331	-
(ii) Commitments classified as:		
Estimated amount of contracts remaining to be executed on capital account and not provided for;	-	-
	<u>14,365,578</u>	<u>7,356,468</u>

**26 - Operating Lease**

(a) The Company has entered into Leave and License Agreement for the period of 12 months for a residential flat, the terms of which will expire on 24.06.2016

(b) Future minimum lease rentals payable as per the lease agreements :

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
Not Later than one year	489,999	648,276
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<u>489,999</u>	<u>648,276</u>

	Year ended March 31, 2016 Rs.	Year ended March 31, 2015 Rs.
(c) Lease payments recognized in the Statement of Profit & Loss	2,748,816	2,828,400

**27 - Related party disclosures**

a) Names of related parties and related party relationship

*Holding Company*

Forbes & Company Limited - With effect from 01.12.2014

*Venturers in respect of which the Company is a joint venture*

The Shipping Corporation of India Limited - Up to 01.07.2014

G.S. Enterprises - With effect from 02.07.2014

Forbes & Company Limited - Up to 30.11.2014

Sterling Investment Corporation Private Limited.

*Enterprises under common control of Venturers*

Volkart Fleming Shipping & Services (subsidiary of Forbes & Company Limited)

Forvol International Services Limited (subsidiary of Sterling Investment Corporation Private Limited)

Forbes Facility Services Pvt. Ltd (fellow subsidiary of Forbes & Company Limited)

Eureka Forbes Limited (subsidiary of Forbes & Company Limited)

*Key Management Personnel*

Ms. Sunetra Ganesan - Director and Chief Financial Officer

Mr. Ashok Khanna - Chief Executive Officer and Manager

Ms. Vijayalakshmi Kumar - Company Secretary

b) Transactions with related parties (including details of significant related party transactions):

*Amount in Rupees*

Sr. No	Nature of transactions	Holding	Joint Venturer	Enterprises under common control	Key management personnel	Total
1	Reimbursement of expenditure incurred on behalf of the Company  Mr Ashok Khanna- Rs.451,107 /- Ms. Vijayalakshmi Kumar - Rs. 12,559/-  <i>The Shipping Corporation of India Rs.4,786,763/- Forbes &amp; Company Ltd Rs.73,111/- Mr Ashok Khanna- Rs. 642,716/- Ms.Vijayalakshmi Kumar Rs.8,909/-</i>	-	-	-	463,666	463,666
		<i>(73,111)</i>	<i>(4,786,763)</i>	-	<i>(651,625)</i>	<i>(5,511,499)</i>
2	Receiving of services Forvol International Services Limited - Rs.766,205/- Forbes Facility Services Pvt. Ltd. Rs.371961/- Forbes & Company Ltd - Rs.1,404,800/-  <i>Forvol International Services Limited - Rs 853,449/- Forbes Facility Services Pvt. Ltd. - Rs.405,912/-</i>	1,404,800	-	1,138,166	-	2,542,966
		-	-	<i>(1,259,361)</i>	-	<i>(1,259,361)</i>
3	Reimbursement of Expense claimed G.S. Enterprises  <i>G.S. Enterprises</i>	-	-	-	-	-
		-	<i>(37,654,106)</i>	-	-	<i>(37,654,106)</i>
4	Rent Paid  <i>Volkart Fleming Shipping &amp; Services</i>  <i>Volkart Fleming Shipping &amp; Services</i>	-	-	648,276	-	648,276
		-	-	<i>(728,400)</i>	-	<i>(728,400)</i>
5	Remuneration Ms. Sunetra Ganesan  Mr Ashok Khanna  Ms. Vijayalakshmi Kumar				-	-
					<i>(-)</i>	<i>(-)</i>
					9,200,000	9,200,000
					<i>(9,082,184)</i>	<i>(9,082,184)</i>
					813,000	813,000
					<i>(741,091)</i>	<i>(741,091)</i>
6	Balances outstanding as on March 31, 2016 Payable Mr. Ashok Khanna . Forbes & Company Ltd Forvol International Services Limited  <i>Mr. Ashok Khanna - Rs 954061/-</i>	323,741		60,264	902,233	902,233
						323,741
						60,264
		-	-	-	<i>(954,061)</i>	<i>(954,061)</i>
7	Receivable  G.S. Enterprises  <i>Shipping Corporation Of India Ltd.-35,150/- G.S. Enterprises - Rs.37,654,106/-</i>		37,654,106			37,654,106
			<i>(37,689,256)</i>	-	-	<i>(37,689,256)</i>
8	Deposit received and refunded during the year on behalf of Directors.  <i>Forbes &amp; Company Ltd - Rs.100,000/- Sterling Investment Corporation Private Limited - Rs.100,000/- G.S. Enterprises - Rs.1,00,000/-</i>	<i>(100,000)</i>	<i>(200,000)</i>	-	-	<i>(300,000)</i>

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
Notes to Financial Statements for the year ended March 31, 2016

**28 - Unhedged foreign currency exposure**

	Currency	As at March 31, 2016	As at March 31, 2015
<b>Liabilities:</b>			
Foreign currency borrowings	USD	30,426,170	34,611,495
Interest Accrued on Borrowings	USD	323,126	-
Payables	USD	437,948	50,000
<b>Assets:</b>			
Receivables	USD	1,286,270	1,658,782
Advances given	USD	456,413	553,096
Bank Balances and Fixed Deposits	USD	4,076,325	3,273,591
Security Deposit furnished	USD	703,969	703,969

**29 - Segment Reporting**

The Company is only engaged in Shipping business and there are no reportable segments as per Accounting Standard (AS) 17 'Segment Reporting.'

**30 - Deferred Tax**

Pursuant to the introduction of Section 115 VA under the Income Tax Act 1961, the Company has opted for computation of its income from shipping activities under the Tonnage Tax Scheme. Thus income from business of operating ships is assessed on the basis of deemed Tonnage Income of the Company and no deferred tax is applicable to such income as there are no timing differences. The timing difference in respect of the non-tonnage activities of the Company are not material, in view of which provision for deferred taxation is not considered as necessary.

**31 - Payment to Auditors**

	Year ended March 31, 2016 Rs.	Year ended March 31, 2015 Rs.
As Auditor:		
- Audit Fees ( Net of service tax reversed Rs.30,900/-)	219,100	280,900
- Tax Audit Fees ( Net of service tax reversed Rs.11,860/-)	88,140	112,360
- Taxation Matters ( Net of service tax reversed Rs.29,664/-)	80,336	336,406
- Other Services ( Net of service tax reversed Rs.17,290/-)	107,785	121,448
	<b>495,361</b>	<b>851,114</b>

**32 - Earnings in foreign currency (accrual basis)**

	Year ended March 31, 2016 Rs.	Year ended March 31, 2015 Rs.
Charter hire income	1,008,413,429	800,625,859
Other Income	3,712,165	1,604,163
<b>Total</b>	<b>1,012,125,593</b>	<b>802,230,021</b>

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
Notes to Financial Statements for the year ended March 31, 2016

**33 - Expenditure in foreign currency (accrual basis)**

	Year ended March 31, 2016 Rs.	Year ended March 31, 2015 Rs.
Crew Wages	241,242,999	226,078,445
Oil & Lubricants	19,506,418	17,269,152
<b>Other Operating expenses</b>		-
Boat & Launch Hire Exp.	629,971	298,386
Cargo Claims Expenses	-	414,281
Communication Charges - Ship	2,796,920	3,233,002
Crew Expenses	15,405,249	16,454,526
Deck Stores	558,499	4,714,692
Dry Dock Expenses	66,396,672	100,682,108
Engine Stores	2,504,387	3,692,521
Inspection & Certification Expenses	-	1,302,773
Insurance Charges- Freight at Risk Prem	2,225,434	2,996,747
Insurance Charges- Hull & Marine	5,487,794	7,062,838
Insurance Charges- War Risk Premium	597,132	855,080
Medical Stores	-	-
Other Expense	317,441	1,765,706
P&I Club Fee	13,452,684	3,751,859
Postage and Courier Expenses	-	-
Repairs and Maintenance	1,406,277	2,018,400
Ship Management Fees	16,903,075	15,497,213
Ship Spares	84,385	4,496,298
Survey Charges	4,313,456	7,037,935
Testing Expenses	1,514,640	676,003
Vessel Expenses	5,945,798	21,029,906
Victualing Expenses	16,079,383	15,055,755
Interest and financial cost	99,809,152	171,783,224
Foreign Travelling Expenses	2,034,515	1,771,984
Legal & Professional expenses	1,290,291	9,376,799
<b>Total</b>	<b>520,502,570</b>	<b>639,315,635</b>

**34 - Managerial Remuneration**

The Company had delayed in the repayment of its loan instalments & interest for the continuous period of 30 days during preceding financial year ended March 31, 2015. In order to comply with the requirement of section 197 read with Schedule V of Companies Act, 2013 in respect of the re-appointment of Chief Executive Officer and Manager for the financial year ended March 31, 2016 and fixing his remuneration, the Company had on July 10, 2015 made an application to Central Government in Form Number MR -2 seeking its approval for the same which is awaited.

**35 - Change in accounting for Compensated Absences**

During the year, the Company has revised its accounting policy relating to accounting for Compensated Absences from calculating the same on the basis of leave accumulated to the credit of each employee and his applicable salary as on the Balance Sheet date to accounting it on the basis of an actuarial valuation based on the Projected Unit Credit method as on the Balance Sheet date. Consequent to the change, Salaries, Allowances and Bonus are lower by Rs.59,257/- and Profit before Tax is higher by Rs.59,257/-

**36 - Previous year figures**

Previous year's figures have been regrouped where ever necessary to confirm to current years classifications.

**Volkart Fleming Shipping & Services Limited**  
(a wholly owned Subsidiary Company)

Financial Statements  
For the year ended March 31, 2016

# BATLIBOI & PUROHIT

## Chartered Accountants

### 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<sup>st</sup> March, 2016, the Statement of Profit and Loss, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial





## Chartered Accountants

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statement.

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

**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, of the state of affairs of the Company as at 31st March, 2016, and its profits and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

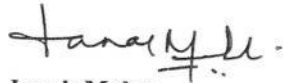
- 1 As required by Companies (Auditors Report) Order, 2016 ('the Order') issued by Central Government of India in terms of sub section 11 of section 143 of the Act, we give in the Annexure –A a statement on the matters specified in paragraphs 3 and 4 of the order.
- 2 As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls refer to our separate report in 'Annexure B' and



Chartered Accountants

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements-refer note 20 to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Batliboi & Purohit**  
Chartered Accountants  
ICAI Firm Registration Number: 101048W



**Janak Mehta**  
Partner  
Membership Number: 116976



Place: Mumbai  
Date: April 22, 2016

Chartered Accountants

**Annexure – A to the Independent Auditor's Report**

(Referred to in paragraph 1 under 'Report on other legal and Regulatory requirements' section of our report of even date)

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly clause 3 (iii) (a) and (b) of the order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in the current year, in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits during the year within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) To the best of our knowledge and as explained the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013;
- (vii) a. The company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.



- b. According to information and explanations given to us, the following dues of income tax have not been deposited by the Company on account of dispute:

Name of statute	Nature of dues	Amount under dispute (Rs.)**	Amount outstanding (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act	Income Tax Demands	18,96,866	Nil	A.Y. 2003-04	Bombay High Court
Income Tax Act	Income Tax Demands	870,812	Nil	A.Y. 2009-10	Income Tax Appellate, Tribunal

\*\*Demands adjusted by income tax dept. from refunds due to the Company; appeal filed by Company.

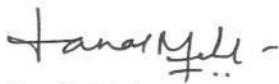
- (viii) The Company has not defaulted in repayment of any loans from financial institution, bank, Government or debenture holders.
- (ix) The Company has not raised any money by way of initial public offer or further public offer and the Company has not taken any term loan during the year.
- (x) As per the information and explanation given by the management we report that no fraud on or by the Company has been noticed or reported during the year.
- (xi) The Company has not paid any remuneration to managerial personnel, hence paragraph 3(xi) of the order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us the Company is not a Nidhi Company. Accordingly the paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xvi) As informed and based on our examination of records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.



Chartered Accountants

- (xv) As informed the Company has not entered into any non-cash transactions with Directors or persons connected with him
- (xvi) As per the information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India, 1934.

For **Batliboi & Purohit**  
Chartered Accountants  
ICAI Firm Registration Number: 101048W



**Janak Mehta**  
Partner  
Membership Number: 116976



Place: Mumbai  
Date: April 22, 2016

**Annexure - B to the Auditors' Report****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Volkart Fleming Shipping & Services Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A



# VOLKART FLEMING SHIPPING & SERVICES LIMITED

BALANCE SHEET AS AT 31st MARCH, 2016

Particulars	Note No.	As at 31st Mar, 2016 Rs.	As at 31st Mar, 2015 Rs.
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
a Share capital	2	50,38,500	50,38,500
b Reserves and surplus	3	4,08,09,942	3,64,95,884
		<b>4,58,48,442</b>	<b>4,15,34,384</b>
<b>2 Non-current liabilities</b>			
a Other Long Term Liabilities	4	22,99,840	22,99,840
		<b>22,99,840</b>	<b>22,99,840</b>
<b>3 Current liabilities</b>			
a Short-term borrowings	5	-	65,00,000
b Trade payables		43,591	2,28,092
c Other current liabilities	6	20,15,849	6,96,810
d Short-term provisions	7	95,12,962	86,51,462
		<b>1,15,72,402</b>	<b>1,60,76,364</b>
<b>TOTAL</b>		<b>5,97,20,684</b>	<b>5,99,10,588</b>
<b>II ASSETS</b>			
<b>1 Non-current assets</b>			
a Fixed assets			
(i) Tangible assets	8	-	3,113
b Non-current investments	9	3,91,451	3,91,451
c Long-term loans and advances	10	4,22,91,688	5,84,19,585
		<b>4,26,83,139</b>	<b>5,88,14,149</b>
<b>2 Current assets</b>			
a Cash and cash equivalents	11	1,70,23,054	10,93,814
b Short-term loans and advances	12	12,710	-
c Other current assets	13	1,781	2,625
		<b>1,70,37,545</b>	<b>10,96,439</b>
<b>TOTAL</b>		<b>5,97,20,684</b>	<b>5,99,10,588</b>

Significant accounting policies 1

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Batliboi & Purohit**  
Chartered Accountants  
Firm Reg No-101048W

SUNETRA GANESAN \_\_\_\_\_ Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_ }  
Directors

PRAKASH KARUNAKARAN \_\_\_\_\_ }

**Janak Mehta**

Partner

Membership No-116976

Mumbai, 22nd April, 2016

SANDEEP KADAKIA \_\_\_\_\_ }

Mumbai, 22nd April, 2016

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	Note No.	Year ended 31st Mar, 2016 Rs.	Year ended 31st Mar, 2015 Rs.
I Revenue from operations	14	1,81,98,166	1,46,02,296
II Other income	15	3,089	16,38,230
III <b>Total revenue (I + II)</b>		<b>1,82,01,255</b>	<b>1,62,40,526</b>
IV <b>Expenses:</b>			
Employee benefits expense	16	80,93,645	73,69,514
Finance cost	17	6,72,000	13,59,732
Depreciation and amortisation expense	18	3,113	52,161
Other expenses	19	39,03,439	33,18,900
<b>Total expenses</b>		<b>1,26,72,197</b>	<b>1,21,00,307</b>
V <b>Profit before tax (III - IV)</b>		<b>55,29,058</b>	<b>41,40,219</b>
VI <b>Tax expense / (credit):</b>			
<u>Income-tax</u>			
Current tax		12,15,000	11,25,000
VII <b>Profit for the year (V - VI)</b>		<b>43,14,058</b>	<b>30,15,219</b>
VIII <b>Earning per equity share:</b>			
Basic and diluted earnings per equity share (nominal value of share Rs. 100)		Rs. 85.62	Rs. 59.84

Significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Batliboi & Purohit**  
Chartered Accountants  
Firm Reg No-101048W

SUNETRA GANESAN \_\_\_\_\_ Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_

PRAKASH KARUNAKARAN \_\_\_\_\_

SANDEEP KADAKIA \_\_\_\_\_

Directors

**Janak Mehta**

Partner

Membership No-116976

Mumbai, 22nd April, 2016

Mumbai, 22nd April, 2016



**VOLKART FLEMING SHIPPING & SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016**

	Year ended 31st Mar, 2016 Rs.	Year ended 31st Mar, 2015 Rs.
<b>Profit / (Loss) before tax</b>	<b>55,29,058</b>	<b>41,40,219</b>
<b>Adjustments for -</b>		
Depreciation and amortisation expense	3,113	52,161
Interest on long-term investments - other than trade	(3,089)	(3,089)
Finance Costs	6,72,000	13,59,732
Provision for Wealth Tax	-	1,25,000
	<b>6,72,024</b>	<b>15,33,804</b>
<b>Operating profit / (loss) before working capital changes</b>	<b>62,01,082</b>	<b>56,74,023</b>
Adjustments for changes in working capital:		
Increase / (decrease) in trade payables	(1,84,500)	(4,37,165)
Increase / (decrease) in Other long-term liabilities	-	4,00,000
Increase / (decrease) in short-term provisions	(1,20,000)	(1,60,239)
Increase / (decrease) in other current liabilities	13,19,039	5,85,259
Decrease / (increase) in long-term loans and advances	1,75,04,680	8,86,416
Decrease / (increase) in short-term loans and advances	(12,711)	29,435
	<b>1,85,06,508</b>	<b>13,03,706</b>
<b>Cash generated from / (used in) operations</b>	<b>2,47,07,590</b>	<b>69,77,729</b>
Income taxes paid (net of refunds)	<b>(16,10,283)</b>	<b>67,91,957</b>
<b>(a) Net cash generated from / (used in) operating activities</b>	<b>2,30,97,307</b>	<b>1,37,69,686</b>
<b>Cash flows from investing activities:</b>		
Interest received	3,933	4,634
<b>(b) Net cash generated from / (used in) investing activities</b>	<b>3,933</b>	<b>4,634</b>
<b>Cash flows from financing activities:</b>		
Repayment of short-term borrowings	(65,00,000)	(1,20,00,000)
Interest paid	(6,72,000)	(19,04,008)
<b>(c) Net cash generated from / (used in) financing activities</b>	<b>(71,72,000)</b>	<b>(1,39,04,008)</b>
<b>(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)</b>	<b>1,59,29,240</b>	<b>(1,29,688)</b>
<b>(e) Cash and cash equivalents as at the commencement of the year ( see footnote 2)</b>	<b>10,93,814</b>	<b>12,23,502</b>
<b>(f) Cash and cash equivalents as at the end of the year (d + e) ( see footnote 3)</b>	<b>1,70,23,054</b>	<b>10,93,814</b>

**Footnotes:**

1 Cash-flow statement is prepared in accordance with "Indirect method" as explained in the Accounting Standard on Cash Flow Statements (AS-3).

2 Details of Cash and cash equivalents as at the commencement of the year are as under :-

a) Cash on hand	1,948	4,560
b) Balances with banks- Current Account	10,91,866	12,18,942
	<b>10,93,814</b>	<b>12,23,502</b>

3 Details of Cash and cash equivalents as at the end of the year are as under :-

a) Cash on hand	4,920	1,948
b) Balances with banks- Current Account	1,70,18,134	10,91,866
	<b>1,70,23,054</b>	<b>10,93,814</b>

**The accompanying notes are an integral part of the financial statements**

As per our report of even date

**For Batliboi & Purohit**  
Chartered Accountants  
Firm Reg No-101048W

**Janak Mehta**

Partner  
Membership No-116976  
Mumbai, 22nd April, 2016

SUNETRA GANESAN \_\_\_\_\_ Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_ }  
Directors

PRAKASH KARUNAKARAN \_\_\_\_\_ }

SANDEEP KADAKIA \_\_\_\_\_ }

Mumbai, 22nd April, 2016

**VOLKART FLEMING SHIPPING & SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

**2. Share capital**

**Authorised:**

100,000 (*Previous year: 100,000*) equity shares of Rs. 100 each

**Issued, subscribed and fully paid:**

50,385 (*Previous year: 50,385*) equity shares of Rs. 100 each

**TOTAL**

	As at 31st Mar, 2016 Rs.	As at 31st Mar, 2015 Rs.
	<u>1,00,00,000</u>	<u>1,00,00,000</u>
	50,38,500	50,38,500
	<u>50,38,500</u>	<u>50,38,500</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 Rs 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, if any, 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**

50,385 (*Previous year - 50,385*) equity shares are held by holding company - Forbes & Company Limited

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

Name of Shareholder	31st Mar, 2016		31st Mar, 2015	
	Number of equity shares held	% holding	Number of equity shares held	% holding
Forbes & Company Limited	50,385	100.00	50,385	100.00

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st Mar, 2016 Rs.	As at 31st Mar, 2015 Rs.
<b>3. Reserves and surplus</b>		
<b>(a) Capital Redemption Reserve</b>		
Balance as per last balance sheet	29,61,500	29,61,500
<b>(b) General reserve:</b>		
Balance as per last balance sheet	70,04,807	70,04,807
<b>(c) Surplus / (deficit) in the statement of profit and loss:</b>		
Balance as per last balance sheet	2,65,29,577	2,35,14,358
Add: Profit for the year	43,14,058	30,15,219
	<b>3,08,43,635</b>	<b>2,65,29,577</b>
<b>TOTAL</b>	<b>4,08,09,942</b>	<b>3,64,95,884</b>

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	<b>As at 31st Mar, 2016 Rs.</b>	<i>As at 31st Mar, 2015 Rs.</i>
<b>4. Other Long Term Liabilities</b>		
Security Deposits	22,99,840	22,99,840
<b>TOTAL</b>	<b>22,99,840</b>	<b>22,99,840</b>

### 5. Short-term borrowings

#### Unsecured borrowings:

'Loans from related parties - Repayable on demand	-	65,00,000
<b>TOTAL</b>	<b>-</b>	<b>65,00,000</b>

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	<b>As at 31st Mar, 2016 Rs.</b>	<i>As at 31st Mar, 2015 Rs.</i>
<b>6. Other current liabilities</b>		
(a) Income received in advance	4,66,666	4,66,666
(b) Payables to statutory authorities	82,579	12,529
(c) Others	14,66,604	2,17,615
<b>TOTAL</b>	<b>20,15,849</b>	<b>6,96,810</b>

### 7. Short-term provisions

Others:

(i) Tax provisions less payments (other than deferred tax)	94,74,947	84,93,447
(ii) Provisions for wealth tax less payments	38,015	1,58,015
<b>TOTAL</b>	<b>95,12,962</b>	<b>86,51,462</b>

**VOLKART FLEMING SHIPPING & SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

**8. Fixed assets**

Description of Assets	GROSS BLOCK (at cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31st Mar, 2015	Additions during the year	Deductions during the year	As at 31st Mar, 2016	Upto 31st March, 2015	For the year on assets	On deduction during the year	Upto 31st Mar, 2016	As at 31st Mar, 2016	As at 31st Mar, 2015
<b>A. Tangible assets</b>										
1 Buildings	1,39,21,529	-	-	1,39,21,529	1,39,18,416	3,113	-	1,39,21,529	-	3,113
2 Office Equipments	53,363			53,363	53,363	-		53,363	-	-
	<b>1,39,74,892</b>	-	-	<b>1,39,74,892</b>	<b>1,39,71,779</b>	3,113	-	<b>1,39,74,892</b>	-	<b>3,113</b>
<i>Previous Year</i>	<i>1,39,74,892</i>	<i>-</i>	<i>-</i>	<i>1,39,74,892</i>	<i>1,39,19,618</i>	<i>52,161</i>	<i>-</i>	<i>1,39,71,779</i>	<i>3,113</i>	

**VOLKART FLEMING SHIPPING & SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

	<b>As at 31st Mar, 2016 Rs.</b>	<b>As at 31st Mar, 2015 Rs.</b>
<b>9. Non - current investments</b>		
<b>Other than trade investments [Long-term - unquoted (fully paid) (valued at cost unless stated otherwise)]</b>		
<b>In equity shares</b>		
<b>In Other entities</b>		
1125 ( <i>Previous year: 1125</i> ) equity shares of Rs. 10 each in Carmel Properties Pvt. Ltd.	2,500	2,500
<b>In debentures in other entities</b>		
3089 ( <i>Previous year: 3089</i> ) irredeemable debentures of Rs 100 each in Carmel Properties Pvt. Ltd.	3,88,951	3,88,951
<b>TOTAL</b>	<b>3,91,451</b>	<b>3,91,451</b>
<b>Footnotes:</b>		
1. Aggregate amount of unquoted investments	<b>3,91,451</b>	<b>3,91,451</b>

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As at 31st Mar, 2016 Rs.	As at 31st Mar, 2015 Rs.
<b>10. Long-term loans and advances</b>		
(unsecured, considered good unless otherwise stated)		
(a) Security deposits		
(i) Unsecured, considered good	1,52,75,786	3,27,75,786
(ii) Doubtful	-	-
	<u>1,52,75,786</u>	<u>3,27,75,786</u>
Less: Provision for doubtful deposits	-	-
	<b><u>1,52,75,786</u></b>	<b><u>3,27,75,786</u></b>
(b) Taxes paid less provision (other than deferred tax)	2,69,08,382	2,55,31,599
(c) Advance wealth tax (net of provisions)	1,07,520	1,07,520
(d) Balances with statutory / government authorities		
(i) Unsecured, considered good	-	4,680
(ii) Doubtful	-	-
	<u>-</u>	<u>4,680</u>
Less: Provision for doubtful balances	-	-
	<u>-</u>	<u>4,680</u>
<b>TOTAL</b>	<b><u>4,22,91,688</u></b>	<b><u>5,84,19,585</u></b>



# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	<b>As at 31st Mar, 2016 Rs.</b>	<b>As at 31st Mar, 2015 Rs.</b>
<b>11. Cash and cash equivalents</b>		
1. Balances with banks:		
(i) In current accounts	1,70,18,134	10,91,866
2. Cash on hand	4,920	1,948
<b>TOTAL</b>	<b>1,70,23,054</b>	<b>10,93,814</b>
<b>12. Short-term loans and advances</b>		
(a) Prepaid expenses	12,710	-
<b>TOTAL</b>	<b>12,710</b>	<b>-</b>
<b>13. Other current assets</b>		
(a) Interest accrued on investments in Debentures	1,781	2,625
<b>TOTAL</b>	<b>1,781</b>	<b>2,625</b>

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	Year ended 31st Mar, 2016 Rs.	Year ended 31st Mar, 2015 Rs.
<b>14. Revenue from operations</b>		
(a) Service Charges		
(i) Professional Services	99,00,000	81,00,000
(b) Other operating revenues:		
(i) Rent and amenity charges	82,98,166	65,02,296
<b>TOTAL</b>	<b>1,81,98,166</b>	<b>1,46,02,296</b>
<b>15. Other income</b>		
(a) Interest		
(i) on long-term investments	3,089	3,089
(ii) on Income Tax refund	-	16,35,141
<b>TOTAL</b>	<b>3,089</b>	<b>16,38,230</b>

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	Year ended 31st Mar, 2016 Rs.	Year ended 31st Mar, 2015 Rs.
<b>16. Employee benefits expense</b>		
(a) Salaries and wages	80,76,835	73,49,203
(b) Staff welfare expense	16,810	20,311
<b>TOTAL</b>	<b>80,93,645</b>	<b>73,69,514</b>
<b>17. Finance costs</b>		
(a) Interest expense on:		
i) borrowings	6,72,000	13,04,878
ii) payment of income tax	-	54,854
<b>TOTAL</b>	<b>6,72,000</b>	<b>13,59,732</b>

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	Year ended 31st Mar, 2016 Rs.	Year ended 31st Mar, 2015 Rs.
<b>18. Depreciation and amortisation expense</b>		
(a) Depreciation of tangible assets	3,113	52,161
<b>TOTAL</b>	<b>3,113</b>	<b>52,161</b>
<b>19. Other expenses</b>		
(a) Repairs to		
(ii) Buildings	4,44,791	6,53,525
(iii) Others	70,858	76,961
	<b>5,15,649</b>	<b>7,30,486</b>
(b) Rent	1,28,880	1,26,380
(c) Rates and taxes	10,61,496	11,33,629
(d) Electricity Charges	3,52,723	3,03,446
(e) Brokerage, commission, discount and other selling expenses	-	1,20,667
(f) Legal and professional charges	9,67,050	4,32,999
(g) Communication	74,784	74,785
(h) Travelling and conveyance	38,431	45,061
(i) Payments to the auditor (excluding service tax):		
(i) Statutory Audit fees	30,000	30,000
(ii) For Tax Audit fees	15,000	15,000
(iii) For other services	20,703	20,000
(iv) For reimbursement of expenses	1,150	600
	<b>66,853</b>	<b>65,600</b>
(j) Miscellaneous expenses	6,97,573	2,85,847
<b>TOTAL</b>	<b>39,03,439</b>	<b>33,18,900</b>

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

### 20 Contingent liabilities are as follows :-

- A. Legal matter :- (i) An eviction suit against the company, as a tenant and a claim for mense profit. The claim amount is not ascertainable.  
(ii) Other legal matter Rs. 11,00,000/- (Previous Year Rs. 11,00,000/-)
- B. Income Tax matters in dispute under appeal Rs. 27,67,678/- (Previous Year Rs. 27,67,678/- )

### 21 COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES

Nature of Timing Difference	Deferred Tax (Liability) / Assets as at 31/03/2016	Deferred Tax (Liability) / Assets as at 31/03/2015
Depreciation	-	-
Items under section 43B	-	-
<b>T O T A L</b>	-	-

### 22 BREAKUP OF EARNING PER SHARE

Sr. No.	Particulars	As on 31/03/2016	As on 31/03/2015
(a)	Net Profit / (Loss) Attributable to Equity Shareholders	<b>43,14,058</b>	30,15,219
(b)	Weighted Average Number of Equity Shares outstanding during the period (Face Value - Rs.100/- per Share)	<b>50,385</b>	50,385
(c)	Earning Per Share	<b>85.62</b>	59.84

The Company has not issued any potential dilutive equity shares.

### 23 RELATED PARTY TRANSACTIONS

Names of related parties and nature of related party relationship as on 31.3.2016

#### (A) Holding Company / Ultimate Holding Company

- 1 Shapoorji Pallonji And Company Private Limited (Ultimate Holding Company)
- 2 Forbes & Company Limited ( Holding Company)

#### (B) Fellow subsidiary (With which there are transactions during the year)

- 1 Shapoorji Pallonji Investment Advisors Pvt Ltd
- 2 Shapoorji Pallonji Forbes Shipping Limited (Formerly known as SCI Forbes Limited)
- 3 Forbes Campbell Services Ltd.
- 4 Forbes Campbell Finance Ltd.
- 5 Forbes Facility Services Pvt. Ltd.

**VOLKART FLEMING SHIPPING & SERVICES LIMITED**
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**
**23. Related party disclosures (contd.)**
**(b) Details of related party transactions during the year ended 31st March, 2016 and balances outstanding as at 31st March, 2016:**

	Nature of Transaction	A		B					Parties in B above	Total
		Forbes & Company Ltd.	Parties in A above	Shapoorji Pallonji Advisors Pvt Ltd.	Forbes Campbell Finance Ltd.	Forbes Campbell Services Ltd.	Shapoorji Pallonji Forbes Shipping Limited	Forbes Facility Services Pvt. Ltd.		
1	<b>Nature of Transaction</b> Sales / Services Services Rendered	99,00,000 <i>81,00,000</i>	<b>99,00,000</b> <i>81,00,000</i>	- -					- -	<b>99,00,000</b> <i>81,00,000</i>
2	<b>Expenses</b> Interest Paid	6,72,000 <i>13,04,878</i>	<b>6,72,000</b> <i>13,04,878</i>	- -					- -	<b>6,72,000</b> <i>13,04,878</i>
3	Housekeeping Charges	- -	- -	- -				1,66,861 -	<b>1,66,861</b> -	<b>1,66,861</b> -
4	Miscellaneous expenses	12 <i>12</i>	<b>12</b> <i>12</i>	- -		4,20,000 -		- -	<b>4,20,000</b> -	<b>4,20,012</b> <i>12</i>
5	<b>Income</b> Rent and Other Service Charges	4,80,000 <i>4,80,000</i> -	<b>4,80,000</b> <i>4,80,000</i> -	14,00,258 <i>8,40,000</i> -			6,48,276 <i>6,48,276</i>		<b>20,48,534</b> <i>14,88,276</i> -	<b>25,28,534</b> <i>19,68,276</i> -
6	<b>Other Reimbursements</b>	80,76,835 <i>73,70,740</i>	<b>80,76,835</b> <i>73,70,740</i>	- -	7,209 <i>(23,140)</i>	- <i>(43,058)</i>			- <i>(66,198)</i>	<b>80,76,835</b> <i>73,04,542</i>
7	<b>Finance</b> Repayment of Deposits Taken	65,00,000 <i>1,20,00,000</i>	<b>65,00,000</b> <i>1,20,00,000</i>	- -					- -	<b>65,00,000</b> <i>1,20,00,000</i>
8	<b>Outstandings</b> Trade Payables	- <i>1,68,080</i>	- <i>1,68,080</i>	- -					- -	- <i>1,68,080</i>
9	Deposits Payable	- <i>65,00,000</i>	- <i>65,00,000</i>	- -					- -	- <i>65,00,000</i>
		-	-	-					-	-

**Footnote:**

Figures in italics are in respect of the previous year.

**VOLKART FLEMING SHIPPING & SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

**24. Segment reporting**

The Company has identified business segments as "Professional services" and "Real estate".

Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

**Information about primary business segments for the year:**

Particulars	Professional Services		Real Estate		Total	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
External segment revenue	99,00,000	81,00,000	83,01,255	65,05,385	1,82,01,255	1,46,05,385
Add: Inter segment revenue	-	-	-	-	-	-
<b>Revenue from operations</b>	<b>99,00,000</b>	<b>81,00,000</b>	<b>83,01,255</b>	<b>65,05,385</b>	<b>1,82,01,255</b>	<b>1,46,05,385</b>
<b>Segment Results - Profit / (Loss)</b>	<b>6,24,867</b>	<b>(27,148)</b>	<b>56,60,704</b>	<b>43,98,638</b>	<b>62,85,571</b>	<b>43,71,490</b>
Add: Unallocated income					-	16,35,141
Less: Unallocated expenses					(84,513)	(5,06,679)
<b>Profit / (Loss) before tax and finance costs</b>					<b>62,01,058</b>	<b>54,99,951</b>
Less: Finance costs					(6,72,000)	(13,59,732)
<b>Profit / (Loss) before tax</b>					<b>55,29,058</b>	<b>41,40,219</b>
<b>Provision for taxation:</b>						
Current tax expense					(12,15,000)	(11,25,000)
Deferred tax					-	-
<b>Profit / (Loss) after tax</b>					<b>43,14,058</b>	<b>30,15,219</b>
<b>Capital employed</b>						
<b>Segment assets</b>	<b>21,940</b>	-	<b>1,57,67,308</b>	<b>3,32,80,495</b>	<b>1,57,89,248</b>	<b>3,32,80,495</b>
Unallocated corporate assets					4,39,31,436	2,66,30,093
<b>Total assets</b>	<b>21,940</b>	-	<b>1,57,67,308</b>	<b>3,32,80,495</b>	<b>5,97,20,684</b>	<b>5,99,10,588</b>
<b>Segment liabilities</b>	<b>(1,19,677)</b>	<b>(2,01,670)</b>	<b>(42,29,493)</b>	<b>(31,28,058)</b>	<b>(43,49,170)</b>	<b>(33,29,728)</b>
Unallocated corporate liabilities					(95,23,072)	(1,50,46,476)
<b>Total liabilities</b>	<b>(1,19,677)</b>	<b>(2,01,670)</b>	<b>(42,29,493)</b>	<b>(31,28,058)</b>	<b>(1,38,72,242)</b>	<b>(1,83,76,204)</b>
<b>Capital employed</b>	<b>(97,737)</b>	<b>(2,01,670)</b>	<b>1,15,37,815</b>	<b>3,01,52,437</b>	<b>4,58,48,442</b>	<b>4,15,34,384</b>
<b>Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress</b>					-	-
Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress					-	-
<b>Total capital expenditure</b>						
<b>Segment depreciation / amortisation</b>	-	-	<b>3,113</b>	<b>52,161</b>	<b>3,113</b>	<b>52,161</b>
Unallocated corporate depreciation / amortisation					-	-
<b>Total depreciation / amortisation</b>					<b>3,113</b>	<b>52,161</b>
<b>Non-cash segment expenses other than depreciation</b>			-	<b>1,25,000</b>	-	<b>1,25,000</b>
Unallocated non-cash expenses other than depreciation					-	-
<b>Total non-cash expenses other than depreciation</b>					-	<b>1,25,000</b>

**VOLKART FLEMING SHIPPING & SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

**25 LEASE ACCOUNTING**

- (a) The company has taken certain office premises on operating lease basis(cancellable). Lease payments in respect of such leases recognised in profit & Loss account Rs 1.29 Lacs (*previous year Rs 1.29 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) Operating Lease: Company as lessor
- (i) The company has given certain office / residential premises on operating lease basis, the details of which are as follows:

Class of Asset	As at 31.03.2016	As at 31.03.2015
Gross carrying Amount	<b>1,39,74,892</b>	1,39,74,892
Accumulated Depreciation	<b>1,39,74,892</b>	1,39,71,779
Depreciation for the year	<b>3,113</b>	52,161

- (ii) The company has entered into non cancellable operating lease arrangement. The details of the premises leased are as follows:

	Buildings	
	As at 31st March, 2016 Rs.	As at 31st March, 2015 Rs.
<b>Non - Current Investments</b>		
1125 Equity shares of Rs. 10 each in Carmel Properties Pvt. Ltd.	<b>2,500</b>	2,500
3089 irredeemable debentures of Rs. 100 each in Carmel Properties Pvt. Ltd.	<b>3,88,951</b>	3,88,951
	<b>3,91,451</b>	3,91,451

Future minimum lease receivable under non-cancellable operating leases is as follow:

Period	As at 31st March, 2016 Rs.	As at 31st March, 2015 Rs.
Not later than one year	<b>14,00,000</b>	14,00,000
Later than one year but not later than five years	<b>9,33,333</b>	23,33,333
Later than five years	-	-
<b>TOTAL</b>	<b>23,33,333</b>	37,33,333

**26 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.

**27** Previous year's figures have been regrouped wherever necessary.

As per our report of even date  
**For Batliboi & Purohit**  
*Chartered Accountants*  
 Firm Reg No-101048W

SUNETRA GANESAN \_\_\_\_\_

*Chairperson*

SHRIKRISHNA BHAVE \_\_\_\_\_

Directors

PRAKASH KARUNAKARAN \_\_\_\_\_

**Janak Mehta**  
*Partner*  
 Membership No-116976  
 Mumbai, 22nd April, 2016

SANDEEP KADAKIA \_\_\_\_\_

Mumbai, 22nd April, 2016



# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES :-

#### a) Basis of Accounting

The Financial Statements are prepared under historical cost convention, consistently on accrual basis and are in accordance with the requirements of the Companies Act, 2013 and comply with Accounting Standards referred to in Section 133 of the said Act, read with rule 7 of the Companies (Accounts) Rule, 2014.

#### b) Use of Estimates

The presentation of 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, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

#### c) Fixed Assets

Fixed Assets are stated in the accounts at the purchase price including any attributable cost of bringing the assets to their working condition for their intended use.

#### d) Depreciation

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of Buildings, in whose case the life of the assets has been assessed taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, etc.:-

Asset	At the Estimated useful life of an asset
	Number of Years
<b>Building</b>	<b>20</b>
<b>Office Equipment</b>	<b>5</b>

#### 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.

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016 (contd.)

### f) Investments

The Company has classified its investments into long term investments which are stated at cost less provision for other than temporary diminution in value.

### g) Taxes on Income

- (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) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

### i) Provision, contingent liabilities and contingent assets

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) 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 (Accounts) Rules, 2014.

### k) Cash and Cash Equivalents

Cash and Bank balances and current Investments that have insignificant risk of change in value, which have duration up to three months, are included in the Company's Cash and Cash Equivalents in the Cash Flow Statement.

### l) Revenue Recognition

Income from services is recognised on accrual basis as and when the services are performed.

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016 (contd.)

### m) Lease Accounting

#### Operating Lease :-

Leasing of an asset 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.

### n) Borrowing Costs

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.

### o) Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

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'.