# FORBES & COMPANY LIMITED

FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES
FOR THE YEAR 2016-17

**FORBES & COMPANY LIMITED**

Reports and Accounts of Subsidiary Companies

2016-17

**CONTENTS**

# Aquadiagnostics Water Research & Technology Centre Limited

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

## Financial Statements

For the year ended March 31, 2017

**Independent Auditor's Report**

**To the Members of Aquadiagnostics Water Research & Technology Centre Limited**

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Aquadiagnostics Water Research & Technology Centre Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

**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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

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 Ind AS 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 Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Ind AS financial statements that give at 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 Ind AS 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 Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

(e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 that would have an impact on its financial position in its Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investors Education and Protection Fund by the Company; and

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 31 to the Ind AS financial statements.

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

**Kaushal Mehta**
*Partner*
Membership No: 111749

Place: Mumbai
Date: 27 April 2017

**Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2017, 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 and no material discrepancies were identified on such verification.

(c) The company does not have ownership of any immovable properties.

(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 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 ('the 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 section 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 section 148(1) of the Act, for any of the services rendered by the Company.

(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.

(b) 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, employees' state insurance, service tax, cess and other material statutory dues were in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.

(c) According to information and explanations given to us, there are no dues of provident fund, income tax, sales tax, service tax and value added tax, duty of customs, employee's state insurance, cess and other material statutory dues that have not been deposited by the Company on account of disputes.

(viii) The Company does not have any loans or borrowings from Financial institution, Bank, Government or debenture holders during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(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) 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, 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 Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give 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*
Firm Reg. No.: 101048W

**Kaushal Mehta**
*Partner*
Membership No:111749

Place: Mumbai
Date: 27 April 2017

## 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 2017 in conjunction with our audit of the Ind AS 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 Ind AS 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 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 31 March, 2017, 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*
Firm Reg. No.: 101048W

**Kaushal Mehta**
*Partner*
Membership No: 111749
Place: Mumbai
Date: 27 April 2017

**Aquadiagnostics Water Research & Technology Centre Limited**

**BALANCE SHEET AS AT 31ST MARCH, 2017**

| | | Notes | As at March 31, 2017 ` | ` | As at March 31, 2016 ` | ` | As at April 1, 2015 ` | ` |
|---|---|---|---|---|---|---|---|---|
| | **ASSETS** | | | | | | | |
| | **Non-current Assets** | | | | | | | |
| (a) | Property, plant and equipment | **4** | | 5,958,357 | | 7,519,877 | | 9,197,872 |
| (b) | Financial assets | | | | | | | |
| (i) | Other financial assets | **6** | 750,041 | 750,041 | 738,041 | 738,041 | 738,041 | 738,041 |
| (c) | Tax assets | | | | | | | |
| (i) | Current Tax Asset (Net) | **15** | 1,325,333 | 1,325,333 | 1,299,392 | 1,299,392 | 1,068,746 | 1,068,746 |
| (d) | Other non-current assets | **8** | | - | | - | | - |
| | **Total Non-current Assets** | | | **8,033,731** | | **9,557,310** | | **11,004,659** |
| | **Current Assets** | | | | | | | |
| (a) | Financial assets | | | | | | | |
| (i) | Trade receivables | **5** | 4,039,644 | | 3,241,936 | | 1,898,008 | |
| (ii) | Cash and cash equivalents | **7** | 2,452,429 | 6,492,073 | 1,056,457 | 4,298,393 | 379,027 | 2,277,035 |
| (b) | Other current assets | **8** | | 187,950 | | 817,106 | | 243,510 |
| | | | | 6,680,023 | | 5,115,499 | | 2,520,545 |
| | **Total Current Assets** | | | **6,680,023** | | **5,115,499** | | **2,520,545** |
| | **Total Assets** | | | **14,713,754** | | **14,672,809** | | **13,525,204** |
| | **EQUITY AND LIABILITIES** | | | | | | | |
| | **Equity** | | | | | | | |
| (a) | Equity share capital | **9** | 30,000,000 | | 30,000,000 | | 30,000,000 | |
| (b) | Other Equity | **10** | (16,100,798) | | (16,703,206) | | (17,516,606) | |
| | Equity attributable to owners of the Company | | | 13,899,202 | | 13,296,794 | | 12,483,394 |
| | **Total Equity** | | | **13,899,202** | | **13,296,794** | | **12,483,394** |
| | **Liabilities** | | | | | | | |
| | **Non-current Liabilities** | | | | | | | |
| (a) | Provisions | **12** | | 190,431 | | 145,446 | | - |
| | **Total Non-current Liabilities** | | | **190,431** | | **145,446** | | **-** |
| | **Current liabilities** | | | | | | | |

**Aquadiagnostics Water Research & Technology Centre Limited**

**BALANCE SHEET AS AT 31ST MARCH, 2017**

| | | Notes | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|---|---|
| | | | ` | ` | ` | ` | ` | ` |
| | **ASSETS** | | | | | | | |
| (a) | Financial liabilities | | | | | | | |
| (i) | Trade and other payables | **14** | - | | 561,517 | | 74,687 | |
| (ii) | Other financial liabilities | **11** | 308,200 | 308,200 | 451,152 | 1,012,669 | 311,692 | 386,379 |
| (b) | Provisions | **12** | | 5,429 | | 4,940 | | - |
| (c) | Other current liabilities | **13** | | 310,492 | | 212,960 | | 655,431 |
| | | | | 624,121 | | 1,230,569 | | 1,041,810 |
| | **Total Current Liabilities** | | | **624,121** | | **1,230,569** | | **1,041,810** |
| | **Total Liabilities** | | | **814,552** | | **1,376,015** | | **1,041,810** |
| | **Total Equity and Liabilities** | | | **14,713,754** | | **14,672,809** | | **13,525,204** |
| Significant accounting policies | | **3** | | - | | - | | - |

*For* and on behalf of the Board of Directors.

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

As per our report of even date

P. J. Reddy — Chairman

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

Dr. Venkatesh Tuppil — Director

***Kaushal Mehta***
*Partner*
*Membership No. 111749*

Place: Bangalore
Date: 27th April 2017

**Aquadiagnostics Water Research & Technology Centre Limited**

**Statement of Profit and Loss for the year ended 31st March, 2017**

| | | Notes | Year 2016-17 ` | Year 2015-16 ` |
|---|---|---|---|---|
| I | **Income** | | | |
| | Revenue from Operations | **16** | 14,571,669 | 13,657,547 |
| | Other income and other gains / (losses) | **17** | (23,411) | 32,109 |
| | **Total Income** | | **14,548,258** | **13,689,656** |
| II | **Expenses** | | | |
| | Purchases of stock-in-trade | **18** | 531,588 | 2,572,360 |
| | Employee benefits expense | **19** | 3,378,865 | 2,960,726 |
| | Finance costs | **20** | - | - |
| | Depreciation and amortisation expense | **21** | 1,842,258 | 1,813,927 |
| | Other expenses | **22** | 8,193,139 | 5,529,243 |
| | **Total expenses** | | **13,945,850** | **12,876,256** |
| III | **Profit before exceptional items and tax** | | **602,408** | **813,400** |
| | Add/ (Less) : Exceptional items | | - | - |
| IV | **Profit before tax** | | **602,408** | **813,400** |
| | Less: Tax expense | | | |
| (1) | Current tax | | - | - |
| (2) | Deferred tax | | - | - |
| | | | **-** | **-** |
| V | **Profit for the year** | | **602,408** | **813,400** |
| VI | **Other Comprehensive Income** | | | |
| A | Items that will not be reclassified to profit or loss | | | |
| (a) | Remeasurements gains/ (Losses) of the defined benefit plans | | **-** | **-** |
| (b) | Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| | | | **-** | **-** |
| B | Items that may be reclassified to profit or loss | | | |
| (a) | Income tax relating to items that may be reclassified to profit or loss | | - | - |
| | | | **-** | **-** |
| | **Total other comprehensive income (A + B)** | | **-** | **-** |
| | **Total comprehensive income for the period (V+VI)** | | **602,408** | **813,400** |
| | Profit for the year attributable to: | | | |
| | - Owners of the Company | | 602,408 | 813,400 |
| | | | 602,408 | 813,400 |
| | Other comprehensive income for the year attributable to: | | | |
| | - Owners of the Company | | - | - |
| | | | - | - |
| | Total comprehensive income for the year attributable to: | | | |
| | - Owners of the Company | | 602,408 | 813,400 |
| | | | 602,408 | 813,400 |

**Statement of Profit and Loss for the year ended 31st March, 2017**

| | Notes | Year 2016-17 ` | Year 2015-16 ` |
|---|---|---|---|
| Earnings per equity share | | | |
| (1) Basic (in Rs.) | 30 | 0.20 | 0.27 |
| (2) Diluted (in Rs.) | | 0.20 | 0.27 |

Significant accounting policies **3**

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

*For* and on behalf of the Board of Directors.

As per our report of even date

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

P. J. Reddy — Chairman

Dr. Venkatesh Tuppil — Director

***Kaushal Mehta***
*Partner*
*Membership No. 111749*

Place: Bangalore
Date: 27th April 2017

## 1. Reporting entity

Aquadiagnostics Water Research & Technology Limited (the 'Company') is a Company domiciled in India, with its registered office situated at No.-143, C-4, Bommasandra industrial Area, Off. Hosur Road, Anekal Taluk, Bangalore - 560099. The Company is a 100% subsidiary of Aquamall Water Solutions Limited, a Company incorporated under the Companies Act, 1956. The Company is primarily involved in water testing, water purifying testing activities.

The testing facility of the Company is located at No.-57, Omshakthi Complex 1$^{st}$ Floor , GB Palya, Hosur Main Road, Bangalore - 560068

## 2. Basis of preparation

### a. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 39.

The financial statements were authorised for issue by the Company's Board of Directors on 27$^{th}$ April 2017.

Details of the Company's accounting policies are included in Note 3.

### b. Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency.

### c. Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities and defined benefit plan assets measured at fair value.

## d. Use of estimates and judgements

In preparing these financial statements, management has made 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 prospectively.

***Judgements***

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3(c)(iv) and 4 – useful life of Property, plant and equipment
- Note 3(e) and 19 – employee benefit plans
- Note 3(f) and 24 – provisions and contingent liabilities
- Note 3(J) – Income taxes
- Note 3(h) and 28 – Lease classification

***Assumptions and estimation uncertainties***

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2017 is included in the following notes:

-recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

-Note 24 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

## e. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes the management that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors.

The finance team regularly reviews significant unobservable inputs and valuation adjustments.

Significant valuation issues are reported to the Company's Board of Directors.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following note:
- Note 34 – financial instruments.

## 3. Significant accounting polices

### a. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the equity investments which are recognised at fair value through OCI (FVOCI).

### b. Financial instruments

#### i. *Recognition and initial measurement*

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

### ii. ***Classification and subsequent measurement***

*Financial assets*

On initial recognition, a financial asset is classified as measured at amortised cost, Fair Value through profit & loss or Fair value other comprehensive income.

*Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held‐ for‐ trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. The Company does not have any fixed liabilities under the category of FVTPL.

### iii. ***Derrecogniton***

*Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

*Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### iv. *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### c. Property, plant and equipment

#### *i. Recognition and measurement*

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

#### *ii. Transition to Ind AS*

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (see Note 35).

### *iii. Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

### *iv. Depreciation*

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is recognised in the statement of profit and loss.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

| **Asset** | **Estimated Useful Life** |
|---|---|
| Plant and machinery (including moulds) | 15 Years |
| Lab equipments | 10 Years |
| Furniture and fixtures | 10 Years |
| Computers | 3 Years |
| Computer server | 6 Years |
| Vehicles- Motor car | 5 Years |
| Electric fittings | 10 Years |

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on internal assessment and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed off).

## d. Impairment

### *i. Impairment of financial instruments*

The Company recognises loss allowances for expected credit loss on:

-financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. The Company follows 'simplified approach' for recognition of impairment loss allowance for trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

***ii. Impairment of non-financial assets***

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a *pro rata* basis.

An impairment loss in respect of assets other than goodwill for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**e. Employee benefits**

i. ***Short-term employee benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

***ii. Defined benefit plans***

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service (‘past service cost’ or ‘past service gain’) or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### *iii. Other long-term employee benefits*

The Company’s net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

## f. Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assumptions of the time value of money and the risks specific to the liability. The unwinding of discount is recognized as finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

## g. Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This *inter alia* involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

### h. Leases

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Company's Balance Sheet.

Payments made under operating leases are generally recognized in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### i. Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

### j. Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

#### *i. Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

***ii. Deferred tax***

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable Company, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

**k. Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjusting for the effects of all potential dilutive ordinary shares.

**Aquadiagnostics Water Research & Technology Centre Limited**

Cash Flow Statement for the year ended 31st March, 2017

| | | Notes | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|---|
| A | **Cash flows from operating activities** | | | |
| | Profit before tax | | 602,408 | 813,400 |
| | Adjustments for: | | | |
| | Finance costs recognised in profit or loss | | - | - |
| | Write-off on advances and other Non current financial assets | | 61,758 | 48,206 |
| | Depreciation and amortisation of non-current assets | | 1,842,258 | 1,813,927 |
| | Net foreign exchange (gain)/loss - unrealised | | 2,467 | (4,467) |
| | | | **2,508,891** | **2,671,066** |
| | Movements in assets & liabilities: | | | |
| | (Increase)/decrease in trade and other receivables | | (806,032) | (1,387,610) |
| | (Increase)/decrease in current financial assets - loans and advances | | - | - |
| | (Increase)/decrease in non current financial assets - loans and advances | | - | - |
| | (Increase)/decrease in current Other Assets | | 629,156 | (573,596) |
| | (Increase)/decrease in non current Other Financial Assets | | (73,758) | - |
| | Increase/ (Decrease) in trade and other payables | | (561,517) | 486,830 |
| | Increase/(Decrease) in provisions | | 45,474 | 150,386 |
| | Increase/(Decrease) in other liabilities | | (39,563) | (303,068) |
| | | | (806,240) | (1,627,058) |
| | Cash generated from operations | | **1,702,651** | **1,044,008** |
| | Income taxes paid | | (25,941) | (230,646) |
| | **Net cash generated by operating activities** | | **1,676,710** | **813,362** |
| B | **Cash flows from investing activities** | | | |
| | Payments for property, plant and equipment | | (280,738) | (135,932) |
| | ICD repaid back | | | |
| | **Net cash (used in)/generated by investing activities** | | (280,738) | (135,932) |

**Aquadiagnostics Water Research & Technology Centre Limited**

Cash Flow Statement for the year ended 31st March, 2017

| | | Notes | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|---|
| | | | ` | ` |
| C | **Cash flows from financing activities** | | | |
| | Proceeds from issue of equity instruments of the Company | | - | - |
| | Interest paid | | - | - |
| | **Net cash used in financing activities** | | - | - |
| | **Net increase in cash and cash equivalents (A+B+C)** | | 1,395,972 | 677,430 |
| | Cash and cash equivalents at the beginning of the year | | 1,056,457 | 379,027 |
| | **Cash and cash equivalents at the end of the year** | | **2,452,429** | **1,056,457** |
| | | | - | - |

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*
ICAI Firm Regn No.101048W

P. J. Reddy Chairman

***Kaushal Mehta***
*Partner*
*Membership No. 111749*

Dr. Venkatesh Tuppil Director

Place: Bangalore
Date: 27th April 2017

**Aquadiagnostics Water Research & Technology Centre Limited**

Statement of changes in equity for the year ended March 31, 2017

| a. Equity share capital | Amount (`) |
|---|---|
| **Balance at April 1, 2015** | 30,000,000 |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2016** | **30,000,000** |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2017** | **30,000,000** |

b. Other Equity

| | **Attributable to owners of the parent** | | | | | |
|---|---|---|---|---|---|---|
| | **Reserves and surplus** | | | **Items of Other Comprehensive Income** | | **Total Other Equity** |
| | **General reserve** | **Retained earnings** | **Total** | **Other items of other comprehensive income- Remeasurement of defined benefit** | **Total** | |
| | ` | ` | ` | ` | ` | ` |
| **Balance at 1st April 2015** | **-** | **(17,516,606)** | **(17,516,606)** | **-** | **-** | **(17,516,606)** |
| Ind AS Transition Reserves | - | - | **-** | **-** | **-** | - |
| Profit for the year | | 813,400 | **813,400** | | - | 813,400 |
| Other comprehensive income for the year, net of income tax | | | **-** | - | - | - |
| **Total comprehensive income for the year** | **-** | **813,400** | **813,400** | **-** | **-** | **813,400** |
| Payment of dividends | - | - | **-** | | | - |
| Income tax relating to transactions with owners | - | - | **-** | | | - |
| **Balance at March 31, 2016** | **-** | **(16,703,206)** | **(16,703,206)** | **-** | **-** | **(16,703,206)** |
| Profit for the year | - | 602,408 | 602,408 | | - | 602,408 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - |
| **Total comprehensive income for the year** | **-** | **602,408** | **602,408** | **-** | **-** | **602,408** |
| Payment of dividends | - | - | - | - | - | - |
| Income tax relating to transactions with owners | - | - | - | - | - | - |
| Transfer to retained earnings | - | - | - | - | - | - |
| **Balance at March 31, 2017** | **-** | **(16,100,798)** | **(16,100,798)** | **-** | **-** | **(16,100,798)** |

-

*For* and on behalf of the Board of Directors.

As per our report of even date

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

P. J. Reddy — Chairman

Dr. Venkatesh Tuppil — Director

***Kaushal Mehta***
*Partner*
*Membership No. 111749*

Place: Bangalore
Date: 27th April 2017

**Aquadiagnostics Water Research & Technology Centre Limited**

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**4. Property, plant and equipment**

| **Cost or deemed cost** | **Laboratory Equipment** | **Furniture and fixtures** | **Computers** | **Total** |
|---|---|---|---|---|
| | ` | ` | ` | ` |
| As at 1st Apr 2015 | 12,978,408 | 780,969 | 61,500 | 13,820,877 |
| Additions | 133,278 | - | 2,654 | 135,932 |
| Disposals | - | - | - | - |
| As at 31 March 2016 | 13,111,686 | 780,969 | 64,154 | 13,956,809 |
| Additions | 213,988 | - | 66,750 | 280,738 |
| Disposals | - | - | - | - |
| As at 31 March 2017 | 13,325,674 | 780,969 | 130,904 | 14,237,547 |

| **Accumulated depreciation** | **Laboratory Equipment** | **Furniture and fixtures** | **Computers** | **Total** |
|---|---|---|---|---|
| | ` | ` | ` | ` |
| As at 1st April 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 |
| Disposals | - | - | - | - |
| As at 31 March 2016 | 5,843,793 | 539,009 | 54,130 | 6,436,932 |
| Charge for the year | 1,735,406 | 89,006 | 17,846 | 1,842,258 |
| Disposals | - | - | - | - |
| As at 31 March 2017 | 7,579,199 | 628,015 | 71,976 | 8,279,190 |

| **Carrying Amount** | | | | |
|---|---|---|---|---|
| As at 1st April 2015 | 8,851,545 | 330,966 | 15,360 | 9,197,872 |
| As at 31 March 2016 | 7,267,892 | 241,960 | 10,024 | 7,519,877 |
| As at 31 March 2017 | 5,746,475 | 152,954 | 58,928 | 5,958,357 |

### 5. Trade receivables

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 ` | As at March 31, 2016 ` | As at April 1, 2015 ` | As at March 31, 2017 ` | As at March 31, 2016 ` | As at April 1, 2015 ` |
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment | | | | | | |
| Secured, considered good | | | | | | |
| Unsecured, considered good | - | - | - | 311,543 | 306,123 | 298,877 |
| Less: Allowance for doubtful debts | - | - | - | - | - | - |
| **Total (A)** | - | - | - | 311,543 | 306,123 | 298,877 |
| Trade receivables - Others | | | | | | |
| Secured, considered good | | | | - | - | - |
| Unsecured, considered good | - | - | - | 1,775,969 | 1,424,730 | 1,173,352 |
| Unsecured, Debts due from related parties | - | - | - | 1,952,132 | 1,511,083 | 425,779 |
| Less: Allowance for doubtful debts | - | - | - | - | - | - |
| **Total (B)** | - | - | - | 3,728,101 | 2,935,813 | 1,599,131 |
| **Total (A+B)** | - | - | - | 4,039,644 | 3,241,936 | 1,898,008 |

### 6. Other financial assets

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 ` | As at March 31, 2016 ` | As at April 1, 2015 ` | As at March 31, 2017 ` | As at March 31, 2016 ` | As at April 1, 2015 ` |
| Security deposits - unsecured considered good | 750,041 | 738,041 | 738,041 | - | - | - |
| | 750,041 | 738,041 | 738,041 | - | - | - |

### 7. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

| Particulars | As at March 31, 2017 ` | As at March 31, 2016 ` | As at April 1, 2015 ` |
|---|---|---|---|
| Balances with Banks in current accounts | 2,448,749 | 1,051,128 | 374,636 |
| Cheques, drafts on hand | - | - | - |

**Aquadiagnostics Water Research & Technology Centre Limited**

**Notes to the financial statements for the year ended March 31, 2017 - continued**

| | | | |
|---|---|---|---|
| Cash on hand | 3,680 | 5,329 | 4,391 |
| Others | | | |
| Fixed Deposit with HDFC Bank (With maturity less than 3 months) | - | - | - |
| **Total Cash & Cash Equivalents** | **2,452,429** | **1,056,457** | **379,027** |

| | | | |
|---|---|---|---|
| Cash and cash equivalents as per statement of cash flows | 2,452,429 | 1,056,457 | 379,027 |

**8. Other assets**

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 ` | As at March 31, 2016 ` | As at April 1, 2015 ` | As at March 31, 2017 ` | As at March 31, 2016 ` | As at April 1, 2015 ` |
| Capital Advances | - | - | - | - | - | - |
| Prepaid expenses | - | - | - | 62,057 | 442,079 | 236,029 |
| Balance with statutory/ government authorities | - | - | - | 94,908 | 158,335 | 6,871 |
| Advance to Supplier | - | - | - | 30,985 | 216,692 | 610 |
| **Total** | - | - | - | 187,950 | 817,106 | 243,510 |

**Aquadiagnostics Water Research & Technology Centre Limited**

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**9. Equity Share Capital**

| **Particulars** | **As at March 31, 2017** ` | **As at March 31, 2016** ` | **As at April 1, 2015** ` |
|---|---|---|---|
| Equity share capital | 30,000,000 | 30,000,000 | 30,000,000 |
| **Total** | 30,000,000 | 30,000,000 | 30,000,000 |
| **Authorised Share capital :** | | | |
| 5,000,000 fully paid equity shares of ` 10 each | 50,000,000 | 50,000,000 | 50,000,000 |
| **Issued and subscribed capital comprises:** | | | |
| 3,000,000 fully paid equity shares of `.10 each (as at March 31, 2016: 3,000,000; as at April 1, 2015: 3,000,000) | 30,000,000 | 30,000,000 | 30,000,000 |
| | 30,000,000 | 30,000,000 | 30,000,000 |

**9.1 Fully paid equity shares**

| **Particulars** | **Number of shares** | **Share capital** ` |
|---|---|---|
| Balance at April 1, 2015 | 3,000,000 | 30,000,000 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| Balance at March 31, 2016 | 3,000,000 | 30,000,000 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| **Balance at March 31, 2017** | **3,000,000** | **30,000,000** |

a. Fully paid equity shares have a par value of `.10. 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.

b. During the year ended 31st March 2017, the Company has recorded per share dividend of ` NIL (previous year: ` NIL) to equity shareholders

**Aquadiagnostics Water Research & Technology Centre Limited**

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**9.2 Details of shares held by each shareholder holding more than 5% shares**

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares |
| Fully paid equity shares | | | | | | |
| Aquamall Water Solutions Limited | 3,000,000 | 100% | 3,000,000 | 100% | 3,000,000 | 100% |
| **Total** | **3,000,000** | **100%** | **3,000,000** | **100%** | **3,000,000** | **100%** |

**10. Other equity**

| Particulars | As at March 31, 2017 ` | As at March 31, 2016 ` | As at April 1, 2015 ` |
|---|---|---|---|
| General reserve | | | |
| Balance at beginning of the year | - | - | - |
| **Balance at end of the year** | **-** | **-** | **-** |
| Retained earnings | | | |
| Balance at beginning of year | (16,703,206) | (17,516,606) | (17,516,606) |
| Add/ (less): Profit/ (loss) for the year | 602,408 | 813,400 | - |
| Add: Ind AS Transition Reserves | - | - | - |
| Payment of dividends on equity shares | - | - | - |
| Related income tax | - | - | - |
| **Balance at end of the year** | **(16,100,798)** | **(16,703,206)** | **(17,516,606)** |
| Items of Other Comprehensive Income | | | |
| Balance at beginning of year | - | - | - |
| Other comprehensive income arising from re-measurement of defined benefit obligation net of income tax | - | - | - |
| **Balance at end of the year** | **-** | **-** | **-** |
| **Total** | **(16,100,798)** | **(16,703,206)** | **(17,516,606)** |

Aquadiagnostics Water Research & Technology Centre Limited

**Notes to the financial statements for the year ended March 31, 2017 - continued**

Financial Liabilities

### 11. Other financial liabilities

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| (a) Others :- | | | | | | |
| -Dues to employees | - | - | - | - | 287,176 | 179,070 |
| -Dues on account of other contractual liabilities | - | - | - | 308,200 | 163,976 | 132,622 |
| **Total** | **-** | **-** | **-** | **308,200** | **451,152** | **311,692** |

### 12. Provisions

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| Employee benefits | | | | | | |
| - Compensated Absences | 98,661 | 74,575 | - | 2,054 | 2,948 | - |
| - Gratuity | 91,770 | 70,871 | - | 3,375 | 1,992 | - |
| **Total** | **190,431** | **145,446** | **-** | **5,429** | **4,940** | **-** |

12.1 Provision for Compensated Absences

Based on past experience the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 Months

**Aquadiagnostics Water Research & Technology Centre Limited**

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**13. Other Liabilities**

| | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| **Particulars** | **As at March 31, 2017** | **As at March 31, 2016** | **As at April 1, 2015** | **As at March 31, 2017** | **As at March 31, 2016** | **As at April 1, 2015** |
| | ` | ` | ` | ` | ` | ` |
| (a) Deposit from employees for company's assets | - | - | - | - | - | - |
| (b) Advances -Advance from customers | - | - | - | 263,196 | 163,584 | 633,477 |
| (c) Statutory liabilities (Contributions to PF, Pension, ESIC, withholding Taxes, VAT etc.) | - | - | - | 47,296 | 49,376 | 21,954 |
| **Total** | - | - | - | 310,492 | 212,960 | 655,431 |

Aquadiagnostics Water Research & Technology Centre Limited

**Notes to the financial statements for the year ended March 31, 2017 - continued**

### 14. Trade payables

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 ` | As at March 31, 2016 ` | As at April 1, 2015 ` | As at March 31, 2017 ` | As at March 31, 2016 ` | As at April 1, 2015 ` |
| Trade payables (including acceptances) | - | - | - | - | 561,517 | 74,687 |
| (Refer note below for dues to Micro and Small Enterprises) | | | | | | |
| Trade payables to related parties (Refer note 33) | - | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **561,517** | **74,687** |

The average credit period for purchase of certain goods is 45 days. No interest is charged on trade payables for first 15 days from date of Invoice. Thereafter, interest is charged @ 12 % per annum on the outstanding balance. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

### 14.1 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 |
|---|---|---|---|
| (i) Principal amount remaining unpaid to MSME suppliers as on year end | - | - | - |
| (ii) Interest due on unpaid principal amount to MSME suppliers as on year end | - | - | - |
| (iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day | - | - | - |
| (iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act) | - | - | - |
| (v) The amount of interest accrued and remaining unpaid as on year end | - | - | - |
| (vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961 | - | - | - |

### 15. Current tax assets and liabilities

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 ` | As at March 31, 2016 ` | As at April 1, 2015 ` | As at March 31, 2017 ` | As at March 31, 2016 ` | As at April 1, 2015 ` |
| **Current tax assets ( Net)** | | | | | | |
| Advance income-tax (Net of provision of taxation) | 1,325,333 | 1,299,392 | 1,068,746 | - | - | - |
| Total | 1,325,333 | 1,299,392 | 1,068,746 | - | - | - |

Aquadiagnostics Water Research & Technology Centre Limited

**Notes to the financial statements for the year ended March 31, 2017 - continued**

### 16. Revenue from operations

| | Year ended March 31, 2017 ` | Year ended March 31, 2016 ` |
|---|---|---|
| (a) Sale of product | | |
| - Traded Goods | 830,285 | 2,768,980 |
| (b) Sale of services | 13,741,384 | 10,888,567 |
| **Total** | **14,571,669** | **13,657,547** |

### 17. Other Income and other gains/ (losses)

| **Other Income** | Year ended March 31, 2017 ` | Year ended March 31, 2016 ` |
|---|---|---|
| Interest on Income Tax refund | - | 33,650 |
| Misc Income | 230.00 | - |
| | **230** | **33,650** |

| **Other gains/(losses)** | ` | ` |
|---|---|---|
| Net foreign exchange gains/(losses) | (23,641) | (1,541) |
| | **(23,641)** | **(1,541)** |
| | (23,411) | 32,109 |

**Aquadiagnostics Water Research & Technology Centre Limited**

**Notes to the financial statements for the year ended March 31, 2017 - continued**

### 18. Cost of materials consumed

| | Year ended March 31, 2017 ` | Year ended March 31, 2016 ` |
|---|---|---|
| Purchase of traded goods | 531,588 | 2,572,360 |
| **Total** | 531,588 | 2,572,360 |

### 19. Employee benefits expense

| **Particulars** | **Year ended March 31, 2017** | **Year ended March 31, 2016** |
|---|---|---|
| Salaries and Wages | 3,250,763 | 2,819,468 |
| Contribution to provident and other funds | 22,282 | 72,863 |
| Staff Welfare Expenses | 105,820 | 68,395 |
| **Total** | **3,378,865** | **2,960,726** |

### 20. Finance costs

| | Year ended March 31, 2017 ` | Year ended March 31, 2016 ` |
|---|---|---|
| Other interest expense | - | - |
| **Total** | **-** | **-** |

### 21. Depreciation and amortisation expense

| **Particulars** | **Year ended March 31, 2017 `** | **Year ended March 31, 2016 `** |
|---|---|---|
| Depreciation of property, plant and equipment pertaining to continuing operations | 1,842,258 | 1,813,927 |
| Total depreciation and amortisation pertaining to continuing operations | **1,842,258** | **1,813,927** |

**Aquadiagnostics Water Research & Technology Centre Limited**

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**22. Other expenses**

| **Particulars** | **Year ended March 31, 2017** ` | **Year ended March 31, 2016** ` |
|---|---|---|
| Chemical & Gas | 1,884,454 | 834,451 |
| Electricity | 1,136,516 | 724,230 |
| Rent | 1,363,680 | 1,268,544 |
| Repairs and Maintenance - | | |
| Others | 1,570,283 | 1,073,503 |
| Insurance | 33,771 | 26,095 |
| Payment to Auditors (Refer details Below) | 82,500 | 65,000 |
| Printing and Stationery | 109,217 | 85,849 |
| Communication cost | 149,121 | 129,213 |
| Travelling and Conveyance | 113,572 | 131,680 |
| Legal and Professional Fees | 351,495 | 338,726 |
| Vehicle Running Expenses | 495,829 | 351,109 |
| Rates and taxes, excluding taxes on income | 25,945 | 35,641 |
| Other Establishment Expenses | 757,573 | 416,996 |
| Directors' Sitting Fees | 57,425 | - |
| Bad Debts/Advances Written-Off | 61,758 | 48,206 |
| **Total** | **8,193,139** | **5,529,243** |

| **Payments to auditors** | **Year ended March 31, 2017** | **Year ended March 31, 2016** |
|---|---|---|
| a) For audit | 57,500 | 40,000 |
| b) For taxation matters | 10,000 | 10,000 |
| c) For other services | 15,000 | 15,000 |
| c) For reimbursement of expenses | - | - |
| **Total** | **82,500** | **65,000** |

### 23: Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

**i. Profit attributable to Equity holders of parent**

| | March 31, 2017<br>` | March 31, 2016<br>` |
|---|---|---|
| Profit attributable to equity holders of the parent: | | |
| Continuing operations | 602,408 | 813,400 |
| **Profit attributable to equity holders of the parent for basic earnings** | **602,408** | **813,400** |

**ii. Weighted average number of ordinary shares**

| | March 31, 2017<br>` | March 31, 2016<br>` |
|---|---|---|
| Issued ordinary shares at April 1 | 3,000,000 | 3,000,000 |
| Effect of shares issued as Bonus shares | - | - |
| **Weighted average number of shares at March 31 for basic EPS** | **3,000,000** | **3,000,000** |
| **Effect of dilution:** | | - |
| | **3,000,000** | **3,000,000** |

**Basic and Diluted earnings per share**

| | March 31, 2017<br>` | March 31, 2016<br>` |
|---|---|---|
| **Basic earnings per share** | 0.20 | 0.27 |
| **Diluted earnings per share** | 0.20 | 0.27 |

| | | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|---|
| **24** | **Contingent liability and commitments** | ` | ` |
| | Contingent Liabilities (to the extent not provided for) | NIL | NIL |

**25 Commitments (to the extent not provided for)**
Estimated amount of contracts remaining to be executed on Capital accounts and not provided for amounting **` NIL** *(Previous year ` NIL)*

**26** As required by the Ind AS 24 on the "Related Party Disclosures", the list of related parties and their transactions is attached.

**27** The Company was set up with the objective of water testing. This is the only activity performed and is thus also the main source of risks and returns. There are 3 customers to whom service exceeds 10% of total services. Accordingly, the Company has a single reportable segment. Further, as the Company does not operate in more than one geographical segment hence the relevant disclosures as per Ind AS 108 are not applicable to the company.

**28** In accordance with Ind AS 17 disclosures in respect of Leases are made below :

**a.** The Company has taken premises on cancellable operating lease basis. Lease payments in respect of such leases recognised in profit and loss account **` 13,63,680/-** (*Previous year ` 12,68,544/-*).
**b.** Except for escalation clauses contained in certain lease arrangements providing for increase in the lease payments by a specified percentage /amounts after completion of specified period, the lease terms do not contain any exceptional / restrictive covenants other than prior approval of the lessee before the renewal of lease.
**c.** 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.

| | | 2016-17 | 2015-16 |
|---|---|---|---|
| **29** | **Value of Imports on CIF basis.** | | |
| | Raw Materials & Components | 19,087 | 650,359 |

**30 Expenditure in foreign currencies** *Amt In `*

| | 2016-17 | 2015-16 |
|---|---|---|
| Expenditure in foreign currency on account of certification expenses in foreign currency | NIL | 97,759 |

**31** Following is details of cash transactions entered between 08.11.2016 to 30.12.2016:

| Particulars | Specified Bank Notes | Other denomination Notes | Total |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | - | 13,181 | 13,181 |
| (+) Permitted receipts | - | 141,206 | 141,206 |
| (-) Permitted payments | - | 136,813 | 136,813 |
| (-) Amount deposited in Banks | - | - | - |
| Closing cash in hand as on 30.12.2016 | - | **17,574** | **17,574** |

**32** Previous year figures have been regrouped where ever necessary.

**33. Employee benefit obligation**

| | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|---|---|---|---|---|---|---|
| | **Non-current** | **Current** | **Non-current** | **Current** | **Non-current** | **Current** |
| Compensated absences | 98,661 | 2,054 | 74,575 | 2,948 | - | - |
| Gratuity | 91,770 | 3,375 | 70,871 | 1,992 | - | - |
| | **190,431** | **5,429** | **145,446** | **4,940** | **-** | **-** |

(i) ***Defined benefit plan - Gratuity***

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is an unfunded plan.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **Present value of obligation as at the beginning of the year** | **72,863** | **-** |
| Current service cost | 14,971 | 72,863 |
| Interest expense | 5,829 | - |
| **Total amount recognised in profit or loss** | **20,800** | **72,863** |
| *Remeasurements* | | |
| (Gain)/loss from change in financial assumptions | - | - |
| Experience (gains)/losses | 1,482 | - |
| **Total amount recognised in other comprehensive in** | **1,482** | **-** |
| Benefit payments | - | - |
| **Present value of obligation as at the end of the year** | **95,145** | **72,863** |

**Significant estimates: actuarial assumptions and sensitivity**

The significant actuarial assumptions were as follows:

| | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| Discount rate | 7.35% | 8.00% |
| Salary growth rate | 6.00% | 6.00% |
| Retirement age | 60 years | 60 years |
| Withdrawal rates | 2.00% | 2.00% |
| Weighted average duration of defined benefit obliga | 5 years | 5 years |

Assumptions regarding future mortality rates are based on Indian Assured Lives Mortality (2006-08) Ultimate as published by Insurance Regulatory and Development Authority (IRDA).

The actuarial valuation is carried out yearly by an independent actuary. The discount rate used for determining the present value of obligation under the defined benefit plan is determined by reference to market yields at the end of the reporting period on Indian Government Bonds. The currency and the term of the government bonds is consistent with the currency and term of the defined benefit obligation.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| | Year ended 31 March 2017 |
|---|---|
| Discount rate (0.50% increase) | (7,267) |
| Discount rate (0.50% decrease) | 8,034 |
| Future salary growth (0.50% increase) | 8,100 |
| Future salary growth (0.50% decrease) | (7,387) |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period

(ii) ***Defined contribution plan***

The Company dose not have any defined contribution plan / obligations.

*(All amounts are in Indian Rupees, unless otherwise stated)*

**34. Financial Instrument - Fair value and risk management**

**A. Accounting classifications and fair values**

The following table shows the carrying amounts and fair values of financial assets and financials liabilities, including their levels of in the fair vale hierarchy :

**As at 31 March 2017**

| | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | FVOCI - equity instruments | Other financial assets - amortised cost | Other financial liabilities - amortised cost | Total carrying amount | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets not measured at fair value** | | | | | | | | |
| Trade receivables | - | 4,039,644 | - | 4,039,644 | | | | |
| Cash and cash equivalents | - | 2,452,429 | - | 2,452,429 | | | | |
| Other financial assets | - | 750,041 | - | 750,041 | | | | |
| | **-** | **7,242,114** | **-** | **7,242,114** | **-** | **-** | **-** | **-** |
| **Financial liabilities not measured at fair value** | | | | | | | | |
| Trade payables | - | - | - | - | | | | |
| Other financial liabilities | - | - | 308,200 | 308,200 | | | | |
| | **-** | **-** | **308,200** | **308,200** | **-** | **-** | **-** | **-** |

The Company has not disclosed the fair values for financial instruments such as trade receivables, cash and cash equivalents, other bank balances, trade payable, other financial assets and financial liabilities, because their carrying amounts are a reasonable approximation of fair value.

**As at 31 March 2016**

| | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | FVOCI - equity instruments | Other financial assets - amortised cost | Other financial liabilities - amortised cost | Total carrying amount | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets not measured at fair value** | | | | | | | | |
| Trade receivables | - | 3,241,936 | - | 3,241,936 | | | | |
| Cash and cash equivalents | - | 1,056,457 | - | 1,056,457 | | | | |
| Other financial assets | - | 738,041 | - | 738,041 | | | | |
| | **-** | **5,036,434** | **-** | **5,036,434** | **-** | **-** | **-** | **-** |
| **Financial liabilities not measured at fair value** | | | | | | | | |
| Trade payables | - | - | 561,517 | 561,517 | | | | |
| Other financial liabilities | - | - | 451,152 | 451,152 | | | | |
| | **-** | **-** | **1,012,669** | **1,012,669** | **-** | **-** | **-** | **-** |

The Company has not disclosed the fair values for financial instruments such as trade receivables, cash and cash equivalents, other bank balances, trade payable, other financial assets and financial liabilities, because their carrying amounts are a reasonable approximation of fair value.

**As at 1 April 2015**

| | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | FVOCI - equity instruments | Other financial assets - amortised cost | Other financial liabilities - amortised cost | Total carrying amount | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets not measured at fair value** | | | | | | | | |
| Trade receivables | - | 1,898,008 | - | 1,898,008 | | | | |
| Cash and cash equivalents | - | 379,027 | - | 379,027 | | | | |
| Other financial assets | - | 738,041 | - | 738,041 | | | | |
| | **-** | **3,015,076** | **-** | **3,015,076** | **-** | **-** | **-** | **-** |
| **Financial liabilities not measured at fair value** | | | | | | | | |
| Trade payables | - | - | 74,687 | 74,687 | | | | |
| Other financial liabilities | - | - | 311,692 | 311,692 | | | | |
| | **-** | **-** | **386,379** | **386,379** | **-** | **-** | **-** | **-** |

The Company has not disclosed the fair values for financial instruments such as trade receivables, cash and cash equivalents, other bank balances, trade payable, other financial assets and financial liabilities, because their carrying amounts are a reasonable approximation of fair value.

**B. Measurment of fair values**

**Valuation techniques and significant unobservable inputs**

***Financial instruments measured at fair value***

The company does not have any Investment.

*(All amounts are in Indian Rupees, unless otherwise stated)*

**C. Financial risk management**

The Company has exposure to the following risks arising from financial instruments :
- Credit risk
- Liquidity risk
- Market risk
- Interest risk

**Risk management framework**

The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company conduct yearly risk assessment activities to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has a system in place to ensure risk identification and ongoing periodic risk assessment is carried out. The Board of directors periodically monitors the risk assessment.

**i) Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in financial loss.

The carrying amounts of financial assets represent the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was:

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Trade receivables | 4,039,644 | 3,241,936 | 1,898,008 |
| Cash and cash equivalents | 2,452,429 | 1,056,457 | 379,027 |
| Other financial assets | 750,041 | 738,041 | 738,041 |

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region of the Company was:

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Within India | 3,826,639 | 3,180,927 | 1,823,097 |
| Outside India | 213,005 | 61,009 | 74,911 |

The maximum exposure to credit risk for trade receivables, cash and cash equivalents and other bank balances at the reporting date by type of counterparty was:

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Trade receivables | 4,039,644 | 3,241,936 | 1,898,008 |
| Bank balances and deposits with banks | 2,452,429 | 1,056,457 | 379,027 |

**Trade receivables**

Customer credit risk is managed as per Company's established policy, procedures and control relating to customer credit risk management. Credit risk has always been managed by the Company through credit approvals, estabilishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairement loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account historical experience with customers.

Trade receivables are typically unsecured as the Company does not hold collateral as security. Since the Company derives it significant revenue from a related party, the Company is not exposed to significant credit risk.

The age of trade and other receivables at the reporting date was:

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Not due | - | - | - |
| 0-30 days | 1,609,423 | 926,969 | 1,455,126 |
| 31-90 days | 2,118,679 | 2,008,825 | 144,006 |
| more than 90 days | 311,542 | 306,122 | 298,876 |
| | **4,039,644** | **3,241,916** | **1,898,008** |

**Bank balances and deposits with banks**

Credit risk from balances with banks is managed by the company's finance department as per Company's policy. Investment of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Board of directors.

*(All amounts are in Indian Rupees, unless otherwise stated)*

**ii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

**As at 31 March 2017**

| | Contractual cash flows | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Carrying amount** | **Total** | **6 months or less** | **6-12 months** | **1-2 years** | **2-5 years** | **More than 5 years** |
| **Non-derivative financial liabilities** | | | | | | | |
| Trade payables | - | - | - | - | - | - | - |
| Other financial liabilities | 308,200 | 308,200 | 308,200 | - | - | - | - |
| | **308,200** | **308,200** | **308,200** | **-** | **-** | **-** | **-** |

**As at 31 March 2016**

| | Contractual cash flows | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Carrying amount** | **Total** | **6 months or less** | **6-12 months** | **1-2 years** | **2-5 years** | **More than 5 years** |
| **Non-derivative financial liabilities** | | | | | | | |
| Trade payables | 561,517 | 561,517 | 561,517 | - | - | - | - |
| Other financial liabilities | 451,152 | 451,152 | 451,152 | - | - | - | - |
| | **1,012,669** | **1,012,669** | **1,012,669** | **-** | **-** | **-** | **-** |

**As at 1 April 2015**

| | Contractual cash flows | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Carrying amount** | **Total** | **6 months or less** | **6-12 months** | **1-2 years** | **2-5 years** | **More than 5 years** |
| **Non-derivative financial liabilities** | | | | | | | |
| Trade payables | 74,687 | 74,687 | 74,687 | - | - | - | - |
| Other financial liabilities | 311,692 | 311,692 | 311,692 | - | - | - | - |
| | **386,379** | **386,379** | **386,379** | **-** | **-** | **-** | **-** |

*(All amounts are in Indian Rupees, unless otherwise stated)*

**iii) Market risk**

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

Market risk is attributable to all market risk sensitive financial instruments including foreign currency payables, deposits with banks and borrowings. The Company is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

**Currency risk**

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases are denominated and the functional currency of Company. The functional currency of the Company is Indian Rupees. The Company is primarily exposed to foreign currency fluctuation between the USD and Indian Rupees

**Exposure to currency risk**

The summary quantitative data about the Company's exposure to currency risk (based on notional amounts) as reported to the management is as follows:

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Financial assets** | | | |
| Trade and other receivables | 213,005 | 61,009 | 74,911 |
| | **213,005** | **61,009** | **74,911** |
| **Financial liabilities** | | | |
| Trade payables | 215,206 | 44,154 | 4,640 |
| | **215,206** | **44,154** | **4,640** |

**Sensitivity analysis**

A 10% appreciation of the USD as indicated below, against Indian Rupees would have decreased gain by the amounts shown below:

| Particulars | Profit or loss |
|---|---|
| **31 March 2017** | |
| USD (10% strengthening) | (220) |
| **31 March 2016** | |
| USD (10% strengthening) | 1,686 |

A 10% depreciation of the USD against Indian Rupees would have had the equal but opposite effect on the above currency to the amounts shown above, on basis that all other variables remain constant.

*(All amounts are in Indian Rupees, unless otherwise stated)*

**iv) Interest risk**

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was as follows

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Fixed rate instruments** | | | |
| *Financial assets* | | | |
| Deposit with banks | - | - | - |
| | **-** | **-** | **-** |
| **Variable-rate instruments** | | | |
| *Financial liabilities* | | | |
| Borrowings | - | - | - |
| | **-** | **-** | **-** |

**Cash flow sensitivity analysis for variable-rate instruments**

An increase of 100 basis points in interest rates at the reporting date would have decreased gain as at year end by the amounts shown below. This analysis assumes that all other variables remain constant.

| Particulars | Profit or loss |
|---|---|
| **31 March 2017** | |
| Variable-rate instruments | - |
| **Cash flow senstivity** | **-** |
| **31 March 2016** | |
| Variable-rate instruments | - |
| **Cash flow senstivity** | **-** |

A decrease of 100 basis points in the interest rates at the reporting date would have had equal but opposite effect on the amounts shown above, on the basis that all other variable remain constant.

**35. Explanation of transition to Ind AS**

As stated in Note 2A, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2016, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance.

**Optional exemptions availed and mandatory exceptions**

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

**A. Optional exemptions availed**

**1) Property plant and equipment, and intangible assets**

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date.

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
− fair value;
− or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment.

**B. Mandatory exemptions availed**

**1) Estimates**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.
However, the estimates should be adjusted to reflect any differences in accounting policies

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Determination of the discounted value for financial instruments carried at amortised cost
- Impairment of financial assets based on the expected credit loss model.

**2) De-recognition of financial assets and liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

**3) Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

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*

ICAI Firm Regn No.101048W

P. J. Reddy — Chairman

Dr. Venkatesh Tuppil — Director

***Kaushal Mehta***
*Partner*
*Membership No. 111749*

Place: Bangalore
Date: 27th April 2017

Aquadiagnostics Water Research & Technology Centre Limited

Notes to the financial statements

**36 Tax expense**

**(a) Amounts recognised in profit and loss**

| Particulars | For the year ended March 31, 2017 ` | For the year ended March 31, 2016 ` |
|---|---|---|
| **Current income tax** | - | - |
| **Deferred income tax liability / (asset), net** | - | - |
| **Deferred tax expense** | - | - |
| **Tax expense for the year** | - | - |

**(b) Amounts recognised in other comprehensive income**

| Particulars | For the year ended March 31, 2017 | | | For the year ended March 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Before tax ` | Tax (expense) benefit ` | Net of tax ` | Before tax ` | Tax (expense) benefit ` | Net of tax ` |
| **Items that will not be reclassified to profit or loss** | | | | | | |
| Changes in revaluation surplus | - | - | - | - | - | - |
| Remeasurements of the defined benefit plans | - | - | - | - | - | - |
| | - | - | - | - | - | - |

**(c) Reconciliation of effective tax rate**

| Particulars | For the year ended March 31, 2017 ` | For the year ended March 31, 2016 ` |
|---|---|---|
| **Profit before tax** | **602,408** | **813,400** |
| Tax using the Company's domestic tax rate (Current year 30.9% and Previous Year 30.9%) | 186,144 | 251,341 |
| **Tax effect of amounts which are not deductible (taxable) in calculating taxable income:** | | |
| Tax effect of amounts due to brought forward business loss & unabsorbed depreciation | 186,144 | 251,341 |
| | | - |
| | 186,144 | 251,341 |
| | - | - |
| | - | - |

**The Company's consolidated weighted average tax rates for the years ended March 31, 2017 and 2016 were NIL and NIL, respectively. Income tax expense was NIL for the year ended March 31, 2017, as compared to income tax expense of Rs. NIL for the year ended March 31, 2016**

**Ind AS 101 reconciliations**

**Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015**

| | | As at March 31, 2016 (End of last period presented under previous GAAP) | | | As at April 1, 2015 (Date of transition) | | |
|---|---|---|---|---|---|---|---|
| | **Notes** | **Previous GAAP** | **Effect of transition to Ind AS** | **As per Ind AS balance sheet** | **Previous GAAP** | **Effect of transition to Ind AS** | **As per Ind AS balance sheet** |
| **Non-current assets** | | | | | | | |
| (a) Property, plant and equipment | 4 | 7,519,877 | - | 7,519,877 | 9,197,872 | - | 9,197,872 |
| (b) Intangible assets | | | | | | | |
| (ii) others | | - | - | - | - | - | - |
| (c) Financial assets | | | | | | | |
| (iv) Other financial assets | 6 | 738,041 | - | 738,041 | 738,041.00 | - | 738,041 |
| (d) Tax assets | | | | | | | |
| (i) Deferred Tax Asset (net) | | - | - | - | - | - | - |
| (ii) Current Tax Asset (Net) | 15 | 1,299,392 | - | 1,299,392 | 1,068,746.00 | - | 1,068,746 |
| (e) Other non-current assets | | - | - | - | - | - | - |
| | | | | | - | - | |
| **Total non-current assets** | | **9,557,310** | - | **9,557,310** | **11,004,659** | - | **11,004,659** |
| | | | | | | | |
| **Current assets** | | | | | | | |
| | | | | | | | |
| (a) Inventories | | - | - | - | - | - | - |
| (b) Financial assets | | | - | | | | |
| (ii) Trade receivables | 5 | 3,241,936 | - | 3,241,936 | 1,898,008 | - | 1,898,008 |
| (iii) Cash and cash equivalents | 7 | 1,056,457 | - | 1,056,457 | 379,027.00 | - | 379,027 |
| (v) Loans | | - | - | - | - | - | - |
| (c) Current tax assets (Net) | | - | - | - | - | - | - |
| (d) Other current assets | 8 | 817,106 | - | 817,106 | 243,510.00 | - | 243,510 |
| | | **5,115,499** | - | **5,115,499** | **2,520,545** | - | **2,520,545** |
| **Total current assets** | | **5,115,499** | - | **5,115,499** | **2,520,545** | - | **2,520,545** |
| **Total Assets** | | **14,672,809** | - | **14,672,809** | **13,525,204** | - | **13,525,204** |
| | | | | | | - | |
| **Equity** | | | | | | - | |
| Equity share capital | 9 | 30,000,000 | - | 30,000,000 | 30,000,000 | - | 30,000,000 |
| Other equity | 10 | (16,703,206) | - | (16,703,206) | (17,516,606) | - | (17,516,606) |
| Equity attributable to owners of the Company | | **13,296,794** | - | **13,296,794** | **12,483,394** | - | **12,483,394** |
| **Total equity** | | **13,296,794** | - | **13,296,794** | **12,483,394** | - | **12,483,394** |
| | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Provisions | 11 | 145,446 | - | 145,446 | - | - | - |
| Deferred tax liabilities (Net) | | - | - | - | - | - | - |
| Other non-current liabilities | 13 | - | - | - | - | - | - |
| **Total non-current liabilities** | | **145,446** | - | **145,446** | **-** | - | **-** |
| | | | | | | | |
| **Current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Borrowings | | - | - | - | - | - | - |
| (ii) Trade and other payables | 14 | 561,517 | - | 561,517 | 74,687 | - | 74,687 |
| (iii) Other financial liabilities | 11 | 451,152 | - | 451,152 | 311,692 | - | 311,692 |
| Provisions | 15 | 4,940 | - | 4,940 | - | - | - |
| Current tax liabilities (Net) | | - | - | - | - | - | - |
| Other current liabilities | 13 | 212,960 | - | 212,960 | 21,954 | 633,477 | 655,431 |
| | | **1,230,569** | - | **1,230,569** | **408,333** | 633,477 | **1,041,810** |
| | | | - | | | | |
| **Total current liabilities** | | **1,230,569** | - | **1,230,569** | **408,333** | 633,477 | **1,041,810** |
| | | | | | | | |
| **Total liabilities** | | **1,376,015** | **-** | **1,376,015** | **408,333** | 633,477 | **1,041,810** |
| | | | | | | | |
| **Total equity and liabilities** | | **14,672,809** | **-** | **14,672,809** | **12,891,727** | 633,477 | **13,525,204** |

**Reconciliation of total equity as at March 31, 2016 and April 1, 2015**

| | **Notes** | **As at March 31, 2016 (End of last period presented under previous GAAP)** | **As at April 1, 2015 (Date of transition)** |
|---|---|---|---|
| **Total equity / shareholder's funds under previous GAAP** | | **13,296,794** | **12,483,394** |
| | | | |
| **Adjustments:** | | | |
| MAT Credit Entitlement | | - | - |
| | | | |
| **Total adjustment to equity** | | **-** | **-** |
| **Total equity under Ind AS** | | **13,296,794** | **12,483,394** |

a) Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS, for the above mentioned line items.

b) As per Ind-AS 19, actuarial gains and losses are recognized in other comprehensive income as compared to being recognized in the statement of profit and loss under IGAAP.

c) Under previous GAAP, MAT credit was recognised as an asset only when and to the extent there was convincing evidnce that the company will pay normal income tax during the future period. Under Ind AS 12, MAT credit is recognised as a deferred tax asset to the extent that it is probable that future taxable profit will be available against which such credit can be utilised.

**Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016**
**All amounts are in Rs. unless otherwise stated**

| | | Year ended March 31, 2016 | | |
|---|---|---|---|---|
| | | (Latest period presented under previous GAAP) | | |
| | Notes | Previous GAAP | Effect of transition to Ind | Ind AS |
| Revenue from Operations | 16 | 13,657,547 | - | 13,657,547 |
| Other income | 17 | 32,109 | - | 32,109 |
| **Total Income** | | **13,689,656** | **-** | **13,689,656** |
| | | | | |
| **Expenses** | | | | |
| Purchases of stock-in-trade | 18 | 2,572,360 | - | 2,572,360 |
| Employee benefits expense | 19 | 2,960,726 | - | 2,960,726 |
| Finance costs | 20 | - | - | - |
| Depreciation and amortisation expense | 21 | 1,813,927 | - | 1,813,927 |
| Other expenses | 22 | 5,529,243 | - | 5,529,243 |
| **Total expenses** | | **12,876,256** | **-** | **12,876,256** |
| | | | | |
| Profit before exceptional items and tax | | **813,400** | **-** | **813,400** |
| Exceptional items | | | | |
| Profit before tax | | **813,400** | **-** | **813,400** |
| | | | | |
| Tax expense | | | | |
| (1) Current tax | | - | - | - |
| (2) Deferred tax | | - | - | - |
| | | **-** | **-** | **-** |
| | | | | |
| **Profit for the period from continuing operations (I)** | | **813,400** | **-** | **813,400** |
| | | | | |
| **Profit from discontinued operations (after tax) (II)** | | **-** | **-** | **-** |
| | | | | |
| **Profit for the period (III=I+II)** | | **813,400** | **-** | **813,400** |
| | | | | |
| **Other Comprehensive Income** | | | | |
| **A (i)** Items that will not be reclassified to profit or loss | | | | |
| a) Remeasurements of the defined benefit plans | | - | - | - |
| b) Equity instrument through other comprehensive income | | | - | - |
| **Total A (i)** | | - | - | - |
| | | | | |
| **A (ii)** Income tax relating to items that will not be reclassified to profit or loss | | **-** | - | - |
| | | | | |
| **B (i)** Items that may be reclassified to profit or loss | | | | |
| e) Share of other comprehensive income in associates and joint ventures, to the extent that may be reclassified to profit or loss | | **-** | - | - |
| **Total B (i)** | | **-** | **-** | **-** |
| | | | | |
| **B (ii)** Income tax relating to items that may be reclassified to profit or loss | | **-** | - | - |
| | | | | |
| **Total other comprehensive income [IV=A (i-ii)+ B (i ii)]** | | **-** | **-** | **-** |
| | | | | |
| **Total comprehensive income for the period (III+IV)** | | **813,400** | **-** | **813,400** |

-

**Reconciliation of total comprehensive income for the year ended March 31, 2016**
**All amounts are in Rs. unless otherwise stated**

| **Particulars** | | **Amount** |
|---|---|---|
| **Profit as per previous GAAP** | | 813,400 |
| **Adjustments:** | | |
| MAT Credit Entitlement | | - |
| | | |
| Remeasurements of the defined benefit plans | | - |
| Income tax relating to items that may be reclassified to profit or loss | | - |
| Deferred tax on IND AS ADJ | | - |
| | | |
| **Total adjustments** | | **-** |
| **Profit/loss for the Period** | | **813,400** |
| **Other Comprehensive Income** | | **-** |
| **Total comprehensive income under Ind AS** | | **813,400** |

**Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under the previous GAAP.**

**Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016**

| | | Year ended March 31, 2016 (Latest period presented under previous GAAP) | | |
|---|---|---|---|---|
| | Notes | Previous GAAP | Effect of transition to Ind AS | Ind AS |
| | | | | |
| Net cash flows from operating activities | | 813,362 | - | 813,362 |
| Net cash flows from investing activities | | (135,932) | - | (135,932) |
| Net cash flows from financing activities | | - | - | - |
| Net increase (decrease) in cash and cash equivalents | | 677,430 | - | 677,430 |
| Cash and cash equivalents at the beginning of the period | | 379,027 | - | 379,027 |
| Cash and cash equivalents at the end of the period | | 1,056,457 | - | 1,056,457 |

Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash flows under Ind AS

All amounts are in Rs. unless otherwise stated

| | Notes | As at March 31, 2016 (End of last period presented under previous GAAP) | As at April 1, 2015 (Date of transition) |
|---|---|---|---|
| | | | |
| Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP | | 1,056,457 | 379,027 |
| Cash and cash equivalents for the purpose of statement of cash flows under Ind AS | | 1,056,457 | 379,027 |

## Aquadiagnostics Water Research & Technology Centre Limited

**Details required under Ind AS 24 on the "Related Party Disclosures" -**referred in Note no. 33 forming integral part of financial statement:

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

**A Holding Company / Ultimate Holding Company:**

Aquamall Water Solutions Ltd. (Holding Company)
Eureka Forbes Ltd. (Holding company of Aquamall Water Solutions Ltd.)

**B Enterprises that are under common control -**

Forbes Aquatech Ltd.
Infinite Water Solutions Pvt. Ltd
AquaIgnis Technologies Pvt. Ltd.

( II ) **Transactions with Related Parties**

| S.No | Nature of Transactions | Referred to A in above | | Referred to B in above | | |
|---|---|---|---|---|---|---|
| | | Eureka Forbes Ltd | Aquamall Water Solutions Ltd | Forbes Aquatech Ltd. | Infinite Water Solutions Pvt. Ltd | AquaIgnis Technologies Pvt. Ltd. |
| | | | | | | |
| | **Purchases** | | | | | |
| 1 | **Goods and Materials Current Year (Bold)** | **-** | **3,096** | **-** | **13,327** | **-** |
| | *Previous Year (Italic & Unbold)* | *-* | *414* | *-* | *-* | *-* |
| | **Sales** | | | | | |
| 2 | Goods and Materials | **2,250** | **2,000** | **-** | **-** | **-** |
| | | *19,900* | *-* | *-* | *-* | *-* |
| 3 | Services Rendered | **1,542,895** | **2,940,600** | **88,570** | **67,760** | **38,525** |
| | | *1,017,429* | *2,659,480* | *108,500* | *16,500* | *27,000* |
| | **Expenses** | | | | | |
| 4 | Miscellaneous expenses | **-** | **25,434** | **-** | **-** | **-** |
| | | *-* | *29,048* | *-* | *-* | *-* |
| | **Outstandings** | | | | | |
| 5 | Trade Receivables | **1,351,180** | **591,953** | **8,999** | **-** | **-** |
| | | *999,691* | *511,391* | *-* | *-* | *-* |

Aquamall Water Solutions Limited

(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements

For the year ended March 31, 2017

**Independent Auditor's Report**
**To the Members of Aquamall Water Solutions Limited**

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Aquamall Water Solutions Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

**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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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 Ind AS 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 Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.
***Basis for qualified opinion***

*As explained in note 51 to the financial statements, the Company has equity investment of Rs. 22,899.48 lakhs in and has given loans (including accrued interest) of Rs. 16,919.52 Lakhs to its overseas subsidiary Forbes Lux International AG, BAAR ('FLIAG'). FLIAG has accumulated losses of Rs. 3856.55 Lakhs as at December 31, 2016.*

*Further, FLIAG has made equity investments of Rs 56374.05 lakhs in and has given loans of Rs 7722.29 lakhs to its wholly owned subsidiary Lux International AG, BAAR (LIAG), which has accumulated consolidated losses of Rs.7344.97 Lacs as on 31 December, 2016.*

*No provision for impairment loss on such investment in and loans given to FLIAG, under 'Indian Accounting Standard (Ind AS) 109 – Financial Instruments' has been made by the management despite significant accumulated losses as mentioned above.*

***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 Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Emphasis of Matter**

We draw attention to the explanation given in Note 50 to the Ind AS financial statements, where by 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. 161 lakhs. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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 (including other comprehensive income), the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

(d) in our opinion, *except for the effects of the matters described in the basis for qualified opinion paragraph above* the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

(e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March

2017 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 Ind AS financial statements – Refer Note 40 to the Ind AS 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; and

  iv. the Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on the audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer Note 37 to the Ind AS financial statements.

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

**Atul Mehta**
*Partner*
Membership No: 15935

Place: Mumbai
Date: 09 May, 2017

**Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2017, 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 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) 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 partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('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 guarantees given.

(v) The Company has not accepted any deposits from the public within the meaning of the provisions of section 73 to 76 or any other relevant provisions of the act and 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:

| Name of the Statute | Nature of Dues | Amount in (Rs. in lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Sales Tax Act | Sales Tax | 1,504.40 | 2001 to 2005 | Telangana VAT Appellate Tribunal |
| | | 22.90 | 2000 to 2012 | Deputy Commissioner, Commercial Taxes |
| Income Tax Act, 1961 | Income Tax | 84.70 | 2007-08 | Income Tax Appellate Tribunal |
| Central Excise Act, 1944 | Excise Duty | 535.50 | 2001 to 2006 | CESTAT |
| | | 218.58 | 2014 -2016 | 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) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(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 give 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 Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give 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*
Firm Reg. No.: 101048W

**Atul Mehta**
*Partner*
Membership No: 15935

Place: Mumbai
Date: 09 May, 2017

**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 Aquamall Water Solutions Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS 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 Ind AS financial statements, whether due to fraud 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 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 31 March 2017, 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*
Firm Reg. No.: 101048W

**Atul Mehta**
*Partner*
Membership No: 15935

Place: Mumbai
Date: 09 May, 2017

AQUAMALL WATER SOLUTIONS LIMITED

## BALANCE SHEET OF AQUAMALL WATER SOLUTIONS LIMITED

| | | | Notes | As at March 31, 2017 | | *As at March 31, 2016* | | *As at April 1, 2015* | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | ` | ` | ` | ` | ` | ` |
| | | **ASSETS** | | | | | | | |
| | | **Non-current Assets** | | | | | | | |
| (a) | | Property, plant and equipment | 3 | | 586,250,202 | | *552,059,012* | | *477,355,366* |
| (b) | | Capital work-in-progress | | | - | | - | | *6,287,055* |
| (c) | | Intangible assets | 4 | | 4,984,110 | | - | | - |
| (d) | | Financial assets | | | | | | | |
| | (i) | Investments | 5 | 2,354,272,561 | | *2,350,350,648* | | *1,538,036,545* | |
| | (ii) | Loans | 7 | 1,453,621,740 | | *1,033,877,101* | | *828,625,567* | |
| | (iii) | Other financial assets | 8 | 253,009,724 | 4,060,904,025 | *153,011,389* | *3,537,239,138* | *97,651,823* | *2,464,313,935* |
| (e) | | Tax assets | | | | | | | |
| | (i) | Deferred Tax Asset (Net) | 12 | 5,627,935 | | *39,339,302* | | *79,543,197* | |
| | (ii) | Income Tax Asset (Net) | 21 | 119,064,517 | 124,692,452 | *60,570,029* | *99,909,331* | *41,436,848* | *120,980,045* |
| (f) | | Other non-current assets | 11 | | 100,029,657 | | *137,588,453* | | *129,847,730* |
| | | **Total Non-current Assets** | | | **4,876,860,446** | | ***4,326,795,934*** | | ***3,198,784,131*** |
| | | **Current Assets** | | | | | | | |
| (a) | | Inventories | 9 | | 467,402,116 | | *377,107,991* | | *370,368,824* |
| (b) | | Financial assets | | | | | | | |
| | (i) | Trade receivables | 6 | 1,445,186,539 | | *1,145,048,039* | | *908,466,820* | |
| | (ii) | Cash and Cash Equivalents | 10 | 5,759,220 | | *4,710,092* | | *4,778,234* | |
| | (iii) | Loans | 7 | 39,888 | | *21,931* | | *64,238* | |
| | (iv) | Other financial assets | 8 | 70,000 | 1,451,055,647 | *111,000* | *1,149,891,062* | *1,261,619* | *914,570,911* |
| (c) | | Other current assets | 11 | | 94,272,907 | | *70,257,052* | | *66,300,309* |
| | | | | | 2,012,730,670 | | *1,597,256,105* | | *1,351,240,044* |
| (d) | | Assets classified as held for sale | | | 20,472,881 | | - | | - |
| | | **Total Current Assets** | | | **2,033,203,551** | | ***1,597,256,105*** | | ***1,351,240,044*** |
| | | **Total Assets** | | | **6,910,063,997** | | ***5,924,052,039*** | | ***4,550,024,175*** |
| | | **EQUITY AND LIABILITIES** | | | | | | | |
| | | **Equity** | | | | | | | |
| (a) | | Equity share capital | 13 | 40,001,600 | | *40,001,600* | | *40,001,600* | |
| (b) | | Other Equity | 14 | 3,861,362,522 | 3,901,364,122 | *3,395,955,011* | *3,435,956,611* | *2,900,467,362* | *2,940,468,962* |
| | | **Total Equity** | | | **3,901,364,122** | | ***3,435,956,611*** | | ***2,940,468,962*** |

| | | | Note | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | **Liabilities** | | | | | | | |
| | | **Non-current Liabilities** | | | | | | | |
| (a) | | Financial Liabilities | | | | | | | |
| | (i) | Borrowings | **15** | 721,166,479 | | *1,043,936,187* | | *563,234,315* | |
| | (ii) | Other financial liabilities | **16** | 5,359,089 | 726,525,568 | *52,358,403* | *1,096,294,590* | *55,316,550* | *618,550,865* |
| (b) | | Provisions | **17** | | 18,546,059 | | *18,448,676* | | *26,368,707* |
| | | **Total Non-current Liabilities** | | | **745,071,627** | | ***1,114,743,266*** | | ***644,919,572*** |
| | | **Current liabilities** | | | | | | | |
| (a) | | Financial liabilities | | | | | | | |
| | (i) | Borrowings | **19** | 903,837,720 | | *368,257,277* | | *116,017,897* | |
| | (ii) | Trade and other payables | **20** | 1,081,413,915 | | *777,840,704* | | *578,119,268* | |
| | (iii) | Other financial liabilities | **16** | 262,197,773 | 2,247,449,408 | *209,322,217* | *1,355,420,198* | *190,872,878* | *885,010,043* |
| (b) | | Provisions | **17** | | 134,449 | | *126,713* | | *408,366* |
| (c) | | Income tax liabilities (Net) | **21** | | 960,110 | | *960,110* | | *59,019,513* |
| (d) | | Other current liabilities | **18** | | 15,084,281 | | *16,845,141* | | *20,197,719* |
| | | | | | 2,263,628,248 | | *1,373,352,162* | | *964,635,641* |
| (e) | | Liabilities directly associated with assets classified as held for sale | | | - | | - | | - |
| | | **Total Current Liabilities** | | | **2,263,628,248** | | ***1,373,352,162*** | | ***964,635,641*** |
| | | **Total Liabilities** | | | **3,008,699,875** | | ***2,488,095,428*** | | ***1,609,555,213*** |
| | | **Total Equity and Liabilities** | | | **6,910,063,997** | | ***5,924,052,039*** | | ***4,550,024,175*** |

Significant Accounting Policies **2**

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

| | | |
|---|---|---|
| As per our report of even date | | |
| For BATLIBOI & PUROHIT | S. L. Goklaney | Chairman |
| *Chartered Accountants* | | |
| Firm Regn No. 101048W | | |
| | D.Sivanandhan | *Directors* |
| ATUL MEHTA | | |
| *Partner* | Suresh Redhu | Whole Time Director |
| Membership No. 15935 | | |
| | Sachikant Chaudhury | CFO & Company Secretary |
| Mumbai , Dated : 9th May'2017 | | |

## STATEMENT OF PROFIT AND LOSS OF AQUAMALL WATER SOLUTIONS LIMITED

| | | Notes | Year Ended 31st March 2017 ` | *Year Ended 31st March 2016 `* |
|---|---|---|---|---|
| I | **Income** | | | |
| | Revenue from Operations | **22** | 6,999,314,017 | *6,815,285,603* |
| | Other income and other gains / (losses) | **23** | 181,054,589 | *224,723,945* |
| | **Total Income** | | **7,180,368,606** | ***7,040,009,548*** |
| II | **Expenses** | | | |
| | Cost of materials consumed | **24** | 5,536,269,253 | *5,214,668,377* |
| | Purchases of stock-in-trade | | 383,547,026 | *279,110,744* |
| | Changes in inventories of finished goods, stock-in-trade and work-in-progress | | 8,503,928 | *(8,004,637)* |
| | Excise Duty on sale of goods | | 1,225,925 | *474,044* |
| | Employee benefits expense | **25** | 75,451,015 | *85,031,447* |
| | Finance costs | **26** | 101,417,875 | *139,367,682* |
| | Depreciation and amortisation expense | **27** | 48,008,059 | *42,225,712* |
| | Other expenses | **28** | 387,536,323 | *362,005,247* |
| | **Total expenses** | | **6,541,959,404** | ***6,114,878,616*** |
| III | **Profit before exceptional items and tax** | | **638,409,202** | ***925,130,932*** |
| | Add/ (Less) : Exceptional items | | | - |
| IV | **Profit before tax** | | **638,409,202** | ***925,130,932*** |
| | Less: Tax expense | | | |
| (i) | Current tax | **29** | 163,596,480 | *230,888,247* |
| (ii) | Deferred tax charge | | 9,268,931 | *5,659,647* |
| | | | **172,865,411** | ***236,547,894*** |
| V | **Profit for the year** | | **465,543,791** | ***688,583,038*** |

*(Statement of Profit and Loss continued...)*

AQUAMALL
YOUR DESTINATION FOR WATER SOLUTIONS

**AQUAMALL WATER SOLUTIONS LIMITED**

**STATEMENT OF PROFIT AND LOSS OF AQUAMALL WATER SOLUTIONS LIMITED**

| | | Notes | Year Ended 31st March 2017 ` | *Year Ended 31st March 2016 `* |
|---|---|---|---|---|
| VI | **Other Comprehensive Income** | | | |
| A | Items that will not be reclassified to profit or loss | | | |
| (a) | Remeasurements Gain / (Loss) of the defined benefit plans | | **(208,405)** | ***(788,237)*** |
| | Income tax effect | | **72,125** | ***272,793*** |
| | | | **(136,280)** | ***(515,444)*** |
| | **Total comprehensive income for the year (V+VI)** | | **465,407,511** | ***688,067,594*** |
| | Earnings per equity share: | **30** | | |
| | (1) Basic (in Rs.) | | 116.38 | *172.14* |
| | (2) Diluted (in Rs.) | | 116.38 | *172.14* |
| | Significant Accounting Policies | 2 | | |

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

| | | |
|---|---|---|
| As per our report of even date | | |
| For BATLIBOI & PUROHIT | S. L. Goklaney | Chairman |
| *Chartered Accountants* | | |
| Firm Regn No. 101048W | D.Sivanandhan | *Directors* |
| ATUL MEHTA | | |
| *Partner* | Suresh Redhu | Whole Time Director |
| Membership No. 15935 | | |
| | Sachikant Chaudhury | CFO & Company Secretary |
| Mumbai , Dated : 9th May'2017 | | |

AQUAMALL
YOUR DESTINATION FOR WATER SOLUTIONS

**AQUAMALL WATER SOLUTIONS LIMITED**
**Notes to the financial statements for the year ended 31 March 2017**
**Reporting entity**

Aquamall Water Solutions Limited (the 'Company') is a Company domiciled in India, with its registered office situ Flat No. 20, 1st Floor, Sony business Complex, Kukatpally I.E, Prashanthy Nagar, Hyderabad - 500072. The Compan wholly owned subsidiary of Eureka Forbes Limited, a Company incorporated under the Companies Act, 1956 and ultir holding company is Shapoorji Pallonji and Company Private Ltd. The Company is primarily involved in manufacturing water purifiers, vacuum cleaners, air purifiers and part thereof.

The manufacturing facilities of the Company are located at Lal Tappar Industrial Area, Dehradun, Barotiwala Bad Bommasandra, Bangalore. The Company is eligible for deduction of profits and gains of business till assessment year 2 ('tax holiday period') under Section 80-IC of the Income-tax Act, 1961 for Dehradun plant and till assessment year 201 Baddi Plant. Further, it is also exempt from payment of excise duty on goods manufactured in the Dehradun and Baddi manufacturing facilities till 31st October 2017 and March 2020 respectively.

1 **Basis of preparation**

**a. Statement of compliance**

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Co (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other provisions of the Act.

The Company's financial statements up to and for the year ended 31 March 2016 were prepared in accordance Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transitio AS has affected the previously reported financial position, financial performance and cash flows of the Company is pro Note 54, 54.1 and 54.2.

The financial statements were authorised for issue by the Company's Board of Directors on 9th May 2017.

Details of the Company's accounting policies are included in Note 3.

**b. Functional and presentation currency**

These financial statements are presented in Indian Rupees (`), which is also the Company's functional currency.

**c. Basis of measurement**

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabil defined benefit plan assets, which have been measured on fair value basis.

**d. Use of estimates and judgements**

In preparing these financial statements, management has made judgements, estimates and assumptions that a application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual res differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are re prospectively.

***Critical accounting estimates and judgments***

Information about judgments made in applying accounting policies that have the most significant effects on the recognised in the financial statements is included in the following notes:

- Note 3(a)(iv) and 3 – useful life of Property, plant and equipment
- Note 3(b)(iii) and 4 – useful life of Intangible assets
- Note 3(g) and 34 – employee benefit plans
- Note 3(h) and 40 – provisions and contingent liabilities
- Note 3(l) and 35 – Income taxes

**e. Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both assets and liabilities.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions based on market conditions and risks existing at each reporting date. The methods used to determine fair value discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value general approximation of value, and such value may never actually be realized.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techi follows.
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directl prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possib inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, ther value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level inpu significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during v change has occurred.

**2 Significant accounting polices**

**a. Property, plant and equipment**

***i. Recognition and measurement***

Freehold land is carried at historical cost. Items of property, plant and equipment are measured at historical cos includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-re purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on wl located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, a costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of disman removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounte separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

***ii. Transition to Ind AS***

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and e recognised as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cos property, plant and equipment .

***iii. Subsequent expenditure***

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the ex will flow to the Company.

***iv. Depreciation***

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values o estimated useful lives using the straight-line method, and is recognised in the statement of profit and loss.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as foll

| **Assets** | **Estimated Useful Life** |
|---|---|
| Buildings | 30 - 60 Years |
| Plant and machinery (including moulds) | 15 Years |
| Office equipments | 5 Years |
| Furniture and fixtures | 10 Years |
| Computers | 3 Years |
| Computer server | 6 Years |
| Vehicles | 5 Years |
| Electric Installations | 10 Years |

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if app Based on internal assessment and consequent advice, the management believes that its estimates of useful lives as giv best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is read (disposed off).

**b. Intangible assets**

*i.* ***Acquired intangible***

Intangible assets comprise purchased technical know-how are initially measured at cost. Such intangible as subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

***ii. Subsequent expenditure***

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is reco profit or loss as incurred.

***iii. Amortisation***

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their e useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of Profit and L

The estimated useful live is considered to be 5 years.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and ad appropriate.

**c. Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the e rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of tl investments which are recognised at fair value through OCI (FVOCI) are recognised in other comprehensive income.

**d. Financial instruments**

**1. Initial recognition**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisio instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade re which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

**2. Subsequent measurement**

*i)* ***Financial assets carried at amortised cost:***

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified cash flows that are solely payments of principal and interest on the principal amount outstanding.

*ii)* ***Financial assets at fair value through other comprehensive income :***

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the co terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and intere principal amount outstanding.

*iii)* ***Financial assets at fair value through profit or loss :***

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or lo

*iv)* ***Financial liabilities :***

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short ma these instruments.

*v)* ***Investment in subsidiaries and joint ventures :***

Investment in subsidiaries and joint ventures are carried at cost.

*vi)* ***Derecognition of financial instruments :-***

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset ex transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the co discharged or cancelled or expires.

**e. Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weightec method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progr includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of compl selling expenses.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished produc

Raw materials and other supplies held for use in the production of finished products are not written down below cost cases where material prices have declined and it is estimated that the cost of the finished products will exceed realisable value.

**f. Impairment**

***i. Impairment of financial assets***

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which ar valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measu amount equal to life time ECL. For all other financial assets, expected credit losses are measured at an amount equal t month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are r at life time ECL.

***ii. Impairment of non-financial assets***

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or ch circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment tes recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individ basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such c recoverable amount is determined for the Cash Generating Unit to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is r by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An im loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the rec amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation impairment loss been recognized for the asset in prior years.

**g. Employee benefits**

i. ***Short-term employee benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related s provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Compa present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and th of obligation can be estimated reliably.

ii. ***Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified contributions towards Government administered provident fund and Employee State Insurance scheme. Obligat contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the perioc which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is av

***iii. Defined benefit plans***

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net o in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earn current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected ur method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in C Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by app discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net define liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are reco profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to pas ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or l Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

***iv. Other long-term employee benefits***

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the a future benefit that employees have earned in return for their service in the current and prior periods; that benefit is di to determine its present value. The obligation is measured on the basis of an annual independent actuarial valuation u projected accrued benefit method. Remeasurements gains or losses are recognised in profit or loss in the period in wl arise.

**h. Provisions and contingent liabilities**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation tha estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirme occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obli disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

**i. Revenue**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration re receivable, net of returns, trade discounts VAT and volume rebates. This *inter alia* involves discounting of the cons due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant r rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated c possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial inv with, the goods, and the amount of revenue can be measured reliably.

**j. Leases**

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. c leases) are not recognized in the Company's Balance Sheet.

Payments made under operating leases are generally recognized in profit or loss on a straight-line basis over the ter lease unless such payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

**k. Income tax**

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a combination or to an item recognised directly in equity or in other comprehensive income.

***i. Current tax***

Current tax in measured on the basis of estimated income and tax credits computed in accordance with the provisio Income Tax Act,1961.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the re amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously

***ii. Deferred tax***

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabi financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also reco respect of carried forward tax losses and tax credits.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the li settled, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and as they relate to income taxes levied by the same tax authority on the same taxable Company, or on different tax entities, intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultan

**l. Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calcu dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of ordinary shares outstanding after adjusting for the effects of all dilutive ordinary shares.

**m. Assets classified as held for sale**

Noncurrent assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered pr through a sale transaction rather than through continuing use and a sale is considered highly probable these assets are r at lower of their carrying amount and fair value less costs to sell. Non current assets (or disposal group) are p separately from the other assets in the balance sheet. The liabilities of disposal group, if any, are presented separately other liabilities in the balance sheet.

**n. Cash flow Statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transact non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or associated with investing or financing cash flows. The cash flows from operating, investing and financing activiti Company are segregated.

**o. Cash and cash equivalents**

For the purpose of presentation in the statement of cash flow , cash and cash equivalents including cash on hand , depo at call with financial institutions ,other short term, highly liquid investments with original maturities of three months or are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, a overdrafts (where it forms an integral part of cash management). Bank overdrafts are shown within borrowings in liabilities in the balance sheet

**p. Investment in Subsidiary and Associate Companies**

The Company has elected to recognize its investments in subsidiary and associate companies at accordance with the option available in IND AS 27, ' Separate Financial Statement'. The details investments are given in Note 5. Impairment policy applicable on such investments is explained in no above

**q. Borrowing Cost**

Borrowing Cost include interest, amortization of ancillary cost incurred in connection with the arran of borrowings and exchange difference arising from foreign currency borrowings to the extent th regarded as an adjustment to the interest cost.

Borrowing cost, if any, directly attributable to the acquisition, construction or production of an ass necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised All other borrowing costs are expensed in the period in which they occur.

## 2.1 Recent accounting pronouncements (Standards issued but not yet effective)

Recent amendments to Indian Accounting Standards, which are issued but not yet effective, are not expected to have effect on the Company's current period or on reasonably foreseeable future transactions.

**AQUAMALL WATER SOLUTIONS LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

| A. Equity share capital | Amount ` |
|---|---|
| **Balance at April 1, 2015** | 40,001,600 |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2016** | **40,001,600** |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2017** | **40,001,600** |

B. Other Equity

| | Reserves and surplus | | | | Items Of Other Comprehensive Income | | Total Other Equity | Total |
|---|---|---|---|---|---|---|---|---|
| | **Capital reserve** | **General Reserve** | **Retained Earnings** | **Total** | **Other items of other comprehensive income** | **Total** | | |
| | ` | ` | ` | ` | ` | ` | ` | ` |
| **Balance at 1st April 2015** | ***6,260,417*** | ***1,100,000,000*** | ***1,794,206,945*** | ***2,900,467,362*** | ***-*** | ***-*** | ***2,900,467,362*** | *2,900,467,362* |
| Ind AS Transition Reserves | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | *-* | *-* |
| Profit for the year | ***-*** | ***-*** | *688,583,038* | ***688,583,038*** | ***-*** | ***-*** | *688,583,038* | *688,583,038* |
| Other comprehensive income for the year, net of income tax | ***-*** | ***-*** | ***-*** | ***-*** | *(515,444)* | *(515,444)* | *(515,444)* | *(515,444)* |
| **Total comprehensive income for the year** | ***-*** | ***-*** | ***688,583,038*** | ***688,583,038*** | ***(515,444)*** | ***(515,444)*** | ***688,067,594*** | ***688,067,594*** |
| Dividend and Tax thereon | ***-*** | ***-*** | *192,579,945* | ***192,579,945*** | *-* | *-* | *192,579,945* | *192,579,945* |
| **Balance at March 31, 2016** | ***6,260,417*** | ***1,100,000,000*** | ***2,290,210,038*** | ***3,396,470,455*** | ***(515,444)*** | ***(515,444)*** | ***3,395,955,011*** | ***3,395,955,011*** |
| Profit for the year | - | - | 465,543,791 | 465,543,791 | - | - | 465,543,791 | 465,543,791 |
| Other comprehensive income for the year, net of income tax | | | | - | (136,280) | (136,280) | (136,280) | (136,280) |
| **Total comprehensive income for the year** | **-** | **-** | **465,543,791** | **465,543,791** | **(136,280)** | **(136,280)** | **465,407,511** | **465,407,511** |
| Transfer to retained earnings | | | | - | | - | - | - |
| **Balance at March 31, 2017** | **6,260,417** | **1,100,000,000** | **2,755,753,829** | **3,862,014,246** | **(651,724)** | **(651,724)** | **3,861,362,522** | **3,861,362,522** |

-

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

| | | |
|---|---|---|
| As per our report of even date | | |
| For BATLIBOI & PUROHIT | S. L. Goklaney | Chairman |
| *Chartered Accountants* | | |
| Firm Regn No. 101048W | | |
| | D.Sivanandhan | *Directors* |
| ATUL MEHTA | | |
| *Partner* | Suresh Redhu | Whole Time Director |
| Membership No. 15935 | | |
| | Sachikant Chaudhury | CFO & Company Secretary |
| Mumbai , Dated : 9th May'2017 | | |

## CASH FLOW STATEMENT OF AQUAMALL WATER SOLUTIONS LIMITED

| | Notes | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|---|
| | | ` | ` |
| **Cash flows from operating activities** | | | |
| Profit for the year | | 638,409,202 | *925,130,932* |
| Adjustments for: | | | |
| Finance costs recognised in profit or loss | | 101,417,875 | *80,736,419* |
| Interest Income | | (96,651,320) | *(56,616,516)* |
| Add (Gain) / Loss on disposal of property, plant and equipment | | 20,997 | *628,189* |
| Net (gain)/loss arising on disposal of investments | | - | *(1,774,621)* |
| Remeasurements of the defined benefit plans | | (208,405) | *(788,237)* |
| Provision/write-off of doubtful debts, advances and other current assets | | 2,447,552 | *1,028,273* |
| Depreciation and amortisation of non-current assets (continuing operations) | | 48,008,059 | *42,225,712* |
| Net foreign exchange (gain)/loss - unrealised | | 37,813,246 | *(37,660,414)* |
| Financial guarantee Income | | (3,921,913) | *(1,124,103)* |
| | | **727,335,293** | ***951,785,634*** |
| Movements in working capital: | | | |
| (Increase)/decrease in trade and other receivables | | (304,749,235) | *(230,300,351)* |
| (Increase)/decrease in inventories | | (90,294,125) | *(6,739,167)* |
| (Increase)/decrease in current loans and advances | | 23,043 | *(27,693)* |
| (Increase)/decrease in non current loans and advances | | 35,814 | *19,072* |
| (Increase)/decrease in current Other Assets | | (24,015,855) | *(3,956,743)* |
| (Increase)/decrease in non current Other Assets | | 485,228 | *2,776,381* |
| (Increase)/decrease in non current Other Financial Assets | | (3,351,690) | *(1,020,883)* |
| Increase/ (Decrease) in trade and other payables | | 305,601,876 | *201,392,220* |
| Increase/(Decrease) in non current provisions | | 97,383 | *(7,920,031)* |
| Increase/(Decrease) in provisions | | 7,736 | *(281,653)* |

| | | |
|---|---|---|
| Increase/(Decrease) in other non current financial liabilities | (46,999,314) | *(2,958,147)* |
| Increase/(Decrease) in other current financial liabilities | (10,126,095) | - |
| Increase/(Decrease) in other liabilities | (1,760,860) | *(6,552,998)* |
| | (175,046,094) | *(55,569,993)* |
| Cash generated from operations | **552,289,199** | ***896,215,641*** |
| Income taxes paid | (197,576,407) | *(273,263,791)* |
| **Net cash generated by operating activities** | **354,712,792** | ***622,951,850*** |
| **Cash flows from investing activities** | | |
| Payments to acquire mutual funds | - | *(100,000,000)* |
| payments for investment in Subsidiary | - | *(811,190,000)* |
| Proceeds on sale of mutual funds | - | *101,774,621* |
| Interest received | 180,002 | *4,697,119* |
| Payments for property, plant and equipment | (66,062,964) | *(123,353,803)* |
| Proceeds from disposal of property, plant and equipment | 1,459,295 | *1,566,207* |
| Payments to acquire intangible assets | (6,000,000) | - |
| Bank Balance not considered as Cash & Cash equivalents | (175,327) | *(1,198,667)* |
| ICD given | (539,828,250) | *(217,205,870)* |
| ICD received back | - | *109,262,655* |
| **Net cash (used in)/generated by investing activities** | (610,427,244) | *(1,035,647,738)* |
| **Cash flows from financing activities** | | |
| Proceeds from other short term borrowings | 535,580,443 | *263,857,210* |
| Proceeds from Long Term borrowings | - | *591,680,000* |
| Repayment of Long Term borrowings | (181,315,920) | *(175,512,687)* |
| Dividends paid on equity shares | - | *(192,579,945)* |
| Interest paid | (97,500,943) | *(74,816,832)* |
| **Net cash used in financing activities** | 256,763,580 | *412,627,746* |
| **Net increase in cash and cash equivalents** | 1,049,128 | *(68,142)* |

| | | |
|---|---|---|
| Cash and cash equivalents at the beginning of the year | 4,710,092 | *4,778,234* |
| **Cash and cash equivalents at the end of the year** | **5,759,220** | ***4,710,092*** |
| | - | - |

Significant Accounting Policies 2

| | | |
|---|---|---|
| As per our report of even date<br>For BATLIBOI & PUROHIT<br>*Chartered Accountants*<br>Firm Regn No. 101048W | S. L. Goklaney | Chairman |
| | D.Sivanandhan | *Directors* |
| ATUL MEHTA<br>*Partner*<br>Membership No. 15935 | Suresh Redhu | Whole Time Director |
| | Sachikant Chaudhury | CFO & Company Secretary |
| Mumbai , Dated : 9th May'2017 | | |

**AQUAMALL WATER SOLUTIONS LIMITED**

**Notes to the financial statements for the year ended 31 March 2017**

**3. Tangible Assets**

| **Gross Block** | Land - Freehold | Land - Leasehold | Buildings | Plant and machinery | Patterns & Dies (Plant & Machinery) | Furniture and fixtures | Vehicles | Computers | Electrical Installation | Office Equipment | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ` | ` | ` | ` | ` | ` | ` | ` | ` | ` | ` |
| *As at 1st April 2015* | *31,521,022* | *5,171,913* | *319,451,828* | *125,253,271* | *218,408,540* | *23,766,562* | *15,874,277* | *20,296,967* | *47,536,463* | *6,727,200* | *814,008,041* |
| *Additions* | - | - | *13,351,211* | *14,584,830* | *80,339,214* | *1,690,896* | *3,189,419* | *2,084,677* | *3,410,887* | *472,620* | *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* | *31,521,022* | *5,171,913* | *332,803,039* | *135,569,825* | *297,697,074* | *24,932,607* | *15,460,617* | *21,865,817* | *50,804,500* | *7,083,530* | *922,909,942* |
| Additions | - | - | 346,531 | 15,182,600 | 78,718,865 | 2,146,097 | 3,334,126 | 1,717,571 | 1,317,904 | 372,838 | 103,136,532 |
| Deletions | - | - | - | (2,367,068) | - | (69,842) | (1,082,816) | (302,803) | (35,750) | (118,299) | (3,976,578) |
| Classified as Asset Held for sale | | (1,096,188) | (25,527,351) | (32,445,722) | - | (3,174,701) | - | (3,766,440) | (2,874,814) | (995,645) | (69,880,861) |
| As at 31 March 2017 | 31,521,022 | 4,075,725 | 307,622,219 | 115,939,635 | 376,415,939 | 23,834,160 | 17,711,927 | 19,514,145 | 49,211,840 | 6,342,424 | 952,189,035 |
| | | | | | | | | | | | |
| **Depreciation** | Land - Freehold | Land - Leasehold | Buildings | Plant and machinery | Patterns & Dies (Plant & Machinery) | Furniture and fixtures | Vehicles | Computers | Electrical Installation | Office Equipment | Total |
| | ` | ` | | ` | ` | ` | ` | ` | ` | ` | ` |
| *As at 1st April 2015* | - | *561,678* | *78,538,127* | *54,784,296* | *125,628,416* | *16,489,244* | *6,779,731* | *17,624,002* | *30,476,375* | *5,770,806* | *336,652,675* |
| *Charge for the year* | - | *55,600* | *11,403,569* | *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* | - | *617,278* | *89,941,696* | *59,955,957* | *133,787,725* | *17,738,023* | *7,897,060* | *18,756,723* | *36,098,530* | *6,057,936* | *370,850,930* |
| Charge for the year | - | 55,600 | 12,137,304 | 8,339,860 | 16,075,162 | 1,469,354 | 2,809,669 | 1,348,511 | 4,471,802 | 284,907 | 46,992,169 |
| Deletions | - | - | - | (1,533,211) | - | (69,841) | (558,821) | (253,329) | (17,359) | (63,725) | (2,496,286) |
| Classified as Asset Held for sale | - | (342,904) | (16,530,229) | (22,884,693) | - | (2,412,340) | - | (3,740,385) | (2,544,331) | (953,098) | (49,407,980) |
| As at 31 March 2017 | - | 329,974 | 85,548,772 | 43,877,913 | 149,862,886 | 16,725,197 | 10,147,908 | 16,111,521 | 38,008,642 | 5,326,021 | 365,938,833 |
| **Net Block** | | | | | | | | | | | |
| As at 1st April 2015 | *31,521,022* | *4,610,235* | *240,913,700* | *70,468,975* | *92,780,124* | *7,277,318* | *9,094,546* | *2,672,965* | *17,060,087* | *956,394* | *477,355,366* |
| As at 31 March 2016 | *31,521,022* | *4,554,635* | *242,861,342* | *75,613,867* | *163,909,349* | *7,194,583* | *7,563,557* | *3,109,093* | *14,705,970* | *1,025,594* | *552,059,012* |
| As at 31 March 2017 | 31,521,022 | 3,745,751 | 222,073,447 | 72,061,722 | 226,553,052 | 7,108,964 | 7,564,019 | 3,402,624 | 11,203,198 | 1,016,403 | 586,250,202 |

# Refer Note 49 for leased out assets
# Refer Note No. 33 for assets pledged as securities

**Notes to the financial statements for the year ended 31 March 2017**

## 4. Intangible Assets

| **Gross Block** | Technical Know how ` | Brand Name / Trademarks ` | **Total** ` |
|---|---|---|---|
| As at 1st April 2015 | - | *238,066,800* | *238,066,800* |
| Purchase | - | - | - |
| As at 31 March 2016 | - | *238,066,800* | *238,066,800* |
| Purchase | 6,000,000 | - | 6,000,000 |
| As at 31 March 2017 | 6,000,000 | 238,066,800 | 244,066,800 |
| **Amortisation** | | | |
| As at 1st April 2015 | - | *238,066,800* | *238,066,800* |
| Charge for the year | - | - | - |
| As at 31 March 2016 | - | *238,066,800* | *238,066,800* |
| Charge for the year | 1,015,890 | - | 1,015,890 |
| As at 31 March 2017 | 1,015,890 | 238,066,800 | 239,082,690 |
| **Net Block** | | | |
| **As at 1 st April 2015** | **-** | **-** | **-** |
| **As at 31 March 2016** | **-** | **-** | **-** |
| **As at 31 March 2017** | **4,984,110** | **-** | **4,984,110** |

Refer Note No. 33 for assets pledged as securities

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**Financial assets**

**5. Non Current Investments**

**Investments in Equity instruments of Subsidiaries at Cost**

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
|---|---|---|---|
| | ` | ` | ` |
| Unquoted Investments (all fully paid) | | | |
| **Investments in Equity Instruments** | | | |
| 3,000,000(previous year 3,000,000) equity shares of `10/- fully paid up in Aquadiagnostic Water Research & Technology Centre Ltd | 30,000,000 | *30,000,000* | *30,000,000* |
| 33,500(previous year 33,500) equity shares of CHF 1,000/- fully paid up in Forbes Lux International AG | 2,289,947,875 | *2,289,947,875* | *1,478,757,875* |
| | | | |
| **TOTAL Value of Unquoted investment** | **2,319,947,875** | ***2,319,947,875*** | ***1,508,757,875*** |

**Investments in Equity Instruments of Joint ventures at cost**

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
|---|---|---|---|
| | ` | ` | ` |
| **Unquoted Investments (all fully paid)** | | | |
| Investments in Equity Instruments | | | |
| 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* | *29,278,670* |
| Less : Aggregate amount of impairment in value of investments in joint ventures | | | |
| **TOTAL** | **29,278,670** | ***29,278,670*** | ***29,278,670*** |

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
|---|---|---|---|
| | ` | ` | ` |
| **Fair value Financial Gurantees commission** | | | |
| Forbes Lux International AG | 3,423,577 | *1,124,103* | - |
| Lux International AG (Step down Subsidiary) | 1,622,439 | | |
| **TOTAL** | **5,046,016** | ***1,124,103*** | **-** |

| | | | |
|---|---|---|---|
| | | | |
| **Total Non Current Investment** | **2,354,272,561** | ***2,350,350,648*** | ***1,538,036,545*** |

| | | | |
|---|---|---|---|
| Aggregate Book Value of Quoted Investments | - | - | - |
| Market value of quoted investments | - | - | - |
| Aggregate Book Value of Unquoted Investments | 2,354,272,561 | *2,350,350,648* | *1,538,036,545* |
| Aggregate amount of impairment in value of investment | - | - | - |

**Notes to the financial statements for the year ended March 31, 2017 - continued**

### 6. Trade receivables

| Particulars | Current | | |
|---|---|---|---|
| | As at March 31, 2017 ` | *As at March 31, 2016 `* | *As at April 1, 2015 `* |
| Trade receivables | | | |
| Unsecured, considered good | 10,217,531 | *36,421,169* | *39,856,570* |
| Unsecured , Debts due from related parties (Refer Note No. 53) | 1,434,969,008 | *1,108,626,870* | *868,610,250* |
| Unsecured Doubtful | 2,447,552 | - | - |
| Less: Allowance for doubtful debts | 2,447,552 | - | - |
| **Total** | 1,445,186,539 | *1,145,048,039* | *908,466,820* |
| | - | - | - |

### 6.1 Trade receivables

**Transactions with firms/Private Companies in which a Directors are interested**

Trade Receivable include `.2,400,127/- (Previous Year NIL) due from a Private Company (Aquaignis Technologies Pvt Ltd, ) in which a Director of the Company is a Director.

# The Company's exposure to credit risk and loss allowances related to trade receivables are disclosed in Note 32 (ii)

### 7. Loans

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 ` | *As at March 31, 2016 `* | *As at April 1, 2015 `* | As at March 31, 2017 ` | *As at March 31, 2016 `* | *As at April 1, 2015 `* |
| **Loans to Others:** | | | | | | |
| **Inter Corporate Deposit to related parties (Refer Note No. 53):** | | | | | | |
| -Unsecured, considered good | 1,453,621,740 | *1,033,841,287* | *828,570,681* | | | |
| | 1,453,621,740 | *1,033,841,287* | *828,570,681* | - | - | - |
| **Loans to Employees** | | | | | | |
| -Unsecured, considered good | - | *35,814* | *54,886* | 39,888 | *21,931* | *64,238* |
| | - | *35,814* | *54,886* | 39,888 | *21,931* | *64,238* |
| | **1,453,621,740** | ***1,033,877,101*** | ***828,625,567*** | **39,888** | ***21,931*** | ***64,238*** |

**7.1 Transactions with firms/Private Companies in which a Directors are interested**

Inter Corporate Deposits Given include `. NIL/- (Previous Year `.NIL/- ) due from Private Companies in which a Director of the Company is a Director.

**8. Other financial assets**

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 ` | *As at March 31, 2016* ` | *As at April 1, 2015* ` | As at March 31, 2017 ` | *As at March 31, 2016* ` | *As at April 1, 2015* ` |
| Balance with Banks held as Margin Money | 2,956,465 | *2,781,138* | *1,582,471* | | | |
| Security deposits - unsecured considered good | 11,722,650 | *8,370,960* | *7,350,077* | 70,000 | *111,000* | *41,000* |
| Security deposits | | | | | | |
| Security deposits - unsecured considered good - to related parties | | | | | | |
| Interest Accrued - | | | | | | |
| on Inter Corporate Deposits to related parties (Refer Note No. 53) | 238,330,609 | *141,859,291* | *88,719,275* | | | |
| on fixed deposits with Banks | | | | - | - | *1,220,619* |
| | 253,009,724 | *153,011,389* | *97,651,823* | 70,000 | *111,000* | *1,261,619* |

**9. Inventories**

| Particulars | As at March 31, 2017 ` | *As at March 31, 2016* ` | *As at April 1, 2015* ` |
|---|---|---|---|
| **a) Inventories (lower of cost and net realisable value)** | | | |
| - Raw Material, Components and Packing Material {includes in transit ` 174,854,643 (Previous year: ` 123,566,492/-)} | 463,150,653 | *364,962,517* | *365,902,503* |
| Finished Goods | 2,914,492 | *11,418,420* | *3,413,783* |
| Spares and Accessories | 1,336,971 | *727,054* | *1,052,538* |
| | 467,402,116 | *377,107,991* | *370,368,824* |

The cost of inventories recognised as an expense includes ` 127,282 (during 2015-2016: ` 892,777) in respect of write-downs of inventory to net realisable value.

**10. Cash and cash equivalents**

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* | |
|---|---|---|---|---|
| | ` | ` | ` | |
| Balances with Banks in current accounts | 5,704,223 | *4,536,775* | *4,402,324* | |
| Cheques, drafts on hand | - | - | - | |
| Cash on hand | 54,997 | *173,317* | *375,910* | |
| Others | - | - | - | |
| **Total Cash & Cash Equivalents** | **5,759,220** | ***4,710,092*** | ***4,778,234*** | |
| **Bank Balances other than Cash & Cash Equivalents** | | | | |
| Deposits with original maturity of more than 12 months * | - | - | - | - |
| Deposits with original maturity of more than 3 months but less than 12 months | - | - | - | |
| **Total Bank Balances other than Cash & Cash Equivalents** | **-** | **-** | **-** | |
| Cash and cash equivalents as per statement of cash flows | 5,759,220 | *4,710,092* | *4,778,234* | |

**11. Other assets**

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
| | ` | ` | ` | ` | ` | ` |
| Capital Advances | 16,922,321 | *53,995,889* | *43,478,785* | - | - | - |
| Prepaid expenses | 365,413 | *652,593* | *381,000* | 2,332,685 | *3,706,037* | *2,444,835* |
| Advances to related parties (Refer Note No. 53) | - | - | - | - | *2,653,786* | *603,914* |
| Balance with statutory/ government authorities | 82,741,923 | *82,939,971* | *85,987,945* | 18,335,062 | *10,480,319* | *15,493,583* |
| Advance to Others | - | - | - | 73,605,160 | *53,416,910* | *47,757,977* |
| **Total** | 100,029,657 | *137,588,453* | *129,847,730* | 94,272,907 | *70,257,052* | *66,300,309* |

**11.1 Transactions with firms/Private Companies in which a Directors are interested**

Advances Unsecured considered good include `. NIL (Previous Year `2,397,041/-) due from Private Companies (Aquaignis Technologies Pvt Ltd & Water Wings Pvt Ltd) in which a Director of the Company is a Director.

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**12. Deferred tax balances**

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

| **Particulars** | **As at March 31, 2017** | ***As at March 31, 2016*** | ***As at April 1, 2015*** |
|---|---|---|---|
| Deferred tax assets | 69,310,110 | *96,908,786* | *133,820,856* |
| Deferred tax liabilities | 63,682,175 | *57,569,484* | *54,277,659* |
| **Net Asset / (Liability)** | 5,627,935 | *39,339,302* | *79,543,197* |

| **Particulars** | **Property, plant and equipment** | **Fair Value of ECB Loan** | **Expenses allowable on payment basis and Others** | **MAT Credit Entitlement** | **Total** |
|---|---|---|---|---|---|
| **Deferred tax (liabilities)/assets in relation to:** | | | | | |
| **Net balance April 1, 2015** | ***(51,710,111)*** | ***(2,567,548)*** | ***11,397,369*** | ***122,423,487*** | ***79,543,197*** |
| Recognised in profit or loss | *(2,709,940)* | *(581,885)* | *(2,367,823)* | | *(5,659,648)* |
| Utilization against Tax Provision | - | - | - | *(34,544,247)* | *(34,544,247)* |
| **Closing balance Asset / (Liability) March 31, 2016** | ***(54,420,051)*** | ***(3,149,433)*** | ***9,029,546*** | ***87,879,240*** | ***39,339,302*** |
| Recognised in profit or loss | (7,510,965) | 1,398,274 | (3,156,240) | | (9,268,931) |
| Utilization against Tax Provision | | | | (24,442,436) | (24,442,436) |
| **Closing balance March 31, 2017** | (61,931,016) | (1,751,159) | 5,873,306 | 63,436,804 | 5,627,935 |

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**13. Equity Share Capital**

| Particulars | As at March 31, 2017 ` | *As at March 31, 2016 `* | *As at April 1, 2015 `* |
|---|---|---|---|
| Equity share capital | 40,001,600 | *40,001,600* | *40,001,600* |
| **Total** | 40,001,600 | *40,001,600* | *40,001,600* |
| **Authorised Share capital :** | | | |
| 5,500,000 fully paid equity shares of ` 10 each | 55,000,000 | *55,000,000* | *55,000,000* |
| **Issued and subscribed capital comprises:** | | | |
| 4,000,160 fully paid equity shares of `.10 each (as at March 31, 2016: 4,000,160; as at April 1, 2015: 4,000,160) | 40,001,600 | *40,001,600* | *40,001,600* |
| | 40,001,600 | *40,001,600* | *40,001,600* |

**13.1 Fully paid equity shares**

| Particulars | Number of shares | Share capital ` |
|---|---|---|
| Balance at April 1, 2015 | 4,000,160 | 40,001,600 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| Balance at March 31, 2016 | 4,000,160 | 40,001,600 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| **Balance at March 31, 2017** | **4,000,160** | **40,001,600** |

Fully paid equity shares have a par value of `.10. 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.

**13.2 Details of shares held by the holding company, the ultimate controlling party, their subsidiaries and associates**

| | Fully paid ordinary shares | | |
|---|---|---|---|
| **Particulars** | **As at March 31, 2017** | ***As at March 31, 2016*** | ***As at April 1, 2015*** |
| **Balance at the beginning of the period - Held by Eureka Forbes Limited** | 4,000,160 | *4,000,160* | *4,000,160* |
| **Total as at the end of the period** | **4,000,160** | ***4,000,160*** | ***4,000,160*** |

**13.3 Details of shares held by each shareholder holding more than 5% shares**

| Particulars | As at March 31, 2017 | | *As at March 31, 2016* | | *As at April 1, 2015* | |
|---|---|---|---|---|---|---|
| | **Number of shares held** | **% holding in the class of shares** | ***Number of shares held*** | ***% holding in the class of shares*** | ***Number of shares held*** | ***% holding in the class of shares*** |
| Fully paid equity shares | | | | | | |
| Eureka Forbes Limited | 4,000,160 | 100% | *4,000,160* | *100%* | *4,000,160* | *100%* |
| **Total** | 4,000,160 | 100% | *4,000,160* | *100%* | *4,000,160* | *100%* |

**14. Other equity**

| **Particulars** | **As at March 31, 2017** ` | ***As at March 31, 2016*** ` | ***As at April 1, 2015*** ` | |
|---|---|---|---|---|
| General reserve (Refer Note 1 ) | | | | |
| Balance at beginning of the year | 1,100,000,000 | *1,100,000,000* | *1,100,000,000* | |
| **Balance at end of the year** | **1,100,000,000** | ***1,100,000,000*** | ***1,100,000,000*** | |
| Retained earnings | | | | |
| Balance at beginning of year | 2,289,694,594 | *1,794,206,945* | *1,625,646,654* | |
| Add/ (less): Profit/ (loss) for the year | 465,543,791 | *688,583,038* | - | |
| Other comprehensive income arising from re-measurement of defined benefit obligation, net of tax | (136,280) | *(515,444)* | - | |
| Add: Ind AS Transition Reserves | - | *-* | *168,560,291* | |
| Payment of dividends on equity shares | - | *160,006,400* | - | - |
| Related income tax | - | *32,573,545* | - | - |
| **Balance at end of the year** | **2,755,102,105** | ***2,289,694,594*** | ***1,794,206,945*** | |
| CAPITAL RESERVE | | | | |
| Balance at beginning of the year | 6,260,417 | *6,260,417* | *6,260,417* | |
| **Balance at end of the year** | **6,260,417** | ***6,260,417*** | ***6,260,417*** | |
| **Total** | **3,861,362,522** | ***3,395,955,011*** | ***2,900,467,362*** | |

Financial Liabilities

**15. Non-current Borrowings**

| Particulars | Non-current portion | | | Current Maturities | | |
|---|---|---|---|---|---|---|
| | **As at March 31, 2017** ` | ***As at March 31, 2016*** ` | ***As at April 1, 2015*** ` | **As at March 31, 2017** ` | ***As at March 31, 2016*** ` | ***As at April 1, 2015*** ` |
| **Unsecured – at amortised cost** | | | | | | |
| **Secured – at amortised cost** | | | | | | |
| Term loans | | | | | | |
| Banks - Foreign currency denominated loans | 721,166,479 | *1,043,936,187* | *563,234,315* | 244,440,973 | *181,315,920* | *163,894,857* |
| **Total Non-current borrowings** | 721,166,479 | *1,043,936,187* | *563,234,315* | 244,440,973 | *181,315,920* | *163,894,857* |

**15.1 Summary of borrowing arrangements**

(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 31.03.2017 Euro 6,045,050) 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 31.03.2017 Euro 8,000,000) 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.

**16. Other financial liabilities**

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | **As at March 31, 2017** ` | ***As at March 31, 2016*** ` | ***As at April 1, 2015*** ` | **As at March 31, 2017** ` | ***As at March 31, 2016*** ` | ***As at April 1, 2015*** ` |
| (a) Current maturities of long-term debt | - | - | - | 244,440,973 | *181,315,920* | *163,894,857* |
| (b) Interest accrued but not due on borrowings | - | - | - | 6,776,601 | *6,900,003* | *2,671,304* |
| (c) Security Deposits | 5,359,089 | *52,358,403* | *53,225,126* | 801,044 | *436,027* | - |
| (d) Others :- | | | | | | |
| -Dues to employees | - | - | *2,091,424* | 2,560,476 | *14,248,139* | *20,928,602* |
| -Other Payable for Expenses | - | - | - | 7,618,679 | *6,422,128* | *3,378,115* |
| **Total** | **5,359,089** | ***52,358,403*** | ***55,316,550*** | **262,197,773** | ***209,322,217*** | ***190,872,878*** |

**17. Provisions**

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | **As at March 31, 2017** ` | ***As at March 31, 2016*** ` | ***As at April 1, 2015*** ` | **As at March 31, 2017** ` | ***As at March 31, 2016*** ` | ***As at April 1, 2015*** ` |
| Employee benefits - Compensated Absences | 3,124,206 | *3,026,823* | *1,846,854* | 134,449 | *126,713* | *408,366* |
| Other provisions | 15,421,853 | *15,421,853* | *24,521,853* | - | - | - |
| **Total** | **18,546,059** | ***18,448,676*** | ***26,368,707*** | **134,449** | ***126,713*** | ***408,366*** |

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**18. Other Liabilities**

| Particulars | Non Current As at March 31, 2017 ` | Non Current As at March 31, 2016 ` | Non Current As at April 1, 2015 ` | Current As at March 31, 2017 ` | Current *As at March 31, 2016* ` | Current *As at April 1, 2015* ` |
|---|---|---|---|---|---|---|
| (a) Income received in advance | - | - | - | - | *6,192,087* | *4,904,575* |
| (b) Advance from customers | - | - | - | 3,678,042 | *1,162,826* | *2,494,257* |
| (c) Statutory liabilities (Contributions to PF,Pension, ESIC,withholding Taxes, VAT etc.) | - | - | - | 11,406,239 | *9,490,228* | *12,798,887* |
| **Total** | - | - | - | 15,084,281 | *16,845,141* | *20,197,719* |

**19. Current Borrowings**

| Particulars | As at March 31, 2017 ` | *As at March 31, 2016* ` | *As at April 1, 2015* ` |
|---|---|---|---|
| **Unsecured - at amortised cost** | | | |
| (a) Loans repayable on demand | | | |
| - from banks | 250,000,000 | *200,000,000* | *3,206,798* |
| **Secured - at amortised cost** | | | |
| (b) Loans repayable on demand | | | |
| -from banks (Cash credit/ Buyers credit) | 653,837,720 | *168,257,277* | *112,811,099* |
| **Total** | 903,837,720 | *368,257,277* | *116,017,897* |

(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 @ 8.35% p.a.

(b)Short term secured borrowings from Axis Bank is secured by pari passu charge on the entire current assets of the company and carries interest @ 11.15% p.a.

(c) Short term unsecured borrowings from Kotak Mahindra Bank carries interest @ 9.10% p.a

**20. Trade payables**

| Particulars | Non Current As at March 31, 2017 ` | Non Current *As at March 31, 2016* ` | Non Current *As at April 1, 2015* ` | Current As at March 31, 2017 ` | Current *As at March 31, 2016* ` | Current *As at April 1, 2015* ` |
|---|---|---|---|---|---|---|
| Trade payables (including acceptances) | - | - | - | 860,945,504 | *646,948,805* | *510,249,869* |
| (Refer note below for dues to Micro and Small Enterprises) | | | | | | |
| Trade payables to related parties ( Refer note 53) | - | - | - | 220,468,411 | *130,891,899* | *67,869,399* |
| **Total** | **-** | **-** | **-** | **1,081,413,915** | ***777,840,704*** | ***578,119,268*** |

**20A.1 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

| **Particulars** | As at 31 March 2017 | *As at 31 March 2016* | *As at 31 March 2015* |
|---|---|---|---|
| (i) Principal amount remaining unpaid to MSME suppliers as on year end | 162,894,555 | *149,110,280* | *134,412,450* |
| (ii) Interest due on unpaid principal amount to MSME suppliers as on year end | - | - | - |
| (iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day | - | - | - |
| (iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act) | - | - | - |
| (v) The amount of interest accrued and remaining unpaid as on year end | - | - | - |
| (vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961 | - | - | - |

**21. Income tax assets and liabilities**

| | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| **Particulars** | **As at March 31, 2017** | ***As at March 31, 2016*** | ***As at April 1, 2015*** | **As at March 31, 2017** | ***As at March 31, 2016*** | ***As at April 1, 2015*** |
| **Income tax assets (Net)** | | | | | | |
| Advance income-tax (Net of provision of taxation) | 119,064,517 | *60,570,029* | *41,436,848* | - | - | - |
| Total | 119,064,517 | *60,570,029* | *41,436,848* | - | - | - |
| **Income tax Liabilities** | | | | | | |
| Provision for Taxation (Net of Advance Tax) | - | - | - | 960,110 | *960,110* | *59,019,513* |
| | - | - | - | 960,110 | *960,110* | *59,019,513* |

**22. Revenue from operations**

| | Year ended March 31, 2017 ` | *Year ended March 31, 2016 `* |
|---|---|---|
| (a) Sale of product | | |
| - Finished Goods (Including Excise duty of Rs.1,225,925 for year Ended March 2017 and Rs. 474,044 for Year Ended March 2016) | 6,515,019,625 | *6,465,610,286* |
| - Traded Goods | 473,729,732 | *339,561,932* |
| (b) Other operating revenues | | |
| Scrap sales | 10,564,660 | *10,113,385* |
| **Total** | **6,999,314,017** | ***6,815,285,603*** |

**23. Other Income and other gains/ (losses)**

| **(a) Other Income** | Year ended March 31, 2017 ` | *Year ended March 31, 2016 `* |
|---|---|---|
| Interest income earned on financial assets that are not designated as at fair value through profit or loss: | | |
| On Bank deposits (at amortised cost) | 175,327 | *699,034* |
| On Other Financial Asset (at amortised cost) | 96,475,993 | *55,917,482* |
| Commission on Finance Guarantee | 3,921,913 | *1,124,103* |
| Rental Income from Operating Lease | 122,640,201 | *75,818,386* |
| Miscellaneous Income | 4,484,911 | *9,260,770* |
| | **227,698,345** | ***142,819,775*** |

| **(b) Other gains/ (losses)** | Year ended March 31, 2017 ` | *Year ended March 31, 2016 `* |
|---|---|---|
| Gain/(loss) on disposal of property, plant and equipment | (20,997) | *(628,189)* |
| Gain/(loss) on disposal of units of mutual Fund | - | *1,774,621* |
| Net foreign exchange gains/(losses) | (46,622,759) | *80,757,738* |
| | **(46,643,756)** | ***81,904,170*** |
| | **181,054,589** | ***224,723,945*** |

### 24. Cost of Raw Material, Components & Spares and Packing Material Consumed

| | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| Inventory at the Beginning of the Year | 365,689,571 | *366,955,040* |
| Add:- Purchases | 5,635,067,306 | *5,213,402,908* |
| | **6,000,756,877** | ***5,580,357,948*** |
| Less:- Inventory at the End of the Year | 464,487,624 | *365,689,571* |
| Cost of Raw Material, Components & Spares, Packing Material Consumed | **5,536,269,253** | ***5,214,668,377*** |

**Changes in inventories of finished goods**

| | | |
|---|---|---|
| Opening stock of Finished goods | 11,418,420 | *3,413,783* |
| Less : Closing stock of Finished goods | 2,914,492 | *11,418,420* |
| Net(Increase)/ Decrease | **8,503,928** | ***(8,004,637)*** |

### 25. Employee benefits expense

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| Salaries and Wages | 66,878,942 | *75,778,552* |
| Contribution to provident and other funds | 3,860,089 | *4,038,642* |
| Staff Welfare Expenses | 4,711,984 | *5,214,253* |
| **Total** | **75,451,015** | ***85,031,447*** |

### 26. Finance costs

| | Year ended March 31, 2017 ` | *Year ended March 31, 2016* ` |
|---|---|---|
| Interest on bank overdrafts and loans (other than those from related parties) | 89,024,665 | *67,015,053* |
| Exchange differences regarded as an adjustment to borrowing costs | - | *60,973,888* |
| Other borrowing costs | 12,393,210 | *11,378,741* |
| **Total** | **101,417,875** | ***139,367,682*** |

### 27. Depreciation and amortisation expense

| Particulars | Year ended March 31, 2017 ` | *Year ended March 31, 2016* ` |
|---|---|---|
| Depreciation of property, plant and equipment pertaining to continuing operations | 46,992,169 | *42,225,712* |
| Amortisation of intangible assets | 1,015,890 | - |
| Total depreciation and amortisation | **48,008,059** | ***42,225,712*** |

**28. Other expenses**

| **Particulars** | **Year ended March 31, 2017** ` | ***Year ended March 31, 2016*** ` |
|---|---|---|
| Electricity | 8,668,699 | *7,798,433* |
| Rent | 12,757,948 | *12,517,658* |
| Repairs and Maintenance - | | |
| Building | 912,074 | *6,195,201* |
| Machinery | 4,849,217 | *2,777,202* |
| Others | 11,934,176 | *15,365,348* |
| Insurance | 6,146,357 | *6,570,045* |
| Advertisement | 15,000 | *15,000* |
| Freight, Forwarding and Delivery | 103,021,165 | *82,184,061* |
| Payment to Auditors (Refer details Below) | 2,369,941 | *2,296,827* |
| Printing and Stationery | 971,737 | *1,151,599* |
| Communication cost | 3,309,895 | *3,509,825* |
| Wages to Contractual Workers | 77,824,922 | *81,663,358* |
| Travelling and Conveyance | 10,817,370 | *9,899,255* |
| Legal and Professional Fees | 8,591,648 | *9,143,621* |
| Vehicle Running Expenses | 8,057,437 | *8,391,318* |
| Security Charges | 11,218,858 | *10,848,116* |
| Rates and taxes, excluding taxes on income | 4,914,668 | *4,232,652* |
| Information Technology Expenses | 73,663,927 | *67,023,371* |
| Other Establishment Expenses | 18,033,192 | *15,004,946* |
| Corporate Social Responsibility Expenses ( Refer Note 38) | 16,227,462 | *13,568,405* |
| Directors' Sitting Fees | 783,078 | *820,733* |
| Provision for Doubtful Debts | 2,447,552 | - |
| Bad Debts | - | *1,028,273* |
| **Total** | **387,536,323** | ***362,005,247*** |

| **Payments to auditors** | **Year ended March 31, 2017** | ***Year ended March 31, 2016*** |
|---|---|---|
| a) For audit | 1,385,750 | *1,116,375* |
| b) For taxation matters | 109,725 | *110,333* |
| c) For other services | 814,876 | *968,061* |
| d) For reimbursement of expenses | 59,590 | *102,058* |
| **Total** | **2,369,941** | ***2,296,827*** |

**29. Income tax recognised in profit or loss**

| Particulars | Year ended March 31, 2017 ` | *Year ended March 31, 2016 `* |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | 163,596,480 | *230,888,247* |
| In respect of prior years | | - |
| | 163,596,480 | *230,888,247* |
| **Deferred tax** | | |
| In respect of the current year | 9,268,931 | *5,659,647* |
| **Total income tax expense recognised in the current year** | 172,865,411 | *236,547,894* |

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**Note 30 : Earnings per share (EPS)**

**i. Profit attributable to Equity holders of parent**

| | March 31, 2017 | *March 31, 2016* |
|---|---|---|
| | **INR** | ***INR*** |
| Profit attributable to equity holders: | 465,543,791 | *688,583,038* |
| **Profit attributable to equity holders for basic earnings** | **465,543,791** | ***688,583,038*** |

**ii. Weighted average number of ordinary shares**

| | March 31, 2017 | *March 31, 2016* |
|---|---|---|
| | **INR** | ***INR*** |
| Issued ordinary shares | 4,000,160 | *4,000,160* |
| Effect of shares issued as Bonus shares | - | - |
| **Weighted average number of shares at March 31 for basic EPS** | **4,000,160** | ***4,000,160*** |
| **Effect of dilution:** | - | - |
| | **4,000,160** | ***4,000,160*** |

**Basic and Diluted earnings per share**

| | March 31, 2017 | *March 31, 2016* |
|---|---|---|
| | **INR** | ***INR*** |
| **Basic earnings per share** | 116.38 | *172.14* |
| **Diluted earnings per share** | 116.38 | *172.14* |

**Notes to the financial statements for the year ended March 31, 2017 - continued**

## 31 Capital management

The Company's objectives when managing capital are to:
- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- Maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may adjust return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:
Net Debt (Total Borrowings net of cash and cash equivalents) divided by total 'equity' (as shown in the balance sheet)

The Company strategy is to maintain a gearing ratio with in 75%

The gearing ratio at end of the reporting period was as follows.

| **Particulars** | **As at March 31, 2017** | ***As at March 31, 2016*** | ***As at April 1, 2015*** |
|---|---|---|---|
| Debt (i) | 1,869,445,172 | *1,593,509,384* | *843,147,069* |
| Less : Cash and Cash Equivalents | 5,759,220 | *4,710,092* | *4,778,234* |
| Net debt | 1,863,685,952 | *1,588,799,292* | *838,368,835* |
| | | | |
| Equity (ii) | 3,901,364,122 | *3,435,956,611* | *2,940,468,962* |
| | | | |
| Net debt to equity ratio (%) | 47.77 | *46.24* | *28.51* |

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**32. Financial instruments – Fair values and risk management**
**A. Accounting classification and fair values**

| | March 31, 2017 | | | *March 31, 2016* | | | *March 31, 2015* | | |
|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amotised Cost | *FVTPL* | *FVTOCI* | *Amotised Cost* | *FVTPL* | *FVTOCI* | *Amotised Cost* |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | - | - | 5,759,220 | - | - | *4,710,092* | - | - | *4,778,234* |
| Long-term loans and advances | - | - | 1,453,621,740 | - | - | *1,033,877,101* | - | - | *828,625,567* |
| Short-term loans and advances | - | - | 39,888.00 | - | - | *21,931.00* | - | - | *64,238* |
| Trade and other receivables | - | - | 1,445,186,539 | - | - | *1,145,048,039* | - | - | *908,466,820* |
| Current Investments | - | - | - | - | - | - | - | - | |
| Non Current Investments | 3,423,577 | - | 2,350,848,984 | *1,124,103* | - | *2,349,226,545* | - | - | *1,538,036,545* |
| Other Current financial Asset | - | - | 70,000 | - | - | *111,000* | - | - | *1,261,619* |
| Other Non Current financial Asset | - | - | 253,009,724 | - | - | *153,011,389* | - | - | *97,651,823* |
| **Total Financial Asset** | **3,423,577** | **-** | **5,508,536,095** | ***1,124,103*** | ***-*** | ***4,686,006,097*** | ***-*** | ***-*** | ***3,378,884,846*** |
| **Financial liabilities** | | | | | | | | | |
| Trade and other payables | - | - | 1,081,413,915 | - | - | *777,840,704* | - | - | *563,234,315* |
| Other Current financial liabilities | - | - | 262,197,773 | - | - | *209,322,217* | - | - | *116,017,897* |
| Other Non Current financial liabilities | - | - | 5,359,089 | - | - | *52,358,403* | - | - | *578,119,268* |
| Current Borrowings | - | - | 903,837,720 | - | - | *368,257,277* | - | - | *55,316,550* |
| Non Current Borrowings | - | - | 721,166,479 | - | - | *1,043,936,187* | - | - | *190,872,878* |
| | - | - | - | - | - | | - | - | |
| **Total Financial Liabilities** | **-** | **-** | **2,973,974,976** | ***-*** | ***-*** | ***2,451,714,788*** | ***-*** | ***-*** | ***1,503,560,908*** |

**Fair value Hierarchy**

| **Financial assets and liabilities measured at fair value - recurring fair value measurements At 31 March 2017** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial investment at FVTPL** | | | | |
| Financial Guarantee portion | - | - | 3,423,577 | 3,423,577 |
| **Financial investment at FVOCI** | | | | |
| **Total Financial Asset** | **-** | **-** | **3,423,577** | **3,423,577** |
| **Financial Liabilities** | - | | | |
| **Total Financial Liabilities** | - | - | - | - |

| **Financial assets and liabilities measured at fair value - recurring fair value measurements At March 2016** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial investment at FVTPL** | - | - | | |
| Financial Guarantee portion | - | - | 1,124,103.00 | 1,124,103 |
| **Financial investment at FVOCI** | - | - | | |
| Listed Equity Investment | - | - | | |
| **Total Financial Asset** | **-** | **-** | **1,124,103** | **1,124,103** |
| **Financial Liabilities** | | | | |
| | - | - | - | - |
| | - | - | - | - |
| **Total Financial Liabilities** | - | - | - | - |

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**B. Measurement of fair values**

**C. Financial risk management**

The Company has exposure to the following risks arising from financial instruments:
- Credit risk ;
- Liquidity risk ; and
- Market risk

**i. Risk management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

**ii. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of following financial assets represents the maximum credit exposure:

**Trade and other receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

Trade receivables are typically unsecured as the Company does not hold collateral as security. Since the Company derives it significant revenue from a related party, the Company is not exposed to significant credit risk.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At March 31, 2017, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

**Notes to the financial statements for the year ended March 31, 2017 - continued**

| | Carrying amount (in INR) | |
|---|---|---|
| | **March 31, 2017** | ***March 31, 2016*** |
| India | 1,338,085,519 | *1,029,743,439* |
| Other regions | 107,101,020 | *115,304,602* |
| | 1,445,186,539 | *1,145,048,041* |

At March 31, 2017, the Company's most significant customer accounted for INR 1,320,133,588 of the trade and other receivables carrying amount (March 31, 2016 : INR 993,009,399).

**Impairment**

At March 31, 2017, the ageing of trade and other receivables that were not impaired was as follows.

| | Carrying amount (in INR) | |
|---|---|---|
| | **March 31, 2017** | ***March 31, 2016*** |
| Not due | 809,023,025 | *779,734,413* |
| 0-90 days | 618,427,278 | *240,892,324* |
| 90-180 days | 6,739,074 | *9,524,195* |
| 181-270 days | 3,510,464 | *28,743,041* |
| 271-360 days | 2,523,811 | *17,808,184* |
| 361-450 days | - | *16,566,293* |
| 451-540 days | - | *17,642,474* |
| 541-630 days | 1,155,006 | *22,605,811* |
| 631-730 days | 2,136,035 | *8,121,537* |
| More than 730 days | 1,671,846 | *3,409,769* |
| | 1,445,186,539 | *1,145,048,041* |

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

| | INR |
|---|---|
| | **Collective impairments** |
| Balance as at April 1, 2015 | - |
| Impairment loss recognised | |
| Amounts written off | |
| Balance as at March 31, 2016 | - |
| Impairment loss recognised | 2,447,552 |
| Amounts written off | |
| Balance as at March 31, 2017 | 2,447,552 |

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**Financial instruments – Fair values and risk management (continued)**

### iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

| | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| **March 31, 2017** | **Carrying amount** | **Total** | **Upto 1 year** | **1-3 years** | **3-5 years** | **More than 5 years** |
| INR | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Foreign currency term loans from banks | 965,607,452 | 965,607,453 | 244,440,973 | 556,154,047 | 165,012,433 | - |
| Working capital loans from banks | 903,837,720 | 903,837,720 | 903,837,720 | - | - | - |
| Trade payables | 1,081,413,915 | 1,081,413,915 | 1,081,413,915 | - | - | - |
| Employee benefits payable | 2,560,476 | 2,560,476 | 2,560,476 | - | - | - |
| Other Payable | 20,555,413 | 20,555,413 | 15,196,324 | 5,359,089 | - | - |

| | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| **March 31, 2016** | ***Carrying amount*** | ***Total*** | ***Upto 1 year*** | ***1-3 years*** | ***3-5 years*** | ***More than 5 years*** |
| INR | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Foreign currency term loans from banks | *1,225,252,107* | *1,225,252,107* | *181,315,920* | *609,683,878* | *434,252,309* | - |
| Working capital loans from banks | *368,257,277* | *368,257,277* | *368,257,277* | - | - | - |
| Trade payables | *777,840,704* | *777,840,704* | *777,840,704* | - | - | - |
| Employee benefits payable | *14,248,139* | *14,248,139* | *14,248,139* | - | - | - |
| Other Payable | *66,116,561* | *66,116,561* | *13,758,158* | *52,358,403* | - | - |

**Financial instruments – Fair values and risk management (continued)**

**iv. 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.Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk and interest rate risk. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

**v. Currency risk**

The Company is exposed to currency risk on account of its borrowings and other payables / receivables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

The Company does not use derivative financial instruments for trading or speculative purposes.

**Exposure to currency risk**

The currency profile of financial assets and financial liabilities as at March 31, 2017, March 31, 2016 and April 1, 2015 are as below:

| | March 31, 2017 USD | March 31, 2017 EUR | March 31, 2017 CHF |
|---|---|---|---|
| **Financial assets** | | | |
| Non-current investments | - | 29,196,650 | - |
| Trade and other receivables | 1,216,079 | 124,138 | - |
| Other Non-Current financial assets | - | 20,944,770 | 86,650 |
| | 1,216,079 | 50,265,558 | 86,650 |
| **Financial liabilities** | | | |
| Long term borrowings | - | 10,431,264 | - |
| Trade and other payables | 728,844 | - | - |
| Other Current financial liabilities | - | 3,535,700 | - |
| | 728,844 | 13,966,964 | - |

**Financial instruments – Fair values and risk management (continued)**

| | | | |
|---|---|---|---|
| Net Exposure | 487,235 | 36,298,594 | 86,650 |

| | ***March 31, 2016 USD*** | ***March 31, 2016 EUR*** | ***March 31, 2016 CHF*** |
|---|---|---|---|
| **Financial assets** | | | |
| Non-current investments | *-* | *29,196,650* | *-* |
| Trade and other receivables | *1,438,577* | *269,344* | *-* |
| Other Non-Current financial assets | *-* | *13,694,770* | *86,650* |
| | *1,438,577* | *43,160,764* | *86,650* |
| **Financial liabilities** | | | |
| Long term borrowings | *-* | *13,908,523* | *-* |
| Trade and other payables | *221,331* | *30,200* | *-* |
| Other Current financial liabilities | *-* | *2,415,700* | *-* |
| | *221,331* | *16,354,423* | *-* |
| Net Exposure | *1,217,246* | *26,806,341* | *86,650* |

| | ***April 1, 2015 USD*** | ***April 1, 2015 EUR*** | ***April 1, 2015 CHF*** |
|---|---|---|---|
| **Financial assets** | | | |
| Non-current investments | *-* | *18,196,650* | *-* |
| Trade and other receivables | *1,046,609* | *26,810* | *-* |
| Other Non-Current financial assets | *-* | *12,129,770* | *86,650* |
| | *1,046,609* | *30,353,230* | *86,650* |
| **Financial liabilities** | | | |
| Long term borrowings | *-* | *8,460,750* | *-* |
| Trade and other payables | *411,788* | *30,499* | *-* |
| Other Current financial liabilities | *-* | *2,415,700* | *-* |
| | *411,788.00* | *10,906,949* | *-* |
| Net Exposure | *634,821* | *19,446,281* | *86,650* |

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**Financial instruments – Fair values and risk management (continued)**

The following significant exchange rates have been applied during the year.

| INR | Year-end spot March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|
| USD /INR | 64.72 | 66.10 | 62.53 |
| EUR/INR | 69.14 | 75.06 | 67.85 |
| CHF/INR | 64.66 | 68.65 | 64.83 |

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of the Indian Rupee against foreign currency at March 31 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| | **Profit or loss** | | **Equity, net of tax** | |
|---|---|---|---|---|
| **Effect in INR** | Strengthening | Weakening | Strengthening | Weakening |
| **March 31, 2017** | | | | |
| USD 5% movement | 1,579,087 | (1,579,087) | 1,032,597 | (1,032,597) |
| EUR 10% movement | 49,099,361 | (49,099,361) | 32,107,054 | (32,107,054) |
| CHF 5% movement | 280,149 | (280,149) | 183,195 | (183,195) |
| | 50,958,597 | (50,958,597) | 33,322,846 | (33,322,846) |

| | **Profit or loss** | | **Equity, net of tax** | |
|---|---|---|---|---|
| **Effect in INR** | Strengthening | Weakening | Strengthening | Weakening |
| **March 31, 2016** | | | | |
| USD 5% movement | 4,022,932 | (4,022,932) | 2,630,676 | (2,630,676) |
| EUR 10% movement | 201,201,158 | (201,201,158) | 131,569,461 | (131,569,461) |
| CHF 5% movement | 297,441 | (297,441) | 194,503 | (194,503) |
| | 205,521,531 | (205,521,531) | 134,394,640 | (134,394,640) |

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**Financial instruments – Fair values and risk management (continued)**

**C. Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the company's:

i) profit for the year ended March 31, 2017 would decrease/increase by `.4,518,689 (2016: decrease/increase by `.1,841,286). This is mainly attributable to the company’s exposure to interest rates on its variable rate borrowings; and

ii) other comprehensive income for the year ended March 31, 2017 would decrease/increase by ₹.NIL (2016: decrease/increase by ₹.NIL), mainly as a result of the changes in the fair value of debt instruments at FVTOCI.

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**(iii) Price Risk**

The Company investment in equity instruments are stated at cost and not required to be remeasured. Neither profit or loss nor equity will be affected by the equity price risk of those instruments.

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**Notes to the financial statements for the year ended March 31, 2017 - continued**

**33 Assets pledged as security**

The carrying amounts of assets pledged as security for current and non-current borrowings are:

| | 31-Mar-17 | *31-Mar-16* | *31-Mar-15* |
|---|---|---|---|
| **Current** | | | |
| **Financial Assets** | | | |
| Trade receivables | 1,445,186,539 | *1,145,048,039* | *908,466,820* |
| Inventories | 467,402,116 | *377,107,991* | *370,368,824* |
| | | | |
| **Total Current assets pledged as security** | **1,912,588,655** | ***1,522,156,030*** | ***1,278,835,644*** |
| | | | |
| **Non-financial assets** | | | |
| **Non-current** | | | |
| Land - Leasehold | 3,745,751 | *4,554,635* | *4,610,235* |
| Buildings | 139,723,512 | *149,596,459* | *142,812,484* |
| Intangible Assets | 4,984,110 | - | - |
| | | | |
| **Total Non Current assets pledged as security** | **148,453,373** | ***154,151,094*** | ***147,422,719*** |
| | | | |
| | | | |
| **Total assets pledged as security** | **2,061,042,028** | ***1,676,307,124*** | ***1,426,258,363*** |

### 34. The disclosures required under Indian Accounting standard 19 " Employee Benefits"

**Defined Contribution Plan**

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

| | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| | ` | ` |
| - Employer's contribution to Provident Fund | 855,398 | 808,451 |
| - Employer's contribution to superannuation fund | 1,199,385 | 1,077,359 |
| - Employer's contribution to Pension scheme | 1,056,660 | 1,124,082 |

**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.

| | |
|---|---|
| Investment risk | The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit. The plan assets of the company are managed by LIC of India. |
| Interest risk | A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments. |
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |

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

| | Gratuity (Funded) | |
|---|---|---|
| | **2016-17** | ***2015-16*** |
| Defined Benefit obligation at beginning of year | 4,370,956 | *4,754,366* |
| Current service cost | 607,360 | *519,355* |
| Interest cost | 349,676 | *368,463* |
| Actuarial (gain)/loss | 356,355 | *1,045,342* |
| Benefits paid | (85,063) | *(2,316,570)* |
| Defined Benefit obligation at year end | 5,599,284 | *4,370,956* |

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

| | Gratuity (Funded) | |
|---|---|---|
| | **2016-17** | ***2015-16*** |
| Fair value of plan assets at beginning of the year | 5,162,970 | *2,662,942* |
| Expected return on plan assets | 413,038 | *206,378* |
| Actuarial gain/(loss) | 147,950 | *257,105* |
| Employer contribution | 640,535 | *3,919,384* |
| Benefits paid | (518,794) | *(1,882,839)* |
| Fair value of plan assets at year end | 5,845,699 | *5,162,970* |
| Actual return on plan assets | 560,988 | *463,483* |

(C) Expenses Recognised during the year (under the head "Employee benefit expenses"-note 25)

| | Gratuity (Funded) | |
|---|---|---|
| | **2016-17** | ***2015-16*** |
| Current Service Cost | 607,360 | *519,355* |
| Interest Cost | 349,676 | *368,463* |
| Expected Returns on Plan Assets | (413,038) | *(206,378)* |
| Expense Recognised in the Statement of Profit and Loss | 543,998 | *681,440* |

(D) Reconciliation of fair value of assets and obligations

| | Gratuity (Funded) | |
|---|---|---|
| | **2016-17** | ***2015-16*** |
| Fair value of plan assets as at 31st March | 5,845,699 | *5,162,970* |
| Present value of obligation as at 31st March | 5,599,284 | *4,370,956* |
| Amount recognised in Balance Sheet (Asset) / Liability | (246,415) | *(792,014)* |

(E) Actuarial (Gain) / Loss on Obligation

| | Gratuity (Funded) | |
|---|---|---|
| | **2016-17** | ***2015-16*** |
| Actuarial (Gain) / Loss on arising from Change in Demographic Assumption | - | - |
| Actuarial (Gain) / Loss on arising from Change in Financial Assumption | 240,153 | *224,544* |
| Actuarial (Gain) / Loss on arising from Experience Adjustment | 116,202 | *820,798* |

(F) Actuarial (Gain) / Loss on Plan Assets

| | Gratuity (Funded) | |
|---|---|---|
| | **2016-17** | ***2015-16*** |
| Expected Interest Income | 413,038 | *206,378* |
| Actual Income on Plan Asset | 560,988 | *463,483* |
| Actuarial gain / (loss) for the year on Asset | 147,950 | *257,105* |

(G) Other Comprehensive Income (OCI)

| | Gratuity (Funded) |
|---|---|

| | 2016-17 | *2015-16* |
|---|---|---|
| Actuarial gain / (loss) for the year on PBO | (3,56,355) | *(10,45,342)* |
| Actuarial gain /(loss) for the year on Asset | 1,47,950 | *2,57,105* |
| Components of defined benefit costs recognised in other comprehensive income | (2,08,405) | *(7,88,237)* |

(H) Sensitivity Analysis of defined benefit obligation

| **a) Impact of the change in discount rate** | |
|---|---|
| Present Value of Obligation at the end of the period | **55,99,284** |
| a) Impact due to increase of 0.50 % | (2,60,939) |
| b) Impact due to decrease of 0.50 % | 2,82,446 |

| **b) Impact of the change in salary increase** | |
|---|---|
| Present Value of Obligation at the end of the period | **55,99,284** |
| a) Impact due to increase of 0.50 % | 2,85,313 |
| b) Impact due to decrease of 0.50 % | (2,65,784) |

(I) 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.

| | 2016-17 | 2015-16 |
|---|---|---|
| - Discounting Rate | 7.54% | 8.00% |
| - Future Salary Increase | 6.00% | 6.00% |
| - Expected Rate of Return on Plan Assets | 8.00% | 8.00% |
| - Mortality Table | IALM (2006-08) | IALM (2006-08) |

| | Withdrawal Rate (%) | Withdrawal Rate (%) |
|---|---|---|
| Ages | | |
| - Up to 30 Years | 3 | 3 |
| - From 31 to 44 years | 2 | 2 |
| - Above 44 years | 1 | 1 |

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

| | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|---|
| On Plan Projected Benefit Obligation | (116,202) | (820,798) | (1,160,758) | 414,714 | 91,488 |
| On Plan Assets | 147,950 | 250,448 | (451,185) | - | (16,817) |

(H) The funds are being managed by the insurer i.e. LIC of India.

(I) Best estimate of contribution to Gratuity fund as per actuarial valuation during next year is Rs. 667,460 (P.Y Rs 801,425)

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

**35. Tax expense**

**(a) Amounts recognised in profit and loss**

| Particulars | For the year ended March 31, 2017 INR | *For the year ended March 31, 2016 INR* |
|---|---|---|
| **Current income tax** | 163,596,480 | *230,888,247* |
| **Deferred income tax liability / (asset), net** | | |
| Origination and reversal of temporary differences | 9,268,931 | *5,659,647* |
| **Deferred tax expense** | 9,268,931 | *5,659,647* |
| **Tax expense for the year** | **172,865,411** | ***236,547,894*** |

**(b) Amounts recognised in other comprehensive income**

| Particulars | For the year ended March 31, 2017 | | | *For the year ended March 31, 2016* | | |
|---|---|---|---|---|---|---|
| | Before tax INR | Tax (expense) benefit INR | Net of tax INR | *Before tax INR* | *Tax (expense) benefit INR* | *Net of tax INR* |
| **Items that will not be reclassified to profit or loss** | | | | | | |
| Changes in revaluation surplus | | | - | | | - |
| Remeasurements of the defined benefit plans | (208,405) | (72,125) | (136,280) | *(788,237)* | *(272,793)* | *(515,444)* |
| | **(208,405)** | **(72,125)** | **(136,280)** | ***(788,237)*** | ***(272,793)*** | ***(515,444)*** |

**(c) Reconciliation of effective tax rate**

| Particulars | For the year ended March 31, 2017 INR | *For the year ended March 31, 2016 INR* |
|---|---|---|
| **Profit before tax** | **638,409,202** | ***925,130,932*** |
| Tax using the Company's domestic tax rate (Current year 34.608% and Previous Year 34.608%) | 220,940,657 | *320,169,313* |
| **Tax effect of amounts which are not deductible (taxable) in calculating taxable income:** | | |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income | 1,184,878 | (5,235,536) |
| Tax effect of amounts which are exempt in calculating taxable income | (49,277,560) | (77,227,240) |
| Others | 17,436 | *(1,158,643)* |
| | (48,075,246) | *(83,621,419)* |
| | **172,865,411** | ***236,547,894*** |
| | - | - |

**The effective tax rate for the year ended March 31, 2017 was 27.09% (31st March 2016 was 25.60%).**

## Notes to the financial statements

### 36. Deferred tax balances

**(a) Movement in deferred tax balances**

| | | | | | March 31, 2017 | |
|---|---|---|---|---|---|---|
| | **Net balance April 1, 2016** | **Recognised in profit or loss** | **Other (Utilized against tax payable)** | **Net** | **Deferred tax asset** | **Deferred tax liability** |
| | ` | ` | ` | ` | ` | ` |
| **Deferred tax asset** | | | | | | |
| Property, plant and equipment | (54,420,051) | (7,510,965) | - | (61,931,016) | - | (61,931,016) |
| Provisions [Investments - On provision for diminution] | - | - | - | - | - | - |
| Other (MAT Credit Entitlement) | 87,879,239 | - | (24,442,436) | 63,436,803 | 63,436,803 | - |
| Investments: Fair value adjustment | - | - | - | - | - | - |
| Amortisation of Processing fees | (3,149,433) | 1,398,274 | - | (1,751,159) | - | (1,751,159) |
| Others [Impact of expenditure charged to the | 9,029,547 | (3,156,240) | - | 5,873,307 | 5,873,307 | - |
| **Tax assets (Liabilities)** | **39,339,302** | **(9,268,931)** | **(24,442,436)** | **5,627,935** | **69,310,110** | **(63,682,175)** |
| Set off tax | | | | | | |
| **Net tax assets** | **39,339,302** | **(9,268,931)** | **(24,442,436)** | **5,627,935** | **69,310,110** | **(63,682,175)** |

**(b) Movement in deferred tax balances**

| | | | | | March 31, 2016 | |
|---|---|---|---|---|---|---|
| | ***Net balance April 1, 2015*** | ***Recognised in profit or loss*** | ***Other (Utilized against tax payable)*** | ***Net*** | ***Deferred tax asset*** | ***Deferred tax liability*** |
| | ` | ` | ` | ` | ` | ` |
| ***Deferred tax asset / (Liability)*** | | | | | | |
| *Property, plant and equipment* | *(51,710,111)* | *(2,709,940)* | - | *(54,420,051)* | - | *(54,420,051.00)* |
| *Provisions [Investments - On provision for dim* | - | - | - | - | - | - |
| *Others - MAT Credit entitlement* | *122,423,487* | | *(34,544,248)* | *87,879,239* | *87,879,239* | - |
| *Investments: Fair value adjustment* | - | - | - | - | - | - |
| *Amortisation of Processing fees* | *(2,567,548)* | *(581,885)* | - | *(3,149,433)* | - | *(3,149,433.00)* |
| *Others [Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis]* | *11,397,369* | *(2,367,822)* | - | *9,029,547* | *9,029,547* | - |
| ***Tax assets (Liabilities)*** | ***79,543,197*** | ***(5,659,647)*** | ***(34,544,248)*** | ***39,339,302*** | ***96,908,786*** | ***(57,569,484)*** |
| *Set off tax* | | | | | | |
| ***Net tax assets*** | ***79,543,197*** | ***(5,659,647)*** | ***(34,544,248)*** | ***39,339,302*** | ***96,908,786*** | ***(57,569,484)*** |

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

**Notes to the Standalone Financial Statements for the year ended 31st March 2017**

| | As at 31.03.2017 | As at 31.03.2016 |
|---|---|---|
| | ` | ` |
| **41.** Value of Imports on CIF basis : | | |
| - Raw Materials & Components | 1,051,046,740 | 1,101,144,220 |
| **42(a)** Expenditure in Foreign Currency (Accruals) | | |
| - Development Fee | 290,094 | 2,613,837 |
| - Travel Expense | 2,446,735 | 729,229 |
| - Professional Charges | 284,334 | - |
| - Testing Charges | 1,303,435 | - |
| - Interest on ECB | 24,731,828 | 21,159,900 |
| - Other Borrowing Cost | 704,459 | 3,961,971 |
| - Others | 117,325 | - |
| **42(b)** Outflow in Foreign Currency | | |
| - Investment in shares of Subsidiary | - | 811,190,000 |
| - Inter corporate deposit to Subsidiary | 539,828,250 | 217,205,870 |
| - Repayment of ECB Loan | 181,315,920 | 175,512,687 |
| - Foreign Currency Loan Repaid to Kotak Bank | - | 104,574,183 |
| **43(a)** Earnings in Foreign Exchange (Accruals) | | |
| - Export of Goods on F.O.B. basis | 120,475,043 | 63,662,356 |
| - Interest on Inter Corporate Deposit to Subsidiary | 96,471,318 | 55,912,640 |
| - Commission Earned | 2,194,481 | 1,707,143 |
| **43(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 Subsidiary | - | 113,347,219 |

**44.** The Company has a single business segment and single reportable geographical segment as per Indian Accounting Standard 108 dealing with “Operating Segments” .

**45.** As required under Indian Accounting Standard 24 on “Related Party Disclosures”, the list of related parties and their transactions is attached.

**46.** Disclosures required by Indian Accounting Standard 37 “Provisions, Contingent Liabilities and Contingent Assets”

| | Excise Duty | Sales Tax |
|---|---|---|
| Balance as on 1-4-2016 | 10,846,565 | 4,575,288 |
| Additional provision during the year | - | - |
| Provision for extraordinary item | - | - |
| Provision utilized during the year | - | - |
| Balance as at 31-3-2017 | 10,846,565 | 4,575,288 |

**47.** The Board of Directors of the Company, in a meeting held on 19.01.2017, accorded its consent to the merger of the Company with its parent Eureka Forbes Limited as per the scheme of amalgamation (" the Scheme"). The Company has filed an application for merger on 30.03.2017 which is subject to approval of the Registrar of the Companies and Official Liquidator at Hyderabad under section 233 and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamation) Rules, 2016. The Scheme, after obtaining requisite approvals, shall be effective with appointed date 01.04.2016.

**48.** Assets held for sale
During the year the management of the company has decided to sell the assets of its Bhimtal plant (breakup of which is given below) which was closed in March 2014. The company has received an advance of Rs 25,00,000/- from the prospective buyer and the sale is expected to be completed within next three months from the end of the reporting period.

| **Assets** | **Carrying Amount** |
|---|---|
| Land - Leasehold | 753,284 |
| Buildings | 2,850,636 |
| Buildings Leased Out | 6,146,486 |
| Plant and machinery | 9,561,029 |
| Furniture and fixtures | 762,361 |
| Computers | 26,055 |
| Electrical Installation | 330,483 |
| Office Equipment | 42,547 |
| | 20,472,881 |

**Notes to the Standalone Financial Statements for the year ended 31st March 2017**

**49.** In accordance with India Accounting Standard 17 on Leases, 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 2017 ` | As at 31 March 2016 ` |
|---|---|---|
| Office/Factory/ Residential premises | 12,757,948 | 12,517,658 |
| | **12,757,948** | **12,517,658** |

**(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 that 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 | 113,560,995 | 31,211,060 | 4,561,081 |
| Moulds | 3,566,439 | 1,960,846 | 169,731 |

**(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 2017** ` | **As at 31 March 2016** ` |
|---|---|---|
| Within 1 year | - | 77,707,953 |
| After 1 year but not more than 5 years | - | 63,831,064 |
| More than 5 years | - | - |

**50.** During the year 2016-17, the performance of the subsidiary company, Aquadiagnostics Water Research & Technology Centre Limited (AWRTC) has growth in revenue. Total revenue increased to Rs. 14,571,669 from Rs.13,657,547 in previous year, a growth of 6.7% out of which 68% of the revenue is from the customers outside the group and 22% 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.1,61,00,798 in the opinion of the management, no provision is required in respect of the investment in AWRTC, since the diminution is temporary in nature.

**51.** The Company has equity investment in its subsidiary Forbes Lux International AG (FLIAG) of Rs.2,289,947,875 as at March 31, 2017 and has given loan of Rs 1,691,952,349 (Including accrued interest).

FLIAG is an investment entity which derives its value mainly through it's investments in the operating subsidiaries Lux International AG, Baar (LIAG). As per the latest audited financials as on 31.12.2016, networth of LIAG is negative (-) Rs 734,497,354 (Euro (-)10.30 Mn) and the accumulated losses of FLIAG at 31.12.2016 aggregate Rs. 385,654,788 (CHF 5.80 Mn).

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 no impairment provision is considered necessary on the Company's investment in and loans given to FLIAG.

**52.** As required under Indian Accounting Standard on Interest in Joint Venture, 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 31.03.2017 is as follows:

| Name of the Company | Country of Incorporation | Period Ended on | % Holding | Aquamall Water Solutions Ltd. Share | | | |
|---|---|---|---|---|---|---|---|
| | | | | Assets | Liabilities | Income | Expenses |
| | | | | ` | ` | ` | ` |
| Aquaignis Technologies Pvt. Ltd. | India | 31.03.2017 | 50% | 25,892,122 | 7,366,210 | 44,512,911 | 45,032,559 |
| | | 31.03.2016 | 50% | 28,046,820 | 8,993,127 | 57,549,138 | 56,494,006 |

**b.** The Company's share of contingent liabilities of the Joint Venture Aquaignis Technologies Pvt Ltd as at 31.03.2017 is NIL (Previous Year NIL).

AQUAMALL
YOUR DESTINATION FOR WATER SOLUTIONS

## Note - 53 Related Party Disclosure – As specified by Indian Accounting Standard 24

| | | | Country | % Holding as at | | |
|---|---|---|---|---|---|---|
| | | | | 31.03.2017 | 31.03.2016 | 31.03.2015 |
| I) | Name of related Party and nature of relationship where control exists are as under: | | | | | |
| A | **Enterprises having more than one half of Voting Powers:** | | | | | |
| | Eureka Forbes Limited (Holding Company) | | India | - | - | - |
| | Forbes & Company Ltd. (Holding Comapany of Eureka Forbes Ltd.) | | India | - | - | - |
| | Shapoorji Pallonji & Co. Ltd. (Ultimate Holding Company) | | India | - | - | - |
| B | **Enterprises that are controlled – (Subsidiary Companies):** | | | | | |
| | Aquadiagnostics Water Research & Technology Centre Ltd | | India | 100.00 | 100.00 | 100.00 |
| | Forbes Lux International AG | | Switzerland | 91.03 | 91.03 | 86.96 |
| | Lux International AG (Subsidiary of Forbes Lux International AG) | | Switzerland | - | - | - |
| | **Subsidiaries of Lux International AG :-** | | | | | |
| | Forbes International AG | | Switzerland | - | - | - |
| | Lux Sk s.r.o | | Slovakia | - | - | - |
| | Lux Italia srl | | Italy | - | - | - |
| | Lux Schweiz AG | | Switzerland | - | - | - |
| | Lux (Deutschland) GmbH | | Germany | - | - | - |
| | Lux Service GmbH | | Germany | - | - | - |
| | Lux Norge A/s | | Norway | - | - | - |
| | Lux Oesterreich GmbH | | Austria | - | - | - |
| | Lux Oesterreich Professional GmbH (w.e.f. 30/12/2016) | | Austria | - | - | - |
| | Lux CZ s.r.o | | Czech Republic | - | - | - |
| | LIAG Trading and Investments Limited | | U.A.E | - | - | - |
| | Lux Aqua Czech (w.e.f. 06/05/2016) | | Czech Republic | - | - | - |
| | Lux Aqua Hungaria Kft | | Hungary | - | - | - |
| | Lux Hungaria Kereskedelmi Kft | | Hungary | - | - | - |
| | Lux Waterline GmbH (w.e.f. 24/06/2016) | | Germany | - | - | - |
| | Lux Del Paraguay SA | | Paraguay | - | - | - |
| | Lux Aqua Paraguay SA (w.e.f. 01/12/2016) | | Paraguay | - | - | - |
| | Brightyclean (Spain) SL | | Spain | - | - | - |
| | Lux Professional GmbH (w.e.f. 22/12/2016) | | Germany | - | - | - |
| | Lux Professional International GmbH | | Switzerland | - | - | - |
| C | **Joint Venture** | | | | | |
| | Aquaignis Technologies Pvt Ltd | | India | 50.00 | 50.00 | 50.00 |
| | AMC Cookware PTY Ltd | | | - | - | - |
| D | **Enterprises / Trust that are under common control (with whom there are transactions):** | | | | | |
| | Forbes Facility Service (P) Ltd | | India | - | - | - |
| | Forbes Enviro Solutions Ltd | | India | - | - | - |
| | Forbes Aquatech Limited | | India | - | - | - |
| | Forbes Lux FZCO | | U.A.E | - | - | - |
| | Infinite Water Solutions Pvt ltd | | India | - | - | - |
| | Eureka Forbes Institute of Environment (Trust) | | India | - | - | - |
| E | **Whoe Time Director** | | | | | |
| | Suresh Redhu | | India | - | - | - |

**AQUAMALL WATER SOLUTIONS LTD**

| No. | Nature of Transaction | | Forbes & Company Limited (A) | Eureka Forbes Limited (A) | Parties in A above | Aquadiagnostics Water Research & Technology Centre Limited (B) | Forbes Lux International AG (B) | Lux International AG (B) | LUX HUNGARIA KFT (B) | LUX SERVICE GMBH (B) |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Purchases** | | | | | | | | | |
| 1 | **Goods and Materials** | **Current Year** | - | - | - | - | - | - | - | - |
| | | *Previous Year (Italic)* | - | - | - | - | - | - | - | - |
| 2 | Fixed Assets | | - | - | - | - | - | - | - | - |
| | | | - | - | - | - | - | - | - | - |
| 3 | Investments | | - | - | - | - | - | - | - | - |
| | | | - | - | - | - | - | - | - | - |
| | **Sales** | | | | - | | | | | |
| 3 | Goods and Materials (excluding taxes) | | - | 6,797,488,000 | **6,797,488,000** | 2,704 | - | - | - | 265,175 |
| | | | - | *6,675,171,766* | **6,675,171,766** | *361* | - | *7,010,157* | *8,423,182* | *394,680* |
| 4 | Fixed Assets | | | | - | | | | | |
| | | | - | - | - | - | - | - | - | - |
| 5 | Investments (surrendered for buy-back) | | - | - | - | - | - | - | - | - |
| | | | - | - | - | - | - | - | - | - |
| | **Expenses** | | | | - | | | | | |
| 6 | Miscellaneous expenses | | 258,188 | 76,091,572 | **76,349,759** | 3,379,223 | | | | |
| | | | - | *67,023,371* | **67,023,371** | *3,024,082* | - | - | - | - |
| 7 | Recovery of Expenses | | | 625,245 | **625,245** | | | | | |
| | | | - | *705,454* | **705,454** | - | - | - | - | - |
| 8 | Diminution in Value of Investments | | - | - | - | - | - | - | - | - |
| | | | - | - | - | - | - | - | - | - |
| 9 | Interest Expense | | - | - | - | - | - | - | - | - |
| | | | - | - | - | - | - | - | - | - |
| 10 | CSR contribution | | - | - | - | - | - | - | - | - |
| | | | - | - | - | - | - | - | - | - |
| 11 | Dividend Paid | | - | - | - | | | | | |
| | | | - | *160,006,400* | ***160,006,400*** | - | - | - | - | - |
| | **Income** | | | | - | | | | | |
| 12 | Rent and Other Service Charges | | | 4,222,950 | ***4,222,950*** | | | | | |
| | | | - | *3,766,200* | **3,766,200** | - | - | - | - | - |
| 13 | Interest Income | | | | - | | 96,471,318 | | | |
| | | | - | - | - | - | *55,912,640* | - | - | - |
| 14 | Misc. Income | | | | - | | | | | |
| | | | - | - | - | - | - | - | - | - |
| | **Other Receipts** | | | | - | | | | | |
| 15 | Other Reimbursements | | | - | - | 25,434 | | 22,295,000 | | |
| | | | - | - | - | *29,048* | - | - | - | - |
| | **Finance** | | | | - | | | | | |
| 16 | Inter-corporate deposits given | | | | - | | 539,828,250 | | | |
| | | | - | - | - | - | *217,205,870* | - | - | - |
| 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* | - | - | - |

| | | A | A | | B | B | B | B | B |
|---|---|---|---|---|---|---|---|---|---|
| | | Forbes & Company Limited | Eureka Forbes Limited | **Parties in A above** | Aquadiagnostics Water Research & Technology Centre Limited | Forbes Lux International AG | Lux International AG | LUX HUNGARIA KFT | LUX SERVICE GMBH |
| 22 | Advance given | | | - | | | | | |
| | | - | - | **-** | - | - | - | - | - |
| | **Guarantees given during the year** | | | **-** | | | | | |
| 23 | Given on behalf of a Subsidiary | - | - | **-** | - | - | 1,140,729,150 | - | - |
| | | - | - | **-** | - | *456,082,410* | - | - | - |
| | | - | - | **-** | - | - | - | - | - |
| | **Outstandings** | | | **-** | | | | | |
| 24 | Trade Payables | - | - | - | 591,953 | - | - | - | - |
| | | - | - | **-** | *511,391* | - | - | - | - |
| 25 | Interest accrued | | | - | | 238,330,609 | | | |
| | | - | - | **-** | - | *141,859,291* | - | - | - |
| 26 | Trade Receivables | | 1,320,133,588 | **1,320,133,588** | | | 22,370,568 | | 512,999 |
| | | - | *993,009,399* | **993,009,399** | - | - | *258,499* | - | *261,950* |
| 27 | Long Term Loans and Advances | | | - | | | | | |
| | | - | - | **-** | - | - | - | - | - |
| 28 | Short Term Loans and Advances | | | - | | | | | |
| | | - | - | **-** | - | - | - | - | - |
| 29 | Deposits Payable | | 105,000 | **105,000** | | | | | |
| | | - | *105,000* | **105,000** | - | - | - | - | - |
| 30 | Inter-corporate deposits receivable | | | - | | 1,453,621,740 | | | |
| | | - | - | **-** | - | *1,033,841,287* | - | - | - |
| | | - | - | **-** | - | - | - | - | - |
| | **Remuneration** | | | | | | | | |
| 31 | Paid / Payable (Short Term Employee Benefits) | - | - | **-** | - | - | - | - | - |
| | | - | - | **-** | - | - | - | - | - |
| | | | | | | | | | |
| | **Guarantees** | | | | | | | | |
| 32 | Given | - | - | **-** | - | *446,592,840* | *1,140,729,150* | - | - |
| | | | | | | *456,082,410* | - | | |

**Foot note :**

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

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

**3- Post employment benefits and other long term benefits are accrued as per acturial valuation, which is not available separately for whole time director.**

## AQUAMALL WATER SOLUTIONS LTD

| | | B | B | | C | | D | D | D |
|---|---|---|---|---|---|---|---|---|---|
| | | Forbes Lux FZCO | LIAG Trading & Investment Ltd. | **Parties in B above** | Aqualgnis Technologies Pvt. Ltd. | **Parties in C above** | Forbes Facility Service (P) Ltd | Forbes Aquatech Limited | Infinite Water Solutions Pvt ltd |
| | **Nature of Transaction** | | | | | | | | |
| | **Purchases** | | | | | | | | |
| 1 | **Goods and Materials** **Current Year** | - | - | **-** | 1,768 | **1,768** | | 548,730 | 643,899,099 |
| | *Previous Year (Italic)* | - | - | **-** | 191,527 | **191,527** | - | 356,896 | 586,444,893 |
| 2 | Fixed Assets | - | - | **-** | - | **-** | - | - | - |
| | | - | - | **-** | - | **-** | - | - | *109,081* |
| 3 | Investments | - | - | **-** | - | **-** | - | - | - |
| | | - | - | **-** | - | **-** | - | - | - |
| | **Sales** | | | **-** | | **-** | | | |
| 3 | Goods and Materials (excluding taxes) | 39,082,630 | 80,428,726 | **119,779,235** | 1,973,972 | **1,973,972** | 5,093 | 28,646,548 | 140,751 |
| | | *26,100,284* | *20,982,368* | ***62,911,032*** | *4,415,516* | ***4,415,516*** | - | *47,227,038* | *144,238* |
| 4 | Fixed Assets | | | - | | - | | - | |
| | | - | - | **-** | - | **-** | - | *415,000* | - |
| 5 | Investments (surrendered for buy-back) | - | - | **-** | - | **-** | - | - | - |
| | | - | - | **-** | - | **-** | - | - | - |
| | **Expenses** | | | **-** | | **-** | | | |
| 6 | Miscellaneous expenses | | | 3,379,223 | 19,296 | 19,296 | 5,072,530 | - | |
| | | - | - | ***3,024,082*** | *32,140* | ***32,140*** | *5,023,107* | *603,625* | - |
| 7 | Recovery of Expenses | | | - | | - | | 196,630 | |
| | | - | - | **-** | - | **-** | - | - | - |
| 8 | Diminution in Value of Investments | - | - | **-** | - | **-** | - | - | - |
| | | - | - | **-** | - | **-** | - | - | - |
| 9 | Interest Expense | - | - | **-** | - | **-** | - | - | - |
| | | - | - | **-** | - | **-** | - | - | *482,461* |
| 10 | CSR contribution | - | - | - | - | - | - | - | - |
| | | - | - | **-** | - | **-** | - | - | - |
| 11 | Dividend Paid | | | - | | - | | | |
| | | - | - | **-** | - | **-** | - | - | - |
| | **Income** | | | **-** | | **-** | | | |
| 12 | Rent and Other Service Charges | | | - | 2,835,746 | 2,835,746 | | | 2,967,960 |
| | | - | - | **-** | *2,792,790* | ***2,792,790*** | - | - | *2,967,948* |
| 13 | Interest Income | | | 96,471,318 | | - | | | |
| | | - | - | ***55,912,640*** | - | **-** | - | - | - |
| 14 | Misc. Income | | | - | 114,300 | 114,300 | | 403,840 | |
| | | - | - | **-** | *162,790* | ***162,790*** | - | *627,540* | - |
| | **Other Receipts** | | | **-** | | **-** | | | |
| 15 | Other Reimbursements | | | 22,320,434 | 1,386,198 | 1,386,198 | | | 3,278,589 |
| | | - | - | ***29,048*** | *1,435,047* | ***1,435,047*** | - | *36,115* | *3,775,783* |
| | **Finance** | | | **-** | | **-** | | | |
| 16 | Inter-corporate deposits given | | | 539,828,250 | | - | | | |
| | | - | - | ***217,205,870*** | - | **-** | - | - | - |
| 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*** | - | **-** | - | - | - |

| | | B | B | | C | | D | D | D |
|---|---|---|---|---|---|---|---|---|---|
| | | Forbes Lux FZCO | LIAG Trading & Investment Ltd. | **Parties in B above** | Aqualgnis Technologies Pvt. Ltd. | **Parties in C above** | Forbes Facility Service (P) Ltd | Forbes Aquatech Limited | Infinite Water Solutions Pvt ltd |
| 22 | Advance given | | | - | | - | | | |
| | | - | - | **-** | - | **-** | - | - | - |
| | **Guarantees given during the year** | | | **-** | | **-** | | | |
| 23 | Given on behalf of a Subsidiary | - | - | **1,140,729,150** | - | **-** | - | - | - |
| | | - | - | **456,082,410** | - | **-** | - | - | - |
| | | - | - | **-** | - | **-** | - | - | - |
| | **Outstandings** | | | **-** | | **-** | | | |
| 24 | Trade Payables | - | - | 591,953 | - | - | 470,341 | 76,715 | 219,329,402 |
| | | - | - | ***511,391*** | - | **-** | *398,710* | *950,722* | *129,031,076* |
| 25 | Interest accrued | | | 238,330,609 | | - | | | |
| | | - | - | ***141,859,291*** | - | **-** | - | - | - |
| 26 | Trade Receivables | 37,766,016 | 45,601,312 | 106,250,895 | 2,400,126 | 2,400,126 | - | 6,144,059 | - |
| | | *91,120,436* | *20,982,368* | ***112,623,253*** | - | **-** | - | *2,994,219* | - |
| 27 | Long Term Loans and Advances | | | - | | - | | | |
| | | - | - | **-** | - | **-** | - | - | - |
| 28 | Short Term Loans and Advances | | | - | | - | | | |
| | | - | - | **-** | *2,388,491* | ***2,388,491*** | - | - | - |
| 29 | Deposits Payable | | | - | | - | | | 751,232 |
| | | - | - | **-** | - | **-** | - | - | *751,232* |
| 30 | Inter-corporate deposits receivable | | | 1,453,621,740 | | - | | | |
| | | - | - | ***1,033,841,287*** | - | **-** | - | - | - |
| | | - | - | **-** | - | **-** | - | - | - |
| | **Remuneration** | | | **-** | | **-** | | | |
| 31 | Paid / Payable (Short Term Employee Benefits) | - | - | **-** | - | **-** | - | - | - |
| | | - | - | **-** | - | **-** | - | - | - |
| | | | | **-** | | **-** | | | |
| | **Guarantees** | | | | | **-** | | | |
| 32 | Given | - | - | **1,587,321,990** | - | **-** | - | - | - |
| | | | | **456,082,410** | | **-** | | | |

**Foot note :**

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

**2- Outstanding balances in foreign currency include adjustments on**

**3- Post employment benefits and other long term benefits are accru**

## AQUAMALL WATER SOLUTIONS LTD

| | | D | D | D | | E | | |
|---|---|---|---|---|---|---|---|---|
| | | Euro Forbes International PTE Ltd | Eureka Forbes Institute of Environment (Trust) | Forbes Enviro Solutions Ltd. | **Parties in D above** | Suresh Redhu | **Parties in E above** | **Total** |
| | **Nature of Transaction** | | | | | | | |
| | **Purchases** | | | | | | | |
| 1 | **Goods and Materials** **Current Year** | | | | **644,447,829** | | **-** | **644,449,597** |
| | *Previous Year (Italic)* | - | - | - | **586,801,789** | - | **-** | **586,993,316** |
| 2 | Fixed Assets | - | - | - | **-** | - | **-** | **-** |
| | | - | - | - | **109,081** | - | **-** | **109,081** |
| 3 | Investments | - | - | - | **-** | - | **-** | **-** |
| | | - | - | - | **-** | - | | **-** |
| | **Sales** | | | | **-** | | | **-** |
| 3 | Goods and Materials (excluding taxes) | | | | 28,792,392 | | **-** | 6,948,033,599 |
| | | - | - | - | ***47,371,277*** | - | **-** | ***6,789,869,591*** |
| 4 | Fixed Assets | | | | - | | **-** | - |
| | | - | - | - | ***415,000*** | - | **-** | ***415,000*** |
| 5 | Investments (surrendered for buy-back) | - | - | - | **-** | - | **-** | **-** |
| | | - | - | - | **-** | - | | **-** |
| | **Expenses** | | | | **-** | | | **-** |
| 6 | Miscellaneous expenses | | | | 5,072,530 | | **-** | 84,820,808 |
| | | - | - | - | ***5,626,732*** | - | **-** | ***75,706,324*** |
| 7 | Recovery of Expenses | | | | 196,630 | | **-** | 821,875 |
| | | - | - | - | **-** | - | **-** | ***705,454*** |
| 8 | Diminution in Value of Investments | - | - | - | **-** | - | **-** | **-** |
| | | - | - | - | **-** | - | **-** | **-** |
| 9 | Interest Expense | - | - | - | **-** | - | **-** | **-** |
| | | - | - | - | ***482,461*** | - | **-** | ***482,461*** |
| 10 | CSR contribution | | *15,720,000* | - | **15,720,000** | - | **-** | **15,720,000** |
| | | - | *11,757,801* | - | ***11,757,801*** | - | **-** | ***11,757,801*** |
| 11 | Dividend Paid | | | | - | | **-** | - |
| | | - | - | - | **-** | - | **-** | ***160,006,400*** |
| | **Income** | | | | **-** | | **-** | **-** |
| 12 | Rent and Other Service Charges | | | 27,643 | 2,995,603 | - | **-** | 10,054,299 |
| | | - | - | *17,500* | ***2,985,448*** | - | **-** | ***9,544,438*** |
| 13 | Interest Income | | | | - | | **-** | 96,471,318 |
| | | - | - | - | **-** | - | **-** | ***55,912,640*** |
| 14 | Misc. Income | | | | 403,840 | | **-** | 518,140 |
| | | - | - | - | ***627,540*** | - | **-** | ***790,330*** |
| | **Other Receipts** | | | | **-** | | **-** | **-** |
| 15 | Other Reimbursements | | | | 3,278,589 | | **-** | 26,985,221 |
| | | - | - | - | ***3,811,898*** | - | **-** | ***5,275,993*** |
| | **Finance** | | | | **-** | | **-** | **-** |
| 16 | Inter-corporate deposits given | | | | - | | **-** | 539,828,250 |
| | | - | - | - | **-** | - | **-** | ***217,205,870*** |
| 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*** |

| | | D | D | D | | E | | |
|---|---|---|---|---|---|---|---|---|
| | | Euro Forbes International PTE Ltd | Eureka Forbes Institute of Environment (Trust) | Forbes Enviro Solutions Ltd. | **Parties in D above** | Suresh Redhu | **Parties in E above** | **Total** |
| 22 | Advance given | | | | - | | **-** | - |
| | | - | - | - | **-** | - | **-** | **-** |
| | **Guarantees given during the year** | | | | **-** | | **-** | **-** |
| 23 | Given on behalf of a Subsidiary | - | - | - | **-** | - | **-** | **1,140,729,150** |
| | | - | - | - | **-** | - | **-** | **456,082,410** |
| | | - | - | - | **-** | - | | **-** |
| | **Outstandings** | | | | **-** | | | **-** |
| 24 | Trade Payables | | - | - | 219,876,458 | - | **-** | 220,468,411 |
| | | - | - | - | ***130,380,508*** | - | **-** | ***130,891,899*** |
| 25 | Interest accrued | | | | - | | **-** | 238,330,609 |
| | | - | - | - | **-** | - | **-** | ***141,859,291*** |
| 26 | Trade Receivables | | - | 40,339 | 6,184,398 | - | **-** | 1,434,969,008 |
| | | - | - | - | ***2,994,219*** | - | **-** | ***1,108,626,871*** |
| 27 | Long Term Loans and Advances | | | | - | | **-** | - |
| | | - | - | - | **-** | - | **-** | **-** |
| 28 | Short Term Loans and Advances | | | | - | | **-** | - |
| | | - | - | *8,550* | ***8,550*** | - | **-** | ***2,397,041*** |
| 29 | Deposits Payable | | | 10,000 | 761,232 | - | **-** | 866,232 |
| | | - | - | *10,000* | ***761,232*** | - | **-** | ***866,232*** |
| 30 | Inter-corporate deposits receivable | | | | - | | **-** | 1,453,621,740 |
| | | - | - | - | **-** | - | **-** | ***1,033,841,287*** |
| | | - | - | - | **-** | - | **-** | **-** |
| | **Remuneration** | | | | **-** | | **-** | **-** |
| 31 | Paid / Payable (Short Term Employee Benefits) | - | - | - | **-** | 6,468,833 | **6,468,833** | **6,468,833** |
| | | - | - | - | **-** | *5,553,607* | **5,553,607** | **5,553,607** |
| | | | | | **-** | | | **-** |
| | **Guarantees** | | | | **-** | | | **-** |
| 32 | Given | - | - | - | **-** | - | **-** | **1,587,321,990** |
| | | | | | **-** | | | **456,082,410** |

**Foot note :**

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

**2- Outstanding balances in foreign currency include adjustments on**

**3- Post employment benefits and other long term benefits are accru**

**AQUAMALL WATER SOLUTIONS LTD**

**Note :- 54 Ind AS 101 reconciliations**

**Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015**

| | | As at March 31, 2016 | | | As at April 1, 2015 | | |
|---|---|---|---|---|---|---|---|
| | | (End of last period presented under previous GAAP) | | | (Date of transition) | | |
| | Notes | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet |
| **Non-current assets** | | | | | | | |
| (a) Property, plant and equipment | | 552,059,012 | - | 552,059,012 | 477,355,366 | - | 477,355,366 |
| (b) Capital work-in-progress | | - | - | - | 6,287,055 | - | 6,287,055 |
| (c) Intangible assets | | | - | | | - | |
| (d) Financial assets | | | - | | | - | |
| (i) Investments | | 2,349,226,545 | 1,124,103 | 2,350,350,648 | 1,538,036,545 | - | 1,538,036,545 |
| (ii) Loans | | 1,042,248,061 | (8,370,960) | 1,033,877,101 | 835,975,644 | (7,350,077) | 828,625,567 |
| (iii) Other financial assets | | 144,640,429 | 8,370,960 | 153,011,389 | 90,301,746 | 7,350,077 | 97,651,823 |
| (f) Tax assets | | | - | | | - | |
| (i) Deferred Tax Asset (net) | | - | 39,339,302 | 39,339,302 | - | 79,543,197 | 79,543,197 |
| (ii) Income Tax Asset (Net) | | 60,297,236 | 272,793 | 60,570,029 | 41,436,848 | - | 41,436,848 |
| (g) Other non-current assets | | 137,588,453 | - | 137,588,453 | 129,847,730 | - | 129,847,730 |
| | | | - | | | - | |
| **Total non-current assets** | | **4,286,059,736** | 40,736,198 | **4,326,795,934** | **3,119,240,934** | 79,543,197 | **3,198,784,131** |
| | | | | | | | |
| **Current assets** | | | | | | | |
| | | | | | | | |
| (a) Inventories | | 377,107,991 | - | 377,107,991 | 370,368,824 | - | 370,368,824 |
| (b) Financial assets | | | - | | | - | |
| (i) Trade receivables | | 1,145,048,039 | - | 1,145,048,039 | 908,466,820 | - | 908,466,820 |
| (ii) Cash and cash equivalents | | 4,710,092 | - | 4,710,092 | 4,778,234 | - | 4,778,234 |
| (iii) Bank balances other than (iii) above | | - | - | - | - | - | - |
| (iv) Loans | | 132,931 | (111,000) | 21,931 | 105,238 | (41,000) | 64,238 |
| (v) Other financial assets | | - | 111,000 | 111,000 | 1,220,619 | 41,000 | 1,261,619 |
| (c) Other current assets | | 70,257,052 | - | 70,257,052 | 66,300,309 | - | 66,300,309 |
| | | **1,597,256,105** | - | **1,597,256,105** | **1,351,240,044** | - | **1,351,240,044** |
| Assets classified as held for sale | | - | - | | | - | |
| **Total current assets** | | **1,597,256,105** | - | **1,597,256,105** | **1,351,240,044** | - | **1,351,240,044** |
| **Total Assets** | | **5,883,315,841** | 40,736,198 | **5,924,052,039** | **4,470,480,978** | 79,543,197 | **4,550,024,175** |
| | | | | | | - | |
| **Equity** | | | | | | - | |
| Equity share capital | | 40,001,600 | - | 40,001,600 | 40,001,600 | - | 40,001,600 |
| Other equity | | 3,301,069,830 | 94,885,181 | 3,395,955,011 | 2,769,820,230 | 130,647,132 | 2,900,467,362 |
| Equity attributable to owners of the Company | | **3,341,071,430** | 94,885,181 | **3,435,956,611** | **2,809,821,830** | 130,647,132 | **2,940,468,962** |
| Non-controlling interests | | - | - | | | - | |
| **Total equity** | | **3,341,071,430** | 94,885,181 | **3,435,956,611** | **2,809,821,830** | 130,647,132 | **2,940,468,962** |
| **Non-current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Borrowings | | 1,054,183,531 | (10,247,344) | 1,043,936,187 | 574,025,507 | (10,791,192) | 563,234,315 |
| (ii) Other financial liabilities | | 52,358,403 | - | 52,358,403 | 55,316,550 | - | 55,316,550 |
| Provisions | | 18,448,676 | - | 18,448,676 | 26,368,707 | - | 26,368,707 |

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## AQUAMALL WATER SOLUTIONS LTD

**Note :- 54 Ind AS 101 reconciliations**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Deferred tax liabilities (Net) | | 43,901,639 | (43,901,639) | - | 40,312,743 | (40,312,743) | - |
| **Total non-current liabilities** | | **1,168,892,249** | (54,148,983) | **1,114,743,266** | **696,023,507** | (51,103,935) | **644,919,572** |
| | | | | | | | |
| **Current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Borrowings | | 368,257,277 | - | 368,257,277 | 116,017,897 | - | 116,017,897 |
| (ii) Trade and other payables | | 777,840,704 | - | 777,840,704 | 578,119,268 | - | 578,119,268 |
| (iii) Other financial liabilities | | 209,322,217 | - | 209,322,217 | 190,872,878 | - | 190,872,878 |
| Provisions | | 126,713 | - | 126,713 | 408,366 | - | 408,366 |
| Current tax liabilities (Net) | | 960,110 | - | 960,110 | 59,019,513 | - | 59,019,513 |
| Other current liabilities | | 16,845,141 | - | 16,845,141 | 20,197,719 | - | 20,197,719 |
| | | **1,373,352,162** | - | **1,373,352,162** | **964,635,641** | - | **964,635,641** |
| Liabilities directly associated with assets classified as held for sale | | - | - | | | - | |
| | | | - | | | - | |
| **Total current liabilities** | | **1,373,352,162** | - | **1,373,352,162** | **964,635,641** | - | **964,635,641** |
| | | | | | | - | |
| | | | | | | - | |
| **Total liabilities** | | **2,542,244,411** | **(54,148,983)** | **2,488,095,428** | **1,660,659,148** | (51,103,935) | **1,609,555,213** |
| | | | | | | - | |
| **Total equity and liabilities** | | **5,883,315,841** | **40,736,198** | **5,924,052,039** | **4,470,480,978** | 79,543,197 | **4,550,024,175** |
| | | - | - | - | - | - | - |

**Reconciliation of total equity as at March 31, 2016 and April 1, 2015**

| | Notes | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| | | (End of last period presented under previous GAAP) | (Date of transition) |
| **Total equity / shareholders' funds under previous GAAP** | | **3,341,071,430** | **2,809,821,830** |
| | | | |
| **Adjustments:** | | | |
| Measurement of Borrowings at amortised cost | | 10,247,344 | 10,791,192 |
| Income on Financial Guarantee | | 1,124,103 | - |
| Gain/(loss) on Investments measured at FVOCI | | | - |
| Deferred tax Impact on IND AS transition | | (4,638,299) | (2,567,547) |
| Tax Impact on remeasurement of defined benefit Plan | | 272,793 | - |
| MAT Credit Entitlement | | 87,879,240 | 122,423,487 |
| Mark to Market Account | | | - |
| | | | |
| **Total adjustment to equity** | | **94,885,181** | **130,647,132** |
| **Total equity under Ind AS** | | **3,435,956,611** | **2,940,468,962** |
| | | - | - |

**Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016**
**All amounts are in Rs.'million unless otherwise stated**

| | | Year ended March 31, 2016 |
|---|---|---|
| | | (Latest period presented under previous GAAP) |

AQUAMALL WATER SOLUTIONS LTD

Note :- 54 Ind AS 101 reconciliations

| | Notes | Previous GAAP | Effect of transition to Ind AS | Ind AS |
|---|---|---|---|---|
| Revenue from Operations | | 6,814,811,559 | (474,044) | 6,815,285,603 |
| Other income | | 160,064,573 | (64,659,372) | 224,723,945 |
| **Total Income** | | **6,974,876,132** | **(65,133,416)** | **7,040,009,548** |
| | | | | |
| **Expenses** | | | | |
| Cost of materials consumed | | 5,214,668,377 | - | 5,214,668,377 |
| Purchases of stock-in-trade | | 279,110,744 | - | 279,110,744 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | | (8,004,637) | - | (8,004,637) |
| Employee benefits expense | | 85,819,684 | 788,237 | 85,031,447 |
| Finance costs | | 79,045,531 | (60,322,151) | 139,367,682 |
| Depreciation and amortisation expense | | 42,225,712 | - | 42,225,712 |
| Excise Duty | | - | (474,044) | 474,044 |
| Reversal of impairment on financial assets | | - | - | - |
| Other expenses | | 362,005,247 | - | 362,005,247 |
| **Total expenses** | | **6,054,870,658** | **(60,007,958)** | **6,114,878,616** |
| | | | | |
| Profit before exceptional items and tax | | **920,005,474** | **(5,125,458)** | **925,130,932** |
| Exceptional items | | | | |
| Profit before tax | | **920,005,474** | **(5,125,458)** | **925,130,932** |
| | | | | |
| Tax expense | | | | |
| (1) Current tax | | 196,344,000 | (34,544,247) | 230,888,247 |
| (2) Deferred tax | | 3,588,897 | (2,070,750) | 5,659,647 |
| (3) MAT Entitlement | | - | - | - |
| | | **199,932,897** | **(36,614,997)** | **236,547,894** |
| | | | | |
| **Profit for the period from continuing operations (I)** | | **720,072,577** | **31,489,539** | **688,583,038** |
| | | | | |
| Profit from discontinued operations before tax | | | | - |
| Tax expense of discontinued operations | | | | - |
| | | | | |
| **Profit from discontinued operations (after tax) (II)** | | **-** | **-** | **-** |
| | | | | |
| Share of minority interests | | | | - |
| | | | | |
| **Profit for the period (III=I+II)** | | **720,072,577** | **31,489,539** | **688,583,038** |
| | | | | |
| **Other Comprehensive Income** | | | | |
| **A (i)** Items that will not be reclassified to profit or loss | | | | |
| a) Remeasurements of the defined benefit plans | | - | 788,237 | (788,237) |
| b) Equity instrument through other comprehensive income | | | - | - |
| **Total A (i)** | | - | 788,237 | (788,237) |
| | | | | |
| **A (ii)** Income tax relating to items that will not be reclassified to profit or loss | | **-** | (272,793) | 272,793 |
| | | | | |
| **B (i)** Items that may be reclassified to profit or loss | | | | |

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**AQUAMALL WATER SOLUTIONS LTD**

**Note :- 54 Ind AS 101 reconciliations**

| | | | | |
|---|---|---|---|---|
| e) Share of other comprehensive income in associates and joint ventures, to the extent that may be reclassified to profit or loss | | - | - | - |
| **Total B (i)** | | **-** | **-** | **-** |
| | | | | |
| **B (ii)** Income tax relating to items that may be reclassified to profit or loss | | - | - | - |
| | | | | |
| **Total other comprehensive income [IV=A (i-ii)+ B (i-ii)]** | | **-** | **515,444** | **(515,444)** |
| | | | | |
| **Total comprehensive income for the period (III+IV)** | | **720,072,577** | **32,004,983** | **688,067,594** |

| | | |
|---|---|---|
| **Reconciliation of total comprehensive income for the year ended March 31, 2016** | | |
| **All amounts are in Rs.'million unless otherwise stated** | | |
| | | |
| **Particulars** | | **Amount** |
| **Profit as per previous GAAP** | | 720,072,577 |
| **Adjustments:** | | |
| Measurement of Borrowings at amortised cost | | 3,213,118 |
| Income on Financial Guarantee | | 1,124,103 |
| MAT Credit entitlement | | (34,544,247) |
| Remeasurements of the defined benefit plans | | 788,237 |
| | | |
| | | |
| Deferred tax on IND AS ADJ | | (2,070,750) |
| | | |
| **Total adjustments** | | **(31,489,539)** |
| **Profit/loss for the Period** | | **688,583,038** |
| **Other Comprehensive Income** | | **(515,444)** |
| **Total comprehensive income under Ind AS** | | **688,067,594** |

**Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under the previous GAAP.**

**Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016**

| | | **Year ended March 31, 2016 (Latest period presented under previous GAAP)** | | |
|---|---|---|---|---|
| | **Notes** | **Previous GAAP** | **Effect of transition to Ind AS** | **Ind AS** |
| | | | | |
| Net cash flows from operating activities | | 622,951,850 | - | 622,951,850 |
| Net cash flows from investing activities | | (1,035,647,738) | - | (1,035,647,738) |
| Net cash flows from financing activities | | 412,627,746 | - | 412,627,746 |
| **Net increase (decrease) in cash and cash equivalents** | | **(68,142)** | **-** | **(68,142)** |
| **Cash and cash equivalents at the beginning of the period** | | 4,778,234 | - | **4,778,234** |

AQUAMALL WATER SOLUTIONS LTD

Note :- 54 Ind AS 101 reconciliations

| | | | | |
|---|---|---|---|---|
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | - | | - |
| **Cash and cash equivalents at the end of the period** | | **4,710,092** | **-** | **4,710,092** |

-

**Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash flows under Ind AS**
**All amounts are in Rs.'million unless otherwise stated**

| | Notes | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| | | (End of last period presented under previous GAAP) | (Date of transition) |
| | | | |
| **Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP** | | **4,710,092** | **4,778,234** |
| Bank overdrafts which form an integral part of cash management system | | | |
| | | | |
| | | | |
| **Cash and cash equivalents for the purpose of statement of cash flows under Ind AS** | | **4,710,092** | **4,778,234** |
| | | - | - |

**54.1 Explanation for reconciliation of balance sheet as previously reported under IGAAP to IND-AS**

**(i) Investments:**

Corporate Guarantees given on behalf of subsidiary companies are fair valued under IND-AS. Non Recoverable portion of such guarantees are added to the cost of investments in subsidiaries.

**(ii) Deferred Tax Assets / Liabilties:**

Changes in the values of assets and liabilities under IND-AS have been accounted after giving effect of deferred tax. MAT credit entitlements has been recognised as deferred tax asset on probability basis under IND-AS and utilized against provision for income tax in balance sheet.

**(iii) Borrowings:**

Borrowings have been accounted at amortised cost using the effective interest method under IND-AS

**(iv) Other Equity:**

**(a)** Adjustments to retained earnings has been made in accordance with IND-AS, for the above mentioned line items.

**(b)** Under previous GAAP, exchange difference pertaining to long term external commercial borrowings and inter corporate deposits was accumulated in "foreign Currency Monetary Translation Reseve Account" and was being amortised over the period of such borrowings and deposits. Under IND-AS the company has elected to account such exchnage differences in the statement of profit and loss account to align the accounting policies with the group companies.

**54.2** Explanation for reconciliation of profit & loss as previously reported under IGAAP to IND-AS

**(i) Excise Duty:**

Under previous GAAP, excise duty was shown as reduction from sales. In IND-AS excise duty has been shown separately under expenses.

**(ii) Other Income:**

(a) Under previous GAAP, exchange difference pertaining to long term external commercial borrowings and inter corporate deposits was accumulated in "foreign Currency Monetary Translation Reseve Account" and was being amortised over the period of such borrowings and deposits. Under IND-AS the company has elected to account such exchnage differences in the statement of profit and loss account to align the accounting policies with the group companies.

(b)Further due to above change exchange differences arising from foreign currency borrowings, to the extent they are considered as an adjustment to interest cost, have been shown under finance cost.

**(iii) Income Tax:**

Under previous GAAP, provision for tax was reduced by MAT credit entitlements in the year of actual utilization of MAT. In IND-AS MAT credit entitlement have been accounted as asset on transition date on probability basis accordingly provision for the year of utilization have been shown as normal income tax rates.

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

| | | |
|---|---|---|
| As per our report of even date | | |
| For BATLIBOI & PUROHIT | S. L. Goklaney | Chairman |
| *Chartered Accountants* | | |
| Firm Regn No. 101048W | | |
| | D.Sivanandhan | *Directors* |
| ATUL MEHTA | | |
| *Partner* | Suresh Redhu | Whole Time Director |
| Membership No. 15935 | | |
| | Sachikant Chaudhury | CFO & Company Secretary |
| Mumbai , Dated : 9th May'2017 | | |

Brightyclean (Spain) S.L.

# Financial Statements

For the year ended December 31, 2016

# Accountants Report

**To the shareholders of Brightyclean S.L.**

We have reviewed the accompanying balance sheet of Brightyclean S.L. as of December 31, 2016, and the related statements of income, for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements. Our responsibility is to conduct the review in accordance with Accounting standards in Spain. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements.

We believe that the results of our procedures provide a reasonable basis for our report. Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in Spain.

Eurorevision S.L.

Ramiyar J Panday

**BRIGHTYCLEAN SL**

**BALANCE SHEET AS AT 31st DECEMBER 2016**

| ASSETS | EURO | INR |
|---|---|---|
| Cash at Bank | 15863.23 | 11,31,104 |
| | | |
| Total Assets | 15863.23 | 11,31,104 |
| | | |
| LIABILITIES | | |
| Shareholder's Fund | | |
| Share Capital | 3500.00 | 2,49,562 |
| Prior year losses | -10737.58 | -7,65,627 |
| Current year losses | -1899.19 | -1,40,514 |
| Foreign Currency Translation Reserve | | 5,095 |
| Total Shareholder's Fund | -9136.77 | -6,51,484 |
| | | |
| Short Term Liabilities | | |
| Loan: Lux Aqua International GmBH | 25000.00 | 17,82,588 |
| | | |
| Total Liabilities | 15863.23 | 11,31,104 |

**PROFIT AND LOSS ACCOUNT FOR THE YEAR 2016**

| INCOME/ EXPENSE | EURO | INR |
|---|---|---|
| Outside Services | 960.00 | 71,027 |
| Bank Charges | 139.10 | 10,291 |
| Non recoverable VAT | 2570.09 | 1,90,151 |
| Debt written off | -1770.00 | -1,30,956 |
| | | |
| Total loss for the year | 1899.19 | 1,40,514 |

Campbell Properties & Hospitality Services Limited

(a wholly owned subsidiary)

Financial Statements

For the year ended March 31, 2017

VINODCHANDRA R. SHAH & CO.
Chartered Accountants

PARTNERS
UDAY V. SHAH F.C.A.
NAYANTIKA D. SHAH F.C.A.
GAURAV J. PAREKH A.C.A.

**INDEPENDENT AUDITORS' REPORT**
**TO THE MEMBERS OF CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED**

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the attached Balance Sheet of **M/S. CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED** as at 31st March 2017 and also the Statement of Profit & Loss for year 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 conducted our audit in accordance with Standards on Auditing ('the Standards') issued by the Institute of Chartered Accountants of India. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected are on a test basis depending on the auditor's judgement, evidence supporting the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

**OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the accounts subject to notes thereon give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India :

(a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2017;
(b) In the case of the Statement of Profit and Loss for the year ended on that date; and
(c) In the case of the Cash flows statement for the year ended 31st March, 2017

VINODCHANDRA R. SHAH & CO. MUMBAI C.A.

71/5, Deepak, R. B. Mehta Marg, Ghatkopar (East), Mumbai - 400 077
Tel. : (R) : 2102 3681 (O) : 2506 3075 • E-mail : shahuday@hotmail.com
Website : www.uvshah.com

## 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 obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the company as far as appears from our examination of those books.

(c) The Balance Sheet and Statement of Profit and Loss 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, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, 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'** and

(g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rules, 2014 in our opinion and to 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.
iv. The company has provided requisite disclosure in its financial statement as to holdings as well as dealing with Specified Bank Notes during the period from 8 November, 2016 to 31 December, 2016 and these are in accordance with the books of accounts maintained by the company. Refer Note 19 of financial statement.

**For Vinodchandra R.Shah & Co.**
**Chartered Accountants**
**FRN 115394W**

**(Gaurav J. Parekh)**
**Partner**
**Membership No. : 140694**
**Mumbai**
**Date:** 21st April,2017

VINODCHANDRA R. SHAH & CO. MUMBAI C.A.

**"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 31,2017:

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, 2017 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**

VINODCHANDRA R. SHAH & CO. MUMBAI * CA *

## "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, 2017 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.

VINODCHANDRA R. SHAH & CO. MUMBAI INDIA * C.A. *

**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, 2017, 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**

VINODCHANDRA R. SHAH & CO. MUMBAI C.A.

# CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2017

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.

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**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'sup 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.

VINODCHANDRA R. SHAH & CO. MUMBAI ★ C.A. ★

# CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED
## BALANCE SHEET AS AT 31ST MARCH, 2017

| Particulars | Note No. | As at 31st March, 2017 ₹ | *As at 31st March, 2016 ₹* | *As at 1st April, 2015 ₹* |
|---|---|---|---|---|
| **ASSETS** | | | | |
| 1 **Non-current assets** | | | | |
| a **Financial Assets:** | | | | |
| i) Other financial assets | 4A | 1,75,00,000 | *1,75,00,000* | - |
| | | **1,75,00,000** | *1,75,00,000* | - |
| b **Tax assets** | | | | |
| i) Deferred tax assets (net) | 9 | **30,654** | - | - |
| | | **30,654** | - | - |
| **Total Non-current assets** | | **1,75,30,654** | *1,75,00,000* | - |
| 2 **Current assets** | | | | |
| a **Financial Assets:** | | | | |
| i) Trade receivables | 3A | 1,61,259 | - | - |
| ii) Cash and cash equivalents | 5A | 4,85,587 | *2,65,524* | *3,27,967* |
| iii) Other financial assets | 4B | - | *5,370* | - |
| | | **6,46,846** | *2,70,894* | *3,27,967* |
| b Other current assets | 6A | 16,000 | - | - |
| **Total Current assets** | | **6,62,846** | *2,70,894* | *3,27,967* |
| **Total Assets** | | **1,81,93,500** | *1,77,70,894* | *3,27,967* |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| a Equity share capital | 7 | 48,75,000 | *48,75,000* | *5,00,000* |
| b Other equity | 8 | 1,32,46,040 | *1,28,80,894* | *(1,87,033)* |
| Equity attributable to owners of the Company | | **1,81,21,040** | *1,77,55,894* | *3,12,967* |
| **Total Equity** | | **1,81,21,040** | *1,77,55,894* | *3,12,967* |
| **Liabilities** | | | | |
| 1 **Current liabilities** | | | | |
| a **Financial liabilities:** | | | | |
| i) Trade and other payables | 10A | 20,880 | *15,000* | *15,000* |
| | | **20,880** | *15,000* | *15,000* |
| b Current tax liabilities (net) | 11 | **51,581** | - | - |
| **Total Current Liabilities** | | **72,461** | *15,000* | *15,000* |
| **Total Liabilities** | | **72,461** | *15,000* | *15,000* |
| **Total Equity and Liabilities** | | **1,81,93,500** | *1,77,70,894* | *3,27,967* |

**See accompanying notes forming part of the financial statements 1 to 20** - - -

In terms of our report attached
**For Vinodchandra R Shah & Co.**
*Chartered Accountants*
FRN- 115394W

**Gaurav J. Parekh**
Partner
Membership No.: 140694
*Mumbai, 21st April, 2017*

SHRIKRISHNA BHAVE *Chairperson*

NIRMAL JAGAWAT
*Directors*
RAVINDER PREM

*Mumbai, 21st April, 2017*

VINODCHANDRA R. SHAH & CO. MUMBAI C.A.

# CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

| | Particulars | Note No. | Year Ended 31st March, 2017 ₹ | *Year Ended 31st March, 2016 ₹* |
|---|---|---|---|---|
| I | Revenue from operations | 12 | 12,65,600 | - |
| II | Other income | 13 | - | *5,370* |
| III | **Total Income (I + II)** | | **12,65,600** | *5,370* |
| IV | **Expenses:** | | | |
| | Other expenses | 14 | 8,48,108 | *62,443* |
| | **Total expenses** | | **8,48,108** | *62,443* |
| V | **Profit / (loss) before exceptional items and tax (III - IV)** | | **4,17,492** | *(57,073)* |
| VI | Exceptional items | | - | - |
| VII | **Profit / (Loss) before tax (V + VI)** | | **4,17,492** | *(57,073)* |
| VIII | **Tax expense / (credit):** | | | |
| | Current tax | 15 | **83,000** | - |
| | Deferred tax | 15 | **(30,654)** | - |
| | | | **52,346** | - |
| IX | **Profit for the period (VII - VIII)** | | **3,65,146** | *(57,073)* |
| X | **Other Comprehensive Income** | | | |
| | **Total Other Comprehensive Income** | | - | - |
| XI | **Total Comprehensive Income for the period (IX + X)** | | **3,65,146** | *(57,073)* |
| XII | **Earning per equity share :** | | | |
| | Basic and diluted earnings per equity share | | ₹ **0.75** | ₹ *(0.12)* |

**See accompanying notes forming part of the financial statements 1 to 20**

In terms of our report attached
**For Vinodchandra R Shah & Co.**
*Chartered Accountants*
FRN- 115394W

**Gaurav J. Parekh**
Partner
Membership No.: 140694
*Mumbai, 21st April, 2017*

SHRIKRISHNA BHAVE — *Chairperson*

NIRMAL JAGAWAT — *Directors*

RAVINDER PREM — *Directors*

*Mumbai, 21st April, 2017*

VINODCHANDRA R. SHAH & CO. MUMBAI C.A.

## CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued**

| | Year Ended 31st March, 2017 ₹ in Lakhs | | *Year Ended 31st March, 2016 ₹ in Lakhs* | |
|---|---|---|---|---|
| Cash flows from operating activities | | | | |
| **Profit for the year** | | **3,65,146** | | *(57,073)* |
| **Adjustments for -** | | | | |
| Income tax expense recognised in profit or loss | 52,346 | | *-* | |
| Interest Income | - | | *(5,370)* | |
| | | 52,346 | | *(5,370)* |
| **Operating profit / (loss) before working capital changes** | | **4,17,492** | | *(62,443)* |
| Movements in working capital: | | | | |
| Decrease / (increase) in trade receivables and other receivables | (1,61,260) | | *(1,75,00,000)* | |
| (Increase)/decrease in other assets | (16,000) | | - | |
| Increase / (decrease) in trade payables and other payables | 5,880 | | - | |
| Increase / (decrease) in provisions | - | | - | |
| Increase / (decrease) in other liabilities | - | | - | |
| | | (1,71,380) | | *(1,75,00,000)* |
| **Cash generated from / (used in) operations** | | **2,46,112** | | *(1,75,62,443)* |
| Income taxes paid (net of refunds) | | (31,419) | | - |
| **(a) Net cash generated from / (used in) operating activities** | | *2,14,693* | | *(1,75,62,443)* |
| **Cash flows from investing activities:** | | | | |
| Interest received | 5,370 | | - | |
| **(b) Net cash generated from / (used in) investing activities** | | **5,370** | | - |
| **Cash flows from financing activities:** | | | | |
| Proceeds from Issuance of Share Capital | | | *43,75,000* | |
| Proceeds from Share Premium on Issuance of Share Capital | | | *1,31,25,000* | |
| **(c) Net cash generated from / (used in) financing activities** | | - | | *1,75,00,000* |
| **(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)** | | **2,20,063** | | *(62,443)* |
| **(e) Cash and cash equivalents as at the commencement of the year** | | 2,65,524 | | *3,27,967* |
| **(f) Cash and cash equivalents as at the end of the year** | | 4,85,587 | | 265524 |
| | | - | | - |

**See accompanying notes forming part of the financial statements 1 to 20**

In terms of our report attached
**For Vinodchandra R Shah & Co.**
*Chartered Accountants*
FRN- 115394W

**Gaurav J. Parekh**
Partner
Membership No.: 140694
*Mumbai, 21st April, 2017*

VINODCHANDRA R. SHAH & CO. MUMBAI C.A

SHRIKRISHNA BHAVE — *Chairperson*

NIRMAL JAGAWAT — *Directors*

RAVINDER PREM — *Directors*

*Mumbai, 21st April, 2017*

## 1. GENERAL INFORMATION

The company was incorporated on December 13,2014 having registered office at Forbes' Building, Charanjit Rai Marg, Fort, Mumbai, India. Company is 100% subsidiary of Forbes & Company Limited, Mumbai, India. Company in the business of letting of property on lease and rendering hospitality services.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### i) Statement of Compliance

The separate financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 [Companies (Indian Accounting Standards) Rules, 2015].

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS separate financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note xix for the details of first-time adoption exemptions availed by the Company.

The separate financial statements are presented in addition to the consolidated financial statements presented by the Company.

### ii) Basis of Preparation and Presentation

The separate financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period

For financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

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, The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the

### iii) Property, Plant and Equipment

Property, Plant and Equipment are to be stated at cost of acquisition, less accumulated depreciation and accumulated impairment losses, if any. The cost will comprises purchase price (excluding refundable taxes), borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are to be deducted in arriving at the purchase price. Freehold land not to be depreciated.

Subsequent expenditures related to an item of property, plant and equipment are to be added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Company & cost can be reliably measured.

Losses arising from the retirement of, and gains or losses arising from disposal of property, plant and equipment are to be recognised in the statement of profit and loss.

Depreciation on property, plant and equipment to be provided on straight line method as per the useful life prescribed in Schedule II to the Companies Act 2013.

The estimated useful lives, residual values and depreciation method are to be reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

### iv) Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their use are to be carried at cost, comprising direct cost, related incidental expenses and attributable interest.

### v) Investment property

Investment properties are properties to be held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are to be measured in accordance with Ind AS 16's requirements for cost model.

An investment property is to be derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is to be included in profit or loss in the period in which the property is derecognised.

### vi) Intangible Assets

Intangible assets, being computer software, are to be stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. The cost will comprise acquisition and implementation cost of software for internal use (including software coding, installation, testing and certain data conversion).

Amortisation is to be recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are to be reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis

Gains or losses arising from the retirement or disposal of an intangible asset are to be determined as the difference between the disposal proceeds and the carrying amount of the asset and are to be recognised as income or expense in the Statement of Profit and Loss.

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### vii) Intangible assets under development

Expenditure on development eligible for capitalisation is to be carried as intangible assets under development where such assets are not yet ready for their intended use.

**viii) Impairment of Assets**

The Company has to assess at end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company has to estimate the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. 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 to be reduced to its recoverable amount. The reduction is to be 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 to be 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.

**ix) Financial instruments**

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

**Classification:**

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

**Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, loan commitments, trade receivables, financial guarantees not designated as at FVTPL and other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss ("ECL") allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

**Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

**Foreign exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

**Financial liabilities and equity instruments**

**Classification as debt or equity**

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

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**Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

**Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**x) Earnings per share**

Basic Earnings per share are calculated by dividing the net profit / (loss) after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

**xi) Provisions and Contingent Liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

**xii) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

**Sale of Services:**

a) Income from services is recognised as and when the services are performed and accrued on time basis.
b) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.

**xiii) Foreign Currency Transactions**

In preparing the financial statements of the Company entity, transactions in currencies other than the company's functional currency viz. Indian Rupee are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

**xiv) Lease accounting**

**Operating Leases**

Leases, where the lessor retains, substantially all the risks and rewards incidental to ownership of the leased assets, are classified as operating lease. Operating lease expense / income are recognized in the statement of profit and loss on a straight-line basis over the lease term.

**xv) Taxes on Income**

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 Income Tax Act, 1961.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**xvi) Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents includes cash on hand, cheques, drafts on hand, balances in current accounts with banks, other bank deposits with original maturities of three months or less.

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**xvii) 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, are added to the cost of those assets; until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**xviii) Segment Reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker in order to effectively allocate the Company's resources and assess performance.

**xix) First-time adoption – mandatory exceptions, optional exemptions**

**Overall principle**

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below.

**Derecognition of financial assets and financial liabilities**

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

**Classification of debt instruments**

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTPL criteria based on the facts and circumstances that existed as of the transition date.

**Determining whether an arrangement contains a lease**

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

**Impairment of financial assets**

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

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**3. Trade receivables**

**3A Trade receivables- Current**

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
|---|---|---|---|
| **Trade receivables** | | | |
| a) Unsecured, considered good | 1,61,259 | - | - |
| **Total** | **1,61,259** | - | - |

**4. Other financial assets**

**4A. Other financial assets - Non current**

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
|---|---|---|---|
| **a) Security deposits** | | | |
| - Unsecured, considered good | 1,75,00,000 | *1,75,00,000* | - |
| **Total** | **1,75,00,000** | *1,75,00,000* | - |

**4B. Other financial assets - Current**

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
|---|---|---|---|
| **a) Accruals:** | | | |
| i) Interest accrued on deposits with bank | - | *5,370* | - |
| **Total** | - | *5,370* | - |

**5. 5A. Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
|---|---|---|---|
| **Balances with Banks** | | | |
| a) In current accounts | 4,76,030 | *7,984* | *3,19,567* |
| b) Deposits accounts (with original maturity upto 3 months) | - | *2,50,000* | - |
| | **4,76,030** | *2,57,984* | *3,19,567* |
| **Cash on hand** | 9,557 | *7,540* | *8,400* |
| **Cash and cash equivalents as per balance sheet** | **4,85,587** | *2,65,524* | *3,27,967* |

**6. Other assets**

**6A Other assets - Current**

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
|---|---|---|---|
| a) Advances for supply of goods and services | | | |
| - Unsecured, considered good | 16,000 | - | - |
| **Total** | **16,000** | - | - |

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**7. Equity Share Capital**

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
|---|---|---|---|
| **Authorised Share capital :** | | | |
| 500,000 fully paid equity shares of ₹ 10 each | 50,00,000 | 50,00,000 | 50,00,000 |
| **Issued and subscribed capital comprises:** | | | |
| 4,87,500 fully paid equity shares of ₹ 10 each (as at March 31, 2016: 4,87,500; as at April 1, 2015: 50,000) | 48,75,000 | 48,75,000 | 5,00,000 |
| | 48,75,000 | 48,75,000 | 5,00,000 |

**7. 1 Fully paid equity shares**

| Particulars | Number of shares | Share capital (Amount) |
|---|---|---|
| Balance at April 1, 2015 | 50,000 | 5,00,000 |
| Movements | 4,37,500 | 43,75,000 |
| Balance at March 31, 2016 | 4,87,500 | 48,75,000 |
| Movements | - | - |
| **Balance at March 31, 2017** | 4,87,500 | 48,75,000 |

Fully paid equity shares, which have a par value of Rs.X, carry one vote per share and carry a right to dividends.

**7. 2 Details of shares held by the holding company, the ultimate controlling party, their subsidiaries and associates**

| Particulars | Fully paid ordinary shares | | |
|---|---|---|---|
| | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
| **Balance at the beginning of the period** | 4,87,500 | 50,000 | 50,000 |
| The holding company | - | 4,37,500 | - |
| **Total** | 4,87,500 | 4,87,500 | 50,000 |

**7. 3 Details of shares held by each shareholder holding more than 5% shares**

| Particulars | As at March 31, 2017 | | *As at March 31, 2016* | | *As at April 1, 2015* | |
|---|---|---|---|---|---|---|
| | Number of shares held | % holding in the class of shares | *Number of shares held* | % holding in the class of shares | *Number of shares held* | *% holding in the class of shares* |
| <u>Fully paid equity shares</u> | | | | | | |
| Forbes & Company Limited | 4,87,500 | 100.00 | 4,87,500 | 100.00 | 50,000 | 100.00 |
| **Total** | 4,87,500 | 100.00 | 4,87,500 | 100.00 | 50,000 | |

**8. Other equity excluding non-controlling interests**

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* | |
|---|---|---|---|---|
| **a) Securities premium reserve** | | | | |
| Balance at beginning of the year | 1,31,25,000 | - | - | |
| Movements [describe] | - | 1,31,25,000 | - | Securities Premium Account |
| **Balance at end of the year** | 1,31,25,000 | 1,31,25,000 | - | |
| **g) Retained earnings ( Note 6)** | | | | |
| Balance at beginning of year | (2,44,106) | (1,87,033) | - | |
| Profit attributable to owners of the Company | 3,65,146 | (57,073) | (1,87,033) | |
| **Balance at end of the year** | 1,21,040 | (2,44,106) | (1,87,033) | |
| **Total** | 1,32,46,040 | 1,28,80,894 | (1,87,033) | |

<u>Note 1</u>: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

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### 9. Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
|---|---|---|---|
| Deferred tax assets | **30,654** | - | - |
| Deferred tax liabilities | - | - | - |
| **Net** | **30,654** | - | - |

**Current Year ( 2016-2017)**

| Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Deferred tax (liabilities)/assets in relation to:** | | | | |
| a) Deduction u/s 35D | | 30,654.00 | | 30,654.00 |
| **Total (A) ...** | - | 30,654.00 | - | 30,654.00 |
| a) Tax losses | | | | - |
| b) Others | | | | - |
| **Total (B) ...** | - | - | - | - |
| **Total (A+B) ...** | - | 30,654.00 | - | 30,654.00 |

### 10. Trade payables

**10A Trade payables - Current**

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
|---|---|---|---|
| Trade payables | **20,880** | *15,000* | *15,000* |
| **Total** | **20,880** | *15,000* | *15,000* |

The average credit period on purchases of certain goods is generally in range of 0 to 30 days. No interest is charged on the trade payables for the first 0 to 30 days from the date of the invoice.

### 11. Tax assets and liabilities

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
|---|---|---|---|
| **Tax assets** | | | |
| Tax receivable | - | - | - |
| | - | - | - |
| **Tax liabilities** | | | |
| Income tax payable | **51,581** | - | - |
| | **51,581** | - | - |
| Current Tax Assets (current portion) | - | - | - |
| Current Tax Assets (non-current portion) | - | - | - |

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# CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

### 12. Revenue from operations

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| | - | - |
| a) **Operating revenues** | | |
| i) Rent and amenities | 12,65,600 | - |
| | **12,65,600** | - |
| **Total** | **12,65,600** | - |

### 13. Other Income

**a) Interest Income**

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| i) Bank deposits | - | *5,370* |
| **Total** | - | *5,370* |

### 14. A. Other expenses

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| a) Power and fuel | 88,171 | - |
| b) Rent and hire charges | 60,000 | - |
| c) **Repairs to :** | | |
| i) Buildings | 15,413 | - |
| ii) Others | 12,040 | - |
| | 27,453 | - |
| d) Rates and taxes (excluding taxes on income) | 22,900 | *17,500* |
| e) Housekeeping, Laundary and Supplies | 5,72,758 | - |
| f) Printing & Stationery | 6,973 | *360* |
| g) Communication | 24,428 | - |
| h) Legal and professional charges | 27,986 | *23,792* |
| i) Miscellaneous expenses | 439 | *4,791* |
| **Sub Total** | **8,31,108** | *46,443* |
| **a) To Statutory auditors** | | |
| i) For audit | 16,000 | *16,000* |
| ii) For reimbursement of expenses | 1,000 | - |
| **Sub Total** | **17,000** | *16,000* |
| **Total** | **8,48,108** | *62,443* |

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## 15. Income taxes relating to continuing operations

### 15.1 Income tax recognised in profit or loss

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | 83,000 | - |
| In respect of prior years | - | - |
| | **83,000** | - |
| **Deferred tax** | | |
| In respect of the current year | (30,654) | - |
| In respect of the previous year | - | - |
| | **(30,654.00)** | - |
| **Total income tax expense recognised in the current year relating to continuing Operations** | **52,346** | - |

The income tax expense for the year can be reconciled to the accounting profit as follows:

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| **Profit before tax from continuing operations** | **4,17,492** | *(57,073)* |
| Income tax expense calculated at 29.87% | 1,24,705 | - |
| Effect of income that is exempt from taxation | - | - |
| Effect of concessions (research and development and other allowances)-u/s 35D | (10,218) | - |
| Effect of unused tax losses and tax offsets not recognised as deferred tax assets | (32,042) | - |
| Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets | (30,654) | - |
| Rounding off tax provision | 555 | - |
| Income tax expense recognised in profit or loss (relating to continuing operations) | **52,346** | - |

The tax rate used for the 2016-2017 reconciliations above is the corporate tax rate of 29.87 % payable by corporate entities in India on taxable profits under the Indian tax law.

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## CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued**

### 16. Earnings per share

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| **From Continuing operations** | **₹. per share** | *₹. per share* |
| Basic earnings per share | **0.75** | *(0.12)* |
| Diluted earnings per share | **0.75** | *(0.12)* |

**42.1 Basic Earnings per share**

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| Profit for the year attributable to owners of the Company (A) | **3,65,146** | *(57,073)* |
| Weighted average number of equity shares for the purposes of basic earnings per share (B) | **4,87,500** | *4,87,500* |
| **Basic Earnings per share (A/B)** | **0.75** | *(0.12)* |

**42.2 Diluted earnings per share**

The earnings used in the calculation of diluted earnings per share are as follows.

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| Earnings used in the calculation of basic earnings per share | **3,65,146** | *(57,073)* |
| Adjustments (describe) | - | - |
| **Earnings used in the calculation of diluted earnings per share (A)** | **3,65,146** | *(57,073)* |
| Weighted average number of equity shares used in the calculation of basic earnings per share<br>Adjustments [describe] | **4,87,500** | *4,87,500* |
| **Weighted average number of equity shares used in the calculation of diluted earnings per share (B)** | **4,87,500** | *4,87,500* |
| **Diluted earnings per share (A/B)** | **0.75** | *(0.12)* |

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## 17. Financial instruments

### 17.1 Capital management

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of equity of the Company (comprising issued capital, security premium reserve and retained earnings as detailed in notes 7 to 8).

### 17.2 Categories of financial instruments

Rs.

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
|---|---|---|---|
| **Financial assets** | | | |
| Measured at Amortised Cost | | | |
| a) Cash and bank balances | 4,85,587 | *2,65,524* | *3,27,967* |
| b)Trade receivables | 1,61,259 | - | - |
| c)Other financial assets | 1,75,00,000 | *1,75,05,370* | - |
| **Financial liabilities** | | | |
| Measured at Amortised Cost | | | |
| a) Trade payables | 20,880 | *15,000* | *15,000* |

### 17.3 Financial risk management objectives

The company monitors and manages the financial risks to the operations of the company . These risks include credit risk and liquidity risk.

**Credit risk management**

Based on the Company's monitoring of customer credit risk, the company believes that no impairment allowance is necessary in respect of trade receivables that are not past due or past due but not more than one year.

**Liquidity risk management**

Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due. The company manages liquidity risk by maintaining adequate funds, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

**Liquidity risk tables**

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of March 31, 2017, March 31, 2016 and April 1, 2015 respectively has been considered. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(In Rs.)

| Maturities of Financial Liabilities | March 31, 2017 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Trade Payables | 20,880 | | | |
| | **20,880** | - | - | - |

(In Rs.)

| Maturities of Financial Liabilities | March 31, 2016 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Trade Payables | 15,000 | | | |
| | **15,000** | - | - | - |

(In Rs.)

| Maturities of Financial Liabilities | April 1, 2015 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Trade Payables | 15,000 | | | |
| | **15,000** | - | - | - |

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## 18. (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* )

**(B) Fellow Subsidiaries**

1 Shapoorji Pallonji Forbes Shipping Ltd.
2 Gokak Textiles Limited

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## CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

### 18. Related party disclosures (contd.)

**(b) Details of related party transactions during the year ended 31st March, 2017 and balances outstanding as at 31st March, 2017:**

| | | Ultimate Holding Company | Holding Company | | Fellow Subsidiaries | | | Joint Ventures | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | A | A | A | B | B | B | C | C | A + B + C |
| | | Shapoorji Pallonji & Company | Forbes & Company Ltd. | Total | Gokak Textiles Ltd. | Shapooji Pallonji Shipping Services Ltd. | Total | Forbes Bumi Armada Offshore Ltd. | Total | Total |
| | **Nature of Transaction** | | | | | | | | | |
| | **Income** | | | | | | | | | |
| 1 | Rent and Other Service Charges | 8,74,600 | 56,800 | **9,31,400** | 25,200 | 1,12,200 | **1,37,400** | 1,96,800 | **1,96,800** | **12,65,600** |
| | | - | - | - | | | - | - | | - |
| 2 | **Other Reimbursements** | - | 4,47,282 | **4,47,282** | - | - | - | - | - | **4,47,282** |
| | | - | *22,260* | *22,260* | - | - | - | - | - | *22,260* |
| | **Finance** | | | | | | | | | |
| 3 | Issue of Shares | - | - | - | - | - | - | - | - | - |
| | | - | *43,75,000* | *43,75,000* | - | - | - | - | - | *43,75,000* |
| 4 | Securities Premium | - | - | - | - | - | - | - | - | - |
| | | - | *1,31,25,000* | *1,31,25,000* | - | - | - | - | - | *1,31,25,000* |
| | **Outstandings** | | | | | | | | | |
| 5 | Trade Receivables | 95,450 | - | **95,450** | 23,179 | - | **23,179** | 42,630 | **42,630** | **1,61,259** |
| | | - | - | - | | | - | - | | - |

Figures in italics are in respect of the previous year.

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# CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

### 19. DETAILS OF CASH TRANSACTIONS FOR THE PERIOD 08.11.2016 TO 30.12.2016

| **Forbes Building** | **Dates** | **Denomination** | **No.s** | **Amount in Rs.** | **Total in Rs.** |
|---|---|---|---|---|---|
| Cash on Hand | 8.11.2016 | 100 | 413 | 41300 | |
| | | 50 | 200 | 10000 | |
| | | 10 | 201 | 2010 | |
| | | 1 | 4 | 4 | 53314 |
| | | | | | |
| (+) Permitted receipts * | | | | | 90000 |
| (-) Permitted payments | | | | | -72673 |
| (-) Amount deposited in Banks | | | | | 0 |
| | | | | | |
| Cash on Hand | 30.12.2016 | 2000 | 30 | 60000 | |
| | | 500 | 20 | 10000 | |
| | | 100 | 6 | 600 | |
| | | 10 | 4 | 40 | |
| | | 1 | 1 | 1 | 70641 |

| (+) Permitted receipts *<br>Cash withdrawal from Bank | |
|---|---|
| DATE | AMOUNT Rs. |
| 20.12.2016----SCB | 40000 |
| 22.12.2016----SCB | 50000 |
| **Total** | **90000** |

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## 20. Ind AS 101 reconciliations

### Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015

| | Notes | As at March 31, 2016 (End of last period presented under previous GAAP) | | | As at April 1, 2015 (Date of transition) | | |
|---|---|---|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet |
| **Non-current assets** | | | | | | | |
| (a) Financial assets | | | | - | | | - |
| (i) Other financial assets | | 1,75,00,000 | - | 1,75,00,000 | | | - |
| **Total non-current assets** | | **1,75,00,000** | - | **1,75,00,000** | - | - | - |
| | | | | | | | |
| **Current assets** | | | | | | | |
| (a) Financial assets | | | | - | | | - |
| (i) Cash and cash equivalents | | 2,65,524 | | 2,65,524 | 3,27,976 | | 3,27,976 |
| (b) Other current assets | | 5,370 | | 5,370 | | | - |
| **Total current assets** | | **2,70,894** | - | **2,70,894** | **3,27,976** | - | **3,27,976** |
| **Total Assets** | | **1,77,70,894** | - | **1,77,70,894** | **3,27,976** | - | **3,27,976** |
| | | | | | | | |
| **Equity** | | | | | | | |
| Equity share capital | | 48,75,000 | | 48,75,000 | 5,00,000 | | 5,00,000 |
| Other equity | | 1,28,80,894 | | 1,28,80,894 | (1,87,033) | | (1,87,033) |
| Equity attributable to owners of the Company | | **1,77,55,894** | - | **1,77,55,894** | **3,12,967** | - | **3,12,967** |
| **Total equity** | | 1,77,55,894 | - | 1,77,55,894 | 3,12,967 | - | 3,12,967 |
| | | | | | | | |
| | | | | | | | |
| **Current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Trade and other payables | | 15,000 | | 15,000 | 15,000 | | 15,000 |
| **Total current liabilities** | | 15,000 | - | 15,000 | 15,000 | - | 15,000 |
| **Total liabilities** | | 15,000 | - | 15,000 | 15,000 | - | 15,000 |
| **Total equity and liabilities** | | 1,77,70,894 | - | 1,77,70,894 | 3,27,967 | - | 3,27,967 |

**Reconciliation of total equity as at March 31, 2016 and April 1, 2015**

| | Notes | As at March 31, 2016 (End of last period presented under previous GAAP) | As at April 1, 2015 (Date of transition) |
|---|---|---|---|
| **Total equity / shareholders' funds under previous GAAP** | | **1,77,55,894** | **3,12,967** |
| | | | |
| **Adjustments:** | | | |
| | | | |
| **Total adjustment to equity** | | - | - |
| **Total equity under Ind AS** | | **1,77,55,894** | **3,12,967** |

**Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016**

| | Notes | Year ended March 31, 2016 (Latest period presented under previous GAAP) | | |
|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS | Ind AS |
| Revenue from Operations | | - | | - |
| Other income | | 5,370 | | 5,370 |
| **Total Income** | | **5,370** | - | **5,370** |
| | | | | |
| **Expenses** | | | | |
| Other expenses | | 62,443 | | 62,443 |
| **Total expenses** | | **62,443** | - | **62,443** |
| | | | | |
| Profit before exceptional items and tax | | **(57,073)** | - | **(57,073)** |
| Exceptional items | | | | |
| Profit before tax | | **(57,073)** | - | **(57,073)** |
| | | | | |
| Tax expense | | | | |
| (1) Current tax | | | | - |
| (2) Deferred tax | | | | - |
| **Profit for the period from continuing operations** | | **(57,073)** | - | **(57,073)** |
| | | | | |
| | | | | |
| **Other Comprehensive Income** | | | | |
| **Total other comprehensive income** | | - | - | - |
| | | | | |
| **Total comprehensive income for the period** | | **(57,073)** | - | **(57,073)** |

VINODCHANDRA R. SHAH & CO. MUMBAI ★ CA ★

## CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued**

| Reconciliation of total comprehensive income for the year ended March 31, 2016 | | |
|---|---|---|
| All amounts are in Rs.'million unless otherwise stated | | |
| | | |
| Particulars | | Amount |
| Profit as per previous GAAP | | (57,073) |
| Adjustments: | | |
| Total adjustments | | - |
| Total comprehensive income under Ind AS | | (57,073) |

**Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under the previous GAAP.**

**Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016**

| | | Year ended March 31, 2016 (Latest period presented under previous GAAP) | | |
|---|---|---|---|---|
| | Notes | Previous GAAP | Effect of transition to Ind AS | Ind AS |
| | | | | |
| Net cash flows from operating activities | | (1,75,62,443) | | (1,75,62,443) |
| Net cash flows from investing activities | | - | | - |
| Net cash flows from financing activities | | 1,75,00,000 | | 1,75,00,000 |
| **Net increase (decrease) in cash and cash equivalents** | | **(62,443)** | - | **(62,443)** |
| **Cash and cash equivalents at the beginning of the period** | | 3,27,967 | | **3,27,967** |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | - | | - |
| **Cash and cash equivalents at the end of the period** | | **2,65,524** | - | **2,65,524** |

**Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash flows under Ind AS**

| | Notes | As at March 31, 2016 (End of last period presented under previous GAAP) | As at April 1, 2015 (Date of transition) |
|---|---|---|---|
| | | | |
| **Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP** | | **2,65,524** | **3,27,967** |
| Bank overdrafts which form an integral part of cash management system | | - | |
| **Cash and cash equivalents for the purpose of statement of cash flows under Ind AS** | | **2,65,524** | **3,27,967** |

In terms of our report attached
**For Vinodchandra R Shah & Co.**
*Chartered Accountants*
FRN- 115394W

**Gaurav V. Parekh**
Partner
Membership No.: 140694
*Mumbai, 21st April, 2017*

VINODCHANDRA R. SHAH & CO. MUMBAI CA

SHRIKRISHNA BHAVE *Chairperson*

NIRMAL JAGAWAT

RAVINDER PREM

*Directors*

*Mumbai, 21st April, 2017*

EFL Mauritius Limited

(a Subsidiary Company of Eureka Forbes Limited)

Financial Statements

For the year ended March 31, 2017

**EFL Mauritius Limited**

**COMMENTARY OF THE DIRECTORS**
**FOR THE YEAR ENDED 31 MARCH 2017**

The directors present the audited financial statements of **EFL Mauritius Limited** (the "Company") for the year ended 31 March 2017.

**PRINCIPAL ACTIVITY**

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

**RESULTS AND DIVIDEND**

The results for the year are shown in the statement of profit or loss and other comprehensive income and related notes. No dividend was declared during the year under review (2016: Nil).

**DIRECTORS**

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

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

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

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

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

**AUDITORS**

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

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

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We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **EFL Mauritius Limited** under the Mauritius Companies Act 2001, during the financial year ended 31 March 2017.

**Sd/-**
**For Apex Fund Services (Mauritius) Ltd**
**Corporate Secretary**

**Registered Office:**

4th Floor, 19 Bank Street
Cybercity, Ebene 72201
Republic of Mauritius

**Date: 27 April 2017**

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBER OF EFL Mauritius Limited**

**Report on the Financial Statements**

***Opinion***

We have audited the financial statements of **EFL Mauritius Limited** (the "Company") set out on pages 8 to 28 which comprise the statement of financial position as at 31 March 2017, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the Mauritius Companies Act 2001.

***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants (IESBA Code) Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Other Information***

The directors are responsible for the other information. The other information comprises the Commentary of the Directors and Certificate from the Secretary. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Directors' responsibilities for the financial statements***

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs 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.

INDEPENDENT AUDITORS' REPORT

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

***Directors' responsibilities for the financial statements (continued)***

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**INDEPENDENT AUDITORS' REPORT**

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

***Auditor's Responsibilities for the Audit of the Financial Statements (continued)***

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***Other Matter***

This report is made solely to the Company's member, 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 member, those matters that we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, 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:**

## 1. General information

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$^{th}$ Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius. It holds a Category 1 Global Business Licence issued by the Financial Services Commission.

The principal activity of the Company is to act as an investment holding company. As at 31 March 2017, 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.

**2. Accounting policies (continued)**

(b) Adoption of new and revised International Financial Reporting Standards

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

IFRS 14 Regulatory Deferral Accounts provides relief for first-adopters of IFRS in relation to accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). IFRS 14 permits these entities to apply their previous accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. The standard is not expected to have any impact on the Company's financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed. The amendment has no impact on the Company's financial statements.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38). The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. Amendments clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. IAS 38 now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome under specific conditions. The amendment has no impact on the Company's financial statements.

Equity method in separate financial statements (Amendments to IAS 27). The amendments allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value in their separate FS. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The amendment has no impact on the Company's financial statements.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41). IAS 41 now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. The amendment has no impact on the Company's financial statements.

## 2. Accounting policies (continued)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

*Annual Improvements to IFRSs 2012-2014 cycle*

IFRS 5 is amended to clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such. The amendment has no impact on the Company's financial statements.

IFRS 7 amendment provides specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. The amendment has no impact on the Company's financial statements.

IFRS 7 is amended to clarify that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. The amendment has no impact on the Company's financial statements.

IAS 19 amendment clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The amendment has no impact on the Company's financial statements.

IAS 34 amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information. The amendment has no impact on the Company's financial statements.

Disclosure Initiative (Amendments to IAS 1). The amendments to IAS 1 provide clarifications on a number of issues. An entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals. Confirmation that the notes do not need to be presented in a particular order. The share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

## 2. Accounting policies (continued)

(b) Adoption of new and revised International Financial Reporting Standards (continued)

*Annual Improvements to IFRSs 2012-2014 cycle*

Investment entities: Applying the consolidation exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The amendments clarify that the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities. An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement. 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 2017 or later periods, but which the Company has not early adopted.

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

IFRS 9 Financial Instruments
IFRS 15 Revenue from Contract with Customers
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 16 Leases
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
Amendments to IAS 7 Statement of Cash Flows
Clarifications to IFRS 15 Revenue from Contracts with Customers
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
Annual Improvements to IFRSs 2014–2016 Cycle
IFRIC 22 Foreign Currency Transactions and Advance Consideration
Transfers of Investment Property (Amendments to IAS 40)

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.

## 2. Accounting policies (continued)

(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.

(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.

## 2. Accounting policies (continued)

(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.

(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) Receivables

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

(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.

## 2. Accounting policies (continued)

(l) Other payable 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.

(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 2017**

| | Notes | 2017 | 2017 | 2016 | 2016 |
|---|---|---|---|---|---|
| | | EUR | INR | EUR | INR |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Available for sale financial asset | 4 | 3,17,14,231 | 2,59,21,87,472 | 3,13,49,108 | 2,56,57,13,973 |
| | | 3,17,14,231 | 2,59,21,87,472 | 3,13,49,108 | 2,56,57,13,973 |
| **Current assets** | | | | | |
| Other receivables and prepayments | 5 | 2,946 | 2,03,672 | 2,654 | 1,99,202 |
| Cash and cash equivalents | | 2,03,612 | 1,40,76,736 | 2,14,215 | 1,60,78,400 |
| | | 2,06,558 | 1,42,80,408 | 2,16,869 | 1,62,77,602 |
| **Total assets** | | 3,19,20,789 | 2,60,64,67,880 | 3,15,65,977 | 2,58,19,91,575 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and reserves** | | | | | |
| Stated capital | 6 | 2,87,20,231 | 2,12,34,26,392 | 2,87,20,231 | 2,12,34,26,392 |
| Fair value reserve | | 5,42,275 | 5,81,65,580 | 1,77,152 | 3,16,92,081 |
| Retained earnings | | 22,21,738 | 17,59,22,724 | 22,32,416 | 17,66,96,941 |
| Foreign Currency Translation Reserve | | | 21,87,72,603 | | 21,74,37,819 |
| | | 3,14,84,244 | 2,57,62,87,298 | 3,11,29,799 | 2,54,92,53,232 |
| **Current liability** | | | | | |
| Other payables and accruals | 7 | 4,36,545 | 3,01,80,582 | 4,36,178 | 3,27,38,343 |
| **Total equity and liabilities** | | 3,19,20,789 | 2,60,64,67,880 | 3,15,65,977 | 2,58,19,91,575 |
| | | - | - | - | - |

**EFL MAURITIUS LIMITED**

**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 31ST MARCH 2017**

| | Note | 2017 EUR | 2017 INR | 2016 EUR | 2016 INR |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Loss before taxation | | (10,678) | (7,74,217) | (12,869) | (9,38,802) |
| Adjustment for: | | | | | |
| Foreign exchange (gain)/loss | | (327) | (23,709) | 57 | 4,158 |
| Operating loss before working capital changes | | **(11,005)** | **(7,97,926)** | **(12,812)** | **(9,34,644)** |
| (Increase)/decrease in prepayments | | (292) | (4,470) | 188 | (6,385) |
| (Increase)/decrease in other payable and accruals | | 367 | (25,57,761) | (44) | (3,303) |
| Operating loss after working capital changes | | **(10,930)** | **(33,60,157)** | **(12,668)** | **(9,44,331)** |
| Tax paid | 8(b) | - | - | (19,811) | (14,36,410) |
| Net cash used in operating activites | | **(10,930)** | **(33,60,157)** | **(32,479)** | **(23,80,741)** |
| Net decrease in cash and cash equivalents | | **(10,930)** | **(33,60,157)** | **(32,479)** | **(23,80,741)** |
| Effects of foreign exchange | | 327 | 23,709 | (57) | (4,158) |
| Foreign Currency Translation Reserve | | | 13,34,784 | | 17,22,315 |
| Cash and cash equivalents at beginning of the year | | 2,14,215 | 1,60,78,400 | 2,46,751 | 1,67,40,984 |
| **Cash and cash equivalents at end of the year** | | **2,03,612** | **1,40,76,736** | **2,14,215** | **1,60,78,400** |
| | | - | - | - | - |

**EFL MAURITIUS LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 31ST MARCH 2017**

| | Notes | 2017 | 2017 | 2016 | 2016 |
|---|---|---|---|---|---|
| | | EUR | INR | EUR | INR |
| **Revenue** | | | | | |
| Interest | | - | - | - | - |
| Dividend | | - | - | - | - |
| | | | | - | - |
| **Expenses** | | | | | |
| Audit fees | | 2,469 | 1,79,017 | 2,301 | 1,67,859 |
| FSC fees | | 1,633 | 1,18,402 | 1,592 | 1,16,137 |
| Directors' fees | | 1,708 | 1,23,840 | 1,637 | 1,19,420 |
| Bank Charges | | 1,444 | 1,04,698 | 1,804 | 1,31,603 |
| Accounting fees | | 840 | 60,905 | 1,137 | 82,945 |
| Annual tax return | | 840 | 60,905 | 682 | 49,752 |
| Annual TRC fees | | 998 | 72,361 | 819 | 59,747 |
| Registered office and Secretarial fees | | 758 | 54,959 | 764 | 55,734 |
| ROC fees | | 315 | 22,839 | 333 | 24,293 |
| Other Operating Expenses | | - | - | - | - |
| Disbursement fees | | - | - | 379 | 27,648 |
| Amount Receivable written off | | - | - | - | - |
| Legal and professional fees | | - | - | - | - |
| Interest | | - | - | - | - |
| APS fees | | - | - | 1,364 | 99,505 |
| | | 11,005 | 7,97,926 | 12,812 | 9,34,644 |
| **Operating loss for the year/period** | | (11,005) | (7,97,926) | (12,812) | (9,34,644) |
| Loss of Foreign Exchange | | 327 | 23,709 | (57) | (4,158) |
| **Profit before taxation** | | (10,678) | (7,74,217) | (12,869) | (9,38,802) |
| Taxation | 8 | | - | - | |
| **Profit for the year** | | (10,678) | (7,74,217) | (12,869) | (9,38,802) |
| **Other comprehensive income:** | | | | | |
| ***Items that may be subsequently reclassified to profit or loss:*** | | | | | |
| Change in fair value of available-for-sale financial asset | | 3,65,123 | 2,64,73,499 | (55,45,937) | (40,45,79,709) |
| **Total comprehensive income/(loss) for the year/period** | | 3,54,445 | 2,56,99,282 | (55,58,806) | (40,55,18,511) |

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 2017**

| | Stated capital | | Fair Value Reserve | | Retained earnings | | Total | |
|---|---|---|---|---|---|---|---|---|
| | EUR | INR | EUR | INR | EUR | INR | EUR | INR |
| **At 01 April 2015** | **2,87,20,231** | **2,12,34,26,392** | **57,23,089** | **43,62,71,790** | **22,45,285** | **17,76,35,742** | **3,66,88,605** | **2,73,73,33,924** |
| Profit/(Loss) 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) |
| **At 31 March 2016** | **2,87,20,231** | **2,12,34,26,392** | **1,77,152** | **3,16,92,081** | **22,32,416** | **17,66,96,941** | **3,11,29,799** | **2,33,18,15,413** |
| Profit/(Loss) for the year | - | - | - | - | (10,678) | (7,74,217) | (10,678) | (7,74,217) |
| Other comprehensive income for the year | - | - | 3,65,123 | 2,64,73,499 | - | - | 3,65,123 | 2,64,73,499 |
| **At 31 March 2017** | **2,87,20,231** | **2,12,34,26,392** | **5,42,275** | **5,81,65,580** | **22,21,738** | **17,59,22,724** | **3,14,84,244** | **2,35,75,14,695** |

## 4 Available for sale financial asset

| | 2017 | 2017 | 2016 | 2016 |
|---|---|---|---|---|
| *At fair value* | EUR | INR | EUR | INR |
| At beginning of the year | 3,13,49,108 | 2,56,57,13,973 | 3,68,95,045 | 2,97,02,93,682 |
| Additions during the year | - | - | - | - |
| Change in fair value | 3,65,123 | 2,64,73,499 | (55,45,937) | (40,45,79,709) |
| At end of the year | 3,17,14,231 | 2,59,21,87,472 | 3,13,49,108 | 2,56,57,13,973 |

The details of the available for sale financial asset as at 31 March 2017 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 | 27,90,852 |
| Forbes Lux International AG | Switzerland | Participation Shares* | **34,200** | 100.00% | 2,83,57,765 | 2,89,23,379 |
| | | | | **EUR** | 3,11,71,956 | 3,17,14,231 |
| | | | | **INR** | 2,53,40,21,892 | 2,59,21,87,472 |

*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 |
|---|---|---|---|---|---|
| **2017** | | | | | |
| Available-for-sale financial asset | **EUR** | - | - | 3,17,14,231 | 3,17,14,231 |
| | **INR** | - | - | 2,59,21,87,472 | 2,59,21,87,472 |
| **2016** | | | | | |
| 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 |

**5 Prepayments**

| | 2017 | 2017 | 2016 | 2016 |
|---|---|---|---|---|
| | EUR | INR | EUR | INR |
| Directors' Fees | 1,182 | 81,718 | 1,054 | 79,110 |
| Annual TRC Fees | 591 | 40,859 | 527 | 39,555 |
| Registered Office and Secretarial Fees | 552 | 38,163 | 492 | 36,928 |
| FSC Fees | 411 | 28,415 | 384 | 28,822 |
| ROC Fees | 210 | 14,518 | 197 | 14,786 |
| | 2,946 | 2,03,672 | 2,654 | 1,99,202 |

**6 Stated capital**

| | 2017 | 2017 | 2016 | 2016 |
|---|---|---|---|---|
| | EUR | INR | EUR | INR |
| Issued and fully paid up: | | | | |
| - Ordinary shares of EUR1 each | | | | |
| At beginning and end of the year | 15,001 | 9,45,546 | 15,001 | 9,45,546 |
| - Preference shares of EUR1 each | | | | |
| 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 |
| Total | 2,87,20,231 | 2,12,34,26,392 | 2,87,20,231 | 2,12,34,26,392 |

The Preference Shares shall have the following rights:

(a) The right to receive notice of and to vote at any meeting of the Shareholders, with each Preference Share having one vote;

(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.

(c) The Preference Shares shall be convertible into Ordinary Shares at the ratio of 1:1, at the option of the shareholder at any time between the period following the second year of their issue until the nineteenth year of their issue. For the avoidance of doubt, one Participating Share is convertible into one Ordinary Share.

**7 Other payables and accruals**

| | 2017 EUR | 2017 INR | 2016 EUR | 2016 INR |
|---|---|---|---|---|
| Payable to related parties (See note 9) | 4,32,374 | 2,98,92,220 | 4,32,374 | 3,24,52,825 |
| Accruals | 4,171 | 2,88,363 | 3,804 | 2,85,518 |
| | 4,36,545 | 3,01,80,582 | 4,36,178 | 3,27,38,343 |

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

**8 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

| | 2017 EUR | 2017 INR | 2016 EUR | 2016 INR |
|---|---|---|---|---|
| Provision for the year | - | - | - | - |

(c) Tax reconciliation

| | 2017 EUR | 2017 INR | 2016 EUR | 2016 INR |
|---|---|---|---|---|
| (Loss)/ Profit before Taxation | (10,678) | (7,74,217) | (12,869) | (9,38,802) |
| Tax calculated at 15% (2015:15%) | (1,602) | (1,16,132) | (1,930) | (1,40,820) |
| Adjustment for: | | | | |
| Non-allowable expenses | - | - | 9 | 657 |
| Non-deductible expenses | (49) | (3,553) | | |
| | (1,651) | (1,19,685) | (1,921) | (1,40,164) |
| Foreign Tax credit | - | - | - | - |
| Deferred Tax asset not recognised | 1,651 | 1,19,685 | 1,921 | 1,40,164 |
| **Tax charge** | - | - | - | - |

At 31 March 2017, the Company had accumulated tax losses amounting to USD 12,812 (Rs. 8,85,759) (2016:Nil) and is therefore not liable to income tax.The accumulated tax losses are available for net off against taxable income arising in the forthcoming five years only.

**9 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 | 2017 Balance | 2017 Balance | 2016 Balance | 2016 Balance |
|---|---|---|---|---|---|---|
| | | | EUR | INR | EUR | INR |
| Eureka Forbes Ltd | Shareholder | Amount payable | 4,32,374 | 2,98,92,220 | 4,32,374 | 3,24,52,825 |

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

**10 Financial instruments and associated risks**

Overview

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

- Market Risk
- Credit Risk
- Liquidity Risk
- Compliance Risk
- Capital Risk Management
- Political,economic and social Risk

*Risk Management framework*

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

(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.

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

Currency risk (continued)

Currency profile

| | 2016 | | | | 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Financial assets | | Financial liabilities | | Financial assets | | Financial liabilities | |
| | EUR | INR | EUR | INR | EUR | INR | EUR | INR |
| Swiss Franc ("CHF") | 3,17,14,231 | 2,59,21,87,472 | - | - | 3,13,49,108 | 2,56,57,13,973 | - | - |
| United States ("USD") | - | - | 4,171 | 2,88,363 | - | - | 3,804 | 2,85,518 |
| Euro ("EUR") | 2,03,612 | 1,40,76,736 | 4,32,374 | 2,98,92,220 | 2,14,215 | 1,60,78,400 | 4,32,374 | 3,24,52,825 |
| | 3,19,17,843 | 2,60,62,64,208 | 4,36,545 | 3,01,80,582 | 3,15,63,323 | 2,58,17,92,373 | 4,36,178 | 3,27,38,343 |

Prepayments amounting to EUR 2,946 (Equivalent to INR 213,602) [(2015: EUR 2,654) (Equivalent to INR 199,202)] 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 | | | |
|---|---|---|---|---|
| | 2017 | | 2016 | |
| | EUR | INR | EUR | INR |
| CHF | 31,71,423 | 25,92,18,747 | 31,34,911 | 25,65,71,397 |
| USD | 417 | 28,836 | 380 | 28,552 |

Interest Rate risk

The majority of the Company's financial assets and liabilities are non-interest bearing and as a result the Company is mnot subject to significant amounts of risk due to fluctuationsin 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) 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.

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

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

| | 2017 | 2017 | 2016 | 2016 |
|---|---|---|---|---|
| | EUR | INR | EUR | INR |
| **Counter parties** | | | | |
| Available-for-sale financial asset | 3,17,14,231 | 2,59,21,87,472 | 3,13,49,108 | 2,56,57,13,973 |
| Cash and cash equivalents | 2,03,612 | 1,40,76,736 | 2,14,215 | 1,60,78,400 |
| | 3,19,17,843 | 2,60,62,64,208 | 3,15,63,323 | 2,58,17,92,373 |

(d) Liquidity risk

Liquidity risk arises when the maturity of assets and liabilities of a company do not match.

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

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows.

The maturity profile of the financial liability is summarised as follows:

| | | On demand | 3 months to 1 year | Total |
|---|---|---|---|---|
| **2017** | | | | |
| Other payable and accruals | EUR | 4,32,374 | 4,171 | 4,36,545 |
| | INR | 2,98,92,220 | 2,88,363 | 3,01,80,582 |
| **2016** | | | | |
| Other payable and accruals | EUR | 4,32,374 | 3,804 | 4,36,178 |
| | INR | 3,24,52,825 | 2,85,518 | 3,27,38,343 |

(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) Political,economic and social Risk

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

(g) 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 values- 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. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

| | | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **2017** | | | | | |
| Cash & Cash Equivalents | EURO | - | 2,03,612 | - | 2,03,612 |
| | INR | - | 1,40,76,736 | - | 1,40,76,736 |
| Total asset | EURO | - | 2,03,612 | - | 2,03,612 |
| | INR | - | 1,40,76,736 | - | 1,40,76,736 |
| Payable to Related Party | EURO | - | - | 4,32,374 | 4,32,374 |
| | INR | - | - | 2,98,92,220 | 2,98,92,220 |
| Accruals | EURO | - | - | 4,171 | 4,171 |
| | INR | | | 2,88,363 | 2,88,363 |
| Total | EURO | - | - | 4,36,545 | 4,36,545 |
| | INR | - | - | 3,01,80,582 | 3,01,80,582 |

| | | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| | | EURO | EURO | EURO | EURO |
| **2016** | | | | | |
| Cash & Cash Equivalents | EURO | - | 2,14,215 | - | 2,14,215 |
| | INR | - | 1,60,78,400 | | 1,60,78,400 |
| Total asset | EURO | - | 2,14,215 | - | 2,14,215 |
| | INR | - | 1,60,78,400 | - | 1,60,78,400 |
| Payable to Related Party | EURO | - | - | 4,32,374 | 4,32,374 |
| | INR | | | 3,24,52,825 | 3,24,52,825 |
| Accruals | EURO | - | - | 3,804 | 3,804 |
| | INR | | | 2,85,518 | 2,85,518 |
| Total | EURO | - | - | 4,36,178 | 4,36,178 |
| | INR | - | - | 3,27,38,343 | 3,27,38,343 |

The Company recognises tranfers 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 2017 (2016: no transfer in either direction).

**11 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 2017.

**12 Contingent liabilities**

At 31 March 2017, there was no contingent liability arising in the ordinary course of business.

**13 Holding company**

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

Eureka Forbes Limited

(a wholly owned Subsidiary Company)

Financial Statements

For the year ended March 31, 2017

**Independent Auditor's Report**
**To the Members of Eureka Forbes Limited**

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Eureka Forbes Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

**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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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 Ind AS 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 Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

***Basis for qualified opinion***

*As explained in note 31(XIV) to the financial statements, the Company has made equity investment in, and advanced loans (including interest accrued) of Rs. 7033.85 lakhs and 3679.64 lakhs respectively to its overseas subsidiary Euro Forbes Ltd. Further the Company has also issued a corporate guarantee to a bank of Rs.16180.90 lakhs for loan taken by this subsidiary. The accumulated losses of this subsidiary are Rs. 2681.29 lakhs as at December 31, 2016. Further, the auditors of the subsidiary company have qualified their audit opinion on various matters and have also included an Emphasis of Matter paragraph regarding the subsidiary's ability to continue as a going concern. In spite of the above, the Company has not made provision for impairment/expected credit loss on investment and loans as required under IND AS 109.*

*We draw attention to note 35a of the financial statements whereby certain trade receivables aggregating Rs 5031.94 lakhs have been excluded for the purpose of determining loss allowance for expected credit losses as required under INDAS 109. We are unable to comment on the impact thereof on the financial statements.*

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters described in the basis for qualified opinion paragraph above* the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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, including other comprehensive income, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

(d) in our opinion, *except for the effects of the matters described in the basis for qualified opinion paragraph above* the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

(e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 Ind AS financial statements – Refer Note 31 (I) to the Ind AS financial statements;

ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and

iv. the Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on the audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer Note 31 (X) to the Ind AS financial statements.

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

**Atul Mehta**
*Partner*
Membership No: 15935

Place : Mumbai
Date : 10 May, 2017

**Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2017, we report that:

(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 three 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) 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 except for materials in transit 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 were material and have been adequately dealt with in the books of account.

(iii) The Company has not granted 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 ('the Act').

(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 of grant of loans, making investments and providing guarantees and securities.

(v) The Company has not accepted any deposits from public 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company is generally regular in depositing undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, employees state insurance, cess and other material statutory dues with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise.

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, employee state insurance, cess and other material statutory dues were in arrears as at 31 March 2017 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, sales tax, duty of excise, service tax and value added tax, employee state insurance have not been deposited by the Company on account of disputes:

| Name of the Statute | Nature of Dues | Amount in lakhs (Rs.) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| **Income Tax** | **Income** | 22.30 | AY 09-10 | Tribunal |

| | | | | |
|---|---|---|---|---|
| **Act** | **tax:** | | | |
| | | 213.02 | AY 10-11 | CIT (Appeals) |
| | | 373.63 | AY 11-12 | CIT (Appeals) |
| | | 808.24 | AY 12-13 | CIT (Appeals) |
| | | 275.49 | AY 13-14 | CIT (Appeals) |
| | | | | |
| **Sales Tax Act** | **Sales Tax:** | 109.17 | 06-07, 08-09, 10-11 | Deputy Commissioner of Appeals Commercial Taxes |
| | | 496.60 | 02-03, 03-04,06-07,07-08, 08-09,09-10, 10-11,11-12, 12-13 | Deputy Commissioner of Commercial Taxes |
| | | 0.89 | 2013-14 | Joint Commissioner of Commercial Taxes |
| | | 31.60 | 04-05,07-08, 08-09, 09-10,10-11, 11-12, 12-13, 13-14,14-15,15-16 | Assistant Commissioner of Sales Tax - Appeals |
| | | 728.85 | 10-11, 11-12,12-13 | Assistant Commissioner, DVAT, New Delhi |
| | | 3.97 | 07-08 | Superintendent of Tax |
| | | 2050.48 | 1998-99, 99-00, 2000-01, 01-02, 02-03, 03-04,04-05,07-08 | Assistant Commissioner (Assessment) Special Circle-II |
| | | 29.72 | 07-08,08-09, 13-14,14-15, 15-16. | Assistant Commissioner of Commercial Taxes. |
| | | 6.33 | 12-13 | Appeallate Officer, Commercial Tax |
| | | 4.69 | 1994-95, 96-97, 98-99,00-01,03-04,04-05,05-06 | Assessing Authority |
| | | 74.93 | 03-04,04-05,05-06 | Joint Commissioner (Appeals)Trade Tax |
| | | 2.86 | 10-11,12-13,13-14 | Joint Excise & Taxation Commissioner. |
| | | 2.96 | 13-14, 15-16 | Excise & Taxation Officer |
| | | 1.14 | 2009-10 | Excise & Taxation |

| | | | | |
|---|---|---|---|---|
| | | | | Officer, chandigarh |
| | | | | |
| Central Excise Act, 1944 | Excise duty | 2002-03 | 56.51 | Appellate Tribunal |

(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) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) We have been informed that during the year there was an instance of misappropriation of cash by the employees of the Company aggregating Rs 1,17,62,843. As informed the services of the employees involved have been terminated and the Company has taken legal action for recovery of the amount.

(xi) According to the information and explanations given by the management, the Company has paid managerial remuneration over and above limits mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 aggregating Rs 3,78,23,346 as at 31 March, 2017. (refer note 31 (XV). The appointee Mr Suresh Lal Goklaney is a professional and does not hold any shares in the Company. As explained to us, the Company is not required to obtain approval from the Central Government for the excess remuneration paid in terms of Notification No. S.O. 2922(E) dt. 12/09/2016 and amended Schedule V of the Companies Act, 2013.

(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 Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give 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*
Firm Reg. No.: 101048W

**Atul Mehta**
*Partner*
Membership No: 15935
Place : Mumbai
Date : 10 May, 2017

**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 Eureka Forbes Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS 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 Ind AS 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 2017, 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 ICAI.

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

**Atul Mehta**
*Partner*
Membership No: 15935

Place : Mumbai
Date : 10 May, 2017

EUREKA FORBES LIMITED

CIN : U27109WB1931PLC007010

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## DIRECTORS

| | |
|---|---|
| Shapoor P Mistry | *Chairman* |
| S L Goklaney | *Executive Vice Chairman* |
| Dr. (Mrs.) Indu Shahani | |
| Homi Katgara | |
| D Sivanandhan | |
| Anil Kamath | |
| Apurva Diwanji | |
| Jai Mavani | |
| Shankar Krishnan | |

## Chief Financial Officer

R. S. Moorthy

## Company Secretary & Head-Legal

Dattaram P Shinde

## PRINCIPAL BANKERS

State Bank of India
BNP Paribas
Axis Bank Ltd.
HDFC Bank Ltd.
Kotak Mahindra Bank Ltd.
ICICI Bank Ltd

## SOLICITORS AND ADVOCATES

Desai & Diwanji

## AUDITORS

Batliboi & Purohit

## REGISTERED OFFICE

7, Chakraberia Road (South),
Kolkata – 700 025.

## CORPORATE OFFICE

B1/B2, 701, Marathon Innova
Off Ganpatrao Kadam Marg
Lower Parel, (West), Mumbai – 400 013

BALANCE SHEET AS AT 31ST MARCH, 2017

| | | | Notes | As at March 31, 2017 ₹ | ₹ | As at March 31, 2016 ₹ | ₹ | As at April 1, 2015 ₹ | ₹ |
|---|---|---|---|---|---|---|---|---|---|
| | | **ASSETS** | | | | | | | |
| | | **Non-current Assets** | | | | | | | |
| (a) | | Property, plant and equipment | 3 | | 92,39,78,789 | | 89,24,79,895 | | 90,62,21,770 |
| (b) | | Capital work-in-progress | | | | | | | |
| (c) | | Intangible assets | 4 | | | | | | |
| | (i) | Goodwill | | - | | - | | - | |
| | (ii) | Others | | 4,46,66,103 | | 3,21,20,478 | | 3,99,88,603 | |
| | (iii) | Intangible assets under development | | - | 4,46,66,103 | - | 3,21,20,478 | - | 3,99,88,603 |
| (d) | | Financial assets | | | | | | | |
| | (i) | Investments | 5 | 3,00,60,86,274 | | 2,96,76,76,536 | | 2,82,71,35,902 | |
| | (ii) | Trade receivables | 7 | 7,95,91,597 | | 13,16,23,394 | | - | |
| | (iii) | Loans | 8 | 22,61,54,618 | | 24,30,81,989 | | 22,91,78,867 | |
| | (iv) | Other financial assets | 9 | 29,13,77,642 | 3,60,32,10,131 | 27,24,49,306 | 3,61,48,31,225 | 23,48,27,405 | 3,29,11,42,174 |
| (e) | | Tax assets | | | | | | | |
| | (i) | Deferred Tax Asset (Net) | 10 | 3,49,81,534 | | 4,01,17,187 | | 1,64,11,397 | |
| | (ii) | Income Tax Asset (Net) | 11 | 19,97,12,337 | 23,46,93,871 | 17,72,80,260 | 21,73,97,447 | 18,59,28,730 | 20,23,40,127 |
| (f) | | Other non-current assets | 12 | | 12,12,27,875 | | 12,80,03,541 | | 8,93,98,124 |
| | | **Total Non-current Assets** | | | 4,92,77,76,769 | | 4,88,48,32,586 | | 4,52,90,90,798 |
| | | **Current Assets** | | | | | | | |
| (a) | | Inventories | 13 | | 2,38,18,17,318 | | 2,11,08,22,783 | | 1,88,34,03,916 |
| (b) | | Financial assets | | | | | | | |
| | (i) | Investments | 6 | 14,03,939 | | 9,70,844 | | 11,76,556 | |
| | (ii) | Trade receivables | 7 | 2,39,50,43,597 | | 2,65,16,42,252 | | 2,65,81,25,950 | |
| | (iii) | Cash and cash equivalents | 14 | 75,42,07,440 | | 85,50,91,143 | | 85,57,34,399 | |
| | (iv) | Bank balances other than (iii) above | 14 | 1,77,58,913 | | 1,63,92,934 | | 1,75,73,961 | |
| | (v) | Loans | 8 | 6,39,01,436 | | 7,53,40,782 | | 8,20,93,445 | |
| | (vi) | Other financial assets | 9 | 23,20,96,228 | 3,46,44,11,553 | 3,56,20,483 | 3,63,50,58,438 | 2,65,62,293 | 3,64,12,66,604 |
| (c) | | Income Tax Asset (Net) | 11 | | - | | - | | - |
| (d) | | Other current assets | 12 | | 60,00,79,753 | | 51,95,12,780 | | 25,93,28,148 |
| | | | | | 6,44,63,08,624 | | 6,26,53,94,001 | | 5,78,39,98,668 |
| | | **Total Current Assets** | | | 6,44,63,08,624 | | 6,26,53,94,001 | | 5,78,39,98,668 |
| | | **Total Assets** | | | 11,37,40,85,393 | | 11,15,02,26,587 | | 10,31,30,89,466 |

Eureka Forbes Limited

BALANCE SHEET AS AT 31ST MARCH, 2017

| | | | Notes | As at March 31, 2017 ₹ | ₹ | As at March 31, 2016 ₹ | ₹ | As at April 1, 2015 ₹ | ₹ |
|---|---|---|---|---|---|---|---|---|---|
| | | **EQUITY AND LIABILITIES** | | | | | | | |
| | | **Equity** | | | | | | | |
| (a) | | Equity share capital | **15** | 3,72,80,000 | | *3,72,80,000* | | *3,72,80,000* | |
| (b) | | Other Equity | **16** | 2,46,02,93,896 | | *2,38,11,83,394* | | *2,13,69,26,191* | |
| | | Equity attributable to owners of the Company | | | 2,49,75,73,896 | | *2,41,84,63,394* | | *2,17,42,06,191* |
| | | **Total Equity** | | | **2,49,75,73,896** | | ***2,41,84,63,394*** | | ***2,17,42,06,191*** |
| | | **Liabilities** | | | | | | | |
| | | **Non-current Liabilities** | | | | | | | |
| (a) | | Financial Liabilities | | | | | | | |
| | (i) | Borrowings | **17** | 24,51,82,145 | | *44,29,01,244* | | *55,90,73,489* | |
| | (ii) | Trade and other payables | **18** | - | | - | | - | |
| | (iii) | Other financial liabilities | **19** | 33,47,99,383 | 57,99,81,528 | *25,33,64,773* | *69,62,66,017* | *22,68,15,928* | *78,58,89,417* |
| (b) | | Provisions | **20** | | 2,37,20,661 | | *2,27,06,216* | | *2,54,64,923* |
| (c) | | Deferred tax liabilities (Net) | **10** | | | | | | |
| (d) | | Other non-current liabilities | **21** | | 94,48,88,605 | | *88,22,18,174* | | *86,98,62,024* |
| | | **Total Non-current Liabilities** | | | **1,54,85,90,794** | | ***1,60,11,90,407*** | | ***1,68,12,16,364*** |
| | | **Current liabilities** | | | | | | | |
| (a) | | Financial liabilities | | | | | | | |
| | (i) | Borrowings | **22** | 65,46,65,783 | | *64,97,91,949* | | *41,05,32,324* | |
| | (ii) | Trade and other payables | **18** | 2,75,77,13,571 | | *2,52,20,85,261* | | *2,07,92,48,327* | |
| | (iii) | Other financial liabilities | **19** | 74,34,35,978 | 4,15,58,15,332 | *91,31,35,952* | *4,08,50,13,162* | *84,27,80,953* | *3,33,25,61,604* |
| (b) | | Provisions | **20** | | 11,85,96,865 | | *13,50,08,761* | | *13,36,14,181* |
| (c) | | Income tax liabilities (Net) | **11** | | 38,06,054 | | *2,97,34,978* | | *35,59,687* |
| (d) | | Other current liabilities | **21** | | 3,04,97,02,452 | | *2,88,08,15,885* | | *2,98,79,31,439* |
| | | **Total Current Liabilities** | | | **7,32,79,20,703** | | ***7,13,05,72,786*** | | ***6,45,76,66,911*** |
| | | **Total Liabilities** | | | **8,87,65,11,497** | | ***8,73,17,63,193*** | | ***8,13,88,83,275*** |
| | | **Total Equity and Liabilities** | | | **11,37,40,85,393** | | ***11,15,02,26,587*** | | ***10,31,30,89,466*** |

Per our report attached

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

S.P.Mistry
*Chairman*
(DIN-00010114)

S.L.Goklaney
*Executive Vice Chairman*
(DIN-00041048)

Anil Kamath
*Director*
(DIN-00015706)

R S Moorthy
*Chief Financial Officer*

ATUL MEHTA
*Partner*
Membership No. 15935
Mumbai , Dated : 10th May ,2017

Dattaram Shinde
*Company Secretary*
Mumbai , Dated : 10th May, 2017

Eureka Forbes Limited

## Statement of Profit and Loss for the year ended 31st March, 2017

| | | Notes | Year 2016-17 ₹ | Year 2015-16 ₹ |
|---|---|---|---|---|
| I | **Income** | | | |
| | Revenue from Operations | 23 | 18,33,47,04,887 | *18,77,39,84,606* |
| | Other income and other gains / (losses) | 24 | 21,72,96,732 | *28,80,58,629* |
| | **Total Income** | | **18,55,20,01,619** | ***19,06,20,43,235*** |
| II | **Expenses** | | | |
| | Purchases of stock-in-trade | 25 | 9,20,29,20,370 | *9,55,19,49,777* |
| | Changes in inventories of finished goods, stock-in-trade and work-in-progress | | (27,09,94,535) | *(22,74,18,867)* |
| | Employee benefits expense | 26 | 2,99,24,58,203 | *2,84,99,61,195* |
| | Finance costs | 27 | 8,48,53,386 | *14,13,63,736* |
| | Depreciation and amortisation expense | 28 | 21,12,66,767 | *23,18,11,242* |
| | Other expenses | 29 | 6,21,53,25,649 | *6,21,16,92,784* |
| | **Total expenses** | | **18,43,58,29,840** | ***18,75,93,59,867*** |
| III | **Profit before exceptional items and tax** | | **11,61,71,779** | **30,26,83,368** |
| | Add/ (Less) : Exceptional items | | | - |
| IV | **Profit before tax** | | **11,61,71,779** | ***30,26,83,368*** |
| | Less: Tax expense | | | |
| (1) | Current tax | 30 | 3,61,24,338 | *9,81,40,064* |
| (2) | Deferred tax charge / (credit) | 30 | 34,31,468 | *(3,86,51,870)* |
| (3) | Mat entitlement | | - | - |
| | | | **3,95,55,806** | ***5,94,88,194*** |
| V | **Profit for the Year** | | **7,66,15,973** | ***24,31,95,174*** |
| VI | **Other Comprehensive Income** | | | |
| A | Items that will not be reclassified to profit or loss | | | |
| (a) | Remeasurements of the defined benefit plans | | (94,49,651) | *(44,38,173)* |
| | Income tax effect | | 31,24,338 | *15,35,963* |
| | | | (63,25,313) | *(29,02,210)* |
| (b) | Equity instruments through other comprehensive income | | 1,05,24,028 | *39,30,318* |
| | Income tax effect | | (17,04,186) | *33,921* |
| | | | 88,19,842 | *39,64,239* |
| | | | **24,94,529** | ***10,62,029*** |
| B | Items that may be reclassified to profit or loss | | | |
| (a) | Income tax relating to items that may be reclassified to profit or loss | | | |
| | | | - | - |
| | **Total other comprehensive income (A + B)** | | **24,94,529** | ***10,62,029*** |
| | **Total comprehensive income for the Year (VII+VIII)** | | **7,91,10,502** | **24,42,57,203** |
| | Earnings per equity share: | | | |
| | (1) Basic (in ₹.) | | 20.55 | *65.23* |
| | (2) Diluted (in ₹.) | | 20.55 | *65.23* |
| | **Significant Accounting policies** | 1-2 | | |

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

S.P.Mistry
*Chairman*
*(DIN-00010114)*

S.L.Goklaney
*Executive Vice Chairman*
*(DIN-00041048)*

Anil Kamath
*Director*
*(DIN-00015706)*

R S Moorthy
*Chief Financial Officer*

ATUL MEHTA
*Partner*
Membership No. 15935

Dattaram Shinde
*Company Secretary*

Mumbai , Dated : 10th May ,2017

Mumbai , Dated : 10th May, 2017

Eureka Forbes Limited

Cash Flow Statement for the year ended 31st March, 2017

| | Year ended March 31, 2017 | | Year ended March 31, 2016 | |
|---|---|---|---|---|
| | ₹ | ₹ | ₹ | ₹ |
| **Cash flows from operating activities** | | | | |
| Profit for the year | | 11,61,71,779 | | 30,26,83,368 |
| Adjustments for: | | | | |
| Finance costs recognised in profit or loss | 8,48,53,386 | | 14,13,63,736 | |
| Investment income recognised in profit or loss | (50,27,245) | | (16,50,45,666) | |
| Interest Income | (4,00,75,505) | | (3,99,25,275) | |
| Gain on disposal of property, plant and equipment | (1,99,35,294) | | (2,32,46,249) | |
| Net (gain)/loss arising on disposal of financial assets measured at FVTPL | | | (1,95,217) | |
| Remeasurements of the defined benefit plans | (94,49,651) | | (44,38,173) | |
| Provision/write-off of doubtful debts, advances and other current assets | 2,14,36,370 | | 9,01,63,615 | |
| Depreciation and amortisation of non-current assets | 21,12,66,767 | | 23,18,11,242 | |
| Fair value of Investment at FVTPL | (4,33,094) | | 2,55,712 | |
| Impairment of goodwill | | | | |
| Net foreign exchange (gain)/loss - unrealised | (1,22,99,153) | | 3,98,39,331 | |
| Financial guarantee contracts | (95,81,142) | 22,07,55,439 | (94,18,849) | 26,11,64,207 |
| | | 33,69,27,218 | | 56,38,47,575 |
| Movements in working capital: | | | | |
| (Increase)/decrease in trade and other receivables | 24,61,18,502 | | (8,10,88,974) | |
| (Increase)/decrease in inventories | (27,09,94,535) | | (22,74,18,867) | |
| (Increase)/decrease in current loans and advances | (1,53,23,497) | | 65,01,735 | |
| (Increase)/decrease in non current loans and advances | 62,01,068 | | 18,75,142 | |
| (Increase)/decrease in current Other Assets | (8,05,66,973) | | (26,01,84,632) | |
| (Increase)/decrease in non current Other Assets | 27,74,091 | | (3,81,11,441) | |
| (Increase)/decrease in current Other Financial Assets | (19,79,79,440) | | (1,40,53,370) | |
| (Increase)/decrease in non current Other Financial Assets | 5,74,59,981 | | (13,97,84,697) | |
| Increase/ (Decrease) in trade and other payables | 23,75,36,287 | | 44,05,06,676 | |
| Increase/(Decrease) in provisions | (1,53,97,451) | | (13,64,127) | |
| Increase/(Decrease) in other liabilities | 16,18,18,152 | 13,16,46,185 | (1,67,49,261) | (32,98,71,816) |
| Cash generated from operations | | 46,85,73,403 | | 23,39,75,759 |
| Less : Income taxes paid | | (8,13,61,001) | | (4,68,00,340) |
| **Net cash generated by operating activities** | | **38,72,12,402** | | **18,71,75,419** |
| **Cash flows from investing activities** | | | | |
| Payments to acquire financial assets | - | | (10,86,67,810) | |
| Payments for investment in Subsidiary | (1,83,04,568) | | (11,38,70,842) | |
| Proceeds on sale of financial assets | - | | 9,54,92,402 | |
| Interest received | 1,37,02,140 | | 1,74,21,324 | |
| Dividends received from associates | 50,00,000 | | 16,50,06,400 | |
| Dividends received from Others | 27,245 | | 39,266 | |
| Payments for property, plant and equipment | (26,35,50,419) | | (23,28,75,602) | |
| Proceeds from disposal of property, plant and equipment | 3,21,76,002 | | 4,54,26,636 | |
| Bank Balance not considered as Cash & Cash equivalents | 21,54,561 | | (7,80,440) | |
| ICD received back | 1,50,00,000 | | | |
| **Net cash (used in)/generated by investing activities** | | **(21,37,95,039)** | | **(13,28,08,666)** |
| **Cash flows from financing activities** | | | | |
| Proceeds from other short term borrowings | 75,00,00,000 | | 17,40,00,000 | |
| Repayment of other short term borrowings | (50,00,00,000) | | (17,40,00,000) | |
| Repayment of borrowings | (44,30,95,964) | | (16,38,94,858) | |
| Net increase / (decrease) in working capital borrowings | 65,70,229 | | 24,35,00,778 | |
| Interest paid | (8,77,75,331) | | (13,46,15,928) | |
| **Net cash used in financing activities** | | **(27,43,01,066)** | | **(5,50,10,008)** |
| **Net Increase / (Decrease ) in cash and cash equivalents** | | **(10,08,83,703)** | | **(6,43,255)** |

Eureka Forbes Limited

Cash Flow Statement for the year ended 31st March, 2017

| | Year ended March 31, 2017 | | *Year ended March 31, 2016* | |
|---|---|---|---|---|
| | ₹ | ₹ | ₹ | ₹ |
| Cash and cash equivalents at the beginning of the year | | 85,50,91,143 | | *85,57,34,399* |
| Cash and cash equivalents at the end of the year | | 75,42,07,440 | | *85,50,91,143* |
| Net Increase / (Decrease ) in cash and cash equivalents as disclosed above | | (10,08,83,703) | | *(6,43,256)* |

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

S.P.Mistry
*Chairman*
*(DIN-00010114)*

S.L.Goklaney
*Executive Vice Chairman*
*(DIN-00041048)*

ATUL MEHTA
*Partner*
Membership No. 15935

Anil Kamath
*Director*
*(DIN-00015706)*

R S Moorthy
*Chief Financial Officer*

Dattaram Shinde
*Company Secretary*

Mumbai , Dated : 10th May ,2017

Mumbai , Dated : 10th May, 2017

Eureka Forbes Limited

Statement of changes in equity for the year ended March 31, 2017

| A. Equity share capital | Amount ₹ |
|---|---|
| Balance at April 1, 2015 | 3,72,80,000 |
| Changes in equity share capital during the year | - |
| Balance at March 31, 2016 | 3,72,80,000 |
| Changes in equity share capital during the year | - |
| Balance at March 31, 2017 | 3,72,80,000 |

Eureka Forbes Limited

Statement of changes in equity for the year ended March 31, 2017

B. Other Equity

| | Reserves and surplus | | | | | Fair value Reserves | | Total Other Equity |
|---|---|---|---|---|---|---|---|---|
| | Capital reserve | General reserve | Capital Redemption Reserve | Retained earnings | Total | Equity Instrument through Other Comprehensive Income | Total | |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| **Balance at 1st April 2015** | **25,04,303** | **75,00,00,000** | **1,22,20,000** | **1,36,97,73,383** | **2,13,44,97,686** | **24,28,505** | **24,28,505** | **2,13,69,26,191** |
| Profit for the year | | | | 24,31,95,174 | **24,31,95,174** | | **-** | 24,31,95,174 |
| Other comprehensive income for the year, net of income tax | | | | (29,02,210) | **(29,02,210)** | **39,64,239** | **39,64,239** | 10,62,029 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **24,02,92,964** | **24,02,92,964** | **39,64,239** | **39,64,239** | **24,42,57,203** |
| **Balance at March 31, 2016** | **25,04,303** | **75,00,00,000** | **1,22,20,000** | **1,61,00,66,347** | **2,37,47,90,650** | **63,92,744** | **63,92,744** | **2,38,11,83,394** |
| Profit for the year | | | | 7,66,15,973 | **7,66,15,973** | | - | 7,66,15,973 |
| Other comprehensive income for the year, net of income tax | | | | (63,25,313) | **(63,25,313)** | 88,19,842 | 88,19,842 | 24,94,529 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **7,02,90,660** | **7,02,90,660** | **88,19,842** | 88,19,842 | **7,91,10,502** |
| Transfer to retained earnings | | | | | - | | - | - |
| **Balance at March 31, 2017** | **25,04,303** | **75,00,00,000** | **1,22,20,000** | **1,68,03,57,007** | **2,44,50,81,310** | **1,52,12,586** | **1,52,12,586** | **2,46,02,93,896** |

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

S.P.Mistry
*Chairman*
*(DIN-00010114)*

S.L.Goklaney
*Executive Vice Chairman*
*(DIN-00041048)*

ATUL MEHTA
*Partner*
Membership No. 15935

Anil Kamath
*Director*
*(DIN-00015706)*

R S Moorthy
*Chief Financial Officer*

Dattaram Shinde
*Company Secretary*

Mumbai , Dated : 10th May ,2017

Mumbai , Dated : 10th May, 2017

Notes to the financial statements for the year ended March 31, 2017

Background

Eureka Forbes Limited is a limited company incorporated and domiciled in India with its registered office situated at 7, Chakraberia Road (South), Kolkata – 700 025. The Company is subsidiary of Forbes & Co Limited and ultimate holding company is Shapoorji Pallonji and Company Private Ltd

The Company is engaged in Trading, renting and servicing of Vacuum cleaners, Water Filter cum purifiers, Water and Waste Water Treatment Plant, Electronic Air Cleaning Systems, Small Household Appliances, Digital Security System and Fire Extinguisher etc.

Note 1: Basis of preparation of Financial statements

This note provides a list of significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Compliance with Indian Accounting Standards (Ind AS)

Theses financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013 (the Act) [ Companies (Indian Accounting Standards) Rules ,2015] and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies ( Accounting Standard) Rules , 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company prepared under Indian Accounting Standards (Ind AS). Ind AS 101 , First time adoption of Indian Accounting Standards has been applied. Refer Note 39 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financials position , financial performance and cash Flows.

(b ) Historical Cost convention

The financial statements have been prepared on a historical cost basis , except for the following :

Certain financial assets and liabilities (including derivative instruments) are measured at fair value

Defined benefit plans - plan assets measured at fair value

(c) Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Company’s functional currency

(d) Use of estimates and judgements

In preparing these financial statements, management has made 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 prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes

Note 3– Useful life of Property, plant and equipment
Note 4– Useful life of Intangible assets
Note 26– Defined benefit obligation
Note 20 and 31(I)(a)– Provisions and Contingent liabilities
Note 5– Estimated Fair Values of Unlisted Securities
Note 20– Estimation for provision of Warranty Claims
Note 7– Impairment of Trade Receivables
Note 11 and 30– Income taxes
Note 10 and 30– Recognition of Deferred taxes

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes

Note 31 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

(e) Measurement of fair values

A number of the Company’s accounting policies and disclosures require the measurement of fair values, for both financial assets and liabilities.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability,or
• In the absence of a principal market, in the most advantageous market for the assets or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. the fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and lowest priority to unobservable inputs (Level 3 inputs)

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred

Further information about the assumptions made in measuring fair values is included in the following note:

Note 34 – Financial instruments.

## Note 2: SIGNIFICANT ACCOUNTING POLICIES

### (a) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the equity investments which are recognised at fair value through OCI (FVOCI) are recognised in other comprehensive income.

### (b ) Financial Instruments

Trade receivables are initially recognised at cost when they are originated and subsequently measured less provision for impairment . All Other financial assets and liabilities are initially recognised when the company becomes a party to the contractual provisions of the instruments

### (c) Derecognition

**Financial Assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised

**Financial Liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously

### (d) Impairment

### (i) Impairment of financial instruments

The Company recognises loss allowances for expected credit loss on financial assets measured at amortised cost

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses :

bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. The Company follows 'simplified approach' for recognition of impairment loss allowance for trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months)

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information

### (ii) Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs
An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets other than goodwill for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flow , cash and cash equivalents including cash on hand , deposits held at call with financial institutions ,other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts,. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet

(f) Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition. 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.
Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.
The comparison of cost and net realisable value is made on an item-by-item basis.

Company has changed the valuation method from First In First Out (FIFO) to weighted average method during the year. Due to this closing stock and profit is higher by ₹ 2,95,26,193.

(g) Property plant and equipment
Freehold land is carried at historical cost. All other items of property ,plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company
Transition to Ind AS
On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment

Depreciation methods, estimated useful lives and residual value
Depreciation 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 | 6 years |
| Motor Cycles | 3 years |
| Motor Cars | 5 years |

(h) **Intangible assets**
Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

**Amortisation**
Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of Profit and Loss

Intangible assets are amortised over a period of 3 to 5 years.
Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate

(i) Employee Benefits
(i) Short Term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably

(ii) 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.

(iii) 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 operates 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. Remeasurements of the net defined benefit liability as per the actuarial valuation report , which comprise actuarial gains and losses are recognised in OCI.

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.

(j) 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.

(k) 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

(l) Revenue Recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, discounts, VAT, credit notes issued for various schemes and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

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.

One year warranty is given on products sold by the Company for which warranty provision is being made regularly based on the past experience. The standard on revenue recognition IND AS 18 specifies criteria for recognition of revenue separately for each identifiable components of a single transaction in order to reflect the substance of the transaction. The pricing structure of the products does not indicate any identifiable portion for warranty hence the entire revenue has been considered as revenue from sale of products.

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

(m) Taxation

Income tax comprises current and deferred tax. It is recognised in profit & loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income

Current Tax

Current tax in measured on the basis of estimated income and tax credits computed in accordance with the provisions of the Income Tax Act,1961

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable Company, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred income taxes are not provided on undistributed earnings of subsidiaries and joint ventures where it is expected that the earnings of the subsidiary and joint ventures will not be distributed in the foreseeable future.

(n) Earnings Per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjusting for the effects of all potential dilutive ordinary shares.

(o) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.
Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Contingent Liabilities are not recognised in the financial statements but are disclosed in the notes.

(p) Investment in Subsidiary, Joint Ventures and Associate Companies

The Company has elected to recognize its investments in subsidiary, joint Ventures and associate companies at cost in accordance with the option available in IND AS 27, ' Separate Financial Statement'. The details of such investments are given in Note 5. Impairment policy applicable on such investments is explained in note 2 (d) above

(q) Borrowing Cost

Borrowing Cost includes interest, amortization of ancillary cost incurred in connection with the arrangement of borrowings and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.
Borrowing cost, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised, if any. All other borrowing costs are expensed in the period in which they occur.

3. Property, plant and equipment

| Gross Block | Land - Leasehold | Buildings * | Plant and Machinery | Assets-on lease** | Electrical Installation & Equipment | Laboratory Equipment | Office Equipment | Furniture and Fixtures | Vehicles | Computers | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| As at 1st April 2015 | 7,23,690 | 55,69,38,940 | 2,09,46,795 | 14,13,24,941 | 5,50,99,093 | 1,35,80,573 | 2,52,06,897 | 6,08,45,803 | 48,56,27,117 | 32,84,70,822 | 1,68,87,64,671 |
| 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 | 7,23,690 | 55,69,38,940 | 1,91,71,033 | 20,64,60,970 | 5,89,46,165 | 1,40,64,562 | 4,71,27,922 | 6,57,14,178 | 48,30,92,452 | 34,84,92,979 | 1,80,07,32,891 |
| Additions | - | - | 2,07,02,130 | 4,17,35,478 | 38,66,731 | 19,56,539 | 3,79,26,662 | 55,59,356 | 8,84,70,712 | 3,08,99,386 | 23,11,16,994 |
| Deletions | - | - | (3,54,684) | (67,94,451) | (55,34,467) | (5,81,915) | (51,05,341) | (97,94,082) | (4,95,94,528) | (36,39,606) | (8,13,99,074) |
| As at 31 March 2017 | 7,23,690 | 55,69,38,940 | 3,95,18,479 | 24,14,01,997 | 5,72,78,429 | 1,54,39,186 | 7,99,49,243 | 6,14,79,452 | 52,19,68,636 | 37,57,52,759 | 1,95,04,50,811 |

| Depreciation | Land - Leasehold | Buildings * | Plant and Machinery | Assets-on lease** | Electrical Installation & Equipment | Laboratory Equipment | Office Equipment | Furniture and fixtures | Vehicles | Computers | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| As at 1st April 2015 | 1,78,417 | 6,89,48,207 | 1,01,67,011 | 6,22,32,392 | 2,74,38,218 | 59,06,224 | 2,03,34,087 | 4,42,54,355 | 27,53,52,204 | 26,77,31,786 | 78,25,42,901 |
| 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 | 3,00,07,103 | 21,47,55,617 |
| Deletions | - | - | (14,35,039) | (17,09,799) | (6,62,528) | (94,777) | (1,47,467) | (7,25,645) | (8,09,62,083) | (33,08,184) | (8,90,45,522) |
| As at 31 March 2016 | 1,86,001 | 7,77,32,276 | 1,06,47,702 | 13,41,16,986 | 3,25,56,391 | 71,34,902 | 2,56,09,934 | 4,66,83,221 | 27,91,54,878 | 29,44,30,705 | 90,82,52,996 |
| Charge for the year | 7,584 | 87,84,070 | 39,35,688 | 5,11,12,721 | 50,90,625 | 14,27,707 | 1,66,73,839 | 30,95,954 | 7,59,32,709 | 2,13,16,495 | 18,73,77,392 |
| Deletions | - | - | (3,53,829) | (59,70,426) | (47,12,295) | (5,55,535) | (47,69,553) | (84,73,512) | (4,08,13,440) | (35,09,776) | (6,91,58,366) |
| As at 31 March 2017 | 1,93,585 | 8,65,16,346 | 1,42,29,561 | 17,92,59,281 | 3,29,34,721 | 80,07,074 | 3,75,14,220 | 4,13,05,663 | 31,42,74,147 | 31,22,37,424 | 1,02,64,72,022 |

| Net Block | Land - Leasehold | Buildings * | Plant and Machinery | Assets-on lease** | Electrical Installation & Equipment | Laboratory Equipment | Office Equipment | Furniture and fixtures | Vehicles | Computers | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| As at 1st April 2015 | 5,45,273 | 48,79,90,733 | 1,07,79,784 | 7,90,92,549 | 2,76,60,875 | 76,74,349 | 48,72,810 | 1,65,91,448 | 21,02,74,913 | 6,07,39,036 | 90,62,21,770 |
| As at 31 March 2016 | 5,37,689 | 47,92,06,664 | 85,23,331 | 7,23,43,984 | 2,63,89,774 | 69,29,660 | 2,15,17,988 | 1,90,30,957 | 20,39,37,574 | 5,40,62,274 | 89,24,79,895 |
| As at 31 March 2017 | 5,30,105 | 47,04,22,594 | 2,52,88,918 | 6,21,42,716 | 2,43,43,708 | 74,32,112 | 4,24,35,023 | 2,01,73,789 | 20,76,94,489 | 6,35,15,335 | 92,39,78,789 |

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

** Assets given on Lease has a useful life of 6 years and amortisation has been done accordingly.

Refer note 36 for assests pledged as security against borrowing

Notes to the financial statements for the year ended March 31, 2017 - continued

## 4 Intangible Assets

| Gross Block | Computer Software<br>₹ | Brand Name / Trademarks<br>₹ | Total<br>₹ |
|---|---|---|---|
| As at 1st April 2015 | 7,72,26,094 | 8,14,50,000 | 15,86,76,094 |
| Purchase | 91,87,500 | | 91,87,500 |
| As at 31 March 2016 | 8,64,13,594 | 8,14,50,000 | 16,78,63,594 |
| Purchase | 3,64,35,000 | | 3,64,35,000 |
| As at 31 March 2017 | 12,28,48,594 | 8,14,50,000 | 20,42,98,594 |
| **Amortisation** | | | |
| As at 1st April 2015 | 7,72,26,094 | 4,14,61,397 | 11,86,87,491 |
| Charge for the year | 7,65,625 | 1,62,90,000 | 1,70,55,625 |
| As at 31 March 2016 | 7,79,91,719 | 5,77,51,397 | 13,57,43,116 |
| Charge for the year | 75,99,375 | 1,62,90,000 | 2,38,89,375 |
| As at 31 March 2017 | 8,55,91,094 | 7,40,41,397 | 15,96,32,491 |
| **Net Block** | | | |
| As at 1 st April 2015 | - | 3,99,88,603 | 3,99,88,603 |
| As at 31 March 2016 | 84,21,875 | 2,36,98,603 | 3,21,20,478 |
| As at 31 March 2017 | 3,72,57,500 | 74,08,603 | 4,46,66,103 |

Notes to the financial statements for the year ended March 31, 2017 - continued

Financial assets

5. Non Current Investments

Investments in Subsidiaries at Cost

| Particulars | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* | *As at April 1, 2015 ₹* |
|---|---|---|---|
| Unquoted Investments (all fully paid) | | | |
| **Investments in Equity Instruments** | | | |
| 40,00,160(previous year *40,00,160*) equity shares of ₹10/- fully paid up in Aquamall Water Solutions Ltd | 1,95,01,280 | *1,95,01,280* | *1,95,01,280* |
| 10,00,000(previous year *10,00,000*) equity shares of ₹ 10/- fully paid up in Forbes Facility Services Pvt Ltd. | 1,00,00,000 | *1,00,00,000* | *1,00,00,000* |
| 28,27,263 (previous year *28,27,263*) equity shares of ₹ 10/- fully paid up in Forbes Enviro Solutions Ltd | 3,18,85,635 | *3,18,85,635* | *5,00,000* |
| NiL (previous year *NIL*) equity shares of ₹ 10/- fully paid up in Waterwings Equipment's Private Limited | - | - | *2,10,74,500* |
| NIL(previous year *NIL*) equity shares of ₹ 100/- fully paid up in Radiant Energy Systems Private Limited | - | - | *1,03,11,135* |
| 15,001 (previous year *15,001*) ordinary shares of Euro 1/- fully paid up in EFL Mauritius Limited | 9,45,546 | *9,45,546* | *9,45,546* |
| 41,615 (previous year *40,610*) equity shares of AED 1000 each fully paid up in Euro Forbes Limited | 70,33,85,765 | *68,50,81,197* | *57,12,10,355* |
| 50,000(previous year *50,000*) equity shares of ₹ 10/- fully paid up in Euro Forbes Financial Services Limited | 5,00,000 | *5,00,000* | *5,00,000* |
| **Investments in Preference Shares** | | | |
| 2,87,05,230 (previous year *2,87,05,230*) redeemable preference shares of Euro 1/- fully paid up in EFL Mauritius Limited | 2,12,24,80,849 | *2,12,24,80,849* | *2,12,24,80,849* |
| Investments in Subsidiaries at Cost | 2,88,86,99,075 | *2,87,03,94,507* | *2,75,65,23,665* |

Investments in joint ventures at cost

| Particulars | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* | *As at April 1, 2015 ₹* |
|---|---|---|---|
| Unquoted Investments (all fully paid) | | | |
| Investments in Equity Instruments | | | |
| 500,000(previous year *500,000*) equity shares of ₹ 10/- fully paid up in Forbes Aquatech Ltd. | 50,00,000 | *50,00,000* | *50,00,000* |
| 26,25,000(previous year 26,25,000) equity shares of ₹ 10/- fully paid up in Forbes Concept Hospitality Services Pvt.Ltd | 2,62,50,000 | *2,62,50,000* | *2,62,50,000* |
| 35,00,000(previous year *35,00,000*) equity shares of ₹ 10/- fully paid up in Infinite Water Solutions Private Ltd | 3,50,00,000 | *3,50,00,000* | *3,50,00,000* |
| 5,000(previous year *5,000*) equity shares of ₹ 10/- fully paid up in Forbes G4S Solution Private Ltd. | 50,000 | *50,000* | *50,000* |
| Nil(previous year *NIL*) equity shares of ₹ 10/- fully paid up in EuroLife Regen Pvt. Ltd. | - | - | *50,00,000* |
| TOTAL UNQUOTED INVESTMENTS | 6,63,00,000 | *6,63,00,000* | *7,13,00,000* |
| Less : Aggregate amount of impairment in value of investments in joint ventures | 2,63,00,000 | *2,63,00,000* | *2,62,50,000* |
| Investments in joint ventures at cost | 4,00,00,000 | *4,00,00,000* | *4,50,50,000* |

Notes to the financial statements for the year ended March 31, 2017 - continued

Financial assets

Other investments

| Particulars | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* | *As at April 1, 2015 ₹* |
|---|---|---|---|
| Quoted Investments (all fully paid) | | | |
| Investments in Equity Instruments - Other Company at FVOCI | | | |
| 8,913(previous year *8,913*)equity shares of ₹ 10/- fully paid up in Reliance Power Limited | 4,28,715 | *4,40,302* | *5,03,584* |
| 2,49,600(previous year *2,49,600*) equity shares of ₹ 10/- fully paid up in SPS FINQUEST Limited | 2,99,27,040 | *2,44,60,800* | *2,04,67,200* |
| | 3,03,55,755 | *2,49,01,102* | *2,09,70,784* |
| Unquoted Investments (all fully paid) | | | |
| Investments in Equity Instruments - Other Company at FVOCI | | | |
| 378 (previous year *378*) equity shares of ₹ 10/- fully paid up in Kasiak Research Private Ltd. | - | *1,24,74,000* | - |
| 14,650 (previous year *14,650*) equity shares of ₹ 1/- fully paid up in Idea Bubble Consulting Services Pvt Ltd | 2,34,40,000 | *58,96,625* | - |
| 7,143 (previous year *7,143*) equity shares of ₹ 10/- fully paid up in Water Quality Association. # | 71,430 | *71,430* | *71,430* |
| | 2,35,11,430 | 1,84,42,055 | 71,430 |
| Other investments | 5,38,67,185 | 4,33,43,157 | 2,10,42,214 |
| Fair value Financial Guarantees commission | | | |
| Euro Forbes Limited | 2,35,20,014 | *1,39,38,872* | *45,20,023* |
| | 2,35,20,014 | *1,39,38,872* | *45,20,023* |
| Total Non Current Investment | 3,00,60,86,274 | *2,96,76,76,536* | *2,82,71,35,902* |
| Aggregate amount of quoted investments and market value thereof | 3,03,55,755 | *2,49,01,102* | *2,09,70,784* |
| Aggregate amount of unquoted investments | 2,97,57,30,519 | *2,94,27,75,434* | *2,80,61,65,118* |
| | 3,00,60,86,274 | *2,96,76,76,536* | *2,82,71,35,902* |

# Company has invested in 7143 shares of face value ₹ 10 /- each in a non profit making organisation hence the fair value has been considered same as the carrying value

6. Current Investments

| Particulars | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* | *As at April 1, 2015 ₹* |
|---|---|---|---|
| Quoted Investments (all fully paid) | | | |
| Investments in Equity Instruments at FVTPL | | | |
| 100(previous year *100*) equity shares of ₹ 10/- fully paid up in Bajaj Holding and Investment Limited | 2,16,395 | *1,46,850* | *1,29,625* |
| 3785(previous year *3,785*) equity shares of ₹ 10/- fully paid up in MOIL Ltd | 11,87,544 | *8,23,994* | *10,46,931* |
| Total Current Investment | 14,03,939 | *9,70,844* | *11,76,556* |
| Aggregate amount of quoted investments and market value thereof | 14,03,939 | *9,70,844* | *11,76,556* |

7. Trade receivables

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* | *As at April 1, 2015 ₹* | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* | *As at April 1, 2015 ₹* |
| Trade receivables | | | | | | |
| Secured, considered good | | | | | | |
| Unsecured, considered good | 7,95,91,597 | *13,16,23,394* | | 2,23,76,29,263 | *2,52,35,67,917* | *2,54,95,10,545* |
| Unsecured , Debts due from related parties (refer note 31 XI) | | | | 15,74,14,334 | *12,80,74,335* | *10,86,15,405* |
| Unsecured, considered doubtful | | | | 2,58,78,654 | *2,58,78,654* | - |
| Unsecured, considered doubtful from related parties | | | | 49,02,140 | *49,02,140* | *49,02,140* |
| Less: Allowance for doubtful debts | | | | 3,07,80,794 | *3,07,80,794* | *49,02,140* |
| Total | 7,95,91,597 | *13,16,23,394* | - | 2,39,50,43,597 | *2,65,16,42,252* | *2,65,81,25,950* |

Trade receivables

Transactions with firms/Private Companies in which a Directors are interested

Trade Receivable include ₹. 13,07,98,405/- (Previous Year ₹. *11,65,59,428/-* ) due from a Private Company (Forbes Facility Services Pvt Limited,Shapoorji Pallonji and Company Pvt Ltd., and Samalpatti Power Co. Pvt Limited) in which a Director of the Company is a Director.

# The Company's exposure to credit risk and loss allowances related to trade receivables are disclosed in Note 35 ( a )

* Refer note 36 for receivables pledged as security against borrowing

8. Loans

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Loans to related parties (Refer note 31XI) | | | | | | |
| -Secured, considered good | | | | | | |
| -Unsecured, considered good | 22,61,54,618 | *23,68,80,921* | *22,11,02,657* | 5,90,00,000 | *7,40,00,000* | *8,00,00,000* |
| -Doubtful | | | | | | |
| Less : Allowance for bad and doubtful loans | | | | | | |
| | 22,61,54,618 | *23,68,80,921* | *22,11,02,657* | 5,90,00,000 | *7,40,00,000* | *8,00,00,000* |
| Loans to Employees | | | | | | |
| -Secured, considered good | | | | | | |
| -Unsecured, considered good | | *62,01,068* | *80,76,210* | 49,01,436 | *13,40,782* | *20,93,445* |
| -Doubtful | | | | | | |
| Less : Allowance for bad and doubtful loans | | | | | | |
| | - | *62,01,068* | *80,76,210* | 49,01,436 | *13,40,782* | *20,93,445* |
| | 22,61,54,618 | *24,30,81,989* | *22,91,78,867* | 6,39,01,436 | *7,53,40,782* | *8,20,93,445* |

Transactions with firms/Private Companies in which a Directors are interested

Loan to Related party include ₹. 2,40,00,000/- (Previous Year ₹.*3,90,00,000*/- ) due from Private Companies (Forbes Facility Services Pvt Limited) in which a Director of the Company is a Director.

Eureka Forbes Limited

Notes to the financial statements for the year ended March 31, 2017 - continued

## 9. Other financial assets

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* | *As at March 31, 2017* | *As at March 31, 2016* | *As at April 1, 2015* |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Bank deposits with more than 12 months maturity | 25,93,456 | *27,76,558* | *44,52,349* | | | |
| Deposit with Banks held as Margin Money | 1,32,56,507 | *1,65,93,945* | *1,29,56,687* | | | |
| Security deposits | | | | | | |
| Security deposits - unsecured considered good - to related parties | 1,05,000 | *1,05,000* | *1,05,000* | | | |
| Security deposits - unsecured considered good | 13,36,62,524 | *13,90,90,708* | *13,09,29,405* | 3,14,50,594 | *3,37,27,526* | *1,96,63,614* |
| Interest Accrued - | | | | | | |
| on Inter Corporate Deposits to related parties | 14,17,60,155 | *11,38,83,095* | *8,63,83,964* | - | *13,31,342* | *62,55,862* |
| on fixed deposits with Banks | | | | 3,89,262 | *5,61,615* | *6,32,275* |
| Others * | | | | 20,02,56,372 | - | *10,542* |
| | 29,13,77,642 | *27,24,49,306* | *23,48,27,405* | 23,20,96,228 | *3,56,20,483* | *2,65,62,293* |

* Includes Insurance claim receivables

Notes to the financial statements for the year ended March 31, 2017 - continued

10. Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

| Particulars | As at March 31, 2017 ₹ | *As at March 31, 2016* ₹ | *As at April 1, 2015* ₹ |
|---|---|---|---|
| Deferred tax assets | 5,45,15,240 | *7,22,78,892* | *7,37,10,591* |
| Deferred tax liabilities | (1,95,33,706) | *(3,21,61,705)* | *(5,72,99,194)* |
| **Net** | 3,49,81,534 | *4,01,17,187* | *1,64,11,397* |

| Particulars | Property, plant and equipment ₹ | Fair value Of ECB ₹ | Provisions ₹ | Minimum Alternative Tax (MAT) recoverable ₹ | Expenses allowed on Payment ₹ | Total ₹ |
|---|---|---|---|---|---|---|
| Deferred tax (liabilities)/assets in relation to: | | | | | | |
| Net balance April 1, 2015 | (5,36,29,325) | (36,69,869) | 97,35,065 | 1,49,80,000 | 4,89,95,526 | 1,64,11,397 |
| Recognised in profit or loss | 2,40,06,164 | 11,31,325 | 92,39,690 | | 42,74,691 | 3,86,51,870 |
| Utilised against tax Payable | | | | (1,49,80,000) | | (1,49,80,000) |
| Recognised in other comprehensive income | | | 33,920 | | | 33,920 |
| Closing balance Asset / (Liability) March 31, 2016 | (2,96,23,161) | (25,38,544) | 1,90,08,675 | - | 5,32,70,217 | 4,01,17,187 |
| Recognised in profit or loss | 1,12,60,843 | 13,67,156 | 28,77,852 | | (1,89,37,319) | (34,31,468) |
| Recognised in other comprehensive income | | | (17,04,186) | | | (17,04,186) |
| Closing balance March 31, 2017 | (1,83,62,318) | (11,71,388) | 2,01,82,342 | - | 3,43,32,898 | 3,49,81,534 |

Notes to the financial statements for the year ended March 31, 2017 - continued

## 11. Income tax assets and liabilities

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Income tax assets ( Net) | | | | | | |
| Advance income-tax (Net of provision of taxation) | 19,97,12,337 | *17,72,80,260* | *18,59,28,730* | | | |
| Total | 19,97,12,337 | *17,72,80,260* | *18,59,28,730* | - | - | - |
| Income tax Liabilities | | | | | | |
| Provision for Taxation (Net of Advance Tax) | | | | 38,06,054 | *2,97,34,978* | *35,59,687* |
| | - | - | - | 38,06,054 | *2,97,34,978* | *35,59,687* |

Notes to the financial statements for the year ended March 31, 2017 - continued

## 12. Other Assets

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Unsecured considered good, unless stated otherwise | | | | | | |
| Capital Advances | 4,91,279 | *44,92,854* | *39,98,881* | | | |
| Advances to related parties (refer note 31 XI) | 2,72,80,175 | *2,72,80,175* | | 1,09,53,385 | *38,59,188* | *3,05,13,904* |
| Prepaid expenses | 74,73,916 | *80,19,338* | *57,39,926* | 9,00,27,334 | *6,72,27,536* | *6,95,05,687* |
| Balance with statutory/ government authorities | 8,59,82,505 | *8,82,11,174* | *7,96,59,317* | 11,34,60,951 | *9,37,99,747* | *8,31,22,600* |
| Advances recoverable in cash or kind | | | | 38,56,38,083 | *35,46,26,309* | *7,61,85,957* |
| Advances recoverable in cash or kind - Considered Doubtful | | | | 1,17,62,843 | | |
| | | | | 39,74,00,926 | *35,46,26,309* | *7,61,85,957* |
| Less: Provision for doubtful advances | | | | 1,17,62,843 | | |
| | | | | 38,56,38,083 | *35,46,26,309* | *7,61,85,957* |
| Total | 12,12,27,875 | *12,80,03,541* | *8,93,98,124* | 60,00,79,753 | *51,95,12,780* | *25,93,28,148* |

Transactions with firms/Private Companies in which a Directors are interested

Advances Unsecured considered good include ₹. 1,06,78,966/- (Previous Year ₹.36,14,406/-) due from Private Companies (Infinite Water Solutions Pvt Limited) in which a Director of the Company is a Director.

Notes to the financial statements for the year ended March 31, 2017 - continued

## 13. Inventories

| Particulars | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* | *As at April 1, 2015 ₹* |
|---|---|---|---|
| a) Inventories (lower of cost and net realisable value) | | | |
| Stock-in-trade | | | |
| Units {includes in transit ₹ 8,48,80,043/-( *Previous year: ₹.11,96,10,262/-*)} | 1,31,89,37,467 | *1,31,87,06,353* | *1,19,58,44,515* |
| Spares and Accessories {includes in transit ₹ 9,20,91,602/- (*Previous year: ₹ 7,81,97,164/-*)} | 1,06,28,79,851 | *79,21,16,430* | *68,75,59,401* |
| | 2,38,18,17,318 | *2,11,08,22,783* | *1,88,34,03,916* |

* Refer note 36 for inventories pledged as security against borrowing

The cost of inventories recognised as an expense includes ₹.Nil (during 2015-2016: ₹.3,92,59,117) in respect of write-downs of inventory to net realisable value, and has been reduced by ₹.3,32,97,599 (during 2015-2016: ₹.Nil) in respect of the reversal of such write-downs.

## 14. Cash and cash equivalents and Other bank balances

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

| Particulars | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* | *As at April 1, 2015 ₹* |
|---|---|---|---|
| Balances with Banks in current accounts | 65,74,98,012 | *71,95,85,516* | *65,26,19,942* |
| Cheques, drafts on hand | 9,27,36,412 | *11,04,12,964* | *18,31,43,565* |
| Cash on hand | 39,73,016 | *2,50,92,663* | *1,99,70,892* |
| Total Cash & Cash Equivalents | 75,42,07,440 | *85,50,91,143* | *85,57,34,399* |
| | | | |
| Bank Balances other than Cash & Cash Equivalents | | | |
| Deposits with original maturity of more than 12 months * | 1,59,80,669 | *1,51,44,459* | *1,43,33,701* |
| Deposits with original maturity of more than 3 months but less than 12 months * | 17,78,244 | *12,48,475* | *32,40,260* |
| Total Bank Balances other than Cash & Cash Equivalents | 1,77,58,913 | *1,63,92,934* | *1,75,73,961* |
| | | | |
| Cash and cash equivalents as per statement of cash flows | 75,42,07,440 | *85,50,91,143* | *85,57,34,399* |

* Deposits lodged as security with Govt authorities

## 15. Equity Share Capital

| Particulars | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* | *As at April 1, 2015 ₹* |
|---|---|---|---|
| Equity share capital | 3,72,80,000 | *3,72,80,000* | *3,72,80,000* |
| **Total** | 3,72,80,000 | *3,72,80,000* | *3,72,80,000* |
| **Authorised Share capital :** | | | |
| 1,50,00,000 fully paid equity shares of ₹ 10 each | 15,00,00,000 | *15,00,00,000* | *15,00,00,000* |
| **Issued and subscribed capital comprises:** | | | |
| 37,28,000 fully paid equity shares of ₹.10 each (as at March 31, 2016: 3,728,000; as at April 1, 2015: 3,728,000) | 3,72,80,000 | *3,72,80,000* | *3,72,80,000* |
| | 3,72,80,000 | *3,72,80,000* | *3,72,80,000* |

**Fully paid equity shares**

| Particulars | Number of shares | Share capital ₹ |
|---|---|---|
| Balance at April 1, 2015 | 37,28,000 | 3,72,80,000 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| Balance at March 31, 2016 | 37,28,000 | 3,72,80,000 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| **Balance at March 31, 2017** | **37,28,000** | **3,72,80,000** |

Fully paid equity shares have a par value of ₹.10. 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 shares held by the holding company, the ultimate controlling party, their subsidiaries and associates**

| Particulars | Fully paid ordinary shares | | |
|---|---|---|---|
| | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
| **Balance at the beginning of the Year- Held by Forbes & Company Limited** | 37,28,000 | *37,28,000* | *37,28,000* |
| **Total as at the end of the Year** | **37,28,000** | ***37,28,000*** | ***37,28,000*** |

**Details of shares held by each shareholder holding more than 5% shares**

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares |
| Fully paid equity shares | | | | | | |
| Forbes & Company Limited | 37,28,000 | 100% | 37,28,000 | 100% | 37,28,000 | 100% |
| **Total** | 37,28,000 | 100% | 37,28,000 | 100% | 37,28,000 | 100% |

Notes to the financial statements for the year ended March 31, 2017 - continued

## 16. Other equity

| Particulars | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* |
|---|---|---|
| General reserve | | |
| Balance at beginning of the year | 75,00,00,000 | *75,00,00,000* |
| Balance at end of the year | 75,00,00,000 | *75,00,00,000* |
| Retained earnings | | |
| Balance at beginning of year | 1,61,00,66,347 | *1,36,97,73,383* |
| Add/ (less): Profit/ (loss) for the year | 7,66,15,973 | *24,31,95,174* |
| Other comprehensive income arising from re-measurement of defined benefit obligation, net of tax | (63,25,313) | *(29,02,210)* |
| Balance at end of the year | 1,68,03,57,007 | *1,61,00,66,347* |
| Fair Value Reserves | | |
| Balance at beginning of the year | 63,92,744 | *24,28,505* |
| Equity instruments through other comprehensive income (Net of Tax) | 88,19,842 | *39,64,239* |
| Balance at end of the year | 1,52,12,586 | *63,92,744* |
| Capital redemption reserve | | |
| Balance at beginning of the year | 1,22,20,000 | *1,22,20,000* |
| Balance at end of the year | 1,22,20,000 | *1,22,20,000* |
| Capital Reserve | | |
| Balance at beginning of the year | 25,04,303 | *25,04,303* |
| Balance at end of the year | 25,04,303 | *25,04,303* |
| Total | 2,46,02,93,896 | *2,38,11,83,394* |

Financial Liabilities

17. Non-current Borrowings

| Particulars | Non-current portion | | | Current Maturities | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 ₹ | *As at March 31, 2016* ₹ | *As at April 1, 2015* ₹ | As at March 31, 2017 ₹ | *As at March 31, 2016* ₹ | *As at April 1, 2015* ₹ |
| Unsecured – at amortised cost | | | | | | |
| Secured – at amortised cost | | | | | | |
| Term loans from | | | | | | |
| Banks - Foreign currency denominated loans | 24,51,82,145 | *44,29,01,244* | *55,90,73,489* | 16,92,00,097 | *18,48,04,672* | *16,80,55,683* |
| Amount disclosed under the head "Other Financial Liabilities " ( note 19) | | | | (16,92,00,097) | *(18,48,04,672)* | *(16,80,55,683)* |
| Total Non-current borrowings | 24,51,82,145 | 44,29,01,244 | 55,90,73,489 | - | - | - |

Summary of borrowing arrangements

(i) Foreign currency denominated loan - External Commercial Borrowing (ECB) borrowed from The Hongkong and Shangai 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.

18. Trade payables

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Trade payables (including acceptances) (Refer note below for dues to Micro and Small Enterprises) | | | | 1,22,70,42,840 | *1,37,35,72,685* | *1,13,96,67,422* |
| Trade payables to related parties ( Refer note 31 XI) | | | | 1,53,06,70,731 | *1,14,85,12,576* | *93,95,80,905* |
| Total | - | - | - | 2,75,77,13,571 | *2,52,20,85,261* | *2,07,92,48,327* |

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

| Particulars | As at 31 March 2017 | As at 31 March 2016 | *As at April 1, 2015* |
|---|---|---|---|
| (i) Principal amount remaining unpaid to MSME suppliers as on year end | 4,53,11,860 | 2,25,99,896 | 10,17,98,009 |
| (ii) Interest due on unpaid principal amount to MSME suppliers as on year end | | - | - |
| (iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day | | - | - |
| (iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act) | | - | - |
| (v) The amount of interest accrued and remaining unpaid as on year end | | - | - |
| (vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961 | | - | - |

19. Other financial liabilities

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* | *As at April 1, 2015 ₹* | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* | *As at April 1, 2015 ₹* |
| (a) Current maturities of long-term debt | | | | 16,92,00,097 | *18,48,04,672* | *16,80,55,683* |
| (b) Interest accrued but not due on borrowings | | | | 19,27,748 | *48,49,693* | *27,04,982* |
| (c) Interest free trade deposits | 33,47,99,383 | *25,33,64,773* | *22,68,15,928* | 1,78,02,318 | *1,79,36,888* | *67,86,902* |
| (d) Others :- | | | | | | |
| -Dues to employees | | | | 30,40,90,828 | *28,43,74,951* | *29,91,80,715* |
| -Dues on account of customer rebate schemes and other contractual liabilities | | | | 25,04,14,987 | *42,04,37,913* | *36,60,52,671* |
| -Foreign currency forward contracts | | | | - | *7,31,835* | |
| Total | 33,47,99,383 | 25,33,64,773 | 22,68,15,928 | 74,34,35,978 | 91,31,35,952 | 84,27,80,953 |

Notes to the financial statements for the year ended March 31, 2017 - continued

## 20. Provisions

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* | *As at April 1, 2015 ₹* | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* | *As at April 1, 2015 ₹* |
| Employee benefits - Compensated absences | 2,37,20,661 | *2,27,06,216* | *2,54,64,923* | 1,06,79,697 | *1,18,98,132* | *68,47,890* |
| Gratuity payable | | | | 1,34,88,915 | *93,67,077* | *1,81,92,495* |
| Other provisions | | | | | | |
| Warranties | | | | 9,44,28,253 | *11,37,43,552* | *10,85,73,796* |
| Total | 2,37,20,661 | *2,27,06,216* | *2,54,64,923* | 11,85,96,865 | *13,50,08,761* | *13,36,14,181* |

Warranty provision

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 March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ |
|---|---|---|---|
| At the beginning of the year | 11,37,43,552 | 10,85,73,796 | 9,81,75,926 |
| Additions during the year | 9,44,28,253 | 11,37,43,552 | 10,85,73,796 |
| Utilization during the year | 9,91,48,909 | 8,88,62,232 | 8,53,21,017 |
| Unused amount reversed /( additional utilisation) during the year | 1,45,94,643 | 1,97,11,564 | 1,28,54,909 |
| At the end of the year | 9,44,28,253 | 11,37,43,552 | 10,85,73,796 |

## 21. Other Liabilities

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* | *As at April 1, 2015 ₹* | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* | *As at April 1, 2015 ₹* |
| Income received in advance | 86,54,56,867 | *81,63,38,745* | *80,58,54,472* | 2,58,33,89,450 | *2,39,10,76,963* | *2,41,78,50,353* |
| Others - Deductions from employees for company's assets | 7,94,31,738 | *6,58,79,429* | *6,40,07,552* | 11,41,60,215 | *11,25,78,168* | *15,47,45,868* |
| Advance from customers | | | | 4,39,80,922 | *8,03,91,541* | *15,25,41,953* |
| Statutory liabilities (Contributions to PF,Pension, ESIC,withholding Taxes,VAT etc.) | | | | 30,81,71,865 | *29,67,69,213* | *26,27,93,265* |
| Total | 94,48,88,605 | *88,22,18,174* | *86,98,62,024* | 3,04,97,02,452 | *2,88,08,15,885* | *2,98,79,31,439* |

Notes to the financial statements for the year ended March 31, 2017 - continued

## 22. Current Borrowings

| Particulars | As at March 31, 2017 ₹ | *As at March 31, 2016 ₹* | *As at April 1, 2015 ₹* |
|---|---|---|---|
| **Unsecured - at amortised cost** | | | |
| Loans repayable on demand | | | |
| - from banks | 20,00,00,000 | *19,06,22,910* | - |
| **Secured - at amortised cost** | | | |
| Loans repayable on demand | | | |
| -from banks (Cash credit/ Buyers credit) refer note below | 45,46,65,783 | *45,91,69,039* | *41,05,32,324* |
| **Total** | 65,46,65,783 | *64,97,91,949* | *41,05,32,324* |

Unsecured short term borrowing from banks carries interest @ 8.30 % to 11.05 % p.a.

Short term borrowing from banks is secured by pari-passu charge on company's immovable properties and hypc of stock-in-trade & book debts and carries interest @ 8 % to 12 % p.a.

## 23. Revenue from operations

| | Year ended March 31, 2017 ₹ | *Year ended March 31, 2016 ₹* |
|---|---|---|
| Sale of products | 14,07,98,09,982 | *14,45,91,49,873* |
| Sale of services | 4,01,52,77,031 | *3,94,07,80,155* |
| Other operating revenues | | |
| Scrap sales | 1,01,59,435 | *1,01,19,371* |
| Other (includes income from renting of assets) | 22,94,58,439 | *36,39,35,207* |
| **Total** | **18,33,47,04,887** | ***18,77,39,84,606*** |

## 24. Other Income and other gains/ (losses)

| **Other Income** | Year ended March 31, 2017 ₹ | *Year ended March 31, 2016 ₹* |
|---|---|---|
| Interest income earned on financial assets that are not designated as at fair value through profit or loss: | | |
| Bank deposits (at amortised cost) | 28,67,872 | *26,33,030* |
| Interest income from financial assets at amortised cost | 3,72,07,633 | *3,72,92,245* |
| Dividend Income from equity Investments measured at Cost | | |
| Subsidiaries | - | *16,00,06,400* |
| Joint Venture | 50,00,000 | *50,00,000* |
| Dividend Income from equity Investments measured at fair value through Profit or Loss | | |
| Current investment - Non-Trade | 27,245 | *39,266* |
| Fair value Commision on Finance Guarantee | 95,81,142 | *94,18,848* |
| Others | 11,62,05,747 | *5,53,86,615* |
| | 17,08,89,639 | *26,97,76,404* |

| **Other gains/(losses)** | Year ended March 31, 2017 ₹ | *Year ended March 31, 2016 ₹* |
|---|---|---|
| Gain/(loss) on disposal of property, plant and equipment | 1,99,35,294 | 2,32,46,249 |
| Gain/(loss) on disposal of units of mutual Fund in Liquid Scheme at FVTPL | - | 1,95,217 |
| Net foreign exchange gains/(losses) | 2,60,38,705 | (49,03,529) |
| Net gain/(loss) arising on financial assets measured at FVTPL | 4,33,094 | (2,55,712) |
| Net loss on sale / liquidation long-term investments | - | - |
| Provision for diminution in value of investments | | |
| | 4,64,07,093 | 1,82,82,225 |
| | 21,72,96,732 | 28,80,58,629 |

## 25. Cost of Goods Sold

| | Year ended March 31, 2017 ₹ | *Year ended March 31, 2016 ₹* |
|---|---|---|
| Purchases of stock-in-trade | 9,20,29,20,370 | 9,55,19,49,777 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade. | (27,09,94,535) | (22,74,18,867) |
| **Total** | 8,93,19,25,835 | 9,32,45,30,910 |

## 26. Employee benefits expense

| Particulars | Year ended March 31, 2017 ₹ | *Year ended March 31, 2016 ₹* |
|---|---|---|
| Salaries and Wages | 2,78,60,09,303 | *2,64,84,01,065* |
| Contribution to provident and other funds | 12,41,27,249 | *12,09,11,400* |
| Staff Welfare Expenses | 8,23,21,651 | *8,06,48,730* |
| **Total** | **2,99,24,58,203** | ***2,84,99,61,195*** |

## 27. Finance costs

| Particulars | Year ended March 31, 2017 ₹ | *Year ended March 31, 2016 ₹* |
|---|---|---|
| Interest on bank overdrafts and loans (other than those from related parties) | 7,47,54,831 | *6,91,59,080* |
| Other interest expense | - | *31,92,661* |
| Exchange differences regarded as an adjustment to borrowing costs | | *5,30,95,880* |
| Other borrowing costs | 1,00,98,555 | *1,59,16,115* |
| **Total** | **8,48,53,386** | ***14,13,63,736*** |

## 28. Depreciation and amortisation expense

| Particulars | Year ended March 31, 2017 ₹ | *Year ended March 31, 2016 ₹* |
|---|---|---|
| Depreciation of property, plant and equipment | 18,73,77,392 | *21,47,55,617* |
| Amortisation of intangible assets | 2,38,89,375 | *1,70,55,625* |
| Total depreciation and amortisation | 21,12,66,767 | *23,18,11,242* |

## 29. Other expenses

| Particulars | Year ended March 31, 2017 ₹ | *Year ended March 31, 2016 ₹* |
|---|---|---|
| Electricity | 3,17,87,116 | *3,07,78,177* |
| Rent | 14,68,19,306 | *13,26,92,256* |
| Repairs and Maintenance - | | |
| Building | 50,68,976 | *1,01,34,591* |
| Machinery | - | - |
| Others | 6,97,49,645 | *5,73,68,203* |
| Insurance | 4,36,36,162 | *4,23,93,173* |
| Advertisement | 61,35,05,763 | *79,94,50,669* |
| Selling and Sales Promotion | 1,26,92,50,218 | *1,17,86,77,122* |
| Freight, Forwarding and Delivery | 41,48,24,525 | *42,52,31,258* |
| Payment to Auditors (Refer details Below) | 48,12,535 | *40,61,284* |
| Printing and Stationery | 3,79,50,983 | *3,88,05,186* |
| Communication cost | 16,41,83,621 | *14,68,03,673* |
| Travelling and Conveyance | 27,10,48,974 | *28,24,71,890* |
| Legal and Professional Fees | 17,10,10,872 | *13,95,53,683* |
| Vehicle Running Expenses | 12,38,15,429 | *17,07,36,072* |
| Rates and taxes, excluding taxes on income | 10,66,49,791 | *12,82,52,927* |
| Conference Expenses | 13,11,69,333 | *13,17,56,654* |
| Service Charges | 1,80,38,31,201 | *1,68,66,59,341* |
| Information Technology Expenses | 15,29,92,547 | *20,56,70,704* |
| Logistics Expenses | 18,67,26,012 | *18,28,46,144* |
| Other Establishment Expenses | 41,82,90,520 | *29,72,79,260* |
| Corporate Social Responsibility Expenses( Refer Note 31 IX) | 40,41,500 | *51,30,000* |
| Directors' Sitting Fees | 35,84,250 | *26,17,042* |
| Bad Debts/Advances Written-Off | 96,73,527 | *6,42,84,961* |
| Provision for Doubtful Debts / Advances | 1,17,62,843 | *2,58,78,654* |
| Commission to Directors | 1,91,40,000 | *2,21,59,860* |
| **Total** | **6,21,53,25,649** | ***6,21,16,92,784*** |

| Payments to auditors | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| As auditor | | |
| Audit fee | 36,22,500 | *28,62,500* |
| Tax audit fee | 2,87,500 | *2,86,250* |
| In other capacity | | |
| For other services | 8,00,492 | *7,35,816* |
| For reimbursement of expenses | 1,02,043 | *1,76,718* |
| | **48,12,535** | ***40,61,284*** |

## 30. Income tax recognised in profit & loss

| Particulars | Year ended March 31, 2017 ₹ | *Year ended March 31, 2016 ₹* |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | 3,61,24,338 | *8,79,37,509* |
| In respect of prior years | - | *1,02,02,555* |
| | 3,61,24,338 | *9,81,40,064* |
| **Deferred tax** | | |
| In respect of the current year | 34,31,468 | *(3,86,51,870)* |
| | 34,31,468 | *(3,86,51,870)* |
| Minimum Alternate Tax entitlement | - | - |
| **Total income tax expense recognised in the current year** | 3,95,55,806 | *5,94,88,194* |

**Notes to the financial statements for the year ended March 31, 2017 - continued**

31 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 - ₹161,80,90,000/- *(previous year ₹.165,24,72,500/-)*

(ii) Bank Guarantees issued on behalf of the Company - ₹ 17,63,400/-*(previous year ₹.14,14,965/-)*

(iii) Disputed Income Tax Demands - ₹ 16,92,70,529/- *(previous year ₹.14,48,80,978/-).*

(iv) Disputed Central Excise Demands - ₹.56,51,360/-*(previous year ₹.56,51,360/-).*

(v) Disputed Sales Tax demands -₹ 35,44,20,110/-*(previous year ₹.35,15,98,988/-).*

(vi) Disputed Service Tax demands - ₹17,69,86,831 /- *(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 ₹.12,26,46,172/- (*previous year ₹.11,97,14,387/-)*

(ii) Towards service performance ₹. 4,20,01,262/-(*previous year ₹.4,87,63,266/-)*

(c) Disputed claims against the company not acknowledged as debt ₹. 88,64,986 *(Previous Year ₹.42,84,826)*

II a.)The company has taken various residential/commercial premises and Equipment's under cancellable operating lease. Lease rental expenses included in the statement of profit and loss for the year is ₹. 14,68,19,306/-(*Previous Year ₹.13,26,92,256/-*) for Premises. 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 :

| | 2016-17<br>₹ | *2015-16*<br>₹ |
|---|---|---|
| Gross carrying amount of products given on operating lease | 24,14,01,997 | *20,64,60,970* |
| Accumulated Depreciation | 17,92,59,281 | *13,41,16,986* |
| Depreciation for the year | 5,11,12,721 | *7,35,94,393* |

III During the financial year 2016-17, the Board of Directors of Eureka Forbes Limited (EFL) and its wholly owned subsidiary Aquamall Water Solutions Limited (AWSL) have approved in principle the merger of Aquamall Water Solutions limited into Eureka Forbes Limited. Consequent to the approval, both the companies have filed the proposed scheme for merger with the respective Registrar of Companies under Section 233 of the Companies Act 2013 on 30th March 2017. The Companies are in the process of filing the necessary documents and details as required by the ROC and progressing in the matter.

IV There was a fire accident in one of the Company’s Warehouse at Hyderabad on the 13th of April 2016 and the entire inventory stored in the warehouse was destroyed completely. Company filed a report with the Fire brigade and the Police at Hyderabad and the insurance company has admitted the claim for ₹.20,05,22,256/-

V 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 Indian Accounting Standard 108 dealing with "Operating Segment" . The geographical segmentation is insignificant as the export turnover is less than 10% of the total turnover.

| | | 2016-17<br>₹ | *2015-16*<br>₹ |
|---|---|---|---|
| VI (a) | Expenditure in foreign currency on account of : | | |
| | Subscription,travelling,advertisement, testing charges, training, | 9,42,38,483 | *8,38,42,154* |
| | Interest on Foreign Currency Loans | 1,69,15,698 | *2,33,22,701* |
| (b) | Remittance in Foreign Currency : | | |
| | On account of investment in shares of Subsidiary | 1,83,04,568 | *11,38,70,842* |
| | On account of repayment of ECB | 18,31,52,335 | *17,56,81,783* |
| | On account of repayment of Foreign Currency Short Term Loan | 8,62,04,583 | *17,99,03,067* |
| (c) | Value of Imports on C.I.F basis : | | |
| | Units, Spares and accessories | 77,51,77,946 | *80,85,87,851* |
| (d) | Earnings in Foreign Exchange : | | |
| | Export of goods on F.O.B basis | 2,85,09,310 | *8,48,39,478* |
| | Commission & other receipts | 18,48,430 | *1,93,51,649* |
| | Interest on Inter corporate deposit to subsidiary company | 2,78,77,060 | *2,74,99,131* |
| (e) | On account of borrowing of Foreign Currency Short Term Loan | - | *26,10,00,000* |

**Notes to the financial statements for the year ended March 31, 2017 - continued**

VII 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 was been referred to Arbitration and the arbitration proceedings have commenced in the financial year 2012-13. During the current financial year, an out of court settlement was reached with IBM and above claims were withdrawn by both parties and the matter has been amicably settled. The Company has settled all pending dues to IBM and closed the arbitration

VIII (a) The aggregate amount of Assets, Liabilities, Income and Expenses related to the Company's interests in the JV as at 31.03.2017 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 | 31.03.2017 | 50% | 7,02,876 | 62,500 | 44,077 | 12,500 |
| | | | *31.03.2016* | *50%* | *(6,58,799)* | *(50,000)* | *(7,250)* | *(12,500)* |
| 2 | Forbes Aquatech Limited | India | 31.03.2017 | 50% | 7,43,34,585 | 1,29,60,656 | 14,67,27,508 | 12,76,90,867 |
| | | | *31.03.2016* | 50% | *(7,25,31,233)* | *1,97,03,956* | *(23,32,58,121)* | *(21,20,14,051)* |
| 3 | Infinite Water Solutions Pvt | India | 31.03.2017 | 50% | 20,01,76,145 | 3,69,30,078 | 32,55,39,417 | 27,14,76,374 |
| | | | *31.03.2016* | *50%* | *(14,92,77,516)* | *(2,63,28,734)* | *(29,45,03,861)* | *(25,37,89,250)* |
| 4 | Forbes G4S Solutions Pvt Limited | India | 31.03.2017 | 50% | - | 2,45,532 | - | 8,766 |
| | | | *31.03.2016* | *50%* | - | *(2,36,767)* | *(1,461)* | *(10,435)* |

* The Current year numbers of Infinite Water Solutions Pvt Limited is unaudited

VIII (b) The Company's share of contingent liabilities of the Joint Venture Forbes Aquatech Limited as at 31.03.2017 is ₹.86,83,294/-(P*revious Year ₹.88,93,626/*) and Infinite Water Solutions Limited as at 31.03.2017 is ₹ 77,98,480/- *(Previous year ₹ 70,27,240)*

IX Corporate social responsibility expenditure:-

| Particulars | For the year ended 31 March 2017 | | | *For the year ended 31 March 2016* | | |
|---|---|---|---|---|---|---|
| a)Gross amount required to be spent | ₹ 40,41,396 | | | *₹ 51,26,203* | | |
| 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 | - | - | - | - | - | - |
| (ii) Purposes other than (i) above | ₹ 40,41,500 | | ₹ 40,41,500 | *₹ 51,30,000* | | *₹ 51,30,000* |

X Disclosure on specified bank notes

| Particulars | Specified bank notes * | Other denomination notes | Total |
|---|---|---|---|
| | ₹ | ₹ | ₹ |
| Closing cash in hand as on 8 November 2016 | 4,28,98,000 | 24,52,944 | 4,53,50,944 |
| Add: Permitted receipt/ Withdrawal from Bank | - | 8,97,23,696 | 8,97,23,696 |
| Less : Paid for permitted transactions | - | 14,01,716 | 14,01,716 |
| Less : Deposited in bank accounts | 4,28,98,000 | 8,91,92,908 | 13,20,90,908 |
| Closing cash in hand as on 30 December 2016 | - | 15,82,016 | 15,82,016 |

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8th November 2016.

XI As required under Indian Accounting Standard 24 on "Related Party Disclosures" the list of related parties and their transactions is attached. (Annexure A & B)

XII ₹.6,31,95,764/- (Previous year ₹.6,92,21,335/-) revenue expenses incurred during the year on Research and Development has been charged to the respective heads of accounts.

Notes to the financial statements for the year ended March 31, 2017 - continued

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

| Name of the Company | Nature of transaction | Purpose | 2016-17 | | *2015-16* | |
|---|---|---|---|---|---|---|
| | | | Amount ₹ | Maximum Amount during the year | *Amount ₹* | *Maximum Amount during the year ₹* |
| Euro Forbes Limited | Loan | For expansion of Business | - | 22,61,54,618 * | - | *23,68,80, 921 ** |
| Euro Forbes Limited | Corporate Guarantee | For expansion of Business | - | 161,80,90,000 * | - | *1,65,24,72,500 ** |
| Forbes Facility Services Private Limited | Loan | Working capital | - | 2,40,00,000 | - | *3,90,00,000* |
| Forbes Enviro Solutions Limited | Loan | Working capital | - | 3,50,00,000 | - | *3,50,00,000* |

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

XIV The Company has invested ₹.70,33,85,765/- in its 100% subsidiary Euro Forbes Ltd. and also extended loans including interest of ₹.36,79,14,773 (Previous year ₹.35,07,64,016). Further, the Company has also given a corporate guarantee to a Bank of ₹161,80,90,000 (Previous year ₹.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.

XV 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 ₹.3,78,23,346 as at 31 March, 2017. The excess remuneration is exempt in terms of Notification No. S.O. 2922(E) dt. 12/09/2016 and amended Schedule V of the Companies Act, 2013.

XVI The disclosures required under Indian Accounting Standard 19 "Employee Benefits" the details of post employment benefit is attached. (Annexure C)

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Notes to the financial statements for the year ended March 31, 2017 - continued

31 (XI) Additional information to the financial statements

Annexure A

| | | Country | Holding as at 31-Mar-17 | Holding as at 31-Mar-16 |
|---|---|---|---|---|
| A | **Enterprises having more than one half of Voting Powers-** | | | |
| | Forbes & Company Ltd. - Holding Company | | | |
| | Shapoorji Pallonji and Company Private Ltd - Ultimate Holding Company | | | |
| B | **Enterprises that are controlled - ( Subsidiary Company)-** | **Country** | **31-Mar-17** | **31-Mar-16** |
| 1 | Aquadiagnostics Water Research & Technology Centre Limited | India | | |
| 2 | Aquamall Water Solutions Ltd. | India | 100 | 100 |
| 3 | EFL Mauritius Ltd | Mauritius | 100 | 100 |
| 4 | Euro Forbes Financials Services Ltd. | India | 100 | 100 |
| 5 | Euro Forbes Limited | Dubai | 100 | 100 |
| 6 | Forbes Enviro Solutions Ltd | India | 100 | 100 |
| 7 | Forbes Facility Services Pvt Ltd. | India | 100 | 100 |
| 8 | Forbes Lux FZCO | Dubai | | |
| 9 | Forbes Lux Group AG | Dubai | | |
| 10 | Forbes Lux International AG | Switzerland | | |
| 11 | LIAG Trading and Investments Limited | U.A.E | | |
| 12 | Lux (Deutschland) GmbH | Germany | | |
| 13 | Lux /SK/s.r.o. | Slovakia | | |
| 14 | Lux Aqua Gmbh | Germany | | |
| 15 | Lux Aqua Hungaria Kft | Hungary | | |
| 16 | Lux CZ s.r.o. | Czech Republic | | |
| 17 | Lux Hungária Kereskedelmi Kft. | Hungary | | |
| 18 | Lux International AG | Switzerland | | |
| 19 | Lux Italia srl | Italy | | |
| 20 | Lux Norge A/S | Norway | | |
| 21 | Lux Oesterreich GmbH | Austria | | |
| 22 | Lux Schweiz AG | Switzerland | | |
| 23 | Lux Service GmbH | Germany | | |
| 24 | Lux Professional GmbH | Austria | | |
| 25 | Lux Professional GmbH | Germany | | |
| 26 | Lux Aqua Paraguay SA | Paraguay | | |
| 27 | Lux Waterline GmbH | | | |
| C. | Enterprises under Common Control -(where there are transactions) | | | |
| 1 | Eureka Forbes Institute of Environment (Trust) | India | | |
| 2 | Afcons Infrastructure Ltd. | India | | |
| 3 | Forbes Bumi Armada Offshore Ltd | India | | |
| 4 | Forbes Technosys Ltd | India | | |
| 5 | Next Gen Publishing Ltd. | India | | |
| 6 | Relationship Properties Pvt. Ltd. | India | | |
| 7 | Samalpatti Power Co Pvt. Ltd. | India | | |
| 8 | SD Corporation Private Limited | India | | |
| 9 | Shapooji Pallonji Forbes Shipping Ltd | India | | |
| 10 | Shapoorji Pallonji Rural Solutions Pvt Ltd. | India | | |
| 11 | Sterling & Wilson Pvt. Ltd. | India | | |
| 12 | Sterling Motors | India | | |
| | Transtonnelstroy Afcons Joint Venture | India | | |
| D | Associate Company | | | |
| | Euro P2P Direct (Thailand) Co.Ltd. | Thailand | | |
| E | Joint Venture | | | |
| 1 | AMC cookware Limited | Switzerland | | |
| 2 | Aquaignis Technologies Pvt. Ltd. | India | | |
| 3 | Eurolife Regen Pvt. Ltd | India | | |
| 4 | Forbes Aquatech Limited | India | 50 | 50 |
| 5 | Forbes Concept Hospitality Services Private Ltd | India | 50 | 50 |
| 6 | Forbes G4S Solutions Private Limited | India | 50 | 50 |
| 7 | Infinite Water Solutions Private Ltd | India | 50 | 50 |
| 8 | Lux del Paraguay S.A. | Paraguay | | |
| F | Key Management Personnel | | | |
| | Mr. S.L.Goklaney | | | |

Eureka Forbes Limited

Notes to the financial statements for the year ended March 31, 2017 - continued

( II ) Transactions with Related Parties for the year ended 31st March 2017

| Nature of Transactions | Related Party<br>Referred to in A above<br>₹ | Referred to in B above<br>₹ | Referred to in C above<br>₹ | Referred to in D above<br>₹ | Referred to in E above<br>₹ | Referred to in F above *<br>₹ |
|---|---|---|---|---|---|---|
| **Purchases** | | | | | | |
| Goods and Materials | - | 7,26,01,91,603 | - | - | 38,67,64,194 | - |
| Fixed Assets | - | - | - | | - | - |
| | - | 7,26,01,91,603 | - | - | 38,67,64,194 | - |
| **Sales** | | | | | | |
| Goods and Materials | 1,93,40,780 | 2,89,82,397 | 2,23,16,706 | - | 53,847 | - |
| Services Rendered | 8,71,807 | 49,462 | 6,07,272 | - | - | - |
| Fixed Assets | - | - | - | | - | - |
| | 2,02,12,587 | 2,90,31,859 | 2,29,23,978 | - | 53,847 | - |
| **Expenses** | | | | | | |
| Rent and other services | - | 48,53,599 | - | - | - | 5,49,348 |
| Repairs & Other Expenses | 7,75,27,892 | 3,95,55,979 | 8,06,254 | - | 59,84,972 | - |
| Finance Charges | - | - | - | - | - | - |
| Interest on ICD Taken | - | - | - | - | - | - |
| Bad Debts/Advances written off | | - | - | - | - | - |
| CSR contribution | - | | 40,41,500 | | | |
| | 7,75,27,892 | 4,44,09,578 | 48,47,754 | - | 59,84,972 | 5,49,348 |
| **Income** | | | | | | |
| Rent and other services | - | 13,15,566 | - | - | - | - |
| Interest | - | 3,67,66,107 | - | - | - | - |
| Dividend | - | - | - | - | 50,00,000 | - |
| Misc. Income | 2,16,000 | 9,000 | 30,000 | - | 1,00,88,812 | - |
| | 2,16,000 | 3,80,90,673 | 30,000 | - | 1,50,88,812 | - |
| **Other Receipts** | | | | | | |
| Other Reimbursements | - | 7,00,80,828 | - | - | 19,07,622 | - |
| **Finance** | | | | | | |
| Inter-corporate deposits given | - | - | - | - | - | - |
| Inter-corporate deposits taken | - | - | - | - | - | - |
| Deposit given | - | - | - | - | - | - |
| Deposit received | - | - | - | - | - | - |
| Repayment of Inter-Corporate Deposits Given | - | 1,50,00,000 | - | - | - | - |
| Repayment of Inter-Corporate Deposits taken | - | - | - | - | - | - |
| Repayment of Depoist given | - | - | - | - | - | - |
| Repayment of Deposit received | - | - | - | - | - | - |
| Investment in shares | - | 1,83,04,568 | - | - | - | - |
| Sale of investment | - | - | - | - | - | - |
| **Dividend paid** | - | - | - | - | - | - |
| **Outstanding** | | | | | | |
| Trade Payables | 6,47,54,187 | 1,43,34,18,298 | 5,13,169 | - | 3,19,85,077 | - |
| Advances Recceived | - | - | - | - | - | - |
| Trade Receivables | 1,69,61,732 | 12,86,94,918 | 1,66,59,824 | - | - | - |
| Inter-corporate deposits receivable | - | 28,51,54,618 | - | - | - | - |
| Interest Accrued | - | 14,17,60,155 | - | - | - | - |
| Other Deposits Receivable | - | 1,05,000 | - | - | - | - |
| Advances | 6,540 | 2,72,80,175 | 2,67,879 | - | 1,06,78,966 | - |
| **Remuneration** | | | | | | |
| Paid / Payable | - | - | - | - | - | 4,59,92.400 |
| **Guarantees** | | | | | | |
| Given | - | - | - | - | - | - |
| Outstanding | - | - | - | - | - | - |

**Notes to the financial statements for the year ended March 31, 2017 - continued**

( III ) The above Transaction includes :

| Nature of Transactions | A | A | B | B | B | B | B | B | B | C |
|---|---|---|---|---|---|---|---|---|---|---|
| | Forbes & Company Ltd. - Holding Company | Shapoorji Pallonji and Company Private Ltd - Ultimate Holding Company | Aquadiagnostics Water Research & Technology Center Ltd | Aquamall Water Solutions Ltd | EFL Mauritius Ltd | Euro Forbes Limited | Forbes Enviro Solutions Ltd | Forbes Facility Services Pvt Ltd. | Forbes Lux FZCO | Afcons Infrastructure Ltd. |
| | ₹ | ₹ | ₹ | ₹ | | ₹ | ₹ | ₹ | ₹ | ₹ |
| **Purchases** | | | | | | | | | | |
| Goods and Materials | | | | 6,91,40,52,011 | | | 27,14,65,742 | | 7,46,73,850 | |
| Fixed Assets | | | | | | | | | | |
| | - | - | - | 6,91,40,52,011 | - | - | 27,14,65,742 | - | 7,46,73,850 | - |
| **Sales** | | | | | | | | | | |
| Goods and Materials | 1,63,414 | 1,91,77,366 | | | | | 2,93,921 | 1,24,29,203 | 1,62,59,273 | 29,22,097 |
| Services Rendered | 1,629 | 8,70,178 | | | | | 49,462 | | | 1,96,084 |
| Fixed Assets | | | | | | | | | | |
| | 1,65,043 | 2,00,47,544 | - | - | - | - | 3,43,383 | 1,24,29,203 | 1,62,59,273 | 31,18,181 |
| **Expenses** | | | | | | | | | | |
| Rent | | | | 48,53,599 | | | | | | |
| Repairs & Other Expenses | 1,05,039 | 7,74,22,853 | 17,74,893 | 8,11,897 | | | 1,91,50,694 | 1,78,18,495 | | |
| Finance charges | | | | | | | | | | |
| Interest on ICD Taken | | | | | | | | | | |
| Bad Debts/Advances written off | | | | | | | | | | |
| CSR contribution | | | | | | | | | | |
| | 1,05,039 | 7,74,22,853 | 17,74,893 | 56,65,496 | - | - | 1,91,50,694 | 1,78,18,495 | - | - |
| **Income** | | | | | | | | | | |
| Rent and other services | | | | | | | | 13,15,566 | | |
| Interest | | | | | | 2,78,77,060 | 39,90,003 | 48,99,044 | | |
| Dividend | | | | | | | | | | |
| Miscellaneous Income | 9,000 | 2,07,000 | | | | | | 9,000 | | 6,000 |
| | 9,000 | 2,07,000 | - | - | - | 2,78,77,060 | 39,90,003 | 62,23,610 | - | 6,000 |
| **Other Receipts** | | | | | | | | | | |
| Other Reimbursements | - | - | - | 6,70,26,926 | | | | 30,53,902 | | |
| **Finance** | | | | | | | | | | |
| Inter-corporate deposits given | | | | | | | | | | |
| Inter-corporate deposits taken | | | | | | | | | | |
| Deposit given | | | | | | | | | | |
| Deposit received | | | | | | | | | | |
| Repayment of Inter-Corporate Deposits Given | | | | | | | | 1,50,00,000 | | |
| Repayment of Inter-Corporate Deposits taken | | | | | | | | | | |
| Repayment of Deposit given | | | | | | | | | | |
| Refund of Deposit received | | | | | | | | | | |
| Investment in shares | | | | | | 1,83,04,568 | | | | |
| Sale of Investment | | | | | | | | | | |
| **Dividend paid** | | | | | | | | | | |
| **Outstanding** | | | | | | | | | | |
| Trade Payables | | 6,47,54,187 | 13,51,180 | 1,32,01,33,588 | | | 10,19,31,610 | 90,92,838 | 9,09,082 | |
| Advances Received | | | | | | | | | | |
| Trade Receivables | | 1,69,61,732 | | | | | 2,82,181 | 11,36,13,173 | 1,47,99,564 | 24,37,153 |
| Inter-corporate deposits receivable | | | | | | 22,61,54,618 | 3,50,00,000 | 2,40,00,000 | | |
| Interest Accrued | | | | | | 14,17,60,155 | | | | |
| Other Deposits Receivable | | | | 1,05,000 | | | | | | |
| Advances | 6,540 | | | | 2,72,80,175 | | | | | 6,540 |
| **Remuneration** | | | | | | | | | | |
| Paid / Payable | | | | | | | | | | |
| **Guarantees** | | | | | | | | | | |
| Given | | | | | | | | | | |
| Outstanding | | | | | | | | | | |

**Eureka Forbes Limited**

**Notes to the financial statements for the year ended March 31, 2017 -**

The above Transaction includes : -

| Nature of Transactions | Forbes Bumi Armada Offshore Ltd | Forbes Technosys Ltd | Next Gen Publishing Ltd. | Relationship Properties Pvt. Ltd. | Samalpatti Power Co Pvt. Ltd. | SD Corporation Private Limited | Shapooji Pallonji Forbes Shipping Ltd | Shapoorji Pallonji Rural Solutions Pvt Ltd. | Sterling & Wilson Pvt. Ltd. | Sterling Motors | Transtonnelstroy Afcons Joint Venture | Eureka Forbes Institute of Environment (Trust) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | C | C | C | C | C | C | C | C | C | C | C | C |
| | | ₹ | ₹ | | ₹ | | | ₹ | ₹ | ₹ | ₹ | ₹ |
| **Purchases** | | | | | | | | | | | | |
| Goods and Materials | | | | | | | | | | | | |
| Fixed Assets | | | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | - | - | |
| **Sales** | | | | | | | | | | | | |
| Goods and Materials | 19,000 | 1,498 | | 30,15,500 | | 47,99,970 | 15,850 | 15,00,000 | 97,70,862 | 12,436 | 2,59,493 | |
| Services Rendered | | 2,359 | | | 1,85,003 | | | | 2,08,000 | | 15,826 | |
| Fixed Assets | | | | | | | | | | | | |
| | 19,000 | 3,857 | - | 30,15,500 | 1,85,003 | 47,99,970 | 15,850 | 15,00,000 | 99,78,862 | 12,436 | 2,75,319 | |
| **Expenses** | | | | | | | | | | | | |
| Rent | | | | | | | | | | | | |
| Repairs & Other Expenses | | | 60,000 | | | | | 7,46,254 | | | | |
| Finance charges | | | | | | | | | | | | |
| Interest on ICD Taken | | | | | | | | | | | | |
| Bad Debts/Advances written off | | | | | | | | | | | | |
| CSR contribution | | | | | | | | | | | | 40,41,500 |
| | - | - | 60,000 | - | - | - | - | 7,46,254 | - | - | - | 40,41,500 |
| **Income** | | | | | | | | | | | | |
| Rent and other services | | | | | | | | | | | | |
| Interest | | | | | | | | | | | | |
| Dividend | | | | | | | | | | | | |
| Miscellaneous Income | | 24,000 | | | | | | | | | | |
| | - | 24,000 | - | - | - | - | - | - | - | - | - | - |
| **Other Receipts** | | | | | | | | | | | | |
| Other Reimbursements | | | | | | | | | | | | |
| **Finance** | | | | | | | | | | | | |
| Inter-corporate deposits given | | | | | | | | | | | | |
| Inter-corporate deposits taken | | | | | | | | | | | | |
| Deposit given | | | | | | | | | | | | |
| Deposit received | | | | | | | | | | | | |
| Repayment of Inter-Corporate Deposits Given | | | | | | | | | | | | |
| Repayment of Inter-Corporate Deposits taken | | | | | | | | | | | | |
| Repayment of Deposit given | | | | | | | | | | | | |
| Refund of Deposit received | | | | | | | | | | | | |
| Investment in shares | | | | | | | | | | | | |
| Sale of Investment | | | | | | | | | | | | |
| **Dividend paid** | | | | | | | | | | | | |
| **Outstanding** | | | | | | | | | | | | |
| Trade Payables | | | 58,800 | | | | | 4,54,369 | | | | |
| Advances Received | | | | | | | | | | | | |
| Trade Receivables | | | | 26,36,725 | 2,23,500 | 65,58,450 | | | 48,03,996 | | | |
| Inter-corporate deposits receivable | | | | | | | | | | | | |
| Interest Accrued | | | | | | | | | | | | |
| Other Deposits Receivable | | | | | | | | | | | | |
| Advances | | 2,61,339 | | | | | | | | | | |
| **Remuneration** | | | | | | | | | | | | |
| Paid / Payable | | | | | | | | | | | | |
| **Guarantees** | | | | | | | | | | | | |
| Given | | | | | | | | | | | | |
| Outstanding | | | | | | | | | | | | |

Eureka Forbes Limited

**Notes to the financial statements for the year ended March 31, 2017** -

The above Transaction includes :

| Nature of Transactions | E<br>Aquaignis Technologies Pvt. Ltd. | E<br>Forbes Aquatech Limited | E<br>Infinite Water Solutions Private Ltd | F<br>Executive Vice Chairman Mr S L Goklaney |
|---|---|---|---|---|
| | ₹ | ₹ | ₹ | ₹ |
| **Purchases** | | | | |
| Goods and Materials | 8,99,34,526 | 29,68,29,668 | | |
| Fixed Assets | | | | |
| | 8,99,34,526 | 29,68,29,668 | - | - |
| **Sales** | | | | |
| Goods and Materials | | | 53,847 | |
| Services Rendered | | | | |
| Fixed Assets | | | | |
| | - | - | 53,847 | - |
| **Expenses** | | | | |
| Rent | | | | 5,49,348 |
| Repairs & Other Expenses | | 59,84,972 | | |
| Finance charges | | | | |
| Interest on ICD Taken | | | | |
| Bad Debts/Advances written off | | | | |
| CSR contribution | | | | |
| | - | 59,84,972 | - | 5,49,348 |
| **Income** | | | | |
| Rent and other services | | | | |
| Interest | | | | |
| Dividend | | 50,00,000 | | |
| Miscellaneous Income | | 12,500 | 1,00,76,312 | |
| | - | 50,12,500 | 1,00,76,312 | - |
| **Other Receipts** | | | | |
| Other Reimbursements | | 18,22,007 | 85,615 | |
| **Finance** | | | | |
| Inter-corporate deposits given | | | | |
| Inter-corporate deposits taken | | | | |
| Deposit given | | | | |
| Deposit received | | | | |
| Repayment of Inter-Corporate Deposits Given | | | | |
| Repayment of Inter-Corporate Deposits taken | | | | |
| Repayment of Deposit given | | | | |
| Refund of Deposit received | | | | |
| Investment in shares | | | | |
| Sale of Investment | | | | |
| **Dividend paid** | | | | |
| **Outstanding** | | | | |
| Trade Payables | 95,02,262 | 2,24,82,815 | | |
| Advances Received | | | | |
| Trade Receivables | | | | |
| Inter-corporate deposits receivable | | | | |
| Interest Accrued | | | | |
| Other Deposits Receivable | | | | |
| Advances | | | 1,06,78,966 | |
| **Remuneration** | | | | |
| Paid / Payable | | | | 4,59,92,400 |
| **Guarantees** | | | | |
| Given | | | | |
| Outstanding | | | | |

31 (XI) Additional information to the financial statements

Annexure B

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

| | | | Holding as at |
|---|---|---|---|
| A | **Enterprises having more than one half of Voting Powers-** | | |
| | Forbes & Company Ltd. - Holding Company | | |
| | Shapoorji Pallonji and Company Private Ltd - Ultimate Holding Company | | |
| | | | |
| B | **Enterprises that are controlled - ( Subsidiary Company) -** | **Country** | **31-Mar-16** |
| 1 | Aquadiagnostics Water Research & Technology Centre Limited | India | |
| 2 | Aquamall Water Solutions Ltd. | India | 100 |
| 3 | EFL Mauritius Ltd | Mauritius | 100 |
| 4 | Euro Forbes Financials Services Ltd. | India | 100 |
| 5 | Euro Forbes Limited | Dubai | 100 |
| 6 | Forbes Enviro Solutions Ltd * | India | 100 |
| 7 | Forbes Facility Services Pvt Ltd. | India | 100 |
| 8 | Forbes Lux FZCO | Dubai | |
| 9 | Forbes Lux Group AG | Dubai | |
| 10 | Forbes Lux International AG | Switzerland | |
| 11 | LIAG Trading and Investments Limited | U.A.E | |
| 12 | Lux (Deutschland) GmbH | Germany | |
| 13 | Lux /SK/s.r.o. | Slovakia | |
| 14 | Lux Aqua Gmbh | Germany | |
| 15 | Lux Aqua Hungaria Kft | Hungary | |
| 16 | Lux CZ s.r.o. | Czech Republic | |
| 17 | Lux Hungária Kereskedelmi Kft. | Hungary | |
| 18 | Lux International AG | Switzerland | |
| 19 | Lux Italia srl | Italy | |
| 20 | Lux Norge A/S | Norway | |
| 21 | Lux Oesterreich GmbH | Austria | |
| 22 | Lux Schweiz AG | Switzerland | |
| 23 | Lux Service GmbH | Germany | |
| 24 | Lux del Paraguay S.A. | Paraguay | |
| | * Radiant Energy Systems Pvt Ltd and Waterwings Equipments Pvt Ltd are merged in Forbes Enviro Solutions Ltd | | |
| | | | |
| C. | Enterprises under Common Control -(where there are transactions) | | |
| 1 | Afcons Infrastructure Ltd. | India | |
| 2 | Forbes Technosys Ltd | India | |
| 3 | G.S Enterprises | India | |
| 4 | Gokak Textile Ltd | India | |
| 5 | Next Gen Publishing Ltd. | India | |
| 6 | Samalpatti Power Co Pvt. Ltd. | India | |
| 7 | Shapoorji Pallonji Energy (Gujarat) Pvt. Ltd. | India | |
| 8 | Shapoorji Pallonji Investment Advisors Pvt. Ltd. | India | |
| 9 | Shapoorji Pallonji Oil and Gas Pvt Ltd | India | |
| 10 | Shapoorji Pallonji Rural Solutions Pvt Ltd. | India | |
| 11 | SP Armada Oil Exploration Pvt. Ltd. | India | |
| 12 | Sterling & Wilson Pvt. Ltd. | India | |
| 13 | Sterling Motors | India | |
| 14 | Transtonnelstroy Afcons Joint Venture | India | |
| | | | |
| D | Associate Company | | |
| | Euro P2P Direct (Thailand) Co.Ltd. | Thailand | |
| | | | |
| E | Joint Venture | | |
| 1 | AMC cookware Limited | Switzerland | |
| 2 | Aquaignis Technologies Pvt. Ltd. | India | |
| 3 | Eurolife Regen Pvt. Ltd (upto 01.04.2015) | India | |
| 4 | Forbes Aquatech Limited | India | 50 |
| 5 | Forbes Concept Hospitality Services Private Ltd | India | 50 |
| 6 | Forbes G4S Solutions Private Limited | India | 50 |
| 7 | Infinite Water Solutions Private Ltd | India | 50 |
| | | | |
| F | Other related party | | |
| 1 | Eureka Forbes Limited Employees Gratuity Fund | | |
| 2 | Eureka Forbes Limited Managing Staff Superannuation Scheme | | |
| 3 | Eureka Forbes Limited Employees Provident Fund | | |
| 4 | Eureka Forbes Institute of Environment | | |
| 5 | Eureka Forbes Charitable Trust | | |
| | | | |
| G | Key Management Personnel | | |
| | Mr. S.L.Goklaney | | |

( II ) Transactions with Related Parties for the year ended 31st March 2016

| Nature of Transactions | Related Party<br>Referred to in A above<br>₹ | Referred to in B above<br>₹ | Referred to in C above<br>₹ | Referred to in D above<br>₹ | Referred to in E above<br>₹ | Referred to in F above<br>₹ | Referred to in G above *<br>₹ |
|---|---|---|---|---|---|---|---|
| **Purchases** | | | | | | | |
| Goods and Materials | - | 7,01,15,44,076 | - | - | 58,68,41,315 | - | - |
| Fixed Assets | - | - | - | | - | - | - |
| | - | 7,01,15,44,076 | - | - | 58,68,41,315 | - | - |
| **Sales** | | | | | | | |
| Goods and Materials | 1,18,25,481 | 1,83,64,388 | 14,79,730 | - | 24,079 | - | - |
| Services Rendered | 1,43,585 | 49,279 | 1,68,293 | - | - | - | - |
| Fixed Assets | - | - | - | | - | - | - |
| | 1,19,69,066 | 1,84,13,667 | 16,48,023 | - | 24,079 | - | - |
| **Expenses** | | | | | | | |
| Rent and other services | - | 42,90,620 | - | - | - | - | 5,49,348 |
| Repairs & Other Expenses | 14 | 2,06,79,189 | 2,92,834 | - | 86,44,808 | 5,28,04,913 | - |
| Finance Charges | - | - | - | - | - | - | - |
| Interest on ICD Taken | - | - | - | - | - | - | - |
| Bad Debts/Advances written off | | - | 27,000 | - | 1,96,928 | - | - |
| | 14 | 2,49,69,809 | 3,19,834 | - | 88,41,736 | 5,28,04,913 | 5,49,348 |
| **Income** | | | | | | | |
| Rent and other services | - | 13,32,225 | - | - | - | - | - |
| Interest | - | 3,68,54,691 | - | - | - | - | - |
| Dividend | - | 16,00,06,400 | - | - | 50,00,000 | - | - |
| Misc. Income | 2,03,000 | 40,000 | 45,000 | - | 98,10,000 | - | - |
| | 2,03,000 | 19,82,33,316 | 45,000 | - | 1,48,10,000 | - | - |
| **Other Receipts** | | | | | | | |
| Other Reimbursements | - | 6,21,42,920 | - | - | 18,69,262 | - | - |
| **Finance** | | | | | | | |
| Inter-corporate deposits given | - | - | - | - | - | - | - |
| Inter-corporate deposits taken | - | - | - | - | - | - | - |
| Deposit given | - | 1,00,000 | - | - | - | - | - |
| Deposit received | 1,00,000 | - | - | - | - | - | - |
| Repayment of Inter-Corporate Deposits Given | - | - | - | - | 60,00,000 | - | - |
| Repayment of Inter-Corporate Deposits taken | - | - | - | - | - | - | - |
| Repayment of Depoist given | - | 1,00,000 | - | - | - | - | - |
| Repayment of Deposit received | 1,00,000 | - | - | - | - | - | - |
| Investment in shares | - | 14,52,56,477 | - | - | - | - | - |
| Sale of investment | - | - | - | - | 50,00,000 | - | - |
| **Dividend paid** | - | - | - | - | - | - | - |
| **Outstanding** | | | | | | | |
| Trade Payables | - | 1,07,57,18,413 | 2,67,259 | - | 7,25,26,904 | - | - |
| Other Payables | | | | | - | 1,57,11,664 | |
| Advances Recceived | - | - | - | - | - | - | - |
| Trade Receivables | 1,14,81,843 | 12,09,14,058 | 5,80,574 | - | - | - | - |
| Inter-corporate deposits receivable | - | 31,08,80,921 | - | - | - | - | - |
| Interest Accrued | - | 11,52,14,437 | - | - | - | - | - |
| Other Deposits Receivable | - | 1,05,000 | - | - | - | - | - |
| Advances Receivable | 1,64,377 | 3,06,39,146 | 2,35,179 | - | 1,00,661 | - | - |
| **Remuneration** | | | | | | | |
| Paid / Payable | - | - | - | - | - | - | 5,02,01,908 |
| **Guarantees** | | | | | | | |
| Given | - | - | - | - | - | - | - |
| Outstanding | - | 1,65,24,72,500 | - | - | - | - | - |

Notes to the financial statements for the year ended March 31, 2017 - continued

( III ) The above Transaction includes :

| Nature of Transactions | A<br>Forbes & Company Ltd. - Holding Company | A<br>Shapoorji Pallonji and Company Private Ltd - Ultimate Holding Company | B<br>Aquadiagnostics Water Research & Technology Center Ltd | B<br>Aquamall Water Solutions Ltd | B<br>EFL Mauritius Ltd | B<br>Euro Forbes Limited | B<br>Forbes Enviro Solutions Ltd * | B<br>Forbes Facility Services Pvt Ltd. |
|---|---|---|---|---|---|---|---|---|
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| **Purchases** | | | | | | | | |
| Goods and Materials | | | | 6,76,72,89,239 | | | 23,99,43,881 | |
| Fixed Assets | | | | | | | | |
| | - | - | - | 6,76,72,89,239 | - | - | 23,99,43,881 | - |
| **Sales** | | | | | | | | |
| Goods and Materials | 3,44,349 | 1,14,81,132 | | | | | 7,991 | 1,56,87,088 |
| Services Rendered | 18,079 | 1,25,506 | | | | | 49,279 | |
| Fixed Assets | | | | | | | | |
| | 3,62,428 | 1,16,06,638 | - | - | - | - | 57,270 | 1,56,87,088 |
| **Expenses** | | | | | | | | |
| Rent | | | | 42,90,620 | | | | |
| Repairs & Other Expenses | 14 | | 11,82,496 | 1,45,31,142 | | | 3,56,481 | 46,09,070 |
| Finance charges | | | | | | | | |
| Interest on ICD Taken | | | | | | | | |
| Bad Debts/Advances written off | | | | | | | | |
| | 14 | - | 11,82,496 | 1,88,21,762 | - | - | 3,56,481 | 46,09,070 |
| **Income** | | | | | | | | |
| Rent and other services | | | | | | | | 13,32,225 |
| Interest | | | | - | | 2,74,99,131 | 40,00,930 | 53,54,630 |
| Dividend | | | | 16,00,06,400 | | | | |
| Miscellaneous Income | 24,500 | 1,78,500 | | - | | | | 40,000 |
| | 24,500 | 1,78,500 | - | 16,00,06,400 | - | 2,74,99,131 | 40,00,930 | 67,26,855 |
| **Other Receipts** | | | | | | | | |
| Other Reimbursements | - | - | - | 5,91,51,813 | - | | - | 29,91,107 |
| **Finance** | | | | | | | | |
| Inter-corporate deposits given | | | | - | | | - | |
| Inter-corporate deposits taken | | | | | | | | |
| Deposit given | | | | 1,00,000 | | | | |
| Deposit received | 1,00,000 | | | | | | | |
| Repayment of Inter-Corporate Deposits Given | | | | - | | | - | |
| Repayment of Inter-Corporate Deposits taken | | | | | | | | |
| Repayment of Deposit given | | | | 1,00,000 | | | | |
| Refund of Deposit received | 1,00,000 | | | | | | | |
| Investment in shares | | | | | | 11,38,70,842 | 3,13,85,635 | |
| Sale of Investment | | | | | | | | |
| **Dividend paid** | | | | | | | | |
| **Outstanding** | | | | | | | | |
| Trade Payables | - | | 9,99,691 | 99,30,09,399 | | | 7,73,60,416 | |
| Other Payables | | | | | | | | |
| Advances Received | | | | | | | | |
| Trade Receivables | | 1,14,81,843 | | | | | - | 10,50,19,647 |
| Inter-corporate deposits receivable | | | - | - | | 23,68,80,921 | 3,50,00,000 | 3,90,00,000 |
| Interest Accrued | | | - | | | 11,38,83,095 | | 13,31,342 |
| Other Deposits Receivable | | | | 1,05,000 | | | | |
| Advances | 9,603 | 1,54,774 | | | 2,72,80,175 | | | 33,58,971 |
| **Remuneration** | | | | | | | | |
| Paid / Payable | | | | | | | | |
| **Guarantees** | | | | | | | | |
| Given | | | | | | | | |
| Outstanding | | | | | | | | |

Eureka Forbes Limited

**Notes to the financial statements for the year ended March 31, 2017 -**

The above Transaction includes : -

| Nature of Transactions | B<br>Forbes Lux FZCO<br>₹ | C<br>Afcons Infrastructure Ltd.<br>₹ | C<br>Forbes Technosys Ltd<br>₹ | C<br>Gokak Textile Ltd<br>₹ | C<br>Next Gen Publishing Ltd.<br>₹ | C<br>Samalpatti Power Co Pvt. Ltd.<br>₹ | C<br>Shapoorji Pallonji Energy (Gujarat) Pvt. Ltd.<br>₹ | C<br>Shapoorji Pallonji Investment Advisors Pvt. Ltd.<br>₹ | C<br>Shapoorji Pallonji Oil and Gas Pvt Ltd<br>₹ | C<br>Shapoorji Pallonji Rural Solutions Pvt Ltd.<br>₹ | C<br>SP Armada Oil Exploration Pvt. Ltd.<br>₹ | C<br>Sterling & Wilson Pvt. Ltd.<br>₹ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Purchases** | | | | | | | | | | | | |
| Goods and Materials | 43,10,956 | | | | | | | | | | | |
| Fixed Assets | | | | | | | | | | | | |
| | 43,10,956 | - | - | - | - | - | - | - | - | - | - | - |
| **Sales** | | | | | | | | | | | | |
| Goods and Materials | 26,69,309 | 8,55,833 | 2,400 | | 351 | 4,60,681 | 7,991 | 18,600 | 51,500 | | 19,200 | 33,641 |
| Services Rendered | | 1,68,293 | | | | | | | | | | |
| Fixed Assets | | | | | | | | | | | | |
| | 26,69,309 | 10,24,126 | 2,400 | - | 351 | 4,60,681 | 7,991 | 18,600 | 51,500 | - | 19,200 | 33,641 |
| **Expenses** | | | | | | | | | | | | |
| Rent | | | | | | | | | | | | |
| Repairs & Other Expenses | | | | | | | | | | 2,92,834 | | |
| Finance charges | | | | | | | | | | | | |
| Interest on ICD Taken | | | | | | | | | | | | |
| Bad Debts/Advances written off | | | | 27,000 | | | | | | | | |
| | - | - | - | 27,000 | - | - | - | - | - | 2,92,834 | - | - |
| **Income** | | | | | | | | | | | | |
| Rent and other services | | | | | | | | | | | | |
| Interest | | | | | | | | | | | | |
| Dividend | | | | | | | | | | | | |
| Miscellaneous Income | | | 39,000 | 6,000 | | | | | | | | |
| | - | - | 39,000 | 6,000 | - | - | - | | - | - | - | - |
| **Other Receipts** | | | | | | | | | | | | |
| Other Reimbursements | | | | | | | | | | | | |
| **Finance** | | | | | | | | | | | | |
| Inter-corporate deposits given | | | | | | | | | | | | |
| Inter-corporate deposits taken | | | | | | | | | | | | |
| Deposit given | | | | | | | | | | | | |
| Deposit received | | | | | | | | | | | | |
| Repayment of Inter-Corporate Deposits Given | | | | | | | | | | | | |
| Repayment of Inter-Corporate Deposits taken | | | | | | | | | | | | |
| Repayment of Deposit given | | | | | | | | | | | | |
| Refund of Deposit received | | | | | | | | | | | | |
| Investment in shares | | | | | | | | | | | | |
| Sale of Investment | | | | | | | | | | | | |
| **Dividend paid** | | | | | | | | | | | | |
| **Outstanding** | | | | | | | | | | | | |
| Trade Payables | 43,48,907 | | | | | | | | | 2,67,259 | | |
| Other Payables | | | | | | | | | | | | |
| Advances Received | | | | | | | | | | | | |
| Trade Receivables | 1,58,94,411 | 4,79,852 | | | | | | | 57,938 | | 21,600 | 21,184 |
| Inter-corporate deposits receivable | | | | | | | | | | | | |
| Interest Accrued | | | | | | | | | | | | |
| Other Deposits Receivable | | | | | | | | | | | | |
| Advances | | | 2,35,179 | | | | | | | | | |
| **Remuneration** | | | | | | | | | | | | |
| Paid / Payable | | | | | | | | | | | | |
| **Guarantees** | | | | | | | | | | | | |
| Given | | | | | | | | | | | | |
| Outstanding | 1,65,24,72,500 | | | | | | | | | | | |

Notes to the financial statements for the year ended March 31, 2017 -

The above Transaction includes :

| Nature of Transactions | C | C | E | E | E | E | E | F | F | F | F |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sterling Motors | Transtonnelstroy Afcons Joint Venture | Aquaignis Technologies Pvt. Ltd. | Eurolife Regen Pvt. Ltd | Forbes Aquatech Limited | Forbes G4S Solutions Pvt. Ltd. | Infinite Water Solutions Private Ltd | Eureka Forbes Limited Employees Gratuity Fund | Eureka Forbes Limited Managing Staff Superannuation Scheme | Eureka Forbes Limited Employees Provident Fund | Eureka Forbes Institute of Environment |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | | | | |
| **Purchases** | | | | | | | | | | | |
| Goods and Materials | | | 11,59,01,647 | - | 47,09,39,668 | | - | | | | |
| Fixed Assets | | | | | | | | | | | |
| | - | - | 11,59,01,647 | - | 47,09,39,668 | - | - | | | | |
| **Sales** | | | | | | | | | | | |
| Goods and Materials | 12,436 | 17,097 | | | | | 24,079 | | | | |
| Services Rendered | | | | | | | | | | | |
| Fixed Assets | | | | | | | | | | | |
| | 12,436 | 17,097 | - | - | - | - | 24,079 | | | | |
| **Expenses** | | | | | | | | | | | |
| Rent | | | | | | | | | | | |
| Repairs & Other Expenses | | | | | 86,44,808 | | | 1,68,89,326 | 1,17,26,833 | 1,90,58,754 | 51,30,000 |
| Finance charges | | | | | | | | | | | |
| Interest on ICD Taken | | | | | | | | | | | |
| Bad Debts/Advances written off | | | | | | 1,96,928 | | | | | |
| | - | - | - | - | 86,44,808 | 1,96,928 | - | 1,68,89,326 | 1,17,26,833 | 1,90,58,754 | 51,30,000 |
| **Income** | | | | | | | | | | | |
| Rent and other services | | | | | | | | | | | |
| Interest | | | | | | | | | | | |
| Dividend | | | | | 50,00,000 | | | | | | |
| Miscellaneous Income | | | 3,000 | | 22,000 | | 97,85,000 | | | | |
| | - | - | 3,000 | - | 50,22,000 | - | 97,85,000 | | | | |
| **Other Receipts** | | | | | | | | | | | |
| Other Reimbursements | | | | | 17,81,348 | | 87,914 | | | | |
| **Finance** | | | | | | | | | | | |
| Inter-corporate deposits given | | | | | | | | | | | |
| Inter-corporate deposits taken | | | | | | | | | | | |
| Deposit given | | | | | | | | | | | |
| Deposit received | | | | | | | | | | | |
| Repayment of Inter-Corporate Deposits Given | | | | 60,00,000 | | | | | | | |
| Repayment of Inter-Corporate Deposits taken | | | | | | | | | | | |
| Repayment of Deposit given | | | | | | | | | | | |
| Refund of Deposit received | | | | | | | | | | | |
| Investment in shares | | | | | | | | | | | |
| Sale of Investment | | | | 50,00,000 | | | | | | | |
| **Dividend paid** | | | | | | | | | | | |
| **Outstanding** | | | | | | | | | | | |
| Trade Payables | | | 1,07,93,286 | | 6,17,33,618 | | | | | | |
| Other Payables | | | | | | | | 93,67,077 | 14,07,474 | 49,37,113 | |
| Advances Received | | | | | | | | | | | |
| Trade Receivables | | | | | | | | | | | |
| Inter-corporate deposits receivable | | | | | | | | | | | |
| Interest Accrued | | | | | | | | | | | |
| Other Deposits Receivable | | | | | | | | | | | |
| Advances | | | | | | | 1,00,661 | | | | |
| **Remuneration** | | | | | | | | | | | |
| Paid / Payable | | | | | | | | | | | |
| **Guarantees** | | | | | | | | | | | |
| Given | | | | | | | | | | | |
| Outstanding | | | | | | | | | | | |

Eureka Forbes Limited

Notes to the financial statements for the year ended March 31, 2017 -

The above Transaction includes :

| Nature of Transactions | G<br>Executive Vice Chairman Mr S L Goklaney<br>₹ |
|---|---|
| **Purchases** | |
| Goods and Materials | - |
| Fixed Assets | |
| | |
| **Sales** | |
| Goods and Materials | |
| Services Rendered | |
| Fixed Assets | |
| | |
| **Expenses** | |
| Rent | 5,49,348 |
| Repairs & Other Expenses | |
| Finance charges | |
| Interest on ICD Taken | |
| Bad Debts/Advances written off | |
| | 5,49,348 |
| **Income** | |
| Rent and other services | |
| Interest | |
| Dividend | |
| Miscellaneous Income | |
| | |
| **Other Receipts** | |
| Other Reimbursements | |
| **Finance** | |
| Inter-corporate deposits given | |
| Inter-corporate deposits taken | |
| Deposit given | |
| Deposit received | |
| Repayment of Inter-Corporate Deposits Given | |
| Repayment of Inter-Corporate Deposits taken | |
| Repayment of Deposit given | |
| Refund of Deposit received | |
| Investment in shares | |
| Sale of Investment | |
| **Dividend paid** | |
| **Outstanding** | |
| Trade Payables | |
| Other Payables | |
| Advances Received | |
| Trade Receivables | |
| Inter-corporate deposits receivable | |
| Interest Accrued | |
| Other Deposits Receivable | |
| Advances | |
| **Remuneration** | |
| Paid / Payable | 5,02,01,908 |
| **Guarantees** | |
| Given | |
| Outstanding | |

31 Additional information to the financial statements

Annexure C

XVI **Employee benefit plans**

**Defined contribution plans**

**Defined Benefit Plans / Contribution Plan**

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

| | | 2016-17 | *2015-16* |
|---|---|---|---|
| | | ₹ | ₹ |
| Employer's contribution to Provident Fund | * | 1,92,21,303 | *1,90,58,754* |
| Employer's contribution to Superannuation Fund | * | 1,29,34,640 | *1,17,26,833* |
| Employer's contribution to Pension Scheme | | 3,21,08,013 | *3,25,34,915* |

* 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

The Company operates defined contribution retirement benefit plans for all qualifying employees of its Company. The assets of the plans are held separately from those of the Company in funds under the control of trustees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

**Defined benefit plans**

The Company sponsors funded defined benefit plans for qualifying employees. The defined benefit plans are administered by a separate Fund that is legally separated from the entity. The board of the Fund is composed of an equal number of representatives from both employers and (former) employees. The board of the Fund is required by law and by its articles of association to act in the interest of the Fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees, employers. The board of the Fund is responsible for the investment policy with regard to the assets of the Fund.

| | |
|---|---|
| Investment risk | The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in Government Securities, Special deposit Scheme, Debt instrument and Corporate bonds . Due to the long-term nature of the plan liabilities, the board of the Fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the Fund. |
| Interest risk | A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments. |
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |

No other post-retirement benefits are provided to these employees.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

| Particulars | Valuation as at | |
|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 |
| Discount rate(s) | 7.41% | *8.07%* |
| Expected rate(s) of salary increase | 3.50% | *3.50%* |
| Mortality rates | Indian Assured lives Mortality (2006-08) | *Indian Assured lives Mortality (2006-08)* |

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows.

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| | ₹ | ₹ |
| Service cost: | | |
| Current service cost | 1,07,83,339 | *1,10,06,668* |
| Past service cost and (gain)/loss from settlements | | |
| Net interest expense | 7,55,924 | *14,44,485* |
| Components of defined benefit costs recognised in profit or loss | 1,15,39,263 | 1,24,51,153.00 |
| Remeasurement on the net defined benefit liability: | | |
| Return on plan assets (excluding amounts included in net interest expense) | (32,66,484) | *(5,14,974)* |
| Actuarial (gains) / losses arising from changes in demographic assumptions | | |
| Actuarial (gains) / losses arising from changes in financial assumptions | 1,05,01,856 | *(14,02,250)* |
| Actuarial (gains) / losses arising from experience adjustments | 22,14,279 | *63,55,397* |
| Others [describe] | | |
| Adjustments for restrictions on the defined benefit asset | | |
| Components of defined benefit costs recognised in other comprehensive income | 94,49,651.00 | *44,38,173.00* |
| Total | 2,09,88,914 | *1,68,89,326.00* |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows.

| Particulars | As at March 31, 2017 | *As at March 31, 2016* |
|---|---|---|
| | ₹ | ₹ |
| Present value of funded defined benefit obligation | -18,44,07,420 | *-16,39,96,736* |
| Fair value of plan assets | 17,09,18,505 | *15,46,29,659* |
| Funded status | -1,34,88,915 | *-93,67,077* |
| Restrictions on asset recognised | | |
| Others [describe] | | |
| Net liability arising from defined benefit obligation | -1,34,88,915 | *-93,67,077* |

Movements in the present value of the defined benefit obligation are as follows.

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| | ₹ | ₹ |
| Opening defined benefit obligation | 16,39,96,736 | *15,05,08,156* |
| Current service cost | 1,07,83,339 | *1,10,06,668* |
| Interest cost | 1,32,34,537 | *1,19,50,348* |
| Remeasurement (gains)/losses: | | |
| Actuarial gains and losses arising from changes in financial assumptions | 1,05,01,856 | *-14,02,250* |
| Actuarial gains and losses arising from experience adjustments | 22,14,279 | *63,55,397* |
| Liabilities Transferred In/Acquisition | | *24,663* |
| Benefits paid | -1,63,23,327 | *-1,44,46,246* |
| Closing defined benefit obligation | 18,44,07,420 | *16,39,96,736* |

Movements in the fair value of the plan assets are as follows.

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| | ₹ | ₹ |
| Opening fair value of plan assets | 15,46,29,659 | *13,23,15,661* |
| Interest income | 1,24,78,613 | *1,05,05,863* |
| Remeasurement gain (loss): | | |
| Return on plan assets (excluding amounts included in net interest expense) | 32,66,484 | *5,14,974* |
| Contributions from the employer | 1,68,67,076 | *2,57,14,744* |
| Assets Transferred In/Acquisition | | *24,663* |
| Benefits paid | -1,63,23,327 | *-1,44,46,246* |
| Other [describe] | | |
| Closing fair value of plan assets | 17,09,18,505 | *15,46,29,659* |

The fair value of the plan assets at the end of the reporting period for each category, are as follows.

| Particulars | Fair Value of plan asset as at | |
|---|---|---|
| | As at March 31, 2017 | *As at March 31, 2016* |
| | ₹ | ₹ |
| Cash and cash equivalents | 86,78,417 | *74,57,078* |
| Government Of Indian Assets | 3,51,46,645 | *3,56,57,040* |
| State Government Securities | 3,54,82,301 | *2,17,37,739* |
| Special Deposit Scheme | 41,03,069 | *41,03,069* |
| Debt Instrument | 7,41,82,774 | - |
| Corporate Bond | 1,33,25,299 | *7,25,71,617* |
| Asset Backed Securities | | *1,31,03,116* |
| **Subtotal** | **16,22,40,088** | ***14,71,72,581*** |
| Total | 17,09,18,505 | *15,46,29,659* |

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 1% basis points higher (lower), the defined benefit obligation would decrease by ₹. 1,16,54,956 (increase by ₹.1,36,47,638) (as at March 31, 2016: decrease by ₹.99,00,187 (increase by ₹.115,65,684))

If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by ₹.1,40,60,345 (decrease by ₹.1,21,69,721) (as at March 31, 2016: increase by ₹.1,19,94,454 (decrease by ₹.103,96,529))

If Employee Turnover increases (decreases) by 1%, the defined benefit obligation would increase by ₹.50,32,456 (decrease by ₹.57,42,832) (as at March 31, 2016: increase by ₹.52,70,925 (decrease by ₹.59,91,595))

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has been no change in the process used by the Company to manage its risks from prior periods.

32 Financial instruments

Capital management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:
Net debt (total borrowings net of cash and cash equivalents) divided by total 'equity' (as shown in the balance sheet).

The Company strategy is to maintain a gearing ratio within 30 %.

The gearing ratios were as follows:

| | As at 31 March 2017 ₹ | *As at 31 March 2016 ₹* | *As at 1 April 2015 ₹* |
|---|---|---|---|
| Borrowings | 1,06,90,48,025 | *1,27,74,97,865* | *1,13,76,61,496* |
| Less: Cash and cash equivalents | 75,42,07,440 | *85,50,91,143* | *85,57,34,399* |
| Adjusted net debt | 31,48,40,585 | *42,24,06,722* | *28,19,27,097* |
| Total equity | 2,49,75,73,896 | *2,41,84,63,394* | *2,17,42,06,191* |
| Adjusted net debt to equity ratio | 12.6% | *17.5%* | *13.0%* |

33. **Earnings per share**

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic and diluted earnings per share calculation are as follows:

| Particulars | Year ended 31 March 2017 | *Year ended 31 March 2016* |
|---|---|---|
| | ₹ | ₹ |
| Profit for the year attributable to equity share holders | 7,66,15,973 | *24,31,95,174* |
| Face value per equity shares | 10 | *10* |
| Weighted average number of equity shares used in the calculation of basic and diluted earnings per share (Nos.) | 37,28,000 | *37,28,000* |
| Basic and diluted earnings per share | 20.55 | *65.23* |

**Basic Earnings per share**

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

| Particulars | Year ended 31 March 2017 | *Year ended 31 March 2016* |
|---|---|---|
| | ₹ | ₹ |
| Profit for the year attributable to owners of the Company | 7,66,15,973 | *24,31,95,174* |
| Weighted average number of equity shares for the purposes of basic earnings per share (Quantity in numbers) | 37,28,000 | *37,28,000* |
| **Basic Earnings per share** | 20.55 | *65.23* |

34 Financial instruments – Fair values

A. Accounting classification and fair values

| | March 31, 2017 | | | March 31, 2016 | | | April 1, 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Financial assets | | | | | | | | | |
| Cash and Bank Balances | - | - | 77,19,66,353 | | | *87,14,84,077* | - | - | *87,33,08,360* |
| Long-term loans and advances | - | - | 22,61,54,618 | | | *24,30,81,989* | | - | *22,91,78,867* |
| Short-term loans and advances | - | - | 6,39,01,436 | | | *7,53,40,782* | | - | *8,20,93,445* |
| Trade and other receivables | - | - | 2,47,46,35,194 | | | *2,78,32,65,646* | | - | *2,65,81,25,950* |
| Current Investments | 14,03,939 | - | - | *9,70,844* | | - | *11,76,556* | - | - |
| Non Current Investments | 2,35,20,014 | 5,38,67,185 | 2,92,86,99,075 | *1,39,38,872* | *4,33,43,157* | *2,91,03,94,507* | *45,20,023* | *2,10,42,214* | *2,80,15,73,665* |
| Other Current financial Asset | - | - | 23,20,96,228 | | | *3,56,20,483* | | - | *2,65,62,293* |
| Other Non Current financial Asset | - | - | 29,13,77,642 | | | *27,24,49,306* | | - | *23,48,27,405* |
| Total Financial Asset | 2,49,23,953 | 5,38,67,185 | 6,98,88,30,546 | *1,49,09,716* | *4,33,43,157* | *7,19,16,36,790* | *56,96,579* | *2,10,42,214* | *6,90,56,69,985* |
| Financial liabilities | | | | | | | | | |
| Trade and other payables | - | - | 2,75,77,13,571 | | | *2,52,20,85,261* | | | *2,07,92,48,327* |
| Other Current financial liabilities | - | - | 74,34,35,978 | | | *91,31,35,952* | | | *84,27,80,953* |
| Other Non Current financial liabilities | - | - | 33,47,99,383 | | | *25,33,64,773* | | | *22,68,15,928* |
| Current Borrowings | - | - | 65,46,65,783 | | | *64,97,91,949* | | | *41,05,32,324* |
| Non Current Borrowings | - | - | 24,51,82,145 | | | *44,29,01,244* | | | *55,90,73,489* |
| Total Financial Liabilities | - | - | 4,73,57,96,860 | - | - | *4,78,12,79,179* | - | - | *4,11,84,51,021* |

34 Financial instruments – Fair values

Fair value Hierarchy

This section explains the judgement and the estimates made in determiningg the fair values of the financial instuments that are recognised and measured at fair value

| Financial assets and liabilities measured at fair value - recurring fair value measurements At 31 March 2017 | Notes | Level 1 ₹ | Level 2 ₹ | Level 3 ₹ | Total ₹ |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| **Financial investment at FVTPL** | | | | | |
| Listed Equity Investment | | 14,03,939.00 | - | - | 14,03,939.00 |
| Financial Gurantees commission | | | | 2,35,20,014.00 | 2,35,20,014.00 |
| **Financial investment at FVOCI** | | | | | - |
| Unquoted Investments | | | | 5,38,67,185 | 5,38,67,185.00 |
| **Total Financial Asset** | | 14,03,939 | - | 7,73,87,199 | 7,87,91,138 |
| **Financial Liabilities** | | | | | |
| | | - | | | |
| | | - | | | |
| **Total Financial Liabilities** | | - | - | - | - |

| Financial assets and liabilities measured at fair value - recurring fair value measurements At March 2016 | Notes | Level 1 ₹ | Level 2 ₹ | Level 3 ₹ | Total ₹ |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| **Financial investment at FVTPL** | | | | | |
| Listed Equity Investment | | *9,70,844* | - | | *9,70,844* |
| Financial Guarantees commission | | | | *1,39,38,872.00* | *1,39,38,872* |
| **Financial investment at FVOCI** | | | | | - |
| Unquoted Investments | | | | *4,33,43,157* | *4,33,43,157* |
| **Total Financial Asset** | | *9,70,844* | - | *5,72,82,029* | *5,82,52,873* |
| **Financial Liabilities** | | | | | |
| | | - | - | - | - |
| | | - | - | - | - |
| **Total Financial Liabilities** | | - | - | - | - |

34 Financial instruments – Fair values

| Financial assets and liabilities measured at fair value - recurring fair value measurements At 1 April 2015 | Notes | Level 1 ₹ | Level 2 ₹ | Level 3 ₹ | Total ₹ |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| **Financial investment at FVTPL** | | | | | |
| Listed Equity Investment | | *11,76,556* | - | - | *11,76,556* |
| Financial Guarantees commission | | | | *45,20,023.00* | *45,20,023* |
| **Financial investment at FVOCI** | | | | | - |
| Unquoted Investments | | | | *2,10,42,214* | *2,10,42,214* |
| **Total Financial Asset** | | *11,76,556* | - | *2,55,62,237* | *2,67,38,793* |
| **Financial Liabilities** | | | | | |
| | | - | | | |
| | | - | | | |
| **Total Financial Liabilities** | | - | - | - | - |

**Valuation techniques and significant unobservable inputs**
Specific valuation techniques used to value financial instruments include:
- the use of quoted market prices or dealer quotes for similar instruments.

All of the resulting fair value estimates are included in level 1 except for unlisted equity securities where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

The carrying amount of Trade receivables, Trade payables, cash and Cash Equivalents are considered to be the same as their Fair Values, due to their short term in nature

The Fair value of financial Instrument that are not traded in an active market is determined using valuation technique. The company uses its Judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

35 Financial instruments – Financial risk management

The Company's activities expose it to market risk , liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the Company , such as foreign exchange forward contracts are entered to hedge certain foreign currency risk expousre .

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial

| Risk | Exposure Arising from | Measurement | Management |
|---|---|---|---|
| Credit Risk | Cash and Cash Equivalents, trade receivables , financial assets measured at amortised cost | Aging ananlysis, Credit Rating | Diversification of bank deposits, credit limits and letter of credit |
| Liquidity Risk | Borrowing and other liabilities | Rolling cash flow Forecast | Availability of committed credit lines and borrowing facilities |
| Market Risk- Foreign currency | Future commercial Transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR) | Cash flow Forecasting Sensitivity analysis | Forward foreign currency Contracts Foreign currency option |
| Market Risk- Interest rate | Long-term borrowings at variable rate | Sensitivity analysis | Interest rate Swaps |
| Market Risk- Security prices | Investment in equity securities | Sensitivity analysis | Portfolio diversification |

The Comapny's risk management is carried out by a Finance committee and Treasury team under policies approved by the board of directors. Treasury team identifies, evaluates and hedges financial risks in close co-operation with subject matter experts . The Board of directors periodically monitors the risk assessment.

35 Financial instruments – Financial risk management

( a ) Credit risk

Credit risk arises from cash and cash equivalents , investments carried at amortised cost and deposits with banks, as well as credit exposures to customers including outstanding receivables.

The carrying amounts of financial assets represent the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was:

| Particulars | As at 31 March 2017 ₹ | *As at 31 March 2016 ₹* | *As at 1 April 2015 ₹* |
|---|---|---|---|
| Investments | 3,00,74,90,213 | *2,96,86,47,380* | *2,82,83,12,458* |
| Trade receivables | 2,47,46,35,194 | *2,78,32,65,646* | *2,65,81,25,950* |
| Cash and cash equivalents | 75,42,07,440 | *85,50,91,143* | *85,57,34,399* |
| Other bank balances | 1,77,58,913 | *1,63,92,934* | *1,75,73,961* |
| Loans | 29,00,56,054 | *31,84,22,771* | *31,12,72,312* |
| Other financial assets | 52,34,73,870 | *30,80,69,789* | *26,13,89,698* |

Trade and other receivables

At March 31, 2017, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

| | As at 31 March 2017 ₹ | *As at 31 March 2016 ₹* | *As at 1 April 2015 ₹* |
|---|---|---|---|
| India | 2,41,42,19,725 | *2,71,17,02,732* | *2,53,81,03,852* |
| Other regions | 6,04,15,469 | *7,15,62,914* | *12,00,22,098* |
| Total | 2,47,46,35,194 | *2,78,32,65,646* | *2,65,81,25,950* |

Impairment

At March 31, 2017, the ageing of trade and other receivables that were not impaired was as follows.

| | As at 31 March 2017 ₹ | *As at 31 March 2016 ₹* |
|---|---|---|
| 0-1 Year | 1,93,55,95,325 | *1,80,43,88,373* |
| 1-2 Year | 28,93,04,657 | *21,21,28,758* |
| 2-3 Year | 14,92,86,743 | *8,99,75,689* |
| More Than 3 Yrs | 10,04,48,469 | *10,64,28,182* |
| Total | 2,47,46,35,194 | *2,21,29,21,002* |

The Company has a total receivable of Rs.247,46,35,194. This include receivable from government institutions like Indian Railways , Canteen Stores Department , Central Police Canteen and receivable from various projects for installing water plants of Rs 50,31,93,743/-. Receivable from Government institutions have been excluded for determining loss allowance for expected credit losses since the dues from the government is certainly receivable. Water Projects receivable comprise of various components including retention money which is not due for collection. The other part of the receivable is governed by individual contracts and agreements. The

company has written off / provided for receivable where non-recoverability is established.

Management believes that the unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

| | Collective Impairments ₹ |
|---|---|
| Balance as at April 1, 2015 | 49,02,140 |
| Impairment loss recognised | 2,58,78,654 |
| Amounts written off | - |
| Balance as at March 31, 2016 | 3,07,80,794 |
| Impairment loss recognised | |
| Amounts written off | - |
| Balance as at March 31, 2017 | 3,07,80,794 |

Cash and cash equivalents and Bank balances

The Company held cash and cash equivalents of INR 77,19,66,353 at March 31, 2017 (March 31, 2016: INR 87,14,84,077). The cash and cash equivalents are held with bank.

35 Financial instruments – Financial risk management

( b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted

| Non-derivative financial liabilities | Contractual maturities of financial liabilities | | | |
|---|---|---|---|---|
| | On Demand ₹ | 0- 1 year ₹ | 1-5 years ₹ | Total ₹ |
| March 31, 2017 | | | | |
| Banks - Foreign currency denominated loans | | 16,92,00,097 | 24,51,82,145 | 41,43,82,242 |
| Working capital loans from banks | 65,46,65,783 | | | 65,46,65,783 |
| Trade payables | | 2,75,77,13,571 | | 2,75,77,13,571 |
| Other Payable | | 57,42,35,881 | 33,47,99,383 | 90,90,35,264 |
| March 31, 2016 | | | | |
| Banks - Foreign currency denominated loans | | *18,48,04,672* | *44,29,01,244* | *62,77,05,916* |
| Working capital loans from banks | *64,97,91,949* | | | *64,97,91,949* |
| Trade payables | | *2,52,20,85,261* | | *2,52,20,85,261* |
| Other Payable | | *72,83,31,280* | *25,33,64,773* | *98,16,96,053* |
| April 01, 2015 | | | | |
| Banks - Foreign currency denominated loans | | *16,80,55,683* | *55,90,73,489* | *72,71,29,172* |
| Working capital loans from banks | *41,05,32,324* | | | *41,05,32,324* |
| Trade payables | | *2,07,92,48,327* | | *2,07,92,48,327* |
| Other Payable | | *67,47,25,270* | *22,68,15,928* | *90,15,41,198* |

The gross outflows disclosed in the above table represent the contractual undiscounted cash flows relating to non derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

35 Financial instruments – Financial risk management

( c ) ( i) Market Risk- Foreign currency

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2017, March 31, 2016 and April 1, 2015 are as

| | As at 31 March 2017 USD | As at 31 March 2017 SGD | As at 31 March 2017 EUR | As at 31 March 2017 AED |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Non-current investments | | | 2,87,20,231 | 4,16,15,000 |
| Long-term loans and advances | 10,40,000 | 34,30,255 | | |
| Short-term loans and advances | 1,91,058 | | 1,197 | |
| Trade and other receivables | 9,33,438 | | | |
| | 21,64,496 | 34,30,255 | 2,87,21,428 | 4,16,15,000 |
| **Financial liabilities** | | | | |
| Long term borrowings | | | 35,46,421 | |
| Short term borrowings | 17,17,947 | | 24,47,383 | |
| Trade and other payables | 1,64,171 | | 3,24,471 | |
| Other Current financial liabilities | 7,541 | | 20,824 | |
| | 18,89,659 | - | 63,39,100 | - |
| Net Exposure | 2,74,837 | 34,30,255 | 2,23,82,328 | 4,16,15,000 |

| | As at 31 March 2016 USD | As at 31 March 2016 SGD | As at 31 March 2016 EUR | As at 31 March 2016 AED |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Non-current investments | - | - | 2,87,20,231 | 4,06,10,000 |
| Long-term loans and advances | 10,40,000 | 34,30,255 | | - |
| Short-term loans and advances | 2,398 | | 1,155.00 | |
| Trade and other receivables | 10,82,664 | - | | - |
| | 21,25,062 | 34,30,255 | 2,87,21,386 | 4,06,10,000 |
| **Financial liabilities** | | | | |
| Long term borrowings | - | - | 59,47,323 | - |
| Short term borrowings | 18,41,259.00 | - | 24,15,700 | - |
| Trade and other payables | 12,71,836.00 | - | 12,20,677 | - |
| Other Current financial liabilities | - | - | 29,766 | - |
| | 31,13,095.00 | - | 96,13,466 | - |
| Net Exposure | (9,88,033) | 34,30,255 | 1,91,07,920 | 4,06,10,000 |

| | As at April 1, 2015 USD | As at April 1, 2015 SGD | As at April 1, 2015 EUR | As at April 1, 2015 AED |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Non-current investments | | - | 2,87,20,231 | 3,44,50,000 |
| Long-term loans and advances | 10,40,000 | 34,30,255 | | - |
| Short-term loans and advances | 1,86,778 | | 1,155 | |
| Trade and other receivables | 19,19,432 | - | - | - |
| | 31,46,210 | 34,30,255 | 2,87,21,386 | 3,44,50,000 |
| **Financial liabilities** | | | | |
| Long term borrowings | - | - | 95,09,545 | - |
| Short term borrowings | 82,864 | - | 12,07,850 | - |
| Trade and other payables | 1,27,343 | - | 3,70,595 | - |
| | 2,10,207 | - | 1,10,87,990 | - |
| Net Exposure | 29,36,003 | 34,30,255.00 | 1,76,33,396 | 3,44,50,000 |

35 Financial instruments – Financial risk management

The following significant exchange rates have been applied .

| | Year-end spot rate | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| USD /INR | 64.72 | 66.10 | 62.53 |
| SGD/INR | 46.31 | 49.02 | 45.50 |
| EUR/INR | 69.14 | 75.06 | 67.85 |
| AED/INR | 17.62 | 17.99 | 16.99 |

Sensitivity analysis

The Sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

| | Profit or (loss) | |
|---|---|---|
| Effect in INR | Strengthening | Weakening |
| March 31, 2017 | ₹ | ₹ |
| USD 5% movement | (8,89,422) | 8,89,422 |
| SGD 5% movement | (79,42,104) | 79,42,104 |
| EUR 10% movement | (15,47,40,452) | 15,47,40,452 |
| AED 5% movement | (3,66,57,405) | 3,66,57,405 |
| | (20,02,29,382) | 20,02,29,382 |

| | Profit or (loss) | |
|---|---|---|
| Effect in INR | Strengthening | Weakening |
| March 31, 2016 | ₹ | ₹ |
| USD 5% movement | *32,82,067* | *(32,82,067)* |
| SGD 5% movement | *(84,06,903)* | *84,06,903* |
| EUR 10% movement | *(14,34,18,835)* | *14,34,18,835* |
| AED 5% movement | *(3,65,31,132)* | *3,65,31,132* |
| | *(18,50,74,803)* | *18,50,74,803* |

| | Profit or (loss) | |
|---|---|---|
| Effect in INR | Strengthening | Weakening |
| April 1, 2015 | ₹ | ₹ |
| USD 5% movement | *(91,79,413)* | *91,79,413* |
| SGD 5% movement | *(78,03,573)* | *78,03,573* |
| EUR 10% movement | *(11,96,35,012)* | *11,96,35,012* |
| AED 5% movement | *(2,92,66,136)* | *2,92,66,136* |
| | *(16,58,84,133)* | *16,58,84,133* |

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

35 Financial instruments – Financial risk management

( c ) ( ii ) Market Risk- Interest rate

The Exposure of the Company borrowing to interest rate changes at the end of the reporting period are as follow

| Particulars | As at 31 March 2017 ₹ | *As at 31 March 2016 ₹* | *As at 1 April 2015 ₹* |
|---|---|---|---|
| Variable Rate Borrowing | 41,43,82,242 | *62,77,05,916* | *72,71,29,172* |

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the company's:

i) profit for the year ended March 31, 2017 would decrease/increase by ₹.30,40,730 (2016: decrease/increase by ₹.41,48,007). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings;

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

35 Financial instruments – Financial risk management

( c ) ( iii) Market Risk- Security prices

(a) Exposure

The Company's exposure to equity securities price risk arises from investments held by the company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

To manage its price risk arising from investments in equity securities, the company diversifies its portfolio. Diversification of the porfolio is done in accordance with the limits set by the company.

The company's listed equity investments are included in the BSE Sensex index.

(b) Sensitivity

(i) The table below summarises the impact of increases/decreases of the index on the group's equity and profit for the period. The anaysis is based on the assumption that the equity index had increased or decreased by 15% in 2017 and 10% in 2016 with all other variables held constant and that all the companies's equity instruments moved in line with the index.

| | Impact on profit after tax | | Impact on other components of equity | |
|---|---|---|---|---|
| | 31-Mar-17 | *31-Mar-16* | 31-Mar-17 | *31-Mar-16* |
| | ₹ | ₹ | ₹ | ₹ |
| BSE Sensex - increase 15% (2016 - 10%) | 1,40,963 | *(44,282)* | 29,61,794 | *15,70,820* |
| BSE Sensex - decrease 15% (2016 - 10%) | (1,40,963) | *44,282* | (29,61,794) | *(15,70,820)* |

Profit for the period would increas/decrease as a result of gains/losses on equity securities classfied as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value though other comprehensive income.

36 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

| | Notes | As at 31 March 2017 ₹ | *As at 31 March 2016 ₹* | *As at 1 April 2015 ₹* |
|---|---|---|---|---|
| Current | | | | |
| Financial Assets | | | | |
| Trade Receivable | 7 | 2,47,46,35,194 | *2,78,32,65,646* | *2,65,81,25,950* |
| Inventories | 13 | 2,38,18,17,318 | *2,11,08,22,783* | *1,88,34,03,916* |
| Total Current assets pledged as security | | 4,85,64,52,512 | *4,89,40,88,429* | *4,54,15,29,866* |
| Non-current | | | | |
| Land - Leasehold | 3 | 5,30,105 | *5,37,689* | *5,45,273* |
| Buildings | 3 | 47,04,22,594 | *47,92,06,664* | *48,79,90,733* |
| Total Non Current assets pledged as security | | 47,09,52,699 | *47,97,44,353* | *48,85,36,006* |
| Total assets pledged as security | | 5,32,74,05,211 | *5,37,38,32,782* | *5,03,00,65,872* |

37 Movement in deferred tax balances

| Particulars | As at April 1, 2016 | For the year 2016-2017 | | | As at March 31, 2017 | | |
|---|---|---|---|---|---|---|---|
| | | Recognised in profit or loss | Recognised in OCI | Utilised against tax Payable | Net | Deferred tax asset | Deferred tax liability |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Deferred tax asset | | | | | | | |
| Property, plant and equipment | (2,96,23,161) | 1,12,60,843 | | | (1,83,62,318) | | (1,83,62,318) |
| Provisions | 1,90,08,675 | 28,77,852 | (17,04,186) | | 2,01,82,341 | 2,01,82,341 | |
| Amortisation of Processing fees | (25,38,544) | 13,67,156 | | | (11,71,388) | | (11,71,388) |
| Expenses allowed on Payment | 5,32,70,217 | (1,89,37,319) | | | 3,43,32,898 | 3,43,32,898 | |
| Deferred Tax Assets /(Liabilities) | 4,01,17,187 | (34,31,468) | (17,04,186) | - | 3,49,81,533 | 5,45,15,239 | (1,95,33,706) |

| Particulars | As at April 1, 2015 | For the year 2015-2016 | | | As at March 31, 2016 | | |
|---|---|---|---|---|---|---|---|
| | | Recognised in profit or loss | Recognised in OCI | Utilised against tax Payable | Net | Deferred tax asset | Deferred tax liability |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Deferred tax asset | | | | | | | |
| Property, plant and equipment | (5,36,29,325) | 2,40,06,164 | | | (2,96,23,161) | - | (2,96,23,161) |
| Provisions | 97,35,065 | 92,39,690 | 33,920 | | 1,90,08,675 | 1,90,08,675 | - |
| Amortisation of Processing fees | (36,69,869) | 11,31,325 | | | (25,38,544) | - | (25,38,544) |
| Expenses allowed on Payment | 4,89,95,526 | 42,74,691 | | | 5,32,70,217 | 5,32,70,217 | - |
| Minimum Alternative Tax (MAT) recoverable | 1,49,80,000 | | | (1,49,80,000) | - | - | - |
| Deferred Tax Assets /(Liabilities) | 1,64,11,397 | 3,86,51,870 | 33,920 | (1,49,80,000) | 4,01,17,187 | 7,22,78,892 | (3,21,61,705) |

38 Income Tax expense

( a ) Amounts recognised in profit and loss

| Particulars | For the year ended March 31, 2017 ₹ | For the year ended March 31, 2016 ₹ |
|---|---|---|
| Current income tax | 3,61,24,338 | *8,79,37,509* |
| Deferred income tax liability / (asset), net | | |
| Origination and reversal of temporary differences | 52,22,414 | *(3,80,85,445)* |
| Reduction in tax rate | (17,90,946) | *(5,66,425)* |
| Deferred tax expense | 34,31,468 | *(3,86,51,870)* |
| Tax expense for the year | 3,95,55,806 | *4,92,85,639* |

( b ) Amounts recognised in other comprehensive income

| Particulars | For the year ended March 31, 2017 | | | For the year ended March 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Before tax ₹ | Tax (expense) benefit ₹ | Net of tax ₹ | Before tax ₹ | Tax (expense) benefit ₹ | Net of tax ₹ |
| Items that will not be reclassified to profit or loss | | | | | | |
| Remeasurements of the defined benefit plans | (94,49,651) | 31,24,338 | (63,25,313) | (44,38,173) | 15,35,963 | (29,02,210) |
| Equity Instruments through Other Comprehensive Income | 1,05,24,028 | (17,04,186) | 88,19,842 | 39,30,318 | 33,921 | 39,64,239 |
| | 10,74,377 | 14,20,152 | 24,94,529 | (5,07,855) | 15,69,884 | 10,62,029 |

( c ) Reconciliation of effective tax rate

| Particulars | For the year ended March 31, 2017 ₹ | For the year ended March 31, 2016 ₹ |
|---|---|---|
| Profit before tax | 11,61,71,779 | *30,26,83,368* |
| Tax using the Company's domestic tax rate (Current year 33.063% and Previous Year 34.608%) | 3,84,09,875 | *10,47,52,660* |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | 6,92,768 | *6,64,232* |
| Tax effect of amounts which are Exempt in calculating taxable income: | (16,62,158) | *(5,71,19,004)* |
| Round off/ others / Changes in Rates | 21,15,321 | *9,87,751* |
| | **3,95,55,806** | ***4,92,85,639*** |

The Company's average tax rates for the years ended March 31, 2017 and 2016 were 32.51% and 16.10%, respectively. Income tax expense was Rs.3,95,55,806 for the year ended March 31, 2017, as compared to income tax expense of 4,92,85,639 for the year ended March 31, 2016.
The effective tax rate for the year ended March 31, 2017 was higher primarily as a result of exempt Income received in 2015-16 .

39 Explanation of transition to Ind AS

As stated in Note No. 1 these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2016, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 2 have been applied in preparing these financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP.

(a) This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance.

(i) Fair valuation of investments

Under the previous GAAP, investments in equity instruments were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value (other than investments in subsidiaries and Joint ventures). The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2016.

Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI - Equity investments reserve as at the date of transition and subsequently in the other comprehensive income for the year ended 31 March 2016.

Corporate Guarantees given on behalf of subsidiary companies are fair valued under IND-AS. Non Recoverable portion of such guarantees are added to the cost of investments in subsidiaries.

(ii) Trade receivables

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. The Expected credit Loss model has been followed excluding dues from government and water project business, and the resulting impact have be considered in the Profit and Loss Account

(iii) Borrowings

IND AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under previous GAAP, these transaction costs were charged to profit or loss as and when incurred. Accordingly, borrowings has been adjusted with a corresponding adjustment to retained earnings.

(iv) Foreign currency forward contracts:

Under the previous GAAP, the company applied the requirements of accounting Standard 11 The effect of changes in foreign exchange rates to account for Forward Currency Forward Contract entered for hedging foreign exchange risk related to recognised borrowing. At the inception of the forward Currency Forward Contract, the forward premium was separated and amortised as expenses over the tenure of the forward currency forward contract. The underlying borrowing and the forward currency Foreign contract were restated at the closing spot exchange rate.

Under Ind AS, derivative which are not designated as hedging instruments are fair valued with resulting changes being recognised in profit and loss. The unamortised premium was adjusted

(v) Revenue Recognition

The Company issues credit notes for various schemes , rebates , and discounts to its Dealers and Distributors on sale as per agreed terms of schemes. Under previous GAAP credit notes were disclosed as expenses under sales promotion expenses. Under IND AS the sales consideration has been reduced to the extent of such credit notes, due to which there has been a reduction of revenue and sales promotion expenses

(vi) Deferred tax :

Deferred tax have been recognised on adjustments made on transition to Ind AS

Notes to the financial statements for the year ended March 31, 2017 - continued

(vii) Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased and it has been considered in Other Comprehensive Income. There is no impact on total equity.

(viii) Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

(ix) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a year should be included in profit or loss for the Year, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

( b ) Optional exemptions availed

(i) Property plant and equipment, and intangible assets

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date.

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
− fair value;
− or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment.

( c ) Mandatory exceptions

(i) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.
However, the estimates should be adjusted to reflect any differences in accounting policies

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Determination of the discounted value for financial instruments carried at amortised cost
- Impairment of financial assets based on the expected credit loss model.
- Determination of commission rate for Corporate Guarantees given on behalf of subsidiary companies

39 **Explanation of transition to Ind AS ( contd....)**

Ind AS 101 reconciliations

( I ) **Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015**

| | Notes | As at March 31, 2016 (End of last Year presented under previous GAAP) | | | As at April 1, 2015 (Date of transition) | | |
|---|---|---|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet |
| | | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| **Non-current assets** | | | | | | | |
| (a) Property, plant and equipment | | 89,24,79,895 | - | 89,24,79,895 | 90,62,21,770 | - | 90,62,21,770 |
| (b) Capital work-in-progress | | - | - | - | - | - | - |
| (c) Intangible assets | | | - | | | - | |
| (i) Goodwill | | - | - | - | - | - | - |
| (ii) others | | 3,21,20,478 | - | 3,21,20,478 | 3,99,88,603 | - | 3,99,88,603 |
| (iii) Intangible assets under development | | - | - | - | - | - | - |
| (d) Financial assets | | | | | | | |
| (i) Investments | 39 (a) (i) | 2,94,79,96,864 | 1,96,79,672 | 2,96,76,76,536 | 2,82,08,68,679 | 62,67,223 | 2,82,71,35,902 |
| (ii) Trade receivables | | 13,16,23,394 | - | 13,16,23,394 | - | - | - |
| (iii) Loans | | 24,30,81,989 | - | 24,30,81,989 | 22,91,78,867 | - | 22,91,78,867 |
| (iv) Other financial assets | | 27,24,49,306 | - | 27,24,49,306 | 23,48,27,405 | - | 23,48,27,405 |
| (e) Tax assets | | | | | | | |
| (i) Deferred Tax Asset (net) | 39 (a) (vi) | 6,90,29,542 | (2,89,12,355) | 4,01,17,187 | 3,92,68,774 | (2,28,57,377) | 1,64,11,397 |
| (ii) Income Tax Asset (Net) | 39 (a) (vi) | 17,86,81,806 | (14,01,546) | 17,72,80,260 | 20,09,08,730 | (1,49,80,000) | 18,59,28,730 |
| (f) Other non-current assets | | 12,80,03,541 | - | 12,80,03,541 | 8,93,98,124 | - | 8,93,98,124 |
| | | | - | | | - | |
| **Total non-current assets** | | **4,89,54,66,815** | **(1,06,34,229)** | **4,88,48,32,586** | **4,56,06,60,952** | **(3,15,70,154)** | **4,52,90,90,798** |
| **Current assets** | | 2,58,78,654 | | | | | |
| (a) Inventories | | 2,11,08,22,783 | - | 2,11,08,22,783 | 1,88,34,03,916 | - | 1,88,34,03,916 |
| (b) Financial assets | | | - | | | - | |
| (i) Investments | 39 (a) (i) | 9,47,738 | 23,106 | 9,70,844 | 11,70,674 | 5,882 | 11,76,556 |
| (ii) Trade receivables | 39 (a) (ii) | 2,67,75,20,906 | 2,58,78,654 | 2,65,16,42,252 | 2,65,81,25,950 | - | 2,65,81,25,950 |
| (iii) Cash and cash equivalents | | 85,50,91,143 | - | 85,50,91,143 | 85,57,34,399 | - | 85,57,34,399 |
| (iv) Bank balances other than (iii) above | | 1,63,92,934 | - | 1,63,92,934 | 1,75,73,961 | - | 1,75,73,961 |
| (v) Loans | | 7,53,40,782 | - | 7,53,40,782 | 8,20,93,445 | - | 8,20,93,445 |
| (vi) Other financial assets | | 3,56,20,483 | - | 3,56,20,483 | 2,65,62,293 | - | 2,65,62,293 |
| (c) Income tax assets (Net) | | - | - | - | - | - | - |
| (d) Other current assets | | 51,97,14,820 | (2,02,040) | 51,95,12,780 | 25,93,28,148 | - | 25,93,28,148 |
| **Total current assets** | | **6,29,14,51,589** | **(2,60,57,588)** | **6,26,53,94,001** | **5,78,39,92,786** | **5,882** | **5,78,39,98,668** |
| **Total Assets** | | **11,18,69,18,404** | **(3,66,91,817)** | **11,15,02,26,587** | **10,34,46,53,738** | **(3,15,64,272)** | **10,31,30,89,466** |
| **Equity** | | | | | | | |
| Equity share capital | | 3,72,80,000 | - | 3,72,80,000 | 3,72,80,000 | - | 3,72,80,000 |
| Other equity | 39 (a) (viii) & ( | 2,41,02,11,011 | (2,90,27,617) | 2,38,11,83,394 | 2,15,76,99,271 | (2,07,73,080) | 2,13,69,26,191 |
| **Total equity** | | **2,44,74,91,011** | **(2,90,27,617)** | **2,41,84,63,394** | **2,19,49,79,271** | **(2,07,73,080)** | **2,17,42,06,191** |
| **Non-current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Borrowings | 39 (a) (iii) | 45,37,25,131 | (1,08,23,887) | 44,29,01,244 | 57,40,25,507 | (1,49,52,018) | 55,90,73,489 |
| (ii) Trade and other payables | | - | - | - | - | - | - |
| (ii) Other financial liabilities | | 25,33,64,773 | - | 25,33,64,773 | 22,68,15,928 | - | 22,68,15,928 |
| Provisions | | 2,27,06,216 | - | 2,27,06,216 | 2,54,64,923 | - | 2,54,64,923 |
| Deferred tax liabilities (Net) | | - | - | - | - | - | - |
| Other non-current liabilities | | 88,22,18,174 | - | 88,22,18,174 | 86,98,62,024 | - | 86,98,62,024 |
| **Total non-current liabilities** | | **1,61,20,14,294** | **(1,08,23,887)** | **1,60,11,90,407** | **1,69,61,68,382** | **(1,49,52,018)** | **1,68,12,16,364** |
| **Current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Borrowings | | 64,97,91,949 | - | 64,97,91,949 | 41,05,32,324 | - | 41,05,32,324 |
| (ii) Trade and other payables | | 2,52,20,85,261 | - | 2,52,20,85,261 | 2,07,92,48,327 | - | 2,07,92,48,327 |
| (iii) Other financial liabilities | 39 (a) (iii) | 90,99,76,265 | 31,59,687 | 91,31,35,952 | 83,86,20,127 | 41,60,826 | 84,27,80,953 |
| Provisions | | 13,50,08,761 | - | 13,50,08,761 | 13,36,14,181 | - | 13,36,14,181 |
| Income tax liabilities (Net) | | 2,97,34,978 | - | 2,97,34,978 | 35,59,687 | - | 35,59,687 |
| Other current liabilities | | 2,88,08,15,885 | - | 2,88,08,15,885 | 2,98,79,31,439 | - | 2,98,79,31,439 |
| **Total current liabilities** | | **7,12,74,13,099** | **31,59,687** | **7,13,05,72,786** | **6,45,35,06,085** | **41,60,826** | **6,45,76,66,911** |
| **Total liabilities** | | **8,73,94,27,393** | **(76,64,200)** | **8,73,17,63,193** | **8,14,96,74,467** | **(1,07,91,192)** | **8,13,88,83,275** |
| **Total Equity and Liabilities** | | **11,18,69,18,404** | **(3,66,91,817)** | **11,15,02,26,587** | **10,34,46,53,738** | **(3,15,64,272)** | **10,31,30,89,466** |
| | | - | - | - | - | - | - |

(II) Reconciliation of total equity as at March 31, 2016 and April 1, 2015

| | Notes | As at March 31, 2016 (End of last Year presented under previous GAAP) | As at April 1, 2015 (Date of transition) |
|---|---|---|---|
| | | ₹ | ₹ |
| Total equity / shareholders' funds under previous GAAP | | 2,44,74,91,011 | 2,19,49,79,271 |
| **Adjustments:** | | | |
| Measurement of Borrowings at amortised cost | 39 ( a) (iii) | 73,35,135 | 1,07,91,192 |
| Income on Financial Guarantee | 39 ( a) (i) | 1,39,38,871 | 45,20,023 |
| Gain/(loss) on Investments measured at FVTPL | 39 ( a) (i) | 57,40,800 | 17,47,200 |
| Gain/(loss) on Investments measured at FVOCI | 39 (a) (i) | 23,105 | 5,881 |
| Deferred tax Impact | 39 ( a) | (2,89,12,353) | (3,78,37,376) |
| Difference In Exchange on Account Of Forward Contract | 39 ( a) (iv) | 1,27,025 | - |
| Provision for Expected credit loss | 39 (a) (ii) | (2,58,78,654) | - |
| Increase In Provision For tax | 39 ( a) | (14,01,546) | |
| Total adjustment to equity | | (2,90,27,617) | (2,07,73,080) |
| Total equity under Ind AS | | 2,41,84,63,394 | 2,17,42,06,191 |

(III) Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016

| | Notes | Year ended March 31, 2016 (Latest period presented under previous GAAP) Previous GAAP | Effect of transition to Ind AS | Ind AS |
|---|---|---|---|---|
| | | ₹ | ₹ | ₹ |
| Revenue from Operations | 39 (a) (v) | 18,84,01,22,226 | (6,61,37,620) | 18,77,39,84,606 |
| Other income | 39 (a) (i) | 28,37,99,022 | 42,59,607 | 28,80,58,629 |
| **Total Income** | | **19,12,39,21,248** | **(6,18,78,013)** | **19,06,20,43,235** |
| **Expenses** | | | | |
| Purchases of stock-in-trade | | 9,55,19,49,777 | - | 9,55,19,49,777 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | | (22,74,18,867) | - | (22,74,18,867) |
| Employee benefits expense | 39 (a) (vii) | 2,85,43,99,368 | (44,38,173) | 2,84,99,61,195 |
| Finance costs | 39 (a) (iii) | 13,67,60,639 | 46,03,097 | 14,13,63,736 |
| Depreciation and amortisation expense | | 23,18,11,242 | - | 23,18,11,242 |
| Other expenses | 39 (a) (i), (ii),(v) | 6,25,84,65,562 | (4,67,72,778) | 6,21,16,92,784 |
| **Total expenses** | | **18,80,59,67,721** | **(4,66,07,854)** | **18,75,93,59,867** |
| **Profit before exceptional items and tax** | | **31,79,53,527** | **(1,52,70,159)** | **30,26,83,368** |
| Add/ (Less) : Exceptional items | | | | |
| **Profit before tax** | | **31,79,53,527** | **(1,52,70,159)** | **30,26,83,368** |
| Tax expense | | | | |
| (1) Current tax | 39 (a) (vi) | 9,52,02,555 | 29,37,509 | 9,81,40,064 |
| (2) Deferred tax | 39 (a) (vi) | (2,97,60,768) | (88,91,102) | (3,86,51,870) |
| | | **6,54,41,787** | **(59,53,593)** | **5,94,88,194** |
| **Profit for the Year (I)** | | **25,25,11,740** | **(93,16,566)** | **24,31,95,174** |
| **Other Comprehensive Income** | | | | |
| **A (i)** Items that will not be reclassified to profit & loss | | | | |
| (a)Remeasurements of the defined benefit plans | 39 (a) (vii) | - | (44,38,173) | (44,38,173) |
| Income tax effect | 39 (a) (vi) | - | 15,35,963 | 15,35,963 |
| | | | - | |
| b) Equity instrument through other comprehensive income | 39 (a) (i) | - | 39,30,318 | 39,30,318 |
| Income tax effect | 39 (a) (vi) | - | 33,921 | 33,921 |
| Total A (i) | | - | 10,62,029 | 10,62,029 |
| **A (ii)** Income tax relating to items that will not be reclassified to profit or loss | | - | - | - |
| **B (i)** Items that may be reclassified to profit or loss | | | | |
| e) Share of other comprehensive income in associates and joint ventures, to the extent that may be reclassified to profit or loss | | - | - | - |
| Total B (i) | | - | - | - |
| **B (ii)** Income tax relating to items that may be reclassified to profit or loss | | - | - | - |
| **Total other comprehensive income [IV=A (i-ii)+ B (i-ii)]** | | - | **10,62,029** | **10,62,029** |
| **Total comprehensive income for the Year (III+IV)** | | **25,25,11,740** | **(82,54,537)** | **24,42,57,203** |

-

Notes to the financial statements for the year ended March 31, 2017 - continued
Reconciliation of total comprehensive income for the year ended March 31, 2016
All amounts are in Rs.'million unless otherwise stated

| Particulars | | Amount ₹ |
|---|---|---|
| **Profit after Tax as per previous GAAP** | | 25,25,11,740 |
| **Adjustments:** | | |
| Measurement of Borrowings at amortised cost | 39(a)(iii) | (34,56,057) |
| Income on Financial Guarantee | 39(a)(i) | 94,18,848 |
| Remeasurements of post employment benefit obligation | 39(a)(v) | 44,38,173 |
| | 39(a)(iv) | |
| Fair Value of investments | 39(a)(i) | 80,507 |
| Gain/(loss) on Investments measured at FVOCI | 39(a)(i) | |
| Deferred tax Adjustment | 39(a)(iv) | |
| Foreign Exchange contract | | 1,27,025 |
| Provision for Expected credit losses on trade receivable | 39(a)(iii) | (2,58,78,654) |
| Tax effect of adjustments | 39(a)(iv) | 59,53,592 |
| **Total adjustments** | | **(93,16,566)** |
| **Profit after Tax as per Ind AS** | | **24,31,95,174** |
| Other Comprehensive Income | 39(a)(vii) | 10,62,029 |
| **Total comprehensive income under Ind AS** | | **24,42,57,203** |

Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts

IV Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016

| | | Year ended March 31, 2016 (Last Year presented under previous GAAP) | | |
|---|---|---|---|---|
| | Notes | Previous GAAP | Effect of transition to Ind AS | Ind AS |
| | | ₹ | ₹ | ₹ |
| Net cash flows from operating activities | 39(a)(iii) | 18,71,75,419 | - | 18,71,75,419 |
| Net cash flows from investing activities | | (13,28,08,667) | - | (13,28,08,667) |
| Net cash flows from financing activities | 39(a)(iii) | (5,50,10,008) | - | (5,50,10,008) |
| **Net increase (decrease) in cash and cash equivalents** | | **(6,43,256)** | **-** | **(6,43,256)** |
| **Cash and cash equivalents at the beginning of the Year** | | 85,57,34,399 | - | **85,57,34,399** |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | - | | - |
| **Cash and cash equivalents at the end of the Year** | | **85,50,91,143** | **-** | **85,50,91,143** |

-

Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash

| | Notes | As at March 31, 2016 (End of last Year presented under | As at April 1, 2015 (Date of transition) |
|---|---|---|---|
| | | ₹ | ₹ |
| Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP | | 85,50,91,143 | 85,57,34,399 |
| Bank overdrafts which form an integral part of cash management system | | | |
| Cash and cash equivalents for the purpose of statement of cash flows under Ind AS | | 85,50,91,143 | 85,57,34,399 |

# Euro Forbes Financial Services Limited

(a wholly owned Subsidiary Company of Eureka Forbes Limited)

## Financial Statements

For the year ended March 31, 2017

**Independent Auditor's Report**
**To the Members of Euro Forbes Financial Services Limited**

## Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Euro Forbes Financial Services Limited** ('the Company'), which comprise the Balance sheet as at 31 March 2017, the statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

## 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

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 Ind AS 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 Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount sand the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give at 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 Ind AS 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 Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

(e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 that would have an impact on its financial position in its Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any foreseeable losses ;

iii. There were no amounts which were required to be transferred to the Investors Education and Protection Fund by the Company ;and

iv. As explained the Company did not have any holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 hence there is no requirement for any disclosure in the Ind AS financial statements.

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

**Paresh Chokshi**
*Partner*
Membership No: 033597

Place : Mumbai
Date :

**Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2017, we report that:

(i) (a) The Company does not have any fixed assets, accordingly the provisions of this clause are not applicable to the Company.

(b) The company does not have ownership of any immovable properties.

(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 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 ('the 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 section 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 section 148(1) of the Act, for any of the services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, employees' state insurance, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of and duty of excise.

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, employees' state insurance, service tax, cess and other material statutory dues were in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable except for :

| 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 information and explanations given to us, there are no dues of provident fund, income tax, sales tax, service tax and value added tax, duty of customs, employee's state insurance, cess and other material Statutory dues that have not been deposited by the Company on account of disputes.

(viii) Based on our audit procedures and as per the information and explanations given by the management, the Company has not taken any loans from Financial institution, Bank 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) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(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) 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, 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 Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give 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*
Firm Reg. No.: 101048W

**Paresh Chokshi**
*Partner*
Membership No:033597

Place : Mumbai
Date : 8th May, 2017

**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 2017 in conjunction with our audit of the Ind AS 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 Ind AS 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 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 31 March, 2017, 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*
Firm Reg. No.: 101048W

**Paresh Chokshi**
*Partner*
Membership No: 111749

Place : Mumbai
Date : 8th May, 2017

# Euro Forbes Financial Services Limited

Subsidiary of Eureka Forbes Limited

## DIRECTORS

Marzin R Shroff
A.V.Suresh
R.S.Moorthy

## PRINCIPAL BANKERS

State Bank of India

## AUDITORS

Batliboi & Purohit

## REGISTERED OFFICE

B1 / B2 , 7TH FLOOR, 701, MARATHON INNOVA
OFF GANPATRAO KADAM MARG
LOWER PAREL
MUMBAI - 400013

Euro Forbes Financial Services Limited

## BALANCE SHEET AS AT 31ST MARCH, 2017

| | | | Notes | As at March 31, 2017 ₹ | As at March 31, 2017 ₹ | *As at March 31, 2016* ₹ | *As at March 31, 2016* ₹ | *As at April 1, 2015* ₹ | *As at April 1, 2015* ₹ |
|---|---|---|---|---|---|---|---|---|---|
| | | ASSETS | | | | | | | |
| | | Non-current Assets | | | | | | | |
| (a) | | Property, plant and equipment | | | - | | - | | - |
| (b) | | Capital work-in-progress | | | | | | | |
| (c) | | Intangible assets | | | | | | | |
| | (i) | Goodwill | | | | | | | |
| | (ii) | Others | | - | | - | | - | |
| | (iii) | Intangible assets under development | | | - | | - | | - |
| (d) | | Financial assets | | | | | | | |
| | (i) | Investments | | - | | - | | - | |
| | (ii) | Trade receivables | | - | | - | | - | |
| | (iii) | Loans | | - | | - | | - | |
| | (iv) | Other financial assets | | - | - | - | - | - | - |
| (e) | | Tax assets | | | | | | | |
| | (i) | Deferred Tax Asset (Net) | | - | | - | | - | |
| | (ii) | Current Tax Asset (Net) | | - | - | - | - | - | - |
| (f) | | Other non-current assets | | | - | | - | | - |
| | | Total Non-current Assets | | | - | | - | | - |
| | | Current Assets | | | | | | | |
| (a) | | Inventories | | | - | | - | | - |
| (b) | | Financial assets | | | | | | | |
| | (i) | Investments | | - | | - | | - | |
| | (ii) | Trade receivables | | - | | - | | - | |
| | (iii) | Cash and cash equivalents | 3 | 3,40,854 | | *3,41,659* | | *3,59,143* | |
| | (iv) | Bank balances other than (iii) above | | - | | - | | - | |
| | (v) | Loans | | - | | - | | - | |
| | (vi) | Other financial assets | | - | 3,40,854 | - | *3,41,659* | - | *3,59,143* |
| (c) | | Income Tax Asset (Net) | | | - | | - | | |
| (d) | | Other current assets | | | - | | - | | - |
| | | | | | 3,40,854 | | *3,41,659* | | *3,59,143* |
| | | Total Current Assets | | | 3,40,854 | | *3,41,659* | | *3,59,143* |
| | | Total Assets | | | 3,40,854 | | *3,41,659* | | *3,59,143* |

Euro Forbes Financial Services Limited

## BALANCE SHEET AS AT 31ST MARCH, 2017

| | | | Notes | As at March 31, 2017 ₹ | ₹ | *As at March 31, 2016* ₹ | ₹ | *As at April 1, 2015* ₹ | ₹ |
|---|---|---|---|---|---|---|---|---|---|
| | | **EQUITY AND LIABILITIES** | | | | | | | |
| | | **Equity** | | | | | | | |
| (a) | | Equity share capital | 4 | 5,00,000 | | *5,00,000* | | *5,00,000* | |
| (b) | | Other Equity | 5 | (2,26,449) | | *(2,08,394)* | | *(1,76,447)* | |
| | | Equity attributable to owners of the Company | | | 2,73,551 | | *2,91,606* | | *3,23,553* |
| | | **Total Equity** | | | 2,73,551 | | *2,91,606* | | *3,23,553* |
| | | **Liabilities** | | | | | | | |
| | | **Non-current Liabilities** | | | | | | | |
| (a) | | Financial Liabilities | | | | | | | |
| | (i) | Borrowings | | - | | - | | - | |
| | (ii) | Trade and other payables | | | | | | | |
| | (iii) | Other financial liabilities | | - | - | - | - | - | - |
| (b) | | Provisions | | | - | | - | | - |
| (c) | | Deferred tax liabilities (Net) | | | | | | | |
| (d) | | Other non-current liabilities | | | - | | - | | - |
| | | **Total Non-current Liabilities** | | | - | | - | | - |
| | | **Current liabilities** | | | | | | | |
| (a) | | Financial liabilities | | - | | - | | | |
| | (i) | Borrowings | | - | | - | | - | |
| | (ii) | Trade and other payables | 6 | 59,803 | | *42,553* | | *28,090* | |
| | (iii) | Other financial liabilities | 7 | 7,500 | 67,303 | *7,500* | *50,053* | *7,500* | *35,590* |
| (b) | | Provisions | | | - | | - | | - |
| (c) | | Current tax liabilities (Net) | | | - | | - | | - |
| (d) | | Other current liabilities | | | - | | - | | - |
| | | **Total Current Liabilities** | | | 67,303 | | *50,053* | | *35,590* |
| | | **Total Liabilities** | | | 67,303 | | *50,053* | | *35,590* |
| | | **Total Equity and Liabilities** | | | 3,40,854 | | *3,41,659* | | *3,59,143* |
| | | | | | - | | - | | - |

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

Marzin R Shroff Director

R.S.Moorthy Director

Paresh Chokshi
Partner
*Membership No. 33597*
*Mumbai , Dated :*

*Mumbai , Dated :*

Euro Forbes Financial Services Limited

Statement of Profit and Loss for the year ended 31st March, 2017

| | | Notes | Year 2016-17 ₹ | *Year 2015-16 ₹* |
|---|---|---|---|---|
| I | **Income** | | | |
| | Revenue from Operations | | - | - |
| | Other income | | - | - |
| | **Total Income** | | **-** | **-** |
| II | **Expenses** | | | |
| | Employee benefits expense | | - | - |
| | Depreciation and amortisation expense | | - | - |
| | Other expenses | 8 | 18,055 | 31,947 |
| | **Total expenses** | | **18,055** | ***31,947*** |
| III | **Profit before exceptional items and tax** | | **(18,055)** | **(31,947)** |
| | Add/ (Less) : Exceptional items | | | - |
| IV | **Profit before tax** | | **(18,055)** | ***(31,947)*** |
| | Less: Tax expense | | | |
| (1) | Current tax | | - | - |
| (2) | Deferred tax charge / (credit) | | - | - |
| | | | - | - |
| V | **Profit for the period** | | ***(18,055)*** | ***(31,947)*** |
| | | | ₹ | ₹ |
| VI | **Other Comprehensive Income** | | | |
| A | Items that will not be reclassified to profit or loss | | | |
| | | | - | - |
| | | | - | - |
| B | Items that may be reclassified to profit or loss | | | |
| (a) | Income tax relating to items that may be reclassified to profit or loss | | | |
| | | | **-** | **-** |
| | **Total other comprehensive income (A + B)** | | **-** | **-** |
| | **Total comprehensive income for the period (VII+VIII)** | | **(18,055)** | **(31,947)** |
| | Profit for the year attributable to: | | | |
| | - Owners of the Company | | (18,055) | (31,947) |
| | | | (18,055) | *(31,947)* |
| | Other comprehensive income for the year attributable to: | | | |
| | - Owners of the Company | | - | - |
| | | | - | - |
| | Total comprehensive income for the year attributable to: | | | |
| | - Owners of the Company | | (18,055) | (31,947) |
| | | | (18,055) | *(31,947)* |
| | Earnings per equity share (for continuing operation): | | | |
| | (1) Basic (in Rs.) | | (0.36) | *(0.64)* |
| | (2) Diluted (in Rs.) | | (0.36) | *(0.64)* |
| | Earnings per equity share (for discontinued and continuing operation): | | | |
| | (1) Basic (in Rs.) | | (0.36) | *(0.64)* |
| | (2) Diluted (in Rs.) | | (0.36) | *(0.64)* |

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

Marzin R Shroff Director

Paresh Chokshi
Partner
Membership No. 33597

R S Moorthy Director

Mumbai , Dated :

Mumbai , Dated :

Euro Forbes Financial Services Limited

- -

Cash Flow Statement for the year ended 31st March, 2017

| | Year ended March 31, 2017 | | Year ended March 31, 2016 | |
|---|---|---|---|---|
| | ₹ | ₹ | ₹ | ₹ |
| **Cash flows from operating activities** | | | | |
| Profit for the year | | (18,055) | | *(31,947)* |
| Adjustments for: | | | | |
| | | **(18,055)** | | ***(31,947)*** |
| Movements in working capital: | | | | |
| Increase/ (Decrease) in trade and other payables | 17,250 | | *14,463* | |
| Cash generated from operations | | *(805)* | | *(17,484)* |
| Less : Income taxes paid | | - | | |
| **Net cash generated by operating activities** | | **(805)** | | ***(17,484)*** |
| **Cash flows from investing activities** | | | | |
| **Net Increase / (Decrease ) in cash and cash equivalents** | | **(805)** | | ***(17,484)*** |
| Cash and cash equivalents at the beginning of the year | | 3,41,659 | | *3,59,143* |
| **Cash and cash equivalents at the end of the year** | | 3,40,854 | | ***3,41,659*** |
| **Net Increase / (Decrease ) in cash and cash equivalents as disclosed above** | | **(805)** | | ***(17,484)*** |

- -

| | |
|---|---|
| Per our report attached<br>For BATLIBOI & PUROHIT<br>*Chartered Accountants*<br>Firm Regn No. 101048W | Marzin R Shroff Director |
| Paresh Chokshi<br>Partner<br>Membership No. 33597 | R S Moorthy Director |
| Mumbai , Dated : | Mumbai , Dated : |

Euro Forbes Financial Services Limited

Statement of changes in equity for the year ended March 31, 2017

| a. Equity share capital | Amount |
|---|---|
| **Balance at April 1, 2015** | 5,00,000 |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2016** | **5,00,000** |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2017** | **5,00,000** |

B. Other Equity

| | Attributable to owners of the Company | |
|---|---|---|
| | Reserves and surplus | |
| | Retained earnings | Total |
| | ₹ | ₹ |
| **Balance at 1st April 2015** | **(1,76,447)** | **(1,76,447)** |
| Ind AS Transition Reserves | | - |
| Profit for the year | (31,947) | (31,947) |
| **Total comprehensive income for the year** | **(31,947)** | **(31,947)** |
| **Balance at March 31, 2016** | **(2,08,394)** | **(2,08,394)** |
| Profit for the year | (18,055) | (18,055) |
| **Total comprehensive income for the year** | **(18,055)** | **(18,055)** |
| Transfer to retained earnings | | |
| **Balance at March 31, 2017** | **(2,26,449)** | **(2,26,449)** |

-

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

Marzin R Shroff Director

Paresh Chokshi
Partner
Membership No. 33597

R S Moorthy Director

Mumbai , Dated :

Mumbai , Dated :

Euro Forbes Financial Services Limited

Notes to the financial statements for the year ended March 31, 2017

Note 1: Basis of preparation of Financial statements

(a) Compliance with Indian Accounting Standards (Ind AS)

Theses financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013 (the Act) [ Companies (Indian Accounting Standards) Rules ,2015] and other relevant provisions of the Act.
The financial statements up to year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies ( Accounting Standard) Rules , 2006 (as amended) and other relevant provisions of the Act.
These financial statements are the first financial statements of the Company prepared under Indian Accounting Standards (Ind AS). Ind AS 101 , First time adoption of Indian Accounting Standards has been applied.

(b) Use of estimates and judgements

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

Note 2: SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue Recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, discounts, VAT, credit notes issued for various schemes and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

(b) Taxation

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income

(c) Earnings per share

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

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flow , cash and cash equivalents including cash on hand , deposits held at call with financial institutions ,other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts,. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet

## 3. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
|---|---|---|---|
| | ₹ | ₹ | ₹ |
| Balances with Banks in current accounts | 3,40,854 | *3,41,659* | *3,59,143* |
| Cheques, drafts on hand | | | |
| Cash on hand | | | |
| Others | | | |
| Total Cash & Cash Equivalents | 3,40,854 | *3,41,659* | *3,59,143* |

4. Equity Share Capital

| Particulars | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ | |
|---|---|---|---|---|
| Equity share capital | 5,00,000 | 5,00,000 | 5,00,000 | 600 |
| **Total** | 5,00,000 | 5,00,000 | 5,00,000 | |
| **Authorised Share capital :** | | | | |
| 50,00 fully paid equity shares of Rs.10 each | 5,00,000 | 5,00,000 | 5,00,000 | |
| **Issued and subscribed capital comprises:** | | | | |
| 50,00 fully paid equity shares of Rs.10 each | 5,00,000 | 5,00,000 | 5,00,000 | |
| | 5,00,000 | 5,00,000 | 5,00,000 | |

4.1 Fully paid equity shares

| Particulars | Number of shares | Share capital ₹ |
|---|---|---|
| Balance at April 1, 2015 | 50,000 | 5,00,000 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| Balance at March 31, 2016 | 50,000 | 5,00,000 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| **Balance at March 31, 2017** | **50,000** | **5,00,000** |

Fully paid equity shares have a par value of ₹.10. 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 shares held by the holding company, the ultimate controlling party, their subsidiaries and associates**

| Particulars | Fully paid ordinary shares | | |
|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| **Balance at the beginning of the period - Held by Eureka Forbes Limited** | 50,000 | 50,000 | 50,000 |
| **Total as at the end of the period** | **50,000** | **50,000** | **50,000** |

**Details of shares held by each shareholder holding more than 5% shares**

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares |
| <u>Fully paid equity shares</u> | | | | | | |
| Eureka Forbes Limited | 50,000 | 100% | 50,000 | 100% | 50,000 | 100% |
| **Total** | 50,000 | 100% | 50,000 | 100% | 50,000 | 100% |

5. Other equity

| Particulars | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ |
|---|---|---|---|
| <u>General reserve</u> | | | |
| Balance at beginning of the year | - | - | - |
| **Balance at end of the year** | **-** | **-** | **-** |
| <u>Retained earnings</u> | | | |
| Balance at beginning of year | (2,08,394) | (1,76,447) | (1,76,447) |
| Add/ (less): Profit/ (loss) for the year | (18,055) | (31,947) | |
| Other comprehensive income arising from re-measurement of defined benefit obligation, net of tax | - | - | |
| | | - | |
| Add: Ind AS Transition Reserves | | - | - |
| **Balance at end of the year** | **(2,26,449)** | **(2,08,394)** | **(1,76,447)** |
| **Total** | (2,26,449) | (2,08,394) | (1,76,447) |

6. Trade payables

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Trade payables (including acceptances) | | | | 59,803 | *42,553* | *28,090* |
| Trade payables to related parties | | | | | | |
| Total | - | - | - | 59,803 | *42,553* | *28,090* |

7. Other financial liabilities

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| TDS Payable - Prof Fees | | | | 7,500 | 7,500 | 7,500 |
| Total | - | - | - | 7,500 | 7,500 | 7,500 |

Euro Forbes Financial Services Limited

Notes to the financial statements for the year ended March 31, 2017 - continued

8. Other expenses

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---|---|---|
| | ₹ | ₹ | ₹ |
| Payment to Auditors (Refer details Below) | 17,250 | 17,175 | 16,854 |
| Other Establishment Expenses | 805 | 14,772 | 618 |
| Total | 18,055 | 31,947 | 17,472 |

| Payments to auditors | Year ended March 31, 2017 | Year ended March 31, 2016 | Year ended March 31, 2015 |
|---|---|---|---|
| As auditor | | | |
| Audit fee | 11,500 | 11,450 | 11,236 |
| Tax audit fee | | | |
| In other capacity | | | |
| For other services | 5,750 | 5,725 | 5,618 |
| For reimbursement of expenses | | | |
| | 17,250 | 17,175 | 16,854 |

9 Earnings per share

The calculations of profit attributable to equity shareholders and weighted average number o outstanding for purposes of basic and diluted earnings per share calculation are as follows:

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|---|---|
| | ₹ | ₹ |
| Profit for the year attributable to equity share holders | -18,055 | -31,947 |
| Face value per equity shares | 10 | 10 |
| Weighted average number of equity shares used in the calculation of basic and diluted earnings per share (Nos.) | 50,000 | 50,000 |
| Basic and diluted earnings per share | (0.36) | (0.64) |

Basic Earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earning as follows.

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|---|---|
| | ₹ | ₹ |
| Profit for the year attributable to owners of the Company | (18,055) | (31,947) |
| Weighted average number of equity shares for the purposes of basic earnings per share (Quantity in numbers) | 50,000 | 50,000 |
| Basic Earnings per share | (0.36) | (0.64) |

Euro Forbes Financial Services Limited

Notes to the financial statements for the year ended March 31, 2017 - continued

10 **Explanation of transition to Ind AS**

Ind AS 101 reconciliations

( I ) **Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015**

| | Notes | As at March 31, 2016 (End of last period presented under previous GAAP) | | | As at April 1, 2015 (Date of transition) | | |
|---|---|---|---|---|---|---|---|
| | | - | - | - | - | - | - |
| | Notes | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet |
| | | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| **Non-current assets** | | | | | | | |
| (a) Property, plant and equipment | | - | - | - | | - | - |
| (b) Capital work-in-progress | | - | - | - | - | - | - |
| (c) Intangible assets | | | - | | | - | |
| (i) Goodwill | | - | - | - | - | - | - |
| (ii) others | | | - | - | | - | - |
| (iii) Intangible assets under development | | - | - | - | - | - | - |
| (d) Financial assets | | | | | | | |
| (i) Investments | | | - | - | | - | - |
| (ii) Trade receivables | | | - | - | - | - | - |
| (iii) Loans | | | - | - | | - | - |
| (iv) Other financial assets | | | - | - | | - | - |
| (e) Tax assets | | | | | | | |
| (i) Deferred Tax Asset (net) | | | - | - | | - | - |
| (ii) Income Tax Asset (Net) | | | - | - | | - | - |
| (f) Other non-current assets | | | - | - | | - | - |
| | | | - | | | - | |
| **Total non-current assets** | | - | - | - | - | - | - |
| **Current assets** | | | | | | | |
| (a) Inventories | | | - | - | | - | - |
| (b) Financial assets | | | - | | | - | |
| (i) Investments | | | - | - | | - | - |
| (ii) Trade receivables | | | - | - | | - | - |
| (iii) Cash and cash equivalents | | 3,41,659 | - | 3,41,659 | 3,59,143 | - | 3,59,143 |
| (iv) Bank balances other than (iii) above | | | - | - | | - | - |
| (v) Loans | | | - | - | | - | - |
| (vi) Other financial assets | | | - | - | | - | - |
| (c) Income tax assets (Net) | | | - | - | | - | - |
| (d) Other current assets | | | - | - | | - | - |
| | | **3,41,659** | - | 3,41,659 | 3,59,143 | - | 3,59,143 |
| Total current assets | | **3,41,659** | - | 3,41,659 | 3,59,143 | - | 3,59,143 |
| Total Assets | | **3,41,659** | - | 3,41,659 | 3,59,143 | - | 3,59,143 |
| **Equity** | | | | | | | |
| Equity share capital | | 5,00,000 | - | 5,00,000 | 5,00,000 | - | 5,00,000 |
| Other equity | | (2,08,394) | - | (2,08,394) | (1,76,447) | - | (1,76,447) |
| Equity attributable to owners of the Company | | 2,91,606 | - | 2,91,606 | 3,23,553 | - | 3,23,553 |
| | | | | | | - | |
| Total equity | | 2,91,606 | - | 2,91,606 | 3,23,553 | - | 3,23,553 |
| | | | | | | | - |
| **Non-current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Borrowings | | | - | - | | - | - |
| (ii) Trade and other payables | | | - | - | | - | - |
| (ii) Other financial liabilities | | | - | - | | - | - |
| Provisions | | | - | - | | - | - |
| Deferred tax liabilities (Net) | | - | - | - | | - | - |
| Other non-current liabilities | | | - | - | | - | - |
| **Total non-current liabilities** | | - | - | - | - | - | - |
| **Current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Borrowings | | | - | - | | - | - |
| (ii) Trade and other payables | | 42,553 | - | 42,553 | 28,090 | - | 28,090 |
| (iii) Other financial liabilities | | 7,500 | - | 7,500 | 7,500 | - | 7,500 |
| Provisions | | | - | - | | - | - |
| Income tax liabilities (Net) | | | - | - | | - | - |
| Other current liabilities | | | - | - | | - | - |
| | | 50,053 | - | 50,053 | 35,590 | - | 35,590 |
| Total current liabilities | | **50,053** | - | **50,053** | 35,590 | - | 35,590 |
| Total liabilities | | 50,053 | - | 50,053 | 35,590 | - | 35,590 |
| Total equity and liabilities | | 3,41,659 | - | 3,41,659 | 3,59,143 | - | 3,59,143 |
| | | - | - | - | - | - | - |

(II) **Reconciliation of total equity as at March 31, 2016 and April 1, 2015**

| | Notes | As at March 31, 2016 (End of last period presented under previous GAAP) | As at April 1, 2015 (Date of transition) |
|---|---|---|---|
| **Total equity / shareholders' funds under previous GAAP** | | **2,91,606** | **3,23,553** |
| **Adjustments:** | | | |
| Total adjustment to equity | | - | - |
| Total equity under Ind AS | | 2,91,606 | 3,23,553 |
| | | - | - |

(III) Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016

| | Notes | Year ended March 31, 2016 (Latest period presented under previous GAAP) Previous GAAP | Effect of transition to Ind AS | Ind AS |
|---|---|---|---|---|
| Revenue from Operations | | | - | - |
| Other income | | | - | - |
| **Total Income** | | **-** | **-** | **-** |
| **Expenses** | | | | |
| Purchases of stock-in-trade | | | - | - |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | | | - | - |
| Employee benefits expense | | | - | - |
| Finance costs | | | - | - |
| Depreciation and amortisation expense | | | - | - |
| Other expenses | | 31,947 | - | 31,947 |
| **Total expenses** | | **31,947** | **-** | **31,947** |
| Profit before exceptional items and tax | | **(31,947)** | **-** | **(31,947)** |
| Exceptional items | | | | |
| Profit before tax | | **(31,947)** | **-** | **(31,947)** |
| Tax expense | | | | |
| (1) Current tax | | | - | - |
| (2) Deferred tax | | | - | - |
| | | **-** | **-** | **-** |
| **Profit for the period from continuing operations (I)** | | **(31,947)** | **-** | **(31,947)** |
| Profit from discontinued operations before tax | | | | - |
| Tax expense of discontinued operations | | | | - |
| **Profit from discontinued operations (after tax) (II)** | | **-** | **-** | **-** |
| Share of minority interests | | | | - |
| **Profit for the period (III=I+II)** | | **(31,947)** | **-** | **(31,947)** |
| **Other Comprehensive Income** | | | | |
| **A (i)** Items that will not be reclassified to profit or loss | | | | |
| (a)Remeasurements of the defined benefit plans | | - | - | - |
| Income tax effect | | - | - | - |
| b) Equity instrument through other comprehensive income | | **-** | - | |
| Income tax effect | | **-** | - | |
| **Total A (i)** | | - | - | - |
| **A (ii)** Income tax relating to items that will not be reclassified to profit or loss | | **-** | - | |
| **B (i)** Items that may be reclassified to profit or loss | | | | |
| e) Share of other comprehensive income in associates and joint ventures, to the extent that may be reclassified to profit or loss | | **-** | - | - |
| **Total B (i)** | | **-** | **-** | - |
| **B (ii)** Income tax relating to items that may be reclassified to profit or loss | | **-** | - | - |
| **Total other comprehensive income [IV=A (i-ii)+ B (i-ii)]** | | **-** | **-** | **-** |
| **Total comprehensive income for the period (III+IV)** | | **(31,947)** | **-** | **(31,947)** |

**Reclassification of total comprehensive income for the year ended March 31, 2016**
**All amounts are in Rs.'million unless otherwise stated**

| **Particulars** | **Amount** |
|---|---|
| **Profit after Tax as per previous GAAP** | (31,947) |
| **Adjustments:** | |
| **Total adjustments** | **-** |
| **Profit after Tax as per Ind AS** | **(31,947)** |
| Other Comprehensive Income | - |
| **Total comprehensive income under Ind AS** | **(31,947)** |

**Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under the previous GAAP.**

Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016

| | | Year ended March 31, 2016 (Latest period presented under previous GAAP) | | |
|---|---|---|---|---|
| | Notes | Previous GAAP | Effect of transition to Ind AS | Ind AS |
| | | | | |
| Net cash flows from operating activities | 39(a)(iii) | (17,484) | - | (17,484) |
| Net cash flows from investing activities | | - | - | - |
| Net cash flows from financing activities | 39(a)(iii) | - | - | - |
| **Net increase (decrease) in cash and cash equivalents** | | **(17,484)** | **-** | **(17,484)** |
| **Cash and cash equivalents at the beginning of the period** | | 3,59,143 | - | **3,59,143** |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | - | | **-** |
| **Cash and cash equivalents at the end of the period** | | **3,41,659** | **-** | **3,41,659** |

-

Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash flows under Ind AS
All amounts are in Rs.'million unless otherwise stated

| | Notes | As at March 31, 2016 (End of last period presented under previous GAAP) | As at April 1, 2015 (Date of transition) |
|---|---|---|---|
| | | | |
| **Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP** | | **3,41,659** | **3,59,143** |
| Bank overdrafts which form an integral part of cash management system | | | |
| | | | |
| | | | |
| **Cash and cash equivalents for the purpose of statement of cash flows under Ind AS** | | **3,41,659** | **3,59,143** |

- -

10 Explanation of transition to Ind AS

The Company’s first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2016, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act (‘previous GAAP’).

The accounting policies set out in Note 2 have been applied in preparing these financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP.

( b ) Optional exemptions availed

(i) Property plant and equipment, and intangible assets

As per Ind AS 101 an entity may elect to:
(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at
The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible

(iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of

( c ) Mandatory exceptions

(i) Estimates

As per Ind AS 101, an entity’s estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity’s first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.
However, the estimates should be adjusted to reflect any differences in accounting policies

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company’s estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Determination of the discounted value for financial instruments carried at amortised cost
- Impairment of financial assets based on the expected credit loss model.
- Determination of commission rate for Corporate Guarantees given on behalf of subsidiary companies

Euro Forbes Limited

(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements

For the year ended December 31, 2016

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF EURO FORBES LIMITED**

**Report on the Audit Financial Statements**

*Qualified Opinion*

We have audited the financial statements of **EURO FORBES LIMITED (the "company"),** which comprise the statement of financial position as at 31 December 2016, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters discussed in the basis for qualified opinion paragraphs, the accompanying financial statements present fairly in all material respects, the financial position of **EURO FORBES LIMITED** as at 31 December 2016, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Basis for Qualified Opinion*

1. The company has made investment of US$ 13,881,917 (Rs. 94,13,05,028) in, and advanced unsecured loan of US $ 25,542,102 (Rs. 1,73,19,58,853) inclusive of accrued interest of US $ 3,188,501 (Rs. 21,62,05,876), to a subsidiary. The total investments plus long term funding amounts to US $ 39,424,019 (2,67,32,63,881). This subsidiary has:
   - incurred loss of US $ 3,149,608 (Rs. 21,06,69,287) during the year and has accumulated losses of US $ 9,884,827 (Rs. 59,85,05,963) as at 31 December 2016,
   - long overdue and unsecured receivables of US $ 27,692,649 (Rs. 1,87,95,88,820), for which adequate provision is not made
   - no profitable projections for the ensuing years.

   Considering above, in our opinion, the company should make adequate provision for impairment for the investment and loan advanced including interest to a subsidiary increasing the loss for the year and reducing the net assets as at 31 December 2016 by that amount.

2. The company has incurred loss of US $ 541,702, after recognizing interest income from the subsidiary of US $ 1,303,977, and the accumulated losses as at 31 December 2016 amount to US $ 4,979,197. Further, the company has no other source of income nor any profitable projections for the ensuing years.

3. The company has made an investment of US $ 250,000 in an overseas company, which has incurred loss of US $ 585,433 during the year and has accumulated losses of US $ 2,823,705 as per unaudited accounts. This investment is in the name of the parent shareholder company held in trust on behalf of the company.

4. The company has long term loan liability of US $ 25,000,000 due and payable during years 2018 to 2020 as described in note 12 with no positive cash flows except contribution of funds by the parent shareholder company.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in United Arab Emirates and the Jebel Ali Free Zone Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 SHAREHOLDER OF (cont'd)**
**EURO FORBES LIMITED**

*Emphasis of Matter*
We draw attention to the note 2 to 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 a group, and

ii. 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 company's subsidiary company commencing profitable operations in the future generating sufficient cash flows. These conditions, along with other matters as set out in the basis for qualified opinion paragraph, indicate the existence of a material uncertainty that may cast a significant doubt over the company's ability to continue as a going concern.

*Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

*Auditors' Responsibilities for the Audit of the Financial Statements*
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF (cont'd)**
**EURO FORBES LIMITED**

*Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirements**
Also, in our opinion, proper books of account have been kept by the company, and the information contained in the Directors' report relating to these financial statements is in agreement with the books of accounts. According to the 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**
30 April 2017
Dubai

**Euro Forbes Ltd**
**Statement of Financial Position**
***31st December 2016***

| | Notes | 2016 US $ | 2016 INR | 2015 US $ | 2015 INR |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Investments in a subsidiary | **5** | 1,38,81,917 | 94,13,05,028 | 1,38,81,917 | 91,79,57,032 |
| Investment in an Overseas Company | **6** | 2,50,000 | 1,69,52,000 | 2,50,000 | 1,65,31,525 |
| Investment in Associate | **7** | - | - | - | - |
| Loan to a Subsidiary | **8** | 2,23,53,601 | 1,51,57,52,977 | 2,03,74,700 | 1,34,72,99,450 |
| Interest receivable from related parties | | 31,88,501 | 21,62,05,876 | 18,84,524 | 12,46,16,222 |
| Total Non current assets | | **3,96,74,019** | **2,69,02,15,881** | **3,63,91,141** | **2,40,64,04,229** |
| **Current assets** | | | | | |
| Cash & Cash Equivalents | **9** | 95,573 | 64,80,614 | 2,28,101 | 1,50,83,430 |
| Total current assets | | **95,573** | **64,80,614** | **2,28,101** | **1,50,83,430** |
| **Total Assets** | | **3,97,69,592** | **2,69,66,96,495** | **3,66,19,242** | **2,42,14,87,659** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and reserves** | | | | | |
| **Shareholder's funds** | | | | | |
| Share capital | **10** | 1,13,32,767 | 72,67,77,833 | 97,32,866 | 61,82,91,746 |
| Accumulated losses | | (49,79,197) | (30,24,70,253) | (44,37,495) | (26,61,78,765) |
| **Foreign Currency Translation Reserve** | | - | 65,15,294 | - | (19,50,748) |
| **Shareholder's equity funds** | | **63,53,570** | **43,08,22,875** | **52,95,371** | **35,01,62,233** |
| Loan Account | **11** | 59,52,762 | 40,36,44,886 | 55,30,726 | 36,57,25,341 |
| **Total shareholder's funds** | | **1,23,06,332** | **83,44,67,761** | **1,08,26,097** | **71,58,87,574** |
| **Non-current liability** | | | | | |
| Bank Borrowings | **12** | 2,50,00,000 | 1,69,52,00,000 | 2,50,00,000 | 1,65,31,52,500 |
| Loan from a related party | **13** | 21,27,874 | 14,42,86,880 | 5,04,521 | 3,33,62,006 |
| | | **2,71,27,874** | **1,83,94,86,880** | **2,55,04,521** | **1,68,65,14,506** |
| **Current liability** | | | | | |
| Accruals | | 3,35,386 | 2,27,41,854 | 2,88,624 | 1,90,85,579 |
| **Total liabilities** | | **2,74,63,260** | **1,86,22,28,734** | **2,57,93,145** | **1,70,56,00,085** |
| **Total equity and liabilities** | | **3,97,69,592** | **2,69,66,96,495** | **3,66,19,242** | **2,42,14,87,659** |
| | | - | - | - | - |

*The notes on pages 9 to 17 form an integral part of these financial statements.*

Mr. Sunil Dhondiram Uphale
**DIRECTOR**

**EURO FORBES LIMITED**

**Statement of Cash Flows**
**for the year ended 31 December 2016**

| | 2016 US $ | 2016 INR | 2015 US $ | 2015 INR |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Loss for the year | (5,41,702) | (3,62,91,488) | (2,92,822) | (1,88,72,730) |
| Adjustment for: | | | | |
| Interest income | (13,04,031) | (8,73,63,948) | (12,31,537) | (7,93,74,037) |
| Finance charges | 17,44,058 | 11,68,43,689 | 15,03,933 | 9,69,30,287 |
| **Operating loss before working capital changes** | **(1,01,674)** | **(68,11,746)** | **(20,426)** | **(13,16,480)** |
| Increase / (decrease) in accruals | 272 | 18,444 | - | - |
| **Cash generated from / (used in) operations** | **(1,01,402)** | **(67,93,302)** | **(20,426)** | **(13,16,480)** |
| Finance charges paid | (11,66,933) | (7,81,79,026) | (10,69,245) | (6,89,14,123) |
| **Net cash from / (used in) operating activities** | **(12,68,335)** | **(8,49,72,329)** | **(10,89,671)** | **(7,02,30,603)** |
| | | | | |
| **Cash flows from investing activities** | | | | |
| Interest received | 54 | 3,618 | 164 | 7,96,94,487 |
| Payment for investment in an overseas company | - | - | (1,00,000) | (66,12,610) |
| **Net cash from / (used in) investing activities** | **54** | **3,618** | **(99,836)** | **7,30,81,877** |
| | | | | |
| **Cash flows from financing activities** | | | | |
| Proceeds from / (payments of) loan to a subsidiary company | (19,78,901) | (16,84,53,527) | (84,700) | (5,70,56,321) |
| Proceeds from / (payment of) loan from related parties | 15,14,754 | 10,36,49,251 | 5,00,000 | 3,30,70,622 |
| Additional capital contributed by the parent shareholder company | 15,99,901 | 10,84,86,087 | 3,51,317 | 2,32,31,223 |
| **Net cash introduced from / (used in) financing activities** | **11,35,754** | **4,36,81,811** | **7,66,617** | **(7,54,476)** |
| | | | | |
| **Foreign Currency Translation Reserve** | | 3,26,84,084 | | (2,84,09,950) |
| **Net increase / (decrease) in cash and cash equivalents** | (1,32,527) | (4,12,86,900) | (4,22,890) | 20,96,798 |
| **Cash and cash equivalents at the beginning of the year** | 2,28,101 | 1,50,83,430 | 6,50,991 | 4,13,96,583 |
| **Cash and cash equivalents at the end of the year** | **95,573** | **64,80,614** | **2,28,101** | **1,50,83,430** |
| | - | - | - | - |

**EURO FORBES LIMITED**
**Statement of Profit or Loss and Other Comprehensive Income**
***for the year ended 31 December 2016***

| | Notes | 2016 US $ | 2016 INR | 2015 US $ | 2015 INR |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Interest Income | 13 | **13,04,031** | **8,73,63,948** | **12,31,537** | **7,93,74,037** |
| **Expenses** | | | | | |
| Finance Charges | 13 | (17,44,058) | **(11,68,43,689)** | (15,03,933) | (9,69,30,287) |
| Impairment Loss | 5 | - | - | - | - |
| Administrative Expenses | | (1,01,675) | **(68,11,747)** | (20,426) | (13,16,480) |
| **Loss for the year** | | **(5,41,702)** | **(3,62,91,488)** | **(2,92,822)** | **(1,88,72,730)** |
| Other comprehensive income | | - | - | - | - |
| **Total Comprehensive loss for the year** | | **(5,41,702)** | **(3,62,91,488)** | **(2,92,822)** | **(1,88,72,730)** |

*The notes on pages 9 to 17 form an integral part of these financial statements.*

**EURO FORBES LIMITED**
**Statement of Changes in Equity**
***for the year ended 31 December 2016***

| ` | Share Capital US $ | Accumulated losses US $ | Total US $ | Total INR |
|---|---|---|---|---|
| **As at 31 December 2014** | **93,81,549** | **(41,44,673)** | **52,36,876** | **33,89,18,813** |
| 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** |
| **As at 31 December 2015** | **97,32,866** | **(44,37,495)** | **52,95,371** | **35,01,62,233** |
| Contributed during the year | **15,99,901** | **-** | **15,99,901** | **10,84,86,087** |
| Net loss for the period | | **(5,41,702)** | **(5,41,702)** | **(3,62,91,488.00)** |
| Foreign Currency Translation Reserve | | | | **84,66,043** |
| **As at 31 December 2016** | **1,13,32,767** | **(49,79,197)** | **63,53,570** | **43,08,22,875** |

*The notes on pages 9 to 17 form an integral part of these financial statements.*

**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**

As the company is reporting accumulated losses of US $ 4,979,197 (INR 30,24,70,253) 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.

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 Internatinal Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of Jebel Ali Free Zone Authority.

*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, 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.

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

The company adopted all applicable accounting standards and amendmends which are effective for annual periods beginning on or after 1 January 2016. 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. Associates are entities in which the company has significant influence and which are neither subsidiary nor joint venture.

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**

| | *Country of Incorporation* | % of Ownership | 2016 US $ | 2016 INR | 2015 US $ | 2015 INR |
|---|---|---|---|---|---|---|
| **Investment in subsidiary:** | | | | | | |
| Forbes LuxFZCO | U A E | 99.42 | 1,38,81,917 | 94,13,05,028 | 1,38,81,917 | 91,79,57,032 |
| 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 | | | | | - | |
| | | | 1,38,81,917 | 94,13,05,028 | 1,38,81,917 | 91,79,57,032 |
| **Carrying value as at 31 December** | | | **40,55,077** | **27,49,66,661** | **71,86,419** | **47,52,09,861** |

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.

Share of net book value as at 31st December 2016 was USD 8572 (INR 5,81,250) as per unaudited accounts

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. Investment in an associate company**

| | **Country of Incorporation** | % of Ownership | **2016 US $** | **2016 INR** | **2015 US $** | **2015 INR** |
|---|---|---|---|---|---|---|
| Euro P2P Direct Thailand Co.Ltd | Thailand | 49 | - | - | - | - |
| Carrying Value as at 31 December | | | | | | |

During the year 2015, the company took over 49% stake in an overseas company held by the related party of ultimate parent company at nil value as the investment was impaired in the earlier years.

**8. Loan to a subsidiary**

This represents unsecured and 6% - 7.5% interest bearing loan of US $ 22,353,601 (Rs. 1,51,57,52,977 ) [previous year US $ 20,374,700 (Rs. 1,34,72,99,450)] 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.

**9. Cash and cash equivalents**

This represents balance in call deposit accounts with a bank.

**10.**

| **Share capital** | **2016 US $** | **2016 INR** | **2015 US $** | **2015 INR** |
|---|---|---|---|---|
| Authorized capital | | | | |
| 131,000 shares of nominal value of AED 1,000 each | 3,56,94,823 | | 3,56,94,823 | |
| (Converted @1 US $ = AED 3.67) | | | | |
| Issued and paid up capital | | | | |
| 41,615 shares of nominal value of AED 1,000 each | 1,13,32,767 | 72,67,77,833 | 97,32,866 | 61,82,91,746 |
| *(Previous year 34,450 shares of AED 1,000 each)* | | | | |
| *(Converted @1 USS. = AED 3.672)* | | | | |

**11. 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.

**12. Term Loan**

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 (US $)* | *Term loan (INR)** |
|---|---|---|
| 2018 | 60,00,000 | 40,68,48,000 |
| 2019 | 60,00,000 | 40,68,48,000 |
| 2020 | 1,30,00,000 | 88,15,04,000 |
| | **2,50,00,000** | **1,69,52,00,000** |

*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.*

**13. Loan from a related party**

This represents unsecured, 12.5% p.a. interest bearing loan and accrued interest thereon from Forbes Lux International AG, fellow subsidiary company, to meet with the working capital requirement, repayable by 31 December 2016 or such other time as may be mutually agreed between the parties.

**14. 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 |
| - Euro P2P Thailand Co.Ltd,Thailand | Associate |
| - Lux International AG, Switzerland | Fellow Subsidiary Company |
| - Forbes 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 $ 1,303,977 (Rs. 8,73,60,330 ) [previous year US $ 1,231,537 (Rs. 79,374,037)] from the subsidiary company, charge of interest of US $ 422,036 (Rs. 2,82,74,428 ) [previous year US $ 417,266 (Rs. 26,893,294)] by the parent shareholder company and US $ 112,565 (Rs. 75,41,326) [previous year US $ 4,521 (Rs. 291,384)] 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.

**15. 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 2016.

| | 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 | 1,69,52,00,000 | - | - | 2,50,00,000 | 1,69,52,00,000 |
| Loan from a related party | 21,27,874 | 14,42,86,880 | - | - | 21,27,874 | 14,42,86,880 |
| Accruals | 3,35,386 | 2,27,41,854 | 3,35,386 | 2,27,41,854 | - | - |
| | **2,74,63,260** | **1,86,22,28,734** | **3,35,386** | **2,27,41,854** | **2,71,27,874** | **1,83,94,86,880** |

**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.

| Foreign Currency Financial Liability | 2016 US $ | 2016 INR | 2015 US $ | 2015 INR |
|---|---|---|---|---|
| EURO | 21,27,874 | 14,42,86,880 | - | - |

**16. 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.

**17. Capital management**

The Capital Structure of the company comprises net debt (interest bearing borrowings offset by bank balances and cash) and equity of the company comprising issued and paid up capital and loan account of parent shareholder company. In order to maintain capital adequacy, the parent shareholder company has decided to maintain the loan balance in the company.

**18. Contingent Liabilities.**

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

**19. Comparative figures**

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

**20. Approval of the financial statements**

The financial statements were approved by the Board of Directors and authorized for issue on 30th April 2017.

Forbes Bumi Armada Limited

(Subsidiary Company of Forbes Campbell Finance Limited)

Financial Statements

For the year ended March 31, 2017

# Price Waterhouse & Co Chartered Accountants LLP

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF FORBES BUMI ARMADA LIMITED**

**Report on the Indian Accounting Standards (Ind AS) 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, 2017 the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Ind AS 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 Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 Ind AS 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 Ind AS 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 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.

5. We conducted our audit of the Ind AS financial statements 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Price Waterhouse & Co Chartered Accountants LLP LLPIN AAC-4362 Chartered Accountants FRN 304026E/E-300009 ★ Mumbai ★

*Price Waterhouse & Co Chartered Accountants LLP, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West)*
*Mumbai - 400 028*
*T: +91 (22) 66691500, F: +91 (22) 66547804 / 07*

**Other Matter**

9. The financial statements of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated April 29, 2016 and May 4, 2015 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us. Our opinion is not qualified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

10. 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 ("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.

11. 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 (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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.

Price Waterhouse & Co Chartered Accountants LLP
LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
★ Mumbai ★

# Price Waterhouse & Co Chartered Accountants LLP



(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, 2017 on its financial position in its Ind AS financial statements.

ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2017.

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, 2017.

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 26.

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

Sarah George
Partner
Membership Number: 045255

Place: Mumbai
Date: April 23, 2017

**Annexure A to Independent Auditors' Report**
Referred to in paragraph 11(f) of the Independent Auditors' Report to the members of Forbes Bumi Armada Limited on the financial statements for the year ended March 31, 2017
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, 2017 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.

Waterhouse & Co Chartered Accountants
LLPIN AAC-4362
Chartered Accountants

**Annexure A to Independent Auditors' Report**
Referred to in paragraph 11(f) of the Independent Auditors' Report to the members of Forbes Bumi Armada Limited on the financial statements for the year ended March 31, 2017
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, 2017, 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
Chartered Accountants

Sarah George
Partner
Membership Number: 045255

Place: Mumbai
Date: April 23, 2017

**Annexure B to Independent Auditors' Report**
Referred to in paragraph 10 of the Independent Auditors' Report to the members of Forbes Bumi Armada Limited on the financial statements as of and for the year ended March 31, 2017
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 3 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 the undisputed statutory dues, in respect of provident fund, though there has been slight delay in a few cases, and is regular in depositing undisputed statutory dues, including income tax, service tax 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 on March 31, 2017 which have not been deposited on account of any 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 LLPIN AAC-4362 Chartered Accountants

**Annexure B to Independent Auditors' Report**
Referred to in paragraph 10 of the Independent Auditors' Report to the members of Forbes Bumi Armada Limited on the financial statements as of and for the year ended March 31, 2017
Page 2 of 2

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 Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standard) Rules, 2015 (as amended). 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
Chartered Accountants

Sarah George
Partner
Membership Number: 045255

Place: Mumbai
Date: April 23, 2017

**Forbes Bumi Armada Limited**
**Balance Sheet as at March 31, 2017**
*(All amounts in Rupees, unless otherwise stated)*

| | Notes | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 2 | 456,464 | 706,887 | 253,824 |
| Intangible assets | 3 | 198,885 | 254,622 | 11,496 |
| Financial assets | | | | |
| Other financial assets | 4(d) | 5,623,763 | 4,905,726 | 1,928,236 |
| Deferred tax assets | 5 | 12,965,857 | 7,603,023 | 2,170,353 |
| Other non-current assets | 6 | 7,794,396 | 10,217,049 | 6,467,062 |
| **Current assets** | | | | |
| Financial assets | | | | |
| Investments | 4(a) | - | 22,206,097 | 43,232,187 |
| Trade receivables | 4(b) | 33,160,045 | 50,895,478 | 32,488,022 |
| Cash and cash equivalents | 4(c) | 52,426,690 | 4,465,662 | 1,065,818 |
| Other financial assets | 4(d) | 84,397,717 | 72,530,039 | 45,830,387 |
| Other current assets | 7 | 1,243,072 | 1,721,932 | 359,505 |
| **Total assets** | | **198,266,889** | **175,506,515** | **133,806,890** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 8(a) | 55,000,000 | 55,000,000 | 55,000,000 |
| **Other equity** | | | | |
| Reserves and surplus | 8(b) | 39,198,021 | 29,225,863 | 20,467,761 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Provisions | 9 | 55,443 | 121,779 | 54,042 |
| Other non-current liabilities | 10 | 677,009 | 989,015 | - |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| Trade payables | 11(a) | 6,178,497 | 8,264,687 | 10,270,013 |
| Other financial liabilities | 11(b) | 82,319,488 | 65,330,060 | 38,783,191 |
| Provisions | 9 | 6,162 | 25,457 | 31,741 |
| Other current liabilities | 12 | 14,832,269 | 16,549,654 | 9,200,142 |
| **Total equity and liabilities** | | **198,266,889** | **175,506,515** | **133,806,890** |

*The above balance sheet should be read in conjunction with the accompanying notes.*

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration No. 304026E/E-300009

**For and on behalf of the Board of Directors**

**Sarah George**
Partner
Membership No: 045255

Place: Mumbai
Date: April 23, 2017

Director

Director

Ankita
Company Secretary
Ankita Shah

Place: Mumbai
Date: April 18, 2017

**Forbes Bumi Armada Limited**
**Statement of Profit and Loss for the year ended March 31, 2017**
*(All amounts in Rupees, unless otherwise stated)*

| | Notes | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|
| Revenue from operations | 13 | 543,410,005 | 546,103,894 |
| Other income | 14 | 1,434,629 | 2,404,707 |
| **Total income** | | **544,844,634** | **548,508,601** |
| **Expenses** | | | |
| Employee benefits expense | 15 | 516,750,615 | 522,151,822 |
| Depreciation and amortisation expense | 16 | 309,870 | 193,396 |
| Other expenses | 17 | 12,505,723 | 12,812,232 |
| Finance costs | 18 | 32 | 419,362 |
| **Total expenses** | | **529,566,240** | **535,576,812** |
| **Profit before tax** | | **15,278,394** | **12,931,789** |
| **Income tax expense** | 19 | | |
| - Current tax | | 10,845,951 | 9,597,898 |
| - Deferred tax | | (5,406,784) | (5,430,568) |
| **Total tax expense** | | **5,439,167** | **4,167,330** |
| **Profit for the year** | | **9,839,227** | **8,764,459** |
| **Other comprehensive income** | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurements of post-employment benefit obligations | 9 | 132,931 | (6,357) |
| Income tax relating to these items | | | |
| - Current tax | | 43,951 | (2,102) |
| - Deferred tax | | (43,951) | 2,102 |
| **Other comprehensive income for the year** | | **132,931** | **(6,357)** |
| **Total comprehensive income for the year** | | **9,972,158** | **8,758,102** |
| **Earnings per equity share (Face value per share Rs. 10)** | | | |
| Basic and Diluted | 24 | 1.79 | 1.59 |

*The above statement of profit and loss should be read in conjunction with the accompanying notes.*

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration No. 304026E/E-300009

**For and on behalf of the Board of Directors**

**Sarah George**
Partner
Membership No: 045255

Place: Mumbai
Date: April 23, 2017

Director

Director

Ankita

Company Secretary
Ankita Shah

Place: Mumbai
Date: April 18, 2017

**Forbes Bumi Armada Limited**
**Statement of cash flows for the year ended March 31, 2017**
*(All amounts in Rupees, unless otherwise stated)*

| | Notes | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| **Profit before income tax** | | **15,278,394** | **12,931,789** |
| Adjustments for: | | | |
| Depreciation and amortisation expense | 16 | 309,870 | 193,396 |
| Finance costs | 18 | 32 | 419,362 |
| Dividend income | 14 | (221,930) | (1,674,402) |
| Interest income | 14 | (102,652) | (145,271) |
| Liabilities written back to the extent no longer required | 14 | - | (101,590) |
| Unwinding Interest | 14 | (602,893) | (507,333) |
| | | **14,660,821** | **11,115,951** |
| Movements in working capital: | | | |
| Decrease/(Increase) in trade receivables | | 17,735,432 | (18,407,456) |
| Decrease/(Increase) in non current assets | | 717,542 | (1,282,331) |
| (Increase) in Other financial assets | | (12,555,715) | (29,677,142) |
| Decrease/(Increase) in Other current assets | | 478,860 | (1,362,427) |
| (Decrease)/Increase in Other current liabilities | | (1,717,385) | 7,451,102 |
| (Decrease)/Increase in Other non-current liabilities | | (312,006) | 989,015 |
| Increase in other current financial liabilities | | 16,989,429 | 26,546,869 |
| Increase in provisions | | 47,300 | 55,097 |
| (Decrease) in trade payables | | (2,086,191) | (2,005,326) |
| **Cash generated from/ used in operating activities** | | **33,958,087** | **(6,576,648)** |
| Income taxes paid | | (9,096,889) | (12,067,657) |
| **Net cash inflow/(outflow) from operating activities (A)** | | **24,861,198** | **(18,644,305)** |
| **Cash flows from investing activities** | | | |
| Payments for acquisition of property, plant and equipment | 2 | (3,710) | (612,781) |
| Payments for acquisition of intangible assets | 3 | - | (276,804) |
| Payments for investment in fixed deposits | | (30,000) | - |
| Proceeds from sale of investments | | 22,206,097 | 21,026,090 |
| Dividend received | 14 | 221,930 | 1,674,402 |
| Interest received | 14 | 102,652 | 145,271 |
| **Net cash inflow from investing activities (B)** | | **22,496,969** | **21,956,178** |
| **Cash flow from financing activities** | | | |
| Finance costs | 18 | (32) | (419,362) |
| Unwinding discount | 14 | 602,893 | 507,333 |
| **Net cash inflow from financing activities (C)** | | **602,861** | **87,971** |
| **Net increase in cash and cash equivalents (A+B+C)** | | **47,961,028** | **3,399,844** |
| Cash and cash equivalents at the beginning of the financial year | 4(c) | 4,465,662 | 1,065,818 |
| **Cash and cash equivalents at end of the year** | | **52,426,690** | **4,465,662** |

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration No. 304026E/E-300009

**For and on behalf of the Board of Directors**

**Sarah George**
Partner
Membership No: 045255

Place: Mumbai
Date: April 23, 2017

Director

Director

Ankita

Company Secretary
Ankita Shah

Place: Mumbai
Date: April 18, 2017

**Forbes Bumi Armada Limited**
**Statement of changes in equity**
*(All amounts in Rupees, unless otherwise stated)*

## A. Equity share capital

| | Notes | Amount |
|---|---|---|
| As at April 01, 2015 | | 55,000,000 |
| Changes in equity share capital | 8(a) | - |
| **As at March 31, 2016** | | 55,000,000 |
| Changes in equity share capital | 8(a) | - |
| **As at March 31, 2017** | | **55,000,000** |

## B. Other equity

| | | Reserves and Surplus |
|---|---|---|
| | | **Retained earnings** |
| **Balance as at April 01, 2015** | 8(b) | 20,467,761 |
| Profit for the year | | 8,764,459 |
| Other Comprehensive Income for the year | | (6,357) |
| **Total Comprehensive Income for the year** | | **8,758,102** |
| **Balance as at March 31, 2016** | | **29,225,863** |
| **Balance as at April 01, 2016** | 8(b) | 29,225,863 |
| Profit for the year | | 9,839,227 |
| Other Comprehensive Income for the year | | 132,931 |
| **Total Comprehensive Income for the year** | | **9,972,158** |
| **Balance as at March 31, 2017** | | **39,198,021** |

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration No. 304026E/E-300009

**For and on Behalf of the Board of Directors**

**Sarah George**
Partner
Membership No: 045255

Place: Mumbai
Date: April 23, 2017

Director

Director

Ankita

Company Secretary
Ankita Shah

Place: Mumbai
Date: April 18, 2017

**Background**
Forbes Bumi Armada Limited (the 'Company') is a joint venture between Forbes Campbell Finance Limited and Bumi Armada (Singapore) Pte. Limited. Refer Note 8(a) for shareholding details. The Company has been granted a Recruitment and Placement License from the Director General Shipping and accordingly provides manning services.

## 1. Significant Accounting Policies

### (a) Basis of preparation

#### (i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer note 27 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

#### (ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) that are measured at fair value;

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The assets and liabilities reported in the balance sheet are classified on a "current/non-current basis", with separate reporting of assets held for sale and liabilities. Current assets, which include cash and cash equivalents, are assets that are intended to be realised, sold or consumed during the normal operating cycle of the Company or in the 12 months following the balance sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the 12 months following the close of the financial year.

### (b) Foreign currency translation

#### (i) Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee, which is the functional and presentation currency of the Company.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. These gains/(losses) are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

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### (c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. 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.

### (d) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### (e) Leases

As a lessee

Leases where the Company has substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases.

### (f) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### (g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Forbes Bumi Armada Limited

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**(h) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**(i) Investments and other financial assets**

**(i) Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

**(ii) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

**(iii)Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**(iv) Income recognition**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**(j) Property, plant and equipment**

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives which is as prescribed under Schedule II of the Companies Act, 2013, as follows:

| Assets | Useful life |
|---|---|
| Computer Hardware | 3 years |
| Office Equipment | 5 years |

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

### (k) 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:

| Asset | Useful life |
|---|---|
| Computer Software | 6 years |

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

### (l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### (m) 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 recognized 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.

### (n) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### (ii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plan such as gratuity
(b) defined contribution plans such as provident fund

**Gratuity obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

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The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**Defined contribution plan**

The Company pays provident fund contributions to publically administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contributions plans and the contributions are recognised as employee benefits expense when they are due.

**(o) Earnings per share**

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**2. Property, plant and equipment**

| Particulars | Office equipment | Computers | Total |
|---|---|---|---|
| **Year ended March 31, 2016** | | | |
| **Gross carrying amount** | | | |
| Deemed cost as at April 01, 2015 | 5,621 | 248,203 | 253,824 |
| Additions | 612,781 | - | 612,781 |
| **Closing gross carrying amount** | **618,402** | **248,203** | **866,605** |
| **Accumulated depreciation** | | | |
| Depreciation charge during the year | 76,622 | 83,096 | 159,718 |
| **Closing accumulated depreciation** | **76,622** | **83,096** | **159,718** |
| **Net carrying amount** | **541,780** | **165,107** | **706,887** |
| **Year ended March 31, 2017** | | | |
| **Gross carrying amount** | | | |
| Opening gross carrying amount | 618,402 | 248,203 | 866,605 |
| Additions | - | 3,710 | 3,710 |
| Disposals | - | - | - |
| **Closing gross carrying amount** | **618,402** | **251,913** | **870,315** |
| **Accumulated depreciation** | | | |
| Opening accumulated depreciation | 76,622 | 83,096 | 159,718 |
| Depreciation charge during the year | 122,574 | 131,559 | 254,133 |
| Disposals | - | - | - |
| **Closing accumulated depreciation** | **199,196** | **214,655** | **413,851** |
| **Net carrying amount** | **419,206** | **37,258** | **456,464** |

**3. Intangible assets**

| Particulars | Computer Software |
|---|---|
| **Year ended March 31, 2016** | |
| **Gross carrying amount** | |
| Deemed cost as at April 01, 2015 | 11,496 |
| Additions | 276,804 |
| **Closing gross carrying amount** | **288,300** |
| **Accumulated amortisation** | |
| Amortisation charge for the year | 33,678 |
| **Closing accumulated amortisation** | **33,678** |
| **Net carrying amount** | **254,622** |
| **Year ended March 31, 2017** | |
| **Gross carrying amount** | |
| Opening gross carrying amount | 288,300 |
| **Closing gross carrying amount** | **288,300** |
| **Accumulated amortisation** | |
| Opening accumulated amortisation | 33,678 |
| Amortisation charge for the year | 55,737 |
| **Closing accumulated amortisation** | **89,415** |
| **Net carrying amount** | **198,885** |

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* Mumbai *

**4. Financial assets**

| | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| **4(a) Current investments** | | | |
| **Investment in mutual funds** | | | |
| **Unquoted** | | | |
| Nil (March 31, 2016: 144,806, April 01, 2015: 137,330) units in Birla Sun Life Mutual Fund - Cash plus daily dividend regular plan reinvestment | - | 14,508,918 | 13,759,732 |
| Nil (March 31, 2016: Nil, April 01, 2015: 148,428) units in ICICI Prudential Mutual Fund - Liquid plan regular daily dividend | - | - | 14,850,356 |
| Nil (March 31, 2016: Nil, April 01, 2015: 717,702) units in HDFC Liquid Fund - Dividend daily reinvest | - | - | 7,319,268 |
| Nil (March 31, 2016: 7,550, April 01, 2015: 7,164) units in UTI - Liquid Cash Plan - Institutional daily dividend reinvestment | - | 7,697,179 | 7,302,831 |
| **Total current investments** | - | 22,206,097 | 43,232,187 |
| Aggregate amount of unquoted investments | - | 22,206,097 | 43,232,187 |
| **4(b) Trade receivables** | | | |
| Usecured, considered good | | | |
| Trade receivables | 33,160,045 | 50,895,478 | 32,488,022 |
| Less: allowance for doubtful debts | - | - | - |
| **Total receivables** | 33,160,045 | 50,895,478 | 32,488,022 |
| Current portion | 33,160,045 | 50,895,478 | 32,488,022 |
| Non-current portion | - | - | - |
| **4(c) Cash and cash equivalents** | | | |
| Balances with banks in current accounts | 52,397,435 | 4,419,860 | 567,216 |
| Cash on hand | 29,255 | 45,802 | 34,652 |
| Cheques on hand | - | - | 463,950 |
| **Total cash and cash equivalents** | 52,426,690 | 4,465,662 | 1,065,818 |

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

**4(d) Other financial assets**

| | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Current | Non-current | Current | Non-current |
| Long term deposits with banks with the maturity more than 12 months (held as lien against bank guarantee) | - | 1,023,378 | - | 908,235 | - | 770,812 |
| Security deposits | 135,467 | 4,600,385 | - | 3,997,491 | 1,038,849 | 1,157,424 |
| Unbilled revenue | 84,262,250 | - | 72,530,039 | - | 44,791,538 | - |
| **Total other financial assets** | 84,397,717 | 5,623,763 | 72,530,039 | 4,905,726 | 45,830,387 | 1,928,236 |

**5. Deferred tax assets**

| | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| Tax effect of items constituting deferred tax assets | | | |
| Disallowances under Section 40(a)(ia), 40A(7) and 43B of the Income Tax Act, 1961 | 12,995,812 | 7,677,470 | 2,217,870 |
| **Total deferred tax assets** | 12,995,812 | 7,677,470 | 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 property, plant and equipment | 22,384 | 66,876 | 39,946 |
| Other timing differences | 7,571 | 7,571 | 7,571 |
| **Total deferred tax liabilities** | 29,955 | 74,447 | 47,517 |
| **Net deferred tax assets** | 12,965,857 | 7,603,023 | 2,170,353 |
| **6. Other non-current assets** | | | |
| Advance income tax [Net of provision of Rs. 25,834,001 (March 31, 2016: Rs. 15,032,001; April 01, 2015: Rs. 54,32,001)] | 6,237,427 | 7,942,538 | 5,474,882 |
| Prepaid expenses | 1,556,969 | 2,274,511 | 992,180 |
| **Total non-current assets** | 7,794,396 | 10,217,049 | 6,467,062 |
| **7. Other current assets** | | | |
| Advance to vendors | 66,472 | 137,868 | - |
| Balances with government authorities | 59,462 | 223,185 | 38,681 |
| Loan and advances to related parties (Refer Note 23) | 373,750 | - | - |
| Prepaid expenses | 743,388 | 1,360,879 | 320,824 |
| **Total other current assets** | 1,243,072 | 1,721,932 | 359,505 |

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## 8. Equity share capital and other equity

### 8(a) Equity share capital

| Authorised equity share capital | Number of shares | Amount |
|---|---|---|
| As at April 01, 2015 | 10,000,000 | 100,000,000 |
| Increase during the year | - | - |
| **As at March 31, 2016** | **10,000,000** | **100,000,000** |
| Increase during the year | - | - |
| **As at March 31, 2017** | **10,000,000** | **100,000,000** |

| (i) Movement in equity share capital | | |
|---|---|---|
| As at April 01, 2015 | 5,500,000 | 55,000,000 |
| Shares issued during the year | - | - |
| **As at March 31, 2016** | **5,500,000** | **55,000,000** |
| Shares issued during the year | - | - |
| **As at March 31, 2017** | **5,500,000** | **55,000,000** |

Terms and rights attached to 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.

**(ii) Details of shareholders holding more than 5% shares in the Company**

| | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Number of shares | % | Number of shares | % | Number of shares | % |
| Forbes Campbell Finance Limited and Nominees | 2,805,000 | 51% | 2,805,000 | 51% | 2,805,000 | 51% |
| Bumi Armada (Singapore) Pte. Ltd. | 2,695,000 | 49% | 2,695,000 | 49% | 2,695,000 | 49% |
| | 5,500,000 | | 5,500,000 | | 5,500,000 | |

### 8(b) Reserves and surplus

| | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| Retained earnings | 39,198,021 | 29,225,863 | 20,467,761 |
| **Total Reserves and Surplus** | **39,198,021** | **29,225,863** | **20,467,761** |

| **Retained earnings** | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| Opening balance | 29,225,863 | 20,467,761 |
| Net profit for the year | 9,839,227 | 8,764,459 |
| Items of other comprehensive income recognised directly in retained earnings | | |
| - Remeasurement of post-employment benefit obligation, net of tax | 132,931 | (6,357) |
| **Closing balance** | **39,198,021** | **29,225,863** |

## 9. Provisions

| | As at March 31, 2017 | | | As at March 31, 2016 | | | As at April 01, 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total | Current | Non-current | Total |
| Leave obligation | 6,100 | - | 6,100 | 25,288 | - | 25,288 | 31,663 | - | 31,663 |
| Gratuity | 62 | 55,443 | 55,505 | 169 | 121,779 | 121,948 | 78 | 54,042 | 54,120 |
| **Total provisions** | **6,162** | **55,443** | **61,605** | **25,457** | **121,779** | **147,236** | **31,741** | **54,042** | **85,783** |

**(a) Leave obligations**
The leave obligations cover the Company's liability for earned leave.
The amount of the provision of Rs. 6,100 (March 31, 2016: Rs. 25,288, April 01, 2015: Rs. 31,663 ) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

**(b) Post-employment obligations - Gratuity**
The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

**(c) Defined contribution plans**
The Company also has certain defined contribution plans. Contributions are made to Provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contribution plan is Rs. 202,191 (March 31, 2016: Rs. 197,010).

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**9. Provisions** (continued)

**(i) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:**

| | Present Value of Obligation |
|---|---|
| **Balance as at April 01, 2015** | 54,120 |
| Current service cost | 57,185 |
| Interest expense/(income) | 4,286 |
| **Total amount recognised in profit or loss** | 61,471 |
| Remeasurements | |
| (Gain)/loss from change in financial assumptions | 1,609 |
| Experience (gains)/losses | 4,748 |
| **Total amount recognised in other comprehensive income** | 6,357 |
| **Balance as at March 31, 2016** | 121,948 |
| **Balance as at April 01, 2016** | 121,948 |
| Current service cost | 56,976 |
| Interest expense/(income) | 9,512 |
| **Total amount recognised in profit or loss** | 66,488 |
| Remeasurements | |
| (Gain)/loss from change in financial assumptions | 7,001 |
| Experience (gains)/losses | (139,932) |
| **Total amount recognised in other comprehensive income** | (132,931) |
| **Balance as at March 31, 2017** | 55,505 |

**(ii) Significant estimates: Actuarial assumptions and sensitivity analysis**

The significant actuarial assumptions were as follow :

| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
|---|---|---|---|
| Discount rate | 6.69% | 7.80% | 7.92% |
| Salary growth rate | 10% | 10% | 10% |

**(iii) Sensitivity analysis**

The impact on the closing provision made for defined obligation on changes in the weighted principal assumptions is:

| | Change in assumption | | Increase in assumption | | | Decrease in assumption | | |
|---|---|---|---|---|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | Increase/ Decrease | March 31, 2017 | March 31, 2016 | Increase/ Decrease | March 31, 2017 | March 31, 2016 |
| Discount rate | 1% | 1% | Decrease to | 49,137 | 102,406 | Increase to | 63,185 | 146,355 |
| Salary growth rate | 1% | 1% | Increase to | 62,604 | 128,485 | Decrease to | 49,469 | 102,806 |

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumption the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

**(iv) Defined benefit liability and employer contributions**

The weighted average duration of the defined benefit obligation is 8.49 years (March 31, 2016: 12.58 years, April 01, 2015: 10.77 years). The expected maturity analysis of undiscounted gratuity is as follows:

| | Less than a year | Between 1-2 years | Between 2-5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| **March 31, 2017** | 62 | 64 | 210 | 122,863 | 123,199 |
| **March 31, 2016** | 169 | 164 | 560 | 249,566 | 250,459 |
| **April 01, 2015** | 78 | 67 | 227 | 104,735 | 105,107 |

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| | | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|---|
| 10. | **Other non current liabilities** | | | |
| | Deferred rent | 677,009 | 989,015 | - |
| | **Closing balance** | **677,009** | **989,015** | **-** |
| 11. | **Financial liabilities** | | | |
| 11(a) | **Trade payables** | | | |
| | Total outstanding dues of micro enterprises and small enterprises | - | - | - |
| | Total outstanding dues of creditors other than micro enterprises and small enterprises | 6,178,497 | 8,264,687 | 10,270,013 |
| | **Total Trade Payables** | **6,178,497** | **8,264,687** | **10,270,013** |

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.

| | | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|---|
| 11(b) | **Other financial liabilities** | | | |
| | Employee benefits payable | 80,347,895 | 63,616,849 | 38,783,191 |
| | Security deposits | 1,971,593 | 1,713,211 | - |
| | **Total other financial liabilities** | **82,319,488** | **65,330,060** | **38,783,191** |
| 12. | **Other current liabilities** | | | |
| | Statutory dues including provident fund and tax deducted at source | 14,520,263 | 16,237,648 | 9,167,652 |
| | Directors Fees | - | - | 32,490 |
| | Deferred rent | 312,006 | 312,006 | - |
| | **Total other current liabilities** | **14,832,269** | **16,549,654** | **9,200,142** |

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| | | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|
| **13.** | **Revenue from operations** | | |
| | Income from manpower services | 541,142,093 | 542,967,273 |
| | Other operating income | | |
| | Service income | 2,267,912 | 3,136,621 |
| | **Total revenue from operations** | **543,410,005** | **546,103,894** |
| **14.** | **Other income and other gains/(losses)** | | |
| | Dividend income from investments mandatorily measured at fair value through profit and loss | 221,930 | 1,674,402 |
| | Liabilities written back to the extent no longer required | - | 101,590 |
| | Interest Income | 102,652 | 145,271 |
| | Unwinding of discount on security deposits | 602,893 | 507,333 |
| | Interest on income tax refund | 319,867 | - |
| | Net foreign exchange losses on foreign currency transactions and translation | (122,572) | (23,889) |
| | Miscellaneous income | 309,859 | - |
| | **Total other income** | **1,434,629** | **2,404,707** |
| **15.** | **Employee benefits expenses** | | |
| | Salaries, wages and bonus | 516,475,451 | 521,709,444 |
| | Contribution to provident fund and other funds (Refer Note 9) | 202,191 | 197,010 |
| | Gratuity (Refer Note 9) | 66,488 | 61,471 |
| | Leave compensation (Refer Note 9) | 6,100 | 82,250 |
| | Staff welfare expenses | 385 | 101,647 |
| | **Total employee benefits expenses** | **516,750,615** | **522,151,822** |
| **16.** | **Depreciation and amortisation expense** | | |
| | Depreciation of property, plant and equipment (Refer Note 2) | 254,133 | 159,718 |
| | Amortisation of intangible assets (Refer Note 3) | 55,737 | 33,678 |
| | **Total depreciation and amortisation expense** | **309,870** | **193,396** |
| **17.** | **Other expenses** | | |
| | Rent | 5,931,780 | 6,147,447 |
| | Insurance | 97,752 | - |
| | Travelling and conveyance | 6,921 | 28,097 |
| | Directors fees | 110,000 | 220,000 |
| | Payment to Auditors | | |
| | Audit Fee | 900,000 | 600,000 |
| | Tax audit Fee | 100,000 | 100,000 |
| | Professional fees | 1,917,348 | 2,809,754 |
| | IT Expenses | 1,349,181 | |
| | Communication charges | 236,687 | 245,099 |
| | Bank charges | 145,012 | 81,425 |
| | Contractual staff cost | 21,508 | 662,373 |
| | Electricity charges | 1,020,230 | 645,967 |
| | Miscellaneous expenditure | 669,304 | 1,272,070 |
| | **Total other expenses** | **12,505,723** | **12,812,232** |
| **18.** | **Finance cost** | | |
| | Interest on statutory dues | 32 | 419,362 |
| | **Total finance cost** | **32** | **419,362** |

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| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **19. Income tax expense** | | |
| Current tax: | | |
| Current tax on profits for the year | 10,845,951 | 9,597,898 |
| Current tax on OCI for the year | (43,951) | 2,102 |
| **Total current tax expense** | **10,802,000** | **9,600,000** |
| Deferred tax: | | |
| (Increase) in deferred tax assets - Statement of Profit and Loss | (5,406,784) | (5,430,568) |
| (Increase)/ decrease in deferred tax assets - Other Comprehensive Income | 43,951 | (2,102) |
| **Total deferred tax expense/(benefit)** | **(5,362,833)** | **(5,432,670)** |
| **Income tax expense** | **5,439,167** | **4,167,330** |

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**20. Fair value measurements**

**20(a) Financial instruments by category**

| | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|---|---|---|---|---|---|---|
| | FVPL | Amortised cost | FVPL | Amortised cost | FVPL | Amortised cost |
| **Financial assets** | | | | | | |
| Investments in mutual funds | | | 22,206,097 | | 43,232,187 | |
| Trade receivables | - | 33,160,045 | - | 50,895,478 | - | 32,488,022 |
| Unbilled Revenue | - | 84,262,250 | - | 72,530,039 | - | 44,791,538 |
| Cash and cash equivalents | - | 52,426,690 | - | 4,465,662 | - | 1,065,818 |
| Security deposits | - | 4,735,852 | - | 3,997,491 | - | 2,196,273 |
| Long term deposits with banks with the maturity more than 12 months | - | 1,023,378 | - | 908,235 | - | 770,812 |
| **Total financial assets** | - | 175,608,215 | 22,206,097 | 132,796,905 | 43,232,187 | 81,312,463 |
| **Financial liabilities** | | | | | | |
| Trade payables | - | 6,178,497 | - | 8,264,687 | - | 10,270,013 |
| Payable to employees | - | 80,347,895 | - | 63,616,849 | - | 38,783,191 |
| Security deposits | - | 1,971,593 | - | 1,713,211 | - | - |
| **Total financial liabilities** | - | 88,497,985 | - | 73,594,747 | - | 49,053,204 |

**20(b) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

| Financial assets and liabilities which are measured at amortised cost for which fair values are disclosed at March 31, 2017 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Security deposits | 4(d) | - | - | 4,735,852 | 4,735,852 |
| **Total financial assets** | | | | 4,735,852 | 4,735,852 |
| **Financial liabilities** | | | | | |
| Security deposits | 11(b) | - | - | 1,971,593 | 1,971,593 |
| **Total financial liabilities** | | - | - | 1,971,593 | 1,971,593 |

| Financial assets and liabilities measured at fair value - recurring fair value measurements at March 31, 2016 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Financial instruments at FVTPL | | | | | |
| Investment in mutual funds | 4(a) | 22,206,097 | - | - | 22,206,097 |
| **Total financial assets** | | 22,206,097 | - | - | 22,206,097 |

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**20(b) Fair value measurements** (continued)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed at March 31, 2016 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Security deposits | 4(d) | - | - | 3,997,491 | 3,997,491 |
| **Total financial assets** | | - | - | **3,997,491** | **3,997,491** |
| **Financial liabilities** | | | | | |
| Security deposits | 11(b) | - | - | 1,713,211 | 1,713,211 |
| **Total financial liabilities** | | - | - | **1,713,211** | **1,713,211** |

| Financial assets and liabilities measured at fair value - recurring fair value measurements at April 01, 2015 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Financial instruments at FVTPL | | | | | |
| Investment in mutual funds | 5(a) | 22,206,097 | - | - | 22,206,097 |
| **Total financial assets** | | **22,206,097** | - | - | **22,206,097** |

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed at April 01, 2015 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Security deposits | 4(d) | - | - | 2,196,273 | 2,196,273 |
| **Total financial assets** | | - | - | **2,196,273** | **2,196,273** |

**20(c) Valuation processes**

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. The mutual funds are valued using closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. There are no items falling under level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**20(d) Fair value of financial assets and liabilities measured at amortised cost**

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial assets** | | | | | | |
| Security deposits | 4,735,852 | 4,735,852 | 3,997,491 | 3,997,491 | 2,196,273 | 2,196,273 |
| **Total financial assets** | **4,735,852** | **4,735,852** | **3,997,491** | **3,997,491** | **2,196,273** | **2,196,273** |
| **Financial liabilities** | | | | | | |
| Security deposits | 1,971,593 | 1,971,593 | 1,713,211 | 1,713,211 | - | - |
| **Total financial liabilities** | **1,971,593** | **1,971,593** | **1,713,211** | **1,713,211** | - | - |

The carrying amounts of trade receivables, trade payables, and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair values for security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

**21. Financial risk management**

**Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.
The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies such as risk identification and measurement and exposure limits.

**(a) Credit risk**

Credit risk arises from cash and cash equivalents and trade receivables. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The Company adopts the policy of dealing only with related parties and obtaining sufficient security where appropriate to mitigate credit risk.
Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations on cash and cash equivalents. The maximum exposure to credit risk is represented by the carrying values of the Company's financial assets.

| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
|---|---|---|---|
| **Financial Assets** | | | |
| Cash and cash equivalents | 52,426,690 | 4,465,662 | 1,065,818 |
| Trade receivables | 33,160,045 | 50,895,478 | 32,488,022 |
| Investments in mutual funds | - | 22,206,097 | 43,232,187 |
| Other financial assets | 84,397,717 | 72,530,039 | 45,830,387 |

Cash equivalents and investments
The Company limits its exposure to credit risk through dealing with well-established financial institutions with high credit standing, and thus management does not expect any counterparty to fail to meet its obligations. The Company does not consider there to be any significant concentration of credit risk in respect of which adequate impairment has not been raised.

Trade receivables
The Company has entered into a contract with two customers and is generating all it's revenue from the said customers. Based on the management's assessment considering the customer's market capitalisation and past history, the risk of default is low.

The Company does not have any collateral in respect of trade receivables.

The Company adopts the policy of dealing only with related parties and obtaining sufficient security where appropriate to mitigate credit risk.

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The risk is managed through cash flow forecasts and the optimisation of daily cash management.

The table below analyses the Company's non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

| **For the year ended March 31, 2017** | | |
|---|---|---|
| **Contractual maturities of financial liabilities** | **Upto 1 year** | **Total** |
| Trade and other payables | 6,178,497 | 6,178,497 |
| Other financial liabilities | 82,319,488 | 82,319,488 |
| **For the year ended March 31, 2016** | | |
| **Contractual maturities of financial liabilities** | **Upto 1 year** | **Total** |
| Trade and other payables | 8,264,687 | 8,264,687 |
| Other financial liabilities | 65,330,060 | 65,330,060 |
| **For the year ended April 01, 2015** | | |
| **Contractual maturities of financial liabilities** | **Upto 1 year** | **Total** |
| Trade and other payables | 10,270,013 | 10,270,013 |
| Other financial liabilities | 38,783,191 | 38,783,191 |

**(c) 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.

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**21(c) Financial risk management** (continued)

**(i) Foreign currency risk**

The Company's business operations are not exposed to significant currency risks except for certain amounts due to two offshore employees and certain payments/receipts in the year on account of previous year balances.

**(ii) Interest rate risk**
The Company is exposed to interest rate risk on its bank deposits.

**22. Capital risk**

**(a) Risk management**
The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
-maintain an optimal capital structure to reduce cost of capital.

The Company's capital structure consists of only equity share capital and has no debts which suggests that there is no risk for management of capital.

**(b) Dividends**
The Company has not declared dividends in the current reporting year as well as prior years.

**23. Related party transactions**

**(a) Parent entities**

| Name | Type | Place of Incorporation | Ownership interest March 31, 2017 | March 31, 2016 | April 01, 2015 |
|---|---|---|---|---|---|
| Forbes Campbell Finance Limited | Shareholders | India | 51.00% | 51.00% | 51.00% |
| Bumi Armada (Singapore) Pte Ltd. | Shareholders | Singapore | 49.00% | 49.00% | 49.00% |

**(b) Transactions with related parties**
The following transactions occurred with related parties:

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Entertainment Expenses | | |
| -Fellow Subsidiaries | 23,600 | - |
| Reimbursement of software expenses | | |
| -Fellow Subsidiaries | 1,342,848 | - |
| Manning Income * | | |
| -Fellow Subsidiaries | 541,142,093 | 542,967,273 |
| Professional Fees | | |
| -Fellow Subsidiaries | 261,300 | - |
| Reimbursement of Rent | | |
| -Fellow Subsidiaries | 4,103,352 | 3,077,513 |
| Service Income | | |
| -Fellow Subsidiaries | 2,267,912 | 3,136,621 |
| Travelling expense | | |
| -Fellow Subsidiaries | - | 802,171 |
| Reimbursement expenses | | |
| -Fellow Subsidiaries | 32,855,148 | 47,363,756 |

* Manning income is received from Shapoorji Pallonji Bumi Armada Offshore Limited (formerly known as Forbes Bumi Armada Offshore Limited) and SP Armada Oil Exploration Private Limited.

Forbes Bumi Armada Limited Mumbai

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LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Mumbai

**23. Related party transactions** (continued)

**23(c) Balances with related parties as at March 31, 2017**

| | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| **Trade Payables** | | | |
| -Fellow Subsidiaries | 1,872,805 | 387,084 | 1,547,991 |
| **Trade Receivables** | | | |
| -Fellow Subsidiaries | 117,796,045 | 50,895,477 | 32,396,811 |

**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 :

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Profit after taxation (Rupees) | 9,839,227 | 8,764,459 |
| 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) | 1.79 | 1.59 |
| Face value per share (Rupees) | 10 | 10 |

**25. Operating Lease**

(i) There is a premise taken by the Company on an operating lease, which has a non cancellable period of 3 years since date of commencement of agreement.

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Lease rent for premises recognised in the Statement of Profit and Loss during the year | 5,931,780 | 6,147,447 |

(ii) Future minimum lease payments under non-cancellable operating lease are as under:

| Particulars | Future Minimum Lease Rentals | | |
|---|---|---|---|
| | Less than 1 Year | Between 1 to 5 Years | More than 5 Years |
| Lease rent for premises | 13,677,840 | 1,557,754 | - |
| | *13,677,840* | *15,235,594* | - |

Figures in italics represent figures of previous year.

**26. Specified Bank Notes**

According to a recent amendment, the Ministry of Corporate Affairs has published notification in Official Gazette vide no. G.S.R. 308(E) dated March 30, 2017 where the Company has to provide holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016.

'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 08, 2016. The said notification, defines the term as "bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees".

**Following are the details of holdings as well as dealings in Specified Bank Notes:**

| Particulars | Specified Bank Notes | Other Notes | Total |
|---|---|---|---|
| Closing cash in hand as on November 8, 2016 | - | 52,658 | 52,658 |
| (+) Permitted Receipts | - | - | - |
| (-) Permitted payments | - | (7,960) | (7,960) |
| (-) Amount deposited in Banks | - | - | - |
| **Closing cash in hand as on December 30, 2016** | - | 44,698 | 44,698 |

Forbes Bumi Armada Limited Mumbai

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Chartered Accountants
FRN 304026E/E-300009
Mumbai

## 27. First-time adoption of Ind AS

### Transition to Ind AS

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 01, 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

### A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**A.1. Ind AS optional exemptions**

**A.1.1 Deemed cost**
Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.
Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

**A.2 Ind AS mandatory exceptions**

**A.2.1 Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

### B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires and entity to reconcile equity and total comprehensive income for prior periods. The following tables represent the reconciliations from the previous GAAP to Ind AS.

**Reconciliation of total equity as at March 31, 2016 and April 01, 2015**

| | Notes to first-time adoption | March 31, 2016 | April 01, 2015 |
|---|---|---|---|
| Total equity (shareholders' funds) as per previous GAAP | | 84,353,903 | 75,473,186 |
| **Adjustments :** | | | |
| Fair valuation of security deposits | C.1 | (128,040) | (5,425) |
| **Total adjustments** | | **(128,040)** | **(5,425)** |
| **Total equity as per Ind AS** | | **84,225,863** | **75,467,761** |

**Reconciliation of total comprehensive income for the year ended March 31, 2016**

| | Notes to first-time adoption | March 31, 2016 |
|---|---|---|
| Profit after tax as per previous GAAP | | 8,880,717 |
| **Adjustments :** | | |
| Fair valuation of security deposits | C.1 | (122,615) |
| Actuarial loss on defined benefit plans recognised in other comprehensive income | C.2 | 6,357 |
| **Total adjustments** | | **(116,258)** |
| **Profit after tax as per Ind AS (A)** | | **8,764,459** |
| | | |
| Other Comprehensive Income | | |
| Remeasurements of post-employment benefit obligations | C.2 | (6,357) |
| **Other Comprehensive Income for the year (B)** | | **(6,357)** |
| | | |
| **Total Comprehensive Income for the year (A+B)** | | **8,758,102** |

### C : Notes to first time adoption

**C.1: Security deposit**
Under previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets and financial liabilities are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent and deferred rent. Consequent to this change, the amount of security deposits (financial assets) increased by Rs. 3,183,375 as at March 31, 2016 (April 1, 2015: Rs. 1,236,199) and the amount of security deposits (financial liabilities) decreased by Rs. 1,364,303 as at March 31, 2016 (April 1, 2015: Nil). The prepaid rent increased by Rs. 2,992,053 as at March 31, 2016 (April 1, 2015: Rs. 1,230,773) and the deferred rent increased by Rs. 1,301,022 as at March 31, 2016 (April 1, 2015: Nil). Total equity decreased by Rs. 5,425 as on April 1, 2015. The profit for the year and total equity as at March 31, 2016 decreased by Rs. 128,040 due to amortisation of prepaid rent of Rs. 693,229 and amortisation of deferred rent of Rs. 235,928 which is partially offset by the notional interest income of Rs. 507,333.

**C.2: Remeasurements of post-employment benefit obligations**
Under Ind AS, remeasurements i.e., actuarial gains and losses, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these remeasurements were forming part of profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 has increased by Rs. 6,357. There is no impact on total equity.

**C.3: Retained earnings**
Retained earnings as at April 01, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

Forbes Bumi Armada Limited Mumbai

Price Waterhouse & Co Chartered Accountants LLP
LLPIN AAC-4362
Chartered Accountants
FRN 304026E/E-300009
Mumbai

**Forbes Bumi Armada Limited**
**Notes to the financial statements as at and for the year ended March 31, 2017 (continued)**
*(All amounts in Rupees, unless otherwise stated)*

27. **First-time adoption of Ind AS** (continued)

**C.4: Other comprehensive income**
Under Ind AS, all items of income and expense recognised in a year should be included in profit or loss for the year, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as 'Other Comprehensive Income' includes remeasurements of defined benefits plans. The concept of Other Comprehensive Income did not exist under previous GAAP.

28. Previous year figures have been reclassified to conform to this year's classification.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration No. 304026E/E-300009

**Sarah George**
Partner
Membership No: 045255

Place: Mumbai
Date: April 23, 2017

**For and on behalf of the Board of Directors**

Director

Director

Ankita.

Company Secretary
Ankita Shah.

Place: Mumbai
Date: April 18, 2017

Forbes Campbell Finance Limited

(a wholly owned Subsidiary Company)

Financial Statements

For the year ended March 31, 2017

**Independent Auditor's Report**
**To the Members of Forbes Campbell Finance Limited**

**Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of **Forbes Campbell Finance Limited** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

**Management's Responsibility for the Standalone 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS 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 standalone Ind AS financial statements.

BATLIBOI & PUROHIT MUMBAI CHARTERED ACCOUNTANTS



National Insurance Building, 2nd floor, 204, Dr D. N. Road, Fort, Mumbai - 400 001
Tel : +91 -22- 22077942 / 22014930 • Email : auditteam@bnpindia.in

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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 (including other comprehensive income), the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued there under;

(e) On the basis of the written representations received from the directors as on 31 March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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.

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iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 28 to the standalone Ind AS financial statements.

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

**Janak Mehta**
Partner
Membership No: 116976

BATLIBOI & PUROHIT MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: April 21, 2017

**Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, 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 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 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 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 from the public.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013 for the Company. Accordingly, paragraph 3 (vi) of the Order are not applicable to the Company.

(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 2017 for a period of more than six months from the date they became payable. 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 |

BATLIBOI & PUROHIT MUMBAI CHARTERED ACCOUNTANTS

(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 | 190,779 | 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 did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(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) The Company has not paid any remuneration to managerial personnel. Accordingly, the 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, 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 standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give 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.

BATLIBOI & PUROHIT MUMBAI CHARTERED ACCOUNTANTS

(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
Firm Reg. No.: 101048W

Janak Mehta
*Partner*
Membership No: 116976
Place : Mumbai
Date : April 21, 2017

BATLIBOI & PUROHIT
MUMBAI
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 2017 in conjunction with our audit of the standalone Ind AS 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 standalone Ind AS 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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### 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'sinternalfinancialcontroloverfinancialreportingincludesthosepoliciesandproceduresthat (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) providereasonableassuranceregardingpreventionortimelydetectionofunauthorisedacquisition,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 2017, 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
Firm Reg. No.: 101048W

Janak Mehta
*Partner*
Membership No: 116976

BATLIBOI & PUROHIT
MUMBAI
CHARTERED ACCOUNTANTS

Place : Mumbai
Date : April 21, 2017

## FORBES CAMPBELL FINANCE LIMITED

### BALANCE SHEET AS AT 31ST MARCH, 2017

| Particulars | Note No. | As at 31st March, 2017 ₹ | As at 31st March, 2016 ₹ | As at 1st April, 2015 ₹ |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **1 Non-current assets** | | | | |
| a Property, Plant and Equipment | 3 | - | - | - |
| b Investment Property | 4 | **5,22,564** | 5,45,404 | 5,68,244 |
| c **Financial Assets:** | | | | |
| i) **Investments** | | | | |
| a) Investments in Subsidiaries | 5 | 4,93,996 | 4,93,996 | 4,93,996 |
| b) Investments in Associate | 6 | 11,81,93,850 | 11,81,41,350 | 11,80,88,850 |
| c) Investments in Joint Venture | 7 | 2,80,56,395 | 2,80,56,395 | 2,80,56,395 |
| d) Other Investments | 8 | 29,37,59,029 | 20,19,65,573 | 28,72,02,948 |
| | | **44,05,03,270** | 34,86,57,314 | 43,38,42,189 |
| ii) Other financial assets | 10A | 10,000 | 10,000 | 10,000 |
| | | **44,05,13,270** | 34,86,67,314 | 43,38,52,189 |
| d **Tax assets** | | | | |
| i) Current tax assets (net) | 19 | 1,99,72,104 | 1,99,64,258 | 1,99,86,256 |
| | | **1,99,72,104** | 1,99,64,258 | 1,99,86,256 |
| e Other non-current assets | 12A | - | 1,99,809 | 1,99,809 |
| **Total Non-current assets** | | **46,10,07,938** | 36,93,76,785 | 45,46,06,498 |
| **2 Current assets** | | | | |
| a **Financial Assets:** | | | | |
| i) Cash and cash equivalents | 11A | 14,86,246 | 5,84,405 | 8,70,529 |
| ii) Bank balances | 11B | - | 5,00,000 | - |
| iii) Loans | 9A | - | - | - |
| iv) Other financial assets | 10B | - | 6,660 | - |
| | | **14,86,246** | 10,91,065 | 8,70,529 |
| **Total Current assets** | | **14,86,246** | 10,91,065 | 8,70,529 |
| **Total Assets** | | **46,24,94,184** | 37,04,67,850 | 45,54,77,027 |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| a Equity share capital | 13 | 3,86,41,310 | 3,86,41,310 | 3,86,41,310 |
| b Other equity | 14 | 38,92,34,529 | 30,04,86,884 | 38,84,19,045 |
| **Total Equity** | | **42,78,75,839** | 33,91,28,194 | 42,70,60,355 |
| **Liabilities** | | | | |
| **1 Non-current liabilities** | | | | |
| a **Financial liabilities:** | | | | |
| i) Borrowings | 15 | 3,20,45,975 | 2,87,67,249 | 2,58,40,823 |
| **Total Non-current liabilities** | | **3,20,45,975** | 2,87,67,249 | 2,58,40,823 |
| **2 Current liabilities** | | | | |
| a **Financial liabilities:** | | | | |
| i) Trade and other payables | 18A | 49,818 | 49,816 | 52,908 |
| ii) Other financial liabilities | 16A | 5,68,082 | 5,68,086 | 5,68,086 |
| | | **6,17,900** | 6,17,902 | 6,20,994 |
| b Other current liabilities | 17A | 19,54,470 | 19,54,505 | 19,54,855 |
| | | **25,72,370** | 25,72,407 | 25,75,849 |
| **Total Current Liabilities** | | **25,72,370** | 25,72,407 | 25,75,849 |
| **Total Liabilities** | | **3,46,18,345** | 3,13,39,656 | 2,84,16,672 |
| **Total Equity and Liabilities** | | **46,24,94,184** | 37,04,67,850 | 45,54,77,027 |

**See accompanying notes forming part of the financial statements** **1 to 36**

**As per our report of even date**
**For BATLIBOI & PUROHIT**
Chartered Accountants
Firm Reg No:101048W

**Janak Mehta**
Partner
Membership No.: 116976
*Mumbai, 21st April, 2017*

SHRIKRISHNA BHAVE — *Chairperson*

NIRMAL JAGAWAT
S.P. KADAKIA
MR. PANKAJ KHATTAR
— *Directors*

*Mumbai, 21st April, 2017*

## FORBES CAMPBELL FINANCE LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

| | Particulars | Note No. | Year Ended 31st March, 2017 ₹ | *Year Ended 31st March, 2016 ₹* |
|---|---|---|---|---|
| I | Revenue from operations | 20 | 4,80,000 | *4,80,000* |
| II | Other income | 21 | 1,03,048 | *83,317* |
| III | **Total Income (I + II)** | | **5,83,048** | *5,63,317* |
| IV | **Expenses:** | | | |
| | Finance cost | 22 | 34,51,401 | *30,99,100* |
| | Depreciation and amortisation expense | 23 | 22,840 | *22,840* |
| | Other expenses | 24 | 1,54,618 | *1,00,162* |
| | **Total expenses** | | **36,28,859** | *32,22,102* |
| V | **Profit / (loss) before exceptional items and tax (III - IV)** | | **(30,45,811)** | *(26,58,785)* |
| VI | Exceptional items | | - | - |
| VII | **Profit / (Loss) before tax (V + VI)** | | **(30,45,811)** | *(26,58,785)* |
| VIII | **Tax expense / (credit):** | | | |
| | Current tax | 25 | - | *36,000* |
| | | | - | *36,000* |
| IX | **Profit for the period (VII - VIII)** | | **(30,45,811)** | *(26,94,785)* |
| X | **Other Comprehensive Income** | | | |
| | **A (i) Items that will not be reclassified to profit or loss** | | | |
| | a) Equity instruments through other comprehensive income | | **9,17,93,456** | *(8,52,37,375)* |
| | **Total Other Comprehensive Income** | | **9,17,93,456** | *(8,52,37,375)* |
| XI | **Total Comprehensive Income for the period (IX + X)** | | **8,87,47,645** | *(8,79,32,160)* |
| XII | **Earning per equity share :** | | | |
| | Basic and diluted earnings per equity share | 26 | ₹ (0.79) | *₹ (0.70)* |

**See accompanying notes forming part of the financial statements** **1 to 36**

**As per our report of even date**
**For BATLIBOI & PUROHIT**
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— *Directors*

*Mumbai, 21st April, 2017*

## Statement of changes in equity for the year ended March 31, 2017

### A. Equity share capital

| | No.of Shares | Amount |
|---|---|---|
| **Balance at April 1, 2015** | 38,64,131 | 3,86,41,310 |
| Changes in equity share capital during the year | - | - |
| **Balance at March 31, 2016** | 38,64,131 | 3,86,41,310 |
| Changes in equity share capital during the year | - | - |
| **Balance at March 31, 2017** | 38,64,131 | 3,86,41,310 |

### B. Other Equity

₹

| | Attributable to Owners | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Reserves and surplus | | | | | | Items Of Other Comprehensive Income | Total Other Equity |
| | Amalgamation reserve | Securities premium reserve | Retained earnings | Capital Redemption Reserve | Equity Component in Debentures issued | Total | equity instruments through other comprehensive | Total |
| **Balance as at 1st April 2015 as per IGAAP** | 2,04,061 | 30,00,71,700 | (33,69,09,049) | 75,00,000 | - | (2,91,33,288) | - | (2,91,33,288) |
| Ind AS Transition Reserve | - | - | (3,50,22,326) | | 16,86,26,403 | 13,36,04,077 | - | 13,36,04,077 |
| Net fair value gain on investments in equity instruments at FVTOCI | - | - | - | - | - | - | 28,39,48,256 | 28,39,48,256 |
| **Balance as at 1st April 2015** | 2,04,061 | 30,00,71,700 | (37,19,31,375) | 75,00,000 | 16,86,26,403 | 10,44,70,789 | 28,39,48,256 | 38,84,19,045 |
| Ind AS Transition Reserves | - | - | (28,73,925) | - | - | (28,73,925) | - | (28,73,925) |
| Profit for the year | - | - | 1,79,140 | - | - | 1,79,140 | - | 1,79,140 |
| Net fair value gain on investments in equity instruments at FVTOCI | - | - | - | - | - | - | (8,52,37,375) | (8,52,37,375) |
| **Total comprehensive income for the year 31st March 2016** | 2,04,061 | 30,00,71,700 | (37,46,26,160) | 75,00,000 | 16,86,26,403 | 10,17,76,004 | 19,87,10,881 | 30,04,86,885 |
| Profit for the year | - | - | (30,45,811) | - | - | (30,45,811) | - | (30,45,811) |
| Net fair value gain on investments in equity instruments at FVTOCI | | | | | | - | 9,17,93,456 | 9,17,93,456 |
| **Total comprehensive income for the year 31st March 2017** | 2,04,061 | 30,00,71,700 | (37,76,71,971) | 75,00,000 | 16,86,26,403 | 9,87,30,193 | 29,05,04,337 | 38,92,34,529 |

**See accompanying notes forming part of the financial statements** 1 to 36

**As per our report of even date**
**For BATLIBOI & PUROHIT**
Chartered Accountants
Firm Reg No:101048W

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Partner
Membership No.: 116976
*Mumbai, 21st April, 2017*

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NIRMAL JAGAWAT
S.P. KADAKIA
MR. PANKAJ KHATTAR — *Directors*

*Mumbai, 21st April, 2017*

# FORBES CAMPBELL FINANCE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

| | Year Ended 31st March, 2017 ₹ | | *Year Ended 31st March, 2016 ₹* | |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| **Profit for the year** | | **(30,45,811)** | | *(26,94,785)* |
| **Adjustments for -** | | | | |
| Income tax expense recognised in profit or loss | - | | *36,000* | |
| Finance costs recognised in profit or loss | 34,51,401 | | *30,99,100* | |
| Depreciation and amortisation of non-current assets (continuing operations) | 22,840 | | *22,840* | |
| Interest Income | (49,899) | | *(30,817)* | |
| Financial Guarantee Income | (52,500) | | *(52,500)* | |
| | | **33,71,842** | | *30,74,623* |
| **Operating profit / (loss) before working capital changes** | | **3,26,031** | | *3,79,838* |
| Movements in working capital: | | | | |
| (Increase)/decrease in other assets | 1,99,809 | | - | |
| Increase / (decrease) in trade payables and other payables | - | | *(3,092)* | |
| Increase / (decrease) in other liabilities | (36) | | *(350)* | |
| | | **1,99,773** | | *(3,442)* |
| **Cash generated from / (used in) operations** | | **5,25,804** | | *3,76,396* |
| Income taxes paid (net of refunds) | | **(7,846)** | | *(14,002)* |
| **(a) Net cash generated from / (used in) operating activities** | | **5,17,958** | | *3,62,394* |
| **Cash flows from investing activities:** | | | | |
| Investments in bank deposits (having original maturity of more than three months) | - | | *(5,00,000)* | |
| Redemption/maturity of bank deposits (having original maturity of more than three months) | 5,00,000 | | - | |
| Interest received | 56,559 | | *24,157* | |
| **(b) Net cash generated from / (used in) investing activities** | | **5,56,559** | | *(4,75,843)* |
| **Cash flows from financing activities:** | | | | |
| Interest paid | (1,72,676) | | *(1,72,675)* | |
| **(c) Net cash generated from / (used in) financing activities** | | **(1,72,676)** | | *(1,72,675)* |
| **(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)** | | **9,01,841** | | *(2,86,124)* |
| **(e) Cash and cash equivalents as at the commencement of the year** | | **5,84,405** | | *8,70,529* |
| **(f) Cash and cash equivalents as at the end of the year** | | **14,86,246** | | *5,84,405* |

**See accompanying notes forming part of the financial statements** **1 to 36**

**As per our report of even date**
**For BATLIBOI & PUROHIT**
Chartered Accountants
Firm Reg No:101048W

**Janak Mehta**
Partner
Membership No.: 116976
*Mumbai, 21st April, 2017*

SHRIKRISHNA BHAVE *Chairperson*

NIRMAL JAGAWAT
S.P. KADAKIA
MR. PANKAJ KHATTAR
*Directors*

*Mumbai, 21st April, 2017*

1. **GENERAL INFORMATION**
Forbes Campbell Finance Limited was incorporated on 25th April, 1977 in India having registered office at Catholic Centre, 1st Floor, Armenian Street, Chennai - 600 001. The Company is subsidiary of Forbes & Company Limited and is mainly engaged in real estate business and investment activities.

2. **SIGNIFICANT ACCOUNTING POLICIES**

**i) Statement of Compliance**

The separate financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 [Companies (Indian Accounting Standards) Rules, 2015].

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS separate financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note xx for the details of first-time adoption exemptions availed by the Company.

**ii) Basis of Preparation and Presentation**

The separate financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period

For financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

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 products/activities of the Company and the normal time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current .

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

**iii) Investments in subsidiaries, associates and joint ventures**

**Subsidiaries:**

Subsidiaries are all entities over which the Company has control, including through its subsidiaries. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

Investments in Subsidiaries are accounted at cost less provision for impairment.

**Associates:**

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in Associates are accounted at cost less provision for impairment.

**Joint Arrangements:**

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company has both joint operations and joint ventures.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in Joint ventures are accounted at cost less provision for impairment.

The Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

**iv) Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost of acquisition, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price (excluding refundable taxes), borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Freehold land is not depreciated.

Subsequent expenditures related to an item of property, plant and equipment are added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Company & cost can be reliably measured.

Losses arising from the retirement of, and gains or losses arising from disposal of property, plant and equipment are recognised in the statement of profit and loss.

Depreciation on property, plant and equipment has been provided on straight line method as per the useful life prescribed in Schedule II to the Companies Act 2013.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the property, plant and equipment are as under:

| Sr. No. | Class of assets | Estimated useful life |
|---|---|---|
| a | Furniture & Fixture | As per Schedule II |
| b | Office equipment, Electrical installations, Computers:- | |
| | - Owned | As per Schedule II. |

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as of the transition date.

**v) Capital work-in-progress**

Projects under which tangible fixed assets are not yet ready for their use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**vi) Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

For transition to Ind AS, the Company has elected to continue with the carrying value of its investment property recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**vii) Intangible Assets**

Intangible assets, being computer software, are to be stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. The cost will comprises acquisition and implementation cost of software for internal use (including software coding, installation, testing and certain data conversion).

Amortisation is to be recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are to be reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis

Gains or losses arising from the retirement or disposal of an intangible asset are to be determined as the difference between the disposal proceeds and the carrying amount of the asset and are to be recognised as income or expense in the Statement of Profit and Loss.

**viii) Intangible assets under development**

Expenditure on development eligible for capitalisation is to be carried as intangible assets under development where such assets are not yet ready for their intended use.

**ix) Impairment of Assets**

The Company assesses at end of each reporting period 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. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. 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.

**x) Financial instruments**

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.
Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

**Classification:**

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.
Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

**Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, loan commitments, trade receivables, financial guarantees not designated as at FVTPL and other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss ("ECL") allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

**Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

**Foreign exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

**Financial liabilities and equity instruments**

**Classification as debt or equity**

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

**Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

**Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation

**xi) Earnings per share**

Basic Earnings per share are calculated by dividing the net profit / (loss) after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

**xii) Provisions and Contingent Liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

**xiii) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

**Sale of Services:**

a) Income from services is recognised on accrual basis as and when the services are performed.

b) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.

c) Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

**xiv Foreign Currency Transactions**

In preparing the financial statements of the Company entity, transactions in currencies other than the company's functional currency viz. Indian Rupee are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

**xv) Lease accounting**

**Operating Leases**

Leases, where the lessor retains, substantially all the risks and rewards incidental to ownership of the leased assets, are classified as operating lease. Operating lease expense / income are recognized in the statement of profit and loss on a straight-line basis over the lease term.

**xvi) Taxes on Income**

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 Income Tax Act, 1961.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**xvii) Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents includes cash on hand, cheques, drafts on hand, balances in current accounts with banks, other bank deposits with original maturities of three months or less.

**xviii) 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, are added to the cost of those assets; until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**xix) Segment Reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker in order to effectively allocate the Company's resources and assess performance.

**xx) First-time adoption – mandatory exceptions, optional exemptions**

**Overall principle**

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below.

**Derecognition of financial assets and financial liabilities**

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

**Classification of debt instruments**

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTPL criteria based on the facts and circumstances that existed as of the transition date.

**Deemed cost for property, plant and equipment, investment property**

The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**Determining whether an arrangement contains a lease**

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

**Impairment of financial assets**

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

**Investment in Subsidiaries, Associates and Joint Ventures**

The Company has elected to continue with the carrying value of all of its investment in subsidiaries, associates and joint ventures recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

# FORBES CAMPBELL FINANCE LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued**

**3. Property, plant and equipment**

**Current Year**

| Particulars | Cost or deemed cost | | | | Accumulated depreciation and impairment | | | | Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 31st March, 2016 | Additions | Disposals | Balance as at 31st March, 2017 | Balance as at 31st March, 2016 | Eliminated on disposals of assets | Depreciation expense | Balance as at 31st March, 2017 | Balance as at 31st March, 2017 | Balance as at 31st March, 2016 |
| **Property plant and equipment** | | | | | | | | | | |
| Office equipments | - | - | - | - | - | - | - | - | - | - |
| Furniture and fixtures | - | - | - | - | - | - | - | - | - | - |
| **Subtotal** | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | |
| **Total** | - | - | - | - | - | - | - | - | - | - |

***Previous Year***

| *Particulars* | *Cost or Deemed cost* | | | | *Accumulated depreciation and impairment* | | | | *Carrying Amount* | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 1st April, 2015 | *Additions* | Disposals | *Balance as at 31st March, 2016* | *Balance as at 1st April, 2015* | *Eliminated on disposals of assets* | *Depreciation expense* | *Balance as at 31st March, 2016* | *Balance as at 31st March, 2016* | *Balance as at 1st April, 2015* |
| ***Property plant and equipment*** | | | | | | | | | | |
| *Office equipments* | - | - | - | - | - | - | | - | - | - |
| *Furniture and fixtures* | - | - | - | - | - | - | | - | - | - |
| ***Subtotal*** | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | |
| ***Total*** | - | - | - | - | - | - | - | - | - | - |

**Note 1 :- Deemed Cost as at 1.4.2015 is as under :-**

**Property, plant and equipment**

a) **Office Equipments**

| | |
|---|---|
| **As per previous GAAP as at 1.4.2015** | ₹ |
| Gross Block | 1,45,000 |
| Accumulated Depreciation | 1,45,000 |
| Net Block | - |
| **As per IND AS deemed Cost as at 1.4.2015 :-** | - |

b) **Furniture and fixtures**

| | |
|---|---|
| **As per previous GAAP as at 1.4.2015** | ₹ |
| Gross Block | 1,02,600 |
| Accumulated Depreciation | 1,02,600 |
| Net Block | - |
| **As per IND AS deemed Cost as at 1.4.2015 :-** | - |

c) **Total Deemed Cost as at 1.4.2015 under IND AS** -

## 4. Investment property

₹

| | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| Completed investment properties | **5,22,564** | *5,45,404* | *5,68,244* |
| | | | |
| **Total** | **5,22,564** | ***5,45,404*** | ***5,68,244*** |

| Cost or Deemed Cost | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| Balance at beginning of year | **13,31,694** | *13,31,694* |
| Additions | - | - |
| **Balance at end of year** | **13,31,694** | ***13,31,694*** |

| Accumulated depreciation and impairment | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| Balance at beginning of year | **7,86,290** | *7,63,450* |
| Additions :- Depreciation for the year | **22,840** | *22,840* |
| **Balance at end of year** | **8,09,130** | ***7,86,290*** |

| Carrying amount | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| Balance at beginning of year | **5,45,404** | *5,68,244* |
| Additions | | |
| Disposals | | |
| Depreciation expense | 22,840 | *22,840* |
| **Balance at end of year** | **5,22,564** | ***5,45,404*** |

All of the Company's investment properties are held under freehold interests.

### 4.1 Fair value measurement of the Company's investment properties

The fair value of the Company's investment properties as at March 31, 2017, March 31, 2016, and April 1, 2015 have been arrived at on the basis of a valuation carried out as on the respective dates by V.S.Modi Associates, Chartered Engineer, Approved Valuers. The fair value was determined [based on the market comparable approach that reflects recent transaction prices for similar properties as well as other lettings of similar properties in the neighbourhood.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Company's investment properties and information about the fair value hierarchy as at 31st March, 2017, 31st March, 2016 and 1st April, 2015, are as follows:

| Particulars | Level 2 | Level 3 | Fair value as at 31st March, 2017 |
|---|---|---|---|
| Office Units located in India- Pune City | - | 1,40,00,000 | 1,40,00,000 |
| Total | - | 1,40,00,000 | 1,40,00,000 |

| Particulars | Level 2 | Level 3 | Fair value as at 31st March, 2016 |
|---|---|---|---|
| Office Units located in India- Pune City | - | 1,25,00,000 | 1,25,00,000 |
| Total | - | 1,25,00,000 | 1,25,00,000 |

| Particulars | Level 2 | Level 3 | Fair value as at 1st April, 2015 |
|---|---|---|---|
| Office Units located in India- Pune City | - | 1,10,00,000 | 1,10,00,000 |
| Total | - | 1,10,00,000 | 1,10,00,000 |

For the office units located in Pune City, India, the fair value was derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.

### 5. Investments in Subsidiaries at cost

Non Current Investments

₹

| particulars | As at 31st March, 2017 | | As at 31st March, 2016 | | As at 1st April, 2015 | |
|---|---|---|---|---|---|---|
| | Qty | Amount | Qty | Amount | Qty | Amount |
| In subsidiary companies at cost | | | | | | |
| Unquoted Investments (all fully paid) | | | | | | |
| Equity Instruments | | | | | | |
| 1. Equity shares of ₹ 10 each in Forbes Campbell Services Ltd. | 49,000 | 4,93,994 | 49,000 | 4,93,994 | 49,000 | 4,93,994 |
| 2. Equity shares of ₹ 10 each in Forbes Edumetry Ltd | 16,56,000 | 1,44,36,124 | 16,56,000 | 1,44,36,124 | 16,56,000 | 1,44,36,124 |
| TOTAL AGGREGATE OF UNQUOTED INVESTMENTS (A) | 17,05,000 | 1,49,30,118 | 17,05,000 | 1,49,30,118 | 17,05,000 | 1,49,30,118 |
| Aggregate amount of impairment in value of investments (B) | | 1,44,36,122 | | 1,44,36,122 | | 1,44,36,122 |
| TOTAL INVESTMENTS (A) - (B) | | 4,93,996 | | 4,93,996 | | 4,93,996 |

### 6. Investment in associates at cost

₹

| particulars | As at 31st March, 2017 | | As at 31st March, 2016 | | As at 1st April, 2015 | |
|---|---|---|---|---|---|---|
| | Qty | Amount | Qty | Amount | Qty | Amount |
| Unquoted Investments (all fully paid) | | | | | | |
| Equity Instruments | | | | | | |
| 1. Equity shares of ₹ 10 each in Forbes Technosys Ltd. (Refer Note 35) | 1,18,97,200 | 11,78,26,350 | 1,18,97,200 | 11,78,26,350 | 1,18,97,200 | 11,78,26,350 |
| 2. Equity component in Financial Guarantee given to Forbes Technosys Limited | - | 3,67,500 | - | 3,15,000 | - | 2,62,500 |
| TOTAL AGGREGATE OF UNQUOTED INVESTMENTS (A) | 1,18,97,200 | 11,81,93,850 | 1,18,97,200 | 11,81,41,350 | 1,18,97,200 | 11,80,88,850 |
| Aggregate amount of impairment in value of investments (B) | | - | | - | | - |
| TOTAL INVESTMENTS (A) - (B) | | 11,81,93,850 | | 11,81,41,350 | | 11,80,88,850 |

### 7. Investment in joint venture at cost

₹

| particulars | As at 31st March, 2017 | | As at 31st March, 2016 | | As at 1st April, 2015 | |
|---|---|---|---|---|---|---|
| | Qty | Amount | Qty | Amount | Qty | Amount |
| In joint venture company | | | | | | |
| Unquoted Investments (all fully paid) | | | | | | |
| Equity Instruments | | | | | | |
| 1. Equity shares of ₹ 10 each in Forbes Bumi Armada Ltd. | 28,05,000 | 2,80,56,395 | 28,05,000 | 2,80,56,395 | 28,05,000 | 2,80,56,395 |
| TOTAL AGGREGATE OF UNQUOTED INVESTMENTS (A) | 28,05,000 | 2,80,56,395 | 28,05,000 | 2,80,56,395 | 28,05,000 | 2,80,56,395 |
| Aggregate amount of impairment in value of investments (B) | | - | | - | | - |
| TOTAL INVESTMENTS (A) - (B) | | 2,80,56,395 | | 2,80,56,395 | | 2,80,56,395 |

8. Other investments

8A. Other Non Current Investments

₹

| particulars | As at 31st March, 2017 Qty | As at 31st March, 2017 Amount | *As at 31st March, 2016* *Qty* | *As at 31st March, 2016* *Amount* | *As at 1st April, 2015* *Qty* | *As at 1st April, 2015* *Amount* |
|---|---|---|---|---|---|---|
| **8.1A. Quoted Investments (all fully paid) at fair value through OCI** | | | | | | |
| **In Holding Company** | | | | | | |
| **Equity Instruments** | | | | | | |
| 1. Equity shares of ₹ 10 each in Forbes & Company Ltd. | **1,66,398** | **29,37,59,029** | *1,66,398* | *20,19,65,573* | *1,66,398* | *28,72,02,948* |
| **TOTAL AGGREGATE OF UNQUOTED INVESTMENTS (A)** | **1,66,398** | **29,37,59,029** | *1,66,398* | *20,19,65,573* | *1,66,398* | *28,72,02,948* |
| **8.2A. Unquoted Investments (all fully paid) at fair value through P&L** | | | | | | |
| **In Other entities** | | | | | | |
| **Equity Instruments** | | | | | | |
| 1. Equity shares of ₹ 10 each in The Svadeshi Mills Co. Ltd. | **13,49,260** | **1,34,92,600** | *13,49,260* | *1,34,92,600* | *13,49,260* | *1,34,92,600* |
| **TOTAL AGGREGATE QUOTED INVESTMENTS (B)** | **13,49,260** | **1,34,92,600** | *13,49,260* | *1,34,92,600* | *13,49,260* | *1,34,92,600* |
| **TOTAL INVESTMENTS (A) + (B)** | **15,15,658** | **30,72,51,629** | *15,15,658* | *21,54,58,173* | *15,15,658* | *30,06,95,548* |
| **Less : Aggregate amount of impairment in value of investments (C)** | | **1,34,92,600** | | *1,34,92,600* | | *1,34,92,600* |
| **TOTAL INVESTMENTS CARRYING VALUE (A) + (B) - (C)** | | **29,37,59,029** | | *20,19,65,573* | | *28,72,02,948* |
| **Aggregate market value of quoted investments** | | **29,37,59,029** | | *20,19,65,573* | | *28,72,02,948* |

**8.3A. Category-wise other investments – as per Ind AS 109 classification**

₹

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| **Financial assets carried at fair value through profit or loss (FVTPL)** | | | |
| Equity Instrument | 1,34,92,600 | *1,34,92,600* | *1,34,92,600* |
| Less:- Impairment in value of investments | 1,34,92,600 | *1,34,92,600* | *1,34,92,600* |
| | - | - | - |
| **Financial Assets measured at FVTOCI (Debt instruments and equity investments)** | | | |
| Equity instruments | 29,37,59,029 | *20,19,65,573* | *28,72,02,948* |
| | **29,37,59,029** | *20,19,65,573* | *28,72,02,948* |
| **TOTAL** | **29,37,59,029** | *20,19,65,573* | *28,72,02,948* |

## FORBES CAMPBELL FINANCE LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued**

**9. Loans**

**9A. Loans - Non Current**

₹

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| **a) Loans to related parties (Refer note 30)** | | | |
| - Secured, considered doubtful | - | - | - |
| - Doubtful | 38,26,000 | *38,26,000* | *38,26,000* |
| Less : Allowance for bad and doubtful loans | 38,26,000 | *38,26,000* | *38,26,000* |
| **Total (a)** | - | - | - |

**10. Other financial assets**

**10A. Other financial assets - Non current**

₹

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| **a) Security deposits** | | | |
| - Unsecured, considered good | 10,000 | *10,000* | *10,000* |
| - Doubtful | - | - | - |
| Less : Allowance for bad and doubtful loans | - | - | - |
| **sub total (a)** | **10,000** | *10,000* | *10,000* |

**10B. Other financial assets - Current**

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| **a) Accruals:** | | | |
| i) Interest accrued on deposits with bank | - | *6,660* | - |
| **Total** | - | *6,660* | - |

### 11. 11A. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

₹

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| **Balances with Banks** | | | |
| a) In current accounts | 14,83,463 | *5,81,446* | *8,67,042* |
| | **14,83,463** | *5,81,446* | *8,67,042* |
| **Cash on hand** | 2,783 | *2,959* | *3,487* |
| **Cash and cash equivalents as per balance sheet** | **14,86,246** | *5,84,405* | *8,70,529* |

### 11. 11B. Bank balances

| | | | |
|---|---|---|---|
| a) In deposit accounts with original maturity of more than 3 months but less than 12 months, deposited with Standard Chartered Bank. | - | *5,00,000* | - |
| | - | *5,00,000* | - |

### 12. Other assets

#### 12A. Other assets - Non Current

₹

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| a) Balances with statutory / government authorities | | | |
| - Unsecured, considered good | - | *1,99,809* | *1,99,809* |
| - Doubtful | - | - | - |
| Less : Allowance for doubtful balances | - | - | - |
| | - | *1,99,809* | *1,99,809* |
| **Total** | - | *1,99,809* | *1,99,809* |

## FORBES CAMPBELL FINANCE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

### 13. Equity Share Capital

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| Equity shares of ₹ 10 each | 3,86,41,310 | 3,86,41,310 | 3,86,41,310 |
| **Total** | 3,86,41,310 | 3,86,41,310 | 3,86,41,310 |
| **Authorised Share capital :** | | | |
| 46,14,200 fully paid equity shares of ₹ 10 each | 4,61,42,000 | 4,61,42,000 | 4,61,42,000 |
| **Issued and subscribed capital comprises:** | | | |
| 38,64,131 fully paid equity shares of ₹ 10 each *(as at March 31, 2016: 38,64,131; as at April 1, 2015: 38,64,131)* | 3,86,41,310 | 3,86,41,310 | 3,86,41,310 |
| | 3,86,41,310 | 3,86,41,310 | 3,86,41,310 |

#### 13. 1 Fully paid equity shares

| Particulars | Number of shares | Share capital (Amount) |
|---|---|---|
| Balance at April 1, 2015 | 38,64,131 | 3,86,41,310 |
| Movements | - | - |
| Balance at March 31, 2016 | 38,64,131 | 3,86,41,310 |
| Movements | - | - |
| **Balance at March 31, 2017** | 38,64,131 | 3,86,41,310 |

Fully paid equity shares, which have a par value of Rs.10, carry one vote per share and carry a right to dividends.

#### 13. 2 Details of shares held by the holding company, the ultimate controlling party, their subsidiaries and associates

| | Fully paid ordinary shares | | |
|---|---|---|---|
| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
| **Balance at the beginning of the period** | 38,64,131 | 38,64,131 | 38,64,131 |
| The holding company | - | - | - |
| The ultimate controlling party | - | - | - |
| Subsidiaries of the holding company | - | - | - |
| Associates of the holding company | - | - | - |
| Subsidiaries of the ultimate controlling party | - | - | - |
| Associates of the ultimate controlling party | - | - | - |
| **Total** | 38,64,131 | 38,64,131 | 38,64,131 |

#### 13. 3 Details of shares held by each shareholder holding more than 5% shares

| | As at 31st March, 2017 | | As at 31st March, 2016 | | As at 1st April, 2015 | |
|---|---|---|---|---|---|---|
| Particulars | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares |
| <u>Fully paid equity shares</u> | | | | | | |
| Forbes & Company Limited | 38,64,131 | 100.00 | 38,64,131 | 100.00 | 38,64,131 | 100.00 |
| Total | 38,64,131 | 100.00 | 38,64,131 | 100.00 | 38,64,131 | 100.00 |

## FORBES CAMPBELL FINANCE LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

**14. Other equity**

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| a) Amalgamation reserve | **2,04,061** | 2,04,061 | 2,04,061 |
| b) Securities premium reserve | **30,00,71,700** | 30,00,71,700 | 30,00,71,700 |
| c) Reserve for equity instruments through other comprehensive income | **29,05,04,337** | 19,87,10,881 | 28,39,48,256 |
| d) Retained earnings | **(37,76,71,972)** | (37,46,26,161) | (37,19,31,375) |
| e) Capital redemption reserve | **75,00,000** | 75,00,000 | 75,00,000 |
| f) Equity Component in Debentures issued | **16,86,26,403** | 16,86,26,403 | 16,86,26,403 |
| **Total** | **38,92,34,529** | 30,04,86,884 | 38,84,19,045 |

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| **14.1 Amalgamation reserve** | | | |
| Balance at beginning of the year | **2,04,061** | 2,04,061 | 2,04,061 |
| Movements | - | - | - |
| **Balance at end of the year** | **2,04,061** | 2,04,061 | 2,04,061 |
| **14.2 Securities premium reserve** | | | |
| Balance at beginning of the year | **30,00,71,700** | 30,00,71,700 | 30,00,71,700 |
| Movements | - | - | - |
| **Balance at end of the year** | **30,00,71,700** | 30,00,71,700 | 30,00,71,700 |
| **14.3 Reserve for equity instruments through other comprehensive income** | | | |
| Balance at beginning of year | **19,87,10,881** | 28,39,48,256 | - |
| Net fair value gain on investments in equity instruments at FVTOCI | **9,17,93,456** | (8,52,37,375) | 28,39,48,256 |
| **Balance at end of the year** | **29,05,04,337** | 19,87,10,881 | 28,39,48,256 |
| **14.4 Retained earnings** | | | |
| Balance at beginning of year | **(37,46,26,161)** | (37,19,31,375) | (33,69,09,049) |
| Ind AS Transition Reserves | - | (28,73,926) | (3,50,22,326) |
| Profit attributable to owners of the Company | **(30,45,811)** | 1,79,140 | - |
| **Balance at end of the year** | **(37,76,71,972)** | (37,46,26,161) | (37,19,31,375) |
| **14.5 Capital redemption reserve** | | | |
| Balance at beginning of the year | **75,00,000** | 75,00,000 | 75,00,000 |
| Movements | - | - | - |
| **Balance at end of the year** | **75,00,000** | 75,00,000 | 75,00,000 |
| **14.6 Equity Component in Debentures issued** | | | |
| Balance at beginning of the year | **16,86,26,403** | 16,86,26,403 | - |
| Ind AS Transition Reserves | - | - | 16,86,26,403 |
| **Balance at end of the year** | **16,86,26,403** | 16,86,26,403 | 16,86,26,403 |
| **Total** | **38,92,34,529** | 30,04,86,884 | 38,84,19,045 |

**15. Non-current Borrowings**

₹

| Particulars | Non-current portion As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| **Unsecured – at amortised cost** | | | |
| (a) **0.1% unsecured optionally convertible redeemable debentures** [1,72,67,500 (*Previous Year: 1,72,67,500*) Debentures of ₹ 10/- each] (Refer Footnote) | **3,20,45,975** | *2,87,67,249* | *2,58,40,823* |
| | **3,20,45,975** | *2,87,67,249* | *2,58,40,823* |
| **Total Non-current borrowings** | **3,20,45,975** | *2,87,67,249* | *2,58,40,823* |

**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 alloted 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.

**16. Other financial liabilities**

**16A. Other financial liabilities - Current**

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| a) Interest accrued but not due on borrowings | **68,082** | *68,086* | *68,086* |
| b) Others :- | | | |
| - Security deposits | **5,00,000** | *5,00,000* | *5,00,000* |
| **Total** | **5,68,082** | *5,68,086* | *5,68,086* |

**17. Other current liabilities**

**17A Other current liabilities**

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| a) Statutory remittances | **15,73,818** | *15,73,853* | *15,74,203* |
| b) Others | | | |
| - Deposits | **3,80,652** | *3,80,652* | *3,80,652* |
| **Total** | **19,54,470** | *19,54,505* | *19,54,855* |

**18. Trade payables**

**18A Trade payables - Current**

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| Trade payables | **49,818** | *49,816* | *52,908* |
| **Total** | **49,818** | *49,816* | *52,908* |

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

**19. Current tax assets and liabilities**

₹

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| **Current tax assets** | | | |
| Tax refund receivable | **1,99,72,104** | *1,99,64,258* | *1,99,86,256* |
| | **1,99,72,104** | *1,99,64,258* | *1,99,86,256* |
| Current Tax Assets (current portion) | - | - | - |
| Current Tax Assets (non-current portion) | **1,99,72,104** | *1,99,64,258* | *1,99,86,256* |

## FORBES CAMPBELL FINANCE LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

**20. Revenue from operations**

₹

| Particulars | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| a) **Operating revenues** | | |
| i) Rent and amenities | 4,80,000 | *4,80,000* |
| **Total** | **4,80,000** | *4,80,000* |

**21. Other Income**

**a) Interest Income**

₹

| Particulars | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| **Interest income earned on financial assets that are not designated at fair value through profit or loss:** | | |
| i) Bank deposits | 47,589 | *26,497* |
| ii) Income Tax refund | 2,310 | *4,320* |
| **Total (a)** | **49,899** | *30,817* |

**b) Other Non-Operating Income (Net of expenses directly attributable to such income)**

| | | |
|---|---|---|
| **i) Others** | | |
| Financial Guarantee Income | 52,500 | *52,500* |
| Miscellaneous income | 649 | *-* |
| **Total (b )** | **53,149** | *52,500* |
| **Total (a+b)** | **1,03,048** | *83,317* |

**22. Finance costs**

₹

| Particulars | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| (a) **Interest costs :-** | | |
| i) Interest on loans from related parties (debentures) | 1,72,675 | *1,72,675* |
| ii) Notional Interest on Debentures from related parties | 32,78,726 | *29,26,425* |
| **Total** | **34,51,401** | *30,99,100* |

**23. Depreciation and amortisation expense**

₹

| Particulars | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| i) Depreciation of investment property | 22,840 | *22,840* |
| **Total depreciation and amortisation pertaining to continuing operations** | **22,840** | *22,840* |

## FORBES CAMPBELL FINANCE LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

**24. A. Other expenses**

₹

| | Particulars | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|---|
| a) | **Repairs to :** | | |
| | i) Buildings | 14,400 | *26,400* |
| | | 14,400 | *26,400* |
| b) | Rates and taxes (excluding taxes on income) | 30,350 | *16,104* |
| c) | Printing & Stationery | - | *360* |
| d) | Legal and professional charges | 17,620 | *1,482* |
| e) | Miscellaneous expenses | 39,143 | *6,049* |
| | **Total (A)** | **1,01,513** | *50,395* |
| a) | **To Statutory auditors** | | |
| | i) For audit | 28,625 | *25,000* |
| | ii) For other services | 23,690 | *23,587* |
| | iii) For reimbursement of expenses | 790 | *1,180* |
| | **Total (B)** | **53,105** | *49,767* |
| | **Total (A) + (B)** | **1,54,618** | *1,00,162* |

**25. Income taxes relating to operations**

**25.1 Income tax recognised in profit or loss**

₹

| Particulars | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | - | *36,000* |
| | - | *36,000* |
| **Deferred tax** | | |
| | - | - |
| **Total income tax expense recognised in the current year relating to continuing Operations** | - | *36,000* |

The income tax expense for the previous year can be reconciled to the accounting profit as follows:

₹

| Particulars | | *Year ended 31st March, 2016* |
|---|---|---|
| **Profit before tax from continuing operations** | | *(26,58,785)* |
| Ind AS Transition Adjustments | | *28,73,925* |
| Profit before tax from continuing operations after IND AS Adjuistments | | ***2,15,140*** |
| Income tax expense calculated at 30.9% for FY 2015-2016 | | *66,478* |
| Effect of expenses that are not deductible in determining taxable profit | | *15,215* |
| Effect of deductions and other allowances | | *(46,018)* |
| Rounding off | | *325* |
| Income tax expense recognised in profit or loss (relating to continuing operations) | | *36,000* |

The effective tax rate for the 2015-2016 is 16.73%.

## FORBES CAMPBELL FINANCE LIMITED
### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

**26. Earnings per share**

| **Particulars** | **Year ended 31st March, 2017** | *Year ended 31st March, 2016* |
|---|---|---|
| **From Continuing operations** | **₹. per share** | *₹. per share* |
| Basic earnings per share | **(0.79)** | *(0.70)* |
| Diluted earnings per share | **(0.79)** | *(0.70)* |

**26.1. Basic Earnings per share**

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

| **Particulars** | **Year ended 31st March, 2017** | *Year ended 31st March, 2016* |
|---|---|---|
| Profit for the year attributable to owners of the Company (A) | **(30,45,811)** | *(26,94,785)* |
| Weighted average number of equity shares for the purposes of basic earnings per share (B) | **38,64,131** | *38,64,131* |
| **Basic Earnings per share (A/B)** | **(0.79)** | *(0.70)* |

**26.2 Diluted earnings per share**

**Note for debentures -**

The Company has dilutive capital in the form of Debentures. Since the Company has the option to convert the debenture in to equity shares at a price decided by the Board of Directors, which is not ascertainable at present, diluted potential equity shares for the said convertible debentures are not quantified / considered for calculating diluted earnings per share.

## FORBES CAMPBELL FINANCE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

**27. Contingent liabilities**

₹

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| 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* | *1,50,00,000* |
| Income Tax matters in dispute under appeal. | **3,29,88,328** | *3,29,88,008* | *2,10,59,516* |
| 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* | *10,09,077* |

**28. Details of cash transactions for the period from 08.11.2016 to 30.12.2016**

| Forbes Building | Dates | Denomination | No.s | Amount | Total |
|---|---|---|---|---|---|
| Cash on Hand | 08-11-2016 | 100 | 28 | 2,800 | |
| | | 10 | 2 | 20 | |
| | | 5 | 1 | 5 | |
| | | 1 | 2 | 2 | **2,827** |
| (+) Permitted receipts * | | 2,000 | 75 | 1,50,000 | **1,50,000** |
| (-) Permitted payments | | | | | - |
| (-) Amount deposited in Banks | | | | | - |
| Cash on Hand | 30-12-2016 | 2,000 | 75 | 1,50,000 | |
| | | 100 | 28 | 2,800 | |
| | | 10 | 2 | 20 | |
| | | 5 | 1 | 5 | |
| | | 1 | 2 | 2 | **1,52,827** |

(+) Permitted receipts *

| 1) Cash withdrawal from Banks | |
|---|---|
| **DATE** | **AMOUNT** |
| 22.12.2016--IDBI BANK | 50,000 |
| 22.12.2016--SCB | 50,000 |
| 30.12.2016--SCB | 50,000 |
| **TOTAL** | **1,50,000** |

**29. 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 31st March, 2017 | *As at 31st March, 2016* |
|---|---|---|
| Gross carrying Amount | 13,31,694 | *13,31,694* |
| Accumulated Depreciation | 8,09,130 | *7,86,290* |
| Depreciation for the year | 22,840 | *22,840* |

# FORBES CAMPBELL FINANCE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

## 30. Related party disclosures (contd.)

**Current Year**

₹

(b) Details of related party transactions during the year ended 31st March, 2017 and balances outstanding as at 31st March, 2017:

| | | A | | B | | C | | |
|---|---|---|---|---|---|---|---|---|
| | | Forbes & Company Ltd. | **Parties in A above** | Forbes Edumetry Ltd. | **Parties in B above** | Forbes Technosys Ltd. | **Parties in C above** | **Total** |
| | **Nature of Transaction** | | | | | | | |
| | **Expenses** | | | | | | | |
| 1 | Interest Paid | 1,72,675 | **1,72,675** | - | - | - | - | **1,72,675** |
| 2 | Notional Interest on Debentures | 32,78,726 | **32,78,726** | - | - | - | - | **32,78,726** |
| | | - | - | - | - | - | - | - |
| 3 | Miscellaneous expenses | 12 | **12** | - | - | - | - | **12** |
| | **Income** | | | | | | | |
| 4 | Rent and Other Service Charges | 4,80,000 | **4,80,000** | - | - | - | - | **4,80,000** |
| 5 | Notional Guarantee Commission | - | - | - | - | 52,500 | **52,500** | **52,500** |
| 6 | Other Reimbursements (Payments) | 1,82,095 | **1,82,095** | - | - | - | - | **1,82,095** |
| | **Guarantees outstanding** | | | | | | | |
| 7 | Given on behalf of a Fellow Subsidiary | - | - | - | - | 1,50,00,000 | **1,50,00,000** | **1,50,00,000** |
| | **Outstandings** | | | | | | | |
| 8 | Interest accrued but not due | 68,082 | **68,082** | - | - | - | - | **68,082** |
| 9 | Long Term Loans and Advances | - | - | 38,26,000 | **38,26,000** | - | - | **38,26,000** |
| 10 | Provision for Doubtful Trade Receivables | - | - | 38,26,000 | **38,26,000** | - | - | **38,26,000** |
| 11 | Deposits Payable | 5,00,000 | **5,00,000** | - | - | - | - | **5,00,000** |

**30. Related party disclosures (contd.)**

***Previous Year***

₹

**(b) Details of related party transactions during the year ended 31st March, 2017 and balances outstanding as at 31st March, 2017:**

| | | A | | B | | C | C | | |
|---|---|---|---|---|---|---|---|---|---|
| | | *Forbes & Company Ltd.* | ***Parties in A above*** | *Forbes Edumetry Ltd.* | ***Parties in B above*** | *Forbes Technosys Ltd.* | *Volkart Fleming Shipping and Services Ltd.* | ***Parties in C above*** | ***Total*** |
| | **Nature of Transaction** | | | | | | | | |
| | **Expenses** | | | | | | | | |
| 1 | *Interest Paid* | 1,72,675 | 1,72,675 | - | - | - | - | - | 1,72,675 |
| 2 | *Miscellaneous expenses* | 12 | 12 | - | - | - | - | - | 12 |
| | ***Income*** | | | | | | | | |
| 3 | *Rent and Other Service Charges* | 4,80,000 | 4,80,000 | - | - | - | - | - | 4,80,000 |
| 4 | *Notional Guarantee Commission* | - | - | - | - | 52,500 | - | 52,500 | 52,500 |
| 5 | *Other Reimbursements (Payments)* | - | - | - | - | - | 7,209 | 7,209 | 7,209 |
| | ***Guarantees outstanding*** | | | | | | | | |
| 6 | *Given on behalf of a Fellow Subsidiary* | - | - | - | - | 1,50,00,000 | - | 1,50,00,000 | 1,50,00,000 |
| | ***Outstandings*** | | | | | | | | |
| 7 | *Interest accrued but not due* | 68,086 | 68,086 | - | - | - | - | - | 68,086 |
| 8 | *Long Term Loans and Advances* | - | - | 38,26,000 | 38,26,000 | - | - | - | 38,26,000 |
| 9 | *Provision for Dim. In th value of Investment* | - | - | 1,44,36,122 | 1,44,36,122 | - | - | - | 1,44,36,122 |
| 10 | *Provision for Doubtful Trade Receivables* | - | - | 38,26,000 | 38,26,000 | - | - | - | 38,26,000 |
| 11 | *Deposits Payable* | 5,00,000 | 5,00,000 | - | - | - | - | - | 5,00,000 |

**31. 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, 2017 | *31st March, 2016* | 31st March, 2017 | *31st March, 2016* | 31st March, 2017 | *31st March, 2016* |
| Segment Revenue | 52,500 | - | 4,80,000 | *4,80,000* | 5,32,500 | *4,80,000* |
| Inter segment revenue | - | - | - | - | - | - |
| **Revenue from operations** | **52,500** | - | **4,80,000** | *4,80,000* | **5,32,500** | *4,80,000* |
| **Segment Results** | 52,500 | *52,500* | 4,12,410 | *4,14,656* | 4,64,910 | *4,67,156* |
| **Exceptional items allocated to segments** | - | - | - | - | - | - |
| **Segment Results after exceptional items** | **52,500** | *52,500* | **4,12,410** | *4,14,656* | **4,64,910** | *4,67,156* |
| Add: Unallocated income | | | | | 50,548 | *30,817* |
| Less: Unallocated expenses | | | | | (1,09,868) | *(57,658)* |
| **(Loss) / Profit before tax and finance costs** | | | | | **4,05,590** | *4,40,315* |
| Less: Finance costs | | | | | 34,51,401 | *30,99,100* |
| **(Loss) / Profit before tax** | | | | | **(30,45,811)** | *(26,58,785)* |
| **Provision for taxation:** | | | | | | |
| Current tax expense | | | | | - | *36,000* |
| **(Loss) / Profit after tax** | | | | | **(30,45,811)** | *(26,94,785)* |
| **Capital employed** | | | | | | |
| **Segment assets** | **44,05,03,270** | *34,86,57,314* | **5,22,564** | *5,45,404* | **44,10,25,834** | *34,92,02,718* |
| Unallocated corporate assets | | | | | 2,14,68,350 | *2,12,65,132* |
| **Total assets** | **44,05,03,270** | *34,86,57,314* | **5,22,564** | *5,45,404* | **46,24,94,184** | *37,04,67,850* |
| **Segment liabilities** | **3,21,14,057** | *2,88,35,335* | **5,00,000** | *5,00,000* | **3,26,14,057** | *2,93,35,335* |
| Unallocated corporate liabilities | | | | | 20,04,288 | *20,04,321* |
| **Total liabilities** | **3,21,14,057** | *2,88,35,335* | **5,00,000** | *5,00,000* | **3,46,18,345** | *3,13,39,656* |
| **Capital employed** | **40,83,89,213** | *31,98,21,979* | **22,564** | *45,404* | **42,78,75,839** | *33,91,28,194* |
| **Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress** | - | - | - | - | - | - |
| Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress | | | | | - | - |
| **Total capital expenditure** | | | | | - | - |
| **Segment depreciation / amortisation** | - | - | **22,840** | *22,840* | **22,840** | *22,840* |
| Unallocated corporate depreciation / amortisation | | | | | - | - |
| **Total depreciation / amortisation** | | | | | **22,840** | *22,840* |
| **Non-cash segment expenses other than depreciation** | - | - | - | - | - | - |
| Unallocated non-cash expenses other than depreciation | | | | | - | - |
| **Total non-cash expenses other than depreciation** | | | | | - | - |

## FORBES CAMPBELL FINANCE LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

**32. Financial instruments**

**32.1. Capital management**

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of net debt (borrowings as detailed in notes 15 offset by cash and bank balances) and equity of the Company (comprising issued capital, retained earnings, security premium, amalgamation capital redemption and other reserves as detailed in notes 14).

**32.2 Gearing ratio**

The gearing ratio at end of the period was as follows :- ₹

| Particulars | **As at 31st March, 2017** | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| Long Term Borrowings | 3,20,45,975 | 2,87,67,249 | 2,58,40,823 |
| Cash and bank balances | 14,86,246 | 5,84,405 | 8,70,529 |
| Net debt | 3,05,59,729 | 2,81,82,844 | 2,49,70,294 |
| | | | |
| Equity | 42,78,75,839 | 33,91,28,194 | 42,70,60,355 |
| | | | |
| Net debt to equity ratio (Refer note a) | 0.07 | 0.08 | 0.06 |

**Note:-**

a) Net Debt Equity Ratio = Long Term Borrowings (less Cash and Bank Balance) / Equity

**32.3 Categories of financial instruments**

₹

| Particulars | Note | **As at 31st March, 2017** | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **a)Measured at Amortised Cost** | | | | |
| Cash and bank balances | | 14,86,246 | 5,84,405 | 8,70,529 |
| Investments in subsidiaries | | 4,93,996 | 4,93,996 | 4,93,996 |
| Investments in associates | | 11,81,93,850 | 11,81,41,350 | 11,80,88,850 |
| Investments in joint ventures | | 2,80,56,395 | 2,80,56,395 | 2,80,56,395 |
| Other Financial Assets | | 10,000 | 16,660 | 10,000 |
| **Sub Total- a** | | **14,82,40,487** | 14,72,92,806 | 14,75,19,770 |
| **b)Measured at FVTOCI** | | | | |
| Equity Investment (Refer Note 8 A) | 1 | 29,37,59,029 | 20,19,65,573 | 28,72,02,948 |
| **Sub Total- b** | | **29,37,59,029** | 20,19,65,573 | 28,72,02,948 |
| **Total ( a + b)** | | **44,19,99,516** | 34,92,58,379 | 43,47,22,718 |
| | | | | |
| **Financial liabilities** | | | | |
| **Measured at Amortised Cost** | | | | |
| Borrowings | | 3,20,45,975 | 2,87,67,249 | 2,58,40,823 |
| Trade and other payables | | 49,818 | 49,816 | 52,908 |
| Other financial liabilities | | 5,68,082 | 5,68,086 | 5,68,086 |
| **Total** | | **3,26,63,875** | 2,93,85,151 | 2,64,61,817 |

Note 1 :- Fair Value of 1,66,398 number of equity shares of face value of Rs. 10 each held in Forbes & Company Limited (Holding Company) is valued at quoted prices as fair value hierarchy of level 1.

## FORBES CAMPBELL FINANCE LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

**32.4 Financial risk management objectives**

The company monitors and manages the financial risks to the operations of the company . These risks include credit risk and liquidity risk.

**a) Credit risk management**

Based on the Company's monitoring of customer credit risk, the company believes that no impairment allowance is necessary in respect of trade receivables that are not past due or past due but not more than one year.

**b) Liquidity risk management**

Liquidity Risk Management implies maintenance of sufficient cash and bank balance to meet obligations when due. The company manages liquidity risk by short & long term borrowings and maintaining adequate funds , by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of March 31, 2017, March 31, 2016 and April 1, 2015 respectively has been considered. The contractual maturity is based on the earliest date on which the Company may be required to pay.

₹

| **Maturities of Financial Liabilities** | **31st March, 2017** | | | |
|---|---|---|---|---|
| | **Upto 1 year** | **1 to 3 years** | **3 to 5 years** | **5 years & above** |
| Borrowings | - | - | - | 17,26,75,000 |
| Trade Payables | 49,818 | | | |
| Other Financial Liabilities | 5,68,082 | | | |
| | **6,17,900** | - | - | **17,26,75,000** |

₹

| **Maturities of Financial Liabilities** | *31st March, 2016* | | | |
|---|---|---|---|---|
| | *Upto 1 year* | *1 to 3 years* | *3 to 5 years* | *5 years & above* |
| Borrowings | | | | *17,26,75,000* |
| Trade Payables | *49,816* | | | |
| Other Financial Liabilities | *5,68,086* | | | |
| | *6,17,902* | - | - | *17,26,75,000* |

₹

| **Maturities of Financial Liabilities** | *1st April, 2015* | | | |
|---|---|---|---|---|
| | *Upto 1 year* | *1 to 3 years* | *3 to 5 years* | *5 years & above* |
| Borrowings | | | | *17,26,75,000* |
| Trade Payables | *52,908* | | | |
| Other Financial Liabilities | *5,68,086* | | | |
| | *6,20,994* | - | - | *17,26,75,000* |

33. Ind AS 101 reconciliations

Effect of Ind AS adoption on the balance sheet as at 31st March, 2016 and 1st April, 2015

| | | As at 31st March, 2016 (End of last period presented under previous GAAP) | | | As at 1st April, 2015 (Date of transition) | | |
|---|---|---|---|---|---|---|---|
| | Notes | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet |
| **Non-current assets** | | | | | | | |
| (a) Property, plant and equipment | 3 | - | - | - | - | - | - |
| (c) Investment properties | 4 | 5,45,404 | | 5,45,404 | 5,68,244 | | 5,68,244 |
| **(e) Financial assets** | | | | - | | | - |
| **(i) Investments** | | | | - | | | - |
| a) Investments in subsidiaries | 5 | 4,93,996 | | 4,93,996 | 4,93,996 | | 4,93,996 |
| b) Investments in associates | 6 | 11,78,26,350 | 3,15,000 | 11,81,41,350 | 11,78,26,350 | 2,62,500 | 11,80,88,850 |
| c) Investments in joint ventures | 7 | 2,80,56,395 | | 2,80,56,395 | 2,80,56,395 | | 2,80,56,395 |
| d) Other investments | 8 | 1,67,47,292 | 18,52,18,281 | 20,19,65,573 | 1,67,47,292 | 27,04,55,656 | 28,72,02,948 |
| (iv) Other financial assets | 10A | 10,000 | | 10,000 | 10,000 | | 10,000 |
| **(f) Tax assets** | | | | - | | | - |
| (ii) Current Tax Asset (Net) | 19 | 1,99,64,258 | | 1,99,64,258 | 1,99,86,256 | | 1,99,86,256 |
| (g) Other non-current assets | 12A | 1,99,809 | | 1,99,809 | 1,99,809 | | 1,99,809 |
| **Total non-current assets** | | **18,38,43,504** | **18,55,33,281** | **36,93,76,785** | **18,38,88,342** | **27,07,18,156** | **45,46,06,498** |
| **Current assets** | | | | | | | |
| **(b) Financial assets** | | | | - | | | - |
| (i) Cash and cash equivalents | 11A | 5,84,405 | | 5,84,405 | 8,70,529 | | 8,70,529 |
| (ii) Bank balances other than (iii) above | 11B | 5,00,000 | | 5,00,000 | | | - |
| (iii) Other financial assets | 10B | 6,660 | | 6,660 | | | - |
| **Total current assets** | | **10,91,065** | **-** | **10,91,065** | **8,70,529** | **-** | **8,70,529** |
| **Total Assets** | | **18,49,34,569** | **18,55,33,281** | **37,04,67,850** | **18,47,58,871** | **27,07,18,156** | **45,54,77,027** |
| **Equity** | | | | | | | |
| Equity share capital | 13 | 3,86,41,310 | | 3,86,41,310 | 3,86,41,310 | | 3,86,41,310 |
| Other equity | 14 | (2,89,54,148) | 32,94,41,032 | 30,04,86,884 | (2,91,33,288) | 41,75,52,333 | 38,84,19,045 |
| **Total equity** | | **96,87,162** | **32,94,41,032** | **33,91,28,194** | **95,08,022** | **41,75,52,333** | **42,70,60,355** |
| **Non-current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Borrowings | 15 | 17,26,75,000 | (14,39,07,751) | 2,87,67,249 | 17,26,75,000 | (14,68,34,177) | 2,58,40,823 |
| **Total non-current liabilities** | | **17,26,75,000** | **(14,39,07,751)** | **2,87,67,249** | **17,26,75,000** | **(14,68,34,177)** | **2,58,40,823** |
| **Current liabilities** | | | | | | | |
| **Financial liabilities** | | | | | | | |
| (i) Trade and other payables | 18A | 49,816 | | 49,816 | 52,908 | | 52,908 |
| (iii) Other financial liabilities | 16A | 5,68,086 | | 5,68,086 | 5,68,086 | | 5,68,086 |
| Other current liabilities | 17A | 19,54,505 | | 19,54,505 | 19,54,855 | | 19,54,855 |
| **Total current liabilities** | | **25,72,407** | **-** | **25,72,407** | **25,75,849** | **-** | **25,75,849** |
| **Total liabilities** | | **17,52,47,407** | **(14,39,07,751)** | **3,13,39,656** | **17,52,50,849** | **(14,68,34,177)** | **2,84,16,672** |
| **Total equity and liabilities** | | **18,49,34,569** | **18,55,33,281** | **37,04,67,850** | **18,47,58,871** | **27,07,18,156** | **45,54,77,027** |

## FORBES CAMPBELL FINANCE LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

**Reconciliation of total equity as at 31st March, 2016 and 1st April, 2015**

| | Notes | As at 31st March, 2016 (End of last period presented under previous GAAP) | As at 1st April, 2015 (Date of transition) |
|---|---|---|---|
| **Total equity / shareholders' funds under previous GAAP** | | **96,87,162** | **95,08,022** |
| | | | |
| **Adjustments:** | | | |
| Financial Guarantee Comission | | 3,15,000 | 2,62,500 |
| Finance Cost on Debentures Loan | | (2,47,18,652) | (2,17,92,226) |
| Impairment of Investment in Svadeshi Mills Pvt. Ltd. under liquidat | 8.2A. | (1,34,92,600) | (1,34,92,600) |
| Net Gain/Loss on Fair Value of Equity Instrument through OCI | 8.1A. | 19,87,10,881 | 28,39,48,256 |
| Measurement of Debentures Loan at Amortised cost | 14f | 16,86,26,403 | 16,86,26,403 |
| **Total adjustment to equity** | | **32,94,41,032** | **41,75,52,333** |
| **Total equity under Ind AS** | | **33,91,28,194** | **42,70,60,355** |

**Effect of Ind AS adoption on the statement of profit and loss for the year ended 31st March, 2016**

| | Notes | Year ended 31st March, 2016 (Latest period presented under previous GAAP) | | |
|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS | Ind AS |
| Revenue from Operations | 20 | 4,80,000 | | 4,80,000 |
| Other income | 21 | 30,817 | 52,500 | 83,317 |
| **Total Income** | | **5,10,817** | **52,500** | **5,63,317** |
| | | | | |
| **Expenses** | | | | |
| Finance costs | 22 | 1,72,675 | 29,26,425 | 30,99,100 |
| Depreciation and amortisation expense | 23 | 22,840 | - | 22,840 |
| Other expenses | 24 | 1,00,162 | | 1,00,162 |
| **Total expenses** | | **2,95,677** | **29,26,425** | **32,22,102** |
| Profit before exceptional items and tax | | **2,15,140** | **(28,73,925)** | **(26,58,785)** |
| Exceptional items | | - | | - |
| Profit before tax | | **2,15,140** | **(28,73,925)** | **(26,58,785)** |
| | | | | |
| Tax expense | | | | |
| (1) Current tax | 25 | 36,000 | | 36,000 |
| | | **36,000** | - | **36,000** |
| | | | | |
| **Profit for the period** | | **1,79,140** | **(28,73,925)** | **(26,94,785)** |
| | | | | |
| **Other Comprehensive Income** | | | | |
| A (i) Items that will not be reclassified to profit or loss | | | | |
| a) Equity instrument through other comprehensive income | .0A. | - | (8,52,37,375) | (8,52,37,375) |
| **Total other comprehensive income** | | - | **(8,52,37,375)** | **(8,52,37,375)** |
| | | | | |
| **Total comprehensive income for the period (III+IV)** | | **1,79,140** | **(8,81,11,300)** | **(8,79,32,160)** |

| **Reconciliation of total comprehensive income for the year ended 31st March, 2016** | | |
|---|---|---|
| **All amounts are in Rs.'million unless otherwise stated** | | |
| | | |
| **Particulars** | | **Amount** |
| **Profit as per previous GAAP** | | 1,79,140 |
| **Adjustments:** | | |
| Financial Guarantee Comission | | 52,500 |
| Finance Cost on measurement of Debentures Loan at Amortised cost | | (29,26,425) |
| Loss on Fair Value of Equity Instrument through OCI | | **(8,52,37,375)** |
| **Total adjustments** | | **(8,81,11,300)** |
| **Total comprehensive income under Ind AS** | | **(8,79,32,160)** |

**Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under the previous GAAP.**

**Effect of Ind AS adoption on the statement of cash flows for the year ended 31st March, 2016**

| | Notes | Year ended 31st March, 2016 (Latest period presented under previous GAAP) | | |
|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS | Ind AS |
| | | | | |
| Net cash flows from operating activities | | 3,66,714 | | 3,66,714 |
| Net cash flows from investing activities | | (4,80,163) | | (4,80,163) |
| Net cash flows from financing activities | | (1,72,675) | | (1,72,675) |
| **Net increase (decrease) in cash and cash equivalents** | | **(2,86,124)** | - | **(2,86,124)** |
| **Cash and cash equivalents at the beginning of the period** | | 8,70,529 | | **8,70,529** |
| **Cash and cash equivalents at the end of the period** | | **5,84,405** | - | **5,84,405** |

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

**34. 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.

**35.** As at 31st March, 2017, the Company has investments of Rs. 11,81,93,850/- 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 there is no impairment in the investment and hence no provision is considered necessary.

**36.** Figures for the previous year have been regrouped wherever necessary.

In terms of our report attached
**For BATLIBOI & PUROHIT**
Chartered Accountants
Firm Reg No:101048W

**Janak Mehta**
Partner
Membership No.: 116976
*Mumbai, 21st April, 2017*

SHRIKRISHNA BHAVE ______ *Chairperson*

NIRMAL JAGAWAT ______

S.P. KADAKIA ______ *Directors*

MR. PANKAJ KHATTAR ______

*Mumbai, 21st April, 2017*

Forbes Campbell Services Limited

(Subsidiary Company of Forbes Campbell Finance Limited)

Financial Statements

For the year ended March 31, 2017

# FORBES CAMPBELL SERVICES LIMITED

# F. Y. 2016 - 17

**Atul HMV & Associates LLP**
*Chartered Accountants*
Chitalia House, 274/276, Dr. Cawasji Hormasji Lane,
3rd Floor, Near Marine Lines stn., Mumbai - 400 002.
Tel: 22093101/66348474
e-mail: atulhmv@gmail.com

ATUL HMV & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
(Converted to LLP from Atul HMV & Associates)

Atul H. Shah B.Com, FCA, CISA (USA), CIA (USA), DISA
Hemanshu M. Vora B.Com, FCA, CIA (USA), Lt. CS., DISA

Chitalia house, 3rd floor, 274/276, Dr. Cawasji Hormasji lane,
Near Marine lines station, Mumbai – 400 002.
Tel: 2209 3101, 6634 8474 email: info@atulhmv.com website: www.atulhmv.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 31stMarch, 2017 and the Statement of Profit and Loss,the Cash Flow Statementfor 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 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 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, 2017, 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 31stMarch, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31stMarch, 2017 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.

iv. The company has provided the requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these disclosures are in accordance with the books of accounts maintained by the company.

**For Atul HMV & Associates LLP**
***Chartered Accountants***
**FRN No: 124043W**

**Hemanshu M. Vora**
**Partner**
**Membership No. 100283**
Place: Mumbai

Date: April 21, 2017

## 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, 2017 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 withthe 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, 2017, 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 LLP**
***Chartered Accountants***
**FRN No: 124043W**

**Hemanshu M. Vora**
**Partner**
**Membership No. 100283**
Place: Mumbai

Date: April 21, 2017

## 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 LLP**
***Chartered Accountants***
**FRN No: 124043W**

**Hemanshu M. Vora**
**Partner**
**Membership No. 100283**

Place: Mumbai

Date: April 21, 2017

# FORBES CAMPBELL SERVICES LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2017

| Particulars | Note No. | As at 31st March, 2017 ₹ | As at 31st March, 2016 ₹ | As at 1st April, 2015 ₹ |
|---|---|---|---|---|
| ASSETS | | | | |
| 1 Non-current assets | | | | |
| a Financial Assets: | | | | |
| i) Loans | 4A | - | 17,500 | - |
| ii) Other financial assets | 5A | 84,777 | 84,777 | 84,777 |
| | | 84,777 | 1,02,277 | 84,777 |
| b Tax assets | | | | |
| i) Deferred tax assets (net) | 11 | 26,651 | 21,412 | - |
| ii) Current tax assets (net) | 14 | - | 10,200 | 1,82,460 |
| | | 26,651 | 31,612 | 1,82,460 |
| c Other non-current assets | 7A | 4,680 | 10,920 | - |
| Total Non-current assets | | 1,16,108 | 1,44,809 | 2,67,237 |
| 2 Current assets | | | | |
| a Financial Assets: | | | | |
| i) Trade receivables | 3A | - | - | 4,28,657 |
| ii) Cash and cash equivalents | 6A | 13,93,738 | 9,87,857 | 2,16,023 |
| v) Loans | 4B | 17,493 | 22,500 | 2,506 |
| | | 14,11,231 | 10,10,357 | 6,47,186 |
| b Other current assets | 7B | 6,240 | 6,240 | - |
| Total Current assets | | 14,17,471 | 10,16,597 | 6,47,186 |
| Total Assets | | 15,33,579 | 11,61,406 | 9,14,423 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| a Equity share capital | 8 | 5,00,000 | 5,00,000 | 5,00,000 |
| b Other equity | 9 | 7,27,646 | 3,51,151 | 1,38,207 |
| Equity attributable to owners of the Company | | 12,27,646 | 8,51,151 | 6,38,207 |
| Total Equity | | 12,27,646 | 8,51,151 | 6,38,207 |
| Liabilities | | | | |
| 1 Non-current liabilities | | | | |
| a Provisions | 10A | 1,19,614 | 1,09,595 | 96,719 |
| Total Non-current liabilities | | 1,19,614 | 1,09,595 | 96,719 |
| 2 Current liabilities | | | | |
| a Financial liabilities: | | | | |
| i) Trade and other payables | 13A | 1,14,480 | 1,20,209 | 1,06,478 |
| | | 1,14,480 | 1,20,209 | 1,06,478 |
| b Provisions | 10B | 19,253 | 11,086 | 10,275 |
| c Current tax liabilities (net) | 14 | 7,073 | - | - |
| d Other current liabilities | 12A | 45,513 | 69,365 | 62,744 |
| Total Current Liabilities | | 1,86,319 | 2,00,660 | 1,79,497 |
| Total Liabilities | | 3,05,933 | 3,10,255 | 2,76,216 |
| Total Equity and Liabilities | | 15,33,579 | 11,61,406 | 9,14,423 |

See accompanying notes forming part of the financial statements — 1 to 25

In terms of our report attached
For Atul HMV & Associates LLP
*Chartered Accountants*
FRN No: 124043W

Hemanshu M. Vora
Partner
Mem No.: 100283
*Mumbai, 21st April, 2017*

SHRIKRISHNA BHAVE — *Chairperson*

NIRMAL JAGAWAT
PANKAJ KHATTAR — *Directors*

FORBES CAMPBELL SERVICES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

| | Particulars | Note No. | Year Ended 31st March, 2017 ₹ | Year Ended 31st March, 2016 ₹ |
|---|---|---|---|---|
| I | Revenue from operations | 15 | 51,60,000 | 48,60,000 |
| II | Other income | 16 | 28,755 | 6,952 |
| III | Total Income (I + II) | | 51,88,755 | 48,66,952 |
| IV | Expenses: | | | |
| | Employee benefits expense | 17 | 20,06,615 | 19,78,158 |
| | Other expenses | 18 | 26,44,885 | 25,80,488 |
| | Total expenses | | 46,51,500 | 45,58,646 |
| V | Profit / (loss) before exceptional items and tax (III - IV) | | 5,37,255 | 3,08,306 |
| VI | Exceptional items | | - | - |
| VII | Profit / (Loss) before tax (V + VI) | | 5,37,255 | 3,08,306 |
| VIII | Tax expense / (credit): | | | |
| | Current tax | 19 | 1,66,000 | 1,16,774 |
| | Deferred tax | 19 | (5,239) | (21,412) |
| | | | 1,60,761 | 95,362 |
| IX | Profit for the period (VII - VIII) | | 3,76,494 | 2,12,944 |
| XII | Earning per equity share : | | | |
| | Basic and diluted earnings per equity share | | ₹ 7.53 | ₹ 4.26 |

See accompanying notes forming part of the financial statements 1 to 25

In terms of our report attached
For Atul HMV & Associates LLP
*Chartered Accountants*
FRN No: 124043W

Hemanshu M. Vora
Partner
Mem No.: 100283
*Mumbai, 21st April, 2017*

SHRIKRISHNA BHAVE — *Chairperson*

NIRMAL JAGAWAT — *Directors*

PANKAJ KHATTAR

*Mumbai, 21st April, 2017*

FORBES CAMPBELL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

| | Year Ended 31st March, 2017 ₹ | | Year Ended 31st March, 2016 ₹ | |
|---|---|---|---|---|
| Cash flows from operating activities | | | | |
| Profit for the year | | 3,76,494 | | 2,12,944 |
| Adjustments for - | | | | |
| Income tax expense recognised in profit or loss | 1,60,761 | | 95,362 | |
| Interest Income | (3,055) | | (6,952) | |
| | | 1,57,706 | | 88,410 |
| Operating profit / (loss) before working capital changes | | 5,34,200 | | 3,01,354 |
| Movements in working capital: | | | | |
| Decrease / (increase) in trade receivables and other receivables | 22,507 | | 3,91,163 | |
| (Increase)/decrease in other assets | 6,241 | | (17,160) | |
| Increase / (decrease) in trade payables and other payables | (5,729) | | 13,731 | |
| Increase / (decrease) in provisions | 18,186 | | 13,687 | |
| Increase / (decrease) in other liabilities | (23,852) | | 6,621 | |
| | | 17,353 | | 4,08,042 |
| Cash generated from / (used in) operations | | 5,51,553 | | 7,09,396 |
| Income taxes paid (net of refunds) | | (1,48,727) | | 55,486 |
| (a) Net cash generated from / (used in) operating activities | | 4,02,826 | | 7,64,882 |
| Cash flows from investing activities: | | | | |
| Interest received | 3,055 | | 6,952 | |
| (b) Net cash generated from / (used in) investing activities | | 3,055 | | 6,952 |
| Cash flows from financing activities: | | | | |
| (c) Net cash generated from / (used in) financing activities | | - | | - |
| (d) Net increase / (decrease) in cash and cash equivalents (a + b + c) | | 4,05,881 | | 7,71,834 |
| (e) Cash and cash equivalents as at the commencement of the year | | 9,87,857 | | 2,16,023 |
| (f) Cash and cash equivalents as at the end of the year (d + e) | | 13,93,738 | | 9,87,857 |

See accompanying notes forming part of the financial statements 1 to 25

In terms of our report attached
For Atul HMV & Associates LLP
*Chartered Accountants*
FRN No: 124043W

Hemanshu M. Vora
Partner
Mem No.: 100283
*Mumbai, 21st April, 2017*

SHRIKRISHNA BHAVE — *Chairperson*

NIRMAL JAGAWAT
PANKAJ KHATTAR — *Directors*

*Mumbai, 21st April, 2017*

1. GENERAL INFORMATION

Forbes Campell Services Limited was incorporated on 7th January, 1975 in India having registered office 21 A.K. Nayak Marg, Fort, Mumbai 400 001. The Company is subsidiary of Forbes Campbell Finance Limited and is mainly engaged in the rendering of services.

2. SIGNIFICANT ACCOUNTING POLICIES

i) Statement of Compliance

The separate financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 [Companies (Indian Accounting Standards) Rules, 2015].

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS separate financial statements. The date of transition to Ind AS is April 1, 2015. **Refer Note xi** for the details of first-time adoption exemptions availed by the Company.

ii) Basis of Preparation and Presentation

The separate financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

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 products/activities of the Company and the normal time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current .

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

iii) Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, loan commitments, trade receivables and other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. A substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

iv) Earnings per share

Basic Earnings per share are calculated by dividing the net profit / (loss) after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

v) Employee Benefits

a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

c) Post-employment obligations

The company operates the following post-employment schemes:

- Defined Contribution plans such as provident fund, pension
- Defined Benefit plans such as gratuity

d) Defined Contribution Plans

The Company's contribution to provident fund, pension and employee state insurance scheme are considered as defined contribution plans, as the Company does not carry any further obligations apart from the contributions made on a monthly basis and are charged as an expense based on the amount of contribution required to be made.

e) Defined Benefit Plan

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity. 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.

vi) Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

vii) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Income from services is recognised as and when the services are performed.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.

viii) Taxes on Income

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 Income Tax Act, 1961.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

ix) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash on hand, cheques, drafts on hand, balances in current accounts with banks, other bank deposits with original maturities of three months or less

x) 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

xi) First-time adoption – mandatory exceptions, optional exemptions

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Impairment of financial assets :

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

3. Trade receivables

3A. Trade receivables- Current

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| Trade receivables | | | |
| - Unsecured, considered good | - | - | 4,28,657 |
| Less: Allowance for doubtful debts | - | - | - |
| Total (A) | - | - | 4,28,657 |

4. Loans

4A. Loans - Non Current

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| a) Loans and advances to employees | | | |
| - Unsecured, considered good | - | 17,500 | - |
| Less : Allowance for doubtful advances | - | - | - |
| Total (a) | - | 17,500 | - |

4B. Loans - Current

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| a) Loans and advances to employees | | | |
| - Unsecured, considered good | 17,493 | 22,500 | 2,506 |
| Less : Allowance for doubtful loans and advances | - | - | - |
| sub total (a) | 17,493 | 22,500 | 2,506 |

5. Other financial assets

5A. Other financial assets - Non current

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| a) Security deposits | | | |
| - Unsecured, considered good | 84,777 | 84,777 | 84,777 |
| Less : Allowance for bad and doubtful loans | - | - | - |
| sub total (a) | 84,777 | 84,777 | 84,777 |

6. 6A. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| Balances with Banks | | | |
| a) In current accounts | 13,84,378 | 9,85,973 | 2,09,917 |
| b) Deposits accounts (with original maturity upto 3 months) | - | - | - |
| | 13,84,378 | 9,85,973 | 2,09,917 |
| Cheques, drafts on hand | - | - | - |
| Cash on hand | 9,360 | 1,884 | 6,106 |
| Cash and cash equivalents as per balance sheet | 13,93,738 | 9,87,857 | 2,16,023 |

7. Other assets

7A. Other assets - Non Current

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| a) Prepaid expenses | 4,680 | 10,920 | - |
| Total | 4,680 | 10,920 | - |

7B. Other assets - Current

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| a) Prepaid expenses | 6,240 | 6,240 | - |
| b) Others (specify nature) | - | - | - |
| Total | 6,240 | 6,240 | - |

## 8. Equity Share Capital

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| **Authorised Share capital :** | | | |
| 50,000 fully paid equity shares of ₹ 10 each | 5,00,000 | *5,00,000* | *5,00,000* |
| **Issued and subscribed capital comprises:** | | | |
| 50,000 fully paid equity shares of ₹ 10 each *(as at March 31, 2016: 50,000; as at April 1, 2015: 50,000)* | 5,00,000 | *5,00,000* | *5,00,000* |
| | 5,00,000 | *5,00,000* | *5,00,000* |

### 8. 1 Fully paid equity shares

| Particulars | Number of shares | Share capital (Amount) |
|---|---|---|
| Balance at April 1, 2015 | 50,000 | 5,00,000 |
| Movements | - | - |
| Balance at March 31, 2016 | 50,000 | 5,00,000 |
| Movements | - | - |
| **Balance at March 31, 2017** | 50,000 | 5,00,000 |

Fully paid equity shares, which have a par value of ₹ 10, carry one vote per share and carry a right to dividends.

### 8. 2 Details of shares held by the holding company, the ultimate controlling party, their subsidiaries and

| | Fully paid ordinary shares | | |
|---|---|---|---|
| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
| **Balance at the beginning of the period** | | | |
| The holding company | 49,000 | *49,000* | *49,000* |
| The ultimate controlling party | - | - | - |
| Subsidiaries of the holding company | - | - | - |
| Total | 49,000 | *49,000* | *49,000* |

8. 3 Details of shares held by each shareholder holding more than 5% shares

| Particulars | As at 31st March, 2017 | | *As at 31st March, 2016* | | *As at 1st April, 2015* | |
|---|---|---|---|---|---|---|
| | Number of shares held | % holding in the class of shares | *Number of shares held* | *% holding in the class of shares* | *Number of shares held* | *% holding in the class of shares* |
| Fully paid equity shares | | | | | | |
| Forbes Campbell Finance Limited | 49,000 | 98.00 | *49,000* | *98.00* | *49,000* | *98.00* |
| Total | 49,000 | 98.00 | *49,000* | *98.00* | *49,000* | *98.00* |

9. Other equity excluding non-controlling interests

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| a) Retained earnings | | | |
| Balance at beginning of year | 3,51,152 | *1,38,207* | *1,22,264* |
| Profit attributable to owners of the Company | 3,76,494 | *2,12,944* | *15,943* |
| Balance at end of the year | 7,27,646 | *3,51,151* | *1,38,207* |
| b) Others | - | - | - |
| Total | 7,27,646 | *3,51,151* | *1,38,207* |

10. Provisions

10A. Provisions - Non current

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| a) Employee benefits | | | |
| Compensated absences | 1,19,614 | *1,09,595* | *96,719* |
| Total | 1,19,614 | *1,09,595* | *96,719* |

10B. Provisions - Current

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| a) Employee benefits | | | |
| Compensated absences | 19,253 | *11,086* | *10,275* |
| Total | 19,253 | *11,086* | *10,275* |

11. Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| Deferred tax assets | **26,651** | *21,412* | - |
| Deferred tax liabilities | - | - | - |
| Net | 26,651 | *21,412* | - |

Current Year ( 2016-17)

| Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Recognised directly in equity | Closing balance |
|---|---|---|---|---|---|
| Deferred tax (liabilities)/assets in relation to: | | | | | |
| a) Provisions | 21,412 | 5,239 | | | 26,651 |
| Total (A) ... | 21,412 | 5,239 | - | - | 26,651 |
| b) Tax losses | | | | | - |
| Total (B) ... | - | - | - | - | - |
| Total (A+B) ... | 21,412 | 5,239 | - | - | 26,651 |

*Previous Year ( 2015-16)*

| *Particulars* | *Opening balance* | *Recognised in profit or loss* | *Recognised in other comprehensive income* | *Recognised directly in equity* | *Closing balance* |
|---|---|---|---|---|---|
| *Deferred tax (liabilities)/assets in relation to:* | | | | | |
| *a) Provisions* | - | *21,412* | - | - | *21,412* |
| *Total (A) ...* | - | *21,412* | - | - | *21,412* |
| *b) Tax losses* | | | | | - |
| *Total (B) ...* | - | - | - | - | - |
| *Total (A+B) ...* | - | *21,412* | - | - | *21,412* |

12. Other current liabilities

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| **12A. Other current liabilities** | | | |
| a) Advances | - | *22,911* | *22,911* |
| b) Statutory remittances | 45,513 | *46,454* | *39,833* |
| Total | 45,513 | *69,365* | *62,744* |

13. Trade payables

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| **13A Trade payables - Current** | | | |
| a) Trade payables | 1,14,480 | *1,20,209* | *1,06,478* |
| b) Others [describe] | - | - | - |
| Total | 1,14,480 | *1,20,209* | *1,06,478* |

14. Current tax assets and liabilities

| Particulars | As at 31st March, 2017 | *As at 31st March, 2016* | *As at 1st April, 2015* |
|---|---|---|---|
| Current tax assets | | | |
| Benefit of tax losses to be carried back to recover taxes paid in prior periods | - | - | - |
| Tax refund receivable (net of provision for tax) | - | *10,200* | *1,82,460* |
| Others [describe] | - | - | - |
| | - | *10,200* | *1,82,460* |
| Current tax liabilities | | | |
| Income tax payable (net of advance tax) | 7,073 | - | - |
| Others [describe] | - | - | - |
| | 7,073 | - | - |
| Current Tax Assets (current portion) | - | - | - |
| Current Tax Assets (non-current portion) | - | - | - |

## FORBES CAMPBELL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

15. Revenue from operations

| Particulars | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| a) Sale of services | | |
| i) Service Charges (Net of Service Tax) | 51,60,000 | *48,60,000* |
| Total | 51,60,000 | *48,60,000* |

16. Other Income

a) Interest Income

| Particulars | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| i) Income Tax refund | 357 | *6,864* |
| ii) Customers and others | 2,698 | *88* |
| Total (a) | 3,055 | *6,952* |

b) Other Non-Operating Income (Net of expenses directly attributable to such income)

| Particulars | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| i) Others (aggregate of immaterial items) | | |
| Miscellaneous income | 25,700 | - |
| Total (b ) | 25,700 | - |
| Total (a+b) | 28,755 | *6,952* |

FORBES CAMPBELL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

17. Employee benefits expense

| Particulars | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| i) Salaries and Wages | 17,12,671 | *17,35,774* |
| ii) Contribution to provident and other funds | 1,69,056 | *1,65,975* |
| iii) Staff Welfare Expenses | 1,24,888 | *76,409* |
| Total | **20,06,615** | *19,78,158* |

18. Other expenses

| | Particulars | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|---|
| a) | Rates and taxes (excluding taxes on income) | 2,500 | *2,500* |
| b) | Printing & Stationery | 4,038 | *1,988* |
| c) | Legal and professional charges | 25,59,779 | *25,10,563* |
| d) | Travelling and conveyance | 25,538 | *19,119* |
| e) | Miscellaneous expenses | 22,905 | *16,318* |
| | Sub Total (a) | **26,14,760** | *25,50,488* |
| f) | To Statutory auditors | | |
| | i) For audit | 25,125 | *25,000* |
| | ii) For taxation matters | 5,000 | *5,000* |
| | Sub Total (b) | **30,125** | *30,000* |
| | Total (a + b) | **26,44,885** | *25,80,488* |

## FORBES CAMPBELL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

### 19. Income taxes relating to continuing operations

#### 19.1 Income tax recognised in profit or loss

| Particulars | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| Current tax | | |
| In respect of the current year | 1,66,000 | *1,17,000* |
| In respect of prior years | - | *(226)* |
| | **1,66,000** | *1,16,774* |
| Deferred tax | | |
| In respect of the previous year | (5,239) | *(21,412)* |
| | **(5,239)** | *(21,412)* |
| **Total income tax expense recognised in the current year relating to continuing Operations** | **1,60,761** | *95,362* |

The income tax expense for the year can be reconciled to the accounting profit as follows:

| Particulars | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| **Profit before tax from continuing operations** | **5,37,255** | *3,08,306* |
| Income tax expense calculated at 29.87 % (2015-2016: 30.9%) | 1,60,478 | *95,267* |
| Effect of expenses that are not deductible in determining taxable profit | 24,531 | *30,064* |
| Effect of expenses that are deductible in determining taxable profit on payment/reversal | (19,301) | *(8,652)* |
| Others | 292 | *96* |
| Adjustments recognised in the current year in relation to the current tax of prior years | - | *226* |
| Income tax expense recognised in profit or loss (relating to continuing operations) | 1,66,000 | *1,17,000* |

The tax rate used for the 2016-2017 and 2015-2016 reconciliations above is the corporate tax rate payable by corporate entities in India on taxable profits under the Indian tax law.

## 20. Earnings per share

| Particulars | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| From Continuing operations | ₹ per share | *₹ per share* |
| Basic earnings per share | 7.53 | *4.26* |
| Diluted earnings per share | 7.53 | *4.26* |

### 20.1 Basic Earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

| Particulars | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| Profit for the year attributable to owners of the Company (A) | 3,76,494 | *2,12,944* |
| Weighted average number of equity shares for the purposes of basic earnings per share (B) | 50,000 | *50,000* |
| Basic Earnings per share (A/B) | 7.53 | *4.26* |

### 20.2 Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows.

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

| Particulars | Year ended 31st March, 2017 | *Year ended 31st March, 2016* |
|---|---|---|
| Earnings used in the calculation of basic earnings per share | 3,76,494 | *2,12,944* |
| Adjustments | - | - |
| **Earnings used in the calculation of diluted earnings per share (A)** | 3,76,494 | *2,12,944* |
| Weighted average number of equity shares used in the calculation of basic earnings per share | 50,000 | *50,000* |
| Weighted average number of equity shares used in the calculation of diluted earnings per share (B) | 50,000 | *50,000* |
| Diluted earnings per share (A/B) | 7.53 | *4.26* |

21. DETAILS OF CASH TRANSACTIONS FOR THE PERIOD 08.11.2016 TO 30.12.2016

| Forbes Building | Dates | Denomination | Nos. | Amount | Total in Rs. |
|---|---|---|---|---|---|
| Cash on Hand | 08-11-2016 | 1,000 | 2 | 2,000 | |
| | | 500 | 16 | 8,000 | |
| | | 100 | 20 | 2,000 | |
| | | 50 | 7 | 350 | |
| | | 10 | 1 | 10 | |
| | | 1 | 6 | 6 | 12,366 |
| (+) Permitted receipts * | | | | | 1,10,000 |
| (-) Permitted payments | | | | | |
| | | | | | |
| (-) Amount deposited in Banks | 15-11-2016 | 1,000 | 2 | 2,000 | |
| Union Bank of India. | | 500 | 16 | 8,000 | (10,000) |
| Cash on Hand | 30-12-2016 | 2,000 | 50 | 1,00,000 | |
| | | 100 | 120 | 12,000 | |
| | | 50 | 7 | 350 | |
| | | 10 | 1 | 10 | |
| | | 1 | 6 | 6 | 1,12,366 |

* Permitted receipts

| Cash withdrawal from Bank | |
|---|---|
| DATE | AMOUNT |
| 17.11.2016 - UNION BANK OF INDIA | 10,000 |
| 22.12..2016 - UNION BANK OF INDIA | 50,000 |
| 30.12..2016 - UNION BANK OF INDIA | 50,000 |
| Total | 1,10,000 |

22. (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 Shapoorji Pallonji Forbes Shipping Ltd.
28 Volkart Fleming Shipping & Services Ltd.

## FORBES CAMPBELL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

22. Related party disclosures (contd.)

Current year

(b) transactions/ balances with above mentioned related parties

| | | A<br>Forbes & Company Ltd. | Parties in A above | B<br>Volkart Fleming Shipping and Services Ltd. | Parties in B above | Total |
|---|---|---|---|---|---|---|
| | Nature of Transaction<br>Sales / Services | | | | | |
| 1 | Services Rendered | 47,04,000 | 47,04,000 | 4,56,000 | 4,56,000 | 51,60,000 |
| | Expenses | | | | | |
| 2 | Miscellaneous expenses | 12 | 12 | - | - | 12 |

22. *Related party disclosures (contd.)*

*Previous year*

*(b) transactions/ balances with above mentioned related parties*

| | | *A*<br>*Forbes & Company Ltd.* | *Parties in A above* | *B*<br>*Volkart Fleming Shipping and Services Ltd.* | *Parties in B above* | *Total* |
|---|---|---|---|---|---|---|
| | *Nature of Transaction* | - | - | - | - | - |
| 1 | *Services Rendered* | 44,40,000 | 44,40,000 | 4,20,000 | 4,20,000 | 48,60,000 |
| | *Expenses* | - | - | - | - | - |
| 2 | *Miscellaneous expenses* | 12 | 12 | - | - | 12 |
| 3 | *Other Reimbursements* | 102 | 102 | - | - | 102 |

23. Financial instruments

23.1 Capital management

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of equity of the Company (comprising issued equity capital and retained earnings as detailed in notes 8 to 9).

23.2 Categories of financial instruments

| Particulars | As at 31st March, 2017 | As at 31st March, 2016 | As at 1st April, 2015 |
|---|---|---|---|
| Financial assets | | | |
| Measured at Amortised Cost | | | |
| a)Cash and bank balances | 13,93,738 | 9,87,857 | 2,16,023 |
| b) Trade Receivables | - | - | 4,28,657 |
| c) Loans | 17,493 | 22,500 | 2,506 |
| Financial liabilities | | | |
| Measured at Amortised Cost | | | |
| a) Trade payables | 1,14,480 | 1,20,209 | 1,06,478 |

23.3 Financial risk management objectives

The company monitors and manages the financial risks to the operations of the company . These risks include credit risk and liquidity risk.

Credit risk management

Based on the Company's monitoring of customer credit risk, the company believes that no impairment allowance is necessary in respect of trade receivables that are not past due or past due but not more than one year.

Liquidity risk management

Liquidity Risk Management implies maintenance of sufficient cash and bank balance to meet obligations when due. The company manages liquidity risk by maintaining adequate funds, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Liquidity risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of March 31, 2017, March 31, 2016 and April 1, 2015 respectively has been considered. The contractual maturity is based on the earliest date on which the Company may be required to pay.

| Maturities of Financial Liabilities | 31st March, 2017 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Trade Payables | 1,14,480 | | | |
| | 1,14,480 | - | - | - |

| Maturities of Financial Liabilities | 31st March, 2016 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Trade Payables | 1,20,209 | | | |
| | 1,20,209 | - | - | - |

| Maturities of Financial Liabilities | 1st April, 2015 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Trade Payables | 1,06,478 | | | |
| | 1,06,478 | - | - | - |

FORBES CAMPBELL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

24. No amount is due to Small Scale Industries (SSI) as at 31st March, 2017, as defined under Micro, Small & Medium Enterprises Development Act, 2006.

25. Figures for the previous year have been regrouped wherever necessary.

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In terms of our report attached
**For Atul HMV & Associates LLP**
*Chartered Accountants*
FRN No: 124043W

**Hemanshu M. Vora**
Partner
Mem No.: 100283
*Mumbai, 21st April, 2017*

SHRIKRISHNA BHAVE — *Chairperson*

NIRMAL JAGAWAT
PANKAJ KHATTAR
} *Directors*

*Mumbai, 21st April, 2017*

Forbes Enviro Solutions Limited

(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements

For the year ended March 31, 2017

**Independent Auditor's Report**
**To the Members of Forbes Enviro Solutions Limited**

**Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of Forbes Enviro Solutions Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

**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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding 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 Ind AS 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 Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Ind AS 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 Ind AS 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 Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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 (including other comprehensive income), the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued there under;

(e) On the basis of the written representations received from the directors as on 31 March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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.

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 32 to the Ind AS financial statements.

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

**Atul Mehta**
Partner
Membership No: 15935

Place : Mumbai
Date : May 3, 2017

**Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2017, 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 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. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.

(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 from the public.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013 for the Company. Accordingly, paragraph 3 (vi) of the Order are not applicable to the Company.

(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 2017 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, duty of excise and cess which have not been deposited on account of any dispute.

| **Name of statute** | **Nature of dues** | **Amount under dispute (Rs)** | **Period to which the amount relates** | **Forum where dispute is pending** |
|---|---|---|---|---|
| Sales Tax Act | Maharashtra Value Added | 10,71,025 | 2002-03, 2004-05 | Commissioner of Sales Tax |

| | | | | |
|---|---|---|---|---|
| | Tax | | | |
| | Central Sales Tax | 34,851 | 2004-05 | Commissioner of Sales Tax |
| Income Tax Act | Income Tax Dues | 4,350 | AY 2010-11 | Assessing Authority |
| | | 115,060 | AY 2009-10 | Assessing Authority |
| | | 53,470 | AY 2007-08 | Assessing Authority |
| | | 157,677 | AY 2006-07 | Assessing Authority |

(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 did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(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) The Company has not paid any remuneration to managerial personnel. Accordingly, the 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, 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 Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give 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
Firm Reg. No.: 101048W

Atul Mehta
*Partner*

Membership No: 15935
Place : Mumbai
Date : May 3, 2017

**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 2017 in conjunction with our audit of the Ind AS 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 detectionoffraudsanderrors,theaccuracyandcompletenessoftheaccountingrecords,andthetimely 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 Ind AS 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) providereasonableassuranceregardingpreventionortimelydetectionofunauthorisedacquisition,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 2017, 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
Firm Reg. No.: 101048W

Atul Mehta
*Partner*
Membership No: 15935

Place : Mumbai
Date : May 3, 2017

Forbes Enviro Solutions Limited

## BALANCE SHEET AS AT 31ST MARCH, 2017

| | | | Notes | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ |
|---|---|---|---|---|---|---|
| | | **ASSETS** | | | | |
| | | **Non-current Assets** | | | | |
| (a) | | Property, plant and equipment | 4 | 23,27,381 | 47,75,556 | - |
| (b) | | Intangible assets | 5 | 3,39,345 | 5,80,660 | |
| (c) | | Financial assets | | | | |
| | (i) | Other financial assets | 9 | 42,61,530 | 28,36,142 | - |
| (d) | | Tax assets | | | | |
| | (i) | Deferred tax asset (Net) | 17 | 32,81,699 | 16,81,551 | |
| | (ii) | Current tax asset (Net) | 21 | 39,59,447 | 47,86,961 | - |
| (e) | | Other non-current assets | 12 | 1,41,51,258 | 1,41,36,836 | - |
| | | **Total Non-current Assets** | | **2,83,20,660** | **2,87,97,706** | **-** |
| | | **Current Assets** | | | | |
| (a) | | Inventories | 10 | 1,41,81,380 | 2,10,21,590 | - |
| (b) | | Financial assets | | | | |
| | (i) | Investments | 6 | 1,76,081 | 1,47,761 | |
| | (ii) | Trade receivables | 7 | 12,96,79,851 | 11,64,33,709 | |
| | (iii) | Cash and cash equivalents | 11 | 22,06,630 | 19,67,417 | 3,12,848 |
| | (iv) | Bank balances other than (iii) above | 11 | 14,20,502 | 21,37,112 | |
| | (v) | Loans | 8 | 5,000 | 1,24,677 | |
| | (vi) | Other financial assets | 9 | 1,20,000 | 1,20,000 | - |
| (c) | | Other current assets | 12 | 64,04,853 | 32,51,443 | - |
| | | **Total Current Assets** | | **15,41,94,297** | **14,52,03,709** | **3,12,848** |
| | | **Total Assets** | | **18,25,14,957** | **17,40,01,415** | **3,12,848** |
| | | **EQUITY AND LIABILITIES** | | | | |
| | | **Equity** | | | | |
| | | Equity share capital | 13 | 2,82,72,630 | 2,82,72,630 | 5,00,000 |
| (b) | | Other Equity | 14 | (19,88,479) | (92,51,847) | (2,13,960) |
| | | **Total Equity** | | **2,62,84,151** | **1,90,20,783** | **2,86,040** |
| | | **Liabilities** | | | | |
| | | **Non-current Liabilities** | | | | |
| (a) | | Financial liabilities | | - | - | - |
| (b) | | Provisions | 16 | 4,04,426 | 4,45,007 | - |
| | | **Total Non-current Liabilities** | | **4,04,426** | **4,45,007** | **-** |
| | | **Current Liabilities** | | | | |
| (a) | | Financial liabilities | | | | |
| | (i) | Borrowings | 19 | 3,76,15,965 | 3,50,00,000 | |
| | (ii) | Trade and other payables | 20 | 10,39,79,315 | 10,04,17,219 | 26,808 |
| | (iii) | Other financial liabilities | 15 | 1,03,99,610 | 1,44,45,203 | - |
| (b) | | Provisions | 16 | 13,47,247 | 12,98,767 | - |
| (c) | | Current tax liabilities (Net) | 21 | 6,39,898 | - | - |
| (d) | | Other current liabilities | 18 | 18,44,345 | 33,74,436 | - |
| | | **Total Current Liabilities** | | **15,58,26,380** | **15,45,35,625** | **26,808** |
| | | **Total Liabilities** | | **15,62,30,806** | **15,49,80,632** | **26,808** |
| | | **Total Equity and Liabilities** | | **18,25,14,957** | **17,40,01,415** | **3,12,848** |
| | | | | - | - | - |

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 3rd May ,2017.

Suresh Redhu — *Director*

## Statement of Profit and Loss for the year ended 31st March, 2017

| | | | Notes | Year 2016-17 ₹ | Year 2015-16 ₹ |
|---|---|---|---|---|---|
| I | | **Income** | | | |
| | | Revenue from Operations | 22 | 33,74,98,544 | 28,71,66,675 |
| | | Other income and other gains / (losses) | 23 | (1,72,941) | 9,80,794 |
| | | **Total Income** | | **33,73,25,603** | **28,81,47,469** |
| II | | **Expenses** | | | |
| | | Cost of materials consumed | 24 | 23,29,36,964 | 22,19,91,159 |
| | | Purchases of stock-in-trade | | 1,37,89,567 | 32,34,029 |
| | | Changes in inventories of finished goods, stock-in-trade and work-in-progress | | 17,33,083 | (23,68,391) |
| | | Excise Duty on sale of goods | | 30,06,257 | 26,51,984 |
| | | Employee benefits expense | 25 | 2,73,42,751 | 2,55,98,422 |
| | | Finance costs | 26 | 54,66,706 | 44,21,027 |
| | | Depreciation and amortisation expense | 27 | 10,24,745 | 13,80,989 |
| | | Other expenses | 28 | 4,40,47,386 | 3,47,97,619 |
| | | **Total expenses** | | **32,93,47,459** | **29,17,06,838** |
| III | | **Profit before exceptional items and tax** | | **79,78,144** | **(35,59,369)** |
| | | Add/ (Less) : Exceptional items | | | - |
| IV | | **Profit before tax** | | **79,78,144** | **(35,59,369)** |
| | | Less: Tax expense | | | |
| | (1) | Current tax | 29.1 | 24,04,115 | 2,32,751 |
| | (2) | Deferred tax - Credit | | (18,48,019) | (19,09,321) |
| | | | | 5,56,096 | (16,76,570) |
| V | | **Profit for the period from continuing operations** | | **74,22,048** | **(18,82,799)** |
| VI | | **Other Comprehensive Income** | | | |
| A | | Items that will not be reclassified to statement of profit or loss | | | |
| | (a) | Remeasurements of the defined benefit plans | | (2,29,638) | 79,349 |
| | (b) | Income tax relating to items that will not be reclassified to statement of profit or loss | | 70,958 | (15,120) |
| | | | | (1,58,680) | 64,229 |
| B | | Items that may be reclassified to statement of profit or loss | | | |
| | (a) | Income tax relating to items that may be reclassified to statement of profit or loss | | | |
| | | | | - | - |
| | | **Total other comprehensive income (A + B)** | | **(1,58,680)** | **64,229** |
| | | **Total comprehensive income for the period (V+VI)** | | **72,63,368** | **(18,18,570)** |
| | | Profit for the year attributable to: | | | |
| | | - Owners of the Company | | 74,22,048 | (18,82,799) |
| | | | | 74,22,048 | (18,82,799) |
| | | Other comprehensive income for the year attributable to: | | | |
| | | - Owners of the Company | | (1,58,680) | 64,229 |
| | | | | (1,58,680) | 64,229 |
| | | Total comprehensive income for the year attributable to: | | | |
| | | - Owners of the Company | | 72,63,368 | (18,18,570) |
| | | | | 72,63,368 | (18,18,570) |
| | | Earnings per equity share (for continuing operation): | 30 | | |
| | | (1) Basic (in Rs.) | | 2.63 | (8.97) |
| | | (2) Diluted (in Rs.) | | 2.63 | (8.97) |

As per our report of even date
*For BATLIBOI & PUROHIT*
Chartered Accountants
Firm Regn No.101048W

A.V.Suresh — *Director*

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ATUL MEHTA
Partner
Membership No.15935

Vikram Surendran — *Director*

Ashu Khanna — *Director*

Mumbai, Dated 3rd May ,2017.

Suresh Redhu — *Director*

Cash Flow Statement for the year ended 31st March, 2017

| | Notes | Year ended March 31, 2017 ₹ | Year ended March 31, 2016 ₹ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax for the year | | 79,78,144 | (35,59,369) |
| Adjustments for: | | | |
| Finance costs recognised in profit or loss | | 54,66,706 | 44,21,027 |
| Investment income recognised in profit or loss | | (28,320) | (47,761) |
| Interest Income | | (5,14,428) | (2,74,618) |
| Loss on disposal of property, plant and equipment | | 8,91,649 | - |
| Provision for doubtful debt | | 32,39,297 | 48,28,603 |
| Remeasurements of the defined benefit plans | | (1,58,680) | 64,229 |
| Provision/write-off of doubtful debts, advances and other current assets | | 5,14,326 | 7,49,027 |
| Depreciation and amortisation of fixed assets/ intangibles (continuing operations) | | 10,24,745 | 13,80,989 |
| **Movements in working capital:** | | - | |
| (Increase)/decrease in trade and other receivables | | (1,69,99,765) | 60,11,328 |
| (Increase)/decrease in inventories | | 68,40,210 | (1,02,19,995) |
| (Increase)/decrease in current loans and advances | | 1,19,677 | (1,24,677) |
| (Increase)/decrease in current other assets | | (31,53,410) | 56,17,713 |
| (Increase)/decrease in non current other assets | | (14,422) | (23,57,603) |
| (Increase)/decrease in current other financial assets | | - | (1,20,000) |
| (Increase)/decrease in non current other financial assets | | (4,24,278) | (13,06,850) |
| Increase/ (Decrease) in trade and other payables | | 35,62,096 | 28,18,359 |
| Increase/(Decrease) in provisions | | 7,899 | 3,23,836 |
| Increase/(Decrease) in other liabilities | | (55,81,103) | 18,05,876 |
| **Cash generated from operations** | | **27,70,343** | **1,00,10,114** |
| Income taxes paid (net of refunds) | | (6,88,832) | (50,19,712) |
| **Net cash generated by operating activities** | | **20,81,511** | **49,90,402** |
| **Cash flows from investing activities** | | | |
| Interest received | | 5,75,420 | 3,30,632 |
| Payments for property, plant and equipment | | (19,856) | (81,105) |
| Proceeds from disposal of property, plant and equipment | | 7,92,952 | - |
| Net Movement in Bank Balance not considered as Cash & Cash equivalents | | (3,45,492) | (3,15,847) |
| **Net cash (used in)/generated by investing activities** | | **10,03,024** | **(66,320)** |
| **Cash flows from financing activities** | | | |
| Net increase / (decrease) in working capital borrowings | | 19,22,343 | - |
| Interest paid | | (54,61,287) | (44,21,027) |
| **Net cash used in financing activities** | | **(35,38,944)** | **(44,21,027)** |
| **Net increase in cash and cash equivalents** | | **(4,54,409)** | **5,03,055** |
| Cash and cash equivalents at the beginning of the year | | 19,67,417 | 14,64,362 |
| **Cash and cash equivalents at the end of the year** | | **22,06,630** | **19,67,417** |
| Less Bank Overdraft | | 6,93,622 | - |
| **Net Cash and cash equivalents at the end of the year** | | **15,13,008** | **19,67,417** |
| | | - | - |

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<br>Partner<br>Membership No.15935 | Vikram Surendran | *Director* |
| | Ashu Khanna | *Director* |
| Mumbai, Dated 3rd May ,2017. | Suresh Redhu | *Director* |

## Statement of changes in equity for the year ended March 31, 2017

| a. Equity share capital | No.of Shares | Amount ₹ |
|---|---|---|
| **Balance at April 1, 2015** | 50,000 | 5,00,000 |
| Changes in equity share capital during the year | 27,77,263 | 2,77,72,630 |
| **Balance at March 31, 2016** | **28,27,263** | **2,82,72,630** |
| Changes in equity share capital during the year | - | - |
| **Balance at March 31, 2017** | **28,27,263** | **2,82,72,630** |

B. Other Equity

| | Attributable to Owners | | | | | |
|---|---|---|---|---|---|---|
| | Reserves and surplus | | | Items Of Other Comprehensive Income | | Total Other Equity |
| | General reserve | Retained earnings | Total | Remeasurement of Employee benefit | Total | |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| **Balance at 1st April 2015** | - | (2,13,960) | (2,13,960) | - | - | (2,13,960) |
| | | | - | | | - |
| Ind AS Transition Reserves | | - | - | | | - |
| Profit for the year | | (18,82,799) | (18,82,799) | | - | (18,82,799) |
| Transfer due to Merger | 1,33,50,000 | 59,78,313 | 1,93,28,313 | | - | 1,93,28,313 |
| Adjustment on Amalgamation | (1,33,50,000) | (77,03,666) | (2,10,53,666) | | | (2,10,53,666) |
| Goodwill on amlagamation written off | | (54,93,964) | (54,93,964) | | | (54,93,964) |
| Other comprehensive income for the year, net of income tax | | | - | 64,229 | 64,229 | 64,229 |
| **Total comprehensive income for the year 31st March 2016** | - | **(93,16,076)** | **(93,16,076)** | **64,229** | **64,229** | **(92,51,847)** |
| Profit for the year | | 74,22,048 | 74,22,048 | | - | 74,22,048 |
| Other comprehensive income for the year, net of income tax | | | - | (1,58,680) | (1,58,680) | (1,58,680) |
| **Total comprehensive income for the year 31st March 2017** | | **74,22,048** | **74,22,048** | **(1,58,680)** | **(1,58,680)** | **72,63,368** |
| **Balance as at 31st March 2017** | - | **(18,94,028)** | **(18,94,028)** | **(94,451)** | **(94,451)** | **(19,88,479)** |

As per our report of even date
*For BATLIBOI & PUROHIT*
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Firm Regn No.101048W

A.V.Suresh — *Director*

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ATUL MEHTA
Partner
Membership No.15935

Vikram Surendran — *Director*

Ashu Khanna — *Director*

Mumbai, Dated 3rd May ,2017.

Suresh Redhu — *Director*

Notes to the financial statements for the year ended March 31, 2017 .

1.Background

Forbes Enviro Solutions Limited is a limited company incorporated in India. Its parent Company is Eureka Forbes Limted and ultimate holding company is Shapoorji Pallonji and Company Private Ltd

Registered office is at B1/ B2 Marathon Innova, Off Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013. The Company is engaged in manufacturing and trading of Water Treatment plants and taking OEM's etc.

2. Basis of preparation

a. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the ‘Act’) and other relevant provisions of the Act.

The Company’s financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company’s first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 41.

The financial statements were authorised for issue by the Company’s Board of Directors on 3rd May 2017.

Details of the Company’s accounting policies are included in Note 3.

b. Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company’s functional currency.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities and defined benfit plan assets measured at fair value.

d. Use of estimates and judgements

In preparing these financial statements, management has made 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 prospectively.

*Judgements*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3(c)(iv) and 4 – useful life of Property, plant and equipment
- Note 3(d)(iii) and 5 – useful life of Intangible assets
- Note 3(g) and 31 – employee benefit plans
- Note 3(h) and 37 – provisions and contingent liabilities
- Note 3(l) and 29 – Income taxes
- Note 3(j) and 34 – Lease classification

*Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2017 is included in the following notes:

-Note 17 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

-Note 37 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes the finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors.

The finance team regularly reviews significant unobservable inputs and valuation adjustments.

Significant valuation issues are reported to the Company's Board of Directors.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 40 – financial instruments.

## 3. Significant accounting polices

### a. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the equity investments which are recognised at fair value through OCI (FVOCI).

### b. Financial instruments

#### i. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. *Classification and subsequent measurement*

*Financial assets*

On initial recognition, a financial asset is classified as measured at
- amortised cost;
- FVOCI – debt investment;
- FVOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not have any financial assets within this category.

On initial recognition of an equity investment that is not held for trading, the Company has elected to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. The Company does not have any financial assets within this category.

*Financial assets: Subsequent measurement and gains and losses*

- Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

- Financial assets at amotised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

-Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

-Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

*Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. The Company does not have any fixed liabilities under the category of FVTPL.

iii. Derrecogniton

*Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

*Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c. Property, plant and equipment

*i. Recognition and measurement*

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

*ii. Transition to Ind AS*

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (see Note 41).

*iii. Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

*iv. Depreciation*

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is recognised in the statement of profit and loss.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

| Asset | Management estimate of useful life | As per Schedule II of Companies Act |
|---|---|---|
| Plant and machinery | 15yrs | 15yrs |
| Office equipments | 3- 5yrs | 5yrs |
| Furniture and fixtures | 10yrs | 10yrs |
| Computers | 3yrs | 3yrs |
| Vehicles- Motor car | 8 yrs | 8yrs |
| Vehicle- Motor bike | 10 yrs | 10yrs |
| Electric fittings | 10yrs | 10yrs |

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on internal assessment and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

d. Intangible assets

*i. Acquired intangible*

Intangible assets comprise purchased computer software are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

*ii. Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

*iii. Amortisation*

Amortisation is calculated to write off the cost of intangible assets over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful live is as follows:

- Software 5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

e. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity. (refer note 10)

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

f. Impairment

*i. Impairment of financial instruments*

The Company recognises loss allowances for expected credit loss on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. The Company follows 'simplified approach' for recognition of impairment loss allowance for trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information

*ii. Impairment of non-financial assets*

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets other than goodwill for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g. Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund and Employee State Insurance scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

*iii. Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*iv. Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

h. Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assumptions of the time value of money and the risks specific to the liability. The unwinding of discount is recognized as finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

i. Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

j. Leases

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Company's Balance Sheet.

Payments made under operating leases are generally recognized in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

k. Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

l. Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

*i. Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

*ii. Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable Company, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

## m. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjusting for the effects of all potential dilutive ordinary shares.

**Notes to the financial statements for the year ended March 31, 2017**

## 4. Tangible Assets

| Cost or deemed cost | Furniture and fixtures | Vehicles | Computers | Electrical Fittings | Office Equipment | Plant and Machinery | Total |
|---|---|---|---|---|---|---|---|
| As at 1st 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 | - | - | - | - | - | - | - |
| As at 31 March 2016 | 31,33,537 | 24,33,009 | 25,53,840 | 8,54,601 | 12,02,160 | 6,60,858 | 1,08,38,005 |
| Additions | - | - | - | - | 19,856 | - | 19,856 |
| Deletions | (6,00,467) | (22,20,729) | (11,45,105) | (350) | (2,69,176) | (6,60,858) | (48,96,685) |
| As at 31 March 2017 | 25,33,070 | 2,12,280 | 14,08,735 | 8,54,251 | 9,52,840 | - | 59,61,176 |
| **Depreciation** | | | | | | | |
| As at 1st 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 |
| As at 31 March 2016 | 11,06,746 | 10,44,787 | 22,70,443 | 2,57,096 | 7,99,977 | 5,83,400 | 60,62,449 |
| Deletions | (3,32,047) | (10,28,576) | (10,87,851) | (50) | (1,81,317) | (5,83,400) | (32,13,241) |
| Charge for the year | 2,40,642 | 1,77,701 | 1,32,943 | 81,154 | 1,52,147 | - | 7,84,587 |
| As at 31 March 2017 | 10,15,341 | 1,93,912 | 13,15,535 | 3,38,200 | 7,70,807 | - | 36,33,795 |
| **Net Block** | | | | | | | |
| As at 1st April 2015 | - | - | - | - | - | - | - |
| As at 31 March 2016 | 20,26,791 | 13,88,222 | 2,83,397 | 5,97,505 | 4,02,183 | 77,458 | 47,75,556 |
| As at 31 March 2017 | 15,17,729 | 18,368 | 93,200 | 5,16,051 | 1,82,033 | - | 23,27,381 |

Notes to the financial statements for the year ended March 31, 2017

## 5. Intangible Assets

| **Cost or deemed cost** | Computer Software ₹ | Total ₹ |
|---|---|---|
| As at 1st April 2015 | | |
| Transferred on Account of Merger | 14,53,653 | 14,53,653 |
| Addition | 53,148 | 53,148 |
| Deletion | - | - |
| As at 31 March 2016 | 15,06,801 | 15,06,801 |
| Addition | | |
| Deletion | (2,100) | (2,100) |
| As at 31 March 2017 | 15,04,701 | 15,04,701 |
| **Amortisation** | | |
| As at 1st April 2015 | | |
| Transferred on Account of Merger | 6,15,504 | 6,15,504 |
| Charge for the year | 3,10,637 | 3,10,637 |
| As at 31 March 2016 | 9,26,141 | 9,26,141 |
| Charge for the year | 2,40,158 | 2,40,158 |
| Deletion | (943) | (943) |
| As at 31 March 2017 | 11,65,356 | 11,65,356 |
| **Net Block** | | |
| **As at 1 st April 2015** | - | - |
| **As at 31 March 2016** | 5,80,660 | 5,80,660 |
| **As at 31 March 2017** | 3,39,345 | 3,39,345 |

Notes to the financial statements for the year ended March 31, 2017

Financial assets

6. Other Current Investments

| Particulars | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ |
|---|---|---|---|
| Unquoted Investments (all fully paid) | | | - |
| (a) Investments in Mutual Funds at FVTPL | | | |
| 357.856 (previous year 357.856) units shares of ₹10/- fully paid up in Reliance Vision Fund- Growth Plan Growth Option | 1,76,081 | 1,47,761 | - |
| TOTAL UNQUOTED INVESTMENTS at FVTPL | 1,76,081 | 1,47,761 | - |

Notes to the financial statements for the year ended March 31, 2017

### 7. Trade receivables

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Secured, considered good | | | | | | |
| Unsecured, considered good | | | | 3,22,38,703 | 4,07,32,343 | |
| Unsecured , Debts due from related parties (refer note 33 (II)) | | | | 10,55,09,048 | 8,05,29,969 | |
| Less: Allowance for doubtful debts | | | | 80,67,900 | 48,28,603 | |
| Total | - | - | - | 12,96,79,851 | 11,64,33,709 | - |

### 7.1 Trade receivables

The average credit period on sales is between 60-90 days.

### 8. Loans

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Loans to Employees | | | | | | |
| -Unsecured, considered good | | | - | 5,000 | 1,24,677 | |
| -Doubtful | | | | | | |
| Less : Allowance for bad and doubtful loans | | | | | | |
| | - | - | - | 5,000 | 1,24,677 | - |

### 9. Other financial assets

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Bank deposits with more than 12 months maturity (refer note 9(i)) | 23,48,332 | 12,86,230 | - | | | |
| Security deposits | | | | | | |
| Security deposits - unsecured considered good - to related parties (refer note 33 (II)) | 10,000 | 10,000 | | | | |
| Security deposits - unsecured considered good | 17,21,128 | 12,96,850 | - | 1,20,000 | 1,20,000 | - |
| Interest Accrued - on fixed deposits with Banks | 1,82,070 | 2,43,062 | - | - | - | |
| | 42,61,530 | 28,36,142 | - | 1,20,000 | 1,20,000 | - |

Note9(i): Current year amount of bank deposit of Rs.13,45,094 (previous year Rs.871993) is pledged as security towards the Overdraft facility with IDBI Bank of Rs.11,00,000/- (previous year Rs.8,00,000) at interest rate of 9.50% ( previous year 11.00%). Out of the total Bank deposit pledged with IDBI Bank as of 31st March 2017 the amount of Rs.12,52,624 is with maturity more than 12 months (refer note 9 & 11) and Rs. 92470 is with maturity more than 3 month but less than 12 months (refer note 11.)

## 10. Inventories

| Particulars | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ |
|---|---|---|---|
| a) Inventories (lower of cost and net realisable value) #. | | | |
| Raw Material & Spares | 98,09,174 | 1,49,16,301 | |
| Work in Progress | 43,72,206 | 61,05,289 | - |
| | 1,41,81,380 | 2,10,21,590 | - |

#. During the current year the inventory valuation method has been changed from FIFO to Weighted average. As a result the inventory value and the profit is lower by Rs.12,23,493/-

No amount has been recognised as an expense in respect of write-down of inventory to net realisable value.

## 11. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

| Particulars | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ |
|---|---|---|---|
| Balances with Banks in current accounts | 21,49,090 | 18,26,946 | 3,12,848 |
| Cheques, drafts on hand | - | - | - |
| Cash on hand | 57,540 | 1,40,471 | - |
| **Total Cash & Cash Equivalents** | **22,06,630** | **19,67,417** | **3,12,848** |
| **Bank Balances other than Cash & Cash Equivalents** | | | |
| Deposits with original maturity of more than 12 months | 10,05,193 | - | - |
| Deposits with original maturity of more than 3 months but less than 12 months(refer note 10(i)) | 4,15,309 | 21,37,112 | - |
| **Total Bank Balances other than Cash & Cash Equivalents** | **14,20,502** | **21,37,112** | **-** |

## 12. Other assets

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ |
| Capital Advances | | - | - | | | |
| Advances to related parties | | | | | | |
| Prepaid expenses | | | | 4,84,375 | 8,36,529 | - |
| Balance with statutory/ government authorities | 1,41,51,258 | 1,41,36,836 | - | 55,89,461 | 15,64,743 | - |
| Gratuity | | | | 1,57,038 | 5,25,748 | |
| Advance to Employees | - | - | | 1,73,979 | 3,24,423 | - |
| **Total** | 1,41,51,258 | 1,41,36,836 | - | 64,04,853 | 32,51,443 | - |

Notes to the financial statements for the year ended March 31, 2017

## 13. Equity Share Capital

| Particulars | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ |
|---|---|---|---|
| Equity share capital | 2,82,72,630 | 2,82,72,630 | 5,00,000 |
| **Total** | 2,82,72,630 | 2,82,72,630 | 5,00,000 |
| **Authorised Share capital :** | | | |
| 5,00,00,000 fully paid equity shares of ₹ 10 each | 50,00,00,000 | 50,00,00,000 | 5,00,000 |
| **Issued and subscribed capital comprises:** | | | |
| 28,27,263 fully paid equity shares of ₹.10 each (as at March 31, 2016: 28,27,263; as at April 1, 2015: 50,000) | 2,82,72,630 | 2,82,72,630 | 5,00,000 |
| | 2,82,72,630 | 2,82,72,630 | 5,00,000 |

### 13.1 Fully paid equity shares

| Particulars | Number of shares | Share capital ₹ |
|---|---|---|
| Balance at April 1, 2015 | 50,000 | 5,00,000 |
| Add: Issued during the year | 27,77,263 | 2,77,72,630 |
| Less: Bought back during the year | - | - |
| Balance at March 31, 2016 | 28,27,263 | 2,82,72,630 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| **Balance at March 31, 2017** | **28,27,263** | **2,82,72,630** |

Fully paid equity shares have a par value of ₹.10. 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.

### 13.2 Details of shares held by the holding company, the ultimate controlling party, their subsidiaries and associates

| | Fully paid ordinary shares | | |
|---|---|---|---|
| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| **Balance at the beginning of the period - Held by Eureka Forbes Limited** | 28,27,263 | 28,27,263 | 50,000 |
| **Total as at the end of the period** | **28,27,263** | **28,27,263** | **50,000** |

### 13.3 Details of shares held by each shareholder holding more than 5% shares

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares |
| <u>Fully paid equity shares</u> | | | | | | |
| Eureka Forbes Limited | 28,27,263 | 100% | 28,27,263 | 100% | 50,000 | 100% |
| **Total** | 28,27,263 | 100% | 28,27,263 | 100% | 50,000 | 100% |

Notes to the financial statements

## 13.4 Capital management

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of net debt (borrowings as detailed in notes 19 offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves and retained earnings as detailed in notes 13 to 14).

The company is not subject to any externally imposed capital requirements.

The companys strategy is to maintain a gearing ratio within 2%. The gearing ratio were as follow:

### 13.4.1 Gearing ratio

The gearing ratio at end of the reporting period was as follows.

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Debt (i) | 3,76,15,965 | 3,50,00,000 | - |
| Cash and bank balances | 59,75,464 | 53,90,759 | - |
| Net debt | 3,16,40,501 | 2,96,09,241 | - |
| | | | |
| Equity (ii) | 2,62,84,151 | 1,90,20,783 | 2,86,040 |
| | | | |
| **Net debt to equity ratio** | **1.20** | **1.56** | **-** |

Debt is defined as long- and short-term borrowings (excluding derivative, financial guarantee contracts and contingent consideration), as described in notes 19.

Notes to the financial statements for the year ended March 31, 2017

## 14. Other equity

| Particulars | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ |
|---|---|---|---|
| General reserve (Refer Note 1 ) | | | |
| Balance at beginning of the year | - | - | - |
| Add: General Reserve balance of transferor companies | | 1,33,50,000 | |
| Less: Adjustment on amalgamation | | (1,33,50,000) | |
| **Balance at end of the year** | - | - | - |
| Retained earnings | | | |
| Balance at beginning of year | (93,16,076) | (2,13,960) | (2,02,724) |
| Add/ (less): Profit/ (loss) for the year | 74,22,048 | (18,82,799) | (11,236) |
| Proft & (Loss) balance of transferor Companies | | 59,78,313 | |
| Less: Adjustment on amalgamation | | (77,03,666) | |
| Less: Goodwill on amlagamation written off | | (54,93,964) | |
| Add: Ind AS Transition Reserves | - | | - |
| **Balance at end of the year** | (18,94,028) | (93,16,076) | (2,13,960) |
| **Items Of Other Comprehensive Income** | | | |
| Balance at beginning of year | 64,229 | - | |
| Other comprehensive income arising from re-measurement of defined benefit | (1,58,680) | 64,229 | |
| **Balance at end of the year** | (94,451) | 64,229 | - |
| **Total** | (19,88,479) | (92,51,847) | (2,13,960) |

Note 1: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

Notes to the financial statements for the year ended March 31, 2017

## Financial Liabilities

### 15. Other financial liabilities

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ |
| (a) Interest accrued but not due on borrowings | | | | 5,419 | - | - |
| (b) Interest free trade deposits | | | | - | - | - |
| (c) Others :- | | | | | | |
| -Dues to employees | | | | 15,46,612 | 9,65,467 | - |
| -Dues to Others | | | | 88,47,579 | 1,34,79,736 | - |
| **Total** | - | - | - | 1,03,99,610 | 1,44,45,203 | - |

### 16. Provisions

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ |
| Employee benefits on Compensated absence | 4,04,426 | 4,45,007 | - | 82,148 | 53,162 | |
| Provision for Warranty (see 16.1) | | | | 12,65,099 | 12,45,605 | - |
| | | | | | - | - |
| **Total** | **4,04,426** | **4,45,007** | | **13,47,247** | **12,98,767** | **-** |

### 16.1 Provision for Warranty

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 March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ |
|---|---|---|---|
| At the beginning of the year | 12,45,605 | - | |
| Additions during the year | 12,65,099 | 12,45,605 | - |
| Utilization during the year | | | |
| Unused amount reversed /( additional utilisation) during the year | 12,45,605 | - | |
| At the end of the year | 12,65,099 | 12,45,605 | - |

### 17. Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Deferred tax assets | 32,81,699 | 18,93,843 | - |
| Deferred tax liabilities | - | (2,12,292) | - |
| **Net** | 32,81,699 | 16,81,551 | - |

| Particulars | Property, plant and equipment | MAT Credit Entitlement | Provisions for Doubtful Debts | Provsions - impact of expenditure charged to the profit and loss in the current year but allowed for tax on payment basis | Amalgamation Expense | Total |
|---|---|---|---|---|---|---|
| **Deferred tax (liabilities)/assets in relation to:** | | | | | | |
| **Net balance April 1, 2015** | | | | | | - |
| Recognised in profit or loss | (2,12,292) | | 14,92,038 | 1,53,934 | | 14,33,680 |
| MAT Credit Entitlement | | 2,47,871 | | | | 2,47,871 |
| **Closing balance Asset / (Liability) March 31, 2016** | **(2,12,292)** | **2,47,871** | **14,92,038** | **1,53,934** | **-** | **16,81,551** |
| Recognised in profit or loss | 4,29,813 | | 10,00,943 | (3,583) | 4,20,846 | 18,48,019 |
| Utilised against tax payable | | (2,47,871) | | | | (2,47,871) |
| **Closing balance March 31, 2017** | 2,17,521 | - | 24,92,981 | 1,50,351 | 4,20,846 | 32,81,699 |

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

### 18. Other Liabilities

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ |
| (a) Income received in advance | | | - | 4,49,064 | 25,48,482 | - |
| (b) Statutory liabilities (Contributions to PF,Pension, ESIC,withholding Taxes,VAT etc.) | | | | 13,95,281 | 8,25,954 | - |
| **Total** | - | - | - | **18,44,345** | **33,74,436** | **-** |

### 19. Current Borrowings

| Particulars | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ | |
|---|---|---|---|---|
| **Unsecured - at amortised cost** | | | | |
| (a) Loans repayable on demand from related party (refer note (i) below) | 3,50,00,000 | 3,50,00,000 | - | |
| **Secured - at amortised cost** | | | | |
| (b) Loans repayable on demand | | | | |
| -Bill discounting (refer note (iii) below) | 19,22,343 | - | - | - |
| Overdraft facility- (refer note (ii) below) | 6,93,622 | - | | |
| **Total** | 3,76,15,965 | 3,50,00,000 | - | |

(i) Amounts repayable to related parties of the Group. Interest of 11.4%per annum is charged on the outstanding loan balances (as at March 31, 2016: 11.4% per annum; as at April 1, 2015: NIL).

(ii) Secured by fixed deposit (refer note 9(i)). The interest rate on the overdraft facility with bank is 9.5% per annum (as at March 31, 2016: 11% per annum; as at April 1, 2015: NIL per annum).

(iii) The company has utilised the unsecured facility of bill discounting available with Kotak Bank.

20. Trade payables

| Particulars | Non Current As at March 31, 2017 ₹ | Non Current As at March 31, 2016 ₹ | Non Current As at April 1, 2015 ₹ | Current As at March 31, 2017 ₹ | Current As at March 31, 2016 ₹ | Current As at April 1, 2015 ₹ |
|---|---|---|---|---|---|---|
| Trade payables (including acceptances) | - | - | - | 10,01,21,329 | 9,53,98,743 | 26,808 |
| (Refer note below 20.1 for dues to Micro and Small Enterprises) | | | | 38,17,647 | 50,09,926 | - |
| Trade payables to related parties ( Refer note 33) | - | - | - | 40,339 | 8,550 | - |
| **Total** | **-** | **-** | **-** | **10,39,79,315** | **10,04,17,219** | **26,808** |

The average credit period for purchase of certain goods is 60-90 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20 .1 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| (i) Principal amount remaining unpaid to MSME suppliers as on year end | 38,17,647 | 50,09,926 | |
| (ii) Interest due on unpaid principal amount to MSME suppliers as on year end | - | - | - |
| (iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day | - | - | - |
| (iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act) | - | - | - |
| (v) The amount of interest accrued and remaining unpaid as on year end | - | - | - |
| (vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961 | - | - | - |

21. Income tax assets and liabilities

| Particulars | Non Current As at March 31, 2017 ₹ | Non Current As at March 31, 2016 ₹ | Non Current As at April 1, 2015 ₹ | Current As at March 31, 2017 ₹ | Current As at March 31, 2016 ₹ | Current As at April 1, 2015 ₹ |
|---|---|---|---|---|---|---|
| **Current tax assets ( Net)** | | | | | | |
| Advance income-tax (Net of provision of taxation) | 39,59,447 | 47,86,961 | - | | | |
| Total | 39,59,447 | 47,86,961 | - | - | - | - |
| **Current tax Liabilities** | | | | | | |
| Provision for Taxation (Net of Advance Tax) | | | | 6,39,898 | - | |
| Total | - | - | - | 6,39,898 | - | - |

Notes to the financial statements for the year ended March 31, 2017

## 22. Revenue from operations

| Particulars | Year ended March 31, 2017 ₹ | Year ended March 31, 2016 ₹ |
|---|---|---|
| (a) Sale of product | 20,70,40,727 | 19,11,66,058 |
| Finished Goods (Including Excise duty of Rs.30,06,257 for year ended March 2017 and Rs.26,51,984 for year ended March 2016) | | |
| - Traded Goods | 1,86,37,763 | 42,95,128 |
| (b) Sale of services | 11,18,20,054 | 9,17,05,489 |
| **Total** | **33,74,98,544** | **28,71,66,675** |

## 23. Other Income and other gains/ (losses)

| 23.1 Other Income | Year ended March 31, 2017 ₹ | Year ended March 31, 2016 ₹ |
|---|---|---|
| Interest income earned on financial assets that are not designated as at fair value through profit or loss: | | |
| Bank deposits (at amortised cost) | 5,14,428 | 2,74,618 |
| Foreign exchange gain | 52,546 | - |
| Others | 1,23,414 | 6,58,415 |
| **Total** | **6,90,388** | **9,33,033** |

| 23.2 Other gains/(losses) | Year ended March 31, 2017 ₹ | Year ended March 31, 2016 ₹ |
|---|---|---|
| Gain/(loss) on disposal of property, plant and equipment | (8,91,649) | - |
| Net gain/(loss) arising on financial assets measured at FVTPL | 28,320 | 47,761 |
| **Total** | **(8,63,329)** | **47,761** |
| **Total ( 23.1+ 23.2)** | **(1,72,941)** | **9,80,794** |

## 24. Cost of materials consumed

| Particulars | Year ended March 31, 2017 ₹ | Year ended March 31, 2016 ₹ |
|---|---|---|
| Inventory at the beginning of the year | 1,49,16,301 | - |
| Add:- Opening inventory transferred on account of merger | | 70,64,697 |
| Add:- Purchases | 22,78,29,837 | 22,98,42,763 |
| Less:- Inventory at the end of the year | (98,09,174) | (1,49,16,301) |
| Cost of Raw Material & Components consumed | 23,29,36,964 | 22,19,91,159 |
| Purchase of traded products | 1,37,89,567 | 32,34,029 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade. | 17,33,083 | (23,68,391) |
| **Total** | **24,84,59,614** | **22,28,56,797** |

## 25. Employee benefits expense

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Salaries and Wages | 2,55,52,055 | 2,39,42,952 |
| Contribution to provident and other funds | 10,24,179 | 9,18,125 |
| Staff Welfare Expenses | 7,66,517 | 7,37,345 |
| **Total** | **2,73,42,751** | **2,55,98,422** |

26. Finance costs

| | Year ended March 31, 2017 ₹ | Year ended March 31, 2016 ₹ |
|---|---|---|
| Continuing operations | | |
| Interest on bank overdrafts and loans (other than those from related parties) | 45,788 | - |
| Other interest expense | 13,69,393 | 4,20,097 |
| Exchange differences regarded as an adjustment to borrowing costs | - | - |
| Interest on Income Tax | 61,522 | - |
| Interest on ICD from holding company | 39,90,003 | 40,00,930 |
| **Total** | **54,66,706** | **44,21,027** |

27. Depreciation and amortisation expense

| Particulars | Year ended March 31, 2017 ₹ | Year ended March 31, 2016 ₹ |
|---|---|---|
| Depreciation of property, plant and equipment pertaining to continuing operations (Note 4) | 7,84,587 | 10,70,352 |
| Amortisation of intangible assets (Note 5) | 2,40,158 | 3,10,637 |
| **Total depreciation and amortisation pertaining to continuing operations** | **10,24,745** | **13,80,989** |

28. Other expenses

| Particulars | Year ended March 31, 2017 ₹ | Year ended March 31, 2016 ₹ |
|---|---|---|
| Electricity | 7,22,937 | 3,20,849 |
| Rent | 23,19,217 | 19,84,478 |
| Repairs and Maintenance - | | |
| Building | - | - |
| Machinery | - | - |
| Others | 1,70,814 | 1,23,943 |
| Insurance | 4,87,114 | 5,21,665 |
| Advertisement | - | 1,13,374 |
| Freight, Forwarding and Delivery | 58,49,560 | 46,18,292 |
| Payment to Auditors (Refer details Below) | 5,34,238 | 4,20,030 |
| Printing and Stationery | 2,63,135 | 1,58,070 |
| Communication cost | 8,63,130 | 4,89,853 |
| Travelling and Conveyance | 58,48,131 | 47,92,921 |
| Legal and Professional Fees | 45,00,476 | 25,01,529 |
| Vehicle Running Expenses | 1,64,128 | 1,64,408 |
| Rates and taxes, excluding taxes on income | 35,85,029 | 14,89,044 |
| Service Charges | 1,12,55,872 | 92,14,706 |
| Other Establishment Expenses | 37,29,982 | 22,58,827 |
| Directors' Sitting Fees | - | 48,000 |
| Bad Debts/Advances Written-Off | 5,14,326 | 7,49,027 |
| Provision for Doubtful Debts | 32,39,297 | 48,28,603 |
| **Total** | **4,40,47,386** | **3,47,97,619** |

| Payments to auditors | Year ended March 31, 2017 ₹ | Year ended March 31, 2016 ₹ |
|---|---|---|
| a) For audit | 3,56,000 | 2,76,000 |
| b) For taxation matters | 40,000 | 45,000 |
| c) For company law matters | | - |
| c) For other services | 1,05,000 | 47,500 |
| d) For reimbursement of expenses | 33,238 | 51,530 |
| **Total** | **5,34,238** | **4,20,030** |

29. Income taxes

29.1 Income tax recognised in profit or loss

| Particulars | Year ended March 31, 2017 ₹ | Year ended March 31, 2016 ₹ |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | 24,04,115 | 2,32,751 |
| In respect of prior years | - | - |
| | **24,04,115** | **2,32,751** |
| **Deferred tax** | | |
| In respect of the year | (18,48,019) | (19,09,321) |
| **Total income tax expense recognised in the current year** | **5,56,096** | **(16,76,570)** |

29.2 Income Taxes

(a) Amounts recognised in profit and loss

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| | ₹ | ₹ |
| **Current income tax** | 24,04,115 | 2,32,751 |
| **Deferred income tax liability / (asset), net** | | |
| Origination and reversal of temporary differences | (18,48,019) | (19,09,321) |
| Reduction in tax rate | | |
| Recognition of previously unrecognised tax losses | | |
| Change in recognised deductible temporary differences | | |
| Deferred tax | (18,48,019) | (19,09,321) |
| **Tax expense for the year** | **5,56,096** | **(16,76,570)** |

(b) Amounts recognised in other comprehensive income

| Particulars | For the year ended March 31, 2017 | | | For the year ended March 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| **Items that will not be reclassified to profit or loss** | | | | | | |
| Changes in revaluation surplus | | | - | | | - |
| Remeasurements of the defined benefit plans | (2,29,638) | (70,958) | (1,58,680) | 79,349 | 15,120 | 64,229 |
| | **(2,29,638)** | **(70,958)** | **(1,58,680)** | **79,349** | **15,120** | **64,229** |

(c) Reconciliation of effective tax rate

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| | ₹ | ₹ |
| **Profit before tax** | **79,78,144** | **(35,59,369)** |
| **Add: IND AS Adjustment (2015-16)** | | **47,80,842** |
| **Revised Profit before tax** | **79,78,144** | **12,21,473** |
| Tax using the Company's domestic tax rate (Current year 30.9% and Previous Year 19.055% (MAT)) | 24,65,246 | 2,32,751 |
| **Tax effect of amounts which are not deductible (taxable) in calculating taxable income: (Heading To be Finalised)** | | |
| Interest on Taxes | 19,010 | |
| Other Deduction -Income on Valuation of Investment | (8,751) | - |
| Adjustment for Loss carried forward | (19,19,409) | |
| | (19,09,150) | - |
| | **5,56,096** | **2,32,751** |
| **Effective tax rate** | **6.97** | **19.05** |

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

Significant management judgement is required in determing the provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which the deferred income tax assets will be recovered.

Notes to the financial statements

**Note 30 : Earnings per share (EPS)**
Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

**i. Profit attributable to Equity holders**

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| | ₹ | ₹ |
| Profit attributable to equity holders of the parent: | | |
| Continuing operations | 74,22,048 | (18,82,799) |
| **Profit attributable to equity holders for basic earnings** | **74,22,048** | **(18,82,799)** |

**ii. Weighted average number of ordinary shares**

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| | **Nos.** | **Nos.** |
| Issued ordinary shares at April 1 | 28,27,263 | 50,000 |
| Effect of shares issued during the year (pending allotment as of 31 March 2016)* | - | 27,77,263 |
| **Weighted average number of shares at March 31 for basic EPS** | **28,27,263** | **2,09,788** |
| **Effect of dilution:** | - | - |
| **Weighted average number of shares at March 31 for EPS afte dilution** | **28,27,263** | **2,09,788** |

* EPS calculation for March 31, 2016 considers the equity shares 2777263 nos. which were pending allotment.

**Basic and Diluted earnings per share**

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| | ₹ | ₹ |
| **Basic earnings per share** | 2.63 | (8.97) |
| **Diluted earnings per share** | 2.63 | (8.97) |

Notes to the financial statements for the year ended March 31, 2017 - continued
All amounts are in ₹ unless otherwise stated

## 31. Employee benefit plans

### 31.1 Defined contribution plans

The Company operates defined contribution retirement benefit plans for all qualifying employees of its Company. The assets of the plans are held with central government. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Amount recognised as expense and included in note 25 as contribution to provident and other funds | 10,24,179 | 9,18,125 |

### 31.2 Defined benefit plans

The Company has a defined benefit gratuity scheme for employees who have completed minimum 5 years of service. The scheme is funded with Life Insurance Corporation (LIC).

| | |
|---|---|
| Investment risk | The present value of the defined benefit plan liability (denominated in Indian |
| Interest risk | A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments. |
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |

The risk relating to benefits to be paid to the dependents of plan members (widow and orphan benefits) is not funded.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at March 31, 2017 by an independent actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

| Particulars | Valuation as at | | |
|---|---|---|---|
| | Year ended March 31, 2017 | Year ended March 31, 2016 | As at April 1, 2015 |
| Discount rate(s) | 7.22% | 8.01% | 8.03% |
| Expected rate(s) of salary increase | 5.00% | 5.00% | 5.00% |
| Mortality rates* | | | |
| Employee turnover | 10% | 2% | 2% |

* Based on India's standard mortality table with modification to reflect expected changes in mortality.

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows.

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Service cost: | | | |
| Current service cost | 1,81,185 | 1,76,898 | |
| Past service cost and (gain)/loss from settlements | - | - | |
| Net interest expense | (42,113) | - | |
| **Components of defined benefit costs recognised in profit or loss** | 1,39,072 | 1,76,898 | |
| Remeasurement on the net defined benefit liability: | | | |
| Return on plan assets (excluding amounts included in net interest expense) | 11,280 | (1,07,816) | |
| Actuarial (gains) / losses arising from changes in demographic assumptions | 2,22,839 | | |
| Actuarial (gains) / losses arising from changes in financial assumptions | 62,129 | 2,665 | |
| Actuarial (gains) / losses arising from experience adjustments | (66,610) | 25,802 | |
| Others [describe] | | | |
| Adjustments for restrictions on the defined benefit asset | | | |
| **Components of defined benefit costs recognised in other comprehensive income** | **2,29,638** | **(79,349)** | |
| **Total** | 3,68,710 | 97,549 | |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows.

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Present value of funded defined benefit obligation | (13,19,451) | (10,00,617) | |
| Fair value of plan assets | 14,76,489 | 15,26,325 | |
| Funded status | 1,57,038 | 5,25,708 | - |
| Restrictions on asset recognised | | | |
| Others | | | |
| Net Asset arising from defined benefit obligation | 1,57,038 | 5,25,708 | - |

Movements in the present value of the defined benefit obligation are as follows.

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Opening defined benefit obligation | 10,00,617 | - |
| Current service cost | 1,81,185 | 1,76,898 |
| Interest cost | 80,149 | - |
| Remeasurement (gains)/losses: | | |
| Actuarial gains and losses arising from changes in demographic assumptions | 2,22,839 | - |
| Actuarial gains and losses arising from changes in financial assumptions | 62,129 | 2,665 |
| Actuarial gains and losses arising from experience adjustments | (66,610) | 25,802 |
| Liability transferred in / acquisition | - | 8,23,290 |
| Past service cost, including losses/(gains) on curtailments | | |
| Liabilities extinguished on settlements | | |
| Benefits paid | (1,60,858) | (28,038) |
| Closing defined benefit obligation | 13,19,451 | 10,00,617 |

Movements in the fair value of the plan assets are as follows.

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Opening fair value of plan assets | 15,26,365 | - |
| Interest income | 1,22,262 | - |
| Remeasurement gain (loss): | - | - |
| Return on plan assets (excluding amounts included in net interest expense) | (11,280) | 1,07,816 |
| Others [describe] | - | - |
| Contributions from the employer | | 56,094 |
| Contributions from plan participants | - | - |
| Assets distributed on settlements | - | - |
| Assets transferred in / acquisitions | - | 13,90,493 |
| The effects of changes in Foreign Exchange Rates | - | - |
| Benefits paid | (1,60,858) | (28,038) |
| Closing fair value of plan assets | 14,76,489 | 15,26,365 |

Expenses Recognised in the Statement of Profit or Loss for Current Period

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Current Service Cost | 1,81,185 | 1,76,898 |
| Net Interest Cost | (42,113) | |
| Acturial (Gain)/ Losses | | |
| Expenses Recognised in the Statement of Profit or Loss | **1,39,072** | **1,76,898** |

Expenses Recognised in other comprehensive Income (OCI) for Current Period

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Acturial (Gains)/ losses on Obligation for the period | 2,18,358 | 28,467 |
| Return on Plan Assets, excluding interest income | 11,280 | (1,07,816) |
| Change in asset ceiling | | |
| Net (income) / expense for the period recognised in OCI | **2,29,638** | **(79,349)** |

Balance Sheet Reconcilation

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Opening Net Liability | (5,25,748) | - |
| Expense Recognised in Statement of Profit or Loss | 1,39,072 | 1,76,898 |
| Expense Recognised in other comprehensive income | 2,29,638 | (79,349) |
| Net Liability /(Asset) Transfer In | - | (5,67,203) |
| Net Liability /(Asset) Transfer Out | - | - |
| (Benefit paid Directly by the Employer) | - | - |
| (Employer's Contribution) | - | (56,094) |
| Net Liability /(Asset) Recognised in the Balance Sheet | **(1,57,038)** | **(5,25,748)** |

Sensitivity Analysis

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Presented benefit obligation on current assumptions | 13,19,451 | 10,00,617 |
| Discount rate (1% increase) | (77,673) | (1,21,536) |
| Discount rate (1% decrease) | 87,914 | 1,47,555 |
| Future salary growth (1% increase) | 88,992 | 1,50,646 |
| Future salary growth (1% decrease) | (79,932) | (1,25,777) |
| Attrition movement (1% increase) | 10,715 | 46,304 |
| Attrition movement (1% decrease) | (12,344) | (54,103) |

32 Disclosure on specified bank notes

| | Specified Bank Notes | Other denomination Notes | Total |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | | 1,19,277 | 1,19,277 |
| (+) Permitted receipts | | 2,86,168 | 2,86,168 |
| (-) Permitted payments | | 3,71,399 | 3,71,399 |
| (-) Amount deposited in Banks | - | - | - |
| Closing cash in hand as on 30.12.2016 | - | 34,046 | 34,046 |

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8th November 2016.

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**33. Related party transaction**

( 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 Pvt. Ltd. - Ultimate Holding Company
Eureka Forbes Limited Holding Company

B. Enterprises under Common Control -(where there are transactions)
Aquamall Water Solutions Limited.
Forbes Technosys Limited
Gokak Textile Ltd
Shapoorji & Pallonji Rural Solutions Pvt. Ltd.

( II ) Transactions with Related Parties for the year ended 31st March 2017

| Nature of Transactions | A | | | | B | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Eureka Forbes Limited | | Shapoorji Pallonji and Company Pvt.Ltd | | Aquamall Water Solutions Limited. | | Forbes Technosys Limited. | | Shapoorji & Pallonji Rural Solutions Pvt. Ltd. | | Gokak Textiles Ltd. | |
| | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| | ₹ | | ₹ | | ₹ | ₹ | | | | | ₹ | ₹ |
| **Purchases** | | | | | | | | | | | | |
| Goods and Materials | 2,94,990 | *8,990* | - | | - | - | | | | | - | - |
| | 2,94,990 | 8,990 | - | | - | | | | | | - | - |
| **Sales** | | | | | | | | | | | | |
| Goods and Materials | 26,28,71,682 | *21,85,55,376* | 30,76,897 | *18,89,577* | - | | 66,651 | - | | | - | - |
| Services Rendered | 1,00,74,638 | *1,22,31,349* | - | *5,500* | - | | | | | | | |
| | 27,29,46,320 | 23,07,86,725 | 30,76,897 | 18,95,077 | - | | 66,651 | - | | | - | - |
| **Expenses** | | | | | | | | | | | | |
| Rent and other services | 56,698 | - | 2,28,871 | | 31,789 | *19,868* | | - | | | | - |
| Interest on ICD Taken | 39,90,003 | *40,00,930* | - | | - | | | | | | | |
| | 40,46,701 | 40,00,930 | 2,28,871 | | 31,789 | 19,868 | - | - | | | - | - |
| **Income** | | | | | | | | | | | | |
| **Finance** | | | | | | | | | | | | |
| Inter-corporate deposits taken | 3,50,00,000 | *3,50,00,000* | - | | - | - | - | - | | | - | - |
| | 3,50,00,000 | 3,50,00,000 | - | - | - | - | - | - | | | - | - |
| **Outstanding** | | | | | | | | | | | | |
| Trade Payables | - | | - | | 40,339 | *8,550* | | | | | | |
| Trade Receivables | 10,16,49,429 | *7,73,60,416* | 36,15,430 | *23,56,935* | - | | 75,650 | - | - | *6,44,078* | 1,68,540 | *1,68,540* |
| Other Deposits Receivable | - | | - | | 10,000 | *10,000* | | | | | | |

Notes to the financial statements for the year ended March 31, 2017 - continued

34 Lease Classification

The company has taken commercial premises under cancelable operating lease. Lease rental expenses included in the statement of profit and loss for the year is Rs.23,19,217/- (Previous Year *Rs. 19,84,478/-).* None of the lease agreement entered into by the Company contain a clause on contingent rent. The agreements contain esclation clause, however there are no terms for purchase option or any restriction such as those concerning dividend and additional debt*s.*

35 Deails of imported and indigenous raw materials,consumables and packaging material consumed during the financial year.

| Particulars | Year ended 31.03.2017 | | Year ended 31.03.2016 | |
|---|---|---|---|---|
| | Value | % of total consumption | *Value* | *% of total consumption* |
| Imported | 8,18,920 | 0.35% | *61,295* | 0.03% |
| Indigenous | 23,26,27,634 | 99.65% | *22,07,84,966* | 99.97% |
| **Total** | **23,34,46,554** | 100.00% | **22,08,46,261** | 100.00% |

36 Value of Imports on CIF Basis

| Particulars | Year ended 31.03.2017 | Year ended 31.03.2016 |
|---|---|---|
| | | |
| Raw Material | *8,18,920* | *61,295* |
| | | |

37 Contingent liabilities

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Claim against the company not acknowledged as debt<br>-Income tax matters (see note (i) and (ii) below) | 3,30,557 | - | - |

Notes

(i) The amount considered under the contingent liability is the amount adjusted as income tax payable against the pending refunds. The company has not accepted the charge adjusted by the income tax department u/s 145 of income tax and have filed a response towards the non acceptance of the charge and claim for the refund. the period for which the claim raised is AY 2006-07, 2007-08, 2009-10 and 2010-11

(ii) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

38 Business Combination ( Accounted in March 2016)

a. Names and general nature of business of the amalgamating companies:

i) Forbes Enviro Solutions Limited – transferee Company

The Company was incorporated with the object to carry on the business of Manufacture, sale and lease of water treatment systems (WTP), sewage treatment system (STP) and erection & commissioning services for WTP & STP

ii) Radiant Energy Systems Private Limited

The Company was incorporated to carry on the business of acting as contractors and consultants for water treatment plants and waste water treatment plants.

iii) Waterwings Equipment Private Limited

The Company was incorporated to carry on the business of manufacturing of water reverse osmosis plants, water treatment plants (WTP) , annual maintenance contractors and trading of spares required for servicing of RO & WTP Plants.

**b. Effective date for accounting purposes ( date on which control obtained)**

| | |
|---|---|
| i) Forbes Enviro Solutions Limited | - 10th February 2016 |
| ii) Radiant Energy Systems Private Limited | - 10th February 2016 |
| iii) Waterwings Equipments Private Limited | - 10th February 2016 |

**c. The method of accounting used to reflect the business combination:**

Pooling of Interest Method ( since it involves entities under common control)

**d. Particulars of the scheme sanctioned under a statute:**

The Company had filed a Composite scheme of Amalgamation (“the Scheme”) under Sections 391 and 394 of the Companies Act 1956, read with Rules 67 to 87 of the Company (court) Rules,1956 with the Hon’ble High Court of Judicature at Bombay, Mumbai (“High Court”) for the merger of two companies viz. Radiant Energy Systems Private Limited and Waterwings Equipment Private Limited with the company on 11th March 2014. The scheme was approved on 21st August 2015 with appointed date as 1st April 2013

**e. Description and number of shares issued as Purchase Consideration:**

As per the Scheme sanctioned by High Court, upon the scheme becoming effective the transferee companies without any further application and without further payment issue and allot to the sole Shareholder of the Transferor Company Eureka Forbes Limited shares as follows :

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

**f**. The Company vide Shareholders Resolution dated March 4, 2016 approved increase in Authorise capital from ₹500,000/- divided into 50,000 equity shares of ₹10/- each to ₹ 50,000,000/- divided into 50,00,000 equity shares of ₹10/- each. The Board of Directors at their meeting held on February 19, 2016 issued and allotted 27,77,263 equity shares of ₹10/- each to the shareholders of Radiant Energy Systems Pvt. Ltd. and Waterwings Equipment Pvt. Ltd. (Transferor Companies) being 'Consideration' for transfer of undertaking in terms of order of the Hon'ble High Court, Bombay dated August 21, 2015.

**g**. The amount of any difference between the consideration and the value of net identifiable assets acquired, and the treatment thereof:

The difference of ₹54,93,964 between the consideration and the value of net assets identifiable has been adjusted with the opening balance of statement of Profit & Loss of the Company the consideration being higher than the value of net assets.

**39. Segment reporting**

The Company was set up with the objective of manufacturing water treatment products. This is the only activity performed and is thus also the main source of risks and returns. Accordingly, the Company has a single reportable segment. Further, as the Company does not operate in more than one geographical segment, hence the relevant disclosures as per Ind AS 108 are not applicable to the company. One customer ( related party) accounts for more than 10% of the total revenue of the company.

Notes to the financial statements

## 40. Financial instruments – Fair values and risk management

### A. Accounting classification and fair values

-

| | March 31, 2017 | | | March 31, 2016 | | | April 1, 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amotised Cost | FVTPL | FVTOCI | Amotised Cost | FVTPL | FVTOCI | Amotised Cost |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | - | - | 22,06,630 | | | 41,04,529 | - | - | 3,12,848 |
| Long-term loans and advances | - | - | | | | - | | - | - |
| Short-term loans and advances | - | - | 5,000 | | | 1,24,677.00 | | - | - |
| Trade and other receivables | - | - | 12,96,79,851 | | | 11,64,33,709 | | - | - |
| Current Investments | 1,76,081 | - | | 1,47,761 | | - | - | - | |
| Non Current Investments | - | - | - | - | | - | - | - | - |
| Other Current financial Asset | - | - | 1,20,000 | | | 1,20,000 | | - | - |
| Other Non Current financial Asset | - | - | 42,61,530 | | | 28,36,142 | | - | - |
| **Total Financial Asset** | **1,76,081** | **-** | **13,62,73,011** | **1,47,761** | **-** | **12,36,19,057** | **-** | **-** | **3,12,848** |
| **Financial liabilities** | | | | | | | | | |
| Trade and other payables | - | - | 10,39,79,315 | | | 10,04,17,219 | | | - |
| Other Current financial liabilities | - | - | 1,03,99,610 | | | 1,44,45,203 | | | - |
| Other Non Current financial liabilities | - | - | - | | | - | | | 26,808 |
| Current Borrowings | - | - | 3,76,15,965 | | | 3,50,00,000 | | | - |
| Non Current Borrowings | - | - | - | | | - | | | - |
| | - | - | - | | | | | | |
| **Total Financial Liabilities** | **-** | **-** | **15,19,94,890** | **-** | **-** | **14,98,62,422** | **-** | **-** | **26,808** |

**Fair value Hierarchy**

This section explains the judgement and the estimates made in determiningg the fair values of the financial instuments that are (a) recognised and measured at fair value and(b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

| | | March 2017 | | | | March 2016 | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Assets and Liabilities which are measured at amortised cost for which fair values are disclosed** | Notes | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | | | | | | |
| Long-term loans and advances | | - | - | - | - | - | - | - | - |
| Short-term loans and advances | | - | - | - | - | - | - | - | - |
| Trade and other receivables | | - | - | - | - | - | - | - | - |
| Current Investments | | 1,76,081 | - | - | 1,76,081 | 1,47,761 | - | - | 1,47,761 |
| Non Current Investments | | - | - | - | - | - | - | - | - |
| Other Current financial Asset | | - | - | - | - | - | - | - | - |
| Other Non Current financial Asset | | - | - | - | - | - | - | - | - |
| **Total Financial Asset** | | **1,76,081** | **-** | **-** | **1,76,081** | **1,47,761** | **-** | **-** | **1,47,761** |
| **Financial liabilities** | | | | | | | | | |
| Trade and other payables | | - | - | - | - | - | - | - | - |
| Other Current financial liabilities | | - | - | - | - | - | - | - | - |
| Other Non Current financial liabilities | | - | - | - | - | - | - | - | - |
| Current Borrowings | | - | - | - | - | - | - | - | - |
| Non Current Borrowings | | - | - | - | - | - | - | - | - |
| **Total Financial Liabilities** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

**Level 1** : Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (inlcuding bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2** : The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivates) is determined using valuation techniques which maximise the use ofobservable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3** : If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

During the year ended 31st March, 217, the group transferred a hedging forward foreign excahnge contract from level 2 into level 3 as the counterparty for the derivative encountered significant financial difficulties. This resulted in a significant increase to the discount rate which is not based on observable inputs, as it reflects credit risk specific to the counterparty. There are no transfers between levels 1 and 2 during the year.

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and significant unobservable inputs

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- the fair value of forward foreign excahnge contracts and principal swap is determined using forward exchange rates at the balance sheet date.
- the fair value of foreign currency option contracts is determined using the Black Scholes valuation model.
- the fair value of the remaining financial instruments is determined using the discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, contingent consideration and indemnification asset, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

### C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

#### i. Risk management framework

The Company's board of directors has

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Notes to the financial statements
40. Financial instruments – Fair values and risk management ( contd)
B. Measurement of fair values

C. Financial risk management
The Company has exposure to the following risks arising from financial instruments:
▪ Credit risk ;
▪ Liquidity risk ; and
▪ Market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of following financial assets represents the maximum credit exposure:

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Trade receivables | 12,96,79,851 | 11,64,33,709 | - |
| Cash and cash equivalents | 22,06,630 | 19,67,417 | 3,12,848 |
| Other bank balances | 14,20,502 | 21,37,112 | - |
| Loans | 5,000 | 1,24,677 | - |
| Other financial assets | 1,20,000 | 1,20,000 | - |

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Risk Management Committee.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At March 31, 2017, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

| | Carrying amount (in INR) | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| India | 12,96,79,851 | 11,64,33,709 |
| Other regions | - | - |
| | 12,96,79,851 | 11,64,33,709 |

At March 31, 2017, the maximum exposure to credit risk for trade and other receivables by type of counterparty was as follows

| | Carrying amount (in INR) | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| Construction | 1,10,81,366 | 1,74,66,797 |
| Education | 5,37,020 | 6,07,992 |
| Hospital | 64,183 | 90,328 |
| Hotel | 10,63,053 | 66,169 |
| Manufacturing | 13,68,608 | 16,37,555 |
| Trading Company( includes related party) | 10,90,83,374 | 8,85,88,741 |
| Others | 64,82,247 | 79,76,127 |
| | 12,96,79,851 | 11,64,33,709 |

At March 31, 2017, the Company's most significant customer other than the related party, a manufacturer, accounted for INR 78,38,825 of the trade and other receivables carrying amount (March 31, 2016 : INR 117,45,000).

Notes to the financial statements

40. Financial instruments – Fair values and risk management ( contd)

**Impairment**

At March 31, 2017, the ageing of trade and other receivables that were not impaired was as follows.

| | Carrying amount (in INR) | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| Not due | 9,93,82,915 | 8,06,50,484 |
| 0-30 days | 37,11,483 | 43,63,974 |
| 31-60 days | 25,13,169 | 1,41,73,541 |
| 61-90 days | 1,09,45,572 | 74,96,498 |
| 91-180 days | 80,24,494 | 10,12,173 |
| 181-365 days | 30,68,417 | 17,94,428 |
| 365 days and above | 20,33,801 | 69,42,611 |
| | 12,96,79,851 | 11,64,33,709 |

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

| | INR<br>Collective impairments |
|---|---|
| Balance as at April 1, 2015 | - |
| Impairment loss recognised | 48,28,603 |
| Amounts written off | - |
| Balance as at March 31, 2016 | 48,28,603 |
| Impairment loss recognised | 32,39,297 |
| Amounts written off | |
| Balance as at March 31, 2017 | 80,67,900 |

At March 31, 2017, there was an impairment loss of INR 80,67,900 related to a several customers where the company is doubtful of recovery. The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

**Cash and cash equivalents**

The Company held cash and cash equivalents of INR 22,06,630 at March 31, 2017 (March 31, 2016: INR 19,67,417).

## 40. Financial instruments – Fair values and risk management ( contd)

### iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

In addition, the Company maintains the following lines of credit.
INR 11,00,000/- overdraft facility with IDBI Bank Ltd. that is secured against Fixed Deposit. Interest would be payable at the rate of 9.5%p.a (March 31, 2016: 11% p.a).

### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

| | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| March 31, 2017 | Carrying amount | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| INR | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Borrowings | 3,76,15,965 | 3,76,15,965 | 3,76,15,965 | | | |
| Trade and other payables | 10,39,79,315 | 10,39,79,315 | 10,39,79,315 | | | |
| Other financial liabilities | 1,03,99,610 | 1,03,99,610 | 1,03,99,610 | | | |

| | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| March 31, 2016 | Carrying amount | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| INR | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Borrowings | 3,50,00,000 | 3,50,00,000 | 3,50,00,000 | - | | |
| Trade and other payables | 10,04,17,219 | 10,04,17,219 | 10,04,17,219 | | | |
| Other financial liabilities | 1,44,45,203 | 1,44,45,203 | 1,44,45,203 | | | |

40. Financial instruments – Fair values and risk management ( contd)

iv. 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.Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Company is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.
The Company does not use derivative financial instruments for trading or speculative purposes.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2017 and March 31, 2016 are as below:

| | March 31, 2017 USD | March 31, 2017 GBP | March 31, 2016 USD | March 31, 2016 GBP |
|---|---|---|---|---|
| Financial assets | | | | |
| Short-term loans and advances | 9,000 | 2,000 | - | - |
| | 9,000 | 2,000 | - | - |

As at March 31, 2016 and 1st April 2015 the company did not have any foreign exchange exposure

The following significant exchange rates have been applied during the year.

| | Average rate | | Year-end spot | | |
|---|---|---|---|---|---|
| INR | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| USD /INR | 66.65 | 65.34 | 64.72 | 66.10 | 62.53 |
| GBP/INR | 85.30 | - | 80.82 | - | - |

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| Effect in INR | Strengthening | Weakening | Strengthening | Weakening |
| March 31, 2017 | | | | |
| USD 5% movement | 29,126 | (29,745) | 20,126 | (38,936) |
| GBP 10% movement | 16,164 | (16,164) | 11,169 | (21,158) |
| | 45,289 | (45,908) | 31,295 | (60,094) |

| | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| Effect in INR | Strengthening | Weakening | Strengthening | Weakening |
| March 31, 2016 | | | | |
| USD 5% movement | - | - | - | - |
| GBP 10% movement | - | - | - | - |
| | - | - | - | - |

40. Financial instruments – Fair values and risk management ( contd)

v. Interest risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was as follows

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **Fixed rate instruments** | | | |
| *Financial Liabilities* | | | |
| Intercorporate deposit from related parties | 3,50,00,000 | 3,50,00,000 | |
| | **3,50,00,000** | **3,50,00,000** | |
| **Variable-rate instruments** | | | |
| *Financial liabilities* | | | |
| Overdraft against fixed deposit | 6,93,622 | | |
| Bill discounting | 19,22,343 | - | |
| | **26,15,965** | | |

Cash flow sensitivity analysis for variable-rate instruments

An increase of 50 basis points in interest rates at the reporting date would have decreased gain as at year end by the amounts shown below. This analysis assumes that all other variables remain constant.

| Particulars | Profit or loss |
|---|---|
| 31 March 2017 | |
| Variable-rate instruments | 52,605 |
| **Cash flow senstivity** | **52,605** |
| 31 March 2016 | |
| Variable-rate instruments | - |
| **Cash flow senstivity** | **-** |

A decrease of 50 basis points in the interest rates at the reporting date would have had equal but opposite effect on the amounts shown above, on the basis that all other variable remain constant.

40. Financial instruments – Fair values and risk management ( contd)

(vi) Price Risk

*(a) Exposure*

The Company's exposure to mutual fund price risk arises from investment held by the company and classified in the balance sheet as fair value through profit or loss.

To manage its price risk arising from investments in equity linked mutual fund securities, the company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the company.

*(b) Sensitivity*

The table below summarises the impact of increases/decreases of the NAV on the company's equity and profit for the period. The analysis is based on the assumption that the NAV is linked to BSE Sensex movement which had increased or decreased by 15% ( 2016-10%) with all other variables held constant.

| | Impact on profit after tax | | Impact on other components of equity | |
|---|---|---|---|---|
| | 31-Mar-17 | 31-Mar-16 | 31-Mar-17 | 31-Mar-16 |
| Increase in NAV by 15%( 2016 - 10%) | 26,412 | 14,776 | - | - |
| Increase in NAV by 15%( 2016 - 10%) | (26,412) | (14,776) | - | - |

Profit for the period would increase/decrease as a result of gains/losses on NAV of mutual fund securities classified as at fair value through profit or loss. (In the above case the investment is in equity oriented mutual fund specified under section 10(23D) and is held for a period more than 12 months so it will be considered under Long Term Capital Gain which is exempt from income tax under section 10(38) of Income tax Act 1961)

Notes to the financial statements for the year ended 31 March 2017
*(All amounts are in Indian Rupees, unless otherwise stated)*

## 41. Explanation of transition to Ind AS

As stated in Note 2a, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2016, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance.

### (i) Fair valuation of investments

Under the previous GAAP, investment in Mutual Fund instruments were classified as current investments based on the intended holding period and realisability. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2016.

### (ii) Trade receivables

As per Ind AS 109, the Company is required to apply expected credit loss model for recognising the allowance for doubtful debts. The Expected credit Loss model has been followed excluding dues from government and water water project business, and the resulting impact have be considered in the Profit and Loss Account

### (iv) Deferred tax :

Deferred tax have been recognised on adjustments made on transition to Ind AS

### (v) Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased and it has been considered in Other Comprehensive Income. There is no impact on total equity.

### (vi) Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

### (vii) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not

### Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

## A. Optional exemptions availed

### 1) Property plant and equipment, and intangible assets

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date.

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
− fair value;
− or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment.

## B. Mandatory exemptions availed

### 1) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.
However, the estimates should be adjusted to reflect any differences in accounting policies

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Determination of the discounted value for financial instruments carried at amortised cost
- Impairment of financial assets based on the expected credit loss model.

### 2) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Notes to the financial statements for the year ended 31 March 2017
*(All amounts are in Indian Rupees, unless otherwise stated)*

3) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

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

**42.** Previous year figures have been regrouped or arranged whereever necessary

| | | |
|---|---|---|
| As per our report of even date | | |
| *For BATLIBOI & PUROHIT* | | *Director* |
| Chartered Accountants | A.V.Suresh | |
| Firm Regn No.101048W | | |
| | | *Director* |
| | R.S.Moorthy | |
| | | *Director* |
| ATUL MEHTA | Vikram Surendran | |
| Partner | | |
| Membership No.15935 | | *Director* |
| | Ashu Khanna | |
| | | *Director* |
| Mumbai, Dated 3rd May ,2017. | Suresh Redhu | |

## Ind AS 101 reconciliations

### Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015

| | Notes | As at March 31, 2016 (End of last period presented under previous GAAP) | | | As at April 1, 2015 (Date of transition) | | |
|---|---|---|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet |
| **Non-current assets** | | | | | | | |
| (a) Property, plant and equipment | | 47,75,556 | - | 47,75,556 | | - | - |
| (d) Intangible assets | | | - | | | - | |
| (ii) others | | 5,80,660 | - | 5,80,660 | | - | - |
| (e) Financial assets | | | - | | | - | |
| (iv) Other financial assets | | 28,36,142 | - | 28,36,142 | | - | - |
| (f) Tax assets | | | - | | | - | |
| (i) Deferred Tax Asset (net) | | 1,10,717 | 15,70,834 | 16,81,551 | | - | - |
| (ii) Current Tax Asset (Net) | | 47,86,961 | - | 47,86,961 | | - | - |
| (g) Other non-current assets | | 1,41,36,836 | - | 1,41,36,836 | | - | - |
| | | | - | | | - | |
| **Total non-current assets** | | **2,72,26,872** | 15,70,834 | **2,87,97,706** | **-** | - | **-** |
| | | | - | | | - | |
| **Current assets** | | | - | | | - | |
| (a) Inventories | | 2,10,21,590 | - | 2,10,21,590 | | - | - |
| (b) Financial assets | | | - | | | - | |
| (i) Investments | | 1,00,000 | 47,761 | 1,47,761 | | - | - |
| (ii) Trade receivables | | 12,12,62,312 | (48,28,603) | 11,64,33,709 | | - | - |
| (iii) Cash and cash equivalents | | 19,67,417 | - | 19,67,417 | 3,12,848.00 | - | 3,12,848 |
| (iv) Bank balances other than (iii) above | | 21,37,112 | - | 21,37,112 | | - | - |
| (v) Loans | | 1,24,677 | - | 1,24,677 | | - | - |
| (vi) Other financial assets | | 1,20,000 | - | 1,20,000 | | - | - |
| (c) Current tax assets (Net) | | - | - | - | - | - | - |
| (d) Other current assets | | 32,51,443 | - | 32,51,443 | | - | - |
| | | **14,99,84,551** | (47,80,842) | **14,52,03,709** | **3,12,848** | - | **3,12,848** |
| Assets classified as held for sale | | - | - | | | - | |
| **Total current assets** | | **14,99,84,551** | (47,80,842) | **14,52,03,709** | **3,12,848** | - | **3,12,848** |
| **Total Assets** | | **17,72,11,423** | (32,10,008) | **17,40,01,415** | **3,12,848** | - | **3,12,848** |
| | | | | | | - | |
| **Equity** | | | | | | - | |
| Equity share capital | | 2,82,72,630 | - | 2,82,72,630 | 5,00,000 | - | 5,00,000 |
| Other equity | | (60,41,839) | (32,10,008) | (92,51,847) | (2,13,960) | - | (2,13,960) |
| Equity attributable to owners of the Company | | **2,22,30,791** | (32,10,008) | **1,90,20,783** | **2,86,040** | - | **2,86,040** |
| Non-controlling interests | | - | - | | | - | |
| **Total equity** | | **2,22,30,791** | (32,10,008) | **1,90,20,783** | **2,86,040** | - | **2,86,040** |
| | | | | | | - | |
| **Non-current liabilities** | | | | | | - | |
| Financial liabilities | | | - | | | - | |
| Provisions | | 4,45,007 | - | 4,45,007 | | - | - |
| Other non-current liabilities | | - | - | - | | - | - |
| **Total non-current liabilities** | | **4,45,007** | - | **4,45,007** | **-** | - | **-** |
| | | | | | | - | |
| **Current liabilities** | | | | | | - | |
| Financial liabilities | | | | | | - | |
| (i) Borrowings | | 3,50,00,000 | - | 3,50,00,000 | | - | - |
| (ii) Trade and other payables | | 10,04,17,219 | - | 10,04,17,219 | 26,808 | - | 26,808 |
| (iii) Other financial liabilities | | 1,44,45,203 | - | 1,44,45,203 | | - | - |
| Provisions | | 12,98,767 | - | 12,98,767 | | - | - |
| Current tax liabilities (Net) | | - | - | - | | - | - |
| Other current liabilities | | 33,74,436 | - | 33,74,436 | | - | - |
| | | **15,45,35,625** | - | **15,45,35,625** | **26,808** | - | **26,808** |
| Liabilities directly associated with assets classified as held for sale | | - | - | | | - | |
| | | | - | | | - | |
| **Total current liabilities** | | **15,45,35,625** | - | **15,45,35,625** | **26,808** | - | **26,808** |
| | | | | | | - | |
| | | | | | | - | |
| **Total liabilities** | | **15,49,80,632** | **-** | **15,49,80,632** | **26,808** | - | **26,808** |
| | | | | | | - | |
| **Total equity and liabilities** | | **17,72,11,423** | (32,10,008) | **17,40,01,415** | **3,12,848** | - | **3,12,848** |

### Reconciliation of total equity as at March 31, 2016 and April 1, 2015

| | Notes | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| | | (End of last period presented under previous GAAP) | (Date of transition) |
| Total equity / shareholders' funds under previous GAAP | | 2,22,30,791 | 2,86,040 |
| | | | |
| **Adjustments:** | | | |
| Deferred tax effect on PPE | | 78,796 | - |
| Gain/(loss) on Investments measured at FVTPL | | 47,761 | - |
| Provision for Doubtful debts | | (48,28,603) | - |
| Deferred tax Impact on Provision for Doubtful Debts | | 14,92,038 | |
| **Total adjustment to equity** | | **(32,10,008)** | **-** |
| **Total equity under Ind AS** | | **1,90,20,783** | **2,86,040** |

Forbes Enviro Solutions Limited

Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016
All amounts are in Rs. unless otherwise stated

| | | Year ended March 31, 2016 | | |
|---|---|---|---|---|
| | | (Latest period presented under previous GAAP) | | |
| | Notes | Previous GAAP | Effect of transition to Ind AS | Ind AS |
| Revenue from Operations | | 28,45,14,691 | (26,51,984) | 28,71,66,675 |
| Other income | | 9,33,033 | (47,761) | 9,80,794 |
| **Total Income** | | **28,54,47,724** | **(26,99,745)** | **28,81,47,469** |
| | | | | |
| **Expenses** | | | | |
| Cost of materials consumed | | 22,19,91,159 | - | 22,19,91,159 |
| Purchases of stock-in-trade | | 32,34,029 | - | 32,34,029 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | | (23,68,391) | - | (23,68,391) |
| Excise Duty | | - | (26,51,984) | 26,51,984 |
| Employee benefits expense | | 2,55,19,073 | (79,349) | 2,55,98,422 |
| Finance costs | | 44,21,027 | - | 44,21,027 |
| Depreciation and amortisation expense | | 13,80,989 | - | 13,80,989 |
| Other expenses | | 2,99,69,018 | (48,28,601) | 3,47,97,619 |
| **Total expenses** | | **28,41,46,904** | **(75,59,934)** | **29,17,06,838** |
| | | | | |
| Profit before exceptional items and tax | | **13,00,820** | **48,60,189** | **(35,59,369)** |
| Exceptional items | | | | |
| Profit before tax | | **13,00,820** | **48,60,189** | **(35,59,369)** |
| | | | | |
| Tax expense | | | | |
| (1) Current tax | | 2,47,871 | 15,120 | 2,32,751 |
| (2) Deferred tax | | (90,617) | 18,18,704 | (19,09,321) |
| (3) MAT Credit | | (2,47,871) | (2,47,871) | - |
| | | **(90,617)** | **15,85,953** | **(16,76,570)** |
| | | | | |
| **Profit for the period from continuing operations (I)** | | **13,91,437** | **32,74,236** | **(18,82,799)** |
| | | | | |
| **Profit from discontinued operations (after tax) (II)** | | **-** | **-** | **-** |
| | | | | |
| **Profit for the period (III=I+II)** | | **13,91,437** | **32,74,236** | **(18,82,799)** |
| | | | | |
| **Other Comprehensive Income** | | | | |
| **A (i)** Items that will not be reclassified to profit or loss | | | | |
| a) Remeasurements of the defined benefit plans | | - | (79,349) | 79,349 |
| b) Equity instrument through other comprehensive income | | | - | |
| **Total A (i)** | | - | (79,349) | 79,349 |
| | | | | |
| **A (ii)** Income tax relating to items that will not be reclassified to profit or loss | | - | 15,120 | (15,120) |
| | | | | |
| **B (i)** Items that may be reclassified to profit or loss | | | | |
| | | | | |
| **B (ii)** Income tax relating to items that may be reclassified to profit or loss | | - | - | - |
| | | | | |
| **Total other comprehensive income [IV=A (i-ii)+ B (i-ii)]** | | **-** | **(64,229)** | **64,229** |
| | | | | |
| **Total comprehensive income for the period (III+IV)** | | **13,91,437** | **32,10,007** | **(18,18,570)** |

| Reconciliation of total comprehensive income for the year ended March 31, 2016 | | |
|---|---|---|
| All amounts are in Rs.' unless otherwise stated | | |
| | | |
| **Particulars** | | **Amount** |
| **Profit as per previous GAAP** | | 13,91,437 |
| **Adjustments:** | | |
| Gain/(loss) on Investments measured at FVTPL | | 47,761 |
| Remeasurements of the defined benefit plans | | 79,349 |
| Income tax relating to items that may be reclassified to profit or loss | | (15,120) |
| IND As Adjustment for prov for doubtful debts | | (48,28,601) |
| Deferred tax on IND AS ADJ | | 15,85,953 |
| | | |
| **Total adjustments** | | **(31,30,658)** |
| **Profit/loss for the Period** | | **(17,39,221)** |
| **Other Comprehensive Income** | | (79,349) |
| **Total comprehensive income under Ind AS** | | **(18,18,570)** |

Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under the previous GAAP.

Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016

| | | Year ended March 31, 2016 (Latest period presented under previous GAAP) | | |
|---|---|---|---|---|
| | Notes | Previous GAAP | Effect of transition to Ind AS | Ind AS |
| | | | | |
| Net cash flows from operating activities | | 49,90,402 | - | 49,90,402 |
| Net cash flows from investing activities | | 24,85,029 | 25,51,349 | (66,320) |
| Net cash flows from financing activities | | (44,21,027) | - | (44,21,027) |
| **Net increase (decrease) in cash and cash equivalents** | | **30,54,404** | **25,51,349** | **5,03,055** |
| **Cash and cash equivalents at the beginning of the period** | | 14,64,362 | - | **14,64,362** |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | - | | - |
| **Cash and cash equivalents at the end of the period** | | **45,18,766** | **25,51,349** | **19,67,417** |

Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash flows under Ind AS
All amounts are in Rs. unless otherwise stated

| | Notes | As at March 31, 2016 (End of last period presented under previous GAAP) | As at April 1, 2015 (Date of transition) |
|---|---|---|---|
| | | | |
| **Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP** | | **45,18,766** | **14,64,362** |
| | | | |
| Bank fixed deposit not included under cash and cash equivalent in cash flow. | | (25,51,349) | (11,51,514) |
| | | | |
| **Cash and cash equivalents for the purpose of statement of cash flows under Ind AS** | | **19,67,417** | **3,12,848** |

# Forbes Facility Services Private Limited

(a wholly owned Subsidiary Company of Eureka Forbes Limited)

## Financial Statements

For the year ended March 31, 2017

**Independent Auditor's Report**
**To the Members of Forbes Facility Services Private Limited**

## Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Forbes Facility Services Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

## 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 Ind AS financial statements that give a true and fair view of the financial position ,financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

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 Ind AS 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 Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount sand the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give at 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 Ind AS 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 Ind AS financial statements.

## Emphasis of matter

We draw attention to note 32 of the financial statement in respect of legal dispute of Rs 315.21 lakhs pending under arbitration between one of the Company and its customer.
Our opinion is not modified in respect of this matters.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of theorder.

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, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

(e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 Ind AS financial statements – Refer Note 32 to the Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any foreseeable losses ;

iii. There were no amounts which were required to be transferred to the Investors Education and Protection Fund by the Company ;and

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 31 to the Ind AS financial statements.

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

**Kaushal Mehta**
*Partner*
Membership No: 111749

Place : Mumbai
Date : 04 May 2017

**Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2017, we report that:

(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 properties.

(ii) The company has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed on such verifications.

(iii) The Company has not granted 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 ('the 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 section 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 section 148(1) of the Act, for any of the services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, employees' state insurance, service tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of and duty of excise.

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, employees' state insurance, service tax, cess and other material statutory dues were in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.

(b) According to information and explanations given to us, there are no dues of provident fund, income tax, sales tax, service tax and value added tax, duty of customs, employee's state insurance, cess and other material statutory dues that have not been deposited by the Company on account of disputes.

(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) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(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) 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, 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 Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give 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*
Firm Reg. No.: 101048W

**Kaushal Mehta**
*Partner*
Membership No:111749

Place : Mumbai
Date : 04 May 2017

**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 Facility Services Private Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS 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 Ind AS 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 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 31 March, 2017, 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*
Firm Reg. No.: 101048W

**Kaushal Mehta**
*Partner*
Membership No: 111749

Place : Mumbai
Date : 04 May 2017

FORBES FACILITY SERVICES PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2017

| | | | Notes | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| | | ASSETS | | | | | | | |
| | | Non-current Assets | | | | | | | |
| (a) | | Property, plant and equipment | 4 | | 4,04,32,348 | | 4,63,29,925 | | 5,17,24,337 |
| (d) | | Financial assets | | | | | | | |
| | (i) | Trade receivables | 5 | - | | - | | - | |
| | (ii) | Loans | 6 | - | | - | | - | |
| | (iii) | Other financial assets | 7 | 1,18,27,809 | 1,18,27,809 | 93,22,075 | 93,22,075 | 83,60,933 | 83,60,933 |
| (e) | | Tax assets | | | | | | | |
| | (i) | Deferred Tax Asset (Net) | 15 | 2,70,44,010 | | 1,91,53,882 | | 63,95,216 | |
| | (ii) | Current Tax Asset (Net) | 19 | 6,37,68,327 | 9,08,12,337 | 6,72,40,738 | 8,63,94,620 | 5,20,95,544 | 5,84,90,760 |
| (f) | | Other non-current assets | 10 | | 1,22,500 | | 1,22,500 | | 1,22,500 |
| | | Total Non-current Assets | | | 14,31,94,994 | | 14,21,69,120 | | 11,86,98,530 |
| | | Current Assets | | | | | | | |
| (a) | | Inventories | 8 | | 1,40,44,845 | | 1,22,63,891 | | 1,03,56,167 |
| (b) | | Financial assets | | | | | | | |
| | (i) | Trade receivables | 5 | 27,25,98,513 | | 22,12,90,762 | | 18,66,42,713 | |
| | (ii) | Cash and cash equivalents | 9 | 58,76,699 | | 25,54,400 | | 72,08,250 | |
| | (iii) | Bank balances other than (iii) above | 9 | 30,00,000 | | 30,00,000 | | 30,00,000 | |
| | (iv) | Loans | 6 | - | | 3,41,320 | | 50,756 | |
| | (v) | Other financial assets | 7 | 67,177 | 28,15,42,389 | 33,249 | 22,72,19,731 | 33,109 | 19,69,34,828 |
| (c) | | Other current assets | 10 | | 5,75,719 | | 4,52,349 | | 23,36,801 |
| | | Total Current Assets | | | 29,61,62,953 | | 23,99,35,971 | | 20,96,27,796 |
| | | Total Assets | | | 43,93,57,947 | | 38,21,05,091 | | 32,83,26,326 |

FORBES FACILITY SERVICES PRIVATE LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2017

| | | Notes | As at March 31, 2017 ₹ | ₹ | As at March 31, 2016 ₹ | ₹ | As at April 1, 2015 ₹ | ₹ |
|---|---|---|---|---|---|---|---|---|
| | **EQUITY AND LIABILITIES** | | | | | | | |
| | **Equity** | | | | | | | |
| (a) | Equity share capital | 11 | 1,00,00,000 | | 1,00,00,000 | | 1,00,00,000 | |
| (b) | Other Equity | 12 | 2,24,12,245 | | 78,34,829 | | 68,82,211 | |
| | Equity attributable to owners of the Company | | | 3,24,12,245 | | 1,78,34,829 | | 1,68,82,211 |
| | **Total Equity** | | | 3,24,12,245 | | 1,78,34,829 | | 1,68,82,211 |
| | **Liabilities** | | | | | | | |
| | **Non-current Liabilities** | | | | | | | |
| (a) | Financial Liabilities | | | | | | | |
| (b) | Provisions | 14 | | 90,44,827 | | 53,07,884 | | 30,80,005 |
| (c) | Other non-current liabilities | 16 | | 8,25,837 | | 8,25,837 | | 17,01,467 |
| | **Total Non-current Liabilities** | | | 98,70,664 | | 61,33,721 | | 47,81,472 |
| | **Current liabilities** | | | | | | | |
| (a) | Financial liabilities | | | | | | | |
| (i) | Borrowings | 17 | 9,32,19,383 | | 7,06,80,883 | | 6,57,10,134 | |
| (ii) | Trade and other payables | 18 | 18,61,01,412 | | 18,52,70,684 | | 17,09,90,210 | |
| (iii) | Other financial liabilities | 13 | 8,87,98,677 | 36,81,19,472 | 8,29,46,653 | 33,88,98,220 | 4,41,56,888 | 28,08,57,232 |
| (b) | Provisions | 14 | | 11,20,753 | | 8,60,662 | | 7,13,219 |
| (c) | Current tax liabilities (Net) | 19 | | - | | - | | - |
| (d) | Other current liabilities | 16 | | 2,78,34,813 | | 1,83,77,659 | | 2,50,92,192 |
| | | | | 39,70,75,038 | | 35,81,36,541 | | 30,66,62,643 |
| | **Total Current Liabilities** | | | 39,70,75,038 | | 35,81,36,541 | | 30,66,62,643 |
| | **Total Liabilities** | | | 40,69,45,702 | | 36,42,70,262 | | 31,14,44,115 |
| | **Total Equity and Liabilities** | | | 43,93,57,947 | | 38,21,05,091 | | 32,83,26,326 |
| | Significant Accounting policies | | | | | | | |
| | | | | - | | - | | - |

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 : 4th May, 2017

Mumbai , Dated: 4th May, 2017

Statement of Profit and Loss for the year ended 31st March, 2017

| | | Notes | Year 2016-17 | Year 2015-16 |
|---|---|---|---|---|
| | | | ₹ | ₹ |
| I | Income | | | |
| | Revenue from Operations | 20 | 1,35,86,85,788 | 1,12,37,31,555 |
| | Other income and other gains / (losses) | 21 | 12,99,350 | 3,16,928 |
| | **Total Income** | | **1,35,99,85,138** | **1,12,40,48,483** |
| II | Expenses | | | |
| | Cost of Services | 22 | 7,14,55,227 | 12,55,32,757 |
| | Consumption of Food & Beverages and Consumables | | 38,65,23,059 | 33,28,26,385 |
| | Employee benefits expense | 23 | 77,92,39,434 | 57,07,49,479 |
| | Finance costs | 24 | 1,04,94,630 | 1,00,13,922 |
| | Depreciation and amortisation expense | 25 | 1,62,12,785 | 2,09,11,223 |
| | Other expenses | 26 | 6,95,80,388 | 6,66,63,392 |
| | **Total expenses** | | **1,33,35,05,523** | **1,12,66,97,158** |
| III | **Profit/(Loss) before exceptional items and tax** | | **2,64,79,615** | **(26,48,675)** |
| | Add/ (Less) : Exceptional items | | | - |
| IV | **Profit/(Loss) before tax** | | **2,64,79,615** | **(26,48,675)** |
| | Less: Tax expense | | | |
| (1) | Current tax | 27 | 1,78,84,773 | 79,08,465 |
| (2) | Deferred tax | | (78,90,128) | (1,27,58,666) |
| | | | 99,94,645 | (48,50,201) |
| V | **Profit/(Loss) for the year** | | **1,64,84,970** | **22,01,526** |
| VI | **Other Comprehensive Income** | | | |
| | Items that will not be reclassified to profit or loss | | | |
| | Remeasurements of the defined benefit plans | | **(28,49,647)** | **(18,65,713)** |
| | Income tax relating to items that will not be reclassified to profit or loss | | 9,42,093 | 6,16,805 |

Statement of Profit and Loss for the year ended 31st March, 2017

| | Notes | Year 2016-17 | Year 2015-16 |
|---|---|---|---|
| | | ₹ | ₹ |
| | | - | - |
| **Total other comprehensive income** | | (19,07,554) | (12,48,908) |
| **Total comprehensive income for the Year** | | 1,45,77,416 | 9,52,618 |
| Earnings per equity share | 30 | | |
| Basic & Diluted (in Rs.) | | 16.48 | 2.20 |
| Significant Accounting policies | 0 | | |

As per our report of even date
**For BATLIBOI & PUROHIT**
*Chartered Accountants*
Firm Regn No. 101048W

Kaushal Mehta
*Partner*
Membership No. 111749

Mumbai , Dated : 4th May, 2017

S L Goklaney
Director

A V Suresh
Director

C. A. Karnik
Director

Marzin Shroff
Director

S K Palekar
Director

Mumbai , Dated: 4th May, 2017

Cash Flow Statement for the year ended 31st March, 2017

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| | ₹ | ₹ |
| **Cash flows from operating activities** | | |
| Profit/(Loss) for the year | 2,64,79,615 | (26,48,675) |
| Adjustments for: | | |
| Finance costs recognised in profit or loss | 1,04,94,630 | 1,00,13,922 |
| Interest Income | (5,33,795) | (4,93,999) |
| Gain on disposal of property, plant and equipment | - | 2,00,285 |
| Remeasurements of the defined benefit plans | (19,07,554) | (12,48,908) |
| Provision/write-off of doubtful debts, advances and other current assets | 14,64,600 | 8,95,043 |
| Depreciation and amortisation of non-current assets (continuing operations) | 1,62,12,785 | 2,09,11,223 |
| Net foreign exchange (gain)/loss - unrealised | 4,59,768 | |
| | **5,26,70,049** | **2,76,28,891** |
| Movements in working capital: | | |
| (Increase)/decrease in trade and other receivables | (5,32,32,119) | (3,55,43,092) |
| (Increase)/decrease in inventories | (17,80,954) | (19,07,724) |
| (Increase)/decrease in non current loans and advances | - | - |
| (Increase)/decrease in current Other Assets | (1,23,370) | 18,84,452 |
| (Increase)/decrease in non current Other Financial Assets | (22,54,413) | (7,39,199) |
| (Increase)/decrease in other assets | | |
| Increase/ (Decrease) in trade and other payables | 8,30,728 | 1,42,80,474 |
| Increase/(Decrease) in provisions | 39,97,034 | 23,75,322 |
| Increase/(Decrease) in other liabilities | 1,66,40,520 | 3,46,74,259 |
| | **(3,55,81,254)** | **1,47,33,928** |
| Cash generated from operations | 1,70,88,795 | 4,23,62,819 |
| Income taxes paid | (1,44,12,362) | (2,30,53,659) |
| **Net cash generated by operating activities** | 26,76,433 | 1,93,09,160 |
| **Cash flows from investing activities** | | |
| Interest received | 4,99,867 | 4,93,859 |
| Payments for property, plant and equipment | (1,03,15,208) | (1,77,95,962) |
| Proceeds from disposal of property, plant and equipment | - | 20,78,866 |
| Bank Balance not considered as Cash & Cash equivalents | **(2,51,321)** | **(2,21,943)** |
| **Net cash (used in)/generated by investing activities** | (1,00,66,662) | (1,54,45,180) |

Cash Flow Statement for the year ended 31st March, 2017

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **Cash flows from financing activities** | | |
| Proceeds from other short term borrowings | | |
| Repayment of other short term borrowings | - | - |
| Net increase / (decrease) in working capital borrowings | 2,25,38,500 | 49,70,749 |
| Interest paid | (1,18,25,972) | (1,34,88,579) |
| **Net cash used in financing activities** | 1,07,12,528 | (85,17,830) |
| **Net increase in cash and cash equivalents** | 33,22,299 | (46,53,850) |
| Cash and cash equivalents at the beginning of the year | 25,54,400 | 72,08,250 |
| Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies | | - |
| **Cash and cash equivalents at the end of the year** | 58,76,699 | 25,54,400 |
| Check | (0) | - |

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 : 4th May, 2017

Mumbai , Dated: 4th May, 2017

FORBES FACILITY SERVICES PRIVATE LIMITED

Statement of changes in equity for the year ended March 31, 2017

| a. Equity share capital | Amount |
|---|---|
| Balance at April 1, 2015 | 1,00,00,000.00 |
| Changes in equity share capital during the year | - |
| Balance at March 31, 2016 | 1,00,00,000.00 |
| Changes in equity share capital during the year | - |
| Balance at March 31, 2017 | 1,00,00,000.00 |

B. Other Equity

| | Reserves and surplus | | | Items Of Other Comprehensive Income | | Total Other Equity | Total |
|---|---|---|---|---|---|---|---|
| | Capital reserve | Retained earnings | Total | Other items of other comprehensive income (specify nature) | Total | | |
| **Balance at 1st April 2015** | - | **68,82,211** | **68,82,211** | - | - | **68,82,211** | 68,82,211 |
| | | | | | | | |
| Profit for the year | | 22,01,526 | **22,01,526** | | - | 22,01,526 | 22,01,526 |
| Other comprehensive income for the year, net of income tax | | | - | (12,48,908) | (12,48,908) | (12,48,908) | (12,48,908) |
| **Total comprehensive income for the year** | - | **22,01,526** | **22,01,526** | **(12,48,908)** | **(12,48,908)** | **9,52,618** | **9,52,618** |
| | | | | | | | |
| **Balance at March 31, 2016** | - | **90,83,737** | **90,83,737** | **(12,48,908)** | **(12,48,908)** | **78,34,829** | **78,34,829** |
| | | | | | | | |
| Profit for the year | | 1,64,84,970 | 1,64,84,970 | | - | 1,64,84,970 | 1,64,84,970 |
| Other comprehensive income for the year, net of income tax | | | - | (19,07,554) | (19,07,554) | (19,07,554) | (19,07,554) |
| **Total comprehensive income for the year** | - | **1,64,84,970** | **1,64,84,970** | **(19,07,554)** | **(19,07,554)** | **1,45,77,416** | **1,45,77,416** |
| **Balance at March 31, 2017** | - | **2,55,68,707** | **2,55,68,707** | **(31,56,462)** | **(31,56,462)** | **2,24,12,245** | **2,24,12,245** |

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 : 4th May, 2017

Mumbai , Dated: 4th May, 2017

Notes to the financial statements for the year ended 31 March 2017

4. Property Plant & Equipment

| Cost or Deemed Cost | Plant and Machinery | Electrical Installation & Equipement | Office Equipement | Furniture and Fixtures | Vehicles | Computers | Total |
|---|---|---|---|---|---|---|---|
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| As at 1st April 2015 | 11,42,75,601 | 1,19,226 | 3,22,542 | 5,18,698 | 63,93,053 | 36,46,455 | 12,52,75,575 |
| Additions | 1,52,29,556 | 9,190 | 1,31,905 | 17,775 | 17,76,877 | 6,30,659 | 1,77,95,962 |
| Deletions | (1,12,47,087) | (21,734) | | (56,234) | (33,45,837) | (3,39,155) | (1,50,10,047) |
| As at 31st March 2016 | 11,82,58,070 | 1,06,682 | 4,54,447 | 4,80,239 | 48,24,093 | 39,37,959 | 12,80,61,490 |
| Additions | 94,43,928 | 2,21,918 | 21,590 | | | 6,27,772 | 1,03,15,208 |
| Deletions | - | - | - | - | - | - | - |
| As at 31 March 2017 | 12,77,01,998 | 3,28,600 | 4,76,037 | 4,80,239 | 48,24,093 | 45,65,731 | 13,83,76,698 |

| Depreciation | Plant and Machinery | Electrical Installation & Equipement | Office Equipement | Furniture and fixtures | Vehicles | Computers | Total |
|---|---|---|---|---|---|---|---|
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| As at 1st April 2015 | 6,80,09,998 | 81,592 | 1,88,896 | 2,69,357 | 22,61,562 | 27,39,833 | 7,35,51,238 |
| Charge for the year | 1,88,65,785 | 7,382 | 77,880 | 66,848 | 12,75,037 | 6,18,291 | 2,09,11,223 |
| Deletions | (1,06,84,734) | (20,649) | | (53,423) | (16,93,519) | (2,78,571) | (1,27,30,896) |
| As at 31st March 2016 | 7,61,91,049 | 68,325 | 2,66,776 | 2,82,782 | 18,43,080 | 30,79,553 | 8,17,31,565 |
| Charge for the year | 1,45,31,875 | 20,114 | 91,911 | 63,169 | 9,24,561 | 5,81,156 | 1,62,12,785 |
| Deletions | - | - | - | - | - | - | - |
| As at 31 March 2017 | 9,07,22,924 | 88,439 | 3,58,687 | 3,45,951 | 27,67,641 | 36,60,709 | 9,79,44,350 |
| **Net Block** | | | | | | | |
| As at 1st April 2015 | 4,62,65,603 | 41,31,491 | 37,634 | - | - | 1,33,646 | 5,17,24,337 |
| As at 31st March 2016 | 4,20,67,021 | 38,357 | 1,87,671 | 1,97,457 | 29,81,013 | 8,58,406 | 4,63,29,925 |
| As at 31 March 2017 | 3,69,79,075 | 2,40,161 | 1,17,350 | 1,34,288 | 20,56,452 | 9,05,022 | 4,04,32,348 |

Notes to the financial statements for the year ended March 31, 2017 - continued

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| 5. Trade receivables | | | | | | |
| Secured, considered good | | | | | | |
| Unsecured, considered good | - | - | - | 26,17,96,527 | 20,87,08,961 | 18,42,59,419 |
| Unsecured , Debts due from related parties | | | | 1,29,25,029 | 1,34,76,843 | 23,83,294 |
| Less: Allowance for doubtful debts | | | | 21,23,043 | 8,95,042 | |
| Total | - | - | - | 27,25,98,513 | 22,12,90,762 | 18,66,42,713 |

5.1 The average credit period of sale is between 30-45 days
5.2 The above trade receivables are hypothicated to bank for cash credit facility.

Notes to the financial statements for the year ended March 31, 2017 - continued

## 6. Loans

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Loans to Employees | | | | | | |
| -Secured, considered good | - | - | - | - | - | - |
| -Unsecured, considered good | - | - | - | - | 3,41,320 | 50,756 |
| | - | - | - | - | 3,41,320 | 50,756 |
| | - | - | - | - | 3,41,320 | 50,756 |

## 7. Other financial assets

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Bank deposits with more than 12 months maturity | 14,24,070 | 11,72,749 | 9,50,806 | - | - | - |
| Security deposits - unsecured considered good | 1,04,03,739 | 81,49,326 | 74,10,127 | - | - | - |
| Interest Accrued - | | | | | | |
| on fixed deposits with Banks | - | - | - | 67,177 | 33,249 | 33,109 |
| | 1,18,27,809 | 93,22,075 | 83,60,933 | 67,177 | 33,249 | 33,109 |

Notes to the financial statements for the year ended March 31, 2017 - continued

## 8. Inventories

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| | ₹ | ₹ | ₹ |
| Inventories (lower of cost and net realisable value) | | | |
| Food & Beverages consumables | 44,74,044 | 44,42,414 | 29,39,212 |
| Spares and Accessories | 95,70,801 | 78,21,477 | 74,16,955 |
| | 1,40,44,845 | 1,22,63,891 | 1,03,56,167 |
| | 17,80,954 | 19,07,724 | |

8.1 The above trade receivables are hypothicated to bank for cash credit facility

## 9. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| | ₹ | ₹ | ₹ |
| Balances with Banks in current accounts | 51,42,049 | 17,39,587 | 64,24,097 |
| Cheques, drafts on hand | - | - | - |
| Cash on hand | 7,34,650 | 8,14,813 | 7,84,153 |
| Others | | | |
| **Total Cash & Cash Equivalents** | **58,76,699** | **25,54,400** | **72,08,250** |
| | | | |
| **Bank Balances other than Cash & Cash Equivalents** | | | |
| Deposits with original maturity of more than 12 months | | | |
| Deposits with original maturity of more than 3 months but less than 12 months | 30,00,000 | 30,00,000 | 30,00,000 |
| **Total Bank Balances other than Cash & Cash Equivalents** | **30,00,000** | **30,00,000** | **30,00,000** |

| | | | |
|---|---|---|---|
| Cash and cash equivalents as per statement of cash flows | 58,76,699 | 25,54,400 | 72,08,250 |

10. Other assets

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Prepaid expenses | - | - | - | 1,96,144 | 2,78,788 | 8,32,652 |
| Balance with statutory/ government authorities | 1,22,500 | 1,22,500 | 1,22,500 | - | - | - |
| Others | - | - | - | 3,79,575 | 1,73,561 | 15,04,149 |
| Total | 1,22,500 | 1,22,500 | 1,22,500 | 5,75,719 | 4,52,349 | 23,36,801 |
| | - | - | | | | |
| | | | | 1,23,370 | (18,84,452) | |

Notes to the financial statements for the year ended March 31, 2017 - continued

## 11. Equity Share Capital

| Particulars | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ | As at April 1, 2015 ₹ |
|---|---|---|---|
| Equity share capital | 1,00,00,000 | 1,00,00,000 | 1,00,00,000 |
| **Total** | 1,00,00,000 | 1,00,00,000 | 1,00,00,000 |
| **Authorised Share capital :** | | | |
| 20,00,000 fully paid equity shares of ₹ 10 each | 2,00,00,000 | 2,00,00,000 | 2,00,00,000 |
| **Issued and subscribed capital comprises:** | | | |
| 10,00,000 fully paid equity shares of ₹ 10 each (as at March 31, 2016: 10,00,000; as at April 1, 2015: 10,00,000) | 1,00,00,000 | 1,00,00,000 | 1,00,00,000 |
| | 1,00,00,000.00 | 1,00,00,000 | 1,00,00,000 |

### 11.1 Fully paid equity shares

| Particulars | Number of shares | Share capital ₹ |
|---|---|---|
| Balance at April 1, 2015 | 10,00,000 | 1,00,00,000 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| Balance at March 31, 2016 | 10,00,000 | 1,00,00,000 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| **Balance at March 31, 2017** | **10,00,000** | **1,00,00,000** |

Fully paid equity shares have a par value of ₹.10. 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.

### 11.2 Details of shares held by the holding company, the ultimate controlling party, their subsidiaries and associates

| Particulars | Fully paid ordinary shares As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Balance at the beginning of the period - Held by Eureka Forbes Limited** | 10,00,000 | 10,00,000 | 10,00,000 |
| **Total as at the end of the period** | **10,00,000** | **10,00,000** | **10,00,000** |

### 11.3 Details of shares held by each shareholder holding more than 5% shares

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares |
| Fully paid equity shares | | | | | | |
| **Eureka Forbes Limited** | 10,00,000 | 100% | 10,00,000 | 100% | 10,00,000 | 100% |
| **Total** | 10,00,000 | 100% | 10,00,000 | 100% | 10,00,000 | 100% |

## 12. Other equity

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Retained earnings | | | |
| Balance at beginning of year | 90,83,737 | 68,82,211 | 68,82,211 |
| Add/ (less): Profit/ (loss) for the year | 1,64,84,970 | 22,01,526 | |
| **Balance at end of the year** | **2,55,68,707** | **90,83,737** | **68,82,211** |
| Balance at beginning of year | (12,48,908) | - | - |
| Other comprehensive income arising from re-measurement of defined benefit | (19,07,554) | (12,48,908) | |
| **Balance at end of the year** | **(31,56,462)** | **(12,48,908)** | **-** |
| **Total** | **2,24,12,245** | **78,34,829** | **68,82,211** |

Notes to the financial statements for the year ended March 31, 2017 - continued

## 11.4 Capital management

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of net debt (borrowings as detailed in Note 17 offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves and retained earnings as detailed in Notes 11 to 12).

<u>Gearing ratio</u>

The gearing ratio at end of the reporting period was as follows.

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Debt (i) | 9,32,19,383 | 7,06,80,883 | 6,57,10,134 |
| Cash and bank balances | 1,03,00,769 | 67,27,149 | 1,11,59,056 |
| Net debt | 8,29,18,614 | 6,39,53,734 | 5,45,51,078 |
| | | | |
| Equity (ii) | 3,24,12,245 | 1,78,34,829 | 1,68,82,211 |
| | | | |
| Net debt to equity ratio (%) | 2.56 | 3.59 | 3.23 |

Notes to the financial statements for the year ended March 31, 2017 - continued

## 13. Other financial liabilities

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| (a) Current maturities of long-term debt | | | | | | |
| (a) Interest accrued but not due on borrowings | | | | - | 13,31,342 | 48,05,999 |
| (c) Interest free trade deposits | | - | | | | |
| (b) Others :- | | | | | | |
| -Dues to employees | | | | 8,29,87,484 | 7,61,85,596 | 3,70,19,971 |
| -Others | | | | 58,11,193 | 54,29,715 | 23,30,918 |
| -Foreign currency forward contracts | | | | - | - | |
| Total | - | - | - | 8,87,98,677 | 8,29,46,653 | 4,41,56,888 |

## 14. Provisions

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Employee benefits | 8,92,114 | 8,05,672 | 5,29,629 | 3,71,000 | 4,59,003 | 4,73,313 |
| Other provisions (see 25A.1) | | | | | | |
| Other provisions - Warrantiers (see 25B.1) | | | | - | - | - |
| Gratuity payable | 81,52,713 | 45,02,212 | 25,50,376 | 7,49,753 | 4,01,659 | 2,39,906 |
| Total | 90,44,827 | 53,07,884 | 30,80,005 | 11,20,753 | 8,60,662 | 7,13,219 |
| | 37,36,943 | 22,27,879 | | 2,60,091 | 1,47,443 | |

## 15. Deferred tax balances

39,97,034 23,75,322

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| | ₹ | ₹ | ₹ |
| Deferred tax assets | 2,70,44,010 | 1,91,53,882 | 63,95,216 |
| Deferred tax liabilities | | | |
| Net | 2,70,44,010 | 1,91,53,882 | 63,95,216 |

Notes to the financial statements for the year ended March 31, 2017 - continued

| Particulars | Property Plant & Equipement | Provisions- Impact of Expenditure charged to the profit and loss in the current year but allowed for tax on payment basis | Impact of change in useful life of fixed assets due to transition to Schedule II of Companies Act,2013 | Total |
|---|---|---|---|---|
| | ₹ | ₹ | ₹ | ₹ |
| Deferred tax (Liabilities)/Assets in relation to: | | | | |
| Net Balance April 1, 2015 | - | 25,16,026 | 38,79,190 | 63,95,216 |
| Recognised in Profit & Loss | 32,79,835 | 94,78,831 | - | 1,27,58,666 |
| Recognised in Other Comprehensive Income | - | - | - | - |
| Closing Balance Asset/(Liability) March 31,2016 | 32,79,835 | 1,19,94,857 | 38,79,190 | 1,91,53,882 |
| Recognised in Profit & Loss | 14,77,112 | 67,08,944 | - | 81,86,056 |
| Recognised in Other Comprehensive Income | - | - | - | - |
| Closing Balance Asset/(Liability) March 31,2017 | 47,56,947 | 1,87,03,800 | 38,79,190 | 2,73,39,938 |

16. Other Liabilities

| Particulars | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| (a) Others - Deductions from employees for company's assets | 8,25,837 | 8,25,837 | 17,01,467 | 32,54,977 | 17,08,473 | 28,17,095 |
| (b) Statutory liabilities (Contributions to PF,Pension, ESIC,withholding Taxes,VAT etc.) | - | - | - | 2,45,79,836 | 1,66,69,186 | 2,22,75,097 |
| Total | 8,25,837 | 8,25,837 | 17,01,467 | 2,78,34,813 | 1,83,77,659 | 2,50,92,192 |
| | - | | | | | |

17. Current Borrowings

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Unsecured - at amortised cost | ₹ | ₹ | ₹ |
| (a) Loans repayable on demand | | | |
| - ICD from related parties | 2,40,00,000 | 3,90,00,000 | 3,90,00,000 |
| Secured - at amortised cost | | | |
| (b) Loans repayable on demand | | | |
| -from banks (Cash credit/ Buyers credit) refer (i) belo | 6,92,19,383 | 3,16,80,883 | 2,67,10,134 |
| Total | 9,32,19,383 | 7,06,80,883 | 6,57,10,134 |

(i) ICD amounting to Rs.2.40cr is received from related parties & carries interest rate @11.40% to 14.50% p.a.

(ii) Short term borrowing from banks is secured by pari-passu charge on company's Current Assets and carries interest @ 9.8 % to 12.20 % p.a.

Notes to the financial statements for the year ended March 31, 2017 - continued

## 18. Trade payables

| Particulars | Non Current<br>As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 1, 2015 | Current<br>As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 1, 2015 |
|---|---|---|---|---|---|---|
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Trade payables (including acceptances) | - | - | - | 8,13,48,808 | 7,57,26,670 | 7,52,10,891 |
| Dues to Micro and Small Enterprises (Refer note below) | - | - | - | 1,90,919 | 10,97,259 | 37,23,028 |
| Trade payables to related parties ( Refer note 36) | - | - | - | 10,45,61,685 | 10,84,46,755 | 9,20,56,291 |
| Total | - | - | - | 18,61,01,412 | 18,52,70,684 | 17,09,90,210 |
| | | | | 8,30,728 | 1,42,80,474 | |

18.1 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 |
|---|---|---|---|
| | ₹ | ₹ | ₹ |
| (i) Principal amount remaining unpaid to MSME suppliers as on year end | 1,90,919 | 10,97,259 | 37,23,028 |
| (ii) Interest due on unpaid principal amount to MSME suppliers as on year end | - | - | - |
| (iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day | - | - | - |
| (iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act) | - | - | - |
| (v) The amount of interest accrued and remaining unpaid as on year end | - | - | - |
| (vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961 | - | - | - |

18.2 The average credit period of Purchase is between 45-60 days

## 19. Current tax assets and liabilities

| Particulars | Non Current<br>As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 1, 2015 | Current<br>As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 1, 2015 |
|---|---|---|---|---|---|---|
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| Income tax assets ( Net) | | | | | | |
| Advance income-tax (Net of provision of taxation) | 6,37,68,327 | 6,72,40,738 | 5,20,95,544 | - | - | - |
| Total | 6,37,68,327 | 6,72,40,738 | 5,20,95,544 | - | - | - |

Notes to the financial statements for the year ended March 31, 2017 - continued

## 20. Revenue from operations

| | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| | ₹ | ₹ |
| (a) Sale of Food & Beverages | 49,29,28,573 | 41,38,01,328 |
| (b) Sale of services | 86,57,57,215 | 70,99,30,227 |
| **Total** | 1,35,86,85,788 | 1,12,37,31,555 |

## 21. Other Income and other gains/ (losses)

| Other Income | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| | ₹ | ₹ |
| Interest income earned on financial assets that are not designated as at fair value through profit or loss: | | |
| Bank deposits (at amortised cost) | 5,33,795 | 4,93,999 |
| Others | 7,65,555 | 23,214 |
| | 12,99,350 | 5,17,213 |

| Other gains/(losses) | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| | ₹ | ₹ |
| Gain/(loss) on disposal of property, plant and equipment | - | (2,00,285) |
| | - | (2,00,285) |
| | 12,99,350 | 3,16,928 |

Notes to the financial statements for the year ended March 31, 2017 - continued

## 22. Cost of materials consumed

| | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ |
|---|---|---|
| **Material consumption** | | |
| **Cost of Services** | 7,14,55,227 | 12,55,32,757 |
| **Consumption of Consumables** | | |
| Inventory at the beginning of the year | 78,21,477 | 74,16,955 |
| Add : Purchases | 5,97,69,563 | 6,03,17,338 |
| | 6,75,91,040 | 6,77,34,293 |
| Less : Inventory at the end of the year | (95,70,801) | (78,21,477) |
| | 5,80,20,239 | 5,99,12,816 |
| **Consumption of Foods & Beverages** | | |
| Inventory at the beginning of the year | 44,42,414 | 29,39,212 |
| Add : Purchases | 32,85,34,450 | 27,44,16,771 |
| | 33,29,76,864 | 27,73,55,983 |
| Less : Inventory at the end of the year | (44,74,044) | (44,42,414) |
| | 32,85,02,820 | 27,29,13,569 |
| **Total** | **45,79,78,286** | **45,83,59,142** |

## 23. Employee benefits expense

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| Salaries and Wages | 67,23,73,996 | 48,90,07,069 |
| Contribution to provident and other funds | 8,69,21,009 | 6,19,39,644 |
| Staff Welfare Expenses | 1,99,44,429 | 1,98,02,766 |
| **Total** | **77,92,39,434** | **57,07,49,479** |

## 24. Finance costs

| | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ |
|---|---|---|
| Interest on bank overdrafts | 46,72,198 | 46,59,292 |
| Interest on ICD | 48,99,044 | 53,54,630 |
| Other | 9,23,388 | - |
| **Total** | **1,04,94,630** | **1,00,13,922** |

## 25. Depreciation and amortisation expense

| Particulars | As at March 31, 2017 ₹ | As at March 31, 2016 ₹ |
|---|---|---|
| Depreciation of property, plant and equipment pertaining to continuing operations (Refer Note.4) | 1,62,12,785 | 2,09,11,223 |

Notes to the financial statements for the year ended March 31, 2017 - continued

26. Other expenses

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| | ₹ | ₹ |
| Electricity | 11,39,709 | 13,27,523 |
| Rent | 1,69,61,794 | 1,45,65,795 |
| Repairs and Maintenance - | | |
| Machinery | 18,58,837 | 17,31,278 |
| Others | 7,21,425 | 9,99,844 |
| Insurance | 26,34,088 | 21,55,087 |
| Advertisement | 1,90,080 | 6,21,730 |
| Selling and Sales Promotion | 89,406 | 3,51,985 |
| Payment to Auditors (Refer details Below) | 6,26,230 | 5,30,680 |
| Printing and Stationery | 21,66,881 | 23,06,141 |
| Communication cost | 52,14,350 | 41,91,539 |
| Travelling and Conveyance | 1,27,65,304 | 1,33,58,970 |
| Legal and Professional Fees | 82,82,252 | 66,05,847 |
| Vehicle Running Expenses | 15,92,656 | 13,59,186 |
| Rates and taxes, excluding taxes on income | 17,87,366 | 24,14,641 |
| Conference Expenses | 33,250 | 2,61,672 |
| Information Technology Expenses | 33,47,092 | 32,50,877 |
| Other Establishment Expenses | 86,48,068 | 70,57,634 |
| Directors' Sitting Fees | 57,000 | 42,000 |
| Bad Debts/Advances Written-Off | 2,36,600 | 26,35,920 |
| Provision for Doubtful Debts | 12,28,000 | 8,95,043 |
| Total | 6,95,80,388 | 6,66,63,392 |

| Payments to auditors | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| | ₹ | ₹ |
| a) For audit | 4,57,730 | 2,36,630 |
| b) For taxation matters | 40,000 | 41,489 |
| c) For company law matters | | - |
| d) For other services | 1,21,000 | 2,46,861 |
| e) For reimbursement of expenses | 7,500 | 5,700 |
| Total | 6,26,230 | 5,30,680 |

Notes to the financial statements for the year ended March 31, 2017 - continued
27. Income taxes

27.1 Income tax recognised in profit or loss

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| | ₹ | ₹ |
| **Current tax** | | |
| In respect of the current year | 1,78,84,773 | 79,08,465 |
| In respect of prior years | | - |
| | 1,78,84,773 | 79,08,465 |
| **Deferred tax** | | |
| In respect of the current year | (78,90,128) | (1,27,58,666) |
| | (78,90,128) | (1,27,58,666) |
| Minimum Alternate Tax entitlement | | - |
| **Total income tax expense recognised in the current year** | 99,94,645 | (48,50,201) |

Notes to the financial statements for the year ended March 31, 2017 - continued

Note 28: Tax Reconciliation

Tax expense

(a) Amounts recognised in profit and loss

(Amount in INR)

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| Current income tax | 1,78,84,773 | 79,08,465 |
| Deferred income tax liability / (asset), net | | |
| Origination and reversal of temporary differences | (78,90,128) | (1,27,58,666) |
| Deferred tax expense | (78,90,128) | (1,27,58,666) |
| Tax expense for the year | 99,94,645 | (48,50,201) |

(b) Amounts recognised in other comprehensive income

| Particulars | For the year ended March 31, 2017 | | | For the year ended March 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| Items that will not be reclassified to profit or loss | | | | | | |
| Remeasurements of the defined benefit plans | (28,49,647) | (9,42,093) | (19,07,554) | (18,65,713) | (6,16,805) | (12,48,908) |
| | (28,49,647) | (9,42,093) | (19,07,554) | (18,65,713) | (6,16,805) | (12,48,908) |

(c) Reconciliation of effective tax rate

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| Profit/(Loss) before tax | 2,64,79,615 | (26,48,675) |
| Tax using the Company’s domestic tax rate (Current year 33.063% and Previous Year 33.063%) | 87,54,955 | (8,75,731) |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income: | | |
| Others | 12,39,690 | (39,74,470) |
| | 99,94,645 | (48,50,201) |
| | - | - |
| The Company’s consolidated weighted average tax rates for the years ended March 31, 2017 and 2016 | 37.74 | |

Notes to the financial statements for the year ended March 31, 2017 - continued

Note 29: Deferred Tax

| Provision for Deferred tax | Opening as on 1.4.2015 Asset | Charge /(Credit) During the year | Closing As At 31.03.2016 Asset |
|---|---|---|---|
| Depreciation | - | 32,79,835 | 32,79,835 |
| Expenses allowed for tax purpose on payment basis | 25,16,026 | 91,82,903 | 1,16,98,929 |
| Impact of change in useful life of fixed assets due to t | 38,79,190 | - | 38,79,190 |
| Provision For Bad Debts | - | 2,95,928 | 2,95,928 |
| **TOTAL** | **63,95,216** | **1,27,58,666** | **1,91,53,882** |

| Provision for Deferred tax | Opening as on 1.4.2016 Asset | Charge /(Credit) During the year | Closing As At 31.03.2017 Asset |
|---|---|---|---|
| Depreciation | 71,59,025 | 14,77,112 | 86,36,137 |
| Expenses allowed for tax purpose on payment basis | 1,16,98,929 | 63,02,930 | 1,80,01,859 |
| Impact of change in useful life of fixed assets due to t | - | - | - |
| Provision For Bad Debts | 2,95,928 | 1,10,086 | 4,06,014 |
| **TOTAL** | **1,91,53,882** | **78,90,128** | **2,70,44,010** |

Notes to the financial statements for the year ended March 31, 2017 - continued

## Note 30 : Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

### i. Profit attributable to Equity holders of parent

| | March 31, 2017<br>₹ | March 31, 2016<br>₹ |
|---|---|---|
| Profit attributable to equity holders of the parent: | | |
| Continuing operations | 1,64,84,970 | 22,01,526 |
| **Profit attributable to equity holders of the parent for basic earnings** | **1,64,84,970.00** | **22,01,526** |

### ii. Weighted average number of ordinary shares

| | March 31, 2017<br>INR | March 31, 2016<br>INR |
|---|---|---|
| Issued ordinary shares at beginning | 10,00,000 | 10,00,000 |
| Effect of shares issued as Bonus shares | | |
| **Weighted average number of shares at March 31 for basic EPS** | **10,00,000** | **10,00,000** |

| | March 31, 2017<br>₹ | March 31, 2016<br>₹ |
|---|---|---|
| **Basic & Diluted earnings per share** | 16.48 | 2.20 |

Notes to the financial statements for the year ended March 31, 2017 - continued

**Note 31: Disclosure on specified bank notes**

| | Specified Bank Notes | Other denomination Notes | Total |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | 3,45,500 | 38,970 | 3,84,470 |
| (+) Permitted receipts | | 84959 | 84,959 |
| (-) Permitted payments | | | |
| (-) Amount deposited in Banks | 3,45,500 | | 3,45,500 |
| Closing cash in hand as on 30.12.2016 | - | 1,23,929 | 1,23,929 |

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8th November 2016.

Notes to the financial statements for the year ended March 31, 2017 - continued

## Note 32: Litigation

The Company had entered into an agreement with G B Pant Hospital for providing the Sanitary House Keeping Services at their Hospital. There is a dispute regarding minimum wages payable by G B Pant to the Company, as a result of which an amount of Rs.3,15,20,864/-. has been with held by G B Pant. This matter has been referred for arbitration. Based on legal advice received by the company, the management is of the opinion that no provision is required for the above amount.

The Company had entered into an agreement with Nayati Multi Super Speciality for providing the Sanitary House Keeping Services at their Hospital. There is a dispute regarding non payment from Nayati Multi Super Speciality to the Company totalling to a amount of Rs.75,46,313/-. This matter has been referred for arbitration.

**Notes to the financial statements for the year ended March 31, 2017 - continued**

**Note 33: Contingent liabilities and commitments ( to the extent not provided for )**

**(a) Contingent liabilities:**

(I) Bank Guarantees issued on behalf of the Company - **Rs. 81,00,059/- (PY 1,55,52,378/-)**

**(b) Commitments:**

(I) Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹. NIL (*previous year ₹.Nil).*

(II) Towards service performance ₹. NIL/-(*previous year ₹.NIL/-)*

| | | 2016-17 | *2015-16* |
|---|---|---|---|
| | | ₹ | ₹ |
| (III) (a) | Expenditure in foreign currency on account of : | | |
| | Travelling Expenses | *10,78,667* | *7,66,217* |
| IV | Value of Material Purchase/ Service cost | | |
| | For Material | *1,20,82,209* | - |
| | For Service | *36,76,375* | - |
| V | Earnings in Foreign Exchange : | | |
| | Service Income | *2,40,40,841* | - |

**Note 34: The disclosures required under IND AS 9 "Employee Benefits notified in the Companies (Accounting Standards) Rules 2006, are given below :**

**Employee benefit obligation**

| | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|---|---|---|---|---|---|---|
| | Non-current | Current | Non-current | Current | Non-current | Current |
| Compensated absences | 8,92,114 | 3,71,000 | 8,05,672 | 4,59,003 | 5,29,629 | 4,73,313 |
| Gratuity | 81,52,713 | 7,49,753 | 45,02,212 | 4,01,659 | 25,50,376 | 2,39,906 |
| | **90,44,827** | **11,20,753** | **53,07,884** | **8,60,662** | **30,80,005** | **7,13,219** |

**i) Defined Benefit Plans-Gratuity**

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is an unfunded plan.

**Defined Benefit Plan**

| | Particulars | 2016-17 | 2015-16 |
|---|---|---|---|
| | | Gratuity (Unfunded) | Gratuity (Unfunded) |
| a. | **Change in benefit obligations** | ₹ | ₹ |
| | Defined benefit obligation at the beginning of the year | 49,03,871 | 27,90,282 |
| | Current Service cost | 12,12,097 | 6,66,770 |
| | Interest cost | 3,57,492 | 2,23,502 |
| | Actuarial (gain)/loss on obligations | 28,49,647 | 18,65,713 |
| | Benefit paid | 4,20,641 | 6,42,396 |
| | Defined benefit obligation at the end of the year | 89,02,466 | 49,03,871 |

Notes to the financial statements for the year ended March 31, 2017 - continued

b Expenses recognised during the year (under the head "Employee benefit expenses" - Note 23)

| | | |
|---|---|---|
| Current Service cost | 12,12,097 | 6,66,770 |
| Interest Cost | 3,57,492 | 2,23,502 |
| Actuarial (Gain) or Loss | 28,49,647 | 18,65,713 |
| Expense Recognised in the Statement of Profit and Loss | 15,69,589 | 8,90,272 |

c Amount recognised in the Balance sheet

| | | |
|---|---|---|
| Present value of benefit obligation at the end of the year | 49,03,871 | 27,90,282 |
| Expenses Recognised in statement of profit & Loss Account | 15,69,589 | 8,90,272 |
| Expenses Recognised in OCI | 28,49,647 | 18,65,713 |
| Benefit direclty paid by Employer | 4,20,641 | 6,42,396 |
| Net Liability/ (Asset) Recognised in balance sheet | 89,02,466 | 49,03,871 |

d Assumptions used in the accounting for defined benefit plans

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 | 6.35% | 7.29% |
| Salary Escalation Rate | 5% | 5% |

Mortality Rate

Based on India's standard mortality table with modification to reflect expected change in mortality.

Attrition Rate:

For Service 4 Years and Below

For Service 5 Years and Above

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.

Defined Benefit Plans / Contribution Plan

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

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| | ₹ | ₹ |
| Employer's contribution to Provident Fund | 1,69,35,323 | 1,22,31,478 |
| Employer's contribution to Pension Scheme | 3,78,69,305 | 2,74,50,717 |

Note 35: Lease Classification

The company has taken various residential / commercial premises under cancelable operating lease. The rent expenses included in the statement of profit & loss for the year is Rs. 1,69,61,794/- (Previous Year Rs. 1,45,65,795/-). None of the lease agreement entered into by the company contains a clause on contingent rent. The Company has taken many premises on rent and most of the agreements contain an escalation clause which varies depending upon the specific arrangement with the lessor. In all the rent agreements there are no terms for purchase option or any restriction such as those concerning dividend and additional debts

Note 36: Segment Reporting

The Company has a single reportable segment. Further, as the Company does not operate in more than one geographical segment hence the relevant disclosures as per Ind AS 108 are not applicable to the company.

Note 37: Related party Disclosure

As required by the Ind AS 24 on the "Related Party Disclosures", the list of related parties and their transactions is attached.

Notes to the financial statements for the year ended March 31, 2017 - continued

Details required under Accounting Standard 18 on "Related Party Disclosures " issued by the Institute of Chartered Accountants of India - referred in note no. 37 for the year ended 31st March 2017

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

**A. Holding Company/Ultimate Holding Company**

1 Shapoorji Pallonji & Co Private Ltd. (Ultimate Holding Company)
2 Forbes & Company Ltd. (Holding Company of Eureka Forbes Ltd)
3 Eureka Forbes Ltd (Holding Company)

**B. Fellow subsidiaries (where thre are transactions during the year)**

1 Aquamall Water Solutions Limited

**C. Enterprises that are under common control (where thre are transactions during the year)**

1 Forvol International Services Ltd
2 Shapoorji Pallonji Infrastructure Capital Co Pvt Ltd
3 Forbes Aquatech Ltd
4 Shapoorji Pallonji Forbes Shipping Ltd (Formerly Sci Forbes Ltd)
5 Volkart Fleming Shipping & Services Ltd
6 Aquaignis Technologies Pvt Ltd
7 Shapoorji Pallonji Investments advisors Pvt Ltd
7 Relationship Properties Pvt Ltd
8 Shapoorji Pallonji Rural Solutions Pvt Ltd
9 HPCL Shapoorji Energy Ltd
10 Shapoorji Pallonji Oil And Gas Pvt Ltd
11 S D Corporation Pvt Ltd
12 Afcon Infrastructure Ltd
13 Forbes Bumi Armada Offshore Limited
14 Joyville Shapoorji Housing Pvt Ltd

( II ) Transactions with Related Parties for the year ended 31st March 2017

| Nature of Transactions | Referred to in A above | Referred to in B above | Referred to in C above | Referred to in D above | Referred to in E above | Referred to in F above | Referred to in G above * |
|---|---|---|---|---|---|---|---|
| **Purchases** | | | | | | | |
| Goods and Materials | 54,81,067 | - | - | - | | | |
| Fixed Assets | 86,87,755 | - | - | - | | | |
| | 1,41,68,822 | - | - | - | - | - | - |
| **Sales** | | | | | | | |
| Goods and Materials | - | - | - | - | | | |
| Services Rendered | 3,46,27,855 | 50,72,530 | 4,36,79,561 | - | | | |
| Fixed Assets | - | - | - | - | | | |
| | 3,46,27,855 | 50,72,530 | 4,36,79,561 | - | - | - | - |
| **Expenses** | | | | | | | |
| Rent and other services | 13,15,567 | - | - | - | | | |
| Tel | 1,74,706 | - | - | - | | | |
| Repairs & Other Expenses | - | 5,832 | - | - | | | |
| Finance Charges | - | - | - | - | | | |
| Interest on ICD Taken | 48,99,044 | - | - | - | | | |
| Travelling expenses | - | - | 18,41,909 | - | | | |
| Management Fees | 44,66,530 | - | - | - | | | |
| Bad Debts/Advances written off | - | - | - | - | | | |
| | 1,08,55,847 | 5,832 | 18,41,909 | - | - | - | - |
| **Finance** | | | | | | | |
| Repayment of Inter-Corporate Deposits taken | 1,50,00,000 | - | - | - | | | |
| **Outstanding** | | | | | | | |
| Trade Payables | 10,45,20,335 | - | 41,350 | - | | 10,45,61,685 | |
| Other Payables | 11,19,439 | - | - | - | | | |
| Trade Receivables | 41,17,024 | 4,70,341 | 83,37,664 | - | | 1,29,25,029 | |
| Inter-corporate deposits receivable | 2,40,00,000 | - | - | - | | - | |

Notes to the financial statements for the year ended March 31, 2017 - continued

( III ) The above Transaction includes :

| Nature of Transactions | A | A | A | B | C | C | C | C | C | C |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shapoorji Pallonji & Co Private Ltd. (Ultimate Holding Company) | Forbes & Company Ltd. (Holding Company of Eureka Forbes Ltd) | Eureka Forbes Ltd (Holding Company) | Aquamall Water Solutions Limited | Forvol International Services Ltd | Shapoorji Pallonji Infrastructure Capital Co Pvt Ltd | Forbes Aquatech Ltd | Shapoorji Pallonji Forbes Shipping Ltd (Formerly Sci Forbes Ltd) | Volkart Fleming Shipping & Services Ltd | Aquaignis Technologies Pvt Ltd |
| | 201300261 ( & 60004771 | 201300545 & 201300863 | 60002049... | 201300015 | 60001925 | 201300465 | 201300500 | 201300552 | 201300839 | 201300777 |
| **Purchases** | | | | | | | | | | |
| Goods and Materials | | | 54,81,067 | | | | | | | |
| Fixed Assets | | | 86,87,755 | | | | | | | |
| | - | - | **1,41,68,822** | - | - | - | - | - | - | - |
| **Sales** | | | | | | | | | | |
| Goods and Materials | | | | | | | | | | |
| Services Rendered | 1,72,60,199 | 18,70,502 | 1,54,97,154 | 50,72,530 | | 10,31,866 | 4,57,046 | 4,66,469 | 2,09,495 | 2,99,666 |
| Fixed Assets | | | | | | | | | | |
| | **1,72,60,199** | **18,70,502** | **1,54,97,154** | **50,72,530** | - | **10,31,866** | **4,57,046** | **4,66,469** | **2,09,495** | **2,99,666** |
| **Expenses** | | | | | | | | | | |
| Rent | | | 13,15,567 | | | | | | | |
| Telephone Expenses | | | 1,74,706 | | | | | | | |
| Repairs & Other Expenses | | | | 5,832 | | | | | | |
| Interest on ICD Taken | | | 48,99,044 | | | | | | | |
| Travelling expenses | | | | | 18,41,909 | | | | | |
| Management Fees | 11,19,439 | | 33,47,091 | | | | | | | |
| | **11,19,439** | - | **97,36,408** | **5,832** | **18,41,909** | - | - | - | - | - |
| **Finance** | | | | | | | | | | |
| Repayment of Inter-Corporate Deposits taken | | | 1,50,00,000 | | | | | | | |
| **Outstanding** | | | | | | | | | | |
| Trade Payables | | | 10,45,20,335 | | 41,350 | | | | | |
| Other Payables | 11,19,439 | | | | | | | | | |
| Trade Receivables | 32,38,479 | 8,78,545 | | 4,70,341 | | 1,76,421 | 37,912 | 45,991 | 52,538 | 28,457 |
| Inter-corporate deposits Payable | | | 2,40,00,000 | | | | | | | |

| C | C | C | C | C | C | C | C | C | C |
|---|---|---|---|---|---|---|---|---|---|
| Relationship Properties Pvt Ltd | Shapoorji Pallonji Rural Solutions Pvt Ltd | HPCL Shapoorji Energy Ltd | Shapoorji Pallonji Oil And Gas Pvt Ltd | S D Corporation Pvt Ltd | Afcon Infrastructure Ltd | Forbes Bumi Armada Offshore Limited | Joyville Shapoorji Housing | INFINITE WATER SOLUTIONS PVT LTD | Shapoorji Pallonji Finance |
| 201300614 | 201300925 | 201300930 | 201300961 | 201300372 | 201300987 & 996 | 201300924 | 201301049 | 201301006 | 201301047 |
| | | | | | | | | | |
| - | - | - | - | - | - | - | - | | - |
| 46,37,577 | 17,118 | 4,81,565 | 9,90,263 | 1,32,36,095 | 65,13,444 | 1,44,90,434 | 1,92,081 | 5,48,831 | 1,07,615 |
| 46,37,577 | 17,118 | 4,81,565 | 9,90,263 | 1,32,36,095 | 65,13,444 | 1,44,90,434 | 1,92,081 | 5,48,831 | 1,07,615 |
| | | | | | | | | | |
| - | - | - | - | - | - | - | - | | - |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| 4,02,926 | 18,676 | 40,255 | 1,62,757 | 32,04,032 | 27,56,810 | 10,80,585 | 1,92,081 | 77,832 | 60,393 |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

Notes to the financial statements for the year ended March 31, 2017 - continued

Note 38: Financial instruments – Fair values and risk management

A. Accounting classification and fair values

| | March 31, 2017 | | | March 31, 2016 | | | March 31, 2015 | | |
|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amotised Cost | FVTPL | FVTOCI | Amotised Cost | FVTPL | FVTOCI | Amotised Cost |
| **Financial assets** | | | | | | | | | |
| Cash and cash equivalents | - | - | 88,76,699 | | | 55,54,400 | - | - | 1,02,08,250 |
| Long-term loans and advances | - | - | - | | | - | | - | - |
| Short-term loans and advances | - | - | - | | | 3,41,320.00 | | - | 50,756 |
| Trade and other receivables | - | - | 27,25,98,513 | | | 22,12,90,762 | | - | 18,66,42,713 |
| Current Investments | - | - | - | - | | - | - | - | |
| Non Current Investments | - | - | - | - | | - | - | - | - |
| Other Current financial Asset | - | - | 67,177 | | | 33,249 | | - | 33,109 |
| Other Non Current financial Asset | - | - | 1,18,27,809 | | | 93,22,075 | | - | 83,60,933 |
| **Total Financial Asset** | - | - | 29,33,70,198 | - | - | 23,65,41,806 | - | - | 20,52,95,761 |
| **Financial liabilities** | | | | | | | | | |
| Trade and other payables | - | - | 18,61,78,589 | | | 18,52,70,684 | | | - |
| Other Current financial liabilities | - | - | 8,87,98,764 | | | 8,29,46,653 | | | 6,57,10,134 |
| Other Non Current financial liabilities | - | - | - | | | - | | | 17,09,90,210 |
| Current Borrowings | - | - | 9,32,19,383 | | | 7,06,80,883 | | | - |
| Non Current Borrowings | - | - | - | | | - | | | 4,41,56,888 |
| | - | - | - | | | | | | |
| **Total Financial Liabilities** | - | - | 36,81,96,736 | - | - | 33,88,98,220 | - | - | 28,08,57,232 |

The Company has not disclosed the fair values for financial instruments such as trade receivables, cash and cash equivalents, other bank balances, loans, borrowings, trade payable, other financial assets and financial liabilities, because their carrying amounts are a reasonable approximation of fair value.

B. Measurement of fair values
The company does not have any Investment.

C. Financial risk management
The Company has exposure to the following risks arising from financial instruments:
▪ Credit risk ;
▪ Liquidity risk ; and
▪ Market risk

i. Risk management framework

The Company’s board of directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company’s risk management policies. The committee reports regularly to the board of directors on its activities

The Company’s risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in

The carrying amount of following financial assets represents the maximum credit exposure:

| Particulars | As at 31 March 2017 | As at 1 April 2016 | As at 1 April 2015 |
|---|---|---|---|
| Trade receivables | 27,25,98,513 | 22,12,90,762 | 18,66,42,713 |
| Cash and cash equivalents | 58,76,699 | 25,54,400 | 72,08,250 |
| Other bank balances | 30,00,000 | 30,00,000 | 30,00,000 |
| Loans | - | 3,41,320 | 50,756 |
| Other financial assets | 67,177 | 33,249 | 33,109 |

Notes to the financial statements for the year ended March 31, 2017 - continued
Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Risk Management Committee.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At March 31, 2017, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

| | Carrying amount (in INR) | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | March 31, 2015 |
| India | 26,48,46,340 | 22,12,90,762 | 18,66,42,713 |
| Other regions | 77,52,173 | - | |
| | 27,25,98,513 | 22,12,90,762 | 18,66,42,713 |

At March 31, 2017, the maximum exposure to credit risk for trade and other receivables by type of counterparty was as follows

Impairment
At March 31, 2017, the ageing of trade and other receivables that were not impaired was as

| | Carrying amount (in INR) | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | March 31, 2015 |
| Not Due | 12,91,15,432 | 12,49,81,385 | 9,22,32,290 |
| 00-30 days | 7,67,85,555 | 3,78,25,123 | 5,31,17,679 |
| 31-60 days | 44,98,558 | 1,03,46,337 | 7,52,601 |
| 61- 90 days | 73,50,969 | 29,83,435 | 70,27,647 |
| more than 90 days | 5,48,47,998 | 4,51,54,482 | 3,35,12,497 |
| | 27,25,98,513 | 22,12,90,762 | 18,66,42,713 |

Management believes that the unimpaired amounts that are past due by more than credit days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

| | INR<br>Collective impairments |
|---|---|
| Balance as at April 1, 2015 | - |
| Impairment loss recognised | 8,95,042 |
| Amounts written off | - |
| Balance as at March 31, 2016 | 8,95,042 |
| Impairment loss recognised | 12,28,001 |
| Amounts written off | - |
| Balance as at March 31, 2017 | 21,23,043 |

At March 31, 2017, there was an impairment loss of INR 21,23,043 related to a several customers where the company is doubtful of recovery. The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Cash and cash equivalents
The Company held cash and cash equivalents of INR 58,76,699/- at March 31, 2017 (March 31, 2016: INR 25,54,400).

Notes to the financial statements for the year ended March 31, 2017 - continued

Financial instruments – Fair values and risk management (continued)

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

| March 31, 2017 | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| INR | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Working capital loans from banks | 9,32,19,383 | 9,32,19,383 | 9,32,19,383 | | | |
| Trade payables | 18,61,01,412 | 18,61,01,412 | 18,61,01,412 | | | |
| Other Payable | 8,87,98,677 | 8,87,98,677 | 8,87,98,677 | | | |

| March 31, 2016 | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| INR | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Working capital loans from banks | 7,06,80,883 | 7,06,80,883 | 7,06,80,883 | | | |
| Trade payables | 18,52,70,684 | 18,52,70,684 | 18,52,70,684 | | | |
| Other Payable | 8,29,46,653 | 8,29,46,653 | 8,29,46,653 | | | |

| March 31, 2015 | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Total | Upto 1 year | 1-3 years | 3-5 years | More than 5 years |
| INR | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Working capital loans from banks | 6,57,10,134 | 6,57,10,134 | 6,57,10,134 | | | |
| Trade payables | 17,09,90,210 | 17,09,90,210 | 17,09,90,210 | | | |
| Other Payable | 4,41,56,888 | 4,41,56,888 | 4,41,56,888 | | | |

Financial instruments – Fair values and risk management (continued)

iv. 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.Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Company is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee.

The Company does not use derivative financial instruments for trading or speculative purposes.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2017, March 31, 2016 and April 1, 2015 are as below:

| | March 31, 2017 USD | March 31, 2017 SGD | March 31, 2017 EUR | March 31, 2017 AED |
|---|---|---|---|---|
| Financial assets | | | | |
| Trade and other receivables | 1,19,774 | | | |
| | 1,19,774 | - | - | - |
| Financial liabilities | | | | |
| Trade and other payables | 6,067 | | | |
| | 6,067 | - | - | - |

The following significant exchange rates have been applied during the year.

| INR | Average rate | | Year-end spot | | |
|---|---|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| USD /INR | 66.65 | 65.34 | 64.72 | 66.10 | 62.53 |
| SGD/INR | 48.00 | 47.24 | 46.31 | 49.02 | 45.50 |
| EUR/INR | 72.51 | 72.95 | 69.14 | 75.06 | 67.85 |

Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR, US dollar or Euro against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

A 5% appreciation of the USD as indicated below, against Indian Rupees would have decreased gain by the amounts shown below.

| | Profit or (loss) | | Equity, net of tax | |
|---|---|---|---|---|
| Effect in INR | Strengthening | Weakening | Strengthening | Weakening |
| March 31, 2017 | | | | |
| USD 5% movement | 3,67,975 | (3,67,975) | 2,46,322 | (2,46,322) |
| | 3,67,975 | (3,67,975) | 2,46,322 | (2,46,322) |

**Market Risk- Interest rate**

The Exposure of the Company borrowing to interest rate changes at the end of the reporting period are as follow

| Particulars | As at 31 March 2017 ₹ | As at 31 March 2016 ₹ | As at 1 April 2015 ₹ |
|---|---|---|---|
| Variable Rate Borrowing | 6,92,19,383 | 3,16,80,883 | 2,67,10,134 |

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the company's:

i) profit for the year ended March 31, 2017 would decrease/increase by ₹23,361 (2016: decrease/increase by ₹23,296). This is mainly attributable to the company’s exposure to interest rates on its variable rate borrowings;

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note 39 Explanation of transition to Ind AS

As stated in Note 2a, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2016, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance.

Remeasurements of post-employment benefit obligations
Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased and it has been considered in Other Comprehensive Income. There is no impact on total equity.

Other comprehensive income
Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP

Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1) Property plant and equipment, and intangible assets

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date.

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
− fair value;
− or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment.

B. Mandatory exemptions availed

1) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.
However, the estimates should be adjusted to reflect any differences in accounting policies

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Determination of the discounted value for financial instruments carried at amortised cost
- Impairment of financial assets based on the expected credit loss model.

2) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

3) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Notes to the financial statements for the year ended March 31, 2017 - continued

**Note 40** : Previous year figures have been regrouped or arranged wherever necessary

| | | |
|---|---|---|
| As per our report of even date | | |
| **For BATLIBOI & PUROHIT** | | |
| *Chartered Accountants* | S L Goklaney | A V Suresh |
| Firm Regn No. 101048W | Director | Director |
| | C. A. Karnik | Marzin Shroff |
| | Director | Director |
| **Kaushal Mehta** | | |
| *Partner* | | |
| Membership No. 111749 | S K Palekar | |
| | Director | |
| Mumbai , Dated : 4th May, 2017 | Mumbai , Dated: 4th May, 2017 | |

FORBES Facility Services Private Limited
You manage work. We manage your workplace.

Ind AS 101 reconciliations
Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015
Annexure I

| | | As at March 31, 2016 | | | As at April 1, 2015 | | |
|---|---|---|---|---|---|---|---|
| | | (End of last period presented under previous GAAP) | | | (Date of transition) | | |
| | Notes | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet |
| Non-current assets | | | | | | | |
| (a) Property, plant and equipment | | 4,63,29,925 | - | 4,63,29,925 | 5,17,24,337 | - | 5,17,24,337 |
| (b) Capital work-in-progress | | - | - | - | - | - | - |
| (c) Investment properties | | - | - | - | - | - | - |
| (d) Intangible assets | | | - | | | - | |
| (i) Goodwill | | - | - | - | - | - | - |
| (ii) others | | - | - | - | - | - | - |
| (iii) Intangible assets under development | | - | - | - | - | - | - |
| (e) Financial assets | | | - | | | - | |
| (i) Investments | | - | - | - | - | - | - |
| (ii) Trade receivables | | - | - | - | - | - | - |
| (iii) Loans | | - | - | - | - | - | - |
| (iv) Other financial assets | | 93,22,075 | - | 93,22,075 | 83,60,933.00 | - | 83,60,933 |
| (f) Tax assets | | | - | | | - | |
| (i) Deferred Tax Asset (net) | | 1,91,53,882 | - | 1,91,53,882 | 63,95,216.00 | - | 63,95,216 |
| (ii) Current Tax Asset (Net) | | 6,72,40,738 | - | 6,72,40,738 | 5,20,95,544.00 | - | 5,20,95,544 |
| (g) Other non-current assets | | 1,22,500 | - | 1,22,500 | 1,22,500.00 | - | 1,22,500 |
| | | | - | | | - | |
| **Total non-current assets** | | **14,21,69,120** | - | **14,21,69,120** | **11,86,98,530.00** | - | **11,86,98,530** |
| | | | - | | | - | |
| Current assets | | | - | | | - | |
| (a) Inventories | | 1,22,63,891 | - | 1,22,63,891 | 1,03,56,167.00 | - | 1,03,56,167 |
| (b) Financial assets | | | - | | | - | |
| (i) Investments | | - | - | - | - | - | - |
| (ii) Trade receivables | | 22,12,90,762 | - | 22,12,90,762 | 18,66,42,713.00 | - | 18,66,42,713 |
| (iii) Cash and cash equivalents | | 25,54,400 | - | 25,54,400 | 72,08,250.00 | - | 72,08,250 |
| (iv) Bank balances other than (iii) above | | 30,00,000 | - | 30,00,000 | 30,00,000.00 | - | 30,00,000 |
| (v) Loans | | 3,41,320 | - | 3,41,320 | 50,756.00 | - | 50,756 |
| (vi) Other financial assets | | 33,249 | - | 33,249 | 33,109.00 | - | 33,109 |
| (c) Current tax assets (Net) | | - | - | - | - | - | - |
| (d) Other current assets | | 4,52,349 | - | 4,52,349 | 23,36,801.00 | - | 23,36,801 |
| | | **23,99,35,971** | - | **23,99,35,971** | **20,96,27,796.00** | - | **20,96,27,796** |
| Assets classified as held for sale | | - | - | | | - | |
| **Total current assets** | | **23,99,35,971** | - | **23,99,35,971** | **20,96,27,796** | - | **20,96,27,796** |
| **Total Assets** | | **38,21,05,091** | - | **38,21,05,091** | **32,83,26,326** | - | **32,83,26,326** |
| | | | | | | - | |
| **Equity** | | | | | | - | |
| Equity share capital | | 1,00,00,000 | - | 1,00,00,000 | 1,00,00,000 | - | 1,00,00,000 |
| Other equity | | 78,34,829 | - | 78,34,829 | 68,82,211 | - | 68,82,211 |
| Equity attributable to owners of the Company | | **1,78,34,829** | - | **1,78,34,829** | **1,68,82,211** | - | **1,68,82,211** |
| Non-controlling interests | | - | - | | | - | |
| **Total equity** | | **1,78,34,829** | - | **1,78,34,829** | **1,68,82,211** | - | **1,68,82,211** |
| | | | - | | | - | |
| **Non-current liabilities** | | | - | | | - | |
| Financial liabilities | | | - | | | - | |
| (i) Borrowings | | - | - | - | - | - | - |
| (ii) Trade and other payables | | - | - | - | - | - | - |
| (ii) Other financial liabilities | | - | - | - | - | - | - |
| Provisions | | 53,07,884 | - | 53,07,884 | 30,80,005.00 | - | 30,80,005 |
| Deferred tax liabilities (Net) | | - | - | - | - | - | - |
| Other non-current liabilities | | 8,25,837 | - | 8,25,837 | 17,01,467.00 | - | 17,01,467 |
| **Total non-current liabilities** | | **61,33,721** | - | **61,33,721** | **47,81,472.00** | - | **47,81,472** |
| | | | - | | | - | |
| **Current liabilities** | | | - | | | - | |
| Financial liabilities | | | - | | | - | |
| (i) Borrowings | | 7,06,80,883 | - | 7,06,80,883 | 6,57,10,134 | - | 6,57,10,134 |
| (ii) Trade and other payables | | 18,52,70,684 | - | 18,52,70,684 | 17,09,90,210 | - | 17,09,90,210 |
| (iii) Other financial liabilities | | 8,29,46,653 | - | 8,29,46,653 | 4,41,56,888 | - | 4,41,56,888 |
| Provisions | | 8,60,662 | - | 8,60,662 | 7,13,219 | - | 7,13,219 |
| Current tax liabilities (Net) | | - | - | - | - | - | - |
| Other current liabilities | | 1,83,77,659 | - | 1,83,77,659 | 2,50,92,192 | - | 2,50,92,192 |
| | | **35,81,36,541** | - | **35,81,36,541** | **30,66,62,643** | - | **30,66,62,643** |
| Liabilities directly associated with assets classified as held for sale | | - | - | | | - | |
| | | | - | | | - | |
| **Total current liabilities** | | **35,81,36,541** | - | **35,81,36,541** | **30,66,62,643** | - | **30,66,62,643** |
| | | | | | | - | |
| | | | | | | - | |
| **Total liabilities** | | **36,42,70,262** | - | **36,42,70,262** | **31,14,44,115** | - | **31,14,44,115** |
| | | | | | | - | |
| **Total equity and liabilities** | | **38,21,05,091** | - | **38,21,05,091** | **32,83,26,326** | - | **32,83,26,326** |

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Ind AS 101 reconciliations
Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015
Annexure I

Reconciliation of total equity as at March 31, 2016 and April 1, 2015

| | Notes | As at March 31, 2016 (End of last period presented under previous GAAP) | As at April 1, 2015 (Date of transition) |
|---|---|---|---|
| **Total equity / shareholders' funds under previous GAAP** | | **1,78,34,829** | **1,68,82,211** |
| | | | |
| **Adjustments:** | | | |
| Measurement of Borrowings at amortised cost | | - | - |
| Income on Financial Guarantee | | - | - |
| Gain/(loss) on Investments measured at FVTPL | | - | - |
| Gain/(loss) on Investments measured at FVOCI | | - | - |
| Deferred tax Impact on Amortisation of Processing fees | | | |
| Deferred tax Impact on Investments: Fair value adjustment | | | |
| Difference In Exchnage on Account Of Forward Contract | | - | - |
| Mark to Market Account | | - | - |
| | | | |
| **Total adjustment to equity** | | **-** | **-** |
| **Total equity under Ind AS** | | **1,78,34,829** | **1,68,82,211** |

**Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016**
**All amounts are in Rs.'million unless otherwise stated**

| | | Year ended March 31, 2016 | | | |
|---|---|---|---|---|---|
| | | (Latest period presented under previous GAAP) | | | |
| | Notes | Previous GAAP | Effect of transition to Ind | Ind AS | |
| Revenue from Operations | | 1,12,37,31,555 | - | 1,12,37,31,555 | |
| Other income | | 3,16,928 | - | 3,16,928 | |
| **Total Income** | | **1,12,40,48,483** | **-** | **1,12,40,48,483** | |
| | | | | | |
| **Expenses** | | | | | |
| Cost of Services | | 12,55,32,757 | | 12,55,32,757 | |
| Consumption of Food & Beverages and Consumables | | 33,28,26,385 | | 33,28,26,385 | |
| Employee benefits expense | | 57,26,15,192 | 18,65,713 | 57,07,49,479 | |
| Finance costs | | 1,00,13,922 | | 1,00,13,922 | - |
| Depreciation and amortisation expense | | 2,09,11,223 | | 2,09,11,223 | - |
| Other expenses | | 6,66,63,392 | | 6,66,63,392 | |
| **Total expenses** | | **1,12,85,62,871** | **18,65,713** | **1,12,66,97,158** | |
| | | | | | |
| Profit before exceptional items and tax | | **(45,14,388)** | **(18,65,713)** | **(26,48,675)** | |
| Exceptional items | | | | | |
| Profit before tax | | **(45,14,388)** | **(18,65,713)** | **(26,48,675)** | |
| | | | | | |
| Tax expense | | | | | |
| (1) Current tax | | 72,91,660 | (6,16,805) | 79,08,465 | |
| (2) Deferred tax | | (1,27,58,666) | - | (1,27,58,666) | |
| | | **(54,67,006)** | **(6,16,805)** | **(48,50,201)** | |
| | | | | | |
| **Profit for the period from continuing operations (I)** | | **9,52,618** | **(12,48,908)** | **22,01,526** | |
| | | | | | |
| | | | | | |
| **Profit for the period (III=I+II)** | | **9,52,618** | **(12,48,908)** | **22,01,526** | |
| | | | | | |
| **Other Comprehensive Income** | | | | | |
| **A (i)** Items that will not be reclassified to profit or loss | | | | | |
| a) Remeasurements of the defined benefit plans | | - | 18,65,713 | (18,65,713) | |
| b) Equity instrument through other comprehensive income | | | - | - | |
| **Total A (i)** | | - | 18,65,713 | (18,65,713) | |
| | | | | | |
| **A (ii)** Income tax relating to items that will not be reclassified to profit or loss | | **-** | (6,16,805) | 6,16,805 | |
| | | | | | |
| **B (i)** Items that may be reclassified to profit or loss | | | | | |
| e) Share of other comprehensive income in associates and joint ventures, to the extent that may be reclassified to profit or loss | | - | - | - | |
| **Total B (i)** | | **-** | **-** | **-** | |
| | | | | | |
| **B (ii)** Income tax relating to items that may be reclassified to profit or loss | | **-** | - | - | |
| | | | | | |
| **Total other comprehensive income [IV=A (i-ii)+ B (i-ii)]** | | **-** | **12,48,908** | **(12,48,908)** | |
| | | | | | |
| **Total comprehensive income for the period (III+IV)** | | **9,52,618** | **-** | **9,52,618** | |

| | | |
|---|---|---|
| **Reconciliation of total comprehensive income for the year ended March 31, 2016** | | |
| **All amounts are in Rs.'million unless otherwise stated** | | |
| | | |
| **Particulars** | | **Amount** |
| **Profit as per previous GAAP** | | 9,52,618 |
| **Adjustments:** | | |
| Remeasurements of the defined benefit plans | | 18,65,713 |
| Income tax relating to items that may be reclassified to profit or loss | | (6,16,805) |
| | | |
| | | |
| Deferred tax on IND AS ADJ | | |
| | | |
| **Total adjustments** | | **12,48,908** |
| **Profit/loss for the Period** | | **22,01,526** |
| **Other Comprehensive Income** | | **(12,48,908)** |
| **Total comprehensive income under Ind AS** | | **9,52,618** |

**Note: Under previous GAAP, total comprehensive income was not reported.**
**Therefore, the above reconciliation starts with profit under the previous GAAP.**

Ind AS 101 reconciliations
Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015
Annexure I

Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016

| | Notes | Year ended March 31, 2016 (Latest period presented under previous GAAP) | | |
|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS | Ind AS |
| Net cash flows from operating activities | | 1,93,09,161 | - | 1,93,09,161 |
| Net cash flows from investing activities | | (1,54,45,180) | - | (1,54,45,180) |
| Net cash flows from financing activities | | (85,17,830) | - | (85,17,830) |
| **Net increase (decrease) in cash and cash equivalents** | | **(46,53,849)** | **-** | **(46,53,849)** |
| **Cash and cash equivalents at the beginning of the period** | | 72,08,250 | - | **72,08,250** |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | - | | **-** |
| **Cash and cash equivalents at the end of the period** | | **25,54,401** | **-** | **25,54,401** |

Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash flows under Ind AS
All amounts are in Rs.'million unless otherwise stated

| | Notes | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| | | (End of last period presented under previous GAAP) | (Date of transition) |
| **Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP** | | **25,54,401** | **72,08,250** |
| Bank overdrafts which form an integral part of cash management system | | | |
| | | | |
| **Cash and cash equivalents for the purpose of statement of cash flows under Ind AS** | | **25,54,401** | **72,08,250** |

Forbes International AG

Financial Statements

For the year ended March 31, 2017

Report of the Statutory Auditor on the Limited Statutory Examination to the General Meeting of

Forbes International Ltd., Baar

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of Forbes International Ltd.for the year ended 31 December 2016.

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

Sd/-
Roman
Licensed Audit Expert
Auditor in Charge

Sd/-
Larissa Eckstein
Licensed Audit Expert

Zurich, 6 March 2017

Enclosures
- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

Forbes International Ltd., Baar (former Forbes Lux Group AG)

BALANCE SHEET AS OF 31 December 2016

| ASSETS | Note | 31.12.2016 | 31.12.2016 | 31.12.2015 | 31.12.2015 |
|---|---|---|---|---|---|
| **Current assets** | | CHF | INR | CHF | INR |
| Cash and cash equivalents | | 17,055 | 11,34,345 | 73,361 | 48,86,356 |
| Other short-term receivables | 2.1 | 2,04,763 | 1,36,18,992 | 1,14,230 | 76,08,518 |
| Accrued income shareholder | | - | - | 23,732 | 15,80,717 |
| **Total current assets** | | 2,21,818 | 1,47,53,337 | 2,11,323 | 1,40,75,591 |
| **Non-current assets** | | | | | |
| Financial assets | 2.2 | 10,95,488 | 7,28,62,002 | 11,43,460 | 7,61,62,440 |
| Investments | 2.3 | 4,02,043 | 2,67,40,282 | 11,38,840 | 7,58,54,716 |
| **Total non-current assets** | | 14,97,531 | 9,96,02,284 | 22,82,300 | 15,20,17,156 |
| | | | | | |
| TOTAL ASSETS | | 17,19,350 | 11,43,55,621 | 24,93,623 | 16,60,92,747 |

| | Note | 31.12.2016 | 31.12.2016 | 31.12.2015 | 31.12.2015 |
|---|---|---|---|---|---|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | CHF | INR | CHF | INR |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Other short-term liabilities | 2.4 | 27,105 | 18,02,781 | 727 | 48,423 |
| Accrued expenses due to third parties | | 6,000 | 3,99,066 | 5,264 | 3,50,619 |
| **Total current liabilities** | | 33,105 | 22,01,847 | 5,991 | 3,99,043 |
| **Non-current liabilities** | | | | | |
| Long-term interest-bearing loans from governing bodies (board of directors) | | - | - | 5,41,305 | 3,60,54,702 |
| Long-term interest-bearing loans to companies in which the entity holds an investment | | 6,23,605 | 4,14,76,592 | | |
| Provision for unrealized exchange rate gains | | 865 | 57,532 | 60,170 | 40,07,743 |
| **Total long-term liabilities** | | 6,24,470 | 4,15,34,124 | 6,01,475 | 4,00,62,445 |
| | | | | | |
| **Total liabilities** | | 6,57,575 | 4,37,35,971 | 6,07,466 | 4,04,61,488 |
| **Shareholders' equity** | | | | | |
| Share capital | | 10,00,000 | 6,93,69,700 | 10,00,000 | 6,93,69,700 |
| Legal capital reserves | | | | | |
| - Capital contribution reserves | | 8,50,000 | 5,89,64,245 | 8,50,000 | 5,89,64,245 |
| Foreign Currency Translation Reserve | | | 33,10,726 | - | 20,89,555 |
| Voluntary retained earnings | | | | | |
| - Results carried forward | | 36,157 | (47,92,241) | (2,96,603) | (2,70,13,030) |
| - Profit/(loss) for the year | | (8,24,381) | (5,62,32,780) | 3,32,760 | 2,22,20,789 |
| **Total Shareholders' equity** | | 10,61,776 | 7,06,19,651 | 18,86,157 | 12,56,31,259 |
| | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 17,19,350 | 11,43,55,621 | 24,93,623 | 16,60,92,747 |
| | | - | - | - | - |

Forbes International Ltd., Baar (former Forbes Lux Group AG)

Statement of Income 2016

| | Note | 2016 CHF | 2016 INR | 2015 CHF | 2015 INR |
|---|---|---|---|---|---|
| INCOME | | | | | |
| Income from Royalties | | 1,90,901 | 1,30,21,763 | 1,95,698 | 1,30,68,169 |
| Income from Factory Participation | | 8,053 | 5,49,312 | 1,81,677 | 1,21,31,886 |
| Financial income | 2.5 | 1,67,990 | 1,14,58,955 | 78,663 | 52,52,897 |
| Extraordinary income | | 17,613 | 12,01,420 | 12,006 | 8,01,727 |
| Total income | | 3,84,557 | 2,62,31,450 | 4,68,044 | 3,12,54,679 |
| EXPENSES | | | | | |
| Development and tooling expenses | | (6,507) | (4,43,856) | (6,708) | (4,47,942) |
| Other expenses | | (80,140) | (54,66,520) | (66,845) | (44,63,724) |
| Financial expenses | 2.6 | (57,402) | (39,15,512) | (61,451) | (41,03,527) |
| Extraordinary expenses | | (6,000) | (4,09,273) | (280) | (18,698) |
| Impairment Loss on Investment | 2.7 | (10,58,889) | (7,22,29,069) | - | - |
| Total expenses | | (12,08,938) | (8,24,64,230) | (1,35,284) | (90,33,890) |
| (Loss)/ Profit for the year | | (8,24,381) | (5,62,32,780) | 3,32,760 | 2,22,20,789 |

Forbes International Ltd., Baar (former Forbes Lux Group AG)

NOTES

## 1. Principles

### 1.1 General aspects
The financial statement 2016 has been generated under the regulations of the new Swiss Accounting regulations (Para 32 of the Swiss Code of Obligations).

### 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 as financial income or financial expenses.

### 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

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Receivables from third parties | 9,846 | 6,54,867 | 352 | 23,446 |
| Receivables from companies in which the entity holds an invest | 1,94,917 | 1,29,64,125 | 1,13,878 | 75,85,072 |
| **Total** | 2,04,763 | 1,36,18,992 | 1,14,230 | 76,08,518 |

### 2.2 Financial assets

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Loans to companies in which the entity holds an investment | 10,95,488 | 7,28,62,002 | 10,07,150 | 6,70,83,240 |
| Loans to shareholders | - | - | 1,36,310 | 90,79,200 |
| **Total** | 10,95,488 | 7,28,62,002 | 11,43,460 | 7,61,62,440 |

### 2.3 Investments

| Company | Domicile | Share capital | | Share in Capital and voting rights in % | |
|---|---|---|---|---|---|
| | | **31.12.2016** | **31.12.2015** | **31.12.2016** | **31.12.2015** |
| **Lux /SK/ s.r.o. *** Direct Sales Company | Slovakia | EUR 563'000 | EUR 563'000 | 100% | 100% |
| **Lux del Paraguay S.A.** Direct Sales Company | Paraguay | PYG 5'000'000'000 | PYG 5'000'000'000 | 50% | 50% |

*Investment in Lux SK s.r.o. has been fully impaired in 2016 , refer note 2.7.

### 2.4 Other short-term liabilities

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Liabilities due to third parties | 27,105 | 18,02,781 | 727 | 48,423 |
| **Total** | 27,105 | 18,02,781 | 727 | 48,423 |

### 2.5 Financial income

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Interest income from companies in which the entity holds an in | 65,698 | 44,81,400 | 7,629 | 5,09,443 |
| Interest income from shareholder | 1,587 | 1,08,253 | 23,732 | 15,84,757 |
| Dividend income | - | - | 47,302 | 31,58,697 |
| Exchange gains realised | 1,00,705 | 68,69,302 | - | - |
| **Total** | 1,67,990 | 1,14,58,955 | 78,663 | 52,52,897 |

### 2.6 Financial expenses

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Interest expenses and charges | 1,594 | 1,08,730 | 3,583 | 2,39,263 |
| Interest expenses to governing bodies (board of directors) | 43,489 | 29,66,477 | 44,252 | 29,55,026 |
| Net exchange losses realized and unrealized as well as gains re | 12,319 | 8,40,305 | 13,616 | 9,09,238 |
| **Total** | 57,402 | 39,15,512 | 61,451 | 41,03,527 |

### 2.6 Impairment on Investment

| CHF | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Impairment On Investment of Lux SK s.r.o. | 10,58,889 | 7,22,29,069 | - | - |
| **Total** | 10,58,889 | 7,22,29,069 | - | - |

The Board of Directors has taken the decision to transfer the business activities in Slovakia to a distributorship model in 2016. The subsidiaries will be liquidated in 2017/2018.

## 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

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| 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. | - | - | 11,36,741 | 7,57,14,908 |

### 3.3 Significant events after the balance sheet date

No significant events occurred.

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Retained earnings brought forward | 36,157 | (47,92,241) | (2,96,603) | (2,70,13,030) |
| Net profit for the year | (8,24,381) | (5,62,32,780) | 3,32,760 | 2,22,20,789 |
| Retained earnings to be carried forward | (7,88,224) | (6,10,25,021) | 36,157 | (47,92,241) |

Forbes Lux FZCO

(Subsidiary Company of Euro Forbes Limited)

Financial Statements

For the year ended December 31, 2016

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FORBES LUX FZCO**

**Report on the Financial Statements**

**Qualified Opinion**

We have audited the financial statements of FORBES LUX FZCO (the "company"), which comprise the statement of financial position as at 31 December 2016, 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.

In our opinion, except for the possible effects of the matter discussed in the basis for opinion paragraph, the accompanying financial statements present fairly, in all material respects the financial position of FORBES LUX FZCO as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

***Basis for Qualified Opinion***

As stated in note 6 to the financial statements, a provision of US$ 2,221,824 (INR 14,88,51,765) carried in the accounts against unsecured and long overdue receivables balances of US$ 29,914,473 (INR 2,02,84,40,585) outstanding ranging from 2006 to 2015 is considered adequate by the management. We are not able to verify the recoverability and assess the adequacy of the provision made following satisfactory audit procedures.

Considering the above and the collection history from these receivables, in our opinion, the provision made in the accounts is not adequate and the company following the prudent concept, make full provision for impairment of above receivables increasing the loss for the year and reducing the net assets as at 31 December 2016 by that amount

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter***

We draw attention to the note 2 to the financial statements which states that 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 parent entities continuing to provide the necessary financial support and upon the company commencing profitable operations in the future generating sufficient cash flows. These conditions, along with other matters as set out in the basis for qualified opinion paragraph, indicate the existence of a material uncertainty that may cast a significant doubt over the company's ability to continue as a going concern.

***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and 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.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

· Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

· Obtain an understanding of internal control relevant to the audit 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.

· Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

· Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

· Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**Report on Other Legal and Regulatory Requirements**

Also, in our opinion, the company has maintained proper books of account and these financial statements are in agreement with the books of account. We have obtained all the information considered necessary for our audit. To the best of our knowledge and belief no violations of the Jebel Ali Free Zone Companies Implementing Regulations 2016 or the articles of association have occurred during the year, which would have had a material effect on the business of the company or on its financial position.

Signed by:
C.D. Shah
Partner
Registration No. 677
**Shah & Alshamali Associates Chartered Accountants**

**30 April 2017**
Dubai

**FORBES LUX FZCO**
**Statement of Financial Position**
***31st December 2016***

| | Notes | 2016 US $ | 2016 INR | 2015 US $ | 2015 INR |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property & Equipment | 5 | 3,528 | 1,71,533 | 5,520 | 3,04,988 |
| Other Financial Assets | 6 | 2,76,92,649 | 1,87,95,88,820 | 2,79,20,611 | 1,84,62,81,115 |
| | | **2,76,96,177** | **1,87,97,60,353** | **2,79,26,131** | **1,84,65,86,103** |
| **Current assets** | | | | | |
| Inventories | 7 | 1,20,451 | 81,67,541 | 2,78,135 | 1,83,91,983 |
| Trade and other receivables | 8 | 28,03,560 | 19,01,03,797 | 31,28,732 | 20,68,90,845 |
| Cash & Cash Equivalents | 9 | 1,46,588 | 99,39,839 | 48,825 | 32,28,607 |
| | | **30,70,599** | **20,82,11,177** | **34,55,692** | **22,85,11,435** |
| **Total assets** | | **3,07,66,776** | **2,08,79,71,530** | **3,13,81,823** | **2,07,50,97,538** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and reserves** | | | | | |
| **Shareholders' funds** | | | | | |
| Share Capital | 10 | 1,39,63,562 | 88,49,05,748 | 1,39,63,562 | 88,49,05,748 |
| Accumulated losses | | (98,84,827) | (59,85,05,963) | (67,35,219) | (38,78,36,676) |
| **Foreign Currency Translation Reserve** | | | **(80,90,938)** | | **(1,91,46,967)** |
| **Shareholders' equity funds** | | **40,78,735** | **27,83,08,847** | **72,28,343** | **47,79,22,105** |
| Loan Account | 11 | **2,55,42,101** | **1,73,19,58,785** | **2,22,59,224** | **1,47,19,15,672** |
| **Total shareholder's funds** | | **2,96,20,836** | **2,01,02,67,631** | **2,94,87,567** | **1,94,98,37,777** |
| **Current liabilities** | | | | | |
| Trade and other payables | 12 | 11,45,940 | 7,77,03,899 | 18,94,256 | 12,52,59,761 |
| | | 11,45,940 | 7,77,03,899 | 18,94,256 | 12,52,59,761 |
| **Total liabilities** | | **11,45,940** | **7,77,03,899** | **18,94,256** | **12,52,59,761** |
| **Total equity and liabilities** | | **3,07,66,776** | **2,08,79,71,530** | **3,13,81,823** | **2,07,50,97,538** |
| | | - | - | - | - |

*The notes on pages 7 to 16 form an integral part of these financial statements.*

**FORBES LUX FZCO**
**Statement of Profit or Loss and Other Comprehensive Income**
***for the year ended 31 December 2016***

| | Notes | 2016 US $ | 2016 INR | 2015 US $ | 2015 INR |
|---|---|---|---|---|---|
| **Sales** | | 38,18,460 | 25,58,18,873 | 35,25,740 | 22,72,38,174 |
| Cost of sales | 13 | (31,15,784) | (20,84,03,239) | (25,01,868) | (16,04,04,297) |
| **Gross profit** | | 7,02,676 | 4,74,15,634 | 10,23,872 | 6,68,33,877 |
| General Expenses | 13 | (26,33,219) | (17,64,13,296) | (15,56,525) | (10,03,19,904) |
| **Loss from Operations** | | (19,30,543) | (12,89,97,662) | (5,32,653) | (3,34,86,027) |
| Other Income | | 93,000 | 62,30,563 | - | - |
| Finance Cost | 15 | (13,12,065) | (8,79,02,188) | (12,38,564) | (7,98,26,936) |
| **Exceptional Items** | | - | - | - | - |
| **Net Loss for the year** | | (31,49,608) | (21,06,69,287) | (17,71,217) | (11,33,12,963) |
| Other Comprehensive Income/ (Loss) | | - | - | - | - |
| **Total Comprehensive loss for the year** | | (31,49,608) | (21,06,69,287) | (17,71,217) | (11,33,12,963) |

*The notes on pages 7 to 16 form an integral part of these financial statements.*

**FORBES LUX FZCO**
**Statement of Cash Flows**
**for the year ended 31 December 2016**

| | Note | 2016 US $ | 2016 INR | 2015 US $ | 2015 INR |
|---|---|---|---|---|---|
| Cash flows from operating activities | | | | | |
| Loss for the year | | (31,49,608) | (21,06,69,287) | (17,71,217) | (11,33,12,963) |
| Adjustments for: | | | | | |
| Depreciation | | 1,992 | 1,33,455 | 1,979 | 1,27,549 |
| Finance costs | | 13,12,065 | 8,79,02,188 | 12,38,564 | 7,98,26,936 |
| Operating loss before working capital changes | | (18,35,551) | (12,26,33,644) | (5,30,674) | (3,33,58,478) |
| (Increase) /decrease in inventories | | 1,57,684 | 1,02,24,442 | 1,61,128 | 95,40,795 |
| (Increase) /decrease in trade and other receivables | | 8,18,834 | (1,62,54,957) | (15,56,685) | (13,80,40,566) |
| Increase / (decrease) in trade and other payables | | (7,48,316) | (4,75,55,862) | 5,73,665 | 4,12,83,247 |
| Cash generated from / (used in) operating activities | | (16,07,349) | (17,62,20,021) | (13,52,566) | (12,05,75,002) |
| Finance costs paid | | (8,088) | (5,41,858) | (7,191) | (4,63,469) |
| Net cash from / (used in) operating activities | | (16,15,437) | (17,67,61,879) | (13,59,757) | (12,10,38,471) |
| Cash flows from investing activity | | | | | |
| Payments for purchase of property, plant and equipment | | | | (425) | (28,104) |
| Net cash from / (used in) investing activity | | - | | (425) | (28,104) |
| Cash flows from financing activities | | | | | |
| Proceeds from / (payment of) shareholder’s loan (net) | | 19,78,900 | 17,26,82,782 | 84,700 | 6,07,75,139 |
| Proceeds from / (payment of) advances to related parties and dealers | | (2,65,700) | (2,65,700) | 6,34,131 | 6,34,131 |
| Net cash from / (used in) financing activities | | 17,13,200 | 17,24,17,082 | 7,18,831 | 6,14,09,270 |
| Foreign Currency Translation Reserve | | | 1,10,56,029 | | 1,89,97,551 |
| Net increase / (decrease) in cash and cash equivalents | | 97,763 | 67,11,232 | (6,41,351) | (4,06,59,754) |
| Cash and cash equivalents at the beginning of the year | | 48,825 | 32,28,607 | 6,90,176 | 4,38,88,361 |
| Cash and cash equivalents at the end of the year | 9 | 1,46,588 | 99,39,839 | 48,825 | 32,28,607 |

**FORBES LUX FZCO**
**Statement of Changes in Equity**
***for the year ended 31 December 2016***

| | Share Capital | Accumulated losses | Total | Total |
|---|---|---|---|---|
| | US $ | US $ | US $ | INR |
| **As at 31 December 2014** | 1,39,63,562 | (49,64,002) | 89,99,560 | 57,22,37,518 |
| Net loss for the period | - | (17,71,217) | (17,71,217) | (11,33,12,963) |
| Foreign Currency Translation Reserve | - | - | - | 1,89,97,551 |
| **As at 31 December 2015** | 1,39,63,562 | (67,35,219) | 72,28,343 | 47,79,22,105 |
| Net loss for the period | - | (31,49,608) | (31,49,608) | (21,06,69,287) |
| Foreign Currency Translation Reserve | - | - | - | 1,10,56,029 |
| **As at 31 December 2016** | 1,39,63,562 | (98,84,827) | 40,78,735 | 27,83,08,847 |

*The notes on pages 7 to 16 from an integral part of these financial statements.*

**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. 9 of 1992 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**

The company makes losses since past many years and accumulated losses as of 31st December 2016 amount to US $ 9,884,827 (Rs. 59,85,05,963) [Previous Year US $ 6,735,219 (Rs. 38,78,36,676)].

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 generating sufficient cash flows. One of the shareholder company and its parent shareholder company have extended their written assurance about the retention of loan amount and injection of additional 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 have been prepared under the historical cost basis.

*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 amendmends which are effective for annual periods beginning on or after 1 January 2016. 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 |

**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.

**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:

**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 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.

**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.

**5.** **Property & equipment**

| | Furniture & office equipment | Furniture & office equipment | Vehicles | Vehicles | Total | Total |
|---|---|---|---|---|---|---|
| | **US$** | **INR** | **US$** | **INR** | **US$** | **INR** |
| **Cost** | | | | | | |
| As at 01.01.2016 | 7,915 | 4,08,573 | 13,616 | 7,02,860 | 21,531 | 11,11,433 |
| Additions during the year | - | | - | | - | - |
| As at 31.12.2016 | 7,915 | 4,08,573 | 13,616 | 7,02,860 | 21,531 | 11,11,433 |
| **Depreciation** | | | | | | |
| As at 01.01.2016 | 7,236 | 3,64,464 | 8,775 | 4,41,981 | 16,011 | 8,06,445 |
| Charge for the year | 358 | 23,984 | 1,634 | 1,09,471 | 1,992 | 1,33,455 |
| As at 31.12.2016 | 7,594 | 3,88,449 | 10,409 | 5,51,451 | 18,003 | 9,39,900 |
| **Net book value** | | | | | | |
| As at 31.12.2016 | 321 | 20,125 | 3,207 | 1,51,408 | 3,528 | 1,71,533 |
| As at 31.12.2015 | 679 | 44,109 | 4,841 | 2,60,879 | 5,520 | 3,04,988 |

| | Furniture & office equipment | Furniture & office equipment | Vehicles | Vehicles | Total | Total |
|---|---|---|---|---|---|---|
| | **US$** | **INR** | **US$** | **INR** | **US$** | **INR** |
| **Cost** | | | | | | |
| As at 01.01.2015 | 7,490 | 3,84,447 | 13,616 | 6,98,882 | 21,106 | 10,83,329 |
| Additions during the year | 425 | 28,104 | - | - | 425 | 28,104 |
| As at 31.12.2015 | 7,915 | 4,12,551 | 13,616 | 6,98,882 | 21,531 | 11,11,433 |
| **Depreciation** | | | | | | |
| As at 01.01.2015 | 6,891 | 3,33,400 | 7,141 | 3,45,496 | 14,032 | 6,78,896 |
| Charge for the year | 345 | 22,236 | 1,634 | 1,05,313 | 1,979 | 1,27,549 |
| As at 31.12.2015 | 7,236 | 3,55,636 | 8,775 | 4,50,809 | 16,011 | 8,06,445 |
| **Net book value** | | | | | | |
| As at 31.12.2015 | 679 | 56,915 | 4,841 | 2,48,073 | 5,520 | 3,04,988 |
| As at 31.12.2014 | 599 | 51,047 | 6,475 | 3,53,387 | 7,074 | 4,04,433 |

**6.** **Other financial assets**

| | **2016 US $** | **2016 INR** | **2015 US $** | **2015 INR** |
|---|---|---|---|---|
| Trade receivables -acquired and reclassified* | 2,39,96,337 | 1,62,71,43,619 | 2,22,68,175 | 1,47,25,07,567 |
| Advance to related parties and dealers - acquired# | 59,18,136 | 40,12,96,966 | 56,52,436 | 37,37,73,548 |
| | 2,99,14,473 | 2,02,84,40,585 | 2,79,20,611 | 1,84,62,81,115 |
| Provision for doubtful debts | (22,21,824) | (14,88,51,765) | - | - |
| | 2,76,92,649 | 1,87,95,88,820 | 2,79,20,611 | 1,84,62,81,115 |

** Includes USD 5,178,790 (Equivalent to INR 35,11,63,392) [previous year 4,606,958 (Equivalent to INR 304,640,165)] due from overseas related parties on trade account.*

*# Includes USD 3,726,523 (Equivalent to INR 25,26,88,072) [previous year USD 3,726,523 (Equivalent to INR 24,64,20,432)] 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 2015, in the opinion of the management they are considered adequate.

*As at 31st December 2016, the ageing of trade receivables was as follows*

| Total | 2015 | 2014 | 2013 | 2012 | 2011 | >2011 |
|---|---|---|---|---|---|---|
| USD | USD | USD | USD | USD | USD | USD |
| 2,39,96,337 | 30,33,161 | 39,47,383 | 43,71,182 | 39,58,162 | 36,22,138 | 50,64,311 |
| INR | INR | INR | INR | INR | INR | INR |
| 1,62,71,43,619 | 20,56,72,581 | 26,76,64,146 | 29,64,01,109 | 26,83,95,049 | 24,56,09,934 | 34,34,00,800 |

**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**

| | 2016 US $ | 2016 INR | 2015 US $ | 2015 INR |
|---|---|---|---|---|
| Trade receivables ~ | 27,77,168 | 18,83,14,208 | 30,70,329 | 20,30,28,882 |
| Advance to suppliers | 480 | 32,548 | 42,499 | 28,10,293 |
| Other receivables | 14,092 | 9,55,550 | 4,084 | 2,70,059 |
| Deposits | 11,820 | 8,01,491 | 11,820 | 7,81,611 |
| | 28,03,560 | 19,01,03,797 | 31,28,732 | 20,68,90,845 |

*~Includes USD 2,233,244 (Equivalent to INR 15,14,31,809) [previous year USD 1,781,832 (Equivalent to INR 117,825,601)] 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. Receivables over 365 days are classified as non-current assets and disclosed under the head "Other financial assets".

As at 31 December 2016, the ageing of unimpaired trade receivables is as follows:

| | | Total | <120 Days | 121-150 Days | 151-365 Days | > 365 Days |
|---|---|---|---|---|---|---|
| 2016 | US $ | 27,77,168 | 13,74,640 | 70,198 | 13,32,330 | - |
| 2016 | INR | 18,83,14,208 | 9,32,11,589 | 47,59,986 | 9,03,42,633 | - |
| 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 | - |

**9. Cash and bank balances**

This represents balance in current accounts with a bank.

| | 2016 US $ | 2016 INR | 2015 US $ | 2015 INR |
|---|---|---|---|---|
| Cash on hand | | | - | |
| Bank balances in: | | | | |
| Current accounts | 1,46,588 | 99,39,839 | 48,825 | 32,28,607 |
| | 1,46,588 | 99,39,839 | 48,825 | 32,28,607 |

**10. Share capital**

| | 2016 US $ | 2016 INR | 2015 US $ | 2015 INR |
|---|---|---|---|---|
| **Authorised, issued and paid up:** | | | | |
| 512 shares of AED 100,000 each | | | | |
| *(USD 1 converted @ AED 3.667)* | **1,39,63,562** | | **1,39,63,562** | |
| ***Issued to:*** | | | | |
| 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**

| | 2016<br>US $ | 2016<br>INR | 2015<br>US $ | 2015<br>INR |
|---|---|---|---|---|
| Trade payables ~ | 10,97,154 | 7,43,95,818 | 18,03,348 | 11,92,48,370 |
| Advance from customers | 4,490 | 3,04,458 | 19,876 | 13,14,322 |
| Accruals | 44,296 | 30,03,623 | 71,032 | 46,97,069 |
| | 11,45,940 | 7,77,03,899 | 18,94,256 | 12,52,59,761 |

*~Includes USD 660,926 (Equivalent to INR 4,48,16,070) [previous year USD 1,482,914 (Equivalent to INR 98,059,319)] 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**

| | 2016 US $ | 2016 INR | 2015 US $ | 2015 INR |
|---|---|---|---|---|
| Opening inventories | 2,78,135 | 1,83,91,983 | 4,39,263 | 2,79,32,778 |
| Purchases during the year (including direct expenses) | 29,58,100 | 19,81,78,797 | 23,40,740 | 15,08,63,502 |
| Closing inventories | (1,20,451) | (81,67,541) | (2,78,135) | (1,83,91,983) |
| | 31,15,784 | 20,84,03,239 | 25,01,868 | 16,04,04,297 |

**14. Expenses**

| | 2016 US $ | 2016 INR | 2015 US $ | 2015 INR |
|---|---|---|---|---|
| Staff salaries | 1,13,107 | 75,77,637 | 1,10,166 | 71,00,331 |
| Warehousing & logistics expense | 66,540 | 44,57,867 | 53,615 | 34,55,551 |
| Other administrative expenses (net) | 52,520 | 35,18,593 | 1,04,891 | 67,60,351 |
| Exchange loss | 13,652 | 9,14,620 | 15,317 | 9,87,199 |
| Selling & distribution expenses | 1,63,584 | 1,09,59,359 | 3,51,820 | 2,26,75,221 |
| Provision for doubtful debts | 22,21,824 | 14,88,51,765 | | |
| Bad Debts | - | - | 9,18,737 | 5,92,13,702 |
| Depreciation | 1,992 | 1,33,455 | 1,979 | 1,27,549 |
| | 26,33,219 | 17,64,13,296 | 15,56,525 | 10,03,19,904 |

**15. Finance Charges**

| | 2016 US $ | 2016 INR | 2015 US $ | 2015 INR |
|---|---|---|---|---|
| Interest to related parties | 13,03,977 | 8,73,60,330 | 12,31,373 | 7,93,63,467 |
| Bank Charges | 8,088 | 5,41,858 | 7,191 | 4,63,469 |
| | 13,12,065 | 8,79,02,188 | 12,38,564 | 7,98,26,936 |

**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**
Aquamall Water Solutions Ltd.
Lux International AG, Switzerland
Lux Hungaria Kereskedelmi Kft, Hungary
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 2016, 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 (INR 1,71,22,86,531)[previous year USD 23,561,255 (INR 1,55,80,13,904) 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.

| | 2016<br>US $ | 2016<br>INR | 2015<br>US $ | 2015<br>INR |
|---|---|---|---|---|
| Foreign Currency Financial Assets | | | | |
| Trade Receivables | | | | |
| Euro | 3,90,005 | 2,64,45,459 | - | - |
| Bank Balance | | | | |
| Euro Account | 4,398 | 2,98,220 | - | - |
| Foreign Currency Financial Assets | | | | |
| Euro | 4,34,239 | 2,94,44,878 | 1,76,707 | 1,16,84,945 |

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

At the date of statement of financial position balances and significant transactions during the year with related parties were as follows:

| | | EFL Dubai | | Eureka | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | ***Shareholders*** | | ***Parent company of one of the Shareholders*** | | **LIAG** | | **Aquamall** | | **Euro P2P** | | ***Entities under common control*** | | ***Total*** | |
| | | ***USD Dr/(Cr)*** | **INR** | ***USD Dr/(Cr)*** | **INR** | ***USD Dr/(Cr)*** | **INR** | ***USD Dr/(Cr)*** | **INR** | ***USD Dr/(Cr)*** | **INR** | ***USD Dr/(Cr)*** | **INR** | ***USD Dr/(Cr)*** | **INR** |
| **Balances:** | | | | | | | | | | | | | | | |
| Shareholder's loan account | 2016 | (2,55,42,101) | (1,73,19,58,785) | - | - | | | | | | | - | - | (2,55,42,101) | (1,73,19,58,785) |
| | 2015 | (2,22,59,224) | (1,47,19,15,672) | - | - | | | | | | | - | - | (2,22,59,224) | (1,47,19,15,672) |
| Trade receivables | 2016 | - | - | 4,04,069 | 2,73,99,111 | 6,611 | 4,48,279 | | | 70,01,969 | 47,47,89,514 | 70,08,580 | 47,52,37,793 | 74,12,649 | 50,26,36,903 |
| | 2015 | - | - | 14,064 | 9,29,997 | | | | | | | 63,74,726 | 42,15,35,769 | 63,88,790 | 42,24,65,766 |
| Trade payables | 2016 | - | - | (3,57,188) | (2,42,20,204) | | | (3,03,738) | (2,05,95,866) | | | (3,03,738) | (2,05,95,866) | (6,60,926) | (4,48,16,070) |
| | 2015 | - | - | (2,34,882) | (1,55,31,831) | | | | | | | (12,48,032) | (8,25,27,489) | (14,82,914) | (9,80,59,319) |
| Advances | 2016 | - | - | - | - | | | | | 37,26,523 | 25,26,88,047 | 37,26,523 | 25,26,88,072 | 37,26,523 | 25,26,88,072 |
| | 2015 | - | - | - | - | | | | | | | 37,26,523 | 24,64,20,433 | 37,26,523 | 24,64,20,433 |
| **Transactions:** | | | | | | | | | | | | | | | - |
| Purchases | 2016 | 4,100 | 2,74,681 | 1,22,305 | 81,93,860 | | | 4,35,122 | 2,91,51,129 | | | 4,35,122 | 2,91,51,129 | 5,61,527 | 3,76,19,670 |
| | 2015 | - | - | 85,673 | 55,21,728 | | | | | | | 4,76,127 | 3,06,86,957 | 5,61,800 | 3,62,08,684 |
| Sales | 2016 | - | - | (11,70,817) | (7,84,39,236) | | | (18,37,243) | (12,30,86,646) | (6,611) | (4,42,906) | (18,43,854) | (12,35,29,552) | (30,14,671) | (20,19,68,788) |
| | 2015 | - | - | (14,064) | (9,06,442) | | | | | | | (17,68,710) | (11,39,95,482) | (17,82,774) | (11,49,01,924) |
| Commission expense | 2016 | - | - | - | - | | | | | | | - | - | - | - |
| | 2015 | - | - | - | - | | | | | | | 24,100 | 15,53,274 | 24,100 | 15,53,274 |
| Interest expense | 2016 | 13,03,977 | 8,73,60,330 | - | - | | | | | | | - | - | 13,03,977 | 8,73,60,330 |
| | 2015 | 12,31,273 | 7,93,57,022 | - | - | | | | | | | - | - | 12,31,273 | 7,93,57,022 |

Funding transactions with related parties represent unsecured and interest free and/or bearing funds provided or received to meet with working capital requirements.

Forbes Lux International AG

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

Financial Statements
For the year ended December 31, 2016

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, 2016.

**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

**Opinion**
In our opinion, the financial statements for the year ended December 31, 2016 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with core

Roman Wenk
Licensed Audit Expert

Larissa Eckstein
Licensed Audit Expert

Zurich, 6 March 2017

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 2016**

| | 2016 CHF | 2016 INR | 2015 CHF | 2015 INR |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 35,201 | 23,41,250 | 24,312 | 16,19,227 |
| Other Current Receivables | 2,870 | 1,90,879 | 2,48,241 | 1,65,33,225 |
| Prepaid expenses and accrued income | 1,04,737 | 69,66,281 | 79,209 | 52,75,449 |
| **Total Current Assets** | **1,42,808** | **94,98,410** | **3,51,762** | **2,34,27,901** |
| **Non-Current assets** | | | | |
| Investment | 8,47,58,989 | 5,01,94,44,434 | 8,43,54,464 | 4,99,25,38,705 |
| Loans | 1,35,96,776 | 90,43,47,495 | 57,47,284 | 38,27,77,790 |
| Total Non-Current assets | **9,83,55,765** | **5,92,37,91,929** | **9,01,01,748** | **5,37,53,16,495** |
| **TOTAL ASSETS** | **9,84,98,573** | **5,93,32,90,339** | **9,04,53,510** | **5,39,87,44,397** |
| **EQUITY AND LIABILITIES** | | | | |
| **Liabilities** | | | | |
| Other Short-term Payables | 300 | 19,965 | 88,775 | 59,12,549 |
| Accrued Expenses | 30,83,124 | 20,50,64,445 | 21,44,299 | 14,28,13,571 |
| **Total current Liabilities** | **30,83,424** | **20,50,84,410** | **22,33,074** | **14,87,26,120** |
| Deferred Tax Liabilities | 4,91,194 | 3,26,70,265 | 4,66,960 | 3,11,00,240.87 |
| Loans | | | | |
| -Shareholders | 2,24,87,143 | 1,49,56,62,715 | 1,48,26,095 | 98,74,40,303 |
| -Third parties | 61,14,354 | 40,66,77,302 | 59,45,466 | 39,59,77,010 |
| Provision for unrealized exchange gains | | | | - |
| **Total Non-Current liabilities** | **2,90,92,691** | **1,93,50,10,282** | **2,12,38,521** | **1,41,45,17,554** |
| **Total Liabilities** | **3,21,76,115** | **2,14,00,94,692** | **2,34,71,595** | **1,56,32,43,674** |
| **Shareholder's equity** | | | | |
| Share Capital | 3,68,00,000 | 2,46,97,58,055 | 3,68,00,000 | 2,46,97,58,055 |
| Participation Certificates Share Capital | 3,42,00,000 | 2,21,71,84,585 | 3,42,00,000 | 2,21,71,84,585 |
| Capital contribution reserves | 11,20,820 | 7,71,93,957 | 11,20,820 | 7,71,93,957 |
| Accumulated Losses | | | | - |
| Balance beginning of the year | (51,38,905) | (34,40,00,584) | (20,17,847) | (13,54,67,409) |
| Loss for the period | (6,59,458) | (4,49,90,046) | (31,21,058) | (20,85,33,175) |
| Total accumulated losses | (57,98,363) | (38,89,90,630) | (51,38,905) | (34,40,00,584) |
| **Foreign Currency Translation Reserve** | | **(58,19,50,321)** | | **(58,46,35,291)** |
| **Total shareholders' equity** | **6,63,22,457** | **3,79,31,95,647** | **6,69,81,915** | **3,83,55,00,722** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **9,84,98,573** | **5,93,32,90,339** | **9,04,53,510** | **5,39,87,44,397** |

**FORBES LUX INTERNATIONAL AG,Baar**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

| | CHF 2016 | INR 2016 | CHF 2015 | INR 2015 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Result before tax | (6,32,000) | (4,31,16,731) | (28,50,000) | (19,04,22,462) |
| Adjustments for: | | | | |
| Depreciation, amortisation, impairment | - | - | 38,20,000 | 25,52,32,914 |
| Interest income | (6,21,000) | (4,23,66,281) | (79,000) | (52,78,377) |
| Interest expense | 13,84,000 | 9,44,20,182 | 18,50,000 | 12,36,07,563 |
| Inventory write-off | - | | - | |
| Bad debts / bad debts CDS | - | | - | |
| Change in provisions | - | | - | |
| Restructuring expense | - | | - | |
| Foreign currency (gains) / losses | (2,25,000) | (1,53,50,102) | (29,47,000) | (19,69,03,507) |
| Other non-cash income | (75,000) | (51,16,701) | - | - |
| **Operating cash flow before changes in operating working capital** | **(1,69,000)** | **(1,15,29,632)** | **(2,06,000)** | **(1,37,63,869)** |
| (Increase) Decrease in other receivables and prepaid expenses | (1,22,000) | (81,14,452) | 9,99,000 | 6,65,34,908 |
| Increase (Decrease) in other current liabilities, accrued liabilities | 77,000 | 51,21,417 | 6,53,000 | 4,34,90,786 |
| **Cash generated from / (used in) operations** | **(2,14,000)** | **(1,45,22,668)** | **14,46,000** | **9,62,61,824** |
| Interest paid | (2,71,000) | (1,84,88,345) | (5,69,000) | (3,80,17,678) |
| Interest received | - | | - | |
| Income taxes paid | (1,18,000) | (80,50,276) | (40,000) | (26,72,596) |
| **Net cash flow (used in) operating activities** | **(6,03,000)** | **(4,10,61,288)** | **8,37,000** | **5,55,71,551** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Purchase of property, plant and equipment | - | | - | |
| Purchase to intangible assets | - | | - | |
| Proceeds from disposal of property, plant and equipment | - | | - | |
| Increase in other non-current assets | (4,04,000) | (2,68,70,810) | - | |
| **Net cash flow (used for) / from investing activities** | **(4,04,000)** | **(2,68,70,810)** | **-** | **-** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Share capital increase | - | | 1,15,00,000 | 76,59,17,359 |
| Related parties loan repayment | - | | (16,94,000) | (11,28,22,957) |
| Shareholder loans received | 79,07,000 | 52,59,09,631 | 32,42,000 | |
| Related parties loans granted | (20,09,000) | (13,36,22,417) | - | |
| Third parties loan repaid HSBC | - | | (1,64,00,000) | (1,09,22,64,755) |
| Third parties loan received Axis Bank | - | | 59,45,000 | 39,59,45,974 |
| Loans paid to Lux International AG | (51,91,000) | (34,52,63,298) | (57,47,000) | (38,27,58,875) |
| Loans received from Lux International aG | 3,11,000 | 2,06,85,202 | - | |
| New contribution reserves | - | | 4,08,000 | 2,71,73,416 |
| **Net cash flow used in financing activities** | 10,18,000 | 6,77,09,119 | (27,46,000) | (39,88,09,839) |
| | | | | |
| **Net decrease / increase in cash and cash equivalents** | 11,000 | (2,22,979) | (19,09,000) | (34,32,38,288) |
| **Cash and cash equivalents beginning of year** | 24,000 | 16,19,227 | 19,33,000 | 12,53,60,330 |
| **Foreign Currency Translation Reserve** | | 9,45,002 | | 21,94,97,185 |
| **Net cash and cash equivalents end of year** | 35,000 | 23,41,250 | 24,000 | 16,19,227 |
| | | | | |
| Cash and cash equivalents consist of: | | | | |
| Cash and cash equivalents as per the balance sheet | 35,000 | 23,41,250 | 24,000 | 16,19,227 |
| Less: short-term bank debts as per the balance sheet | - | | - | |
| | | | | |
| **Cash and cash equivalents as defined for the cash flow statement** | 35,000 | 23,41,250 | 24,000 | 16,19,227 |

FORBES LUX INTERNATIONAL AG,Baar
BALANCE SHEET AS OF 31st DECEMBER 2016

## 1 Principles

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.

**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.

| | 2016 CHF | 2016 INR | 2015 CHF | 2015 INR |
|---|---|---|---|---|
| Lux International AG, A/R | - | | 2,43,471 | 1,62,15,536 |
| VAT recoverable CHF | 2,870 | 1,90,879 | 4,770 | 3,17,689 |
| **Total** | 2,870 | 1,90,879 | 2,48,241 | 1,65,33,225 |

## 3 Accrued Income

| | 2016 CHF | 2016 INR | 2015 CHF | 2015 INR |
|---|---|---|---|---|
| Lux International AG,  Accrued interest income | - | - | 79,209 | 52,75,449 |
| Euro Forbes Limted, Dubai | 1,04,737 | 69,66,281 | - | - |
| Total Accrued income | 1,04,737 | 69,66,281 | 79,209 | 52,75,449 |

## 4 Long-term loans

| | 2016 CHF | 2016 INR | 2015 CHF | 2015 INR |
|---|---|---|---|---|
| Loan to Euro Forbes Limited,Dubai | 19,86,234 | 13,21,08,201 | | |
| Loan to Lux International AG | 1,16,10,542 | 77,22,39,294 | 57,47,284 | 38,27,77,790 |
| Total long-term loans | 1,35,96,776 | 90,43,47,495 | 57,47,284 | 38,27,77,790 |

5 **Current liabilities**

| | 2016 CHF | 2016 INR | 2015 CHF | 2015 INR |
|---|---|---|---|---|
| Withholding Tax payable | - | - | - | - |
| Swiss Stamp Duty | - | - | 1,15,000 | 76,59,163 |
| Account payable 3rd parties | 300 | 19,965 | 26,135 | 17,40,639 |
| Account payable Lux International AG | - | - | 62,642 | 41,72,078 |
| Accruals loan interest to Aquamall WS Ltd. | 30,06,445 | 19,99,64,391 | 18,97,735 | 12,63,92,034 |
| Accruals 3rd parties | 76,679 | 51,00,054 | 1,31,562 | 87,62,206 |
| | 30,83,424 | 20,50,84,410 | 22,33,074 | 14,87,26,120 |

6 **Long term loans**

The loan from Aquamall is granted at an interest of 5 % or 12%, Axis Bank at 4 %.
Duration of loans from Axis Bank in the amount of USD 6'000'000,00 (CHF 6'114'354,00) (INR 40,66,77,302) and from Aquamall Water 22'487'142.86) (INR 1,49,56,62,715) are 5 years or more.

| | 2016 CHF | 2016 EURO | 2016 INR | 2015 CHF |
|---|---|---|---|---|
| Loan Aquamall Water Solutions Ltd. | 2,24,87,143 | 2,09,76,007 | 1,49,56,62,715 | 1,48,26,095 |
| Loan Axis Bank | 61,14,354 | 57,03,469 | 40,66,77,302 | 59,45,466 |
| Total | 2,86,01,497 | 2,66,79,476 | 1,90,23,40,017 | 2,07,71,561 |

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 %

8 **Management assumptions and signficant 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.

9 **Total operating expenses**

| | 2016 CHF | 2016 INR | 2015 CHF | 2015 INR |
|---|---|---|---|---|
| Swiss stamp duty | - | - | 1,15,000 | 76,83,713 |
| Service expenses Group | 36,000 | 24,56,046 | 36,000 | 24,05,336 |
| Legal and consulting fees | 49,543 | 33,79,986 | 62,326 | 41,64,305 |
| Events and meetings and travel expenses | 34,464 | 23,51,207 | 45,742 | 30,56,247 |
| Office and administration | 150 | 10,210 | 6,295 | 4,20,600 |
| | 1,20,157 | 81,97,449 | 2,65,363 | 1,77,30,202 |

10 **Financial Income**

| | 2016 CHF | 2016 INR | 2015 CHF | 2015 INR |
|---|---|---|---|---|
| Interest income from third parties | - | - | - | - |
| Interest income from Related Parties (Lux International AG) | 6,21,268 | 4,23,84,548 | 79,209 | 52,92,341 |
| | 6,21,268 | 4,23,84,548 | 79,209 | 52,92,341 |

**Financial Expenses**

| | 2016 CHF | 2016 INR | 2015 CHF | 2015 INR |
|---|---|---|---|---|
| Guarantee fee to related parties (Lux international AG) | - | - | (4,11,212) | (2,74,75,088) |
| Interest expense to Aquamall WS Ltd. | (11,08,710) | (7,56,39,126) | (7,58,151) | (5,06,55,782) |
| Interest expense to group companies | - | - | - | - |
| Arrangement fee Axis Bank | - | - | (1,45,827) | (97,43,416) |
| Interest expense 3rd parties ( UBS, HSBC, CS) | (2,74,861) | (1,87,51,728) | (4,67,621) | (3,12,44,050) |
| Financial Expense | | | (17,82,811) | (11,91,18,337) |
| | (13,83,571) | (9,43,90,854) | (17,82,811) | (11,91,18,337) |

11 **Tax Expenses**

| | 2016 CHF | 2016 INR | 2015 CHF | 2015 INR |
|---|---|---|---|---|
| Income Tax | 3,080 | 2,10,121 | 741 | 49,519 |
| Deferred Tax | 24,234 | 16,53,296 | 2,71,158 | 1,81,17,360 |
| | 27,314 | 18,63,417 | 2,71,899 | 1,81,66,879 |

12 **Investments**

| Company and Objective | | Currency | Share Capital (local currency) | 31.12.2016 Quota | 31.12.2016 Book Values CHF | 31.12.2016 Book Values INR |
|---|---|---|---|---|---|---|
| A/R Lux International AG Holding Company, Direct sales industry | | CHF | 75,00,000 | 100% | 8,47,58,989 | 5,01,94,44,434 |
| **Total Book Value** | | | | | 8,47,58,989 | 5,01,94,44,434 |

| Company and Objective | | Currency | Share Capital (local currency) | *31.12.2015 Quota* | *31.12.2015 Book Values CHF* | *31.12.2015 Book Values INR* |
|---|---|---|---|---|---|---|
| A/R Lux International AG Holding Company, Direct sales industry | | CHF | 75,00,000 | 100% | 8,43,54,464 | 4,99,25,38,705 |
| **Total Book Value** | | | | | 8,43,54,464 | 4,99,25,38,705 |

Investment in Lux International AG has been impaired by CHF 3'820'000,00 (Rs 255,232,914).

13 Indirect Participation by Forbes Lux International AG

| Company | Domicil | Share Capital | | Share Capital | | Share in Capital and voting rights | |
|---|---|---|---|---|---|---|---|
| | | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 | 31/12/2016 | 31/12/2015 |
| **Lux (Schweiz) AG** | Switzerland | CHF 1,00,000 | CHF 1,00,000 | INR 69,36,970 | INR 69,36,970 | 100% | 100% |
| Direct Sales Company | | | | | | | |
| **Lux (Deutschland) GmbH** | Germany | EUR 71,53,000 | EUR 71,53,000 | INR 51,00,33,935.5 | INR 51,00,33,935.5 | 100% | 100% |
| Direct Sales Company | | | | | | | |
| **Forbes Lux Group AG** | Switzerland | CHF 10,00,000 | CHF 10,00,000 | INR 6,93,69,700 | INR 6,93,69,700 | 100% | 100% |
| (former Forbes Lux Group AG) Holding Company | | | | | | | |
| **AMC Cookware PTE Ltd.** | South Africa | ZAR 1,00,000 | ZAR 1,00,000 | INR 258 | INR 258 | 50% | 50% |
| Direct Sales Company & Local production | | | | | | | |
| **Lux Italia s.r.l** | Italia | EUR 1,10,000 | EUR 1,10,000 | INR 93,45,600 | INR 93,45,600 | 100% | 100% |
| Direct Sales Company | | | | | | | |
| **Lux (CZ), s.r.o.** | Czech R. | CZK 2,00,00,000 | CZK 2,00,00,000 | INR 5,57,52,000 | INR 5,57,52,000 | 100% | 100% |
| Direct Sales Company | | | | | | | |
| **LIAG Trading & Investments Limited** | Dubai | AED 100,000 | AED 100,000 | INR 18,18,468 | INR 18,18,468 | 100% | 100% |
| Trading Company | | | | | | | |
| **Lux Norge AS** | Norway | NOK 16,000,000 | NOK 8,500,000 | INR 13,15,29,260 | INR 7,25,28,035 | 100% | 100% |
| Direct Sales Company | | | | | | | |
| **Lux Professional International GmBH** | Switzerland | CHF 20,000 | CHF 20,000 | INR 13,32,140 | INR 13,32,140 | 100% | 100% |
| (Former Lux Aqua GmBH) Holding Company | | | | | | | |
| **Lux Service GmbH** | Germany | EUR 25'000 | EUR 25'000 | INR 18,44,672.5 | INR 18,44,672.5 | 100% | 100% |
| Logistics and services Company | | | | | | | |
| **Lux Oesterreich GmbH** | Austria | EU 500'000 | EU 500'000 | INR 4,24,80,000 | INR 4,24,80,000 | 100% | 100% |
| Direct Sales Company | | | | | | | |
| **Lux Hungary Kft.** | Hungary | HUF 30'000'000 | HUF 30'000'000 | INR 85,96,200 | INR 85,96,200 | 100% | 100% |
| Direct Sales Company | | | | | | | |
| **Lux Aqua Hungaria Kft** | Hungary | HUF 60'000'000 | HUF 60'000'000 | INR 1,38,46,800 | INR 1,38,46,800 | 100% | 100% |
| B2B Water Business Company | | | | | | | |
| **Lux SK s.r.o** | Slovakia | EUR 563'000 | EUR 563'000 | INR 4,16,92,991 | INR 4,16,92,991 | 100% | 100% |
| Direct Sales Company | | | | | | | |
| **Lux del Paraguay S.A.** | Paraguay | PYG 5'000'000'000 | PYG 5'000'000'000 | INR 6,71,00,000 | INR 6,71,00,000 | 50% | 50% |
| Direct Sales Company | | | | | | | |
| **Lux Waterline GmbH** | Germany | EUR 25'000 | EUR 0 | INR 17,82,587.5 | - | 100% | 0% |
| Direct Sales Company | | | | | | | |
| **Lux Aqua Czech s.r.o** | Czech R. | CZK 1'000'000 | CZK 0 | INR 26,44,720 | INR 26,44,720 | 100% | 0% |
| Rental Company | | | | | | | |
| **Lux Aqua Paraguay SA** | Paraguay | PYG 100'000'000 | PYG 0 | INR 11,58,000 | - | 100% | 0% |
| Rental Company | | | | | | | |
| **Brightyclean (Spain) SL** | Spain | EUR 3'500 | EUR 0 | INR 2,49,562.25 | - | 100% | 0% |
| Direct Sales Company | | | | | | | |
| **Lux Professional GmbH** | Germany | EUR 25'000 | EUR 0 | INR 17,82,587.5 | - | 100% | 0% |
| Direct Sales Company | | | | | | | |
| **Lux Osterreich Professional GmbH*** | Austria | EUR 35'000 | EUR 0 | INR 24,95,622.5 | - | 100% | 0% |
| Direct Sales Company | | | | | | | |

*** In Liquidation**

14 **Collateral provided for liabilities of third parties**

None

15 **Subsequent Events**

There are no events after the balance sheet date to report that would have a significant impact on these consolidated financial statements.

**FORBES LUX INTERNATIONAL AG,Baar**

**INCOME STATEMENT 2016**

| | 2016 CHF | 2016 INR | 2015 CHF | 2015 INR |
|---|---|---|---|---|
| **OPERATING REVENUES** | | | | |
| Dividend Income | - | - | - | - |
| **Operating Revenues** | - | - | - | - |
| **OPERATING EXPENSES** | | | | |
| Office and administration expenses | (150) | (10,210) | (6,295) | (4,20,600) |
| Events,meetings and travel expenses | (34,464) | (23,51,207) | (45,742) | (30,56,247) |
| Legal and consulting expenses | (49,543) | (33,79,986) | (62,326) | (41,64,305) |
| Service expenses-Group | (36,000) | (24,56,046) | (36,000) | (24,05,336) |
| Swiss stamp duty | | | (1,15,000) | (76,83,713) |
| **Total operating expenses** | (1,20,157) | (81,97,449) | (2,65,363) | (1,77,30,202) |
| **OPERATING RESULT** | (1,20,157) | (81,97,449) | (2,65,363) | (1,77,30,202) |
| **NON-OPERATING INCOME/(EXPENSES)** | | | | |
| Financial income | 6,21,268 | 4,23,84,548 | 79,209 | 52,92,341 |
| Impairment of financial assets | - | - | (38,20,000) | (25,52,32,914) |
| Financial expenses | (13,83,571) | (9,43,90,928) | (17,82,811) | (11,91,18,337) |
| -Shareholder | | | | - |
| -Group Companies | | | | - |
| -Third Parties | | | | - |
| Prior Period Income/(Expenses) | 48,662 | 33,19,835 | (453) | (30,267) |
| FX Differences | 2,01,653 | 1,37,57,290 | 29,40,259 | 19,64,53,108 |
| **Total non-operating income/(expenses)** | (5,11,988) | (3,49,29,255) | (25,83,796) | (17,26,36,069) |
| **NET LOSS BEFORE TAXES** | (6,32,145) | (4,31,26,704) | (28,49,159) | (19,03,66,271) |
| **Taxes** | (27,313) | (18,63,342) | (2,71,899) | (1,81,66,904) |
| **NET LOSS FOR THE YEAR** | (6,59,458) | (4,49,90,046) | (31,21,058) | (20,85,33,175) |

**Statement of Changes in Equity**

| | | Share capital | Participation Share capital | Capital Contribution Reserve | Retained Earnings | Result Current period | Total CHF | INR |
|---|---|---|---|---|---|---|---|---|
| **Equity beginning of the year** | **01.01.2016** | 3,68,00,000 | 3,42,00,000 | 11,20,820 | (51,38,905) | - | 6,69,81,915 | 4,42,01,36,014 |
| Capital Increase | | | | | | | - | - |
| Capital Contribution Reserve | | | | | | | - | - |
| Retained Earnings | | | | | | | - | - |
| Profit of the year | | | | | | (6,59,458) | (6,59,458) | (4,49,90,046) |
| Dividends | | | | | | | | |
| **Equity end of the year** | **31.12.2016** | 3,68,00,000 | 3,42,00,000 | 11,20,820 | (51,38,905) | (6,59,458) | 6,63,22,457 | 4,37,51,45,968 |

# Forbes Technosys Limited

(a wholly owned Subsidiary Company)

## Financial Statements

For the year ended March 31, 2017

# Deloitte Haskins & Sells

**Chartered Accountants**
19th floor, Shapath - V,
S G Highway,
Ahmedabad - 380 015,
Gujarat, India

Tel: +91 79 6682 7300
Fax: +91 79 6682 7400

**INDEPENDENT AUDITOR'S REPORT**
**To The Members of FORBES TECHNOSYS LIMITED**
**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **Forbes Technosys Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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 Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 of the Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS financial statements.

We believe that the audit evidence obtained by us are sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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, 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

DELOITTE HASKINS & SELLS AHMEDABAD

**Deloitte**
**Haskins & Sells**

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 32 to the Ind AS 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.

iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. – Refer Note 26 to the Ind AS financial statements.

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)

DELOITTE HASKINS & SELLS
19th Floor, "Shapath V", Nr. Crowne Plaza Hotel, S. G. Highway, Ahmedabad - 380015, Gujarat

N.V.Shah

Nilesh Shah
Partner
(Membership No. 49660)

Place: Mumbai
Date: May 4, 2017

**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)

**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 March 31, 2017 in conjunction with our audit of the Ind AS 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.

DELOITTE HASKINS & SELLS
AHMEDABAD
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, 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 March 31, 2017, 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)

DELOITTE HASKINS & SELLS
19th Floor, "Shapath V", Nr. Crowne Plaza Hotel, S.G. Highway, Ahmedabad - 380015, Gujarat

N.Y.Shah

Nilesh Shah
Partner
Membership No. 49660

Place: Mumbai
Date: May 4, 2017

## 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 property, plant and equipment.

b) The property, plant and equipment 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 property, plant and equipment 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 Order 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 not granted any loans, made investments or provided any guarantees and hence reporting under clause (iv) of the Order is not applicable..

(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 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, 2017 for a period of more than six months from the date they became payable.

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

c) Details of dues of Service Tax and Excise Duty which have not been deposited as on March 31, 2017 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 material fraud on the Company by its officers or employees has been noticed or reported during the year.

(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 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,

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has made private placement of preference shares during the year under review.

In respect of the above issue, we further report that:

a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and
b) the amounts raised have been applied by the Company in the manner as stated below.

| Nature of securities | Amount Raised (Rupees) | Amount applied during the year (Rupees) | Amount unutilised as at year end* (Rupees) |
|---|---|---|---|
| 10% Non-Cumulative, Non Participating and Non-Convertible Preference Shares | 20,00,00,000 | 16,79,10,029 | 3,20,89,971 |

* amount unutilised as at year end has been subsequently applied by the Company for the purposes for which the funds were raised.

(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 directors of its holding company or persons connected with them 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-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

DELOITTE HASKINS & SELLS
19th Floor, "Shapath V", Nr. Crowne Plaza Hotel, S. G. Highway, Ahmedabad - 380015, Gujarat

N.V.Shah

Nilesh Shah
Partner
Membership No. 49660

Place: Mumbai
Date: May 4, 2017

**FORBES TECHNOSYS LIMITED**
**BALANCE SHEET AS ON MARCH 31, 2017**

| Particulars | Note No. | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on April 1, 2015 Rupees |
|---|---|---|---|---|
| **ASSETS** | | | | |
| 1 **Non-Current Assets** | | | | |
| a) Property, plant and equipment | 3 | 61,242,513 | 72,727,898 | 67,842,015 |
| b) Capital work-in-progress | | - | - | 1,575,315 |
| c) Other intangible assets | 4 | 243,089,528 | 83,128,853 | 24,661,438 |
| d) Intangible assets under development | | 716,860,575 | 669,053,856 | 503,536,028 |
| e) Financial assets: | | | | |
| i) Loans | 5 | - | - | 70,013 |
| ii) Other financial assets | 6 | 2,505,058 | 6,179,374 | 3,325,839 |
| f) Other non-current assets | 7 | 37,590,956 | 41,803,250 | 31,684,264 |
| **Total Non-Current Assets** | | 1,061,288,630 | 872,893,231 | 632,694,912 |
| 2 **Current assets** | | | | |
| a) Inventories | 8 | 392,567,839 | 406,909,514 | 305,129,469 |
| b) Financial assets: | | | | |
| i) Trade receivables | 9 | 751,650,589 | 1,068,202,955 | 1,183,312,763 |
| ii) Cash and cash equivalents | 10 | 74,421,350 | 62,043,860 | 36,035,116 |
| iii) Bank balances other than (ii) above | 10 | 4,887,899 | 1,175,670 | 5,251,493 |
| iv) Others financial assets | 6 | 39,360,848 | 28,956,204 | 26,668,417 |
| c) Other current assets | 7 | 60,327,707 | 78,277,481 | 66,112,848 |
| **Total Current Assets** | | 1,323,216,232 | 1,645,565,684 | 1,622,510,106 |
| **Total Assets** | | 2,384,504,862 | 2,518,458,915 | 2,255,205,018 |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| a) Equity share capital | 11 | 268,972,000 | 268,972,000 | 218,972,000 |
| b) Other equity | 12 | (416,393,143) | (431,933,484) | (136,737,634) |
| **Total Equity** | | (147,421,143) | (162,961,484) | 82,234,366 |
| **LIABILITIES** | | | | |
| 1 **Non-Current Liabilities** | | | | |
| a) Financial liabilities: | | | | |
| Borrowings | 13 | 986,377,487 | 721,876,673 | 1,047,432,766 |
| b) Provisions | 14 | 25,989,609 | 26,677,946 | 19,062,522 |
| **Total Non-Current Liabilities** | | 1,012,367,096 | 748,554,619 | 1,066,495,288 |
| 2 **Current Liabilities** | | | | |
| a) Financial liabilities: | | | | |
| i) Borrowings | 15 | 493,369,252 | 508,952,083 | 475,870,373 |
| ii) Trade payables | 16 | 496,149,414 | 707,512,963 | 570,706,747 |
| iii) Other financial liabilities | 17 | 446,823,728 | 662,171,159 | 19,410,209 |
| b) Provisions | 14 | 9,520,136 | 6,164,132 | 2,177,849 |
| c) Other current liabilities | 18 | 73,696,379 | 48,065,443 | 38,310,186 |
| **Total Current Liabilities** | | 1,519,558,909 | 1,932,865,780 | 1,106,475,364 |
| **Total Liabilities** | | 2,531,926,005 | 2,681,420,399 | 2,172,970,652 |
| **Total Equity and Liabilities** | | 2,384,504,862 | 2,518,458,915 | 2,255,205,018 |

**See accompanying notes to the financial statements**

In terms of our report attached.
**For DELOITTE HASKINS & SELLS**
Chartered Accountants

N.V. Shah

DELOITTE HASKINS & SELLS
19th Floor, "Shapath V", Nr. Crowne Plaza Hotel, S. G. Highway, Ahmedabad - 380015, Gujarat

Nilesh Shah
Partner

V

For and on behalf of the Board of Directors

Mr. Jai Mavani
Director

Mr. Kuppuswamy Subramania
Director

Ms. Ashlesha Gowariker
Director

Mr. Pallon S. Mistry
Director

Mr. Eddie Poonawala
Director

Mr. Ajay Singh
Director

Mr. Vijay K. Lahoti
Chief Financial Officer

Vijay Lahoti

Mr. V.K Vora
Company Secretary

Place : Mumbai
Date : May 4, 2017

Place : Mumbai
Date : May 4, 2017

**FORBES TECHNOSYS LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

| | Particulars | Note No. | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|---|---|
| | | | Rupees | Rupees |
| I | Revenue from operations | 19 | 2,519,219,935 | 3,455,239,792 |
| II | Other income | 20 | 7,669,816 | 8,195,225 |
| III | **Total Income (I + II)** | | **2,526,889,751** | **3,463,435,017** |
| IV | **Expenses:** | | | |
| | Cost of materials consumed | | 485,957,689 | 774,393,381 |
| | Purchases of stock-in-trade (traded goods) | | 1,409,372,636 | 2,221,045,129 |
| | Changes in inventories of finished goods and stock-in-trade (traded goods) | | (26,643,819) | (79,900,932) |
| | Excise duty on sale of goods | | 73,295,361 | 120,330,148 |
| | Employee benefits expense | 21 | 136,518,349 | 120,091,889 |
| | Finance costs | 22 | 110,961,624 | 119,702,278 |
| | Depreciation and amortisation expense | 3 & 4 | 51,079,225 | 47,672,188 |
| | Other expenses | 23 | 447,063,830 | 440,038,655 |
| | **Total expenses (IV)** | | **2,687,604,895** | **3,763,372,736** |
| V | **Loss before tax (III-IV)** | | **(160,715,144)** | **(299,937,719)** |
| VI | **Tax expense** | | | |
| | Current tax | | - | - |
| | Deferred tax | | - | - |
| | | | - | - |
| VII | **Loss for the period from continuing operations (V - VI)** | | **(160,715,144)** | **(299,937,719)** |
| VIII | **Loss for the period** | | **(160,715,144)** | **(299,937,719)** |
| IX | **Other Comprehensive Income** | | | |
| | (i) Items that will not be reclassified to profit or loss | | | |
| | Remeasurement loss of the defined benefit plans | | (21,325) | (1,232,631) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| | Total other Comprehensive Income for the period (i-ii) | | (21,325) | (1,232,631) |
| X | **Total Comprehensive loss for the period (VIII + IX)** | | **(160,736,469)** | **(301,170,350)** |
| XI | **Earning per equity share** | | | |
| | Basic and diluted earnings per equity share | 25 | (5.98) | (13.52) |

**See accompanying notes to the financial statements**

In terms of our report attached.
**For DELOITTE HASKINS & SELLS**
Chartered Accountants

N.V.Shah
Nilesh Shah
Partner

DELOITTE HASKINS & SELLS
19th Floor, "Shapath V", Nr. Crowne Plaza Hotel, S. G. Highway, Ahmedabad - 380015, Gujarat

**For and on behalf of the Board of Directors**

Mr. Jai Mavani
Director

Mr. Kuppuswamy Subramania
Director

Ms. Ashlesha Gowariker
Director

Mr. Pallon S. Mistry
Director

Mr. Eddie Poonawala
Director

Mr. Ajay Singh
Director

Mr. Vijay K. Lahoti Vijay Lahoti
Chief Financial Officer

Mr. V.K Vora
Company Secretary

Place : Mumbai
Date : May 4, 2017

Place : Mumbai
Date : May 4, 2017

FORBES TECHNOSYS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

**A) Equity Share Capital**

| Particulars | Amount Rupees |
|---|---|
| **Balance as on April 1, 2015** | 218,972,000 |
| Changes in equity share capital during the year | |
| a) Issue of equity shares | 50,000,000 |
| **Balance as at March 31, 2016** | 268,972,000 |
| Changes in equity share capital during the year | - |
| **Balance as at March 31, 2017** | 268,972,000 |

**B) Other equity**

| Particulars | Equity component of compound financial instruments | Reserves and surplus | | Other comprehensive income - Remeasurement of defined benefit plans | Total |
|---|---|---|---|---|---|
| | | Retained earnings | Deemed capital contribution | | |
| **Balance at April 1, 2015** | 89,442,393 | (238,268,013) | 10,926,348 | 1,161,638 | (136,737,634) |
| Loss for the year | - | (299,937,719) | - | - | (299,937,719) |
| Other comprehensive income for the year, net of income tax | - | - | - | (1,232,631) | (1,232,631) |
| Financial guarantee commission | - | - | 5,974,500 | - | 5,974,500 |
| Equity component of compound financial instruments issued during the year | - | - | - | - | - |
| **Balance at March 31, 2016** | 89,442,393 | (538,205,732) | 16,900,848 | (70,993) | (431,933,484) |
| Loss for the year | - | (160,715,144) | - | - | (160,715,144) |
| Other comprehensive income for the year, net of income tax | - | - | - | (21,325) | (21,325) |
| Financial guarantee commission | - | - | 5,974,500 | - | 5,974,500 |
| Equity component of compound financial instruments issued during the year | 170,302,310 | - | - | - | 170,302,310 |
| **Balance at March 31, 2017** | 259,744,703 | (698,920,876) | 22,875,348 | (92,318) | (416,393,143) |

**See accompanying notes to the financial statements**

In terms of our report attached.
**For DELOITTE HASKINS & SELLS**
**Chartered Accountants**

N.V.Shah
Nilesh Shah
Partner

DELOITTE HASKINS & SELLS
19th Floor, "Shapath V", Nr. Crowne Plaza Hotel, S. G. Highway, Ahmedabad - 380015, Gujarat

Place : Mumbai
Date : May 4, 2017

**For and on behalf of the Board of Directors**

Mr. Jai Mavani
Director

Mr. Kuppuswamy Subramania
Director

Ms. Ashlesha Gowariker
Director

Mr. Pallon S. Mistry
Director

Mr. Eddie Poonawala
Director

Mr. Ajay Singh
Director

Mr. Vijay K. Lahoti
Chief Financial Officer

Vijay Lahoti

Mr. V.K Vora
Company Secretary

Place : Mumbai
Date : May 4, 2017

FORBES TECHNOSYS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

| Particulars | For the year ended March 31, 2017 | | For the year ended March 31, 2016 | |
|---|---|---|---|---|
| | Rupees | Rupees | Rupees | Rupees |
| **Cash Flow from Operating Activities** | | | | |
| **(Loss) before tax** | | **(160,715,144)** | | **(299,937,719)** |
| **Adjustments for -** | | | | |
| Depreciation and amortisation expense | 51,079,225 | | 47,672,188 | |
| Liabilities/ Provisions no longer required written back | (4,401,158) | | (6,831,268) | |
| Provision for employee benefits | 2,510,648 | | 5,304,770 | |
| Interest on bank deposit | (657,801) | | (837,654) | |
| Finance cost | 110,961,624 | | 119,702,278 | |
| Provision for doubtful debts | 2,580,107 | | 5,697,375 | |
| Bad debts written off | 581,038 | | 11,253,073 | |
| Advances written off | 922,253 | | - | |
| Provision for warranty | 7,200,000 | | 7,064,306 | |
| Provision for obsolete and slow moving inventory | 3,240,781 | | 5,568,172 | |
| Share Issue Expenses | - | | 950,000 | |
| Fixed Assets Written Off | - | | 160,807 | |
| Unrealised exchange (gain) [net] | (1,927,914) | 172,088,803 | (1,138,796) | 194,565,251 |
| **Operating profit / (loss) before working capital changes** | | 11,373,659 | | (105,372,468) |
| Adjustments for changes in working capital: | | | | |
| (Decrease) / Increase in Trade payables | (205,034,477) | | 144,776,279 | |
| (Decrease) in Provisions | (7,064,306) | | (2,000,000) | |
| Increase in Other current liabilities | 25,630,936 | | 9,755,257 | |
| (Decrease) / Increase in Other Financial liabilities | (4,118,000) | | 5,675,230 | |
| Decrease in Trade receivables | 313,391,221 | | 98,159,360 | |
| Decrease/ (Increase) in Inventories | 11,100,894 | | (107,348,217) | |
| Decrease in Non Current Loans | - | | 70,013 | |
| Decrease in Other Non Current Assets | 811,059 | | 203,366 | |
| (Increase) in Other Financial Assets | (8,985,721) | | (3,101,975) | |
| Decrease / (increase) in Other Current Assets | 17,027,521 | 142,759,127 | (12,164,633) | 134,024,680 |
| **Cash generated from operations** | | 154,132,786 | | 28,652,212 |
| Income taxes paid (net of refunds) | | 3,401,235 | | (10,322,352) |
| **(a) Net cash generated from operating activities** | | **157,534,021** | | **18,329,860** |
| **Cash flows from investing activities:** | | | | |
| Payments for Property Plant and Equipment (including adjustments on account of Intangibles Under Development) | (161,081,301) | | (202,911,685) | |
| Investment in a Subsidiary Company | - | | (500,000) | |
| Proceeds from Sale of Investment in a Subsidiary Company | - | | 500,000 | |
| Maturity of bank deposits | 378,140 | | 2,444,708 | |
| Fixed Deposit Placed During the year | (1,391,613) | | (204,420) | |
| Interest received | 214,438 | (161,880,336) | 633,842 | (200,037,555) |
| **(b) Net cash used in investing activities** | | **(161,880,336)** | | **(200,037,555)** |
| **Cash flows from financing activities:** | | | | |
| Proceeds from issue of Equity Shares | - | | 50,000,000 | |
| Proceeds from issue of Prefrence Shares | 200,000,000 | | - | |
| Share Issue Expenses | - | | (950,000) | |
| Proceeds from issue of Debentures | 250,000,000 | | - | |
| Repayment of Debentures | (250,000,000) | | - | |
| Proceeds from Non-Current borrowings | 390,000,000 | | 200,000,000 | |
| Repayment of Non-Current borrowings | (386,600,000) | | - | |
| Proceeds from Current borrowings | - | | 320,000,000 | |
| Repayment of Current borrowings | (50,000,000) | | (313,200,000) | |
| Proceeds from working capital loan (net of repayments) | 34,417,169 | | 114,281,710 | |
| Interest and other borrowing cost paid | (171,093,364) | 16,723,805 | (162,415,271) | 207,716,439 |
| **(c) Net cash generated from financing activities** | | **16,723,805** | | **207,716,439** |

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

FORBES TECHNOSYS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

| Particulars | For the year ended March 31, 2017 | | For the year ended March 31, 2016 | |
|---|---|---|---|---|
| | Rupees | Rupees | Rupees | Rupees |
| **(d) Net increase in cash and cash equivalents (a + b + c)** | | **12,377,490** | | **26,008,744** |
| **(e) Cash and cash equivalents as at the commencement of the year** | | | | |
| Balances with banks in current accounts | 61,729,391 | | 35,551,110 | |
| Cash on hand | 314,469 | 62,043,860 | 484,006 | 36,035,116 |
| **(f) Cash and cash equivalents as at the end of the year (d + e) (Refer Note 10)** | | | | |
| Balances with banks in current accounts | 74,324,848 | | 61,729,391 | |
| Cash on hand | 96,502 | 74,421,350 | 314,469 | 62,043,860 |

**See accompanying notes to the financial statements**

In terms of our report attached.
**For DELOITTE HASKINS & SELLS**
**Chartered Accountants**

N.V.Shah

Nilesh Shah
Partner

DELOITTE HASKINS & SELLS
19th Floor, "Shapath V", Nr. Crowne Plaza Hotel, S. G. Highway, Ahmedabad - 380015, Gujarat

Place : Mumbai
Date : May 4, 2017

**For and on behalf of the Board of Directors**

Mr. Jai Mavani
Director

Mr. Kuppuswamy Subramania
Director

Ms. Ashlesha Gowariker
Director

Mr. Pallon S. Mistry
Director

Mr. Eddie Poonawala
Director

Mr. Ajay Singh
Director

Mr. Vijay K. Lahoti
Chief Financial Officer

Mr. V.K Vora
Company Secretary

Place : Mumbai
Date : May 4, 2017

## FORBES TECHNOSYS LIMITED

## Notes forming part of the financial statements

1. **General Information**

Forbes Technosys Limited is limited company incorporated in India. Its holding company and ultimate holding company is Forbes and Company Limited and Shapoorji Pallonji and Company Private Limited, respectively.
The company's registered office is at Forbes Building, Charanjit Rai Marg, Fort, Mumbai-400001.The principle Activities of the company are described in note 24.

2. **Significant Accounting Policies**

### 2.1 Statement of Compliance

The financial statements have been prepared in accordance with IND AS's notified under the companies (Indian Accounting Standards) Rules 2015.

Up to the Year ended March 31, 2016, the company prepared its financial statement in accordance with the requirements of previous GAAP, which includes standard notified under the companies (Accounting standards) Rules 2006. These are the company's first IND AS financial statement the date of transition to IND AS is April 1, 2015. Refer Note.2.20 for the details of first-time adoption exemptions availed by the company.

### 2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting periods, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

### 2.3 Revenue recognition

**(i)** Sale of goods :

Sales are recognised when risk and rewards of ownership are transferred to the customer, which is generally on dispatch of goods. Turnover of trading goods excludes sales tax/value added tax.

**(ii)** Income from Recharge sales **:**
Revenue on sale of recharge recognised when the pins are downloaded by the customer.

**(iii)** Sale of services :
Service revenue is recognised on rendering of services or as per contractual arrangement. The revenue from maintenance contracts is recognised on accrual basis and advance received in respect of future period is accounted for as Income received in Advance.

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Unbilled revenue with respect to Maintenance Contract is recognised to the extent not billed at the year end. The Company collects service tax on behalf of the government and therefore it is not an economic benefit flowing to the company; hence it is excluded from unbilled revenue.

**(iv)** Lease Income :

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rental income under operating leases is recognised in the Statement of Profit and Loss on a straight- line basis.

**(v)** Other income :

Interest income is accounted on accrual basis on time proportion basis except for Interest on Income Tax Refund which is accounted for on receipt basis.

Revenue is reduced for rebates and other similar allowances.

**2.4 Inventories**

Inventories are stated at the lower of cost (weighted average basis) and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned by using specific identification of their individual costs.

| Sl. No. | Type | Basis of determining costs |
|---|---|---|
| (i) | **Raw and packing materials** | Standard cost adjusted for variances based on weighted average purchase price |
| (ii) | **Work-in-progress** | Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) up to stage of completion on standard cost adjusted for variances |
| (iii) | **Finished goods** | Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) on standard cost adjusted for variances and excise duty |
| (iv) | **Stock-in-trade (in respect of goods acquired for trading)** | Standard cost adjusted for variances based on weighted average purchase price |

**2.5. Cash and cash equivalents (for purposes of Cash Flow Statement):**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition).

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### 2.6 Property Plant and Equipment

Property Plant and Equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant Equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Estimates of residual value of Property plant and equipment is reviewed at least at each reporting period.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on property plant and equipment of the Company 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 certain 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, manufacturers warranties and maintenance support, etc.:

| | |
|---|---|
| Furniture and Fixtures | 3 to 10 years |
| Office Equipment's | 3 to 5 years |
| Data Processing equipment on lease | 3 to 6 years |

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the assets and is recognised in Statement of Profit and Loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### 2.7 Intangible Assets

**(i) Intangible Assets Acquired separately**

Intangible assets, being computer software are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price (net of any trade discounts and rebates), implementation cost for internal use (including software coding, installation, testing and certain data conversion) and any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred, unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Intangible assets are amortized over their estimated useful life. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis, and the amortisation method is revised to reflect the changed pattern.

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**(ii) Intangible Assets internally generated**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses on the same basis as intangible asset data required separately. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between sales proceeds and the carrying amount of the assets and is recognised in the Statement of Profit and Loss.

**Useful life of intangible asset**

Estimated useful life of intangible asset is as follows:

| | |
|---|---|
| Bill Payment and Cheque Deposit Software, others | 3 to 5 years |
| Computer Software | 3 to 5 years |
| Forbes Xpress | 5 to 6 years |
| Cash based Ticketing Solutions and other peripherals related to banking | 5 Years |

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its Intangible asset recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

(iii) Intangible assets under development:

Expenditure on Research and development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

**2.8 Impairment of assets**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate pre-tax discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

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### 2.9 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of Exchange Differences

Exchange differences between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense in the Statement of Profit and Loss as the case may be.

### 2.10 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund, compensated absences and leave encashment.

**(i) Post Employment Obligation**

**(a) Defined contribution plans**

Contribution to provident fund and Employees State Insurance Corporation by the entities are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

**(b) Defined benefit plans**

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance Sheet date. Re-measurement comprising actuarial gains and losses, is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the Statement of Profit and Loss.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense; and
- Re-measurement

The Company presents the first two components of defined benefit costs in Statement of Profit and Loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

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(ii) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted when employees render the services that increase their entitlement of future compensated absences.

(iii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

**2.11 Borrowing costs**

Borrowing costs include interest and amortisation of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets.

**2.12 Leases**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

**2.13 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**2.14 Taxes on income**

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

Current and Deferred Tax are recognised in the Statement of Profit or Loss, except when they relate to the items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in Other comprehensive income or directly in equity respectively.

Deferred tax is recognised on temporary differences between the carrying amounts of the assets and liabilities in the financial statement and corresponding tax bases used in the computation of taxable profit Deferred tax

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assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such Deferred tax assets and liabilities are not recognised if the temporary differences arises from initial recognition of Goodwill.

The Carrying Amount of deferred tax assets are is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

### 2.15 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to recovered from the third party, are receivable is recognised as an assets if it is virtually certain that reimbursement with the receipt and the amount of receivable can be measure reliably.

Provision for warranty

Provision for the expected cost of warranty obligations under local sale of good legislation are recognised as at the date of sale of relevant products, at the Management's best technical estimates of the expenditure to settle the company's obligation

### 2.16 Contingent liabilities

A contingent liability is disclosed when there is a remote chance as below:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) A present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

Provisions and Contingent Liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

### 2.17 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or

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deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

• The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

• the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

• the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

• the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such

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gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

**2.18 Financial liabilities and equity instruments**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Compound financial instruments

The component parts of compound financial instruments (preference shares) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the preference shares, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in the Statement of Profit and Loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the preference shares are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the preference shares using the effective interest method.

**2.19 Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies or financial guarantee contracts issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

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Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

**2.20 First-time adoption – mandatory exceptions, optional exemptions**

Overall principle

The Company has prepared the opening balance sheet as per Ind AS of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTPL criteria based on the facts and circumstances that existed as of the transition date.

Deemed cost for property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**2.21 Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial Guarantee Commission is recognized as an Expense in the Statement of Profit and Loss on the Financial guarantee contracts entered into by the company.

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**Note No. 3 - Property, Plant and Equipment and Capital work-in-progress**

| Particulars | As on March 31, 2017 | As on March 31, 2016 | As on April 1, 2015 |
|---|---|---|---|
| | Rupees | Rupees | Rupees |
| **Property, Plant and Equipment** | | | |
| Carrying amount of : | | | |
| a) Furniture & Fixtures | 613,878 | 664,706 | 1,677,567 |
| b) Data Processing Equipments | | | |
| (i) On lease | 25,144,200 | 24,532,661 | 9,715,927 |
| (ii) Other than lease | 32,408,652 | 42,373,828 | 51,451,415 |
| c) Office equipment | 3,075,783 | 5,156,703 | 4,997,106 |
| Total | 61,242,513 | 72,727,898 | 67,842,015 |

| Particulars | Furniture & Fixtures | Data Processing Equipments | | Office equipment | Total |
|---|---|---|---|---|---|
| | | On Lease | Other than lease | | |
| **I. Deemed cost** | | | | | |
| Balance at April 1, 2015 | 1,677,567 | 9,715,927 | 51,451,415 | 4,997,106 | **67,842,015** |
| (+) Additions | 97,500 | 18,144,095 | 4,946,528 | 2,655,501 | **25,843,624** |
| (-) Disposals | - | - | - | (133,321) | **(133,321)** |
| **Balance at March 31, 2016** | **1,775,067** | **27,860,022** | **56,397,943** | **7,519,286** | **93,552,318** |
| (+) Additions | 260,500 | 7,626,018 | 3,500,001 | 92,708 | **11,479,227** |
| (-) Disposals | - | - | - | - | - |
| **Balance as at March 31, 2017** | **2,035,567** | **35,486,040** | **59,897,944** | **7,611,994** | **105,031,545** |
| **II. Accumulated depreciation** | | | | | |
| Balance at April 1, 2015 | - | - | - | - | - |
| Depreciation expense | 1,110,361 | 3,327,361 | 14,024,115 | 2,383,653 | **20,845,490** |
| Eliminated on disposals of assets | - | - | - | (21,070) | **(21,070)** |
| **Balance at March 31, 2016** | **1,110,361** | **3,327,361** | **14,024,115** | **2,362,583** | **20,824,420** |
| Depreciation expense | 311,328 | 7,014,479 | 13,465,177 | 2,173,628 | **22,964,612** |
| Eliminated on disposals of assets | - | - | - | - | - |
| **Balance as at March 31, 2017** | **1,421,689** | **10,341,840** | **27,489,292** | **4,536,211** | **43,789,032** |
| **III. Carrying Amount** | | | | | |
| Balance at April 1, 2015 | 1,677,567 | 9,715,927 | 51,451,415 | 4,997,106 | 67,842,015 |
| Balance at March 31, 2016 | 664,706 | 24,532,661 | 42,373,828 | 5,156,703 | 72,727,898 |
| Balance as at March 31, 2017 | 613,878 | 25,144,200 | 32,408,652 | 3,075,783 | 61,242,513 |

**Note:**
Refer Note 13 for details of Property, Plant and Equipment pledged as security for the loans obtained from the Banks.

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Note No. 4 - Other Intangible Assets

| Particulars | As on March 31, 2017 | As on March 31, 2016 | As on April 1, 2015 |
|---|---|---|---|
| | Rupees | Rupees | Rupees |
| Other Intangible Assets | | | |
| Carrying amount of : | | | |
| a) Internally generated | | | |
| i) Bill Payment and Cheque deposit software | 21,869,360 | 29,699,373 | 3,212,748 |
| ii) Forbes Xpress | 31,998,135 | 44,051,170 | 4,464,355 |
| iii) Cash based Ticketing Solutions and other peripherals related to banking | 184,820,346 | - | - |
| b) Others | | | |
| Computer Software | 4,401,687 | 9,378,310 | 16,984,335 |
| Total | 243,089,528 | 83,128,853 | 24,661,438 |

| Particulars | Internally generated | | | Others | Total |
|---|---|---|---|---|---|
| | Bill Payment and Cheque deposit software | Forbes Xpress | Cash based Ticketing Solutions and other peripherals related to banking | Computer Software | |
| I. Deemed cost | | | | | |
| Balance at April 1, 2015 | 3,212,748 | 4,464,355 | - | 16,984,335 | 24,661,438 |
| (+) Additions | | | | | |
| Additions from separate acquisitions | - | - | - | 789,495 | 789,495 |
| Additions from internal developments | 34,530,570 | 49,974,048 | - | - | 84,504,618 |
| (-) Disposals | - | - | - | - | - |
| Balance at March 31, 2016 | 37,743,318 | 54,438,403 | - | 17,773,830 | 109,955,551 |
| (+) Additions | | | | | |
| Additions from separate acquisitions | - | - | - | 3,153,615 | 3,153,615 |
| Additions from internal developments | - | - | 184,921,673 | - | 184,921,673 |
| (-) Disposals | - | - | - | - | - |
| Balance at March 31, 2017 | 37,743,318 | 54,438,403 | 184,921,673 | 20,927,445 | 298,030,839 |
| II. Accumulated amortisation | | | | | |
| Balance at April 1,2015 | | | | | |
| Amortisation expense | 8,043,945 | 10,387,233 | - | 8,395,520 | 26,826,698 |
| Eliminated on disposals of assets | - | - | - | - | |
| Balance at March 31, 2016 | 8,043,945 | 10,387,233 | - | 8,395,520 | 26,826,698 |
| Amortisation expense | 7,830,013 | 12,053,035 | 101,327 | 8,130,238 | 28,114,613 |
| Eliminated on disposals of assets | - | - | - | - | - |
| Balance at March 31, 2017 | 15,873,958 | 22,440,268 | 101,327 | 16,525,758 | 54,941,311 |
| III. Carrying Amount | | | | | |
| Balance at April 1, 2015 | 3,212,748 | 4,464,355 | - | 16,984,335 | 24,661,438 |
| Balance at March 31, 2016 | 29,699,373 | 44,051,170 | - | 9,378,310 | 83,128,853 |
| Balance at March 31, 2017 | 21,869,360 | 31,998,135 | 184,820,346 | 4,401,687 | 243,089,528 |

**Notes**

Refer Note 13 for details of Property, Plant and Equipment pledged as security for the loans obtained from the Banks.

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Note No. 5 - Loans

| Particulars | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on April 1, 2015 Rupees |
|---|---|---|---|
| Non-current | | | |
| Loans to employees | | | |
| Unsecured, considered good | - | - | 70,013 |
| Total | - | - | 70,013 |

Note No. 6 - Other financial assets

| Particulars | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on April 1, 2015 Rupees |
|---|---|---|---|
| Non-current | | | |
| a) Deposits with bank held as margin money with remaining maturity of more than 12 months | 1,982,996 | 4,681,752 | 2,846,217 |
| b) Interest receivable on Fixed Deposits | 522,062 | 1,497,622 | 479,622 |
| Total | 2,505,058 | 6,179,374 | 3,325,839 |
| Current | | | |
| a) Security deposits | 6,162,625 | 5,426,900 | 5,426,900 |
| b) Earnest money deposits | 20,533,032 | 23,216,354 | 20,114,379 |
| c) Interest receivable on Fixed Deposits | 1,731,873 | 312,950 | 1,127,138 |
| d) Unbilled revenue | 10,933,318 | - | - |
| Total | 39,360,848 | 28,956,204 | 26,668,417 |

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**Note No. 7 - Other assets**

| Particulars | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on April 1, 2015 Rupees |
|---|---|---|---|
| **Non-current** | | | |
| a) Prepaid expenses | - | 811,059 | 1,014,425 |
| b) Advance income tax (net of provisions of Rs. 327,750/-) [As at March 31, 2016 Rs. 327,750/-; as at April 1, 2015 Rs. 327,750/-] | 37,590,956 | 40,992,191 | 30,669,839 |
| **Total** | 37,590,956 | 41,803,250 | 31,684,264 |
| **Current** | | | |
| a) Prepaid expenses | 1,376,761 | 3,287,822 | 4,303,083 |
| b) Balances with statutory / government authorities | | | |
| i) Cenvat credit receivable | 26,390 | 2,751,806 | 22,096 |
| ii) Service Tax credit receivable | 29,697,270 | 33,299,856 | 21,252,780 |
| iii) Advances with Public bodies (VAT, Octroi etc.) | 357,026 | 642,760 | 454,188 |
| c) Others | | | |
| i) Advances to Suppliers | 24,087,494 | 22,987,842 | 14,440,625 |
| ii) Advances to Employees | 1,587,613 | 3,032,562 | 3,599,443 |
| iii) Others | 3,195,153 | 12,274,833 | 22,040,633 |
| **Total** | 60,327,707 | 78,277,481 | 66,112,848 |

**Note No. 8 - Inventories**

| Particulars | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on April 1, 2015 Rupees |
|---|---|---|---|
| **Valued at lower of cost and net realizable value** | | | |
| a) Raw materials and components | 122,958,005 | 163,943,499 | 142,064,386 |
| b) Finished goods (Other than those acquired for trading) | 41,581,613 | 39,853,278 | 55,540,665 |
| c) Stock-in-trade | 228,028,221 | 203,112,737 | 107,524,418 |
| **Total** | 392,567,839 | 406,909,514 | 305,129,469 |

**Notes:**
(i) The cost of inventories recognised as an expense during the year was Rs. 1,86,86,86,506 (for the year ended March 31, 2016: Rs. 2,91,55,37,578).
(ii) The cost of inventories recognised as an expense includes Rs. 32,40,781 (during 2015-16: Rs. 55,68,172) in respect of write-downs of inventory to net realisable value.
(iii) Refer Note 13 for details of current assets pledged as security for the loans obtained from the Banks.

(iv) The method of valuation of inventories has been stated in note 2.4.

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**Note No. 9 - Trade receivables**

| Particulars | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on April 1, 2015 Rupees |
|---|---|---|---|
| **Current** | | | |
| a) Trade receivables: | | | |
| i) Unsecured, considered good | 751,650,589 | 1,068,202,955 | 1,183,312,763 |
| ii) Doubtful | 16,532,274 | 13,952,167 | 8,254,792 |
| | 768,182,863 | 1,082,155,122 | 1,191,567,555 |
| Less: Allowance for doubtful Debts (Expected Credit Loss) | 16,532,274 | 13,952,167 | 8,254,792 |
| **Total** | 751,650,589 | 1,068,202,955 | 1,183,312,763 |

**Notes:**

Before accepting any new customer, the company assesses the potential customer's credit quality and defines credit limits by customers. Assessements are reviewed at regular intervals. Of the trade receivables balance as at March 31, 2017, Rs.12,40,96,437 (As at March 31, 2016 of Rs. 15,03,63,812/-; as at April 1, 2015 of Rs.31,47,74,000/-) is due from two banks. There are no other customers who represent more than 5% of the total balance of trade receivables.

The company has not used the practical expedient for computing the expected credit loss allowance for trade receivables. The Company has determined the expected credit loss allowance for trade receivables based on an assessment of significant changes in its credit risk or risk of default for its trade receivables. The Company considers customer type (as below) while making such assessment for the purpose of determining the expected credit loss allowance. The policy for expected credit loss allowance takes into account historical credit loss experience and adjusted for forward-looking information.

| Category of Customers | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on March 31, 2015 Rupees |
|---|---|---|---|
| Banks | 465,338,915 | 738,565,448 | 766,047,441 |
| Dealers | 19,553,685 | 37,261,970 | 50,660,494 |
| Forbes Xpress | 2,251,989 | 3,896,266 | 4,951,694 |
| Government | 145,792,450 | 190,329,012 | 152,076,222 |
| Related Party | 10,788,407 | 10,527,357 | 10,527,357 |
| Others | 124,457,417 | 101,575,069 | 207,304,347 |
| **Grand Total** | 768,182,863 | 1,082,155,122 | 1,191,567,555 |

Movement in the expected credit loss allowance

| Particulars | Year ended March 31, 2017 Rupees | Year ended March 31, 2016 Rupees |
|---|---|---|
| **Balance at the beginning of the year** | 13,952,167 | 8,254,792 |
| **Movement in expected credit loss allowance on trade receivables Calculated at lifetime expected credit losses** | | |
| Impairment losses recognised in the year based on lifetime expected credit losses | | |
| - On receivables originated in the year | - | - |
| - Other receivables | 3,733,540 | 5,697,375 |
| Allowance for modifications to contractual cash flow in the year | - | - |
| Amounts written off during the year as uncollectible | (75,843) | - |
| Amounts recovered during the year | (1,077,590) | - |
| **Balance at the end of the year** | 16,532,274 | 13,952,167 |

**Note No. 10 - Cash and bank balances**

| Particulars | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on April 1, 2015 Rupees |
|---|---|---|---|
| a) Cash and cash equivalents | | | |
| i) Cash on hand | 96,502 | 314,469 | 484,006 |
| ii) Balances with bank | | | |
| - In current accounts | 74,324,848 | 61,729,391 | 35,551,110 |
| **Total** | 74,421,350 | 62,043,860 | 36,035,116 |
| b) Other bank balances | | | |
| Balances held as margin money with remaining maturity of less than 12 months | 4,887,899 | 1,175,670 | 5,251,493 |
| **Total** | 4,887,899 | 1,175,670 | 5,251,493 |

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**Note No. 11 - Equity share capital**

| Particulars | As on March 31, 2017 | | As on March 31, 2016 | | As on April 1, 2015 | |
|---|---|---|---|---|---|---|
| | No. of shares | Rupees | No. of shares | Rupees | No. of shares | Rupees |
| **a) Authorised share capital** | | | | | | |
| Equity shares of Rs.10 each | 27,000,000 | 270,000,000 | 32,000,000 | 320,000,000 | 22,000,000 | 220,000,000 |
| **b) Issued, subscribed and fully paid:** | | | | | | |
| Equity Shares of Rs.10 each with voting rights | 26,897,200 | 268,972,000 | 26,897,200 | 268,972,000 | 21,897,200 | 218,972,000 |
| **Total** | **26,897,200** | **268,972,000** | **26,897,200** | **268,972,000** | **21,897,200** | **218,972,000** |

**i) Reconciliation of the number of Equity shares and amount outstanding at the beginning and at the end of the reporting period:**

| Particulars | No. of shares | Rupees |
|---|---|---|
| Equity shares with voting rights : | | |
| **Balance as at April 1, 2015** | 21,897,200 | 218,972,000 |
| Fresh issue | 5,000,000 | 50,000,000 |
| **Balance as at March 31, 2016** | 26,897,200 | 268,972,000 |
| Fresh issue | - | - |
| **Balance as at March 31, 2017** | **26,897,200** | **268,972,000** |

**ii) Rights attached to equity shares:**

a) Right to receive dividend as may be approved by the Board / at the 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, 2013.

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.

**iii) Details of Equity shares held by the holding company, its subsidiaries and associates:**

| Particulars | No. of shares |
|---|---|
| **As at March 31, 2017** | |
| Forbes & Company Limited, the Holding company | 15,000,000 |
| Forbes Campbell Finance Limited, the fellow subsidiary company | 11,897,180 |
| **As at March 31, 2016** | |
| Forbes & Company Limited, the Holding company | 15,000,000 |
| Forbes Campbell Finance Limited, the fellow subsidiary company | 11,897,180 |
| **As at April 1, 2015** | |
| Forbes & Company Limited, the Intermediate Holding company | 10,000,000 |
| Forbes Campbell Finance Limited, the fellow subsidiary company | 11,897,180 |

**iv) Details of Equity shares held by each shareholder holding more than 5% shares:**

| Particulars | No. of shares held | % of holding |
|---|---|---|
| **As at March 31, 2017** | | |
| Forbes & Company Limited, the Holding company | 15,000,000 | 55.77% |
| Forbes Campbell Finance Limited, the fellow subsidiary company | 11,897,180 | 44.23% |
| **As at March 31, 2016** | | |
| Forbes & Company Limited, the Holding company | 15,000,000 | 55.77% |
| Forbes Campbell Finance Limited, the fellow subsidiary company | 11,897,180 | 44.23% |
| **As at April 1, 2015** | | |
| Forbes & Company Limited, the Intermediate Holding company | 10,000,000 | 45.67% |
| Forbes Campbell Finance Limited, the fellow subsidiary company | 11,897,180 | 54.33% |

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Note No. 12 - Other Equity

| Particulars | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on April 1, 2015 Rupees |
|---|---|---|---|
| a) Retained earnings | (698,920,876) | (538,205,732) | (238,268,013) |
| b) Other Comprehensive Income - Remeasurement of defined benefit plans | (92,318) | (70,993) | 1,161,638 |
| c) Equity component of 0.1% Cumulative non-convertible preference shares | 89,442,393 | 89,442,393 | 89,442,393 |
| d) Equity component of 10% Non-Cumulative Non-convertible preference shares | 170,302,310 | - | - |
| e) Deemed capital contribution | | | |
| Financial Guarantee commission | 22,875,348 | 16,900,848 | 10,926,348 |
| Balance at the end of the year | (416,393,143) | (431,933,484) | (136,737,634) |

| Particulars | Amount Rupees |
|---|---|
| **a) Retained earnings** | |
| Balance as on April 1, 2015 | (238,268,013) |
| Add: Loss for the year | (299,937,719) |
| Balance as on March 31, 2016 | (538,205,732) |
| Add: Loss for the year | (160,715,144) |
| Balance as on March 31, 2017 | (698,920,876) |
| **b) Other Comprehensive Income - Remeasurement of defined benefit plans** | |
| Balance as on April 1, 2015 | 1,161,638 |
| Add: Remeasurement of defined benefit plans (net of income tax) | (1,232,631) |
| Balance as on March 31, 2016 | (70,993) |
| Add: Remeasurement of defined benefit plans (net of income tax) | (21,325) |
| Balance as on March 31, 2017 | (92,318) |
| **c) Equity component of 0.1% Cumulative, non-convertible, redeemable preference shares** | |
| Balance as on April 1, 2015 | 89,442,393 |
| Add: Addition during the year | - |
| Balance as on March 31, 2016 | 89,442,393 |
| Add: Addition during the year | - |
| Balance as on March 31, 2017 | 89,442,393 |
| **d) Equity component of 10% Cumulative, non-convertible, redeemable preference shares** | |
| Balance as on April 1, 2015 | - |
| Add: Addition during the year | - |
| Balance as on March 31, 2016 | - |
| Add: Addition during the year | 170,302,310 |
| Balance as on March 31, 2017 | 170,302,310 |
| **e) Deemed capital contribution - Financial Guarantee commission** | |
| Balance as on April 1, 2015 | 10,926,348 |
| Add: Accrued during the year | 5,974,500 |
| Balance as on March 31, 2016 | 16,900,848 |
| Add: Accrued during the year | 5,974,500 |
| Balance as on March 31, 2017 | 22,875,348 |

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**Note No. 13 - Borrowings - Non- Current**

| Particulars | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on April 1, 2015 Rupees |
|---|---|---|---|
| **a) Debentures - Unsecured - at amortised cost** | | | |
| i) Series I (250 of face value of Rs. 10,00,000/- each) (Refer note no. 13.1 below) | - | - | 247,642,964 |
| ii) Series II (250 of face value of Rs. 10,00,000/- each) (Refer note no. 13.1 below) | - | 248,415,212 | 247,537,848 |
| iii) India Bulls (250 of face value of Rs. 10,00,000/- each) (Refer note no. 13.2 below) | 250,000,000 | - | - |
| **b) Term loans - Secured at amortised cost** | | | |
| From Banks: | | | |
| i) Axis Bank Ltd (Refer note no. 13.3 & 13.4 below) | 114,200,000 | 171,400,000 | 270,000,000 |
| ii) DCB bank (Refer note no. 13.6 below) | 60,000,600 | - | - |
| **c) Term loans - Unsecured at amortised cost** | | | |
| From Bank: | | | |
| Yes Bank (Refer note no. 13.5 below) | 210,000,000 | - | - |
| **d) Liability Component of Compound Financial Instrument** | | | |
| i) Preference Share Capital (Refer note no. 13.7 below) | 53,084,284 | 20,568,858 | 18,359,351 |
| **e) Other loans** | | | |
| i) Preference Share Capital (Refer note no. 13.7 below) | 299,092,603 | 281,492,603 | 263,892,603 |
| **Total** | 986,377,487 | 721,876,673 | 1,047,432,766 |

A) **Summary of borrowing arrangments:**

13.1) i) The Series I & Series II Debentures are Unsecured, Redeemable and Non Convertible
ii) Date of allotment of Debentures : October 20, 2014.
iii) The maturity of Debentures Series I - March 20, 2017; Series II - October 20, 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 Limited

13.2) i) Debentures are Unsecured, Redeemable and Non Convertible
ii) Date of allotment of Debentures : March 20, 2017.
iii) The maturity of Debentures - March 20, 2020.
iv) The debentures carry interest @ 10.38% p.a payable on quarterly basis.
v) The debentures are backed by Corporate Guarantee of Forbes & Company Limited

13.3) Floating rate loans with Axis bank Limited with remaining maturity period not exceedings 3 years (as at March 31, 2016: 4 years).The effective interest rate on these loans is 10.12% per annum (as at March 31, 2016: 10.25% per annum). These are secured by a mortgage over Primary : Exclusive 1st charge on movable and immovable fixed assets (tangible + intangible), present and future, of the company. Collateral: Extension of pari passu 1st charge on current assets of the company. The Maturity of Term Loan - March 2020.

13.4) Floating rate loans with Axis bank Limited which has matured in September 2016 (remaining maturity as at March 31, 2016: 6 months). The effective interest rate on these loans is 10.46% per annum (as at March 31, 2016: 10.46% per annum). These are secured by a mortgage over Primary : Exclusive 1st charge on movable and immovable fixed assets (tangible + Intangible), present and future, of the company. Collateral: Extension of pari passu 1st charge on current assets of the company. The Loan is backed by Corporate Guarantee of Forbes & Company Limited

13.5) Floating rate loans with Yes bank Limited with remaining maturity periods not exceedings 4 years and 5 months. The effective Interest rate on these loans is 10.25% per annum. These are backed by a Unconditional and Irrevocable Corporate Guarantee of Forbes & Company Limited The Maturity of term loan - August - 2021.

13.6) Floating rate loans with DCB bank with remaining maturity periods not exceedings 1 years and 8 months (as at March 31, 2016: N.A).The effective interest rate on these loans is 11% per annum (as at March 31, 2016: N.A). These are secured by 1st Pari-passu charge on all the present and future current assets of the company along with Axis Bank Limited The Loan Is backed by Corporate Guarantee of Forbes & Company Limited. The Maturity of term loan - December - 2018

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13.7) i) 8% Cumulative Optionally Convertible Redeemable Preference Shares were issued in 2010-11 for a tenure of 10 years with cumulative dividend of 8% per annum.
ii) 0.1% Cumulative Non Convertible Redeemable Participating Preference Shares were issued in 2010-11 for a tenure of 20 years with cumulative dividend of 0.1% per annum.
iii) 8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares were issued in 2012-13 for a tenure of 10 years with cumulative dividend of 8% per annum.
iv) 10% Non Cumulative Redeemable Preference Shares were issued in 2016-17 for a tenure of 20 years and are Non-cumulative with a dividend of 10% per annum.

**B) The terms of repayment of term loans and other loans are stated below:**

| Particulars | Nature of Security | Terms of repayment | Principal Outstanding as at March 31, 2017 | Principal Outstanding as at March 31, 2016 | Principal Outstanding as at March 31, 2015 |
|---|---|---|---|---|---|
| i) Debentures (Unsecured)<br>(a) Series I | The debentures are backed by Corporate guarantee of Forbes & Company Limited | i) One time bullet repayment on March 20, 2017<br>ii) Rate of interest 10.75% | - | 250,000,000 | 250,000,000 |
| (b) Series II | The debentures are backed by Corporate guarantee of Forbes & Company Limited | i) One time bullet repayment on October 20, 2017<br>ii) Rate of interest 10.75% | 250,000,000 | 250,000,000 | 250,000,000 |
| (c) India Bulls | The debentures are backed by Corporate guarantee of Forbes & Company Limited | i) One time bullet repayment on March 20, 2020<br>ii) Rate of interest 10.38% | 250,000,000 | - | - |
| ii) Axis Bank | i) Secured by exclusive 1st charge on movable and immovable fixed assets (tangible and intangible), present and future, of the Company.<br>ii) Secured by 1st charge on current asset, present and future, of the company. | i) Quarterly repayments in 14 tranches starting from December 2016.<br>ii) Rate of interest 10.25% | 171,400,000 | 200,000,000 | - |
| iii) Axis Bank | i) Secured by exclusive 1st charge on movable and immovable fixed assets (tangible and intangible), present and future, of the Company.<br>ii) Secured by 1st charge on all stocks, book debts and receivables, present and future, of the Company.<br>iii) The Loan is backed by Corporate Guarantee of Forbes & Company Limited | One time bullet repayment after 3 years from the date of disbursement with interest rate depending on base rate, currently 10.46%. | - | 270,000,000 | 270,000,000 |
| iv) Yes Bank | Unconditional and irrevocable corporate guarantee of Forbes & Company Ltd | (i) Term Loan shall be repayable in 18 equal quaterly installment of Rs.1,50,00,000/- from May 2017.<br>(ii) Rate of interest 10.25%. | 270,000,000 | - | - |
| v) Development Credit Bank | The Loan is backed by Corporate guarantee of Forbes & Company Ltd | i) Repayment in 18 monthly equal instalments from July 2017<br>ii) Rate of interest 11% | 120,000,000 | - | - |

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C) **The terms of Compound Financial Instrument**

| Particulars | Terms of redemption | Principal Outstanding as at March 31, 2017 | Principal Outstanding as at March 31, 2016 | Principal Outstanding as at April 1, 2015 |
|---|---|---|---|---|
| 0.1% Cumulative Non Convertible Redeemable Participating Preference Shares | 20 years from Date of Allotment | 10,557,607 | 10,557,607 | 10,557,607 |
| 10% Non Cumulative Non Convertible, Non Participating, Redeemable Preference Shares | 20 years from Date of Allotment | 29,697,690 | - | - |

D) **Other loans**

| Particulars | Terms of redemption | Principal Outstanding as at March 31, 2017 | Principal Outstanding as at March 31, 2016 | Principal Outstanding as at April 1, 2015 |
|---|---|---|---|---|
| 8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares | After 1 year from issue; within 10 years | 200,000,000 | 200,000,000 | 200,000,000 |
| 8% Cumulative Optionally Convertible Redeemable Preference Shares | 20 years from Date of Allotment | 20,000,000 | 20,000,000 | 20,000,000 |

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## Note No. 14 - Provisions

| Particulars | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on April 1, 2015 Rupees |
|---|---|---|---|
| **Non-current** | | | |
| a) Provision for employee benefits | | | |
| i) Gratuity (Refer note 27) | 11,277,202 | 11,785,623 | 9,562,340 |
| ii) Compensated absences | 9,672,407 | 9,947,309 | 8,100,182 |
| b) Other provisions | | | |
| i) Warranty (Refer note below) | 5,040,000 | 4,945,014 | 1,400,000 |
| **Total** | 25,989,609 | 26,677,946 | 19,062,522 |
| **Current** | | | |
| a) Provision for employee benefits | | | |
| i) Gratuity (see note 27) | 3,505,261 | 1,706,176 | 495,334 |
| ii) Compensated absences | 3,854,875 | 2,338,664 | 1,082,515 |
| b) Other provisions | | | |
| i) Warranty (Refer note below) | 2,160,000 | 2,119,292 | 600,000 |
| **Total** | 9,520,136 | 6,164,132 | 2,177,849 |

**Note : Movement of warranties**
The Company provides 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.

| Particulars | Amount Rupees |
|---|---|
| **Balance as on April 1, 2015** | 2,000,000 |
| Additional provisions recognised | 7,064,306 |
| Reduction arising from utilisation/reversal during the year | (2,000,000) |
| **Balance as on March 31, 2016** | 7,064,306 |
| Additional provisions recognised | 7,200,000 |
| Reduction arising from utilisation/reversal during the year | (7,064,306) |
| **Balance as on March 31, 2017** | 7,200,000 |

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**Note No. 15 - Borrowings- Current**

| Particulars | As on March 31, 2017 | As on March 31, 2016 | As on April 1, 2015 |
|---|---|---|---|
| | Rupees | Rupees | Rupees |
| a) Unsecured at amortised cost: | | | |
| i) Loans from related parties | 20,000,000 | 70,000,000 | - |
| ii) Loans from other parties (Refer Note (i) below) | - | - | 40,000,000 |
| iii) Working capital Loan | - | - | 111,200,000 |
| | **20,000,000** | **70,000,000** | **151,200,000** |
| b) Secured at amortised cost: | | | |
| Repayable on demand | | | |
| i) Cash credit from Development Credit Bank Limited. (Refer Note (ii) below) | 244,992,019 | 227,651,765 | 123,015,165 |
| ii) Cash credit from Axis Bank Limited. (Refer Note (ii) below) | 228,377,233 | 211,300,318 | 201,655,208 |
| | **473,369,252** | **438,952,083** | **324,670,373** |
| **TOTAL** | **493,369,252** | **508,952,083** | **475,870,373** |

**Notes:**

(i) Amounts repayable to other related parties of the Company. Interest of 12.25% and 12% per annum is charged on the outstanding loan balances (as at March 31, 2016: 12.25% and 12 % per annum; as at April 1; 2015: 12% per annum).

(ii) Cash credit from Axis Bank and Development Credit Bank are secured by Pari Passu hypothecation charge on all Inventory and trade receivables of the Company with the carrying amount of Rs.1,14,42,18,428/- as on March 31, 2017, Rs. 1,475,112,469/- as on March 31, 2016 and Rs. 1,488,442,232/- as on March 31, 2015. Both Cash credit is backed by Corporate Guarantee of Forbes & Company Limited. Average rate of interest on Axis Bank is 10% and DCB Bank is 10.25%.

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**Note No. 16 - Trade Payables**

| Particulars | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on April 1, 2015 Rupees |
|---|---|---|---|
| Current | | | |
| a) Total outstanding dues of Micro enterprises and small enterprises (Refer note below) | - | - | - |
| b) Total outstanding dues of creditors other than Micro enterprises and small enterprises | 496,149,414 | 707,512,963 | 570,706,747 |
| Total | 496,149,414 | 707,512,963 | 570,706,747 |

Note :
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.

**Note No.17 - Other financial liabilities**

| Particulars | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on April 1, 2015 Rupees |
|---|---|---|---|
| Current | | | |
| a) Current maturities of long-term borrowings | 426,600,602 | 635,378,720 | - |
| b) Interest accrued but not due | 12,158,126 | 14,609,439 | 12,902,439 |
| c) Security Deposits | 8,065,000 | 12,183,000 | 6,507,770 |
| Total | 446,823,728 | 662,171,159 | 19,410,209 |

**Note No. 18 - Other liabilities**

| Particulars | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on April 1, 2015 Rupees |
|---|---|---|---|
| Current | | | |
| a) Customer's credit balances | 51,935,104 | 30,075,954 | 22,860,797 |
| b) Payables to statutory authorities | 9,122,764 | 8,446,186 | 13,055,303 |
| c) Income received in advance (Unearned revenue) | 12,638,511 | 9,543,303 | 2,394,086 |
| Total | 73,696,379 | 48,065,443 | 38,310,186 |

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**Note No. 19 - Revenue from operations**

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| | Rupees | Rupees |
| **a) Sale of products** | | |
| (Including Excise Duty of Rs.73,295,361/- for the year ended March 31, 2017; for the year ended March 31, 2016: Rs. 120,330,148/-) | | |
| i) Manufactured goods | | |
| Kiosks & software | 692,607,277 | 1,006,286,753 |
| ii) Traded goods | | |
| Business Automation Products | 267,628,561 | 524,190,875 |
| Mobile Recharge | 1,189,245,405 | 1,711,701,679 |
| | **2,149,481,243** | **3,242,179,307** |
| **b) Sale of services** | | |
| i) Annual maintenance and support services charges | 259,146,365 | 124,851,110 |
| ii) Transaction charges | 47,041,026 | 49,338,897 |
| iii) Commission income | 21,793,633 | 15,144,484 |
| | **327,981,024** | **189,334,491** |
| **c) Other operating revenues** | | |
| Lease Income | 41,757,668 | 23,725,994 |
| | **41,757,668** | **23,725,994** |
| **Total** | **2,519,219,935** | **3,455,239,792** |

**Note No. 20 - Other income**

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| | Rupees | Rupees |
| a) Interest income earned on financial assets that are not designated at Fair value through Profit & Loss | | |
| i) on fixed deposit with banks | 657,801 | 837,654 |
| ii) Interest on staff loans | - | 5,435 |
| iii) on Income Tax refund | 1,808,384 | 311,905 |
| b) Liabilities / provisions no longer required written back | 4,401,158 | 6,831,268 |
| c) Miscellaneous income | 802,473 | 208,963 |
| **Total** | **7,669,816** | **8,195,225** |

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**Note No. 21 - Employee benefits expense**

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| | Rupees | Rupees |
| a) Salaries and wages | 121,856,149 | 104,321,765 |
| b) Contribution to provident and other funds (Refer note no. 27) | 7,464,271 | 7,808,288 |
| c) Grautity expense | 2,604,636 | 2,329,140 |
| d) Staff welfare expense | 4,593,293 | 5,632,696 |
| Total | 136,518,349 | 120,091,889 |

**Note No. 22 - Finance costs**

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| | Rupees | Rupees |
| a) Interest expense on: | | |
| i) Debentures | 55,929,396 | 55,910,380 |
| ii) Term loans | 56,166,269 | 37,630,970 |
| iii) Cash credits and working capital loans | 46,272,545 | 45,248,754 |
| iv) Loans from related parties | 7,858,220 | 12,488,627 |
| iv) Other loans | 20,417,736 | 19,809,507 |
| | 186,644,166 | 171,088,238 |
| Less: Amount included in the cost of qualifying asset | 86,279,933 | 72,217,121 |
| | 100,364,233 | 98,871,117 |
| b) Financial Guarantee Commission | 5,974,500 | 5,974,500 |
| c) Other borrowing costs | 4,622,891 | 14,856,661 |
| Total | 110,961,624 | 119,702,278 |

Note: The Weighted Average Capitalisation rate on funds borrowed generally is 8.65 % p.a. (2015-16: 8.42 % p.a.)

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**Note No. 23 - Other expenses**

| Particulars | For the year ended March 31, 2017 Rupees | For the year ended March 31, 2016 Rupees |
|---|---|---|
| Managed assets service provider's charges | 72,177,734 | 73,377,119 |
| Job work charges | 2,628,040 | 5,283,481 |
| Contract labour charges | 115,500,455 | 113,195,722 |
| Power and fuel | 4,459,733 | 4,367,368 |
| Rent including lease rentals | 13,027,941 | 24,643,817 |
| Repairs and maintenance - Buildings | 594,486 | 489,225 |
| Repairs and maintenance - Others | 14,007,462 | 9,795,010 |
| Insurance | 2,589,714 | 2,587,288 |
| Communication | 7,532,397 | 8,390,685 |
| Travelling and conveyance | 32,023,846 | 34,631,995 |
| Printing and stationery | 5,353,728 | 5,998,886 |
| Warranty and AMC expenses (Refer note no. 14) | 42,374,504 | 19,166,572 |
| (Decrease)/Increase of excise duty on inventory | (568,510) | 411,708 |
| Freight and forwarding | 55,394,780 | 62,920,046 |
| Money Transfer Commission | 19,884,269 | 202,754 |
| Service charges | 18,133,755 | 15,874,242 |
| Strategic Support Service Charges | 1,741,485 | - |
| Fixed assets written off | - | 160,807 |
| Annual maintenance and service charges | 1,263,710 | 1,677,998 |
| Legal and professional | 3,905,254 | 5,712,890 |
| Payments to the auditor (Net of Service Tax) | | |
| i) Audit fees | 1,700,000 | 975,000 |
| ii) For taxation matters | 150,000 | 150,000 |
| iii) Limited Review | 250,000 | 250,000 |
| iv) For reimbursement of expenses | 53,672 | 42,799 |
| v) Swach Bharat Cess | 7,125 | - |
| vi) Others | 25,000 | 15,000 |
| Foreign exchange loss (Net) | 1,022,970 | 9,397,790 |
| Loans and advances written off | 922,253 | - |
| Bad debts written off | 581,038 | 11,253,073 |
| Provision for trade receivables (net) | 2,580,107 | 5,697,375 |
| Miscellaneous expenses | 27,746,882 | 23,370,005 |
| **Total** | **447,063,830** | **440,038,655** |

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**Note No. 24 - Segment information**

**24.1 Products and Services from which reportable segments derive their revenues**

Information reported to the chief operating decision maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. In respect of goods the information is further analysed as Trading Segment and Manufacturing Segment and in respect of services as Forbes Xpress Segment and Transaction Network & Support Service Segment. Trading segment consists sale of Note Counting Machine, Electronic Cash Register, Point of Sale Machine etc. Manufacturing segment consists sale of different types of Kiosks. Forbes Xpress Segment consists sale of Mobile Recharge, Bill Payments and Money Transfer. Transaction network and services comprises of maintenance, servicing, transaction charges, support services for kiosks and other devices. No operating segments have been aggregated in arriving at the reportable segments of the company.

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.

**24.2 Segment revenues and results**

**The following is an analysis of the Company revenue and results from continuing operations by reportable segment.**

Amount in Rupees

| Particulars | Segment revenue | | Segment profit | |
|---|---|---|---|---|
| | Year ended 31/03/2017 | Year ended 31/03/2016 | Year ended 31/03/2017 | Year ended 31/03/2016 |
| 1) Trading | 267,628,561 | 524,190,875 | 59,512,617 | 90,308,506 |
| 2) Manufacturing | 692,607,277 | 1,006,286,753 | 89,961,768 | 38,113,944 |
| 3) Forbes Xpress | 1,211,039,038 | 1,726,846,163 | (34,615,606) | (36,829,200) |
| 4) Transaction network and support services | 347,945,059 | 197,916,001 | 214,249,977 | 89,889,103 |
| **Total for continuing operations** | **2,519,219,935** | **3,455,239,792** | **329,108,756** | **181,482,353** |
| Other income | | | 7,669,816 | 8,195,225 |
| Finance costs | | | 110,961,624 | 119,702,278 |
| Central administration costs and director salaries | | | 386,532,092 | 369,913,019 |
| **Loss before tax(continuing operations)** | | | **(160,715,144)** | **(299,937,719)** |

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in current year (2015-16: Nil)

The accounting policies of the reportable segments are the same as the Company accounting policies described in note 2. Segment profit/(loss) represents the profit/(loss) before tax earned by each segment without allocation of central administration costs and director salaries, other income, as well as finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

**24.3 Segments assets and liabilities**

Amount in Rupees

| Segment assets | As at 31/03/2017 | As at 31/03/2016 | As at 01/04/2015 |
|---|---|---|---|
| 1) Trading | 455,408,110 | 493,410,888 | 253,011,507 |
| 2) Manufacturing | 920,147,939 | 1,200,293,518 | 1,480,524,780 |
| 3) Forbes Xpress | 144,847,338 | 110,940,859 | 80,339,267 |
| 4) Transaction network and support services | 685,984,774 | 550,347,341 | 341,332,210 |
| Total Segment assets | **2,206,388,161** | **2,354,992,606** | **2,155,207,764** |
| Unallocated corporate assets | 178,116,701 | 163,466,310 | 99,997,254 |
| **Total assets** | **2,384,504,862** | **2,518,458,916** | **2,255,205,018** |

Amount in Rupees

| Segment liabilities | As at 31/03/2017 | As at 31/03/2016 | As at 01/04/2015 |
|---|---|---|---|
| Trading | 69,256,371 | 138,296,968 | 141,402,654 |
| Manufacturing | 251,581,048 | 417,402,212 | 315,664,879 |
| Forbes Xpress | 40,173,871 | 24,955,598 | 14,353,802 |
| Transaction network and support services | 22,508,754 | 17,338,385 | 17,610,857 |
| **Total Segment liabilities** | **383,520,044** | **597,993,163** | **489,032,192** |
| Unallocated corporate liabilities | 2,148,405,961 | 2,083,427,236 | 1,683,938,460 |
| **Total liabilities** | **2,531,926,005** | **2,681,420,399** | **2,172,970,652** |

For the purpose of monitoring segment performance and allocating resources between segments, segments liabilities and assets have been allocated to segments on the basis of their relationship to the operating activities of the segments, other than Borrowings, Interest accrued thereon, Provision for Employee Benefits, Deposits with Banks, Interest Accrued thereon, Prepaid Expenses, Cash and Cash Equivalents and Advance Income Tax.

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### 24.4 Other segment information

**Amount In Rupees**

| Particulars | Depreciation and amortisation | | Additions to non-current assets | |
|---|---|---|---|---|
| | Year ended 31/03/2017 | Year ended 31/03/2016 | Year ended 31/03/2017 | Year ended 31/03/2016 |
| Trading | 1,312,246 | 2,676,405 | 14,008,416 | 15,664,888 |
| Manufacturing | 6,143,497 | 6,819,467 | 81,233,955 | 88,509,374 |
| Forbes Xpress | 13,272,667 | 10,730,373 | 43,313,018 | 46,278,666 |
| Transaction network and support services | 25,934,728 | 22,789,313 | 97,257,584 | 112,436,360 |
| **Sub Total** | **46,663,138** | **43,015,558** | **235,812,973** | **262,889,288** |
| Unallocated | 4,416,087 | 4,656,630 | 8,548,260 | 12,190,963 |
| **Total** | **51,079,225** | **47,672,188** | **244,361,233** | **275,080,251** |

### 24.5 Revenue from major products and services

The following is an analysis of the Company revenue from continuing operations from its major products and services.

**Amount in Rupees**

| Particulars | Year ended 31/03/2017 | Year ended 31/03/2016 |
|---|---|---|
| Trading - Scanner | 55,276,574 | 99,469,896 |
| Trading - Other | 212,351,987 | 424,720,979 |
| Manufacturing - Kiosk & software | 692,607,277 | 1,006,286,753 |
| Forbes Xpress (Mobile recharge and commission) | 1,211,039,038 | 1,726,846,163 |
| Annual maintenance and support services charges | 259,146,365 | 124,851,110 |
| Transaction charges & lease income | 88,798,694 | 73,064,891 |
| **Total** | **2,519,219,935** | **3,455,239,792** |

### 24.6 Information about Major Customers

Included in Revenue arising from Forbes Xpress Segment above of Rs.1,211,039,038 (2015-16: Rs. 1,726,846,163/-) are revenue of approximately Rs. 258,654,862/- (2015-16: 13,13,53,013/-) which arose from the sale to the company's largest customer. No other single customers contributed 10% or more to the company revenue for both 2016-2017 and 2015-2016.

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**Note No. 25 - Earnings per Share**

| **Particulars** | **For the year ended March 31, 2017** | **For the year ended March 31, 2016** |
|---|---|---|
| | **Rupees** | **Rupees** |
| Loss for the year attributable to Owners of the Company | (160,715,144) | (299,937,719) |
| Weighted average number of equity shares for the purposes of basic earnings per share | 26,897,200 | 22,184,085 |
| Par value per share | 10 | 10 |
| Basic earnings per share | (5.98) | (13.52) |

**Diluted earnings per share**
The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

**Note no. 26 - Details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016**

**Amount in Rupees**

| **Particulars** | **Specified Bank Notes** | **Other denomination notes** | **Total** |
|---|---|---|---|
| **Closing Balance as at November 8, 2016** | 724,500 | 245,620 | 970,120 |
| Transactions between November 9, 2016 and December 30, 2016 | | | |
| Permitted receipts | - | 77,679 | 77,679 |
| Permitted payments | - | (572,174) | (572,174) |
| Amount withdrawn from Bank | - | 300,000 | 300,000 |
| Amount deposited in Banks | (724,500) | - | (724,500) |
| **Closing Balance as at December 30, 2016** | - | 51,125 | 51,125 |

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## 27. Employee benefit plans

### 27.1 Defined Contribution plans

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 "Employee Benefit Expense".

Amount in Rupees

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| Contributions to provident fund | 5,882,215 | 6,226,209 |
| Contributions to Employees State Insurance | 67,642 | 27,796 |

### 27. 2 Defined benefit plans

The Company offers Gratuity (included as part of Gratuity expense in Note 21 Employee benefits expense) as employee benefit scheme to its employees.

The following table sets out the unfunded status of the defined benefit schemes and the amount recognised in the financial statements:

Amount in Rupees

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|
| **Expenses recognised in Statement of Profit and Loss** | | |
| Current service cost | 1,553,625 | 1,525,532 |
| Interest cost | 1,051,011 | 803,608 |
| Expected return on plan assets | - | - |
| Actuarial (gains) / losses | 21,325 | 1,232,631 |
| **Total expense** | **2,625,961** | **3,561,771** |
| **Actual benefit payments for year** | | |
| Actual benefit payments | 1,335,297 | 127,646 |

The principal assumptions used for the purposes of the acturial valuations were as follows:

| Particulars | Valuation as at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| Discount rate(s) | 6.85% | 7.79% | 7.99% |
| Expected rate(s) of salary increase | 5.00% | 5.00% | 5.00% |
| Attrition | 20.00% | 12.00% | 4.00% |
| Retirement age | 60 Yrs | 60 Yrs | 60 Yrs |
| Mortality tables | India Assured Lives Mortality (2006-08) | India Assured Lives Mortality (2006-08) | India Assured Lives Mortality (2006-08) |

**Notes:**

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 increase 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.

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Amounts recognised in statement of profit and loss in respect of these defined benefits plans are as follows:

**Amount in Rupees**

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| Service Cost | - | - |
| Current Service Cost | 1,553,625 | 1,525,532 |
| Past Service Cost and (gain)/loss from settlements | - | - |
| Net Interest expense | 1,051,011 | 803,608 |
| **Components of defined benefit costs recognised in the Statement of Profit and Loss** | **2,604,636** | **2,329,140** |
| Remeasurement on the net defined benefit liability : | - | - |
| Return on the net defined benefit liability | - | - |
| Actuarial (Gains)/losses arising from changes in demographic assumptions | 425,868 | 1,106,237 |
| Actuarial (Gains)/losses arising from changes in financial assumptions | 391,505 | 120,897 |
| Actuarial (Gains)/losses arising from experience assumptions | (796,048) | 5,497 |
| Others (describe) | - | - |
| Adjustments for restrictions on the defined benefit asset | - | - |
| **Components of defined benefit costs recognised in other comprehensive income** | **21,325** | **1,232,631** |
| **Total** | **2,625,961** | **3,561,771** |

The current service cost and the net interest expense for the year are included in the "Employee benefits expense" line item in the statement of profit and loss

The remeasurement of the net defined liability is included in other comprehensive income.

Movements in the present value of the defined benefit obligations are as follows:

**Amount in Rupees**

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Opening defined benefit obligations | 13,491,799 | 10,057,674 |
| Current service cost | 1,553,625 | 1,525,532 |
| Interest Cost | 1,051,011 | 803,608 |
| Remeasurement (gains)/losses | - | - |
| Actuarial (Gains)/losses arising from changes in demographic assumptions | 425,868 | 1,106,237 |
| Actuarial (Gains)/losses arising from changes in financial assumptions | 391,505 | 120,897 |
| Actuarial (Gains)/losses arising from experience assumptions | (796,048) | 5,497 |
| Benefits paid | (1,335,297) | (127,646) |
| **Closing defined benefit obligation** | **14,782,463** | **13,491,799** |

**27.3 Mortality**

It is assumed that the active members of the scheme will experience in-service mortality in accordance with the Indian Assured Lives Mortality (2006-08). A sample pick from this table is given below:

| Age | Mortality Rate |
|---|---|
| 21 | 0.0009190 |
| 22 | 0.0009430 |
| 23 | 0.0009610 |
| 24 | 0.0009740 |
| 25 | 0.0009840 |

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**27.4 Experience adjustments**

| Particulars | Amount (Rupees) |
|---|---|
| **As on March 31, 2017** | |
| Opening Net Liability | 13,491,799 |
| Expense as above | 2,625,961 |
| Amount Recognised in Balance Sheet | 14,782,463 |
| Experience gain / (loss) adjustments on plan liabilities | (21,325) |
| | |
| **As on March 31, 2016** | |
| Opening Net Liability | 10,057,674 |
| Expense as above | 3,561,771 |
| Amount Recognised in Balance Sheet | 13,491,799 |
| Experience gain / (loss) adjustments on plan liabilities | (1,232,631) |
| | |
| **As on March 31, 2015** | |
| Opening Net Liability | 7,774,964 |
| Expense | 3,046,607 |
| Amount Recognised in Balance Sheet | 10,057,674 |
| Experience gain / (loss) adjustments on plan liabilities | 1,161,638 |
| | |
| **As on March 31, 2014** | |
| Opening Net Liability | 7,245,573 |
| Expense | 1,529,878 |
| Amount Recognised in Balance Sheet | 7,774,964 |
| Experience gain / (loss) adjustments on plan liabilities | (98,351) |
| | |
| **As on March 31, 2013** | |
| Opening Net Liability | 2,257,314 |
| Expense | 5,260,954 |
| Amount Recognised in Balance Sheet | 7,245,573 |
| Experience gain / (loss) adjustments on plan liabilities | 4,315,692 |

**27.5 Sensitivity Analysis**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occuring at the end of the reporting period, while holding all other assumptions constant.

**Amount in Rupees**

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Projected Benefit Obligation on Current Assumptions | 14,782,463 | 13,491,799 |
| Delta Effect of +1% Change in Rate of Discounting | (415,599) | (582,171) |
| Delta Effect of +1% Change in Rate of Discounting | 447,682 | 641,155 |
| Delta Effect of +1% Change in Rate of Salary Increase | 451,411 | 652,540 |
| Delta Effect of +1% Change in Rate of Salary Increase | (426,568) | (602,372) |
| Delta Effect of +1% Change in Rate of Employee Turnover | 12,490 | 68,410 |
| Delta Effect of -1% Change in Rate of Employee Turnover | (15,166) | (77,890) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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### 28. Financial Instruments
#### 28.1 Capital Management
The company manages its capital to ensure that the company will be able to continue as a going concern while maximising the return to stakeholder through the optimisation of the debt and equity balance.
The capital structure of the company consists of net debt (borrowings as detailed in notes 13 and 17) and total equity of the company (equity as detailed in Note 11 and 12).
The Company's Board of directors and KMP review the capital structure of the company on an annual basis. As part of the review, the committee considers the cost of capital and the risks associated with each class of capital. The gearing ratio at March 31, 2017 is -9.58 (see below) and the company wishes to improve the ratio over the period of time.

#### 28.1.1 Debt-Equity Ratio
The Debt-Equity ratio at the end of the reporting period was as follows:

| Particulars | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on April 01, 2015 Rupees |
|---|---|---|---|
| Paid-up debt capital (Refer Note (i) Below) | 1,412,978,089 | 1,357,255,393 | 1,047,432,766 |
| Equity (Refer Note (ii) Below) | (147,421,143) | (162,961,484) | 82,234,366 |
| Net debt to equity ratio | (9.58) | (8.33) | 12.74 |

Notes:
(i) Debt is defined as Long-term borrowings and Current maturities of long term borrowings (Refer note 13 and 17)
(ii) Equity is defined as Equity Share Capital and Other Equity (Refer note 11 and 12)

#### 28.2 Categories of financial instruments

| Particulars | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on April 01, 2015 Rupees |
|---|---|---|---|
| **Financial Assets** | | | |
| **Measured at Amortised cost** | | | |
| **(a) Cash and bank balances** | 79,309,249 | 63,219,530 | 41,286,609 |
| **(b) Other financial assets at amortised cost** | | | |
| (i) Other Financial asssets | 41,865,906 | 35,135,578 | 29,994,256 |
| (ii) Other loans | - | - | 70,013 |
| (iii) Trade receivables | 751,650,589 | 1,068,202,955 | 1,183,312,763 |
| **Total** | **872,825,744** | **1,166,558,063** | **1,254,663,641** |

| Particulars | As on March 31, 2017 Rupees | As on March 31, 2016 Rupees | As on April 01, 2015 Rupees |
|---|---|---|---|
| **Financial Liabilites** | | | |
| **Measured at Amortised cost** | | | |
| (i) Other Financial liabilities | 446,823,728 | 662,171,159 | 19,410,209 |
| (ii) Borrowings | 1,479,746,739 | 1,230,828,756 | 1,523,303,139 |
| (iii)Trade Payables | 496,149,414 | 707,512,963 | 570,706,747 |
| **Total** | **2,422,719,881** | **2,600,512,878** | **2,113,420,095** |

#### 28.3 Financial Risk Management Objectives
The Company sells goods and provides services to the business in domestic markets and procures goods and services from domestic as well as international markets.The Management monitors and manages the financial risks relating to the operations of the company by analysing exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

#### 28.4 Market Risk
The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see note 28.5 below) and interest rates (see note 28.6 below).

#### 28.5 Foreign currency risk management

The Company Undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Carrying amounts of the company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as folows:

| Currencies | March 31, 2017 | | March 31, 2016 | | April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Trade receivables | | Trade receivables | | Trade receivables | |
| | Foreign Currency | Rupees | Foreign Currency | Rupees | Foreign Currency | Rupees |
| USD | - | - | - | - | 6,600 | 413,680 |
| EURO | - | - | - | - | - | - |

| Currencies | March 31, 2017 | | March 31, 2016 | | April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Trade payables | | Trade payables | | Trade payables | |
| | Foreign Currency | Rupees | Foreign Currency | Rupees | Foreign Currency | Rupees |
| USD | 592,209 | 38,397,978 | 1,453,329 | 96,403,527 | 1,730,340 | 108,455,635 |
| EURO | 30,554 | 2,115,757 | 64,649 | 4,854,849 | 126,689 | 8,617,031 |

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### 28.5.1 Foreign Currency Senitivity Analysis

The company is mainly exposed to USD and EURO. The following table details the Group's sensitivity to a 5% increase and decrease in the Rupees against the relevant foreign currencies. 5% 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 (Trade Recievables and Trade Payables) and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens 5% against the relevant currency. For a 5% weakening of the Rupee against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

**March 31, 2017** — **Amount in Rupees**

| Currencies | Increase/ Decrease | Total Assets in Foreign Currency | Total Liabilities in Foreign Currency | Change in Exchange rate | Impact on Profit or Loss for the Year |
|---|---|---|---|---|---|
| USD | Increase by 5% | - | 592,209 | 3.24 | (1,919,899) |
| USD | Decrease by 5% | - | 592,209 | (3.24) | 1,919,899 |
| EURO | Increase by 5% | - | 30,554 | 3.46 | (105,788) |
| EURO | Decrease by 5% | - | 30,554 | (3.46) | 105,788 |

**March 31, 2016** — **Amount in Rupees**

| Currencies | Increase/ Decrease | Total Assets in Foreign Currency | Total Liabilities in Foreign Currency | Change in Exchange rate | Impact on Profit or Loss for the Year |
|---|---|---|---|---|---|
| USD | Increase by 5% | - | 1,453,329 | 3.32 | (4,820,176) |
| USD | Decrease by 5% | - | 1,453,329 | (3.32) | 4,820,176 |
| EURO | Increase by 5% | - | 64,649 | 3.75 | (242,742) |
| EURO | Decrease by 5% | - | 64,649 | (3.75) | 242,742 |

### 28.6 Interest rate risk management

The Company is exposed to interest rate risk because entities borrow funds at both fixed and floating interest rates. The risk is managed by the company by maintaining an appropriate mix between fixed and floating rate borrowings.

The Company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management (refer note 28.8) section.

### 28.6.1 Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the company's Loss for the year ended March 31, 2017 would increase/decrease by Rs. 51,73,846/- (for the year ended March 31, 2016: increase/decrease By Rs. 49,84,760/- ). This is mainly attributable to the company's exposure to interest rate on its variable rate borrowings.

### 28.7 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company only transacts with entities that are assessed as creditworthy.

Trade receivables consists of a large number of customers, spread across diverse industries. The major parties under trade receivables are banks and government where the risk of default is negligible (Refer Note 9 and 24.6). Ongoing credit evaluation is performed on the financial condition of accounts receivable.

### 28.8 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium - term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate banking facilities, obtaining inter-corporate deposits and capital contribution from its Holding Company, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 28.8.2 below sets out details of additional undrawn facilities that the company has at its disposal to further reduce liquidity risk.

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**28.8.1 Liquidity and interest risk tables**

**Expected maturity for Non-derivative financial liability**
The following table details the company's remaining contractual maturity for the non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flow of financial liabilities based on the earliest date on which the company may be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the company may be required to pay.

Amount in Rupees

| Particulars | Weighted average effective interest rate | Less than 1 year | 1-5 years | 5 + years | Total | Carrying Amount |
|---|---|---|---|---|---|---|
| **March 31, 2017** | | | | | | |
| **Non-interest bearing** | | | | | | |
| Trade payables | | 496,149,414 | | | **496,149,414** | 496,149,414 |
| Security deposits | | 8,065,000 | | | **8,065,000** | 8,065,000 |
| | | | | | | |
| **Variable interest rate instruments** | | | | | | |
| Axis bank - Term Loan II | 10.20% | 72,013,362 | 126,329,197 | | **198,342,559** | 172,891,769 |
| Yes bank -Term Loan | 10.25% | 84,355,685 | 246,832,603 | | **331,188,288** | 62,350,479 |
| DCB bank | 11.00% | 70,460,980 | 62,206,694 | | **132,667,674** | 120,000,000 |
| Axis -Cash Credit | 10.00% | 228,377,233 | | | **228,377,233** | 228,377,233 |
| DCB -Cash Credit | 10.25% | 244,992,019 | | | **244,992,019** | 244,992,019 |
| | | | | | | |
| **Fixed interest rate instruments** | | | | | | |
| Debenture Series -II | 10.75% | 270,101,027 | | | **270,101,027** | 254,555,312 |
| Debenture - India bulls | 10.38% | 25,950,000 | 301,971,096 | | **327,921,096** | 250,782,055 |
| Preference share | 10.00% | | | 758,183,562 | **758,183,562** | 352,176,887 |
| Loans from related parties - I | 12.25% | 24,900,000 | | | **24,900,000** | 22,379,713 |
| | | | | | | |
| **March 31, 2016** | | | | | | |
| **Non-interest bearing** | | | | | | |
| Trade payables | | 707,512,963 | | | **707,512,963** | 707,512,963 |
| Security deposits | | 12,183,000 | - | | **12,183,000** | 12,183,000 |
| | | | | | | |
| **Variable interest rate instruments** | | | | | | |
| Axis bank - Term Loan I | 10.25% | 281,998,486 | | | **281,998,486** | 272,350,479 |
| Axis bank - Term Loan II | 10.25% | 48,278,689 | 171,400,000 | | **219,678,689** | 201,628,767 |
| DCB bank -Term Loan | 11.30% | 92,934,750 | | | **92,934,750** | 88,000,000 |
| DCB -Cash Credit | 11.30% | 227,651,765 | | | **227,651,765** | 227,651,765 |
| Axis -Cash Credit | 10.25% | 211,300,318 | | | **211,300,318** | 211,300,318 |
| | | | | | | |
| **Fixed interest rate instruments** | | | | | | |
| Debenture Series -I | 10.75% | 281,292,808 | | | **281,292,808** | 254,006,460 |
| Debenture Series -II | 10.75% | 26,948,630 | 270,101,027 | | **297,049,657** | 253,642,952 |
| Preference share | 10.00% | | | 558,183,562 | **558,183,562** | 302,061,461 |
| Loans from related parties -I | 12.25% | 22,450,000 | | | **22,450,000** | 20,174,713 |
| Loans from related parties -II | 12.00% | 55,408,220 | | | **55,408,220** | 50,000,000 |
| | | | | | | |
| | | | | | | |
| **April 1, 2015** | | | | | | |
| **Non-interest bearing** | | | | | | |
| Trade payables | | 570,706,747 | | | **570,706,747** | 570,706,747 |
| Security deposits | | 6,507,770 | - | | **6,507,770** | 6,507,770 |
| | | | | | | |
| **Variable interest rate instruments** | | | | | | |
| Axis bank - Term Loan I | 10.25% | 28,322,297 | 281,998,486 | | **310,320,783** | 272,499,535 |
| DCB -Cash Credit | 11.25% | 123,015,165 | | | **123,015,165** | 123,015,165 |
| Axis -Cash Credit | 10.25% | 201,655,208 | | | **201,655,208** | 201,655,208 |
| | | | | | | |
| **Fixed interest rate instruments** | | | | | | |
| Debenture Series -I | 10.75% | 26,875,000 | 281,292,808 | | **308,167,808** | 252,797,074 |
| Debenture Series -II | 10.75% | 26,875,000 | 297,049,658 | | **323,924,658** | 252,691,958 |
| Loan from Other Parties | 12.00% | 44,800,000 | | | **44,800,000** | 40,094,684 |
| Working Capital Loan | 12.30% | 113,457,099 | | | **113,457,099** | 111,200,000 |
| Preference share | 10.00% | | | 558,183,562 | **558,183,562** | 282,251,954 |

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**Expected maturity for Non-derivative financial assets**
The following table details the company expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial asset is necessary in order to understand the company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Amount in Rupees

| Particulars | Weighted average effective interest rate | Less than 1 year | 1-5 years | 5 + years | Total | Carrying Amount |
|---|---|---|---|---|---|---|
| **March 31, 2017** | | | | | | |
| | | | | | | |
| **Non-interest bearing** | | | | | | |
| Trade receivables | | 751,650,589 | | | **751,650,589** | 751,650,589 |
| Cash and cash equivalents | | 74,421,350 | | | **74,421,350** | 74,421,350 |
| Security deposits | | 6,162,625 | | | **6,162,625** | 6,162,625 |
| Earnest money deposits | | 20,533,032 | | | **20,533,032** | 20,533,032 |
| Unbilled revenue | | 10,933,318 | | | **10,933,318** | 10,933,318 |
| **Fixed interest rate instruments** | | | | | | |
| Deposits with bank | 7.82% | 6,676,456 | 2,828,783 | 219,195 | **9,724,434** | 9,124,830 |
| | | | | | | |
| **March 31, 2016** | | | | | | |
| | | | | | | |
| **Non-interest bearing** | | | | | | |
| Loans to employees | | | | | | |
| Trade receivables | | 1,068,202,955 | | | **1,068,202,955** | 1,068,202,955 |
| Cash and cash equivalents | | 62,043,860 | | | **62,043,860** | 62,043,860 |
| Security deposits | | 5,426,900 | | | **5,426,900** | 5,426,900 |
| Earnest money deposits | | 23,216,354 | | | **23,216,354** | 23,216,354 |
| **Fixed interest rate instruments** | | | | | | |
| Deposits with bank | 8.67% | 1,574,920 | 7,393,794 | 136,723 | **9,105,437** | 7,667,994 |
| | | | | | | |
| **April 1, 2015** | | | | | | |
| **Non-interest bearing** | | | | | | |
| | | | | | | |
| Loans to employees | | | 70,013 | | **70,013** | 70,013 |
| Trade receivables | | 1,183,312,763 | | | **1,183,312,763** | 1,183,312,763 |
| Cash and cash equivalents | | 36,035,116 | | | **36,035,116** | 36,035,116 |
| Security deposits | | 5,426,900 | | | **5,426,900** | 5,426,900 |
| Earnest money deposits | | 20,114,379 | | | **20,114,379** | 20,114,379 |
| **Fixed interest rate instruments** | | | | | | |
| Deposits with bank | 8.94% | 6,504,556 | 3,934,531 | | **10,439,087** | 9,704,470 |

The amount included above for variable interest instruments for both non-derivatives financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The company has access to financing facilities as.described in note 28.8.2 below, of which Rs.66,30,748 were unused at the end of the reporting period (as at March 31, 2016: Rs.4,10,47,917; as at April 1, 2015: Rs.7,53,29,627). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

**28.8.2 Financing facilities**

Amount in Rupees

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Secured bank overdraft facility:** | | | |
| - Amound used | 473,369,252 | 438,952,083 | 324,670,373 |
| - Amount unused | 6,630,748 | 41,047,917 | 75,329,627 |
| | **480,000,000** | **480,000,000** | **400,000,000** |
| | | | |
| **Secured bank term loan facilities with various maturity dates:** | | | |
| - Amound used | 291,400,000 | 558,000,000 | 270,000,000 |
| - Amount unused | - | - | - |
| | **291,400,000** | **558,000,000** | **270,000,000** |
| **Unsecured bank term loan facility with various maturity dates:** | | | |
| - Amound used | 270,000,000 | - | - |
| - Amount unused | - | - | - |
| | **270,000,000** | - | - |

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**28.9 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosure are required)**

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Amount in Rupees

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial Assets** | | | | | | |
| Financial Assets at amortised cost: | **872,825,744** | **872,825,744** | **1,166,558,063** | **1,166,558,063** | **1,254,663,641** | **1,254,663,641** |
| Loans (Non-current) | - | - | - | - | 70,013 | 70,013 |
| Other non-current financial assets | 2,505,058 | 2,505,058 | 6,179,374 | 6,179,374 | 3,325,839 | 3,325,839 |
| Trade receivables | 751,650,589 | 751,650,589 | 1,068,202,955 | 1,068,202,955 | 1,183,312,763 | 1,183,312,763 |
| Cash and cash equivalent | 74,421,350 | 74,421,350 | 62,043,860 | 62,043,860 | 36,035,116 | 36,035,116 |
| Bank Balances | 4,887,899 | 4,887,899 | 1,175,670 | 1,175,670 | 5,251,493 | 5,251,493 |
| Other current financial assets | 39,360,848 | 39,360,848 | 28,956,204 | 28,956,204 | 26,668,417 | 26,668,417 |
| | | | | | | |
| **Financial Liabilities** | | | | | | |
| Financial Liabilities held at amortised cost: | **2,422,719,881** | **2,422,719,881** | **2,600,512,878** | **2,600,512,878** | **2,113,420,095** | **2,113,420,095** |
| Borrowings (Non current) | 986,377,487 | 986,377,487 | 721,876,673 | 721,876,673 | 1,047,432,766 | 1,047,432,766 |
| Other non-current financial liabilities | - | - | - | - | - | - |
| Trade payables | 496,149,414 | 496,149,414 | 707,512,963 | 707,512,963 | 570,706,747 | 570,706,747 |
| Borrowings (Current) | 493,369,252 | 493,369,252 | 508,952,083 | 508,952,083 | 475,870,373 | 475,870,373 |
| Other current financial liabilities | 446,823,728 | 446,823,728 | 662,171,159 | 662,171,159 | 19,410,209 | 19,410,209 |

Fair value hierarchy

Amount in Rupees

| Particulars | Fair value hierarchy as at March 31, 2017 | | | Total |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | |
| **Financial Assets** | | | | |
| Financial Assets at amortised cost: | **79,309,249** | - | **793,516,495** | **872,825,744** |
| Other non-current financial assets | - | - | 2,505,058 | 2,505,058 |
| Trade receivables | - | - | 751,650,589 | 751,650,589 |
| Cash and cash equivalent | 74,421,350 | - | - | 74,421,350 |
| Bank Balances | 4,887,899 | - | - | 4,887,899 |
| Other current financial assets | - | - | 39,360,848 | 39,360,848 |
| | | | | |
| **Financial Liabilities** | | | | |
| Financial Liabilities held at amortised cost: | - | - | **2,422,719,881** | **2,422,719,881** |
| Borrowings (Non-current) | - | - | 986,377,487 | 986,377,487 |
| Trade payables | - | - | 496,149,414 | 496,149,414 |
| Borrowings (Current) | - | - | 493,369,252 | 493,369,252 |
| Other current financial liabilities | - | - | 446,823,728 | 446,823,728 |

| Particulars | Fair value hierarchy as at March 31, 2016 | | | Total |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | |
| **Financial Assets** | | | | |
| Financial Assets at amortised cost: | **63,219,530** | - | **1,103,338,533** | **1,166,558,063** |
| Other non-current financial assets | - | - | 6,179,374 | 6,179,374 |
| Trade receivables | - | - | 1,068,202,955 | 1,068,202,955 |
| Cash and cash equivalent | 62,043,860 | - | - | 62,043,860 |
| Bank Balances | 1,175,670 | - | - | 1,175,670 |
| Other current financial assets | - | - | 28,956,204 | 28,956,204 |
| | | | | |
| **Financial Liabilities** | | | | |
| Financial Liabilities held at amortised cost: | - | - | **2,600,512,878** | **2,600,512,878** |
| Borrowings (Non-current) | - | - | 721,876,673 | 721,876,673 |
| Trade payables | - | - | 707,512,963 | 707,512,963 |
| Borrowings (Current) | - | - | 508,952,083 | 508,952,083 |
| Other current financial liabilities | - | - | 662,171,159 | 662,171,159 |

| Particulars | Fair value hierarchy as at April 1, 2015 | | | Total |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | |
| **Financial Assets** | | | | |
| Financial Assets at amortised cost: | **41,286,609** | - | **1,213,377,032** | **1,254,663,641** |
| Loans (Non-current) | - | - | 70,013 | 70,013 |
| Other non-current financial assets | - | - | 3,325,839 | 3,325,839 |
| Trade receivables | - | - | 1,183,312,763 | 1,183,312,763 |
| Cash and cash equivalent | 36,035,116 | - | - | 36,035,116 |
| Bank Balances | 5,251,493 | - | - | 5,251,493 |
| Other current financial assets | - | - | 26,668,417 | 26,668,417 |
| | | | | |
| **Financial Liabilities** | | | | |
| Financial Liabilities held at amortised cost: | - | - | **2,113,420,095** | **2,113,420,095** |
| Borrowings (Non-current) | - | - | 1,047,432,766 | 1,047,432,766 |
| Trade payables | - | - | 570,706,747 | 570,706,747 |
| Borrowings (Current) | - | - | 475,870,373 | 475,870,373 |
| Other current financial liabilities | - | - | 19,410,209 | 19,410,209 |

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**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

**29 Related Party Transactions**

(a) **Details of related parties:**

| Description of relationship | Names of related parties |
|---|---|
| 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 Limited |
| Fellow Subsidiary | Eureka Forbes Limited |
| Fellow Subsidiary | Forbes Enviro Solutions Limited |
| Fellow Subsidiary | Lucrative Properties Private Limited |
| Fellow Subsidiary | Volkart Fleming Shipping & Services Limited |
| Key Management Personnel | Mr. Ajay P. Singh, Executive Director |

(b) **Details of related party transactions during the year ended March 31, 2017:**

**Amount in Rupees**

| Name of Related Party | Nature of Transactions | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---|---|---|
| Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd) | Sale of goods | 445,000 | - |
| | Services rendered | 261,050 | - |
| | Strategic Support Services | 1,741,485 | - |
| | Interest on Liability Component of Compound Financial Instruments | 2,468,263 | 2,209,507 |
| Forbes & Company Limited | Service charges | 18,298,956 | 15,843,838 |
| | Services received | 5,513,076 | 7,339,970 |
| | Interest paid / provided | 5,408,220 | 4,241,096 |
| | Interest on Liability Component of Compound Financial Instruments | 443,201 | - |
| | Interest on Preference Shares | 17,600,000 | 17,600,000 |
| | Deposits taken | - | 100,000,000 |
| | Repayment of Deposits | 50,000,000 | 50,000,000 |
| | Reimbursement of expenses | 388,914 | - |
| | Issue of Preference shares | 180,000,000 | - |
| | Issue of Equity shares | - | 50,000,000 |
| | Financial Guarantee Commission | 5,922,000 | 5,922,000 |
| | Financial Guarantee taken | 270,000,000 | - |
| | Financial Guarantee cancelled | 270,000,000 | - |
| Forbes Campbell Finance Limited | Financial Guarantee Commission | 52,500 | 52,500 |
| Eureka Forbes Limited | Service charges | 23,164 | 39,000 |
| | Purchase of Fixed Assets | - | 2,400 |
| Forbes Enviro Solutions Limited | Services received | 66,648 | - |
| Lucrative Properties Private Limited | Interest paid / provided | 2,450,000 | 6,051,366 |
| | Deposit Taken | - | 100,000,000 |
| | Repayment of Deposits | - | 80,000,000 |
| Volkart Fleming Shipping & Services Limited | Interest on Liability Component of Compound Financial Instruments | 19,450 | - |
| | Issue of Preference shares | 20,000,000 | - |
| Mr. Ajay P. Singh, Executive Director | Remuneration paid / payable | 15,126,758 | 15,215,258 |
| | Gratuity | 975,711 | 957,030 |
| | Reimbursement of expenses | 77,747 | 103,417 |

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(c) **Details of related party balances outstanding as at March 31, 2017:**

**Amount in Rupees**

| Name of Related Party | Nature of Balances | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd) | Trade payables | 1,741,485 | - | - |
| | Trade receivables | 261,050 | - | - |
| | Preference Shares Classified as Compound Financial Instrument | 100,000,000 | 100,000,000 | 100,000,000 |
| | Interest Accrued on Debt Component of Preference Shares | 12,479,515 | 10,011,252 | 7,801,744 |
| Forbes & Company Limited | Trade payables | 92,704,802 | 65,967,047 | 40,583,450 |
| | Deposits payable | - | 50,000,000 | - |
| | Trade receivables | 10,527,357 | 10,527,357 | 10,527,357 |
| | Guarantees taken | 1,692,000,000 | 1,692,000,000 | 1,692,000,000 |
| | Preference Shares Classified as Debt | 220,000,000 | 220,000,000 | 220,000,000 |
| | Preference Shares Classified as Compound Financial Instrument | 180,000,000 | - | - |
| | Interest Accrued on Debt Component of Preference Shares | 79,535,804 | 61,492,603 | 43,892,603 |
| Forbes Campbell Finance Limited | Guarantees taken | 15,000,000 | 15,000,000 | 15,000,000 |
| Eureka Forbes Limited | Trade payables | 261,338 | 235,178 | 192,785 |
| Forbes Enviro Solutions Limited | Trade payables | 75,650 | - | - |
| Lucrative Properties Private Limited | Interest accrued | 2,379,713 | 194,126 | - |
| | Loan payable | 20,000,000 | 20,000,000 | - |
| Volkart Fleming Shipping & Services Limited | Preference Shares Classified as Compound Financial Instrument | 20,000,000 | - | - |
| | Interest Accrued on Debt Component of Preference Shares | 19,450 | - | - |
| Mr. Ajay P. Singh, Executive Director | Remuneration and Reimbursement of expenses | 3,664,210 | 136,744 | 94,022 |

**Notes:**

1. Remuneration for Current year includes an amount of Rs.54,14,000/- paid as annual performance incentive for F.Y 2015-16.
2. Remuneration for Previous year includes an amount of Rs.45,00,000/- paid as annual performance incentive for F.Y 2014-15.
3. Related Party transactions for the year are at Arm's Length.
4. The amounts outstanding are unsecured and will be settled in cash. No Gurantees have been given by the company. No expense has been recognised in current or prior years for bad or doubtful debts in respect of amounts owed by Related parties.

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**30. Subsidiary**
Details of the company's subsidiary at the end of the reporting period is as follows:

| Name of Subsidiary | Principal activity | Place of incorporation and operation | Place of ownership interest and voting power held by the company | | |
|---|---|---|---|---|---|
| | | | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
| Technext E-payments & Services Limited | Trading | India | Nil | Nil * | Nil |

* Purchased and disposed off during 2015-16

**30.1 Disposal of a subsidiary**

During the year 2015-16, the company disposed off 100% of its interest in Technext E-payments & Services Limited.

**30.2 Consideration received**

Amount in Rupees

| Particulars | Year ended March 31, 2016 |
|---|---|
| Consideration received in cash and cash equivalents | 500,000 |
| Deferred sales proceeds | - |
| **Total consideration received** | **500,000** |

**30.3 Gain on disposal of a subsidiary**

Amount in Rupees

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|---|---|---|
| Consideration received | - | 500,000 | - |
| Net assets disposed off | - | (500,000) | - |
| **Gain on disposal** | - | - | - |

**30.4 Net cash inflow on disposal of a subsidiary**

Amount in Rupees

| Particulars | Year ended March 31, 2016 |
|---|---|
| Consideration received in cash and cash equivalents | 500,000 |
| Less: Cash and Cash equivalent balances disposed off | - |
| **Total** | **500,000** |

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**Notes forming part of the financial statements**

## 31. Operating lease arrangements

### 31.1 The Company as a lessee

**31.1.1 Leasing arrangements**

The Company has obtained various office premises and machinery 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.

**31.1.2 Payments recognised as an expense**

Amount in Rupees

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Minimum lease payments (Including amount capitalised) | 10,489,610 | 20,225,916 |
| **Total** | **10,489,610** | **20,225,916** |

**31.1.3 Non-cancellable operating lease commitments**

Amount in Rupees

| Particulars | As on March 31, 2017 | As on March 31, 2016 | As on April 1, 2015 |
|---|---|---|---|
| Not later than 1 year | 378,000 | 756,000 | 1,948,378 |
| Later than 1 year and not later than 5 years | | 378,000 | - |
| Later than 5 years | - | - | - |
| **Total** | **378,000** | **1,134,000** | **1,948,378** |

### 31.2 The Company as a lessor

**31.2.1 Leasing arrangements**

The Company has deployed certain Data Processing Equipment (Queue Management Kiosks (QMS), Pass Book Kiosks (PBK) and CTS Scanners) at various sites under cancellable Operating Lease.

Amount in Rupees

| Particulars | As on March 31, 2017 | As on March 31, 2016 |
|---|---|---|
| Lease income recognised in the Statement of Profit and Loss | 41,757,668 | 23,725,994 |
| **Total** | **41,757,668** | **23,725,994** |

## 32. Contingent liabilities:

Amount in Rupees

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 | As at 01-Apr-15 |
|---|---|---|---|
| (a) Excise demand (Refer note below) | 1,145,584 | 1,145,584 | 1,097,985 |
| (b) Service Tax demand | 1,566,599 | 1,566,599 | 1,566,599 |

**Note :**

It is not practicable for the company to estimate the closure of the above issues and the consequential timing of cash flows, if any.

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Notes forming part of the financial statements

### 33. Deferred tax balances

Amount in Rupees

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 | As at 01-Apr-15 |
|---|---|---|---|
| A) Deferred Tax Assets | | | |
| Defined benefit obligation | 9,359,202 | 8,522,132 | 6,360,867 |
| Provision for warranty | 2,380,320 | 2,335,460 | 661,200 |
| Business losses (including unabsorbed depreciation) * | 8,738,199 | 2,491,882 | 1,459,735 |
| | **20,477,721** | **13,349,474** | **8,481,802** |
| B) Deferred Tax Liabilities | | | |
| Property, Plant and Equipment | (20,477,721) | (13,349,474) | (8,481,802) |
| | **(20,477,721)** | **(13,349,474)** | **(8,481,802)** |
| **Net Deferred Tax Assets (A+B)** | - | - | - |

**Component of Net Deferred Tax Assets as on March 31, 2017 is as follows:** Amount in Rupees

| 2016-17 | Opening Balance | On Transactions Recognised in the Statement of Profit and Loss | On Transactions Recognised in other comprehensive Income | Closing balance |
|---|---|---|---|---|
| **Deferred tax (liabilities ) / assets in relation to** | | | | |
| Property, Plant and Equipment | (13,349,474) | (7,128,247) | - | **(20,477,721)** |
| Defined benefit obligation | 8,522,132 | 844,120.00 | (7,050) | **9,359,202** |
| Provision for warranty | 2,335,460 | 44,860 | - | **2,380,320** |
| Business losses (including unabsorbed depreciation) * | 2,491,882 | 6,239,267 | 7,050 | **8,738,199** |
| | - | - | - | - |

**Component of Net Deferred Tax Assets as on March 31, 2016 is as follows:** Amount in Rupees

| 2015-16 | Opening Balance | On Transactions Recognised in the Statement of Profit and Loss | On Transactions Recognised in other comprehensive Income | Closing balance |
|---|---|---|---|---|
| **Deferred tax (liabilities ) / assets in relation to** | | | | |
| Property, Plant and Equipment | (8,481,802) | (4,867,672) | - | **(13,349,474)** |
| Defined benefit obligation | 6,360,867 | 2,243,289 | (82,024) | **8,522,132** |
| Provision for warranty | 661,200 | 1,674,260 | - | **2,335,460** |
| Business losses (including unabsorbed depreciation) * | 1,459,735 | 950,123 | 82,024 | **2,491,882** |
| | - | - | - | - |

*** Note :**
The Company has restricted the recognition of deferred tax assets on account of Unabsorbed depreciation and brought forward business loss to set off the deferred tax liabilities arising on account of temporary difference arising on Property, Plant and Equipment. No Deferred tax assets has been recognised on these balance amount of unabsorbed depreciation and brought forward loss in the absence of virtual certainity.

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Notes forming part of the financial statements

34. Preference Share Capital

(A) Details of Preference Share Capital

| Particulars | As on March 31, 2017 | | As on March 31, 2016 | | As on April 1, 2015 | |
|---|---|---|---|---|---|---|
| | No. of shares | Rupees | No. of shares | Rupees | No. of shares | Rupees |
| **a) Authorised share capital** | | | | | | |
| Preference Shares of Rs. 10 each. | 52,000,000 | 520,000,000 | 32,000,000 | 320,000,000 | 32,000,000 | 320,000,000 |
| **b) Issued, subscribed and fully paid:** | | | | | | |
| 8% Cumulative Optionally Convertible Redeemable Preference Shares of Rs. 10 each | 2,000,000 | 20,000,000 | 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 | 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 | 20,000,000 | 200,000,000 |
| 10% Non Cummulative, Non-convertible, Non Partcipating Redeemable preference shares of Rs. 10 each. | 20,000,000 | 200,000,000 | - | - | - | - |
| Total | 52,000,000 | 520,000,000 | 32,000,000 | 320,000,000 | 32,000,000 | 320,000,000 |

**i) Reconciliation of the number of Preference shares and amount outstanding at the beginning and at the end of the reporting period:**

| Particulars | No. of shares | Rupees |
|---|---|---|
| **8% Cumulative Optionally Convertible Redeemable Preference Shares** | | |
| **Balance as at April 1, 2015** | 2,000,000 | 20,000,000 |
| Fresh issue | - | - |
| **Balance as at March 31, 2016** | 2,000,000 | 20,000,000 |
| Fresh issue | - | - |
| **Balance as at March 31, 2017** | **2,000,000** | **20,000,000** |
| **0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares of Rs. 10 each** | | |
| **Balance as at April 1, 2015** | 10,000,000 | 100,000,000 |
| Fresh issue | - | - |
| **Balance as at March 31, 2016** | 10,000,000 | 100,000,000 |
| Fresh issue | - | - |
| **Balance as at March 31, 2017** | **10,000,000** | **100,000,000** |
| **8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares of Rs. 10 each** | | |
| **Balance as at April 1, 2015** | 20,000,000 | 200,000,000 |
| Fresh issue | - | - |
| **Balance as at March 31, 2016** | 20,000,000 | 200,000,000 |
| Fresh issue | - | - |
| **Balance as at March 31, 2017** | **20,000,000** | **200,000,000** |
| **10% Non Cummulative, Non-convertible, Non Partcipating Redeemable preference shares of Rs. 10 each.** | | |
| **Balance as at April 1, 2015** | - | - |
| Fresh issue | - | - |
| **Balance as at March 31, 2016** | - | - |
| Fresh issue | 20,000,000 | 200,000,000 |
| **Balance as at March 31, 2017** | **20,000,000** | **200,000,000** |

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**34. Preference Share Capital (Contd...)**

**(ii) Rights attached to 8% Cumulative Optionally Convertible Redeemable Preference Shares**
a) The Holder has option after expiry of 18 months from the date of allotment to get Preference shares converted into equity shares of face value 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.

**(iii) Rights attached to 0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares**
a) The preference shares shall be redeemable at par upon the expiry of 20 years from date 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.

**(iv) Rights attached to 8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares**
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 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.

**(v) Rights attached to 10% Non Cummulative, Non-convertible, Non Partcipating Redeemable preference shares of Rs. 10 each.**
a) The preference shares shall be redeemable at par upon the expiry of 20 years from date of allotment.
b) Entitled for 10% dividend.
c) Voting Right only for matters which directly affects the rights attached to Preference shares.

**vi) Details of Preference shares held by each shareholder holding more than 5% shares:**

| Particulars | No. of shares held | % of holding |
|---|---|---|
| **As at March 31, 2017** | | |
| **8% Cumulative Optionally Convertible Redeemable Preference Shares** | | |
| Forbes & Company Limited, the Holding company | 2,000,000 | 100.00% |
| **0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares** | | |
| Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd), the Ultimate Holding Company | 10,000,000 | 100.00% |
| **8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares** | | |
| Forbes & Company Limited, the Holding company | 20,000,000 | 100.00% |
| **10% Non Cummulative, Non-convertible, Non Partcipating Redeemable preference shares of Rs. 10 each.** | | |
| Forbes & Company Limited, the Holding company | 18,000,000 | 90.00% |
| Volkart Fleming Shipping & Services Ltd., Fellow Subsidiary | 2,000,000 | 10.00% |
| **As at 31st March, 2016** | | |
| **8% Cumulative Optionally Convertible Redeemable Preference Shares** | | |
| Forbes & Company Ltd., the Holding company | 2,000,000 | 100.00% |
| **0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares** | | |
| Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd) | 10,000,000 | 100.00% |
| **8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares** | | |
| Forbes & Company Ltd., the Holding company | 20,000,000 | 100.00% |
| **As at April 1, 2015** | | |
| **8% Cumulative Optionally Convertible Redeemable Preference Shares** | | |
| Forbes & Company Ltd., the intermediate holding company | 2,000,000 | 100.00% |
| **0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares** | | |
| Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd) | 10,000,000 | 100.00% |
| **8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares** | | |
| Forbes & Company Ltd., the Intermediate holding company | 20,000,000 | 100.00% |

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**34. Preference Share Capital (Contd...)**

**(B) Compound Financial Instruments**

The preference shares contain two components: liability and equity. The equity component is presented in equity under the heading of "Other Equity". The effective interest rate of the liability component on initial recognition is 8% per annum (for Preference shares issued prior to March 31, 2016) and 10% per annum (for preference shares issued in current year).

**Details of Compound Financial Instruments:**

| Particulars | Amount (Rupees) |
|---|---|
| On May 14, 2010, the company issued 1,00,00,000 8% Cumulative Optionally Convertible Redeemable Preference Shares of Rs. 10 each which were converted to 0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares of Rs. 10 each during the year 2014-15. Redemption may occur on May 13, 2030 at Rs. 10 each. | 100,000,000 |
| On December 1, 2016, the company issued 50,00,000, 10% Non Cummulative, Non-convertible, Non Partcipating, Redeemable preference shares of Rs. 10 each. Redemption may occur on November 30, 2036 at Rs. 10 each. | 50,000,000 |
| On January 27, 2017, the company issued 50,00,000, 10% Non Cummulative, Non-convertible, Non Partcipating, Redeemable preference shares of Rs. 10 each. Redemption may occur on January 26,2037 at Rs. 10 each. | 50,000,000 |
| On February 22, 2017, the company issued 50,00,000, 10% Non Cummulative, Non-convertible, Non Partcipating, Redeemable preference shares of Rs. 10 each. Redemption may occur on February 21, 2037 at Rs. 10 each. | 50,000,000 |
| On March 6, 2017, the company issued 20,00,000, 10% Non Cummulative, Non-convertible, Non Partcipating, Redeemable preference shares of Rs. 10 each. Redemption may occur on March 5, 2037 at Rs. 10 each. | 20,000,000 |
| On March 21, 2017, the company issued 30,00,000, 10% Non Cummulative, Non-convertible, Non Partcipating, Redeemable preference shares of Rs. 10 each. Redemption may occur on March 20, 2037 at Rs. 10 each. | 30,000,000 |

**For Preference Shares Issued prior to March 31, 2016:**

| Particulars | Amount (Rupees) |
|---|---|
| Proceeds from issue | 100,000,000 |
| Liability component at the date of issue | 10,557,607 |
| **Equity Component** | **89,442,393** |
| | |
| **Liability component (included in "Non-current borrowings" (note 13))** | **10,557,607** |
| | |
| Interest charged calculated at an effective interest rate of 8% | 2,209,507 |
| Interest paid | - |
| **Interest accrued as at March 31, 2017 (included in "Other financial liabilities" (note 17))** | **2,209,507** |

**For Preference Shares Issued in Current year:**

| Particulars | Amount (Rupees) |
|---|---|
| Proceeds from issue | 200,000,000 |
| Liability component at the date of issue | 29,697,690 |
| **Equity Component** | **170,302,310** |
| | |
| **Liability component (included in "Non-current borrowings" (note 13))** | **29,697,690** |
| | |
| Interest charged calculated at an effective interest rate of 10% | 462,651 |
| Interest paid | - |
| **Interest accrued as at March 31, 2017 (included in "Other financial liabilities" (note 17))** | **462,651** |

DELOITTE HASKINS & SELLS AHMEDABAD Chartered Accountants

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

**35. First Time Adoption of Ind-AS**

The Company has adopted Indian Accounting Standards ("Ind AS") with effect from April 1, 2016 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles stated therein prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India. Financial results for all the period presented have been prepared in accordance with the recognition and measurement principles of Ind AS.

**Reconciliation of the financial results as reported under previous Indian GAAP to Ind AS is summarised below:**

**Amount (Rupees)**

| Nature of Adjustments | Previous year ended March 31, 2016 |
|---|---|
| Loss after tax as per previous Indian GAAP | (273,373,223) |
| Adjustments on account of transition to Ind AS: | |
| i) Interest cost on preference shares classified as financial liability | (19,809,507) |
| ii) Measurement of debentures at amortised cost | (2,013,120) |
| iii) Financial guarantee contract expense | (5,974,500) |
| iv) Remeasurement loss on defined benefit plans reclassified to Other comprehensive in( | 1,232,631 |
| Total effect of transition to Ind AS | (26,564,496) |
| Loss after tax as per Ind AS | (299,937,719) |
| Other comprehensive income | |
| i) Remeasurements of the defined benefit plans (net of income tax) | (1,232,631) |
| Total comprehensive loss as per Ind AS | **(301,170,350)** |

**Reconciliation of Equity as reported under previous Indian GAAP to Ind AS is summarised below:**

**Amount (Rupees)**

| Nature of Adjustments | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|
| Equity* as reported under previous Indian GAAP | 136,293,909 | 359,667,132 |
| Adjustments on account of transition to Ind AS: | | |
| i) Adjustments to Equity as on April 1, 2015 | (277,432,766) | - |
| ii) Preference shares classified as financial liability | - | (230,557,607) |
| iii) Interest cost on preference shares classified as financial liability | (19,809,507) | (51,694,347) |
| iv) Measurement of debentures at amortised cost | (2,013,120) | 4,819,188 |
| v) Financial guarantee contract expense | (5,974,500) | (10,926,348) |
| vi) Deemed capital contribution as per Ind AS | 5,974,500 | 10,926,348 |
| Equity as reported under Ind AS | **(162,961,484)** | **82,234,366** |

* Equity comprises Share Capital and Reserves

**Reconciliation of Cash Flow as reported under previous Indian GAAP to Ind AS is summarised below:**

**Amount (Rupees)**

| Nature of Adjustments | Previous GAAP | Difference | Ind AS |
|---|---|---|---|
| Net Cash Flow from Operating Activities | 18,329,860 | - | 18,329,860 |
| Net Cash Flow from Investing Activities | (200,037,555) | - | (200,037,555) |
| Net Cash Flow from Financing Activities | 207,716,439 | - | 207,716,439 |
| Net Increase / Decrease in cash and cash equivalents | 26,008,744 | - | 26,008,744 |
| Cash and Cash Equivalents at the beginning of the period | 36,035,116 | - | 36,035,116 |
| Cash and Cash Equivalents at the end of the period | 62,043,860 | - | 62,043,860 |

DELOITTE HASKINS & SELLS
AHMEDABAD
Chartered Accountants

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

**36. Events after the reporting period:**
No Material events have occurred after the Balance Sheet Date and upto the approval of Financial Statements.

**37. Approval of Financial Statements**
Financial statements were approved on May 4, 2017 by the board of directors.

**38. Previous year figures**
Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

DELOITTE HASKINS & SELLS
AHMEDABAD
Chartered Accountants

**For and on behalf of the Board of D**

Mr. Jai Mavani
Director

Mr. Kuppuswamy Subramania
Director

Ms. Ashlesha Gowariker
Director

Mr. Pallon S Mistry
Director

Mr. Eddie Dady Poonawala
Director

Mr. Ajay Singh
Director

Mr. Vijay K. Lahoti
Chief Financial Officer

Mr. V.K Vora
Company Secretary

Place : Mumbai
Date : May 4, 2017

LIAG Trading & Investment Limited

(a wholly owned Subsidiary of Lux International AG)

Financial Statements
For the year ended December 31, 2016

We have reviewed the accompanying financial information of LIAG Trading & Investments Ltd (Dubai), which comprise the balance sheet as at 31 December 2016, the income statement for the year then ended, and a summary of significant accounting policies of Lux Group and other explanatory information (on pages 1 to 4).

*Management's Responsibility for the financial information*

Management is responsible for the preparation of this financial information in accordance with the accounting policies of Lux Group as stated in the explanatory information to this financial information, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

*Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical financial information. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in conformity with the applicable accounting policies of Lux Group as stated in the explanatory information to this financial information. This standard also requires us to comply with relevant ethical requirements.

A review of financial information prepared for consolidation purposes in accordance with ISRE 2400 (revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with international standards on auditing. Accordingly, we do not express an audit opinion on this financial information.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that this accompanying financial information as at and for the year ended 31 December 2016 is not prepared, in all material respects, in conformity with the accounting policies of Lux Group as stated in the in the explanatory information to this financial information.

*Restriction on Use*

This financial information has been prepared for purposes of providing to Lux International AG to enable it to prepare the consolidated financial information of the Lux group. As a result, the financial information is not a completed set of financial information of LIAG Trading & Investments Ltd (Dubai) in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and of its financial performances. The financial information may, therefore not be suitable for another purpose and should not be used by parties other than LIAG Trading & Investments Ltd (Dubai), Lux International AG (Switzerland) and Eureka Forbes Limited (India).

Sd/-
Roman Wenk

Sd/-
Yvonne Lingg

Zurich, 6 March 2017

*Enclosure:*
- Financial information (balance sheet, income statement and a summary of significant accounting policies and other explanatory information (on pages 1 to 4)

LIAG Trading & Investments Ltd
Balance Sheet

| PARTICULARS | | 2016 USD | 2016 INR | 2015 USD | 2015 INR |
|---|---|---|---|---|---|
| Assets | | | | | |
| Cash and bank balances | | 1,14,000 | 77,30,112 | 29,000 | 19,17,657 |
| TOTAL CASH & - EQUIVALENT | | 1,14,000 | 77,30,112 | 29,000 | 19,17,657 |
| Receivables IC gross | | 14,13,000 | 9,58,12,704 | - | - |
| TOTAL RECEIV. NET IC | | 14,13,000 | 9,58,12,704 | - | - |
| TOTAL RECEIVABLES | | 14,13,000 | 9,58,12,704 | - | - |
| Accrued income & Prepaym. TP | | 10,000 | 6,78,080 | - | - |
| TOTAL ACCR. INCOME & PREPAYM. | | 10,000 | 6,78,080 | - | - |
| TOTAL CURRENT ASSETS | | 15,37,000 | 10,42,20,896 | 29,000 | 19,17,657 |
| | TOTAL | 15,37,000 | 10,42,20,896 | 29,000 | 19,17,657 |
| Liability & Equity | | | | | |
| Other current liabilities TP | | 27,000 | 18,30,816 | - | - |
| Current liabilities accounts RP | | 6,89,000 | 4,67,19,712 | - | - |
| Current liabilities accounts IC | | 7,28,000 | 4,93,64,224 | 2,000 | 1,32,252 |
| CURRENT LIABILITIES | | 14,44,000 | 9,79,14,752 | 2,000 | 1,32,252 |
| TOTAL CURRENT LIABILITIES | | 14,44,000 | 9,79,14,752 | 2,000 | 1,32,252 |
| Share capital | | 28,000 | 18,18,468 | 28,000 | 18,18,468 |
| Retained earnings | | (1,000) | (81,789) | - | - |
| Opening Retained earnings Adjustments | | (6,50,000) | (4,35,46,913) | 6,269 | 3,86,707 |
| FCTR | | | 1,47,778 | - | 48,725 |
| Profit (Loss) | | 7,16,000 | 4,79,68,599 | (7,269) | (4,68,496) |
| Total equity | | 93,000 | 63,06,144 | 27,000 | 17,85,405 |
| | TOTAL | 15,37,000 | 10,42,20,896 | 29,000 | 19,17,657 |
| | | - | - | - | - |

LIAG Trading & Investments Ltd
Profit & Loss Statement

| | PARTICULARS | 2016 USD | 2016 INR | 2015 USD | 2015 INR |
|---|---|---|---|---|---|
| 30099 | Gross Sales Products, external | 1,41,000 | 94,46,330 | - | - |
| 30011 | Sales - Direct Sales - Invoice/short credit - to TP | 1,41,000 | 94,46,330 | - | - |
| 30199 | **Net Sales,External** | **1,41,000** | **94,46,330** | **-** | **-** |
| 30300 | - Net Sales, Sales to Group -> AC03-A | 25,05,000 | 16,78,23,101 | - | - |
| | Net Sales,Total | 26,46,000 | 17,72,69,432 | - | - |
| 30299 | Landed Cost - external | (7,45,000) | (4,99,11,461) | - | - |
| 30201 | Cost Direct Sales ex Factory | (7,45,000) | (4,99,11,461) | - | - |
| | Gross Profit,External | (6,04,000) | (4,04,65,131) | - | - |
| 30400 | Landed Cost Sales to Group | (10,53,000) | (7,05,45,998) | - | - |
| 30401 | Landed Cost Sales to Related parties -> AC03-A | (10,53,000) | (7,05,45,998) | - | - |
| | Gross Profit,Internal | 14,52,000 | 9,72,77,103 | - | - |
| | Gross Profit | 8,48,000 | 5,68,11,972 | - | - |
| ADMINISTRATION | | | | | |
| 32100 | Administration Staff | (43,000) | (28,80,796) | - | - |
| 32120 | Administration, travel exp | (1,000) | (66,995) | - | - |
| 32199 | **TOTAL ADMIN STAFF** | **(44,000)** | **(29,47,791)** | **-** | **-** |
| 32203 | Consultancy | (11,000) | (7,36,948) | (1,499) | (96,612) |
| 32204 | Other Administration expenses | - | - | (5,770) | (3,71,883) |
| 32299 | **TOTAL ADMIN OTHERS** | **(11,000)** | **(7,36,948)** | **(7,269)** | **(4,68,496)** |
| 32999 | TOTAL ADMIN EXPENSES | (55,000) | (36,84,739) | (7,269) | (4,68,496) |
| 33504 | Expenses for Services - Group | (36,000) | (24,11,829) | - | - |
| 33505 | Expenses for Services - Rel. Parties -> AC03-A | (36,000) | (24,11,829) | - | - |
| | LUX OPERATING RESULT BEFORE CDS | 7,57,000 | 5,07,15,404 | (7,269) | (4,68,496) |
| | CREDIT DIRECT SALES (CDS) | | | | |
| 0 | EXTRAORD. OPERATING EXPENSE / INCOME | | | | |
| 35100 | Exchange diff. real. | 2,000 | 1,33,991 | - | - |
| 35101 | Exchange diff. unreal. | (59,000) | (39,52,720) | - | - |
| 35200 | Prior period adjustment | 19,000 | 12,72,910 | - | - |
| 35999 | TOT. EXTRAORD. OPER. EXP./ INC | (38,000) | (25,45,820) | - | - |
| | LUX OPERATING RESULT II | 7,19,000 | 4,81,69,585 | (7,269) | (4,68,496) |
| 37500 | Bank fees | (3,000) | (2,00,986) | - | - |
| 37999 | TOTAL FINANCIAL RESULT | (3,000) | (2,00,986) | - | - |
| | LUX RESULT PRE TAX | 7,16,000 | 4,79,68,599 | (7,269) | (4,68,496) |
| | LUX NET RESULT | 7,16,000 | 4,79,68,599 | (7,269) | (4,68,496) |

Significant accounting policies of Lux Group and other explanatory information of LIAG Trading & Investments Ltd

Basis of preparation and explanatory information
The financial information of LIAG Trading & Investments Ltd have been prepared for purposes of providing Lux International AG and its subsidiaries (Lux Group) to enable to prepare the consolidated financial information of the group. The consolidated financial statements constitute a true and fair view of the Lux group's financial position and earnings in accordance with Swiss GAAP FER.

As result, the financial information of of LIAG Trading & Investments Ltd is not a completed set of financial information of in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and its financial performances. The financial information

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks, other short term and highly liquid investments with original maturities of three months or less from the balance sheet date.

Restricted cash and cash equivalents
Restricted cash and cash equivalents includes funds that are not available for on-going operations.

Accounts receivable
Accounts receivable are initially recorded at their nominal value after deduction of hire purchase charges not due. All receivables are value adjusted according to the time they are overdue.

| | |
|---|---|
| • not due (hire purchase only) | 1% |
| • overdue up to one month | 5% |
| • overdue 1 to 2 months | 25% |
| • overdue 2 to 4 months | 50% |
| • overdue 4 to 6 months | 80% |
| • overdue 6 months and more | 100% |

In any case, an additional provision for doubtful trade receivables is made if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Indicators that the trade receivable is impaired might be significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, financial reorganisation and default or delinquency in payments. The amount of the provision is recognised in the income statement within Net Credit Direct Sales (CDS) result.

*Hire purchase (HP) charges*
Charges to the customer arising from sales on credit are only reported as income to the extent that the charges are due. Unearned charges are calculated on an annuity basis over the period of the hire purchase contract.

Loans
The loans are booked at cost less additional provision for doubtful loans if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of the loan contracts.

Inventories
Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary courseof business, less applicable variable selling expenses. Value adjustments are effected for obsolete stock.

Property, plant and equipment
Property, plant and equipment (tangible fixed assets) are capitalised if they can be used during more than one year. Tangible fixed assets are stated at acquisition or construction cost less accumulated depreciation using the straight-line method over the estimated useful lifetime. The following useful lifetimes are generally applied:

| | | |
|---|---|---|
| > | Computer equipment | 3 years |
| > | Office machines | 3 years |
| > | Tooling and demo kits | 5 years |
| > | Vehicles | 5 years |
| > | Machines | 10 years |
| > | Land and improvement | 15 years |
| > | Buildings | 20 - 40 years |
| > | Leasehold improvements | period of lease |

## Intangible assets

*Patents, licenses and trademarks*

Patents, licenses and trademarks are measured initially at cost. Based on reliable cost measurements, intangible assets are recognised on the probability of the future economic benefits as well as proper attribution to the asset. After initial recognition, intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment losses. Patents, licenses and trademarks are amortised on a straight line basis over the best estimate of their useful lives but not exceeding 10 years. The amortisation periods are reviewed annually at each financial year end.

*Development costs*

Indirect development costs for products are expensed. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sales, its intention to complete and its ability to use or sell the asset, how the asset will generate economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits.

*Goodwill*

The excess of the cost of an acquisition over the Group's interest in the fair value of the net identifiable assets acquired as at the date of the exchange transaction is recorded as goodwill and recognised as an asset in the balance sheet.

When the Group acquires additional interests in a joint venture the excess of the cost of this acquisition compared to the book value of the acquired net assets is recognized as goodwill. After initial recognition goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis over the estimated useful life of 5 years. Any negative goodwill (badwill) resulting from the acquisition of a subsidiary or interest in a joint venture is recorded to the income statement in the period of the transaction.

## Impairment of assets

The carrying amount of the Group's assets, other than inventories and receivables, are reviewed by Group management at each balance sheet date to determine whether there is any indication of impairment. The review is based on events and signs that point to possible overvaluations in book values. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the income statement. The recoverable amount is the higher of the net selling price and value in use. An impairment loss with respect to goodwill is not reversed. In respect to other assets, an impairment loss is – fully or partially - reversed if there has been a change in the estimates used to

## Trade liabilities

Trade liabilities include short-term and non-interest bearing liabilities resulting from ordinary business activities.

## Bank debts

Borrowings are initially recognised at the proceeds received. They are subsequently carried at normal values. Bank debts are classified long term and short term.

## Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Restructuring provisions are reported in the event of any necessary reorganisation of activity sectors or newly acquired subsidiaries. Restructuring provisions comprise i.e. lease termination and employee termination

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.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group’s activities. Revenue is shown, net of value-added tax, estimated returns and after elimination of sales within the Group.

*Sales Commission*

Sales commission is paid by product suppliers as a contribution to marketing and promotion activities.

*Interest income*

Interest income is recognised as it accrues on an effective yield basis, when it is determined that such income will flow to the Group.

Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee.

Assets held under finance leases are recognised as assets of the Group at their fair value. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are charged to the profit and loss statement over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss statement as incurred.

Management assumptions and significant estimates

The preparation of financial information 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.

Lux Aqua Czech s.r.o

(a subsidiary of Lux Professional International GmbH)

# Financial Statements

For the year ended December 31, 2016

We have reviewed the accompanying financial information of Lux Aqua Czech s.r.o., which comprise the balance sheet as at 31 December 2016, the income statement for the period from 06 May 2016 to 31 December 2016, and a summary of significant accounting policies of Lux Group and other explanatory information (on pages 1 to 4).

*Management's Responsibility for the financial information*

Management is responsible for the preparation of this financial information in accordance with the accounting policies of Lux Group as stated in the explanatory information to this financial information, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

*Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical financial information. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in conformity with the applicable accounting policies of Lux Group as stated in the explanatory information to this financial information. This standard also requires us to comply with relevant ethical requirements.

A review of financial information prepared for consolidation purposes in accordance with ISRE 2400 (revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with international standards on auditing. Accordingly, we do not express an audit opinion on this financial information.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that this accompanying financial information as at and for the year ended 31 December 2016 is not prepared, in all material respects, in conformity with the accounting policies of Lux Group as stated in the in the explanatory information to this financial information.

*Restriction on Use*

This financial information has been prepared for purposes of providing to Lux International AG to enable it to prepare the consolidated financial information of the Lux group. As a result, the financial information is not a completed set of financial information of Lux Aqua Czech s.r.o. (Czech Republic) in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and of its financial performances. The financial information may, therefore not be suitable for another purpose and should not be used by parties other than Lux Aqua Czech s.r.o. (Czech Republic), Lux International AG (Switzerland) and Eureka Forbes Limited (India).

Sd/-
Roman Wenk

Sd/-
Yvonne Lingg

Zurich, 6 March 2017

*Enclosure:*
- Financial information (balance sheet, income statement and a summary of significant accounting policies and other explanatory information (on pages 1 to 4)

Lux Aqua Czech s.r.o
Balance Sheet

| | PARTICULARS | 2016 TCZK | 2016 CZK | 2016 INR |
|---|---|---|---|---|
| | Assets | | | |
| 11100 | Cash and bank balances | 2,134 | 21,34,000 | 56,43,832 |
| 11110 | Cash in transit | - | - | - |
| 11116 | Restricted Cash in general | - | - | - |
| 11200 | Marketable securities (short-term) | - | - | - |
| 11201 | Restricted marketable securities in general | - | - | - |
| 11300 | Short-term deposits (< 90 days) | - | - | - |
| 11999 | TOTAL CASH & - EQUIVALENT | 2,134 | 21,34,000 | 56,43,832 |
| 12149.9 | Total Trade receivables gross | 266 | 2,66,000 | 7,03,496 |
| 12149 | Total Other receivables TP gross | 3 | 3,000 | 7,934 |
| 12150 | *Less bad debts allowances* | (1) | (1,000) | (2,645) |
| 12199 | Total Other receivables TP net | 268 | 2,68,000 | 7,08,785 |
| 12200 | Receivables RP gross | - | - | - |
| 12250 | *Less bad debts allowances RP* | - | - | - |
| 12299 | TOTAL RECEIV. NET RP | - | - | - |
| 12300 | Receivables IC gross | 14 | 14,000 | 37,026 |
| 12350 | *Less bad debts allowances IC* | - | - | - |
| 12399 | TOTAL RECEIV. NET IC | 14 | 14,000 | 37,026 |
| 12499 | Total Hire Purchase short-term gross | - | - | - |
| 12699 | Total Short Credits | - | - | - |
| 12500 | *Less provision for unearned Hire-Purchase* | | - | - |
| 12700 | *Less bad debts allowances* | - | - | - |
| 12800 | Refundable Sales Tax | 57 | 57,000 | 1,50,749 |
| | TOTAL RECEIVABLES NET | 57 | 57,000 | 1,50,749 |
| 12999 | TOTAL RECEIVABLES | 339 | 3,39,000 | 8,96,560 |
| 13100 | Raw Materials | - | - | - |
| 13110 | Semi finished products | - | - | - |
| 13200 | Finished products gross | 2,525 | 25,25,000 | 66,77,918 |
| 13250 | *Less inventory allowances finished products* | - | - | - |
| 13400 | Demo Units | - | - | - |
| 13450 | Aeroguard | - | - | - |
| 13475 | *Less inventory allowances Aeroguard* | - | - | - |
| 13500 | Goods in transit | - | - | - |
| 13600 | *Less inventory allowances Others* | - | - | - |
| 13999 | TOTAL INVENTORIES NET | 2,525 | 25,25,000 | 66,77,918 |
| 14900 | Accrued income & Prepaym. TP | 379 | 3,79,000 | 10,02,349 |
| 14910 | Accrued income & Prepaym. RP | - | - | - |
| 14920 | Accrued income & Prepaym. IC | - | - | - |
| 14999 | TOTAL ACCR. INCOME & PREPAYM. | 379 | 3,79,000 | 10,02,349 |
| 10999 | TOTAL CURRENT ASSETS | 5,377 | 53,77,000 | 1,42,20,659 |
| 18300 | Long-term loans TP gross | - | - | - |
| 18350 | *Less Value adj. - Long-term loans TP* | - | - | - |
| 18399 | TOTAL LOANS TP NET | - | - | - |
| 18400 | Hire Purchase Long-term gross | - | - | - |
| 18450 | *Less Value adj. - hire Purchase Long-term* | - | - | - |
| 18499 | TOTAL HIRE PURCHASE LONG-TERM NET | - | - | - |
| 18200 | Other investments TP gross | - | - | - |
| 18250 | *Less value-adjustments - Other invest TP* | - | - | - |
| 18299 | OTHER INVESTMENTS TP NET | - | - | - |
| 17240 | Long-term loans RP gross | - | - | - |
| 17245 | *Less value adj. Long-term loans RP* | - | - | - |
| 17249 | TOTAL LOANS RP NET | - | - | - |
| 17230 | Long-term loans IC gross | - | - | - |
| 17235 | *Less value adj long-term loans IC* | - | - | - |
| 17239 | TOTAL LONG-TERM LOANS IC NET | - | - | - |
| 18100 | Investments in companies - IC & RP gross | - | - | - |
| 18150 | *Less value-adjustments - Investments in companies IC &* | - | - | - |
| 18199 | TOTAL INVESTMENTS IN COMPANIES IC & RP NET | - | - | - |
| 18999 | TOTAL FINANCIAL ASSETS | - | - | - |
| 15600 | TREASURY SHARES | - | - | - |
| 15700 | Furniture, fixtures & office equipm. | - | - | - |
| 15710 | Plant & Machinery | 605 | 6,05,000 | 16,00,056 |
| 15711 | Plant & Machinery (finance lease) | - | - | - |
| 15720 | Motor vehicles | 476 | 4,76,000 | 12,58,887 |
| 15730 | Land and Buildings | - | - | - |
| 15740 | Improvements | - | - | - |

Lux Aqua Czech s.r.o
Balance Sheet

| | PARTICULARS | 2016 TCZK | 2016 CZK | 2016 INR |
|---|---|---|---|---|
| 15745 | Leasehold improvements | - | - | - |
| 15790 | Other equipment | - | - | - |
| 15799 | TOTAL FIXED TANGIBLE ASSETS | 1,081 | 10,81,000 | 28,58,942 |
| 15800 | Patents, labels and licences | - | - | - |
| 15810 | Goodwill / Badwill | - | - | - |
| 15900 | Other intangible assets | - | - | - |
| 15899 | TOTAL INTANGIBLE ASSETS | - | - | - |
| 19099 | Deferred tax assets | - | - | - |
| 15999 | TOTAL NON-CURRENT ASSETS | 1,081 | 10,81,000 | 28,58,942 |
| | TOTAL | 6,458 | 64,58,000 | 1,70,79,602 |
| | Liabilities & Equity | | | |
| 21100 | Bank overdrafts | - | - | - |
| 21105 | Bank liabilities - due within 1 year | - | - | - |
| 21110 | Cash in transit | - | - | - |
| 21999 | BANK OVERDRAFTS | - | - | - |
| 22100 | Current liabilities from refinancing | - | - | - |
| 22150 | Current liabilities accounts external | 1,624 | 16,24,000 | 42,95,025 |
| 22399 | Cur. liab. against public instit./ health insurance | 152 | 1,52,000 | 4,01,997 |
| 22310 | Value added tax (VAT) payable | | - | - |
| 22320 | Withholding tax payable | | - | - |
| 22330 | Social security premiums | 114 | 1,14,000 | 3,01,498 |
| 22340 | Income tax liabilities | 38 | 38,000 | 1,00,499 |
| 22499 | Current liabilities against employees / salesforce | 193 | 1,93,000 | 5,10,431 |
| 22410 | Commissions for agents | | - | - |
| 22420 | Personnel | 193 | 1,93,000 | 5,10,431 |
| 22500 | Other current liabilities TP | 9 | 9,000 | 23,802 |
| 22600 | Advances from customer | | - | - |
| 22200 | Current liabilities accounts RP | - | - | - |
| 22300 | Current liabilities accounts IC | 43 | 43,000 | 1,13,723 |
| 22999 | CURRENT LIABILITIES | 2,021 | 20,21,000 | 53,44,979 |
| 24900 | Accrued exp. and prepaid income TP | 14 | 14,000 | 37,026 |
| 24910 | Accrued exp. and prepaid income RP | - | - | - |
| 24920 | Accrued exp. and prepaid income IC | - | - | - |
| 24999 | TOTAL ACCRUED EXP. AND PREP. INCOME | 14 | 14,000 | 37,026 |
| 25300 | Provision for restructuring (short-term) | - | - | - |
| 25400 | Provision for human resource (short-term) | 108 | 1,08,000 | 2,85,630 |
| 25500 | Provision for taxes (short-term) | - | - | - |
| 25900 | Other provision (short-term) | - | - | - |
| 25999 | TOTAL PROVISIONS (short-term) | 108 | 1,08,000 | 2,85,630 |
| 23999 | TOTAL CURRENT LIABILITIES | 2,143 | 21,43,000 | 56,67,635 |
| 26100 | Provision for pensions (long-term) | - | - | - |
| 26200 | Provision for guarantees (long-term) | - | - | - |
| 26300 | Provision for restructuring (long-term) | - | - | - |
| 26400 | Provision for human resource (long-term) | - | - | - |
| 26500 | Provision for taxes (long-term) | - | - | - |
| 26900 | Other provision (long-term) | - | - | - |
| 26909 | TOTAL PROVISIONS (long-term) | - | - | - |
| 27100 | Bank debts (long-term) | - | - | - |
| 27110 | Other non-current liabilities TP | - | - | - |
| 27210 | Shareholder loans | - | - | - |
| 27220 | Finance lease liability (long-term) | - | - | - |
| 27240 | Long-term loans payable RP | - | - | - |
| 27230 | Long-term loans payable IC | 2,086 | 20,86,000 | 55,16,886 |
| 27250 | Other long-term liabilities | - | - | - |
| 27299 | OTHER NON-CURRENT LIABILITIES | 2,086 | 20,86,000 | 55,16,886 |
| 29099 | Deferred tax liabilities | - | - | - |
| 26999 | TOTAL NON-CURRENT LIABILITIES | 2,086 | 20,86,000 | 55,16,886 |
| 28100 | Share capital | 1,000 | 10,00,000 | 26,44,720 |
| 28120 | Capital reserves | 5,000 | 50,00,000 | 1,32,23,600 |
| 28130 | Revenue Reserves | | - | - |
| 28150 | Equity Bond | | - | - |
| 28200 | Reserves for own shares | | - | - |
| 28210 | Revaluation reserves | | - | - |
| 28220 | Untaxed reserves | | - | - |
| 28800 | Minority interests: equity ./. result | | - | - |
| 28810 | Minority interests: result current period | | - | - |
| 28400 | Retained earnings | | - | - |
| | FCTR | | | 3,35,958 |
| 28500 | Profit (Loss) | (3,771) | (37,71,000) | (1,03,09,198) |
| 28998 | rounding difference / CTA | - | - | - |
| 28999 | Total equity | 2,229 | 22,29,000 | 58,95,081 |
| | TOTAL | 6,458 | 64,58,000 | 1,70,79,602 |
| | | - | - | - |

Lux Aqua Czech s.r.o
Profit & Loss Statement

| | PARTICULARS | 2016 TCZK | 2016 CZK | 2016 INR |
|---|---|---|---|---|
| 30099 | Gross Sales Products, external | 337 | 3,37,000 | 9,21,294 |
| 30010 | Sales - Direct Sales - Cash - to TP | - | - | - |
| 30011 | Sales - Direct Sales - Invoice/short credit - to TP | - | - | - |
| 30012 | Sales - Direct Sales - Lux Credit - to TP | - | - | - |
| 30013 | Sales - Direct Sales - Bank Credit - to TP | - | - | - |
| 30020 | Sales - Direct Sales - Wholesale to Distributors | - | - | - |
| 30030 | After Sales Filter/dustbags - to TP | - | - | - |
| 30035 | After Sales Annual Maint. contracts | - | - | - |
| 30100 | Returns Products, external | - | - | - |
| 30150 | Reserve for bad debts - TP (not CDS) | (1) | (1,000) | (2,734) |
| 30110 | Loss on receivables - TP | - | - | - |
| 30199 | Net Sales,External | 336 | 3,36,000 | 9,18,560 |
| 30300 | - Net Sales, Sales to Group -> AC03-A | - | - | - |
| 30301 | - Net Sales, Sales to Related parties -> AC03-A | - | - | - |
| 30350 | - Returns from Group -> AC03-A | - | - | - |
| 30351 | - Returns from Related parties -> AC03-A | - | - | - |
| | Net Sales,Total | 336 | 3,36,000 | 9,18,560 |
| 30299 | Landed Cost - external | (123) | (1,23,000) | (3,36,259) |
| 30201 | Cost Direct Sales ex Factory | - | - | - |
| 30202 | Cost After Sales Filter/Dustbags ex Factory | - | - | - |
| 30203 | Cost AMC ex Factory | - | - | - |
| 30204 | Freight & transportation, demurrage | - | - | - |
| 30205 | Duties | - | - | - |
| | Gross Profit,External | 213 | 2,13,000 | 5,82,302 |
| 30400 | Landed Cost Sales to Group -> AC03-A | - | - | - |
| 30401 | Landed Cost Sales to Related parties -> AC03-A | - | - | - |
| | Gross Profit,Internal | 213 | 2,13,000 | 5,82,302 |
| 30599 | Other revenue | - | - | - |
| 30502 | Income from license/patents - TP | - | - | - |
| 30503 | Income from license/patents - IC -> AC03-A | - | - | - |
| 30504 | Income from Services - IC -> AC03-A | - | - | - |
| 30505 | Income from Services - RP -> AC03-A | - | - | - |
| 30550 | Other income | - | - | - |
| | Gross Profit | 213 | 2,13,000 | 5,82,302 |
| SALES | | | | |
| 31100 | Salesmen, remuneration variable to sales | (185) | (1,85,000) | (5,05,755) |
| 31150 | Salesmen, remuneration non-variable to sales | (425) | (4,25,000) | (11,61,869) |
| 31160 | Salesmen, vehicles and transport exp | (236) | (2,36,000) | (6,45,179) |
| 31199 | TOTAL SALESMEN | (846) | (8,46,000) | (23,12,803) |
| 31200 | Sales management, variable to sales | - | - | - |
| 31250 | Sales management, non-variable to sales | (723) | (7,23,000) | (19,76,545) |
| 31260 | Sales management, vehicle and transport exp | (103) | (1,03,000) | (2,81,582) |
| 31265 | Sales management, travel exp | (5) | (5,000) | (13,669) |
| 31299 | TOTAL SALES MANAGEMENT | (831) | (8,31,000) | (22,71,796) |
| 31300 | Telemarketing Staff | (25) | (25,000) | (68,345) |
| 31310 | Telemarketing Management | - | - | - |
| 31320 | Telemarketing Telephone exp | (2) | (2,000) | (5,468) |
| 31350 | Telemarketing Income from Salesmen | - | - | - |
| 31399 | TOTAL TELEMARKETING | (27) | (27,000) | (73,813) |

Lux Aqua Czech s.r.o
Profit & Loss Statement

| | PARTICULARS | 2016 TCZK | CZK | INR |
|---|---|---|---|---|
| 31400 | Sales Administration Staff Branch Offices | - | - | - |
| 31410 | Premises Branch Offices | - | - | - |
| 31420 | Trade fair Expenses | - | - | - |
| 31430 | Incentive/SP for Salesmen & Management | - | - | - |
| 31440 | Postage, Telephone | (12) | (12,000) | (32,806) |
| 31450 | Advertising and PR | (183) | (1,83,000) | (5,00,287) |
| 31460 | Demo and other Sales Expenses | (256) | (2,56,000) | (6,99,855) |
| 31470 | Recruitment / training | (35) | (35,000) | (95,683) |
| 31480 | Delivery exp to customers | - | - | - |
| 31498 | Guarantee result | - | - | - |
| 31490 | Guarantee costs - spareparts | - | - | - |
| 31491 | Guarantee costs - other | - | - | - |
| 31492 | Guarantee income - allowance from supplier | - | - | - |
| 31499 | TOTAL OTHER SALES EXPENSES | (486) | (4,86,000) | (13,28,632) |
| 31999 | TOTAL SALES EXPENSES | (2,190) | (21,90,000) | (59,87,044) |
| ADMINIS | | | | |
| 32100 | Administration Staff | (115) | (1,15,000) | (3,14,388) |
| 32120 | Administration, travel exp | (31) | (31,000) | (84,748) |
| 32199 | TOTAL ADMIN STAFF | (146) | (1,46,000) | (3,99,136) |
| 32200 | Premises | (141) | (1,41,000) | (3,85,467) |
| 32201 | Machinery and equipment | - | - | - |
| 32202 | Postage, Telephone | (10) | (10,000) | (27,338) |
| 32203 | Consultancy | (50) | (50,000) | (1,36,691) |
| 32206 | Audit fees | - | - | - |
| 32207 | Insurance | (19) | (19,000) | (51,942) |
| 32204 | Other Administration expenses | (93) | (93,000) | (2,54,244) |
| 32205 | Pension Expenses | - | - | - |
| 32299 | TOTAL ADMIN OTHERS | (313) | (3,13,000) | (8,55,683) |
| 32300 | Technical Customer Service exp | (903) | (9,03,000) | (24,68,630) |
| 32350 | Technical Customer Service Income | - | - | - |
| 32399 | TECH CUSTOMER SERVICE NET | (903) | (9,03,000) | (24,68,630) |
| 32400 | LOGISTIC | (78) | (78,000) | (2,13,237) |
| 32401 | Inventory differences/Stock adjustm | - | - | - |
| 32402 | IT | (183) | (1,83,000) | (5,00,287) |
| 32999 | TOTAL ADMIN EXPENSES | (1,623) | (16,23,000) | (44,36,974) |
| 33504 | Expenses for Services - Group -> AC03-A | - | - | - |
| 33505 | Expenses for Services - Rel. Parties -> AC03-A | - | - | - |
| | LUX OPERATING RESULT BEFORE CDS | (3,600) | (36,00,000) | (98,41,716) |
| | CREDIT DIRECT SALES (CDS) | | | |
| 34100 | CDS income own financing | - | - | - |
| 34150 | CDS income from kickbacks | - | - | - |
| 34200 | Bad debts / Changes in RSV for unearned CDS | - | - | - |
| 34210 | Bad debts / Changes in allowance | - | - | - |
| 34220 | Bad debts / real loss charge-off | - | - | - |
| 34250 | Bad debts / release of reserves | - | - | - |
| 34300 | Collection expenses / legal fees | - | - | - |
| 34310 | Collector expenses | - | - | - |
| 34400 | Cash to factoring comp | - | - | - |
| 34900 | Other CDS income | - | - | - |
| 34910 | Other CDS expense | - | - | - |
| 34999 | CDS Result | - | - | - |
| 34998 | Less : Calculated interest average AR CDS Netresult | - | - | - |
| | LUX OPERATING RESULT I | (3,600) | (36,00,000) | (98,41,716) |
| 0 | EXTRAORD. OPERATING EXPENSE / INCOME | | | |
| 35100 | Exchange diff. real. | (35) | (35,000) | (95,683) |
| 35101 | Exchange diff. unreal. | (39) | (39,000) | (1,06,619) |
| 35200 | Prior period adjustment | - | - | - |
| 35250 | Restructuring reserves / expenses | - | - | - |
| 35300 | Royalties to Group (expense) -> AC03-A | - | - | - |
| 35310 | Royalties related parties -> AC03-A | - | - | - |
| 35400 | Dividends -> AC03-A | - | - | - |
| 35450 | shareholders contribution | - | - | - |
| 35500 | Government grants received | - | - | - |
| 35600 | Revaluation of Group Shares | - | - | - |
| 35650 | Gain on sale of fixed assets | - | - | - |
| 35655 | Loss on sale of fixed assets | - | - | - |
| 35700 | Release of provisions | - | - | - |
| 35900 | Extraordinary Expenses | - | - | - |

Lux Aqua Czech s.r.o
Profit & Loss Statement

| | PARTICULARS | 2016 TCZK | CZK | INR |
|---|---|---|---|---|
| 35950 | Extraordinary Income | - | - | - |
| 35999 | TOT. EXTRAORD. OPER. EXP./ INC | (74) | (74,000) | (2,02,302) |
| | LUX OPERATING RESULT II | (3,674) | (36,74,000) | (1,00,44,018) |
| 36100 | Depreciations fixed assets | (54) | (54,000) | (1,47,626) |
| 36110 | Amortizations intang assets | - | - | - |
| | LUX OPERATING RESULT III | (3,728) | (37,28,000) | (1,01,91,644) |
| 37100 | Interest income Group -> AC03-A | - | - | - |
| 37110 | Interest expenses Group -> AC03-A | (35) | (35,000) | (95,683) |
| 37120 | Interest income related parties -> AC03-A | - | - | - |
| 37130 | Interest expenses related parties -> AC03-A | - | - | - |
| 37200 | Interest income, external | - | - | - |
| 37250 | Interest expenses, external | - | - | - |
| 37500 | Bank fees | (8) | (8,000) | (21,870) |
| 37999 | TOTAL FINANCIAL RESULT | (43) | (43,000) | (1,17,554) |
| | LUX RESULT PRE TAX | (3,771) | (37,71,000) | (1,03,09,198) |
| 39099 | Total Taxes | - | - | - |
| 39100 | Income taxes | - | - | - |
| 39150 | Local Sales tax | - | - | - |
| 39400 | Witholding tax (interest, royalties) | - | - | - |
| 39200 | Deferred taxes | - | - | - |
| 39300 | Changes tax provisions | - | - | - |
| | LUX NET RESULT | (3,771) | (37,71,000) | (1,03,09,198) |

Significant accounting policies of Lux Group and other explanatory information of Lux Aqua Czech s.r.o.

## Basis of preparation and explanatory information

The financial information of Lux Aqua Czech s.r.o. have been prepared for purposes of providing Lux International AG and its subsidiaries (Lux Group) to enable to prepare the consolidated financial information of the group. The consolidated financial statements constitute a true and fair view of the Lux group's financial position and earnings in accordance with Swiss GAAP FER.

As result, the financial information of of Lux Aqua Czech s.r.o. is not a completed set of financial information of in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and its financial performances. The financial information may, therefore not be

## Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks, other short term and highly liquid investments with original maturities of three months or less from the balance sheet date.

## Restricted cash and cash equivalents

Restricted cash and cash equivalents includes funds that are not available for on-going operations.

## Accounts receivable

Accounts receivable are initially recorded at their nominal value after deduction of hire purchase charges not due. All receivables are value adjusted according to the time they are overdue.

| | |
|---|---|
| • not due (hire purchase only) | 1% |
| • overdue up to one month | 5% |
| • overdue 1 to 2 months | 25% |
| • overdue 2 to 4 months | 50% |
| • overdue 4 to 6 months | 80% |
| • overdue 6 months and more | 100% |

In any case, an additional provision for doubtful trade receivables is made if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Indicators that the trade receivable is impaired might be significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, financial reorganisation and default or delinquency in payments. The amount of the provision is recognised in the income statement within Net Credit Direct Sales (CDS) result.

*Hire purchase (HP) charges*

Charges to the customer arising from sales on credit are only reported as income to the extent that the charges are due. Unearned charges are calculated on an annuity basis over the period of the hire purchase contract.

## Loans

The loans are booked at cost less additional provision for doubtful loans if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of the loan contracts.

## Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary courseof business, less applicable variable selling expenses. Value adjustments are effected for obsolete stock.

## Property, plant and equipment

Property, plant and equipment (tangible fixed assets) are capitalised if they can be used during more than one year. Tangible fixed assets are stated at acquisition or construction cost less accumulated depreciation using the straight-line method over the estimated useful lifetime. The following useful lifetimes are generally applied:

| | |
|---|---|
| > Computer equipment | 3 years |
| > Office machines | 3 years |
| > Tooling and demo kits | 5 years |
| > Vehicles | 5 years |
| > Machines | 10 years |
| > Land and improvement | 15 years |
| > Buildings | 20 - 40 years |
| > Leasehold improvements | period of lease |

Intangible assets

*Patents, licenses and trademarks*

Patents, licenses and trademarks are measured initially at cost. Based on reliable cost measurements, intangible assets are recognised on the probability of the future economic benefits as well as proper attribution to the asset. After initial recognition, intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment losses. Patents, licenses and trademarks are amortised on a straight line basis over the best estimate of their useful lives but not exceeding 10 years. The amortisation periods are reviewed annually at each financial year end.

*Development costs*

Indirect development costs for products are expensed. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sales, its intention to complete and its ability to use or sell the asset, how the asset will generate economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits.

*Goodwill*

The excess of the cost of an acquisition over the Group’s interest in the fair value of the net identifiable assets acquired as at the date of the exchange transaction is recorded as goodwill and recognised as an asset in the balance sheet.

When the Group acquires additional interests in a joint venture the excess of the cost of this acquisition compared to the book value of the acquired net assets is recognized as goodwill. After initial recognition goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis over the estimated useful life of 5 years. Any negative goodwill (badwill) resulting from the acquisition of a subsidiary or interest in a joint venture is recorded to the income statement in the period of the transaction.

Impairment of assets

The carrying amount of the Group’s assets, other than inventories and receivables, are reviewed by Group management at each balance sheet date to determine whether there is any indication of impairment. The review is based on events and signs that point to possible overvaluations in book values. If any such indication exists, the asset’s recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the income statement. The recoverable amount is the higher of the net selling price and value in use. An impairment loss with respect to goodwill is not reversed. In respect to other assets, an impairment loss is – fully or partially - reversed if there has been a change in the estimates used to determine the

Trade liabilities

Trade liabilities include short-term and non-interest bearing liabilities resulting from ordinary business activities.

Bank debts

Borrowings are initially recognised at the proceeds received. They are subsequently carried at normal values. Bank debts are classified long term and short term.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Restructuring provisions are reported in the event of any necessary reorganisation of activity sectors or newly acquired subsidiaries. Restructuring provisions comprise i.e. lease termination and employee termination payments.

## 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.

## Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group’s activities. Revenue is shown, net of value-added tax, estimated returns and after elimination of sales within the Group.

*Sales Commission*

Sales commission is paid by product suppliers as a contribution to marketing and promotion activities.

*Interest income*

Interest income is recognised as it accrues on an effective yield basis, when it is determined that such income will flow to the Group.

## Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee.

Assets held under finance leases are recognised as assets of the Group at their fair value. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are charged to the profit and loss statement over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss statement as incurred.

## Management assumptions and significant estimates

The preparation of financial information 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.

Lux Aqua Hungary KFT

(a wholly owned Subsidiary of Lux Aqua GmbH)

Financial Statements
For the year ended December 31, 2016

**Independent Auditors' Report**

To the member of LUX Aqua Hungaria Kft.

*Opinion*

We have audited the 2016 simplified annual financial statements of LUX Aqua Hungaria Kft. (hereinafter referred to as "the Company"), which comprise the balance sheet as at 31 December 2016, which shows total assets of THUF 458,588 (INR 10,55,71,544) and loss after tax for the year of THUF 81,835 (INR 1,93,73,618), and the income statement for the year then ended, and supplementary notes, comprising
In our opinion, the accompanying simplified annual financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance for the year then ended in accordance with Act C of 2000 on Accounting in force in Hungary (hereinafter referred to as "the

*Basis for Opinion*

We conducted our audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Simplified Annual Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the simplified annual financial statements in Hungary, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient

*Emphasis  of Matter*

We draw attention to Note 10, which describes that the Company's equity totals THUF 20,429 (INR 47,02,960), which does not reach the level prescribed in Act V of 2013 on the Civil Code of Hur.igary, and also discloses the actions taken by the member of the Company. Our opinion is not modified in respect of this

*Responsibilities of Management and Those Charged with Governance for the Simplified Annual Financial*

Management is responsible for the preparation and fair presentation of the simplified annual financial statements in accordance with t e Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of simplified annual financial statements that are free
In preparing the simplified annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company
Those charged with governance are responsible for overseeing the Company's financial reporting process.

*Auditors' Responsibilities for the Audit of the Simplified Annual Financial Statements*

Our objectives are to obtain reasonable assurance about whether the simplified annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

As part of an audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional skepticism throughout

• Identify and assess the risks of material misstatement of the simplified annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness
• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the simplified annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.
• Evaluate the overall presentation, structure and content of the simplified annual financial statements, including the disclosures, and whether the simplified annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control

**Budapest,**
**KPMG Hungaria Kft.**
**Registration number: 000202**

**Zoltan Varga**
**Director, Professional Accountant**
**Registration number: 007320**

**LUX AQUA HUNGARIA KFT.**

**Simplified Annual Report**
**Simplified Balance Sheet**

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | 31/12/2016 | 31/12/2016 | 31/12/2015 | 31/12/2015 |
| | HUF | Amount (Rs.) | HUF | Amount (Rs.) |
| **ASSETS** | | | | |
| **FIXED ASSETS** | **32,94,22,000** | **7,58,36,239** | **24,70,38,000** | **5,70,11,429** |
| Intangible Assets | 13,42,70,000 | 3,09,10,297 | 14,91,89,000 | 3,44,29,837 |
| Tangible Assets | 19,51,52,000 | 4,49,25,942 | 9,78,49,000 | 2,25,81,592 |
| Long Term Financial assets | - | - | - | - |
| **CURRENT ASSETS** | **12,87,57,000** | **2,96,41,149** | **14,54,89,000** | **3,35,75,951** |
| Stocks | 9,50,00,000 | 2,18,69,950 | 7,09,27,000 | 1,63,68,533 |
| Receivables | 2,33,54,000 | 53,76,324 | 82,66,000 | 19,07,627 |
| Securities | - | - | - | - |
| Cash and Bank | 1,04,03,000 | 23,94,875 | 6,62,96,000 | 1,52,99,791 |
| **PREPAYMENTS** | **4,09,000** | **94,156** | **20,000** | **4,616** |
| **TOTAL ASSETS** | **45,85,88,000** | **10,55,71,544** | **39,25,47,000** | **9,05,91,996** |
| **LIABILITIES** | | | | |
| **EQUITY** | **2,04,29,000** | **42,08,984** | **5,22,64,000** | **1,20,72,102** |
| Share Capital | 6,00,00,000 | 1,38,46,800 | 6,00,00,000 | 1,38,46,800 |
| Unpaid Share Capital | - | - | - | - |
| Capital Reserve | - | - | - | - |
| Retained earnings | (77,36,000) | (17,74,698) | - | - |
| Allocated Reserves | 5,00,00,000 | 1,15,10,500 | - | - |
| Valuation Reserve | - | - | - | - |
| Profit Per Balance Sheet | (8,18,35,000) | (1,93,73,618) | (77,36,000) | (17,74,698) |
| **FOREIGN TRANSLATION RESERVE** | | **4,93,976** | | **(10,616)** |
| **PROVISIONS** | **3,27,000** | **75,279** | **-** | **-** |
| **LIABILITIES** | **42,63,89,000** | **9,81,59,012** | **33,40,30,000** | **7,70,87,443** |
| Differed Liabilities | - | - | - | - |
| Long Term Liabilities | 32,00,00,000 | 7,36,67,200 | 21,00,00,000 | 4,84,63,800 |
| Short Term Liabilities | 10,63,89,000 | 2,44,91,812 | 12,40,30,000 | 2,86,23,643 |
| **ACCRUALS** | **1,14,43,000** | **26,34,293** | **62,53,000** | **14,43,067** |
| **TOTAL LIABILITIES** | **45,85,88,000** | **10,55,71,544** | **39,25,47,000** | **9,05,91,996** |

Budapest,

- -

**LUX AQUA HUNGARIA KFT.**

**Simplified Annual Report**
**Profit and Loss Statement**

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | HUF | Amount (Rs.) | HUF | Amount (Rs.) |
| **Total Net Sales** | 18,14,15,000 | 4,29,48,187 | 79,52,000 | 18,24,248 |
| **Capit. Val. Of own perf.** | - | - | - | - |
| **Other Income** | 1,03,30,000 | 24,45,524 | - | - |
| of which: reversed loss of value | - | - | - | - |
| **Material type expenditures** | 13,74,77,000 | 3,25,46,305 | 63,14,000 | 14,48,479 |
| **Payments to Personnel** | 6,55,46,000 | 1,55,17,360 | 59,58,000 | 13,66,810 |
| **Depreciation** | 4,93,36,000 | 1,16,79,805 | 16,43,000 | 3,76,917 |
| **Other Expenditures** | 87,01,000 | 20,59,875 | 11,65,000 | 2,67,260 |
| of which: loss of value | - | - | 53,000 | 12,159 |
| **Operating Result** | **(6,93,15,000)** | **(1,64,09,634)** | **(71,28,000)** | **(16,35,218)** |
| Financial Incomes | 10,25,000 | 2,42,659 | - | - |
| Financial Expenses | 1,35,45,000 | 32,06,643 | 6,08,000 | 1,39,480 |
| **FINANCIAL RESULT** | **(1,25,20,000)** | **(29,63,984)** | **(6,08,000)** | **(1,39,480)** |
| **PROFIT BEFORE TAX** | **(8,18,35,000)** | **(1,93,73,618)** | **(77,36,000)** | **(17,74,698)** |
| Tax Liabilities | - | - | - | - |
| **PROFIT AFTER TAX** | **(8,18,35,000)** | **(1,93,73,618)** | **(77,36,000)** | **(17,74,698)** |

Budapest,

Lux Aqua Paraguay SA

(a wholly owned subsidiary of Lux Professional International GmbH)

Financial Statements

For the year ended December 31, 2016

REVIEW REPORT OF THE INDEPENDENT AUDITOR

TO THE BOARD OF DIRECTORS OF

LUX AQUA PARAGUAY S.A.

ASUNCION- PARAGUAY

*Introduction*

We have been engaged to review the accompanying balance sheet of LUX AQUA PARAGUAY S.A. as at 31st December 2016 and the related income statement for the irregular period of 145 days ending 31 de December 2016. The board of directors is responsible for the preparation and presentation of this financial statement in accordance with Management Information Manual of Lux Group (Version 2011). Our responsibility is to express a conclusion on this financial information based on our review.

*Scope of Work*

We concluded our review in accordance with the International Standard on review Engagement 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standard on Auditing and consequently does not enables us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, except for the matters described below, nothing has come to our attention that causes us to believe that the balance sheet of LUX AQUA PARAGUAY S.A as at 31st December, 2016 and the related income statement for irregular period of 145 days ending 31st de December, 2016 is not prepared, in all material respects, in accordance with Management Information Manual of Lux Group (Version 2011).

<u>Contribution of paid-in capital</u>

As stated in constitutive act of Company dated August 6,2016, its shareholder have subscribed and integrated in cash all their shares that make up capital of ₲ 100.000.000, corresponding ₲ 90.000.000 to Lux Aqua International GHBH and ₲ 10.000.000 to Mr. Ricardo Ramallo. However, the effective integration of these shares is pending up to date of issuance of this report, a credit that is shown as an asset in the “Long-term loans TP gross” account as of December 31, 2016.

In addition, below we present other issues that came to our attention during our review, which we deem necessary to report.

1. Statutory books.

   As of the date of this report, the statutory books are in the process of recording in the Public Registry Office of Paraguay.

2. Contracts related with loans of equipment.

   As of date of this report, the Company still has to formalize through contracts the loan of 23 water purification equipment with its customer. The total value of these equipment that are recorded in account “Other Equipment” of the assets, amount to ₲55 Million as of December 31 2016.

Amaral & Asociados

Sd/-
Carlos Amaral
Socio

31, March, 2017

**Lux Aqua Paraguay**

**Asunción**

## Statement of Financial Position as of 31 December 2016

| ASSETS | PYG 31.12.2016 | INR 31.12.2016 |
|---|---|---|
| A. FIXED ASSETS | | |
| I. Intangible assets | | |
| 1. Other intangible assets | 70,00,000 | 81,060 |
| II. Tangible assets | | |
| 1. Furniture, fixtures & office equipment | 2,30,00,000 | 2,66,340 |
| 2. Other equipment | 21,10,00,000 | 24,43,380 |
| | 23,40,00,000 | 27,09,720 |
| III. Financial investments | | |
| 1. Long-term loans to third parties | 10,00,00,000 | 11,58,000 |
| | 34,10,00,000 | 39,48,780 |
| B. CURRENT ASSETS | | |
| I. Inventories | | |
| 1. Finished goods and merchandise | 41,70,00,000 | 48,28,860 |
| II. Receivables | | |
| 1. Accounts receivable from trade | 2,10,00,000 | 2,43,180 |
| III. Cash on hand and in banks, checkes | 30,00,000 | 34,740 |
| | 44,10,00,000 | 51,06,780 |
| C. PREPAYMENTS | | |
| 1. Prepaid expenses | 13,60,00,000 | 15,74,880 |
| **TOTAL ASSETS** | **91,80,00,000** | **1,06,30,440** |

| LIABILITIES AND SHAREHOLDERS' EQUITY | PYG 31.12.2016 | INR 31.12.2016 |
|---|---|---|
| A. SHAREHOLDER'S EQUITY | | |
| I. Share capital | 10,00,00,000 | 11,58,000 |
| II. Net profit (loss) | -20,80,00,000 | -24,13,321 |
| III. Foreign Curency Transalation Reserve | | 4,681 |
| | -10,80,00,000 | -12,50,640 |
| B. LIABILITIES | | |
| I. Current liabilities | | |
| 1. Current liabilities accounts external | 1,02,00,00,000 | 1,18,11,600 |
| 2. Current liabilities against public institutions / health insurance | 40,00,000 | 46,320 |
| 3. Other current liabilities third parties | 20,00,000 | 23,160 |
| | 1,02,60,00,000 | 1,18,81,080 |
| **TOTAL EQUITY AND LIABILITIES** | **91,80,00,000** | **1,06,30,440** |

# Lux Aqua Paraguay
# Asunción

## Income Statement for the Year ended 31 December 2016

| | | (PYG) 31.12.2016 | (INR) 31.12.2016 |
|---|---|---|---|
| 1. | Net sales | 8,40,00,000 | 9,74,610 |
| 2. | Cost of materials and other purchased production services | -1,00,00,000 | -1,16,025 |
| 3. | Personnel expenses | -14,10,00,000 | -16,35,953 |
| 4. | Other operating expenses | -14,10,00,000 | -16,35,953 |
| **5.** | **Subtotal from line 1 to 4 (EBIT)** | **-20,80,00,000** | **-24,13,321** |
| **6.** | **Financial result** | **-** | **-** |
| **7.** | **Result before tax** | **-20,80,00,000** | **-24,13,321** |
| 8. | Taxes on income | - | - |
| **9.** | **Profit for the year** | **-20,80,00,000** | **-24,13,321** |
| 10. | Profit carried forward from prior year | - | - |
| **11.** | **Net profit** | **-20,80,00,000** | **-24,13,321** |

**Lux Aqua Paraguay**

**Asunción**

**Statement of Financial Position as of 31 December 2016**

ASSETS

| | PYG 31.12.2016 | INR 31.12.2016 |
|---|---|---|
| A. FIXED ASSETS | | |
| I. Intangible assets | | |
| 1. Other intangible assets | 70,00,000 | 81,060 |
| II. Tangible assets | | |
| 1. Furniture, fixtures & office equipment | 2,30,00,000 | 2,66,340 |
| 2. Other equipment | 21,10,00,000 | 24,43,380 |
| | 23,40,00,000 | 27,09,720 |
| III. Financial investments | | |
| 1. Long-term loans to third parties | 10,00,00,000 | 11,58,000 |
| | 34,10,00,000 | 39,48,780 |
| B. CURRENT ASSETS | | |
| I. Inventories | | |
| 1. Finished goods and merchandise | 41,70,00,000 | 48,28,860 |
| II. Receivables | | |
| 1. Accounts receivable from trade | 2,10,00,000 | 2,43,180 |
| III. Cash on hand and in banks, checkes | 30,00,000 | 34,740 |
| | 44,10,00,000 | 51,06,780 |
| C. PREPAYMENTS | | |
| 1. Prepaid expenses | 13,60,00,000 | 15,74,880 |
| **TOTAL ASSETS** | **91,80,00,000** | **1,06,30,440** |

**LIABILITIES AND SHAREHOLDERS' EQUITY**

| | PYG 31.12.2016 | INR 31.12.2016 |
|---|---|---|
| A. SHAREHOLDER'S EQUITY | | |
| I. Share capital | 10,00,00,000 | 11,58,000 |
| II. Net profit (loss) | -20,80,00,000 | -24,13,321 |
| III. Foreign Curency Transalation Reserve | | 4,681 |
| | -10,80,00,000 | -12,50,640 |
| B. LIABILITIES | | |
| I. Current liabilities | | |
| 1. Current liabilities accounts external | 1,02,00,00,000 | 1,18,11,600 |
| 2. Current liabilities against public institutions / health insurance | 40,00,000 | 46,320 |
| 3. Other current liabilities third parties | 20,00,000 | 23,160 |
| | 1,02,60,00,000 | 1,18,81,080 |
| **TOTAL EQUITY AND LIABILITIES** | **91,80,00,000** | **1,06,30,440** |

**Lux Aqua Paraguay**
**Asunción**

## Income Statement for the Year ended 31 December 2016

| | | (PYG) 31.12.2016 | (INR) 31.12.2016 |
|---|---|---|---|
| 1. | Net sales | 8,40,00,000 | 9,74,610 |
| 2. | Cost of materials and other purchased production services | -1,00,00,000 | -1,16,025 |
| 3. | Personnel expenses | -14,10,00,000 | -16,35,953 |
| 4. | Other operating expenses | -14,10,00,000 | -16,35,953 |
| **5.** | **Subtotal from line 1 to 4 (EBIT)** | **-20,80,00,000** | **-24,13,321** |
| **6.** | **Financial result** | **-** | **-** |
| **7.** | **Result before tax** | **-20,80,00,000** | **-24,13,321** |
| 8. | Taxes on income | - | - |
| **9.** | **Profit for the year** | **-20,80,00,000** | **-24,13,321** |
| 10. | Profit carried forward from prior year | - | - |
| **11.** | **Net profit** | **-20,80,00,000** | **-24,13,321** |

Lux CZ s. r. o

(a wholly owned Subsidiary Company of Lux (Deutschland) GmbH)

Financial Statements
For the year ended December 31, 2016

We have reviewed the accompanying financial information of Lux (CZ), s.r.o., which comprise the balance sheet as at 31 December 2016, the income statement for the year then ended, and a summary of significant accounting policies of Lux Group and other explanatory information (on pages 1 to 4).

*Management’s Responsibility for the financial information*

Management is responsible for the preparation of this financial information in accordance with the accounting policies of Lux Group as stated in the explanatory information to this financial information, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

*Practitioner’s Responsibility*

Our responsibility is to express a conclusion on the accompanying financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical financial information. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in conformity with the applicable accounting policies of Lux Group as stated in the explanatory information to this financial information. This standard also requires us to comply with relevant ethical requirements.

A review of financial information prepared for consolidation purposes in accordance with ISRE 2400 (revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with international standards on auditing. Accordingly, we do not express an audit opinion on this financial information.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that this accompanying financial information as at and for the year ended 31 December 2016 is not prepared, in all material respects, in conformity with the accounting policies of Lux Group as stated in the in the explanatory information to this financial information.

*Restriction on Use*

This financial information has been prepared for purposes of providing to Lux International AG to enable it to prepare the consolidated financial information of the Lux group. As a result, the financial information is not a completed set of financial information of Lux (CZ), s.r.o., (Czech Repulic) in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and of its financial performances. The financial information may, therefore not be suitable for another purpose and should not be used by parties other than Lux (CZ), s.r.o. (Czech Republic), Lux International AG (Switzerland) and Eureka Forbes Limited (India).

Sd/-
Roman Wenk

Sd/-
Yvonne Lingg

Zurich, 6 March 2017

*Enclosure:*
- Financial information (balance sheet, income statement and a summary of significant accounting policies and other explanatory information (on pages 1 to 4)

Lux (CZ) s.r.o
Balance Sheet

| PARTICULARS | 2016 TCZK | 2016 CZK | 2016 INR | 2015 TCZK | 2015 CZK | 2015 INR |
|---|---|---|---|---|---|---|
| Assets | | | | | | |
| Cash and bank balances | 1,425 | 14,25,000 | 37,68,726 | 3,075 | 30,75,000 | 82,27,501 |
| Cash in transit | 607 | 6,07,000 | 16,05,345 | - | - | - |
| Restricted Cash in general | - | - | - | | - | - |
| Marketable securities (short-term) | - | - | - | | - | - |
| Restricted marketable securities in general | - | - | - | | - | - |
| Short-term deposits (< 90 days) | - | - | - | | - | - |
| **TOTAL CASH & - EQUIVALENT** | **2,032** | **20,32,000** | **53,74,071** | **3,075** | **30,75,000** | **82,27,501** |
| Total Trade receivables gross | 1,530 | 15,30,000 | 40,46,422 | 3,345 | 33,45,000 | 89,49,915 |
| Total Other receivables TP gross | 5,999 | 59,99,000 | 1,58,65,675 | 3,098 | 30,98,000 | 82,89,040 |
| *Less bad debts allowances* | (4,583) | (45,83,000) | (1,21,20,752) | (4,663) | (46,63,000) | (1,24,76,369) |
| Total Other receivables TP net | **2,946** | **29,46,000** | **77,91,345** | **1,780** | **17,80,000** | **47,62,586** |
| Receivables RP gross | - | - | - | - | - | - |
| *Less bad debts allowances RP* | - | - | - | - | - | - |
| TOTAL RECEIV. NET RP | - | - | - | - | - | - |
| Receivables IC gross | 76 | 76,000 | 2,00,999 | 163 | 1,63,000 | 4,36,124 |
| *Less bad debts allowances IC* | - | - | - | - | - | - |
| TOTAL RECEIV. NET IC | **76** | **76,000** | **2,00,999** | **163** | **1,63,000** | **4,36,124** |
| Total Hire Purchase short-term gross | 5,415 | 54,15,000 | 1,43,21,159 | 5,496 | 54,96,000 | 1,47,05,153 |
| Total Short Credits | - | - | - | - | - | - |
| *Less provision for unearned Hire-Purchase* | - | - | - | - | - | - |
| *Less bad debts allowances* | (5,415) | (54,15,000) | (1,43,21,159) | (5,496) | (54,96,000) | (1,47,05,153) |
| Refundable Sales Tax | 94 | 94,000 | 2,48,604 | - | - | - |
| TOTAL RECEIVABLES NET | **94** | **94,000** | **2,48,604** | - | - | - |
| **TOTAL RECEIVABLES** | **3,116** | **31,16,000** | **82,40,948** | **1,943** | **19,43,000** | **51,98,710** |
| Raw Materials | - | - | - | - | - | - |
| Semi finished products | - | - | - | - | - | - |
| Finished products gross | - | - | - | 8,130 | 81,30,000 | 2,17,52,709 |
| *Less inventory allowances finished products* | - | - | - | (1,472) | (14,72,000) | (39,38,498) |
| Demo Units | - | - | - | - | - | - |
| Aeroguard | - | - | - | 454 | 4,54,000 | 12,14,727 |
| *Less inventory allowances Aeroguard* | - | - | - | - | - | - |
| Goods in transit | - | - | - | - | - | - |
| *Less inventory allowances Others* | - | - | - | - | - | - |
| **TOTAL INVENTORIES NET** | - | - | - | **7,112** | **71,12,000** | **1,90,28,938** |
| Accrued income & Prepaym. TP | 125 | 1,25,000 | 3,30,590 | 1,111 | 11,11,000 | 29,72,603 |
| Accrued income & Prepaym. RP | - | - | - | - | - | - |
| Accrued income & Prepaym. IC | - | - | - | - | - | - |
| **TOTAL ACCR. INCOME & PREPAYM.** | **125** | **1,25,000** | **3,30,590** | **1,111** | **11,11,000** | **29,72,603** |
| **TOTAL CURRENT ASSETS** | **5,273** | **52,73,000** | **1,39,45,609** | **13,241** | **1,32,41,000** | **3,54,27,752** |
| Long-term loans TP gross | - | - | - | - | - | - |
| *Less Value adj. - Long-term loans TP* | - | - | - | - | - | - |
| TOTAL LOANS TP NET | - | - | - | - | - | - |
| Hire Purchase Long-term gross | - | - | - | - | - | - |
| *Less Value adj. - hire Purchase Long-term* | - | - | - | - | - | - |
| TOTAL HIRE PURCHASE LONG-TERM NET | - | - | - | - | - | - |
| Other investments TP gross | - | - | - | - | - | - |
| *Less value-adjustments - Other invest TP* | - | - | - | - | - | - |
| OTHER INVESTMENTS TP NET | - | - | - | - | - | - |
| Long-term loans RP gross | - | - | - | - | - | - |
| *Less value adj. Long-term loans RP* | - | - | - | - | - | - |
| TOTAL LOANS RP NET | - | - | - | - | - | - |
| Long-term loans IC gross | - | - | - | - | - | - |
| *Less value adj long-term loans IC* | - | - | - | - | - | - |
| TOTAL LONG-TERM LOANS IC NET | - | - | - | - | - | - |
| Investments in companies - IC & RP gross | - | - | - | - | - | - |
| *Less value-adjustments - Investments in companies IC &* | - | - | - | - | - | - |
| TOTAL INVESTMENTS IN COMPANIES IC & RP NET | - | - | - | - | - | - |
| **TOTAL FINANCIAL ASSETS** | - | - | - | - | - | - |
| **TREASURY SHARES** | - | - | - | - | - | - |
| Furniture, fixtures & office equipm. | - | - | - | 30 | 30,000 | 80,268 |
| Plant & Machinery | - | - | - | 48 | 48,000 | 1,28,429 |
| Plant & Machinery (finance lease) | - | - | - | - | - | - |
| Motor vehicles | - | - | - | 117 | 1,17,000 | 3,13,046 |
| Land and Buildings | - | - | - | - | - | - |
| Improvements | - | - | - | - | - | - |
| Leasehold improvements | - | - | - | - | - | - |
| Other equipment | - | - | - | - | - | - |
| **TOTAL FIXED TANGIBLE ASSETS** | - | - | - | **195** | **1,95,000** | **5,21,744** |
| Patents, labels and licences | - | - | - | - | - | - |
| Goodwill / Badwill | - | - | - | - | - | - |
| Other intangible assets | - | - | - | - | - | - |
| **TOTAL INTANGIBLE ASSETS** | - | - | - | - | - | - |
| Deferred tax assets | | - | - | 5,551 | 55,51,000 | 1,48,52,311 |
| **TOTAL NON-CURRENT ASSETS** | - | - | - | **5,746** | **57,46,000** | **1,53,74,055** |
| TOTAL | 5,273 | 52,73,000 | 1,39,45,609 | 18,987 | 1,89,87,000 | 5,08,01,807 |

Lux (CZ) s.r.o
Balance Sheet

| PARTICULARS | 2016 TCZK | 2016 CZK | 2016 INR | 2015 TCZK | 2015 CZK | 2015 INR |
|---|---|---|---|---|---|---|
| **Liabities & Equity** | | | | | | |
| Bank overdrafts | - | - | - | - | - | - |
| Bank liabilities - due within 1 year | - | - | - | - | - | - |
| Cash in transit | - | - | - | - | - | - |
| BANK OVERDRAFTS | - | - | - | - | - | - |
| Current liabilities from refinancing | - | - | - | | - | - |
| Current liabilities accounts external | 44 | 44,000 | 1,16,368 | 965 | 9,65,000 | 25,81,964 |
| Cur. liab. against public instit./ health insurance | 53 | 53,000 | 1,40,170 | 691 | 6,91,000 | 18,48,847 |
| Value added tax (VAT) payable | 53 | 53,000 | 1,40,170 | 309 | 3,09,000 | 8,26,763 |
| Withholding tax payable | - | - | - | 5 | 5,000 | 13,378 |
| Social security premiums | - | - | - | 314 | 3,14,000 | 8,40,142 |
| Income tax liabilities | - | - | - | 63 | 63,000 | 1,68,563 |
| Current liabilities against employees / salesforce | - | - | - | 1,248 | 12,48,000 | 33,39,161 |
| Commissions for agents | - | - | - | 514 | 5,14,000 | 13,75,264 |
| Personnel | - | - | - | 734 | 7,34,000 | 19,63,898 |
| Other current liabilities TP | - | - | - | - | - | - |
| Advances from customer | - | - | - | - | - | - |
| Current liabilities accounts RP | - | - | - | - | - | - |
| Current liabilities accounts IC | 26 | 26,000 | 68,763 | 206 | 2,06,000 | 5,51,176 |
| CURRENT LIABILITIES | 123 | 1,23,000 | 3,25,301 | 3,110 | 31,10,000 | 83,21,147 |
| Accrued exp. and prepaid income TP | 1,216 | 12,16,000 | 32,15,980 | 1,517 | 15,17,000 | 40,58,900 |
| Accrued exp. and prepaid income RP | | - | - | - | - | - |
| Accrued exp. and prepaid income IC | | - | - | - | - | - |
| TOTAL ACCRUED EXP. AND PREP. INCOME | 1,216 | 12,16,000 | 32,15,980 | 1,517 | 15,17,000 | 40,58,900 |
| Provision for restructuring (short-term) | - | - | - | 500 | 5,00,000 | 13,37,805 |
| Provision for human resource (short-term) | - | - | - | 441 | 4,41,000 | 11,79,944 |
| Provision for taxes (short-term) | - | - | - | - | - | - |
| Other provision (short-term) | - | - | - | 100 | 1,00,000 | 2,67,561 |
| TOTAL PROVISIONS (short-term) | - | - | - | 1,041 | 10,41,000 | 27,85,310 |
| TOTAL CURRENT LIABILITIES | 1,339 | 13,39,000 | 35,41,280 | 5,668 | 56,68,000 | 1,51,65,357 |
| Provision for pensions (long-term) | - | - | - | - | - | - |
| Provision for guarantees (long-term) | 310 | 3,10,000 | 8,19,863 | 310 | 3,10,000 | 8,29,439 |
| Provision for restructuring (long-term) | 820 | 8,20,000 | 21,68,670 | - | - | - |
| Provision for human resource (long-term) | - | - | - | - | - | - |
| Provision for taxes (long-term) | - | - | - | - | - | - |
| Other provision (long-term) | - | - | - | 288 | 2,88,000 | 7,70,576 |
| TOTAL PROVISIONS (long-term) | 1,130 | 11,30,000 | 29,88,534 | 598 | 5,98,000 | 16,00,015 |
| Bank debts (long-term) | - | - | - | - | - | - |
| Other non-current liabilities TP | - | - | - | - | - | - |
| Shareholder loans | - | - | - | - | - | - |
| Finance lease liability (long-term) | - | - | - | - | - | - |
| Long-term loans payable RP | - | - | - | - | - | - |
| Long-term loans payable IC | 2,649 | 26,49,000 | 70,05,863 | 619 | 6,19,000 | 16,56,203 |
| Other long-term liabilities | - | - | - | - | - | - |
| OTHER NON-CURRENT LIABILITIES | 2,649 | 26,49,000 | 70,05,863 | 619 | 6,19,000 | 16,56,203 |
| Deferred tax liabilities | | - | - | | - | - |
| TOTAL NON-CURRENT LIABILITIES | 3,779 | 37,79,000 | 99,94,397 | 1,217 | 12,17,000 | 32,56,217 |
| Share capital | 20,000 | 2,00,00,000 | 5,57,52,000 | 20,000 | 2,00,00,000 | 5,57,52,000 |
| Capital reserves | 22,725 | 2,27,25,000 | 6,14,74,943 | 22,053 | 2,20,53,000 | 6,14,74,943 |
| Revenue Reserves | | - | - | | - | - |
| Equity Bond | | - | - | | - | - |
| Reserves for own shares | | - | - | | - | - |
| Revaluation reserves | | - | - | | - | - |
| Untaxed reserves | | - | - | | - | - |
| Minority interests: equity ./. result | | - | - | | - | - |
| Minority interests: result current period | | - | - | | - | - |
| Retained earnings | (29,952) | (2,99,52,000) | (7,96,34,588) | (21,530) | (2,15,30,000) | (5,76,05,883) |
| FCTR | | | (26,87,209) | | - | (52,12,123) |
| Profit (Loss) | (12,618) | (1,26,18,000) | (3,44,95,215) | (8,421) | (84,21,000) | (2,20,28,704) |
| rounding difference / CTA | | - | - | | - | - |
| Total equity | 155 | 1,55,000 | 4,09,932 | 12,102 | 1,21,02,000 | 3,23,80,232 |
| TOTAL | 5,273 | 52,73,000 | 1,39,45,609 | 18,987 | 1,89,87,000 | 5,08,01,807 |
| | - | - | - | - | - | - |

Lux (CZ) s.r.o
Profit and Loss Statement

| | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|
| PARTICULARS | TCZK | CZK | INR | TCZK | CZK | INR |
| Net Sales,Total | 10,283 | 1,02,83,000 | 2,81,11,768 | 37,792 | 3,77,92,000 | 9,88,61,038 |
| Landed Cost | (7,767) | (77,67,000) | (2,12,33,502) | (33,892) | (3,38,92,000) | (8,86,58,930) |
| Gross Profit,External | 2,516 | 25,16,000 | 68,78,266 | 3,900 | 39,00,000 | 1,02,02,108 |
| Other revenue | - | - | - | 2,699 | 26,99,000 | 70,60,382 |
| Other income | - | - | - | 866 | 8,66,000 | 22,65,391 |
| TOTAL SALES EXPENSES | (3,478) | (34,78,000) | (95,08,191) | (7,055) | (70,54,500) | (1,84,54,043) |
| TOTAL ADMIN EXPENSES | (3,339) | (33,39,000) | (91,28,192) | (8,044) | (80,43,500) | (2,10,41,193) |
| Expenses for Services - Group -> AC03-A | 698 | 6,98,000 | 19,08,199 | | - | - |
| LUX OPERATING RESULT BEFORE CDS | (3,603) | (36,03,000) | (98,49,917) | (7,633) | (76,33,000) | (1,99,67,356) |
| CDS Result | 42 | 42,000 | 1,14,820 | - | - | - |
| LUX OPERATING RESULT I | (3,561) | (35,61,000) | (97,35,097) | (7,633) | (76,33,000) | (1,99,67,356) |
| TOT. EXTRAORD. OPER. EXP./ INC | (3,311) | (33,11,000) | (90,51,645) | 5 | 5,000 | 13,080 |
| LUX OPERATING RESULT II | (6,872) | (68,72,000) | (1,87,86,742) | (7,628) | (76,28,000) | (1,99,54,276) |
| Depreciations fixed assets | (50) | (50,000) | (1,36,691) | (495) | (4,95,000) | (12,94,883) |
| TOTAL FINANCIAL RESULT | (145) | (1,45,000) | (3,96,402) | (298) | (2,98,000) | (7,79,546) |
| LUX RESULT PRE TAX | (7,067) | (70,67,000) | (1,93,19,835) | (8,421) | (84,21,000) | (2,20,28,704) |
| Total Taxes | (5,551) | (55,51,000) | (1,51,75,379) | - | - | - |
| LUX NET RESULT | (12,618) | (1,26,18,000) | (3,44,95,215) | (8,421) | (84,21,000) | (2,20,28,704) |

-

Significant accounting policies of Lux Group and other explanatory information of Lux (CZ), s.r.o.

Basis of preparation and explanatory information
The financial information of Lux (CZ), s.r.o. have been prepared for purposes of providing Lux International AG and its subsidiaries (Lux Group) to enable to prepare the consolidated financial information of the group. The consolidated financial statements constitute a true and fair view of the Lux group's financial position and earnings in accordance with Swiss GAAP FER.

As result, the financial information of of Lux (CZ), s.r.o. is not a completed set of financial information of in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and its financial performances. The financial information may, therefore not be

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks, other short term and highly liquid investments with original maturities of three months or less from the balance sheet date.

Restricted cash and cash equivalents
Restricted cash and cash equivalents includes funds that are not available for on-going operations.

Accounts receivable
Accounts receivable are initially recorded at their nominal value after deduction of hire purchase charges not due. All receivables are value adjusted according to the time they are overdue.

| | |
|---|---|
| • not due (hire purchase only) | 1% |
| • overdue up to one month | 5% |
| • overdue 1 to 2 months | 25% |
| • overdue 2 to 4 months | 50% |
| • overdue 4 to 6 months | 80% |
| • overdue 6 months and more | 100% |

In any case, an additional provision for doubtful trade receivables is made if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Indicators that the trade receivable is impaired might be significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, financial reorganisation and default or delinquency in payments. The amount of the provision is recognised in the income statement within Net Credit Direct Sales (CDS) result.

*Hire purchase (HP) charges*
Charges to the customer arising from sales on credit are only reported as income to the extent that the charges are due. Unearned charges are calculated on an annuity basis over the period of the hire purchase contract.

Loans
The loans are booked at cost less additional provision for doubtful loans if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of the loan contracts.

Inventories
Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary courseof business, less applicable variable selling expenses. Value adjustments are effected for obsolete stock.

Property, plant and equipment
Property, plant and equipment (tangible fixed assets) are capitalised if they can be used during more than one year. Tangible fixed assets are stated at acquisition or construction cost less accumulated depreciation using the straight-line method over the estimated useful lifetime. The following useful lifetimes are generally applied:

| | |
|---|---|
| > Computer equipment | 3 years |
| > Office machines | 3 years |
| > Tooling and demo kits | 5 years |
| > Vehicles | 5 years |
| > Machines | 10 years |
| > Land and improvement | 15 years |
| > Buildings | 20 - 40 years |
| > Leasehold improvements | period of lease |

## Intangible assets

*Patents, licenses and trademarks*

Patents, licenses and trademarks are measured initially at cost. Based on reliable cost measurements, intangible assets are recognised on the probability of the future economic benefits as well as proper attribution to the asset. After initial recognition, intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment losses. Patents, licenses and trademarks are amortised on a straight line basis over the best estimate of their useful lives but not exceeding 10 years. The amortisation periods are reviewed annually at each financial year end.

*Development costs*

Indirect development costs for products are expensed. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sales, its intention to complete and its ability to use or sell the asset, how the asset will generate economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits.

*Goodwill*

The excess of the cost of an acquisition over the Group’s interest in the fair value of the net identifiable assets acquired as at the date of the exchange transaction is recorded as goodwill and recognised as an asset in the balance sheet.

When the Group acquires additional interests in a joint venture the excess of the cost of this acquisition compared to the book value of the acquired net assets is recognized as goodwill. After initial recognition goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis over the estimated useful life of 5 years. Any negative goodwill (badwill) resulting from the acquisition of a subsidiary or interest in a joint venture is recorded to the income statement in the period of the transaction.

## Impairment of assets

The carrying amount of the Group’s assets, other than inventories and receivables, are reviewed by Group management at each balance sheet date to determine whether there is any indication of impairment. The review is based on events and signs that point to possible overvaluations in book values. If any such indication exists, the asset’s recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the income statement. The recoverable amount is the higher of the net selling price and value in use. An impairment loss with respect to goodwill is not reversed. In respect to other assets, an impairment loss is – fully or partially - reversed if there has been a change in the estimates used to

## Trade liabilities

Trade liabilities include short-term and non-interest bearing liabilities resulting from ordinary business activities.

## Bank debts

Borrowings are initially recognised at the proceeds received. They are subsequently carried at normal values. Bank debts are classified long term and short term.

## Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Restructuring provisions are reported in the event of any necessary reorganisation of activity sectors or newly acquired subsidiaries. Restructuring provisions comprise i.e. lease termination and employee termination

## 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.

## Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group’s activities. Revenue is shown, net of value-added tax, estimated returns and after elimination of sales within the Group.

*Sales Commission*

Sales commission is paid by product suppliers as a contribution to marketing and promotion activities.

*Interest income*

Interest income is recognised as it accrues on an effective yield basis, when it is determined that such income will flow to the Group.

## Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee.

Assets held under finance leases are recognised as assets of the Group at their fair value. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are charged to the profit and loss statement over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss statement as incurred.

## Management assumptions and significant estimates

The preparation of financial information 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.

Lux del Paraguay S. A

(a Subsidiary Company of Forbes Lux International AG)

Financial Statements
For the year ended December 31, 2016

# INDEPENDENT AUDITORS' REPORT

April 12, 2017

Messrs
Directors of
Lux del Paraguay S. A.

## 1. Identification of the Financial Statements object of the audit

We have audited the balance sheet of Lux del Paraguay S.A. (" the Company ") as at December 31, 2016 and the related statements of income, changes in shareholder' equity and cash flow for the year then ended and a summary of significant accounting policies and other explanatory notes, which are initialed by us for identification purposes.

The financial statements of the Company as at December 31, 2015, included for comparative purposes, were examined by other independent auditors, who issued an opinion on them dated April 6, 2016, without exceptions.

## 2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with professional accounting standards in Paraguay. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selectin g and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

## 3. 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 general accepted audit standards in Paraguay. These 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. ln making those risk assessments, the auditor consider s internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity' s internal control system. An audit also includes assessing the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as assessing the overall presentation of the financial statements.

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

## 4. Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lux del Paraguay S.A. as at December 3I,2016, and its financial performance, and its cash flow for the year then ended in accordance with current accounting standards in Paraguay.

## 5. Report on legal and regulatory requisites

In compliance with current legal Paraguayan rules, we inform the following:

a. Lux del Paraguay S.A. keeps its legal accounting records in accordance with Laws N° 125 / 9 1 and N° 2.421/04, and their regulations.

b. At the date we issued this report, and considering the limits of materiality established in our audit, the Company has honored its payments and has recognized provisions related with taxes accrued during the year ended as at December 31, 2016.

c. Under the scope of our audit of financial statement mentioned in paragraph I, we have fulfilled with General Resolution N° 20 of the Tax Administration Authority ("Subsecretaria de Estado de Tributaci6n" ) dated on January I 0 , 2008 that regulates Article N° 33 of the Law 2.421/04, not being any significant tax issue that should be mentioned in our professional report.

## 6. Usage restriction

Due to the nature of this report its use is limited to the administration of the Company and to the Tax Administration Authority ("Subsecretaria de Estado de Tributaci6n") dependent of Ministry of Finance (" Ministerio de Hacienda") of the Republic of Paraguay, in accordance with to Article N° of the Law N° 2.421/04 and should not be used for other purposes.

Carlos Amarlal
Partner
Council of Public Accountants of Paraguay
Public Accountant Licence Type " A" N° 557
Registry of Professional Signat ures N° 13

LUX DEL PARAGUAY S.A.

BALANCE SHEET

| | December, 31 | | | |
|---|---|---|---|---|
| **ASSETS** | **2016 (PYG)** | **2016 (INR)** | **2015 (PYG)** | **2015 (INR)** |
| **Current assets** | 1,05,46,22,056 | 1,22,12,523 | 2,77,01,48,622 | 3,09,42,560 |
| Accounts receivables - Net | 21,90,44,49,156 | 25,36,53,521 | 17,05,58,84,517 | 19,05,14,230 |
| Temporary investments | 1,49,17,74,740 | 1,72,74,751 | - | - |
| Inventories- Net | 7,92,28,52,061 | 9,17,46,627 | 5,49,03,18,078 | 6,13,26,853 |
| Accrued income and prepayment | 52,72,09,523 | 61,05,086 | 1,99,39,29,538 | 2,22,72,193 |
| **Total Current assets** | **32,90,09,07,536** | **38,09,92,509** | **27,31,02,80,755** | **30,50,55,836** |
| **Non current assets** | | | | |
| Accounts receivables - Net | 49,70,00,000 | 57,55,260 | - | - |
| Property, Plant and Equipment - Net | 1,41,63,84,943 | 1,64,01,738 | 1,61,81,29,928 | 1,80,74,511 |
| Intangible assets | 32,51,87,848 | 37,65,675 | 44,78,71,962 | 50,02,730 |
| Other assets | 43,84,59,714 | 50,77,363 | - | - |
| **Total Non current assets** | **2,67,70,32,505** | **3,10,00,036** | **2,06,60,01,890** | **2,30,77,241** |
| **Total Assets** | **35,57,79,40,041** | **41,19,92,546** | **29,37,62,82,645** | **32,81,33,077** |
| **LIABILITfES** | | | | |
| Current liabilities | | | | |
| Accounts payable | 4,42,01,87,649 | 5,11,85,773 | 2,80,51,85,475 | 3,13,33,922 |
| Financial loans | 8,54,67,62,368 | 9,89,71,508 | 5,52,27,23,813 | 6,16,88,825 |
| Tax, salaries and social security | 2,19,69,65,755 | 2,54,40,863 | 92,61,36,099 | 1,03,44,940 |
| Other liabilities | 1,01,87,16,794 | 1,17,96,740 | 1,13,31,53,982 | 1,26,57,330 |
| **Total Current liabilities** | **16,18,26,32,566** | **18,73,94,885** | **10,38,71,99,369** | **11,60,25,017** |
| Non Current liabilities | | | | |
| Financial loans | 12,67,95,63,236 | 14,68,29,342 | 12,47,65,36,500 | 13,93,62,913 |
| **Total Non current liabilities** | **12,67,95,63,236** | **14,68,29,342** | **12,47,65,36,500** | **13,93,62,913** |
| **Total Liabilities** | **28,86,21,95,802** | **33,42,24,227** | **22,86,37,35,869** | **25,53,87,930** |
| **EQUITY** | | | | |
| **Capital** | | | | |
| Capital | 5,00,00,00,000 | 5,58,50,000 | 5,00,00,00,000 | 5,58,50,000 |
| **Reserves** | 63,66,35,104 | 71,11,214 | 63,66,35,104 | 71,11,214 |
| Revaluation reserve | 32,63,49,151 | 36,72,578 | 25,98,66,071 | 29,02,704 |
| | **96,29,84,255** | **1,07,83,792** | **89,65,01,175** | **1,00,13,918** |
| **Results** | 61,60,45,601 | 68,81,229 | 1,68,84,45,534 | 1,88,59,937 |
| Result of the year | 13,67,14,383 | 15,86,229 | -1,07,23,99,933 | -1,27,13,301 |
| Foreign Currency Translation Reserve | - | 26,67,068 | - | 7,34,594 |
| | **75,27,59,984** | **1,11,34,526** | **61,60,45,601** | **68,81,229** |
| **Total Equity** | **6,71,57,44,239** | **7,77,68,318** | **6,51,25,46,776** | **7,27,45,147** |
| **Total Liabilities and Equity** | **35,57,79,40,041** | **41,19,92,546** | **29,37,62,82,645** | **32,81,33,077** |

**Manuel de Jesus Coronel Molina**
**Legal Representative**

**Miguel Angel Gaona Toledo**
**Accountant**

I T raslation of the Balance sheet in spanish initialing for identification purpose with the traslation of the Independent Auditors' Report dated April 12, 2017 by Amaral Asociados.

**LUX DEL PARAGUAY S.A.**

**INCOME STATEMENT**

| | December, 31 | | | |
|---|---|---|---|---|
| | **2016 (PYG)** | **2016 (INR)** | **2015 (PYG)** | **2015 (INR)** |
| **Operating Income** | 38,32,15,00,149 | 44,46,25,205 | 35,49,55,78,646 | 42,08,00,085 |
| Net sales | | | | |
| Cost of sales | -9,97,96,66,116 | -11,57,89,076 | -8,85,94,12,529 | -10,50,28,336 |
| **Gross result** | **28,34,18,34,033** | **32,88,36,129** | **26,63,61,66,117** | **31,57,71,749** |
| **Other income** | - | | - | |
| Income for technical service | 51,88,96,122 | 60,20,492 | 46,06,77,284 | 54,61,329 |
| Default interest | 3,66,56,217 | 4,25,304 | 4,07,02,057 | 4,82,523 |
| Other income {Water purifiers) | 72,17,83,790 | 83,74,496 | 86,95,51,399 | 1,03,08,532 |
| **Total Other income** | **1,27,73,36,129** | **1,48,20,292** | **1,37,09,30,740** | **1,62,52,384** |
| | - | | - | |
| **Total Gross result** | **29,61,91,70,162** | **34,36,56,422** | **28,00,70,96,857** | **33,20,24,133** |
| **Operating expenses** | -13,59,16,85,678 | -15,76,97,533 | -12,91,56,65,305 | -15,31,15,212 |
| Sales expenses | | | | |
| Administrative Expenses | -6,83,28,75,682 | -7,92,78,440 | -5,82,57,60,186 | -6,90,64,387 |
| Collection expenses | -5,15,23,86,863 | -5,97,80,569 | -5,31,73,74,278 | -6,30,37,472 |
| Technical service expenses | -1,42,45,27,339 | -1,65,28,078 | -1,37,23,42,090 | -1,62,69,115 |
| Depreciations and amortizations | -47,18,50,199 | -54,74,642 | -30,12,48,592 | -35,71,302 |
| **Total Operating expenses** | **-27,47,33,25,761** | **-31,87,59,262** | **-25,73,23,90,451** | **-30,50,57,489** |
| **Net operating income** | 2,14,58,44,401 | 2,48,97,160 | 2,27,47,06,406 | 2,69,66,644 |
| **Financial result** | - | | - | |
| Financial interests - Net | -1,92,89,99,745 | -2,23,81,220 | -1,79,70,60,286 | -2,13,04,150 |
| Exchange differences - Net | 32,75,21,153 | 38,00,064 | -72,98,05,080 | -86,51,839 |
| **Total Financial result net** | **-1,60,14,78,592** | **-1,85,81,155** | **-2,52,68,65,366** | **-2,99,55,989** |
| Other income (expenses) - Net | -64,72,325 | -75,095 | -77,57,08,136 | -91,96,020 |
| **Result before income tax** | **53,78,93,484** | **62,40,909** | **-1,02,78,67,096** | **-1,21,85,364** |
| Income tax | -40,11,79,101 | -46,54,681 | -4,45,32,837 | -5,27,937 |
| **Net result** | **13,67,14,383** | **15,86,229** | **-1,07,23,99,933** | **-1,27,13,301** |

**Manuel de Jesus Coronel Molina**
**Legal Representative**

**Miguel Angel Gaona Toledo**
**Accountant**

Traslation of the Income statement in spanish initialing for identification purpose with the traslation of the Independent Auditors' Report dated April12, 2017 by Amaral Asociados.

Lux (Deutschland) GmbH

(a wholly owned Subsidiary Company of Lux International AG)

Financial Statements
For the year ended December 31, 2016

**Lux Deutschland GmbH**
**Fulda**

The English language text below is a translation of the Auditors' Report on the 2016 statutory financial state-ments 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

**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 2016. 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 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

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 true and fair view of the net assets, financial position and results of operations of Lux Deutschland GmbH in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, den 21. Juli 2017

KPMG AG
Wirtschaftsprüfungsgesellschaft

German Version signed:

Möller
Wirtschaftsprüfer

Klein
Wirtschaftsprüfer

**Lux Deutschland GmbH**
**Fulda**
**Balance Sheet at 31 December 2016**

**ASSETS**

| | 31/12/2016 | | 31/12/2015 | |
|---|---|---|---|---|
| | EUR | INR | EUR | INR |
| **A. Non-current assets** | | | | |
| I. Intangible assets | | | | |
| 1. Industrial protection rights and similar rights and assets purchased for consideration | 32,980 | 23,51,589 | 70,824 | 51,07,671 |
| II. Property, plant and equipment | | | | |
| 1. Other operational and office equipment | 1,04,394 | 74,43,658 | 1,51,876 | 1,09,52,963 |
| III. Financial assets | | | | |
| 1. Shares in affiliated entities | - | - | 53,25,000 | 38,40,27,285 |
| 2. Loans to affiliated entities | 20,00,000 | 14,26,07,000 | | |
| | 21,37,374 | 15,24,02,247 | 55,47,700 | 40,00,87,919 |
| **B. Current assets** | | | | |
| I. Inventories | | | | |
| 1. Trading stock | 2,87,989 | 2,05,34,612 | 5,26,040 | 3,79,36,834 |
| II. Receivables and other assets | | | | |
| 1. Trade accounts receivable | 30,20,344 | 21,53,61,121 | 26,41,436 | 19,04,94,564 |
| 2. Accounts receivable from affiliated entities | 13,44,797 | 9,58,88,764 | 17,18,582 | 12,39,40,338 |
| 3. Receivable from shareholder | 38,84,622 | 27,69,87,140 | 23,57,880 | 17,00,45,123 |
| 4. Other assets | 1,87,332 | 1,33,57,406 | 1,58,462 | 1,14,27,957 |
| | 84,37,095 | 60,15,94,430 | 68,76,360 | 49,59,07,981 |
| III. Cash on hand and and bank balances | 2,10,881 | 1,50,36,573 | 3,97,405 | 2,86,59,984 |
| | 89,35,965 | 63,71,65,615 | 77,99,805 | 56,25,04,799 |
| **C. Prepaid expenses and deferred charges** | 75,494 | 53,82,982 | 65,296 | 47,09,014 |
| **D. Deferred Tax Assets** | 4,980 | 3,55,091 | 2,58,980 | 1,86,77,068 |
| **TOTAL** | 1,11,53,813 | 79,53,05,935 | 1,36,71,781 | 98,59,78,800 |

**Shareholder equity and liabilities**

| | 31/12/2016 | | 31/12/2015 | |
|---|---|---|---|---|
| | EUR | INR | EUR | INR |
| **A. Shareholder equity** | | | | |
| I. Subscribed capital | 71,53,000 | 60,77,18,880 | 71,53,000 | 60,77,18,880 |
| II. Capital reserve | 1,94,70,000 | 1,63,70,70,291 | 1,89,70,000 | 1,60,14,18,541 |
| III. Earnings reserves | | | | |
| Other earnings reserves | 92,054 | 78,20,916 | 92,054 | 78,20,916 |
| IV. Accumulated net loss | (2,51,88,127) | (2,11,54,79,779) | (2,45,06,942) | (2,06,70,15,032) |
| V. Loss for the period | 3,42,148 | 2,53,14,251 | (6,81,184) | (4,84,64,747) |
| Foreign Currency Translation Reserve | | (2,91,72,937) | | (2,74,18,785) |
| | 18,69,075 | 13,32,71,622 | 10,26,928 | 7,40,59,774 |
| 1. Tax provisions | 94,525 | 67,39,963 | 94,525 | 68,16,935 |
| 2. Other provisions and accrued liabilities | 7,96,800 | 5,68,14,629 | 9,14,341 | 6,59,40,261 |
| | 8,91,325 | 6,35,54,592 | 10,08,866 | 7,27,57,196 |
| 1. Trade accounts payable | 1,87,152 | 1,33,44,602 | 88,453 | 63,79,013 |
| 2. Accounts payable to affiliated entities | 1,725 | 1,22,971 | 103 | 7,435 |
| 3. Accounts payable to shareholder | - | - | 7,194 | 5,18,790 |
| 4. Other liabilities | 79,55,441 | 56,72,50,770 | 1,13,14,946 | 81,60,09,018 |
| | 81,44,318 | 58,07,18,343 | 1,14,10,696 | 82,29,14,257 |
| **D. Deferred income** | 2,49,095 | 1,77,61,378 | 2,25,292 | 1,62,47,573 |
| **TOTAL** | 1,11,53,813 | 79,53,05,935 | 1,36,71,781 | 98,59,78,800 |

**Lux Deutschland GmbH**
**Fulda**
**Income statement for the year ended 31 December 2016**

| | | | | |
|---|---|---|---|---|
| | EUR | INR | EUR | INR |
| 1. Sales revenue | 1,63,64,802 | 1,21,07,69,922 | 1,54,50,162 | 1,09,92,45,062 |
| 2 Other operating income | 21,68,824 | 16,04,63,069 | 17,83,574 | 12,68,97,352 |
| 3. Cost of materials | | | | |
| a) Cost of purchased trading stock | 40,17,591 | 29,72,46,399 | 39,77,353 | 28,29,79,909 |
| 4. Personnel expenses | | | | |
| a) Wages and salaries | 39,31,392 | | 39,15,978 | |
| b) Social security costs and expenses for retirement and support benefits -of which for retirement benefits: EUR 10.722,90, prior year: EUR 9.386,98) | 8,32,349 | 6,15,82,366 | 8,24,579 | 5,86,67,010 |
| 5. Amortisation of intangible assets and depreciation of property, plant and equipment | 1,02,020 | 75,48,110 | 1,99,881 | 1,42,21,096 |
| 6. Other operating expenses | 89,14,613 | 65,95,58,582 | 88,19,329 | 62,74,75,886 |
| 7. Income from participatory interests | 1,14,701 | 84,86,307 | 3,56,950 | 2,53,96,212 |
| –of which, from affiliated entities: EUR 114.701,17 (prior year: EUR 356.950,07)- | | | | |
| 8. Income (prior year: loss) from a profit or loss transfer agreement | 1,609 | 1,19,059 | 12,412 | 8,83,119 |
| 9. Other interest and similar income –of which, from affiliated entities: EUR 66.280,84 (prior year: EUR 7.213,12)-- | 5,36,100 | 3,96,64,006 | 4,59,536 | 3,26,95,002 |
| 10. Interest and similar expenses –of which, from affiliated entities EUR 1.311,49 (prior year: EUR 15.893,13)- | 7,89,857 | 5,84,38,537 | 9,66,369 | 6,87,55,055 |
| 11 Taxes on income | (2,54,000) | (1,87,92,501) | (37,394) | (26,60,465) |
| 12 Profit after tax | 3,44,214 | 2,54,67,069 | (6,78,249) | (4,82,55,928) |
| 13 Other taxes | (2,066) | (1,52,819) | (2,935) | (2,08,819) |
| 14 Gain (prior year: Loss) for the period | 3,42,148 | 2,53,14,251 | (6,81,184) | (4,84,64,747) |

Lux International AG

(a wholly owned Subsidiary Company of Forbes Lux International AG)

Financial Statements
For the year ended December 31, 2016

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 2016.

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

Sd/-
Roman Wenk
Licensed Audit Expert
Auditor in Charge

Sd/-
Larissa Eckstein
Licensed Audit Expert

Zurich, 6 March 2017

Enclosures
- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

LUX INTERNATIONAL LTD, BAAR
BALANCE SHEET AS OF 31 December 2016

| | Note | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|---|
| ASSETS Current assets | | | | | |
| Cash and cash equivalents | | 88,95,874 | 59,16,73,476 | 8,19,551 | 5,45,87,833 |
| Trade accounts receivables | 2.1 | 17,49,577 | 11,63,66,116 | 23,60,152 | 15,72,02,644 |
| Other current receivables | 2.2 | 8,95,460 | 5,95,57,940 | 1,04,709 | 69,74,352 |
| Current financial assets | 2.3 | 18,789 | 12,49,675 | 64,957 | 43,26,591 |
| Prepaid expenses and accrued income | | 70,814 | 47,09,910 | 1,18,612 | 79,00,389 |
| Total current assets | | 1,16,30,514 | 77,35,57,117 | 34,67,981 | 23,09,91,810 |
| Non current assets | | | | | |
| Financial assets | 2.4 | 48,39,832 | 32,19,02,066 | 18,19,722 | 12,12,06,223 |
| Investments | 2.5 | 2,62,97,835 | 1,74,90,95,304 | 2,28,76,719 | 1,52,37,49,622 |
| Property, plant and equipment | | 4,12,285 | 2,74,21,488 | 4,73,595 | 3,15,44,742 |
| Intangible assets | | 26,76,387 | 17,80,09,176 | 22,24,317 | 14,81,55,082 |
| Total non current assets | | 3,42,26,339 | 2,27,64,28,033 | 2,73,94,353 | 1,82,46,55,670 |
| TOTAL ASSETS | | 4,58,56,853 | 3,04,99,85,150 | 3,08,62,334 | 2,05,56,47,481 |

| LIABILITIES AND SHAREHOLDERS' EQUITY Liabilities | Note | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|---|
| Current liabilities | | | | | |
| Trade accounts payables | 2.6 | 12,52,267 | 8,32,89,530 | 4,55,953 | 3,03,69,661 |
| Other current payables to shareholder | 2.7 | 6,54,920 | 4,35,59,384 | 2,43,471 | 1,62,16,873 |
| Current interest-bearing liabilities | 2.8 | 10,73,640 | 7,14,08,870 | 17,21,350 | 11,46,53,959 |
| Current provisions | | 16,000 | 10,64,176 | 1,21,231 | 80,74,833 |
| Accrued expenses and deferred income | 2.10 | 25,11,896 | 16,70,68,715 | 5,42,485 | 3,61,33,298 |
| Total current liabilities | | 55,08,723 | 36,63,90,675 | 30,84,490 | 20,54,48,625 |
| Non-current liabilities | | | | | |
| Interest-bearing loans | 2.9 | 3,11,73,337 | 2,07,33,69,817 | 88,10,971 | 58,68,72,345 |
| Non Current Provisions | 2.10 | 5,60,000 | 3,72,46,160 | - | - |
| Provisons for unrealized exchange gains | | 1,12,638 | 74,91,666 | 41,950 | 27,94,164 |
| Total non-current liabilities | | 3,18,45,975 | 2,11,81,07,643 | 88,52,921 | 58,96,66,509 |
| Total liabilities | | 3,73,54,698 | 2,48,44,98,319 | 1,19,37,411 | 79,51,15,134 |
| Shareholders' equity | | | | | |
| 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 | | | | | |
| - Results carried forward | | 99,24,924 | 68,25,72,975 | 1,16,44,743 | 79,71,24,959 |
| - Loss for the year | | (1,04,22,767) | (71,09,59,085) | (17,19,819) | (11,45,51,984) |
| FCTR | | | (3,04,54,358) | | (4,63,67,929) |
| Total shareholders' equity | | 85,02,157 | 56,54,86,831 | 1,89,24,924 | 1,26,05,32,346 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 4,58,56,853 | 3,04,99,85,150 | 3,08,62,334 | 2,05,56,47,481 |
| | | - | - | - | - |

LUX INTERNATIONAL AG, BAAR
STATEMENT OF INCOME 2016

| | Note | 2016 CHF | 2016 INR | 2015 CHF | 2015 INR |
|---|---|---|---|---|---|
| INCOME | | | | | |
| Dividend income | | 8,48,346 | 5,78,67,483 | 80,000 | 53,28,560 |
| Income from Royalties | 2.11 | 6,57,346 | 4,48,38,968 | 3,33,615 | 2,22,21,094 |
| Income from Factory Participation | | 56,81,272 | 38,75,31,636 | 62,83,234 | 41,85,07,367 |
| Financial income | 2.12 | 69,277 | 47,25,531 | 5,06,671 | 3,37,47,835 |
| Extraordinary income | 2.14 | 1,19,980 | 81,84,091 | 1,27,603 | 84,99,253 |
| Other operating income | 2.16 | 1,50,572 | 1,02,70,836 | 1,10,329 | 73,48,684 |
| Total income | | 75,26,793 | 51,34,18,545 | 74,41,452 | 49,56,52,793 |
| EXPENSES | | | | | |
| Financial expense | 2.13 | (13,79,271) | (9,40,83,006) | (6,22,429) | (4,14,58,128) |
| Personnel expenses | | (41,35,005) | (28,20,57,478) | (37,29,528) | (24,84,12,671) |
| Other operating expenses | 2.17 | (62,41,071) | (42,57,16,715) | (26,16,663) | (17,42,88,072) |
| Depreciation on property, plant and equipment | | (77,176) | (52,64,339) | (96,405) | (64,21,248) |
| Amortization on intangible assets | | (8,42,402) | (5,74,62,031) | (7,89,155) | (5,25,63,247) |
| Impairment loss on investment | 2.5 | (51,05,760) | (34,82,74,739) | (11,41,618) | (7,60,39,750) |
| Impairment loss on Intercompany Loan | | (1,05,299) | (71,82,669) | - | - |
| Extraordinary expense | 2.15 | (59,867) | (40,83,655) | (1,62,643) | (1,08,33,162) |
| Direct taxes | | (3,709) | (2,52,999) | (2,830) | (1,88,498) |
| Total expenses | | (1,79,49,560) | (1,22,43,77,630) | (91,61,271) | (61,02,04,777) |
| Loss for the year | | (1,04,22,767) | (71,09,59,085) | (17,19,819) | (11,45,51,984) |

# 1 Principles

## 1.1 General aspects

The financial statement 2016 has been generated under the regulations of the new Swiss Accounting regulations (Para 32 of the Swiss Code of Obligations).

## 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 current and 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

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Receivables from third parties | 15,37,637 | 10,22,69,775 | 19,05,298 | 12,69,06,184 |
| Receivables from companies in which the entity holds an investment | 2,11,940 | 1,40,96,341 | 53,763 | 35,80,992 |
| Receivables from other group companies | 0 | 0 | 4,01,091 | 2,67,15,468 |
| Total | 17,49,577 | 11,63,66,116 | 23,60,152 | 15,72,02,644 |

### 2.2 Other current receivables

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Receivables from third parties | 69,884 | 46,48,055 | 42,067 | 28,01,957 |
| Receivables from companies in which the entity holds an investment | 737926 | 4,90,80,196 | 0 | 0 |
| Receivables from shareholders | 87,650 | 58,29,689 | 62,642 | 41,72,396 |
| Total | 8,95,460 | 5,95,57,940 | 1,04,709 | 69,74,352 |

### 2.3 Current Financial Assets

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Loans to third parties | 18,789 | 12,49,675 | 64,957 | 43,26,591 |
| Total | 18,789 | 12,49,675 | 64,957 | 43,26,591 |

### 2.4 Non-Current Financial Assets

| CHF | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Loans to third parties | 3,57,203 | 2,37,57,929 | 1,49,268 | 99,42,294 |
| Loan to companies in which entity holds an investment | 44,82,629 | 29,81,44,137 | 11,74,998 | 7,82,63,092 |
| Loan to related parties | - | 0 | 4,95,456 | 3,30,00,838 |
| Total | 48,39,832 | 32,19,02,066 | 18,19,722 | 12,12,06,223 |

### 2.5 Investments

| Company | Domicile | Share Capital 31.12.2016 | Share Capital 31.12.2015 | Share in Capital and voting rights in % 31.12.2016 | Share in Capital and voting rights in % 31.12.2015 |
|---|---|---|---|---|---|
| Lux (Schweiz) AG<br>Direct Sales Company | Switzerland | CHF 100,000<br>INR 69,36,970 | CHF 100,000<br>INR 69,36,970 | 100% | 100% |
| Lux Deutschland GmbH<br>Direct Sales Company | Germany | EUR 7,153,000<br>INR 60,77,18,880 | EUR 7,153,000<br>INR 60,77,18,880 | 100% | 100% |
| Forbes International AG<br>(former Forbes Lux Group AG) Holding Company | Switzerland | CHF 1,000,000<br>INR 6,93,69,700 | CHF 1,000,000<br>INR 6,93,69,700 | 100% | 100% |
| AMC Cookware PTY Ltd.<br>Direct Sales Company & Local production | South Africa | ZAR 100,000<br>INR 258 | ZAR 100,000<br>INR 258 | 50% | 50% |
| Lux Italia s.r.l<br>Direct Sales Company | Italia | EUR 110,000<br>INR 93,45,600 | EUR 110,000<br>INR 93,45,600 | 100% | 100% |
| Lux (CZ), s.r.o.<br>Direct Sales Company | Czech Republi | CZK 20,000,000<br>INR 5,57,52,000 | CZK 20,000,000<br>INR 5,57,52,000 | 100% | 100% |
| LIAG Trading & Investments Limited<br>Trading and Logistics Company | UAE | AED 100,000<br>INR 18,18,468 | AED 100,000<br>INR 18,18,468 | 100% | 100% |
| Lux Norway A/S<br>Direct Sales Company | Norway | NOK 16,000,000<br>INR 13,15,29,260 | NOK 8,500,000<br>INR 7,25,28,035 | 100% | 100% |
| Lux Professional Internation GmBH<br>(former Lux Aqua GmbH ) Holding Company | Switzerland | CHF 20,000<br>INR 13,32,140 | CHF 20,000<br>INR 13,32,140 | 100% | 100% |
| Lux Service GmbH<br>Logistics and services Company | Germany | EUR 25'000<br>INR 18,44,673 | EUR 25'000<br>INR 18,44,673 | 100% | 100% |
| Lux Oesterreich GmbH<br>Direct Sales Company | Austria | EUR 500'000<br>INR 4,24,80,000 | EUR 500'000<br>INR 4,24,80,000 | 100% | 100% |
| Lux Hungary Kereskedelmi Kft.<br>Direct Sales Company | Hungary | HUF 30'000'000<br>INR 85,96,200 | HUF 30'000'000<br>INR 85,96,200 | 100% | 100% |
| Lux Aqua Hungaria Kft.<br>B2B Water Business Company | Hungary | HUF 60'000'000<br>INR 1,38,46,800 | HUF 60'000'000<br>INR 1,38,46,800 | 100% | 100% |
| Lux /SK/ s.r.o. * **<br>Direct Sales Company | Slovakia | EUR 563'000<br>INR 4,16,92,991 | EUR 563'000<br>INR 4,16,92,991 | 100% | 100% |
| Lux del Paraguay S.A. *<br>Direct Sales Company | Paraguay | PYG 5'000'000'000<br>INR 5,58,50,000 | PYG 5'000'000'00(<br>INR 5,58,50,000 | 50% | 50% |
| Lux Waterline GmbH *<br>Direct Sales Company | Germany | EUR 25'000<br>INR 17,82,588 | -<br>- | 100% | - |
| Lux Aqua Czech s.r.o * **<br>Rental Company | Czech Republi | CZK 1'000'000<br>INR 26,44,720 | -<br>- | 100% | - |
| Lux Aqua Paraguay SA *<br>Rental Company | Paraguay | PYG 100'000'000<br>INR 11,58,000 | - | 100% | - |

2. Information on balance sheet and income statement items

| | | | | | |
|---|---|---|---|---|---|
| **Brightyclean (Spain) SL *** Direct Sales Company | Spain | EUR 3'500 INR 2,49,562 | - | 100% | - |
| **Lux Professional GmbH *** Direct Sales Company | Germany | EUR 25'000 INR 17,82,588 | - | 100% | - |
| **Lux Osterreich Professional GmbH *** Direct Sales Company | Austria | EUR 35'000 INR 24,95,623 | - | 100% | - |

In 2016 ,Investment in Lux (CZ) s.r.o. has been impaired by CHF 5'105'760 (INR 34,82,74,739) in the course of the liquidation of the entity.
In 2015 ,Investment in AMC Cookware PTY Ltd. Has been impaired by CHF 1'141'618 (INR 7,60,39,750)
* Indirect Participation by Lux International AG
** In Liquidation

2.6 Trade accounts payables

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Accounts payable due to third parties | 7,79,261 | 5,18,29,428 | 2,79,972 | 1,86,48,095 |
| Accounts payable due to companies in which the entity holds an investment | 4,73,006 | 3,14,60,102 | 1,60,220 | 1,06,71,774 |
| Accounts payable to other group companies | 0 | 0 | 15,761 | 10,49,793 |
| Total | 12,52,267 | 8,32,89,530 | 4,55,953 | 3,03,69,661 |

2.7 Other Current Payables

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Other payable due to companies in which the entity holds an investment | 6,54,920 | 4,35,59,384 | - | 0 |
| Other payable due to related parties | - | 0 | 2,43,471 | 1,62,16,873 |
| Total | 6,54,920 | 4,35,59,384 | 2,43,471 | 1,62,16,873 |

2.8 Current Interest-bearing liabilities

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Loss due to third parties | 0 | 0 | 17,21,350 | 11,46,53,959 |
| Loans from companies in which the entity holds an investment | 10,73,640 | 7,14,08,870 | 0 | 0 |
| Total | 10,73,640 | 7,14,08,870 | 17,21,350 | 11,46,53,959 |

2.9 Non-Current Interest-bearing liabilities

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Loan from third parties | 1,61,04,600 | 1,07,11,33,051 | - | 0 |
| Loan from companies in which the entity holds an investment | 34,58,194 | 23,00,07,941 | 26,84,773 | 17,88,24,675 |
| Loan from other group companies | - | 0 | 3,78,914 | 2,52,38,325 |
| Loan from related parties | 1,16,10,543 | 77,22,28,825 | 57,47,284 | 38,28,09,345 |
| Total | 3,11,73,337 | 2,07,33,69,817 | 88,10,971 | 58,68,72,345 |

2.10 Current and Non-Current Provisions

Current accrued expenses in the amount of CHF 2'511'896'00 (INR 16,70,68,715) include short-term restructuring provisions in the amount of CHF 1'987'384'42 (INR 13,21,82,925).Long-term restructuring provisions in the amount of CHF 560'000'00 (INR 3,72,46,160) have been seperately disclosed as non-current liabilities.

2.11 Income from Royalties

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Income from third parties | 90,259 | 61,56,758 | 87,817 | 58,49,227 |
| Income from companies which the entity holds an investment | 5,67,087 | 3,86,82,209 | 1,40,245 | 93,41,299 |
| Income from group companies | - | - | 1,05,553 | 70,30,569 |
| Total | 6,57,346 | 4,48,38,968 | 3,33,615 | 2,22,21,094 |

The income of royalties is based on turnover with an agreed percentage of generated sales charged to the companies.The royalties for Germany were waived and those from Hungary were partially waived in order to improve their liquidity.

2.12 Financial Income

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Interest income from third parties | 6,092 | 4,15,548 | 13966 | 9,30,233 |
| Interest income from companies in which the entity holds an investment | 37,045 | 25,26,918 | 70,518 | 46,96,992 |
| Interest income from other group companies | 26,140 | 17,83,065 | 10,975 | 7,31,012 |
| Interest income from shareholders | 0 | - | 4,11,212 | 2,73,89,598 |
| Total | 69,277 | 47,25,531 | 5,06,671 | 3,37,47,835 |

2.13 Financial Expenses

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Interest expense and charges to third parties | (4,34,787) | (2,96,57,745) | (85,893) | (57,21,075) |
| Interest expense to companies in which the entity holds an investment | (79,911) | (54,50,899) | (31,349) | (20,88,063) |
| Interest expense to other group companies | - | - | (11,035) | (7,35,008) |
| Interest expense to shareholders | (5,16,531) | (3,52,33,677) | (79,209) | (52,75,874) |
| Net exchange losses realized and unrealized as well as gains realized | (3,48,042) | (2,37,40,684) | (4,14,943) | (2,76,38,108) |
| Total | (13,79,271) | (9,40,83,006) | (6,22,429) | (4,14,58,128) |

2.14 Extraordinary Income

## 2. Information on balance sheet and income statement items

Extraordinary income contains reversals of unused accruals for taxes (CHF 19'221) (INR 13,11,105),incentives (CHF 48'917)(INR 33,36,733) and support cost (CHF 51'842)(INR 35,36,253) which were related to the financial year 2015.

### 2.15 Extraordinary Expenses

Extraordinary expenses contains various expenses related to consulting and professional services,reimbursements of social security cost and the

### 2.16 Other operating income

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Other income from third parties | 25,217 | 17,20,105 | 33,829 | 22,53,248 |
| Other income from group companies which entity holds an investment | 89,355 | 60,95,094 | 40,500 | 26,97,584 |
| Other income from shareholders | 36,000 | 24,55,637 | 36,000 | 23,97,852 |
| Total | 1,50,572 | 1,02,70,836 | 1,10,329 | 73,48,684 |

### 2.17 Other operating expenses

| | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| Production Expenses | (3,29,963) | (2,25,07,477) | (2,21,688) | (1,47,65,973) |
| Restructuring Expenses | (30,74,341) | (20,97,07,333) | (8,52,678) | (5,67,94,324) |
| Office and Administration expenses | (28,36,767) | (19,35,01,905) | (15,42,297) | (10,27,27,776) |
| Total | (62,41,071) | (42,57,16,715) | (26,16,663) | (17,42,88,072) |

## 3 Other Information

### 3.1 Full-time equivalents

| | 31.12.2016 | 31.12.2015 |
|---|---|---|
| Number of Full-time Employees (average over the year) | 13 | 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:

| | 31.12.2016 | 31.12.2015 |
|---|---|---|
| Up to 1 year (CHF ) | 3,80,359 | 4,31,612 |
| 1-5 years (CHF) | 7,42,830 | 11,72,202 |
| More than 5 years (CHF) | - | - |
| Total | 11,23,189 | 16,03,814 |
| INR | 7,47,04,424 | 10,68,25,239 |

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 | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| 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 | 32,80,97,823 |
| 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 | 1,44,21,881 |
| 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 2016, a drawdown of EUR 157'060,92 (PY: EUR 134'300) has been used from the credit facility. | 2,14,728 | 1,42,81,774 | 2,16,522 | 1,44,21,881 |
| Lux International AG has issued two Guarantee Declarations towards Banca Popolare di Milano; Italy (EUR 240'000) 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 2016 (BPM: EUR 83'498, PY: EUR 89'000; Carige: EUR 89'784, PY: EUR 79'000). | 3,65,038 | 2,42,79,042 | 4,32,864 | 2,88,31,772 |
| 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 been drawn partly as of 31st December 2016 (EUR 60'721, PY: EUR 0). | 2,68,410 | 1,78,52,218 | 2,70,540 | 1,80,19,858 |
| 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 805'647'000 (PY: HUF 751'036'000). | 30,82,960 | 20,50,50,753 | 28,44,440 | 18,94,59,615 |

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)

| | 31.12.2016 CHF | 31.12.2015 INR |
|---|---|---|
| Retained earnings brought forward | 99,24,922 | 68,25,72,975 |
| Net loss for the year | (1,04,22,767) | (71,09,59,085) |
| Retained earnings to be carried forward - Subtotal | (4,97,845) | (2,83,86,111) |
| Dividend distribution | - | - |
| Retained earnings to be carried forward - Total | (4,97,845) | (2,83,86,111) |

Lux Italia s. r. l

(a wholly owned Subsidiary Company of Lux International AG)

Financial Statements
For the year ended December 31, 2016

Independent practitioner’s review report
To the Board of Directors of
Lux Italia S.r.l.

We have reviewed the accompanying financial information of Lux Italia S.r.l., which comprise the balance sheet as at 31 December 2016, the income statement for the year then ended, and a summary of significant accounting policies of Lux Group and other explanatory information (on pages 1 to 4).

*Management’s Responsibility for the financial information*

Management is responsible for the preparation of this financial information in accordance with the accounting policies of Lux Group as stated in the explanatory information to this financial information, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

*Practitioner’s Responsibility*

Our responsibility is to express a conclusion on the accompanying financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical financial information. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in conformity with the applicable accounting policies of Lux Group as stated in the explanatory information to this financial information. This standard also requires us to comply with relevant ethical requirements.

A review of financial information prepared for consolidation purposes in accordance with ISRE 2400 (revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with international standards on auditing. Accordingly, we do not express an audit opinion on this financial information.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that this accompanying financial information as at and for the year ended 31 December 2016 is not prepared, in all material respects, in conformity with the accounting policies of Lux Group as stated in the in the explanatory information to this financial information.

*Restriction on Use*

This financial information has been prepared for purposes of providing to Lux International AG to enable it to prepare the consolidated financial information of the Lux group. As a result, the financial information is not a completed set of financial information of Lux Italia S.r.l. in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and of its financial performances. The financial information may, therefore not be suitable for another purpose and should not be used by parties other than Lux Italia S.r.l., Lux International AG (Switzerland) and Eureka Forbes Limited (India).

Milan, 31 January 2017

KPMG S.p.A
Sd/-
Marco Viscont
Director of Audit

Lux Italia s.r.l
Balance Sheet

| PARTICULARS | 2016 TEUR | 2016 INR | 2015 TEUR | 2015 INR |
|---|---|---|---|---|
| Assets | | | | |
| Cash and bank balances | 14.00 | 9,98,249 | 1.00 | 72,118 |
| Cash in transit | - | - | | - |
| Restricted Cash in general | - | - | | - |
| Marketable securities (short-term) | - | - | | - |
| Restricted marketable securities in general | - | - | | - |
| Short-term deposits (< 90 days) | - | - | | - |
| **TOTAL CASH & - EQUIVALENT** | 14.00 | 9,98,249 | 1.00 | 72,118 |
| Total Trade receivables gross | 173.00 | 1,23,35,506 | 247.00 | 1,78,13,097 |
| Total Other receivables TP gross | - | - | - | - |
| *Less bad debts allowances* | (1.00) | (71,304) | (43.00) | (31,01,065) |
| Total Other receivables TP net | 172.00 | 1,22,64,202 | 204.00 | 1,47,12,031 |
| Receivables RP gross | - | - | - | - |
| *Less bad debts allowances RP* | - | - | - | - |
| TOTAL RECEIV. NET RP | - | - | - | - |
| Receivables IC gross | 262.00 | 1,86,81,517 | 137.00 | 98,80,139 |
| *Less bad debts allowances IC* | - | - | - | - |
| TOTAL RECEIV. NET IC | 262.00 | 1,86,81,517 | 137.00 | 98,80,139 |
| Total Hire Purchase short-term gross | 42.00 | 29,94,747 | 62.00 | 44,71,304 |
| Total Short Credits | 77.00 | 54,90,370 | 13.00 | 9,37,531 |
| *Less provision for unearned Hire-Purchase* | - | - | - | - |
| *Less bad debts allowances* | (83.00) | (59,18,191) | (42.00) | (30,28,948) |
| Refundable Sales Tax | - | - | - | - |
| TOTAL RECEIVABLES NET | 36.00 | 25,66,926 | 33.00 | 23,79,887 |
| **TOTAL RECEIVABLES** | 470.00 | 3,35,12,645 | 374.00 | 2,69,72,057 |
| Raw Materials | 21.00 | 14,97,374 | 27.00 | 19,47,181 |
| Semi finished products | - | - | - | - |
| Finished products gross | 17.00 | 12,12,160 | 29.00 | 20,91,416 |
| *Less inventory allowances finished products* | - | - | - | - |
| Demo Units | 5.00 | 3,56,518 | 6.00 | 4,32,707 |
| Aeroguard | - | - | - | - |
| *Less inventory allowances Aeroguard* | - | - | - | - |
| Goods in transit | - | - | - | - |
| *Less inventory allowances Others* | - | - | - | - |
| **TOTAL INVENTORIES NET** | 43.00 | 30,66,051 | 62.00 | 44,71,304 |
| Accrued income & Prepaym. TP | 14.00 | 9,98,249 | 12.00 | 8,65,414 |
| Accrued income & Prepaym. RP | - | - | - | - |
| Accrued income & Prepaym. IC | - | - | - | - |
| **TOTAL ACCR. INCOME & PREPAYM.** | 14.00 | 9,98,249 | 12.00 | 8,65,414 |
| **TOTAL CURRENT ASSETS** | 541.00 | 3,85,75,194 | 449.00 | 3,23,80,892 |
| Long-term loans TP gross | - | - | - | - |
| *Less Value adj. - Long-term loans TP* | - | - | - | - |
| TOTAL LOANS TP NET | - | - | - | - |
| Hire Purchase Long-term gross | - | - | - | - |
| *Less Value adj. - hire Purchase Long-term* | - | - | - | - |
| TOTAL HIRE PURCHASE LONG-TERM NET | - | - | - | - |
| Other investments TP gross | - | - | - | - |
| *Less value-adjustments - Other invest TP* | - | - | - | - |
| OTHER INVESTMENTS TP NET | - | - | - | - |
| Long-term loans RP gross | - | - | - | - |
| *Less value adj. Long-term loans RP* | - | - | - | - |
| TOTAL LOANS RP NET | - | - | - | - |
| Long-term loans IC gross | - | - | - | - |
| *Less value adj long-term loans IC* | - | - | - | - |
| TOTAL LONG-TERM LOANS IC NET | - | - | - | - |
| Investments in companies - IC & RP gross | - | - | - | - |
| *Less value-adjustments - Investments in companies IC & RP* | - | - | - | - |
| TOTAL INVESTMENTS IN COMPANIES IC & RP NET | - | - | - | - |
| **TOTAL FINANCIAL ASSETS** | - | - | - | - |
| **TREASURY SHARES** | - | - | - | - |
| Furniture, fixtures & office equipm. | 9.00 | 6,41,732 | 4.00 | 2,88,471 |
| Plant & Machinery | - | - | - | - |
| Plant & Machinery (finance lease) | - | - | - | - |
| Motor vehicles | - | - | - | - |
| Land and Buildings | - | - | - | - |
| Improvements | - | - | - | - |
| Leasehold improvements | - | - | - | - |
| Other equipment | - | - | - | - |
| **TOTAL FIXED TANGIBLE ASSETS** | 9.00 | 6,41,732 | 4.00 | 2,88,471 |
| Patents, labels and licences | - | - | - | - |
| Goodwill / Badwill | - | - | - | - |
| Other intangible assets | 16.00 | 11,40,856 | 18.00 | 12,98,120 |
| **TOTAL INTANGIBLE ASSETS** | 16.00 | 11,40,856 | 18.00 | 12,98,120 |
| Deferred tax assets | | - | | - |
| **TOTAL NON-CURRENT ASSETS** | 25.00 | 17,82,588 | 22.00 | 15,86,592 |
| TOTAL | 566.00 | 4,03,57,781 | 471.00 | 3,39,67,484 |

Lux Italia s.r.l
Balance Sheet

| PARTICULARS | 2016 TEUR | 2016 INR | 2015 TEUR | 2015 INR |
|---|---|---|---|---|
| **Liabilities & Equity** | | | | |
| Bank overdrafts | 168.00 | 1,19,78,988 | 168.00 | 1,21,15,790 |
| Bank liabilities - due within 1 year | 17.00 | 12,12,160 | - | - |
| Cash in transit | - | - | - | - |
| **BANK OVERDRAFTS** | **185.00** | **1,31,91,148** | **168.00** | **1,21,15,790** |
| Current liabilities from refinancing | - | - | - | - |
| Current liabilities accounts external | 142.00 | 1,01,25,097 | 158.00 | 1,13,94,612 |
| Cur. liab. against public instit./ health insurance | 71.00 | 50,62,549 | 51.00 | 36,78,008 |
| Value added tax (VAT) payable | 34.00 | 24,24,319 | 25.00 | 18,02,945 |
| Withholding tax payable | 25.00 | 17,82,588 | 11.00 | 7,93,296 |
| Social security premiums | 12.00 | 8,55,642 | 13.00 | 9,37,531 |
| Income tax liabilities | - | - | 2.00 | 1,44,236 |
| Current liabilities against employees / salesforce | 8.00 | 5,70,428 | - | - |
| Commissions for agents | - | - | - | - |
| Personnel | 8.00 | 5,70,428 | - | - |
| Other current liabilities TP | - | - | 6.00 | 4,32,707 |
| Advances from customer | - | - | - | - |
| Current liabilities accounts RP | - | - | - | - |
| Current liabilities accounts IC | 50.00 | 35,65,175 | 52.00 | 37,50,126 |
| **CURRENT LIABILITIES** | **271.00** | **1,93,23,249** | **267.00** | **1,92,55,453** |
| Accrued exp. and prepaid income TP | | - | - | - |
| Accrued exp. and prepaid income RP | | - | - | - |
| Accrued exp. and prepaid income IC | | - | - | - |
| **TOTAL ACCRUED EXP. AND PREP. INCOME** | **-** | **-** | **-** | **-** |
| Provision for restructuring (short-term) | - | - | - | - |
| Provision for human resource (short-term) | 17.00 | 12,12,160 | 19.00 | 13,70,238 |
| Provision for taxes (short-term) | - | - | - | - |
| Other provision (short-term) | 26.00 | 18,53,891 | - | - |
| **TOTAL PROVISIONS (short-term)** | **43.00** | **30,66,051** | **19.00** | **13,70,238** |
| **TOTAL CURRENT LIABILITIES** | **499.00** | **3,55,80,447** | **454.00** | **3,27,41,481** |
| Provision for pensions (long-term) | - | - | - | - |
| Provision for guarantees (long-term) | - | - | - | - |
| Provision for restructuring (long-term) | - | - | - | - |
| Provision for human resource (long-term) | 67.00 | 47,77,335 | 107.00 | 77,16,605 |
| Provision for taxes (long-term) | - | - | - | - |
| Other provision (long-term) | - | - | - | - |
| **TOTAL PROVISIONS (long-term)** | **67.00** | **47,77,335** | **107.00** | **77,16,605** |
| Bank debts (long-term) | - | - | - | - |
| Other non-current liabilities TP | - | - | - | - |
| Shareholder loans | - | - | - | - |
| Finance lease liability (long-term) | - | - | - | - |
| Long-term loans payable RP | - | - | - | - |
| Long-term loans payable IC | - | - | 40.00 | 28,84,712 |
| Other long-term liabilities | - | - | - | - |
| **OTHER NON-CURRENT LIABILITIES** | **-** | **-** | **40.00** | **28,84,712** |
| Deferred tax liabilities | | - | | - |
| **TOTAL NON-CURRENT LIABILITIES** | **67.00** | **47,77,335** | **147.00** | **1,06,01,317** |
| Share capital | 110.00 | 93,45,600 | 110.00 | 93,45,600 |
| Capital reserves | - | - | - | - |
| Revenue Reserves | | - | | - |
| Equity Bond | | - | | - |
| Reserves for own shares | | - | | - |
| Revaluation reserves | | - | | - |
| Untaxed reserves | 532.00 | 3,92,85,151 | 251.00 | 1,92,48,868 |
| Minority interests: equity ./. result | | - | | - |
| Minority interests: result current period | | - | | - |
| Retained earnings | (491.00) | (3,68,34,104) | (343.00) | (2,63,04,230) |
| FCTR | | (6,24,732) | | (11,35,678) |
| Profit (Loss) | (151.00) | (1,11,71,916) | (148.00) | (1,05,29,874) |
| rounding difference / CTA | | - | | - |
| **Total equity** | **-** | **-** | **(130.00)** | **(93,75,314)** |
| TOTAL | 566.00 | 4,03,57,781 | 471.00 | 3,39,67,484 |
| | - | - | - | - |

Lux Italia s.r.l
Profit & Loss Statement

| PARTICULARS | 2016 | | 2015 | |
|---|---|---|---|---|
| | TEUR | INR | TEUR | INR |
| Gross Sales Products, external | 1,538.00 | 11,37,90,776 | 1,791.00 | 12,74,25,710 |
| Sales - Direct Sales - Cash - to TP | - | - | | - |
| Sales - Direct Sales - Invoice/short credit - to TP | - | - | | - |
| Sales - Direct Sales - Lux Credit - to TP | - | - | | - |
| Sales - Direct Sales - Bank Credit - to TP | - | - | | - |
| Sales - Direct Sales - Wholesale to Distributors | - | - | | - |
| After Sales Filter/dustbags - to TP | - | - | | - |
| After Sales Annual Maint. contracts | - | - | | - |
| Returns Products, external | - | - | | - |
| Reserve for bad debts - TP (not CDS) | - | - | | - |
| Loss on receivables - TP | - | - | | - |
| Net Sales,External | 1,538.00 | 11,37,90,776 | 1,791.00 | 12,74,25,710 |
| - Net Sales, Sales to Group -> AC03-A | - | - | - | - |
| - Net Sales, Sales to Related parties -> AC03-A | - | - | | - |
| - Returns from Group -> AC03-A | - | - | | - |
| - Returns from Related parties -> AC03-A | - | - | | - |
| Net Sales,Total | 1,538.00 | 11,37,90,776 | 1,791.00 | 12,74,25,710 |
| Landed Cost | (987.00) | (7,30,24,379) | (986.00) | (7,01,51,731) |
| Cost Direct Sales ex Factory | - | - | | - |
| Cost After Sales Filter/Dustbags ex Factory | - | - | | - |
| Cost AMC ex Factory | - | - | | - |
| Freight & transportation, demurrage | - | - | | - |
| Duties | - | - | | - |
| Gross Profit,External | 551.00 | 4,07,66,396 | 805.00 | 5,72,73,979 |
| Landed Cost Sales to Group -> AC03-A | | - | | - |
| Landed Cost Sales to Related parties -> AC03-A | - | - | | - |
| Gross Profit,Internal | 551.00 | 4,07,66,396 | 805.00 | 5,72,73,979 |
| Other revenue | 125.00 | 92,48,275 | - | - |
| Income from license/patents - TP | - | - | | - |
| Income from license/patents - IC -> AC03-A | - | - | | - |
| Income from Services - IC -> AC03-A | - | - | | - |
| Income from Services - RP -> AC03-A | - | - | | - |
| Other income | - | - | | - |
| Gross Profit | 676.00 | 5,00,14,671 | 805.00 | 5,72,73,979 |
| | | | | |
| Salesmen, remuneration variable to sales | (153.00) | (1,13,19,889) | (297.00) | (2,11,30,897) |
| Salesmen, remuneration non-variable to sales | (21.00) | (15,53,710) | - | - |
| Salesmen, vehicles and transport exp | - | - | | - |
| TOTAL SALESMEN | (174.00) | (1,28,73,599) | (297.00) | (2,11,30,897) |
| Sales management, variable to sales | (4.00) | (2,95,945) | | - |
| Sales management, non-variable to sales | (17.00) | (12,57,765) | | - |
| Sales management, vehicle and transport exp | (8.00) | (5,91,890) | | - |
| Sales management, travel exp | - | - | | - |
| TOTAL SALES MANAGEMENT | (29.00) | (21,45,600) | - | - |
| Telemarketing Staff | - | - | | - |
| Telemarketing Management | - | - | | - |
| Telemarketing Telephone exp | - | - | | - |
| Telemarketing Income from Salesmen | - | - | | - |
| TOTAL TELEMARKETING | - | - | - | - |
| Sales Administration Staff Branch Offices | - | - | | - |
| Premises Branch Offices | - | - | | - |
| Trade fair Expenses | (1.00) | (73,986) | (1.00) | (71,148) |
| Incentive/SP for Salesmen & Management | (26.00) | (19,23,641) | (26.00) | (18,49,843) |
| Postage, Telephone | - | - | | - |
| Advertising and PR | (15.00) | (11,09,793) | (15.00) | (10,67,217) |
| Demo and other Sales Expenses | - | - | | - |
| Recruitment / training | (15.00) | (11,09,793) | (16.00) | (11,38,365) |
| Delivery exp to customers | (17.00) | (12,57,765) | (30.00) | (21,34,434) |
| Guarantee result | (3.00) | (2,21,959) | (10.00) | (7,11,478) |
| Guarantee costs - spareparts | - | - | | - |
| Guarantee costs - other | - | - | | - |
| Guarantee income - allowance from supplier | - | - | | - |
| TOTAL OTHER SALES EXPENSES | (77.00) | (56,96,937) | (98.00) | (69,72,484) |
| TOTAL SALES EXPENSES | (280.00) | (2,07,16,136) | (395.00) | (2,81,03,381) |

Lux Italia s.r.l
Profit & Loss Statement

| PARTICULARS | 2016 TEUR | 2016 INR | 2015 TEUR | 2015 INR |
|---|---|---|---|---|
| Administration Staff | (326.00) | (2,41,19,501) | (300.00) | (2,13,44,340) |
| Administration, travel exp | (49.00) | (36,25,324) | (49.00) | (34,86,242) |
| TOTAL ADMIN STAFF | (375.00) | (2,77,44,825) | (349.00) | (2,48,30,582) |
| Premises | (23.00) | (17,01,683) | (39.00) | (27,74,764) |
| Machinery and equipment | (5.00) | (3,69,931) | (4.00) | (2,84,591) |
| Postage, Telephone | (8.00) | (5,91,890) | (8.00) | (5,69,182) |
| Consultancy | (13.00) | (9,61,821) | (11.00) | (7,82,626) |
| Audit fees | (9.00) | (6,65,876) | (4.00) | (2,84,591) |
| Insurance | (3.00) | (2,21,959) | (3.00) | (2,13,443) |
| Other Administration expenses | (8.00) | (5,91,890) | (8.00) | (5,69,182) |
| Pension Expenses | - | - | - | - |
| TOTAL ADMIN OTHERS | (69.00) | (51,05,048) | (77.00) | (54,78,381) |
| Technical Customer Service exp | - | - | - | - |
| Technical Customer Service Income | - | - | | - |
| TECH CUSTOMER SERVICE NET | - | - | - | - |
| LOGISTIC | - | - | | - |
| Inventory differences/Stock adjustm | - | - | | - |
| IT | (5.00) | (3,69,931) | (2.00) | (1,42,296) |
| TOTAL ADMIN EXPENSES | (449.00) | (3,32,19,804) | (428.00) | (3,04,51,258) |
| Expenses for Services - Group -> AC03-A | - | - | | - |
| Expenses for Services - Rel. Parties -> AC03-A | - | - | | - |
| LUX OPERATING RESULT BEFORE CDS | (53.00) | (39,21,269) | (18.00) | (12,80,660) |
| CREDIT DIRECT SALES (CDS) | | | | |
| CDS income own financing | - | - | | - |
| CDS income from kickbacks | - | - | | - |
| Bad debts / Changes in RSV for unearned CDS | - | - | | - |
| Bad debts / Changes in allowance | - | - | | - |
| Bad debts / real loss charge-off | - | - | | - |
| Bad debts / release of reserves | - | - | | - |
| Collection expenses / legal fees | - | - | | - |
| Collector expenses | - | - | | - |
| Cash to factoring comp | - | - | | - |
| Other CDS income | - | - | | - |
| Other CDS expense | - | - | | - |
| CDS Result | - | - | - | - |
| Less : Calculated interest average AR CDS Netresult | | - | | - |
| LUX OPERATING RESULT I | (53.00) | (39,21,269) | (18.00) | (12,80,660) |
| EXTRAORD. OPERATING EXPENSE / INCOME | | | | |
| Exchange diff. real. | - | - | | - |
| Exchange diff. unreal. | - | - | | - |
| Prior period adjustment | (21.00) | (15,53,710) | (29.00) | (20,63,286) |
| Restructuring reserves / expenses | (46.00) | (34,03,365) | (55.00) | (39,13,129) |
| Royalties to Group (expense) -> AC03-A | - | - | | - |
| Royalties related parties -> AC03-A | - | - | | - |
| Dividends -> AC03-A | - | - | | - |
| shareholders contribution | - | - | | - |
| Government grants received | - | - | | - |
| Revaluation of Group Shares | - | - | | - |
| Gain on sale of fixed assets | - | - | | - |
| Loss on sale of fixed assets | - | - | | - |
| Release of provisions | 3.00 | 2,21,959 | - | - |
| Extraordinary Expenses | - | - | (1.00) | (71,148) |
| Extraordinary Income | - | - | | - |
| TOT. EXTRAORD. OPER. EXP./ INC | (64.00) | (47,35,117) | (85.00) | (60,47,563) |
| LUX OPERATING RESULT II | (117.00) | (86,56,385) | (103.00) | (73,28,223) |
| Depreciations fixed assets | (2.00) | (1,47,972) | (3.00) | (2,13,443) |
| Amortizations intang assets | (2.00) | (1,47,972) | (1.00) | (71,148) |
| LUX OPERATING RESULT III | (121.00) | (89,52,330) | (107.00) | (76,12,815) |
| Interest income Group -> AC03-A | - | - | | - |
| Interest expenses Group -> AC03-A | - | - | (6.00) | (4,26,887) |
| Interest income related parties -> AC03-A | - | - | | - |
| Interest expenses related parties -> AC03-A | - | - | | - |
| Interest income, external | (21.00) | (15,53,710) | (24.00) | (17,07,547) |
| Interest expenses, external | - | - | | - |
| Bank fees | (9.00) | (6,65,876) | (7.00) | (4,98,035) |
| TOTAL FINANCIAL RESULT | (30.00) | (22,19,586) | (37.00) | (26,32,469) |
| LUX RESULT PRE TAX | (151.00) | (1,11,71,916) | (144.00) | (1,02,45,283) |
| Total Taxes | - | - | 4.00 | 2,84,591 |
| Income taxes | - | - | 4.00 | 2,84,591 |
| Local Sales tax | - | - | | - |
| Witholding tax (interest, royalties) | - | - | | - |
| Deferred taxes | - | - | | - |
| Changes tax provisions | - | - | | - |
| LUX NET RESULT | (151.00) | (1,11,71,916) | (148.00) | (1,05,29,874) |

## Significant accounting policies of Lux Group and other explanatory information of Lux Italia S.r.l.

### Basis of preparation and explanatory information

The financial information of Lux Italia S.r.l. have been prepared for purposes of providing Lux International AG and its subsidiaries (Lux Group) to enable to prepare the consolidated financial information of the group. The consolidated financial statements constitute a true and fair view of the Lux group's financial position and earnings in accordance with Swiss GAAP FER.

As result, the financial information of of Lux Italia S.r.l. is not a completed set of financial information of in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and its financial performances. The financial information may, therefore not be

### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks, other short term and highly liquid investments with original maturities of three months or less from the balance sheet date.

### Restricted cash and cash equivalents

Restricted cash and cash equivalents includes funds that are not available for on-going operations.

### Accounts receivable

Accounts receivable are initially recorded at their nominal value after deduction of hire purchase charges not due. All receivables are value adjusted according to the time they are overdue.

| | |
|---|---|
| • not due (hire purchase only) | 1% |
| • overdue up to one month | 5% |
| • overdue 1 to 2 months | 25% |
| • overdue 2 to 4 months | 50% |
| • overdue 4 to 6 months | 80% |
| • overdue 6 months and more | 100% |

In any case, an additional provision for doubtful trade receivables is made if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Indicators that the trade receivable is impaired might be significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, financial reorganisation and default or delinquency in payments. The amount of the provision is recognised in the income statement within Net Credit Direct Sales (CDS) result.

*Hire purchase (HP) charges*

Charges to the customer arising from sales on credit are only reported as income to the extent that the charges are due. Unearned charges are calculated on an annuity basis over the period of the hire purchase contract.

### Loans

The loans are booked at cost less additional provision for doubtful loans if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of the loan contracts.

### Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary courseof business, less applicable variable selling expenses. Value adjustments are effected for obsolete stock.

### Property, plant and equipment

Property, plant and equipment (tangible fixed assets) are capitalised if they can be used during more than one year. Tangible fixed assets are stated at acquisition or construction cost less accumulated depreciation using the straight-line method over the estimated useful lifetime. The following useful lifetimes are generally applied:

| | |
|---|---|
| > Computer equipment | 3 years |
| > Office machines | 3 years |
| > Tooling and demo kits | 5 years |
| > Vehicles | 5 years |
| > Machines | 10 years |
| > Land and improvement | 15 years |
| > Buildings | 20 - 40 years |
| > Leasehold improvements | period of lease |

## Intangible assets

*Patents, licenses and trademarks*

Patents, licenses and trademarks are measured initially at cost. Based on reliable cost measurements, intangible assets are recognised on the probability of the future economic benefits as well as proper attribution to the asset. After initial recognition, intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment losses. Patents, licenses and trademarks are amortised on a straight line basis over the best estimate of their useful lives but not exceeding 10 years. The amortisation periods are reviewed annually at each financial year end.

*Development costs*

Indirect development costs for products are expensed. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sales, its intention to complete and its ability to use or sell the asset, how the asset will generate economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits.

*Goodwill*

The excess of the cost of an acquisition over the Group's interest in the fair value of the net identifiable assets acquired as at the date of the exchange transaction is recorded as goodwill and recognised as an asset in the balance sheet.

When the Group acquires additional interests in a joint venture the excess of the cost of this acquisition compared to the book value of the acquired net assets is recognized as goodwill. After initial recognition goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis over the estimated useful life of 5 years. Any negative goodwill (badwill) resulting from the acquisition of a subsidiary or interest in a joint venture is recorded to the income statement in the period of the transaction.

## Impairment of assets

The carrying amount of the Group's assets, other than inventories and receivables, are reviewed by Group management at each balance sheet date to determine whether there is any indication of impairment. The review is based on events and signs that point to possible overvaluations in book values. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the income statement. The recoverable amount is the higher of the net selling price and value in use. An impairment loss with respect to goodwill is not reversed. In respect to other assets, an impairment loss is – fully or partially - reversed if there has been a change in the estimates used to

## Trade liabilities

Trade liabilities include short-term and non-interest bearing liabilities resulting from ordinary business activities.

## Bank debts

Borrowings are initially recognised at the proceeds received. They are subsequently carried at normal values. Bank debts are classified long term and short term.

## Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Restructuring provisions are reported in the event of any necessary reorganisation of activity sectors or newly acquired subsidiaries. Restructuring provisions comprise i.e. lease termination and employee termination

## 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.

## Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group’s activities. Revenue is shown, net of value-added tax, estimated returns and after elimination of sales within the Group.

*Sales Commission*

Sales commission is paid by product suppliers as a contribution to marketing and promotion activities.

*Interest income*

Interest income is recognised as it accrues on an effective yield basis, when it is determined that such income will flow to the Group.

## Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee.

Assets held under finance leases are recognised as assets of the Group at their fair value. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are charged to the profit and loss statement over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss statement as incurred.

## Management assumptions and significant estimates

The preparation of financial information 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.

Lux Hungaria Kereskedelmi Kft

(a wholly owned Subsidiary Company of Lux (Deutschland) GmbH)

Financial Statements
For the year ended December 31, 2016

KPMG Hungária Kft.
Váci út 31.
H-1134 Budapest
Hungary

Tel.: +36 (1) 887 71 00
Fax: +36 (1) 887 71 01
E-mail: info@kpmg.hu
Internet: kpmg.hu

**Independent Auditors' Report**

To the member of Lux Hungaria Kft

**Opinion**

We have audited the 2016 annual financial statements of Lux Hungaria Kft. (hereinafter referred to as "the Company"), which comprise the balance sheet as at 31 December 2016, which shows total assets of THUF 2,305,321 and loss after tax for the year of THUF 83,570, and the income statement for the year then ended, and supplementary notes, comprising significant accounting policies and other explanatory information

In our opinion, the accompanying annual financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance for the year then ended in accordance with Act C of 2000 on Accounting in force in Hungary (hereinafter referred to as "the Act on Accounting").

**Basis for Opinion**

We conducted our audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the annual financial statements in Hungary, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The other information comprises the 2016 Business Report of the Company. Management is responsible for the preparation of the business report in accordance with the Act on Accounting and other applicable legal requirements.

Our opinion on the annual financial statements expressed in the Opinion section of our report does not cover the business report.

In connection with our audit of the annual financial statements, our responsibility is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the business report, based on the Act on Accounting, when reading the business report we are also responsible for assessing whether the business report has been prepared in accordance with the Act on Accounting and other applicable legal requirements, if any.

Based on the work undertaken in the course of our audit, in our opinion:

- the 2016 business report of the Company is consistent with the 2016 annual financial statements of the Company; and

- the business report has been prepared in accordance with the provisions of the Act on Accounting.

Our opinion on the business report does not include an opinion based on Clause 156 (5) of Act on Accounting due to the fact that there are no other legal requirements that are applicable to the bus_iness report of the Company.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the business report, and if so, the nature of such misstatement. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Annual Financial Statements**

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with the Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibilities for the Audit of the Annual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the conomic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with Hungarian National Standards on Auditing and applicable laws and regulations in Hungary, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit 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.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Budapest, 13 March 2017

KPMG Hungária Kft.
Registration number: 000202

Zoltán Varga
Director, Professional Accountant
Registration number: 007320

LUX HUNGÁRIA KFT.

**BALANCE SHEET AS AT 31.12.2016**

**ASSETS**

| | 31ST DEC 2016 | | 31ST DEC 2015 | |
|---|---|---|---|---|
| | HUF | INR | HUF | INR |
| A. FIXED ASSETS AND INVESTMENTS | **43,13,44,000** | **9,92,99,702** | **40,81,69,000** | **9,41,97,242** |
| I. Intangible assets | | | | |
| 1 Capitalised costs of foundation and restructuring | - | - | - | - |
| 2 Capitalised costs of research and development | - | - | - | - |
| 3 Rights representing money | - | - | - | - |
| 4 Intellectual property | - | - | - | - |
| 5 Goodwill | - | - | - | - |
| 6 Advances on intangible assets | - | - | - | - |
| 7 Value adjustment of intangible assets | - | - | - | - |
| II. Tangible assets | **43,13,44,000** | **9,92,99,702** | **40,81,69,000** | **9,41,97,242** |
| 1 Land and buildings | 34,21,20,000 | 7,87,59,445 | 34,18,16,000 | 7,88,84,296 |
| 2 Technical equipment, machinery and vehicles | - | - | - | - |
| 3 Other equipment and fittings | 8,40,97,000 | 1,93,59,970 | 5,99,63,000 | 1,38,38,261 |
| 4 Breeders | - | - | - | - |
| 5 Construction-in-progress | 51,27,000 | 11,80,287 | 63,90,000 | 14,74,684 |
| 6 Advances on construction-in-progress | - | - | - | - |
| 7 Value adjustment of tangible assets | - | - | - | - |
| III. Financial investments | - | - | - | - |
| 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. CURRENT ASSETS | **1,86,40,60,000** | **42,91,25,253** | **1,82,52,67,000** | **42,12,35,118** |
| I. Inventories | **54,93,83,000** | **12,64,73,460** | **48,05,99,000** | **11,09,12,637** |
| 1 Raw materials | 22,25,000 | 5,12,217 | 20,17,000 | 4,65,483 |
| 2 Semi-finished goods and work in progress | - | - | - | - |
| 3 Livestock | - | - | - | - |
| 4 Finished products | - | - | - | - |
| 5 Purchased goods | 54,71,58,000 | 12,59,61,243 | 47,85,82,000 | 11,04,47,154 |
| 6 Advances on inventories | - | - | - | - |
| II. Receivables | **1,30,11,23,000** | **29,95,31,526** | **1,33,34,14,000** | **30,77,25,283** |
| 1 Accounts receivable | 1,10,46,77,000 | 25,43,07,692 | 1,09,01,35,000 | 25,15,81,355 |
| 2 Receivables from related companies | 16,50,68,000 | 3,80,00,304 | 20,88,84,000 | 4,82,06,250 |
| 3 Receivables from other holding companies | - | - | - | - |
| 4 Bills receivable | - | - | - | - |
| 5 Other receivables | 3,13,78,000 | 72,23,529 | 3,43,95,000 | 79,37,678 |
| III. Securities | - | - | - | - |
| 1 Participations in related companies | - | - | - | - |
| 2 Other participations | - | - | - | - |
| 3 Own shares, own business shares | - | - | - | - |
| 4 Securities for resale representing credit relationship | - | - | - | - |
| IV. Liquid assets | **1,35,54,000** | **31,20,266** | **1,12,54,000** | **25,97,198** |
| 1 Cash and cheques | 1,13,50,000 | 26,12,884 | 1,04,98,000 | 24,22,728 |
| 2 Bank deposits | 22,04,000 | 5,07,383 | 7,56,000 | 1,74,470 |
| C. PREPAYMENTS | **99,17,000** | **22,82,993** | **99,41,000** | **22,94,184** |
| 1 Prepayments on revenues | 85,25,000 | 19,62,540 | 88,71,000 | 20,47,249 |
| 2 Prepayments on costs and expenses | 13,92,000 | 3,20,452 | 10,70,000 | 2,46,935 |
| 3 Deferred expenses | - | - | - | - |
| TOTAL ASSETS | **2,30,53,21,000** | **53,07,07,947** | **2,24,33,77,000** | **51,77,26,544** |

**LIABILITIES**

| | 31ST DEC 2016 | | 31ST DEC 2015 | |
|---|---|---|---|---|
| | HUF | INR | HUF | INR |
| D. EQUITY | **1,10,98,94,000** | **25,55,08,698** | **1,19,34,64,000** | **27,54,27,622** |
| | | | | - |
| 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 | 1,03,99,68,000 | 30,21,40,495 | 1,03,85,43,000 | 30,18,13,589 |
| V. Tied-up reserves | - | - | - | - |
| VI. Valuation reserve | - | - | - | - |
| VII. Net profit (loss) | (8,35,70,000) | (1,97,84,362) | 14,25,000 | 3,26,906 |
| Foreign Currency Translation Reserve | - | (7,08,30,179) | - | (7,06,95,617) |
| E. PROVISIONS | **1,06,78,000** | **24,58,182** | **99,87,000** | **23,04,800** |
| | | | | - |
| 1 Provision for contingent liabilities | 1,06,78,000 | 24,58,182 | 99,87,000 | 23,04,800 |
| 2 Provision for future liabilities | - | - | - | - |
| 3 Other provisions | - | - | - | - |
| | | | | - |
| F. LIABILITIES | **1,12,35,93,000** | **25,86,62,345** | **98,93,60,000** | **22,83,24,501** |
| 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 | **5,48,58,000** | **1,26,28,860** | **1,03,71,000** | **23,93,419** |
| 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 | 3,00,00,000 | 69,06,300 | - | - |
| 7 Long-term liabilities to other holding companies | - | - | - | - |
| 8 Other long-term liabilities | 2,48,58,000 | 57,22,560 | 1,03,71,000 | 23,93,419 |
| II Current liabilities | **1,06,87,35,000** | **24,60,33,484** | **97,89,89,000** | **22,59,31,081** |
| 1 Short-term borrowings | - | - | - | - |
| out of this: convertible bonds | - | - | - | - |
| 2 Short-term credits | 80,56,47,000 | 18,54,67,996 | 75,10,35,000 | 17,33,23,857 |
| 3 Advances from customers | - | - | - | - |
| 4 Accounts payable | 7,55,97,000 | 1,74,03,185 | 9,68,65,000 | 2,23,54,505 |
| 5 Bills payable | - | - | - | - |
| 6 Short-term liabilities to related companies | 4,25,23,000 | 97,89,220 | 11,53,000 | 2,66,089 |
| 7 Short-term liabilities to other holding companies | - | - | - | - |
| 8 Other short-term liabilities | 14,49,68,000 | 3,33,73,083 | 12,99,36,000 | 2,99,86,630 |
| G. ACCRUALS | **6,11,56,000** | **1,40,78,723** | **5,05,66,000** | **1,16,69,621** |
| 1 Accrued income | - | - | - | - |
| 2 Accrued expenses | 6,11,56,000 | 1,40,78,723 | 5,05,66,000 | 1,16,69,621 |
| 3 Deferred income | - | - | - | - |
| TOTAL EQUITY AND LIABILITIES | **2,30,53,21,000** | **53,07,07,947** | **2,24,33,77,000** | **51,77,26,544** |

Budapest, 13 March 2017

**LUX HUNGÁRIA KFT.**

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

| | | | 2016 | | 2015 | |
|---|---|---|---|---|---|---|
| | | | HUF | INR | HUF | INR |
| | | 1. Domestic sales | 2,96,06,17,000 | 70,08,96,469 | 2,83,50,14,000 | 65,03,73,474 |
| | | 2. Export sales | 7,60,64,000 | 1,80,07,391 | 1,93,81,000 | 44,46,147 |
| | I. | Total sales | 3,03,66,81,000 | 71,89,03,860 | 2,85,43,95,000 | 65,48,19,621 |
| | | 3. Changes in self-manufactured inventories | - | - | - | - |
| | | 4. Capitalised value of self-manufactured assets | - | - | - | - |
| | II. | Capitalised value of own production | - | - | - | - |
| | III. | Other income | 1,26,87,000 | 30,03,520 | 4,47,93,000 | 1,02,75,850 |
| | | out of this: value loss recovered | 35,73,000 | 8,45,872 | 1,96,25,000 | 45,02,122 |
| | | 5. Costs of raw material | 14,04,36,000 | 3,32,46,819 | 13,61,60,000 | 3,12,36,125 |
| | | 6. Value of material-type services used | 83,50,73,000 | 19,76,95,182 | 72,23,02,000 | 16,57,01,496 |
| | | 7. Value of other service | 4,41,62,000 | 1,04,54,912 | 4,52,11,000 | 1,03,71,742 |
| | | 8. Costs of goods sold | 99,12,37,000 | 23,46,65,447 | 95,49,87,000 | 21,90,81,180 |
| | | 9. Value of services sold (intermediated) | 2,50,30,000 | 59,25,602 | 8,09,000 | 1,85,591 |
| | IV. | Material-type expenditures | 2,03,59,38,000 | 48,19,87,962 | 1,85,94,69,000 | 42,65,76,135 |
| | | 10. Wages and salaries | 61,29,34,000 | 14,51,05,995 | 56,23,01,000 | 12,89,96,067 |
| | | 11. Other payroll related costs | 15,00,51,000 | 3,55,23,074 | 14,85,51,000 | 3,40,78,714 |
| | | 12. Social security contribution | 18,50,80,000 | 4,38,15,839 | 17,18,52,000 | 3,94,24,138 |
| | V. | Payroll and related expenditures | 94,80,65,000 | 22,44,44,908 | 88,27,04,000 | 20,24,98,918 |
| | VI. | Depreciation | 2,42,97,000 | 57,52,072 | 2,97,66,000 | 68,28,544 |
| | VII. | Other expenses | 10,60,18,000 | 2,50,98,701 | 9,61,22,000 | 2,20,51,108 |
| | | out of this: value loss | 55,59,000 | 13,16,038 | 89,26,000 | 20,47,691 |
| A. | **OPERATING RESULT** | | **(6,49,50,000)** | **(1,53,76,263)** | **3,11,27,000** | **71,40,767** |
| | | 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 | - | - | - | - |
| | | out of this: from related companies | - | - | - | - |
| | | 16. Other interests interest-related revenues received (due) | 4,29,000 | 1,01,561 | 6,21,000 | 1,42,462 |
| | | out of this: from related companies | - | - | - | - |
| | | 17. Other revenues of financial transactions | 74,31,000 | 17,59,215 | 90,06,000 | 20,66,044 |
| | | out of this: revaluation difference | - | - | - | - |
| | VIII. | Revenues from financial activities | 78,60,000 | 18,60,776 | 96,27,000 | 22,08,506 |
| | | 18. Exchange loss on fixed assets | - | - | - | - |
| | | out of this: given to related companies | - | - | - | - |
| | | 19. Exchange loss on invested financial assets | - | - | - | - |
| | | out of this: given to related companies | - | - | - | - |
| | | 20. Other interests interest related expenses | 2,28,94,000 | 54,19,926 | 2,98,43,000 | 68,46,208 |
| | | out of this: given to related companies | - | - | - | - |
| | | 21. Value loss of business shares, securities and bank deposits | - | - | - | - |
| | | 21. Other expenses of financial transactions | 35,86,000 | 8,48,950 | 94,86,000 | 21,76,160 |
| | | out of this: revaluation difference | - | - | - | - |
| | IX. | Total expenses of financial transactions | 2,64,80,000 | 62,68,875 | 3,93,29,000 | 90,22,368 |
| B. | **INCOME (LOSS) ON FINANCIAL ACTIVITIES** | | (1,86,20,000) | (44,08,099) | (2,97,02,000) | (68,13,862) |
| C | **PROFIT BEFORE TAX** | | **(8,35,70,000)** | **(1,97,84,362)** | **14,25,000** | **3,26,906** |
| | XII. | Tax liability | - | - | - | - |
| D | **NET PROFIT (LOSS) FOR PERIOD** | | **(8,35,70,000)** | **(1,97,84,362)** | **14,25,000** | **3,26,906** |

Budapest, 13 March 2017

Lux Norge AS

(a wholly owned Subsidiary Company of Lux (Deutschland) GmbH)

Financial Statements
For the year ended December 31, 2016

**To the General Meeting of LUX Norge AS**

**Independent Auditor's Report**

**Report on the Audit of the Financial Statements**

**Opinion**
We have audited the financial statements of LUX Norge AS showing a loss of NOK 6,946,533 (INR 55,702,077). The financial statements comprise the balance sheet as at 31 December 2016, the income statement for the year then ended, and notes to the financial statements, including a summary of significant

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 30 December 2016, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and

**Basis for Opinion**
We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section* of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit

**Other information**

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

**Responsibilities of The Board of Directors and the Managing Director for the Financial Statements**

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be
As part of audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standard of Auditing (ISAs), we exercise professional judgement
• identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,
• obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness
• evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
• conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future
• evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we

**Report on Other Legal and Regulatory Requirements**

**Opinion on the Board of Directors' report**
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption is consistent with the financial statements and complies with the law and regulations.

**Opinion on Registration and Documentation**
Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* , it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping

KPMG AS

Sd/-
Svein Wiig
State Authorised Public Accountant

**INCOME STATEMENT**
**LUX NORGE AS**

| OPERATING INCOME AND OPERATING EXPENSES | Note | 2016 NOK | 2016 INR | 2015 NOK | 2015 INR |
|---|---|---|---|---|---|
| Revenue | 2 | 3,42,32,107 | 27,44,96,568 | 3,44,67,279 | 26,89,15,951 |
| Other operating income | | 11,09,011 | 88,92,813 | 16,01,949 | 1,24,98,510 |
| **Operating Income** | | **3,53,41,118** | **28,33,89,381** | **3,60,69,228** | **28,14,14,461** |
| Raw materials and consumables used | | 1,18,50,740 | 9,50,27,381 | 1,13,04,750 | 8,82,00,394 |
| Payroll expenses | 3,12 | 1,10,16,881 | 8,83,40,926 | 1,79,76,017 | 14,02,50,053 |
| Depreciation and amortisation expense | 5 | 1,52,237 | 12,20,741 | 1,27,476 | 9,94,576 |
| Other operating expenses | 3 | 1,90,81,618 | 15,30,09,532 | 1,00,59,736 | 7,84,86,714 |
| **Operating expenses** | | **4,21,01,476** | **33,75,98,579** | **3,94,67,979** | **30,79,31,738** |
| **Operating profit** | | **(67,60,358)** | **(5,42,09,198)** | **(33,98,751)** | **(2,65,17,276)** |
| **FINANCIAL INCOME AND EXPENSES** | | | | | |
| Other interest income | | 18,031 | 1,44,585 | (3,575) | (27,892) |
| Other financial income | | 4,26,664 | 34,21,285 | - | - |
| Interest expense to group entities | | 2,77,672 | 22,26,565 | 3,32,991 | 25,98,017 |
| Other Interest expenses | | 1,70,471 | 13,66,954 | 2,13,861 | 16,68,557 |
| Other financial expenses | | 1,82,727 | 14,65,231 | 3,80,684 | 29,70,121 |
| **Net financial income and expenses** | | **(1,86,176)** | **(14,92,887)** | **(9,31,111)** | **(72,64,589)** |
| Operating result before tax | | (69,46,533) | (5,57,02,077) | (43,29,861) | (3,37,81,857) |
| Tax on ordinary result | | - | - | (8,02,916) | (62,64,403) |
| **Operating result after tax** | | **(69,46,533)** | **(5,57,02,077)** | **(35,26,945)** | **(2,75,17,454)** |
| **EXTRAORDINARY INCOME AND EXPENSE** | | | | | |
| **Annual net profit** | | **(69,46,533)** | **(5,57,02,077)** | **(35,26,945)** | **(2,75,17,454)** |

**BALANCE SHEET**
**LUX NORGE AS**

| | 2016 | | 2015 | |
|---|---|---|---|---|
| **ASSETS** | **NOK** | **INR** | **NOK** | **INR** |
| **FIXED ASSETS** | | | | |
| **INTANGIBLE FIXED ASSETS** | | | | |
| Deferred tax asset | 44,90,082 | 3,53,22,712 | 44,90,082 | 3,39,44,706 |
| **Total intangible assets** | **44,90,082** | **3,53,22,712** | **44,90,082** | **3,39,44,706** |
| **TANGIBLE FIXED ASSETS** | | | | |
| Equipment and other movables | 3,90,013 | 30,68,166 | 2,42,233 | 18,31,265 |
| **Total tangible fixed assets** | **3,90,013** | **30,68,166** | **2,42,233** | **18,31,265** |
| **FINANCIAL FIXED ASSETS** | | | | |
| Investments in shares | 20,000 | 1,57,337 | 20,000 | 1,51,199 |
| Other receivables | 53,781 | 4,23,086 | 7,00,475 | 52,95,542 |
| **Total financial fixed assets** | **73,781** | **5,80,423** | **7,20,475** | **54,46,741** |
| **Total fixed assets** | **49,53,876** | **3,89,71,300** | **54,52,790** | **4,12,22,711** |
| **CURRENT ASSETS** | | | | |
| Inventories | 33,58,398 | 2,64,19,946 | 38,86,642 | 2,93,82,741 |
| **DEBTORS** | | | | |
| Accounts receivables | 66,13,844 | 5,20,29,986 | 73,24,135 | 5,53,69,948 |
| Other receivables | 16,785 | 1,32,045 | 7,32,941 | 55,40,983 |
| **Total debtors** | **66,30,629** | **5,21,62,031** | **80,57,076** | **6,09,10,931** |
| **INVESTMENTS** | | | | |
| Cash and bank deposits | 9,69,565 | 76,27,403 | 18,73,267 | 1,41,61,767 |
| **Total current assets** | **1,09,58,592** | **8,62,09,380** | **1,38,16,985** | **10,44,55,439** |
| **Total assets** | **1,59,12,467** | **12,51,80,681** | **1,92,69,773** | **14,56,78,150** |

**BALANCE SHEET**
**LUX NORGE AS**

| | 2016 | | 2015 | |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES RESTRICTED EQUITY** | **NOK** | **INR** | **NOK** | **INR** |
| Share capital | 85,00,000 | 7,25,28,035 | 85,00,000 | 7,25,28,035 |
| Other paid-in equity | 75,00,000 | 5,90,01,225 | - | - |
| **Total restricted equity** | **1,60,00,000** | **13,15,29,260** | **85,00,000** | **7,25,28,035** |
| **RETAINED EARNINGS** | | | | |
| Other equity | (1,20,25,495) | (10,60,56,725) | (50,78,962) | (5,03,54,647) |
| FCTR | | 57,94,228 | - | 36,89,435 |
| **Total retained earnings** | **(1,20,25,495)** | **(10,02,62,497)** | **(50,78,962)** | **(4,66,65,212)** |
| **Total equity** | **39,74,505** | **3,12,66,763** | **34,21,038** | **2,58,62,823** |
| **LIABILITIES** | | | | |
| **PROVISIONS** | | | | |
| Pension liabilities | 15,11,573 | 1,18,91,288 | 23,29,223 | 1,76,08,763 |
| **OTHER LONG-TERM LIABILITIES** | | | | |
| Other long term liabilities | 24,35,702 | 1,91,61,254 | 52,38,893 | 3,96,05,664 |
| Subordinated loans | - | - | - | - |
| **Total of other long term liabilities** | **24,35,702** | **1,91,61,254** | **52,38,893** | **3,96,05,664** |
| **CURRENT LIABILITIES** | | | | |
| Liabilities to financial institutions | - | - | (77,529) | (5,86,114) |
| Trade creditors | 32,03,056 | 2,51,97,897 | 32,47,213 | 2,45,48,703 |
| Public duties payable | 16,63,394 | 1,30,85,638 | 15,65,345 | 1,18,33,899 |
| Other short term liabilities | 31,24,237 | 2,45,77,841 | 35,45,590 | 2,68,04,412 |
| **Total short term liabilities** | **79,90,687** | **6,28,61,376** | **82,80,619** | **6,26,00,900** |
| **Total liabilities** | **1,19,37,962** | **9,39,13,918** | **1,58,48,735** | **11,98,15,327** |
| **Total equity and liabilities** | **1,59,12,467** | **12,51,80,681** | **1,92,69,773** | **14,56,78,150** |
| | - | - | - | - |

LUX Norge AS

## NOTE 1 ACCOUNTING PRINCIPLES

The annual accounts have been prepared in conformity with the provisions of the Accounting Act and good accounting practice.

Lux Norge AS is included in the consolidated financial statement prepared by Lux International AG. The consolidated financial statement can be found at www.luxinternational.com.

**Revenues**
Income from the sale of goods is recognised on the date of delivery.

**Classification and valuation of assets and liabilities**
Fixed assets consist of assets intended for long-term ownership and use. Other assets are classified as current assets. Current assets and short-term liabilities consists normally of items that fall due payment within one year of the balance sheet date.

Fixed assets are valued at acquisition cost less depreciation and write-downs. Plant and equipment is capitalised and appreciated over the economic lifetime of the assets. The write-down is reversed when the basis for the write-down is no longer present. Long-term liabilities are entered on the balance sheet at the nominal amount of the transaction.

Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Some items are valued by other rules, as explained below.

**Foreign currency**

Foreign currency transactions are translated at the exchange rate on the date of the transaction. Monetary foreign currency items are translated to NOK at the exchange rate on the balance sheet date.

**Goods**
Goods are valued at the lower of acquisition cost and net sale value. Sale value is the estimated sale price in ordinary operations after deduction of estimated necessary expenses for completing the sale.

Acquisition cost includes expenses incurred in acquiring goods and costs necessary to bring the goods to the present position.

**Receivables**
Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables. In addition an unspecified provision is made to cover expected losses on claims in respect of customer receivables.

**Pension liabilities - Defined-benefit scheme**

Pension obligations financed over operations (defined-benefit pension schemes) are valued at the present value of future pension benefits that are treated as earned for accounting purposes on the balance sheet date. Pension funds are valued at fair value. Pension schemes financed through insured schemes are not entered on the balance sheet. The pension premium is treated in these cases as a pension cost and classified together with salary costs.

Pension costs and pension obligations are calculated on the basis of linear earnings based on assumptions as to the discount rate, future adjustment of salaries, pensions and social security benefits, the future return on pension funds and actuarial assumptions with regard to mortality, voluntary departures, etc. In the case of estimate differences a corridor solution is applied. Estimate differences that exceed 10% of the higher of obligations and values are amortised over the remaining earnings period. Pension funds are valued at fair value and deducted from net pension obligations in the balance sheet.
In accounting for pensions a linear earnings profile and the expected final salary are used as the earnings basis.

**Tax**
The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 24 % on the basis of tax-reducing and tax- increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilised.

**NOTE 2 SALES REVENUE**

Company revenue occurring through direct sales of vacuum cleaners and air fresheners to private customers and business customers in Norway.

**NOTE 3 SALARY COSTS AND BENEFITS, REMUNERATION TO THE CHIEF EXECUTIVE, BOARD AND AUDITOR**

| | 2,016 | 2,016 | 2,015 | 2,015 |
|---|---|---|---|---|
| **Salary costs** | **NOK** | **INR** | **NOK** | **INR** |
| Salaries | 96,43,304 | 7,73,26,641 | 1,51,71,801 | 11,83,71,378 |
| Employment tax | 14,55,464 | 1,16,70,911 | 17,00,281 | 1,32,65,703 |
| Pension costs | (4,09,007) | (32,79,699) | 7,46,757 | 58,26,247 |
| Other benefits | 3,27,120 | 26,23,073 | 3,57,178 | 27,86,726 |
| **Total** | **1,10,16,881** | **8,83,40,926** | **1,79,76,017** | **14,02,50,053** |
| Number of employees | 33 | | 40 | |
| Benefits (in NOK) | **Managing director** | | **Board of directors** | |
| Fixed salary | 8,80,000 | 70,56,445 | - | - |
| Other remuneration | 1,96,791 | 15,78,006 | - | - |
| Pension | - | - | - | - |
| **Total** | **10,76,791** | **86,34,451** | **-** | **-** |

General manager has a bonus agreement. General manager is not included in the pension scheme. It is not paid remuneration for Board members.
There is no loan / collateral to the general manager, deputy managers or other related parties.

**Mandatory occupational (OTP)**

The company is obliged to have a mandatory occupational scheme according to the Act of Mandatory Occupational. The company has established a pension scheme that meets the requirements in the Act of Mandatory Occupational.

| | 2,016 | 2,016 |
|---|---|---|
| **Audit fees** | **NOK** | **INR** |
| Audit | 5,07,185 | 40,66,958 |
| Technical assistance for annual report | 25,500 | 2,04,477 |
| Technical assistance for tax papers | 25,500 | 2,04,477 |
| Other services | 85,000 | 6,81,588 |
| Authorization services | 30,000 | 2,40,561 |
| **Total** | **6,73,185** | 53,98,060 |

**Other operating expenses**

Increase in costs for external consultants and provisions for losses are the main reason for the increase in other operating expenses compared with last year.

**LUX Norge AS**
**NOTE 4 TAX**

| This year's tax expense | 2,016 | 2,016 | 2,015 | 2,015 |
|---|---|---|---|---|
| Entered tax on ordinary profit/ loss: Payable tax | - | - | - | - |
| Changes in deferred tax advantage | - | - | (8,02,916) | (62,64,403) |
| Tax expense on ordinary profit/ loss | - | - | (8,02,916) | (62,64,403) |
| Taxable income: Ordinary profit/ loss before tax | (69,46,533) | (5,57,02,077) | (43,29,861) | (3,37,81,857) |
| Permanent differences | 79,011 | 6,33,565 | 25,701 | 2,00,521 |
| Changes temporary differences | 39,36,750 | 3,15,67,568 | 14,54,937 | 1,13,51,513 |
| Taxable income | (29,30,772) | (2,35,00,945) | (28,49,223) | (2,22,29,823) |
| Payable tax in the balance: Payable tax on this year's result | - | - | - | - |
| Total payable tax in the balance | - | - | - | - |

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences:

| | 2,016 | 2,016 | 2,015 | 2,015 |
|---|---|---|---|---|
| Tangible fixed assets | (1,42,571) | (11,21,582) | (1,79,512) | (13,57,098) |
| Stock | (73,000) | (5,74,279) | (2,31,913) | (17,53,246) |
| Accounts receivable | (69,01,849) | (5,42,95,673) | (21,27,548) | (1,60,84,114) |
| Allocations and more | (5,65,422) | (44,48,079) | (3,89,470) | (29,44,366) |
| Pension premium / liabilities | (15,11,573) | (1,18,91,288) | (23,29,223) | (1,76,08,763) |
| Total | (91,94,415) | (7,23,30,900) | (52,57,666) | (3,97,47,587) |
| Accumulated loss to be brought forward | (1,56,33,437) | (12,53,59,646) | (1,27,02,664) | (9,91,07,010) |
| Not included in the deferred tax calculation | 61,19,176 | 4,90,67,760 | - | - |
| Basis for calculation of deferred tax | (1,87,08,676) | (14,86,22,786) | (1,79,60,330) | (13,88,54,597) |
| Deferred tax (24 % / 25 %) | (44,90,082) | (3,60,04,564) | (44,90,082) | (3,60,04,564) |

**NOTE 5 FIXED ASSETS**

| | Inventory/ machines | Vehicles | Other fixed | Total plant and equipment | INR |
|---|---|---|---|---|---|
| Assets | | | | | |
| Acquisition cost 01.01.2016 | 12,33,637 | 3,36,205 | 2,64,955 | 18,34,797 | 1,44,34,036 |
| Addition purchased | 1,24,018 | 1,76,000 | - | 3,00,018 | 23,60,191 |
| Disposal of sold | - | - | - | - | - |
| Acquisition cost 31.12.2016 | 13,57,655 | 5,12,205 | 2,64,955 | 21,34,815 | 1,67,94,227 |
| | | | | | |
| Accumulated depreciation 31.12.16 | 12,11,142 | 2,68,705 | 2,64,955 | 17,44,802 | 1,39,91,022 |
| | | | | | |
| Accumulated write-downs 31.12.16 | - | - | - | - | - |
| Reversed write-downs 31.12.16 | - | - | - | - | - |
| Book value as at 31.12.2016 | 1,46,513 | 2,43,500 | - | 3,90,013 | 30,68,166 |
| | | | | | |
| The year's depreciation | 85,487 | 66,750 | - | 1,52,237 | 12,20,741 |
| Economic lifetime | 3-10year | 3-5year | 3-10year | | |
| Depreciation rates | 10-33% | 10-33% | 10-33% | | |

**NOTE 6 SHARE CAPITAL AND SHAREHOLDERS**

| Share capital | Total | Price per share | Total share capital | INR |
|---|---|---|---|---|
| Ordinary shares | 80,000 | 200 | 1,60,00,000 | 13,15,29,260 |
| Total | | | 1,60,00,000 | 13,15,29,260 |

| Shareholders | Number of shares | shareholding |
|---|---|---|
| Lux International AG | 80,000 | 1 |
| Total | 80,000 | 1 |

**NOTE 7 EQUITY**

| | Share Capital | Other equity capital | Total equity capital | FCTR | Total equity capital |
|---|---|---|---|---|---|
| Equity capital 01.01.2016 | 85,00,000 | (50,78,962) | 34,21,038 | - | 34,21,038 |
| Capital increase, not registered | 75,00,000 | - | 75,00,000 | - | 75,00,000 |
| Result for the year | | (69,46,533) | (69,46,533) | - | (69,46,533) |
| Equity capital 31.12.2016 | 1,60,00,000 | (1,20,25,495) | 39,74,505 | - | 39,74,505 |
| | | | | | |
| INR | 13,15,29,260 | (10,60,56,725) | 2,54,72,535 | 57,94,228 | 3,12,66,763 |

**NOTE 8 CASH AND CASH EQUIVALENTS**

The company restricted bank deposits pr 31.12 are NOK 509 013. ( INR 4,004,319 ) Tax deductions payable pr 31.12 are NOK -504 652. INR ( 3,970,011 )

The company has kept tax deduction funds in accordance with the Tax Payment Act.

**NOTE 9 RECEIVABLES AND PAYABLES**

| | | | | |
|---|---|---|---|---|
| Trade Receivables | 2,016 | 2,016 | 2,015 | 2,015 |
| Receivables | 32,55,493 | 2,56,10,410 | 59,00,436 | 4,46,06,883 |
| Other receivables | 98,36,621 | 7,73,83,025 | 36,39,156 | 2,75,11,765 |
| Loss account receivables | (64,78,270) | (5,09,63,449) | (22,15,457) | (1,67,48,700) |
| **Total** | 66,13,844 | 5,20,29,986 | 73,24,135 | 5,53,69,948 |
| **Other short-term receivable** | | | | |
| Other receivables (payroll) | 2,30,917 | 18,16,585 | 3,80,129 | 28,73,749 |
| Other receivables | 3,28,296 | 25,82,649 | 3,52,811 | 26,67,226 |
| **Total** | 16,785 | 1,32,045 | 7,32,941 | 55,40,983 |
| **Trade Payables** | | | | |
| Payables | 32,03,056 | 2,51,97,897 | 32,47,213 | 2,45,48,703 |
| **Total** | 32,03,056 | 2,51,97,897 | 32,47,213 | 2,45,48,703 |

**NOTE 10 TRANSACTIONS BETWEEN RELATED PARTIES**

| **Intercompany** | **2,016** | **2,016** | **2,015** | **2,015** |
|---|---|---|---|---|
| Royalty Lux International AS, Sveits | - | - | - | - |
| Loan from Lux International AG, Sveits | 24,35,702 | 1,91,61,254 | 52,38,893 | 4,08,74,184 |
| **Total** | 24,35,702 | 1,91,61,254 | 52,38,893 | 4,08,74,184 |

LUX Norge AS

## NOTE 11 GUARANTEE

As collateral for bank overdraft, the company has pledged collateral in inventory with NOK 3 500 000 INR ( 27,533,905 ) as well as the entire business with NOK 3 500 000. INR ( 27,533,905 )
The bank overdraft was NOK 0 at the end of the year.

## NOTE 12 PENSION

The company is required to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act. The company's pension schemes satisfy the requirements of this Act.

The company has pension schemes that cover a total of 3 persons in employment and 36 retired persons. The schemes gives a right to defined future benefits. These are mainly dependent on the number of years' earnings, the salary level on retirement and the amount of benefits from social security (Folketrygden). The pension schemes are covered through an insurance company. The scheme is closed for new members and new members are admitted to the deposit scheme.

Payroll tax is processed in accordance with NRS 6 paragraph 41 C. Payroll tax is included as an addition to net pension obligation. Payroll tax is not included in gross pension obligation. The company's legal obligations are not affected of the accounting treatment of pension obligations.

| | **2,016** | **2,016** | **2,015** | **2,015** |
|---|---|---|---|---|
| Present value of the year's pension earnings | 1,63,579 | 12,86,848 | 1,56,831 | 11,85,631 |
| Interest cost of pension obligation | 6,04,621 | 47,56,451 | 7,44,064 | 56,25,072 |
| Interest income | (5,53,727) | (43,56,076) | (7,09,226) | (53,61,699) |
| Adm. cost | 45,703 | 3,59,538 | 45,547 | 3,44,332 |
| Payroll tax | 32,086 | 2,52,415 | 33,447 | 2,52,857 |
| Remeasurements loss (gain) | (10,12,282) | (79,63,450) | 10,25,576 | 77,53,283 |
| Net pension expenses | (7,20,020) | (56,64,275) | 12,96,239 | 97,99,476 |
| | | | | |
| Expenses related to defined contribution scheme | - | - | 97,536 | 7,37,365 |
| Total pension cost | (7,20,020) | (56,64,275) | 13,93,775 | 1,05,36,841 |
| | | | | |
| | **2,016** | **2,016** | **2,015** | **2,015** |
| Pension commitments per 31.12 | 2,10,33,793 | 16,54,69,274 | 2,41,84,827 | 18,28,35,599 |
| Estimated pension funds per 31.12 | (1,97,09,014) | (15,50,47,463) | (2,21,43,440) | (16,74,02,856) |
| Net pension funds | **13,24,779** | **1,04,21,811** | **20,41,387** | **1,54,32,743** |
| Accrued payroll tax | 1,86,794 | 14,69,477 | 2,87,836 | 21,76,020 |
| Net pension obligation | **15,11,573** | **1,18,91,288** | **23,29,223** | **1,76,08,763** |

| **Financial assumptions** | **2,016** | **2,015** |
|---|---|---|
| Discount rate | 2.60% | 2.50% |
| Interest rate on assets | 2.60% | 2.50% |
| Expected salary growth | 2.50% | 2.50% |
| Rate of compensation increase | 2.50% | 2.50% |
| Increase of social security base amount (G) | 2.25% | 2.25% |
| Payroll tax | 14.10% | 14.10% |

The assumptions are based on common assumptions in the insurance industry with regard to demographic factors

Annual Report 2016
**LUX Norge AS**

Nature of business activities and where there are conducted.

Lux Norway As sells cleaning machines, air cleaners and equipment for private consumers, businesses and the public sector in Norway. The company has its headquarters and management in Asker and sales representatives in most countries.

Analysis of the annual accounts
The company had a turnover of 35,3 MNOK an decrease of 2% from 2015 while operating margin fell down with 3,3 Mil from 2015, which includes loss receivables of 4,2 MNOK. Going forward Lux Norway will continue opening branches for cleaning produced for B2C. FIrst new branch opened in Q1,second will be opened in Q2. Startup of newest product line, Luna Dreams end of Q2.B2B will be our new target for 2017. Focus of product line will be AIr/cleaning.

The company has an equity ratio of 25%. The board believes that the accounts give a true and fair view of the company's assets and liabilities, financial position and results.

Going concern

The board of directors confirm that the going concern assumption has been applied in preparing the annual accounts.

Working enviourment

569 days sick off were registered in 2016. This represents about 8.25% of total working hours over the financial year. No serious occupational accidents or incidents has bee experienced over the year.

The board of Directors are of the view that the working enviourment is satisfactory, but considers the need for implementing improvement measures on a continual basis.

Equal oppurtunities
The company aims to be workplace where there is full equality between men and women, and has as its policy that no discrimanation based on gender is matters of salary, promotion and recruitment.

The company has traditionally recruited from enviourments where men and women are equally represented, but it has been difficult to recruit female sellers. Of the company's 30 employees are 12 women. Corporate board consists of 4 men.

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**LUX Norge AS**

Envioumental

The company does not pollute the enviourment.

Research and development activities.

The company currently has no ongoing research or development activities.

Asker, 31.03.2017

| | |
|---|---|
| Chairman of the board | Member of board |
| Member of board | Member of the board/General Manager |

Lux Osterreich GmbH

(a wholly owned Subsidiary Company of Lux (Deutschland) GmbH)

Financial Statements
For the year ended December 31, 2016

**<u>Auditor's Report</u>**

**Report on the Financial Statements**

**Audit Opinion**
We have audited the financial statements of

Lux Österreich GmbH,
Schwechat, Austria,

that comprise the statement of financial position as of 31 December 2016, the income statement for the year then ended, and the notes.
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2016, and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

**Basis for our Opinion**
We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISA). Our responsibilities pursuant to these rules and standards are described in the "Auditors' Responsibility" section of our report. We are independent of the Company within the meaning of Austrian commercial law and professional regulations, and have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our liability as auditors is guided under Section 275 UGB.

**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 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.

Management is also responsible for assessing the Company's ability to continue as a going concern, and, where appropriate, to disclose matters that are relevant to the Company's ability to continue as a going concern and to apply the going concern assumption in its financial reporting, except in circumstances in which liquidation of the Company or closure of operations is planned or cases in which such measures appear unavoidable.

**Auditors' Responsibility**
Our aim is to obtain reasonable assurance about whether the financial statements taken as a whole, are free of material – intentional or unintentional– misstatements and to issue an audit report containing our audit opinion. Reasonable assurance represents a high degree of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, will detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if they could, individually or as a whole, be expected to influence the economic decisions of users based on the financial statements.
**Moreover:**

- We identify and assess the risks of material misstatements – intentional or unintentional – in the financial statements, we plan and perform procedures to address such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk that material misstatements due to fraud remain undetected is higher than that of material misstatements due to error, since fraud may include collusion, forgery, intentional omissions, misleading representation or override of internal control.
- We consider internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates as well as related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. In case we conclude that there is a material uncertainty about the entity's ability to continue as a going concern, we are required to draw attention to the respective note in the financial statements in our audit report or, in case such disclosures are not appropriate, to modify our audit opinion. We conclude based on the audit evidence obtained until the date of our audit report. Future events or conditions however may result in the Company departing from the going concern assumption.
- We assess the overall presentation, structure and content of the financial statements including the notes as well as whether the financial statements give a true and fair view of the underlying business transactions and events.

Vienna, 25 January 2017

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:
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.

**Lux Österreich GmbH**
**Schwechat**

Statement of Financial Position as of 31 December 2016

**ASSETS**

| | 31/12/2016 | | | | 31/12/2015 | | | |
|---|---|---|---|---|---|---|---|---|
| | EUR | | INR | | EUR | | INR | |
| A. Fixed Assets | | | | | | | | |
| I. Intangible Assets | | | | | | | | |
| 1. Licences | | 1,625 | | 1,15,868 | | 3,625 | | 2,61,427 |
| II. Tangible Assets | | | | | | | | |
| 1. Other plants, furniture and fixtures | | 27,578 | | 19,66,408 | | 40,383 | | 29,12,333 |
| III. Financial assets | | | | | | | | |
| 1. Securities | | 58,103 | | 41,42,947 | | 57,230 | | 41,27,302 |
| | | 87,306 | | 62,25,223 | | 1,01,238 | | 73,01,062 |
| B. Current assets | | | | | | | | |
| I. Inventories | | | | | | | | |
| 1. Finished goods and merchandise | | 2,67,380 | | 1,90,65,159 | | 2,79,884 | | 2,01,84,597 |
| II. Accounts receivable | | | | | | | | |
| 1. Accounts receivable from trade | 15,61,091 | | 11,13,11,278 | | 16,20,207 | | 11,68,45,785 | |
| 2. Accounts receivable from affiliated companies | 5,93,413 | | 4,23,12,427 | | 3,53,296 | | 2,54,78,932 | |
| # Other receivables and assets | 5,452 | 21,59,956 | 3,88,747 | 15,40,12,451 | 41,342 | 20,14,845 | 29,81,503 | 14,53,06,220 |
| III. Cash on hand and in banks | | 81,732 | | 58,27,793 | | 76,444 | | 55,13,008 |
| | | 25,09,069 | | 17,89,05,403 | | 23,71,174 | | 17,10,03,826 |
| C Prepaid expenses | | 12,661 | | 9,02,756 | | 10,124 | | 7,30,112 |
| | | 26,09,036 | | 18,60,33,382 | | 24,82,536 | | 17,90,34,999 |

**LIABILITIES AND SHAREHOLDERS EQUITY**

| | 31/12/2016 | | | | 31/12/2015 | | | |
|---|---|---|---|---|---|---|---|---|
| | EUR | | INR | | EUR | | INR | |
| A. Shareholder's equity | | | | | | | | |
| I. Share capital | | 5,00,000 | | 4,24,80,000 | | 5,00,000 | | 4,24,80,000 |
| III. Net profit/loss<br>thereof profit carryforward 0,00 (INR Nil)<br>(PY: TEUR 0) (INR Nil) | | 2,11,822 | | 1,56,71,941 | | 1,14,701 | | 81,60,736 |
| | | 7,11,822 | | 5,81,51,941 | | 6,14,701 | | 5,06,40,736 |
| Foreign Currency Translation Reserve | | | | (73,96,511) | | | | (63,09,840) |
| B. Accruals | | | | | | | | |
| 1. Accrued severance payments | 98,000 | | 69,87,743 | | 96,000 | | 69,23,309 | |
| 2. Accrued pensions | 56,366 | | 40,19,093 | | 62,241 | | 44,88,684 | |
| 3. Accrued income taxes | 10,000 | | 7,13,035 | | - | | - | |
| 4. Other accruals | 1,38,800 | 3,03,166 | 98,96,926 | 2,16,16,797 | 1,39,300 | 2,97,541 | 1,00,46,010 | 2,14,58,002 |
| C. Liabilities | | | | | | | | |
| 1. Bank loans and overdrafts | 10,46,763 | | 7,46,37,900 | | 10,74,660 | | 7,75,02,142 | |
| 2. Accounts payable from trade | 14,939 | | 10,65,198 | | 14,355 | | 10,35,250 | |
| 3. Accounts payable to affiliated companies | 1,23,600 | | 88,13,115 | | 68,537 | | 49,42,709 | |
| 4. Other liabilities<br>thereof due to taxes: EUR 115.551,70 (INR 82,39,241)<br>(PY: TEUR 71); (INR 5,120)<br>thereof due to social security: EUR 34.335,96 (INR 24,48,274)<br>(PY: TEUR 36) (INR 2,596) | 4,08,745 | 15,94,047 | 2,91,44,943 | 11,36,61,155 | 4,12,741 | 15,70,293 | 2,97,66,000 | 11,32,46,101 |
| | | | | - | | | | - |
| | | 26,09,036 | | 18,60,33,382 | | 24,82,536 | | 17,90,34,999 |

| | | | | |
|---|---|---|---|---|
| Contingencies | 60,721 | 43,29,643 | 55,265 | 39,85,583 |

**Lux Österreich GmbH**
**Schwechat**
Income Statement for the year ended 31 December 2016

| | INCOME STATEMENT FOR FY 2016 | | | | INCOME STATEMENT FOR FY 2015 | | | |
|---|---|---|---|---|---|---|---|---|
| PARTICULARS | EUR | | INR | | EUR | | INR | |
| 1. Net sales | | 48,47,343 | | 35,86,36,622 | | 49,67,795 | | 35,34,47,714 |
| 2. Other operating income | | | | | | | | |
| a) Income from the reversal of accruals | 4,517 | | 3,34,225 | | 21,347 | | 15,18,814 | |
| b) Sundry | 25,516 | 30,034 | 18,87,857 | 22,22,082 | 25,298 | 46,646 | 17,99,918 | 33,18,733 |
| 3. Cost of materials and other purchased production services | | | | | | | | |
| a) Cost of materials | | (11,55,007) | | (8,54,54,598) | | (12,39,027) | | (8,81,54,057) |
| 4. Personnel expenses | | | | | | | | |
| a) Wages and Salaries | (19,56,634) | | (14,47,63,929) | | (20,47,564) | | (14,56,79,646) | |
| b) Expenses for severance payments | | | | | (21,695) | | (15,43,561) | |
| c) Expenses for pensions | | | | | (5,526) | | (3,93,143) | |
| d) Expenses for statutory social security and payroll related taxes and contributions | (3,93,211) | (23,49,845) | (2,90,92,200) | (17,38,56,128) | (4,01,527) | (24,76,312) | (2,85,67,773) | (17,61,84,122) |
| 5. Amortization and depreciation | | (18,444) | | (13,64,572) | | (22,115) | | (15,73,426) |
| 6. Other operating expenses | | | | | | | | |
| a) Sundry | | (12,78,211) | | (9,45,70,000) | | (13,01,119) | | (9,25,71,737) |
| **7. Subtotal from line 1 to 6 (EBIT)** | | **75,871** | | **56,13,405** | | **(24,131)** | | **(17,16,895)** |
| 8. Income from other long-term securities | | 1,067 | | 78,943 | | 1,552 | | 1,10,421 |
| 9. Other interest and similar income<br>thereof from affiliated companies: EUR 10.831,51 (INR 8,01,383)<br>(PY: TEUR 13) (INR 925) | | 1,78,748 | | 1,32,24,872 | | 1,82,790 | | 1,30,05,132 |
| 10 Income from disposal and revaluation of financial assets and short-term securities | | 873 | | 64,590 | | - | | - |
| 11 Expenses for financial assets<br>thereof depreciation: EUR 0,00 (INR Nil)<br>(PY: TEUR -2) (INR 142) | | - | | - | | (1,843) | | - |
| 12 Interest and similar expenses<br>thereof for affiliated companies: EUR 0,00 (INR Nil)<br>(PY: TEUR 0)(INR Nil) | | (30,174) | | (22,32,482) | | (32,667) | | (23,24,171) |
| **13 Subtotal from line 8 to 11 (Financial result)** | | **1,50,513** | | **1,11,35,923** | | **1,49,833** | | **1,06,60,257** |
| **14 Result before Tax** | | **2,26,384** | | **1,67,49,329** | | **1,25,701** | | **89,43,362** |
| 15 Taxes on income | | (14,562) | | (10,77,387) | | (11,000) | | (7,82,626) |
| **16 Net income for the year = Profit for the year** | | **2,11,822** | | **1,56,71,941** | | **1,14,701** | | **81,60,736** |
| 17 Profit carried forward from prior year | | - | | - | | - | | - |
| **18 Net profit** | | **2,11,822** | | **1,56,71,941** | | **1,14,701** | | **81,60,736** |

Lux Osterreich Professional GmbH

(a wholly owned subsidiary of  Lux Professional International GmbH)

Financial Statements

For the year ended December 31, 2016

We have reviewed the accompanying financial information of Lux Professional GmBH, which comprise the balance sheet as at 31 December 2016, the income statement for the period from 15 December 2016 to 31 December 2016, and a summary of significant accounting policies of Lux Group and other explanatory information (on pages 1 to 4).

*Management's Responsibility for the financial information*

Management is responsible for the preparation of this financial information in accordance with the accounting policies of Lux Group as stated in the explanatory information to this financial information, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

*Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical financial information. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in conformity with the applicable accounting policies of Lux Group as stated in the explanatory information to this financial information. This standard also requires us to comply with relevant ethical requirements.

A review of financial information prepared for consolidation purposes in accordance with ISRE 2400 (revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with international standards on auditing. Accordingly, we do not express an audit opinion on this financial information.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that this accompanying financial information as at and for the year ended 31 December 2016 is not prepared, in all material respects, in conformity with the accounting policies of Lux Group as stated in the in the explanatory information to this financial information.

*Restriction on Use*

This financial information has been prepared for purposes of providing to Lux International AG to enable it to prepare the consolidated financial information of the Lux group. As a result, the financial information is not a completed set of financial information of Lux Professional GmBH (Austria) in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and of its financial performances. The financial information may, therefore not be suitable for another purpose and should not be used by parties other than Lux Professional GmBH (Austria), Lux International AG (Switzerland) and Eureka Forbes Limited (India).

| | |
|---|---|
| Sd/-<br>Roman Wenk | Sd/-<br>Yvonne Lingg |

Zurich, 6 March 2017

*Enclosure:*
- Financial information (balance sheet, income statement and a summary of significant accounting policies and other explanatory information (on pages 1 to 4)

Lux Osterreich Professional GmBH
Balance Sheet

| PARTICULARS | | 2016 TEUR | 2016 EUR | 2016 INR |
|---|---|---|---|---|
| Assets | | | | |
| Cash and bank balances | | 35 | 35,000 | 24,95,623 |
| TOTAL CASH & - EQUIVALENT | | 35 | 35,000 | 24,95,623 |
| Total Trade receivables gross | | - | - | - |
| Total Other receivables TP gross | | 40 | 40,000 | 28,52,140 |
| *Less bad debts allowances* | | - | - | - |
| Total Other receivables TP net | | 40 | 40,000 | 28,52,140 |
| TOTAL RECEIVABLES | | 40 | 40,000 | 28,52,140 |
| TOTAL CURRENT ASSETS | | 75 | 75,000 | 53,47,763 |
| Other intangible assets | | 200 | 2,00,000 | 1,42,60,700 |
| TOTAL INTANGIBLE ASSETS | | 200 | 2,00,000 | 1,42,60,700 |
| Deferred tax assets | | - | - | - |
| TOTAL NON-CURRENT ASSETS | | 200 | 2,00,000 | 1,42,60,700 |
| | TOTAL | 275 | 2,75,000 | 1,96,08,463 |
| Liabilities & Equity | | | | |
| Current liabilities accounts IC | | 240 | 2,40,000 | 1,71,12,840 |
| CURRENT LIABILITIES | | 240 | 2,40,000 | 1,71,12,840 |
| Share capital | | 35 | 35,000 | 24,95,623 |
| Total equity | | 35 | 35,000 | 24,95,623 |
| | TOTAL | 275 | 2,75,000 | 1,96,08,463 |
| | | - | - | - |

## Basis of preparation and explanatory information

The financial information of Lux Professional GmBH have been prepared for purposes of providing Lux International AG and its subsidiaries (Lux Group) to enable to prepare the consolidated financial information of the group. The consolidated financial statements constitute a true and fair view of the Lux group's financial position and earnings in accordance with Swiss GAAP FER.

As result, the financial information of of Lux Professional GmBH is not a completed set of financial information of in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and its financial performances. The financial information may, therefore not be

## Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks, other short term and highly liquid investments with original maturities of three months or less from the balance sheet date.

## Restricted cash and cash equivalents

Restricted cash and cash equivalents includes funds that are not available for on-going operations.

## Accounts receivable

Accounts receivable are initially recorded at their nominal value after deduction of hire purchase charges not due. All receivables are value adjusted according to the time they are overdue.

| | |
|---|---|
| • not due (hire purchase only) | 1% |
| • overdue up to one month | 5% |
| • overdue 1 to 2 months | 25% |
| • overdue 2 to 4 months | 50% |
| • overdue 4 to 6 months | 80% |
| • overdue 6 months and more | 100% |

In any case, an additional provision for doubtful trade receivables is made if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Indicators that the trade receivable is impaired might be significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, financial reorganisation and default or delinquency in payments. The amount of the provision is recognised in the income statement within Net Credit Direct Sales (CDS) result.

*Hire purchase (HP) charges*

Charges to the customer arising from sales on credit are only reported as income to the extent that the charges are due. Unearned charges are calculated on an annuity basis over the period of the hire purchase contract.

## Loans

The loans are booked at cost less additional provision for doubtful loans if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of the loan contracts.

## Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary courseof business, less applicable variable selling expenses. Value adjustments are effected for obsolete stock.

## Property, plant and equipment

Property, plant and equipment (tangible fixed assets) are capitalised if they can be used during more than one year. Tangible fixed assets are stated at acquisition or construction cost less accumulated depreciation using the straight-line method over the estimated useful lifetime. The following useful lifetimes are generally applied:

| | |
|---|---|
| > Computer equipment | 3 years |
| > Office machines | 3 years |
| > Tooling and demo kits | 5 years |
| > Vehicles | 5 years |
| > Machines | 10 years |
| > Land and improvement | 15 years |
| > Buildings | 20 - 40 years |
| > Leasehold improvements | period of lease |

## Intangible assets

*Patents, licenses and trademarks*

Patents, licenses and trademarks are measured initially at cost. Based on reliable cost measurements, intangible assets are recognised on the probability of the future economic benefits as well as proper attribution to the asset. After initial recognition, intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment losses. Patents, licenses and trademarks are amortised on a straight line basis over the best estimate of their useful lives but not exceeding 10 years. The amortisation periods are reviewed annually at each financial year end.

*Development costs*

Indirect development costs for products are expensed. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sales, its intention to complete and its ability to use or sell the asset, how the asset will generate economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits.

*Goodwill*

The excess of the cost of an acquisition over the Group's interest in the fair value of the net identifiable assets acquired as at the date of the exchange transaction is recorded as goodwill and recognised as an asset in the balance sheet.

When the Group acquires additional interests in a joint venture the excess of the cost of this acquisition compared to the book value of the acquired net assets is recognized as goodwill. After initial recognition goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis over the estimated useful life of 5 years. Any negative goodwill (badwill) resulting from the acquisition of a subsidiary or interest in a joint venture is recorded to the income statement in the period of the transaction.

## Impairment of assets

The carrying amount of the Group's assets, other than inventories and receivables, are reviewed by Group management at each balance sheet date to determine whether there is any indication of impairment. The review is based on events and signs that point to possible overvaluations in book values. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the income statement. The recoverable amount is the higher of the net selling price and value in use. An impairment loss with respect to goodwill is not reversed. In respect to other assets, an impairment loss is – fully or partially - reversed if there has been a change in the estimates used to determine the

## Trade liabilities

Trade liabilities include short-term and non-interest bearing liabilities resulting from ordinary business activities.

## Bank debts

Borrowings are initially recognised at the proceeds received. They are subsequently carried at normal values. Bank debts are classified long term and short term.

## Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Restructuring provisions are reported in the event of any necessary reorganisation of activity sectors or newly acquired subsidiaries. Restructuring provisions comprise i.e. lease termination and employee termination payments.

## 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.

## Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group’s activities. Revenue is shown, net of value-added tax, estimated returns and after elimination of sales within the Group.

*Sales Commission*

Sales commission is paid by product suppliers as a contribution to marketing and promotion activities.

*Interest income*

Interest income is recognised as it accrues on an effective yield basis, when it is determined that such income will flow to the Group.

## Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee.

Assets held under finance leases are recognised as assets of the Group at their fair value. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are charged to the profit and loss statement over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss statement as incurred.

## Management assumptions and significant estimates

The preparation of financial information 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.

# Lux Professional GmbH

(a wholly owned subsidiary of Lux Professional International GmbH)

# Financial Statements

For the year ended December 31, 2016

We have reviewed the accompanying financial information of Lux Professional GmBH, which comprise the balance sheet as at 31 December 2016, the income statement for the period from 15 November 2016 to 31 December 2016, and a summary of significant accounting policies of Lux Group and other explanatory information (on pages 1 to 4).

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The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with international standards on auditing. Accordingly, we do not express an audit opinion on this financial information.

*Conclusion*

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Sd/-
Roman Wenk

Sd/-
Yvonne Lingg

Zurich, 6 March 2017

*Enclosure:*
- Financial information (balance sheet, income statement and a summary of significant accounting policies and other explanatory information (on pages 1 to 4)

Lux Professional GmBH
Balance Sheet

| | | 2016 | | |
|---|---|---|---|---|
| | | TEUR | EUR | INR |
| | **Assets** | | | |
| 11100 | Cash and bank balances | 25 | 25,000 | 17,82,588 |
| 11110 | Cash in transit | - | - | - |
| 11116 | Restricted Cash in general | - | - | - |
| 11200 | Marketable securities (short-term) | - | - | - |
| 11201 | Restricted marketable securities in general | - | - | - |
| 11300 | Short-term deposits (< 90 days) | - | - | - |
| 11999 | TOTAL CASH & - EQUIVALENT | 25 | 25,000 | 17,82,588 |
| 12149.9 | Total Trade receivables gross | - | - | - |
| 12149 | Total Other receivables TP gross | - | - | - |
| 12150 | *Less bad debts allowances* | - | - | - |
| 12199 | Total Other receivables TP net | - | - | - |
| 12200 | Receivables RP gross | - | - | - |
| 12250 | *Less bad debts allowances RP* | - | - | - |
| 12299 | TOTAL RECEIV. NET RP | - | - | - |
| 12300 | Receivables IC gross | - | - | - |
| 12350 | *Less bad debts allowances IC* | - | - | - |
| 12399 | TOTAL RECEIV. NET IC | - | - | - |
| 12499 | Total Hire Purchase short-term gross | - | - | - |
| 12699 | Total Short Credits | - | - | - |
| 12500 | *Less provision for unearned Hire-Purchase* | - | - | - |
| 12700 | *Less bad debts allowances* | - | - | - |
| 12800 | Refundable Sales Tax | - | - | - |
| | TOTAL RECEIVABLES NET | - | - | - |
| 12999 | TOTAL RECEIVABLES | - | - | - |
| 13100 | Raw Materials | - | - | - |
| 13110 | Semi finished products | - | - | - |
| 13200 | Finished products gross | - | - | - |
| 13250 | *Less inventory allowances finished products* | - | - | - |
| 13400 | Demo Units | - | - | - |
| 13450 | Aeroguard | - | - | - |
| 13475 | *Less inventory allowances Aeroguard* | - | - | - |
| 13500 | Goods in transit | - | - | - |
| 13600 | *Less inventory allowances Others* | - | - | - |
| 13999 | TOTAL INVENTORIES NET | - | - | - |
| 14900 | Accrued income & Prepaym. TP | - | - | - |
| 14910 | Accrued income & Prepaym. RP | - | - | - |
| 14920 | Accrued income & Prepaym. IC | - | - | - |
| 14999 | TOTAL ACCR. INCOME & PREPAYM. | - | - | - |
| 10999 | TOTAL CURRENT ASSETS | 25 | 25,000 | 17,82,588 |
| 18300 | Long-term loans TP gross | - | - | - |
| 18350 | *Less Value adj. - Long-term loans TP* | - | - | - |
| 18399 | TOTAL LOANS TP NET | - | - | - |
| 18400 | Hire Purchase Long-term gross | - | - | - |
| 18450 | *Less Value adj. - hire Purchase Long-term* | - | - | - |
| 18499 | TOTAL HIRE PURCHASE LONG-TERM NET | - | - | - |
| 18200 | Other investments TP gross | - | - | - |
| 18250 | *Less value-adjustments - Other invest TP* | - | - | - |
| 18299 | OTHER INVESTMENTS TP NET | - | - | - |
| 17240 | Long-term loans RP gross | - | - | - |
| 17245 | *Less value adj. Long-term loans RP* | - | - | - |
| 17249 | TOTAL LOANS RP NET | - | - | - |
| 17230 | Long-term loans IC gross | - | - | - |
| 17235 | *Less value adj long-term loans IC* | - | - | - |
| 17239 | TOTAL LONG-TERM LOANS IC NET | - | - | - |
| 18100 | Investments in companies - IC & RP gross | - | - | - |
| 18150 | *Less value-adjustments - Investments in companies IC & I* | - | - | - |
| 18199 | TOTAL INVESTMENTS IN COMPANIES IC & RP NET | - | - | - |
| 18999 | TOTAL FINANCIAL ASSETS | - | - | - |
| 15600 | TREASURY SHARES | - | - | - |
| 15700 | Furniture, fixtures & office equipm. | - | - | - |
| 15710 | Plant & Machinery | - | - | - |
| 15711 | Plant & Machinery (finance lease) | - | - | - |
| 15720 | Motor vehicles | - | - | - |
| 15730 | Land and Buildings | - | - | - |
| 15740 | Improvements | - | - | - |
| 15745 | Leasehold improvements | - | - | - |
| 15790 | Other equipment | - | - | - |

Lux Professional GmBH
Balance Sheet

| | | 2016 | | |
|---|---|---|---|---|
| | | TEUR | EUR | INR |
| 15799 | TOTAL FIXED TANGIBLE ASSETS | - | - | - |
| 15800 | Patents, labels and licences | - | - | - |
| 15810 | Goodwill / Badwill | - | - | - |
| 15900 | Other intangible assets | 2,000 | 20,00,000 | 14,26,07,000 |
| 15899 | TOTAL INTANGIBLE ASSETS | 2,000 | 20,00,000 | 14,26,07,000 |
| 19099 | Deferred tax assets | - | | |
| 15999 | TOTAL NON-CURRENT ASSETS | 2,000 | 20,00,000 | 14,26,07,000 |
| | TOTAL | 2,025 | 20,25,000 | 14,43,89,588 |
| | Liabilities & Equity | | | |
| 21100 | Bank overdrafts | - | - | - |
| 21105 | Bank liabilities - due within 1 year | - | - | - |
| 21110 | Cash in transit | - | - | - |
| 21999 | BANK OVERDRAFTS | - | - | - |
| 22100 | Current liabilities from refinancing | - | - | - |
| 22150 | Current liabilities accounts external | - | - | - |
| 22399 | Cur. liab. against public instit./ health insurance | - | - | - |
| 22310 | Value added tax (VAT) payable | - | - | - |
| 22320 | Withholding tax payable | - | - | - |
| 22330 | Social security premiums | - | - | - |
| 22340 | Income tax liabilities | - | - | - |
| 22499 | Current liabilities against employees / salesforce | - | - | - |
| 22410 | Commissions for agents | - | - | - |
| 22420 | Personnel | - | - | - |
| 22500 | Other current liabilities TP | - | - | - |
| 22600 | Advances from customer | - | - | - |
| 22200 | Current liabilities accounts RP | - | - | - |
| 22300 | Current liabilities accounts IC | 2,000 | 20,00,000 | 14,26,07,000 |
| 22999 | CURRENT LIABILITIES | 2,000 | 20,00,000 | 14,26,07,000 |
| 24900 | Accrued exp. and prepaid income TP | - | - | - |
| 24910 | Accrued exp. and prepaid income RP | - | - | - |
| 24920 | Accrued exp. and prepaid income IC | - | - | - |
| 24999 | TOTAL ACCRUED EXP. AND PREP. INCOME | - | - | - |
| 25300 | Provision for restructuring (short-term) | - | - | - |
| 25400 | Provision for human resource (short-term) | - | - | - |
| 25500 | Provision for taxes (short-term) | - | - | - |
| 25900 | Other provision (short-term) | - | - | - |
| 25999 | TOTAL PROVISIONS (short-term) | - | - | - |
| 23999 | TOTAL CURRENT LIABILITIES | 2,000 | 20,00,000 | 14,26,07,000 |
| 26100 | Provision for pensions (long-term) | - | - | - |
| 26200 | Provision for guarantees (long-term) | - | - | - |
| 26300 | Provision for restructuring (long-term) | - | - | - |
| 26400 | Provision for human resource (long-term) | - | - | - |
| 26500 | Provision for taxes (long-term) | - | - | - |
| 26900 | Other provision (long-term) | - | - | - |
| 26909 | TOTAL PROVISIONS (long-term) | - | - | - |
| 27100 | Bank debts (long-term) | - | - | - |
| 27110 | Other non-current liabilities TP | - | - | - |
| 27210 | Shareholder loans | - | - | - |
| 27220 | Finance lease liability (long-term) | - | - | - |
| 27240 | Long-term loans payable RP | - | - | - |
| 27230 | Long-term loans payable IC | - | - | - |
| 27250 | Other long-term liabilities | - | - | - |
| 27299 | OTHER NON-CURRENT LIABILITIES | - | - | - |
| 29099 | Deferred tax liabilities | - | - | - |
| 26999 | TOTAL NON-CURRENT LIABILITIES | - | - | - |
| 28100 | Share capital | 25 | 25,000 | 17,82,588 |
| 28120 | Capital reserves | - | - | - |
| 28130 | Revenue Reserves | - | - | - |
| 28150 | Equity Bond | - | - | - |
| 28200 | Reserves for own shares | - | - | - |
| 28210 | Revaluation reserves | - | - | - |
| 28220 | Untaxed reserves | - | - | - |
| 28800 | Minority interests: equity ./. result | - | - | - |
| 28810 | Minority interests: result current period | - | - | - |
| 28400 | Retained earnings | - | - | - |
| | FCTR | | | - |
| 28500 | Profit (Loss) | - | - | - |
| | TOTAL | 2,025 | 20,25,000 | 14,43,89,588 |

Lux Professional GmBH
Profit & Loss Statement

| | PARTICULARS | 2016 TEUR | 2016 EUR | 2016 INR |
|---|---|---|---|---|
| 30099 | Gross Sales Products, external | - | - | - |
| 30010 | Sales - Direct Sales - Cash - to TP | - | - | - |
| 30011 | Sales - Direct Sales - Invoice/short credit - to TP | - | - | - |
| 30012 | Sales - Direct Sales - Lux Credit - to TP | - | - | - |
| 30013 | Sales - Direct Sales - Bank Credit - to TP | - | - | - |
| 30020 | Sales - Direct Sales - Wholesale to Distributors | - | - | - |
| 30030 | After Sales Filter/dustbags - to TP | - | - | - |
| 30035 | After Sales Annual Maint. contracts | - | - | - |
| 30100 | Returns Products, external | - | - | - |
| 30150 | Reserve for bad debts - TP (not CDS) | - | - | - |
| 30110 | Loss on receivables - TP | - | - | - |
| 30199 | **Net Sales,External** | - | - | - |
| 30300 | - Net Sales, Sales to Group -> AC03-A | - | - | - |
| 30301 | - Net Sales, Sales to Related parties -> AC03-A | - | - | - |
| 30350 | - Returns from Group -> AC03-A | - | - | - |
| 30351 | - Returns from Related parties -> AC03-A | - | - | - |
| | **Net Sales,Total** | - | - | - |
| 30299 | Landed Cost - external | - | - | - |
| 30201 | Cost Direct Sales ex Factory | - | - | - |
| 30202 | Cost After Sales Filter/Dustbags ex Factory | - | - | - |
| 30203 | Cost AMC ex Factory | - | - | - |
| 30204 | Freight & transportation, demurrage | - | - | - |
| 30205 | Duties | - | - | - |
| | **Gross Profit,External** | - | - | - |
| 30400 | Landed Cost Sales to Group -> AC03-A | - | - | - |
| 30401 | Landed Cost Sales to Related parties -> AC03-A | - | - | - |
| | **Gross Profit,Internal** | - | - | - |
| 30599 | Other revenue | - | - | - |
| 30502 | Income from license/patents - TP | - | - | - |
| 30503 | Income from license/patents - IC -> AC03-A | - | - | - |
| 30504 | Income from Services - IC -> AC03-A | - | - | - |
| 30505 | Income from Services - RP -> AC03-A | - | - | - |
| 30550 | Other income | - | - | - |
| | **Gross Profit** | - | - | - |
| | SALES | | | |
| 31100 | Salesmen, remuneration variable to sales | - | - | - |
| 31150 | Salesmen, remuneration non-variable to sales | - | - | - |
| 31160 | Salesmen, vehicles and transport exp | - | - | - |
| 31199 | TOTAL SALESMEN | - | - | - |
| 31200 | Sales management, variable to sales | - | - | - |
| 31250 | Sales management, non-variable to sales | - | - | - |
| 31260 | Sales management, vehicle and transport exp | - | - | - |
| 31265 | Sales management, travel exp | - | - | - |
| 31299 | TOTAL SALES MANAGEMENT | - | - | - |
| 31300 | Telemarketing Staff | - | - | - |
| 31310 | Telemarketing Management | - | - | - |
| 31320 | Telemarketing Telephone exp | - | - | - |
| 31350 | Telemarketing Income from Salesmen | - | - | - |
| 31399 | TOTAL TELEMARKETING | - | - | - |
| 31400 | Sales Administration Staff Branch Offices | - | - | - |
| 31410 | Premises Branch Offices | - | - | - |
| 31420 | Trade fair Expenses | - | - | - |
| 31430 | Incentive/SP for Salesmen & Management | - | - | - |
| 31440 | Postage, Telephone | - | - | - |
| 31450 | Advertising and PR | - | - | - |
| 31460 | Demo and other Sales Expenses | - | - | - |
| 31470 | Recruitment / training | - | - | - |
| 31480 | Delivery exp to customers | - | - | - |
| 31498 | Guarantee result | - | - | - |
| 31490 | Guarantee costs - spareparts | - | - | - |
| 31491 | Guarantee costs - other | - | - | - |
| 31492 | Guarantee income - allowance from supplier | - | - | - |
| 31499 | TOTAL OTHER SALES EXPENSES | - | - | - |
| 31999 | TOTAL SALES EXPENSES | - | - | - |
| | ADMINISTRATION | | | |
| 32100 | Administration Staff | - | - | - |
| 32120 | Administration, travel exp | - | - | - |
| 32199 | TOTAL ADMIN STAFF | - | - | - |
| 32200 | Premises | - | - | - |
| 32201 | Machinery and equipment | - | - | - |

Lux Professional GmBH
Profit & Loss Statement

| | PARTICULARS | 2016 TEUR | 2016 EUR | 2016 INR |
|---|---|---|---|---|
| 32202 | Postage, Telephone | - | - | - |
| 32203 | Consultancy | - | - | - |
| 32206 | Audit fees | - | - | - |
| 32207 | Insurance | - | - | - |
| 32204 | Other Administration expenses | - | - | - |
| 32205 | Pension Expenses | - | - | - |
| 32299 | TOTAL ADMIN OTHERS | - | - | - |
| 32300 | Technical Customer Service exp | - | - | - |
| 32350 | Technical Customer Service Income | - | - | - |
| 32399 | TECH CUSTOMER SERVICE NET | - | - | - |
| 32400 | LOGISTIC | - | - | - |
| 32401 | Inventory differences/Stock adjustm | - | - | - |
| 32402 | IT | - | - | - |
| 32999 | TOTAL ADMIN EXPENSES | - | - | - |
| 33504 | Expenses for Services - Group -> AC03-A | - | - | - |
| 33505 | Expenses for Services - Rel. Parties -> AC03-A | - | - | - |
| | LUX OPERATING RESULT BEFORE CDS | - | - | - |
| | CREDIT DIRECT SALES (CDS) | - | - | - |
| 34100 | CDS income own financing | - | - | - |
| 34150 | CDS income from kickbacks | - | - | - |
| 34200 | Bad debts / Changes in RSV for unearned CDS | - | - | - |
| 34210 | Bad debts / Changes in allowance | - | - | - |
| 34220 | Bad debts / real loss charge-off | - | - | - |
| 34250 | Bad debts / release of reserves | - | - | - |
| 34300 | Collection expenses / legal fees | - | - | - |
| 34310 | Collector expenses | - | - | - |
| 34400 | Cash to factoring comp | - | - | - |
| 34900 | Other CDS income | - | - | - |
| 34910 | Other CDS expense | - | - | - |
| 34999 | CDS Result | - | - | - |
| 34998 | Less : Calculated interest average AR CDS Netresult | - | - | - |
| | LUX OPERATING RESULT I | - | - | - |
| 0 | EXTRAORD. OPERATING EXPENSE / INCOME | - | - | - |
| 35100 | Exchange diff. real. | - | - | - |
| 35101 | Exchange diff. unreal. | - | - | - |
| 35200 | Prior period adjustment | - | - | - |
| 35250 | Restructuring reserves / expenses | - | - | - |
| 35300 | Royalties to Group (expense) -> AC03-A | - | - | - |
| 35310 | Royalties related parties -> AC03-A | - | - | - |
| 35400 | Dividends -> AC03-A | - | - | - |
| 35450 | shareholders contribution | - | - | - |
| 35500 | Government grants received | - | - | - |
| 35600 | Revaluation of Group Shares | - | - | - |
| 35650 | Gain on sale of fixed assets | - | - | - |
| 35655 | Loss on sale of fixed assets | - | - | - |
| 35700 | Release of provisions | - | - | - |
| 35900 | Extraordinary Expenses | - | - | - |
| 35950 | Extraordinary Income | - | - | - |
| 35999 | TOT. EXTRAORD. OPER. EXP./ INC | - | - | - |
| | LUX OPERATING RESULT II | - | - | - |
| 36100 | Depreciations fixed assets | - | - | - |
| 36110 | Amortizations intang assets | - | - | - |
| | LUX OPERATING RESULT III | - | - | - |
| 37100 | Interest income Group -> AC03-A | - | - | - |
| 37110 | Interest expenses Group -> AC03-A | - | - | - |
| 37120 | Interest income related parties -> AC03-A | - | - | - |
| 37130 | Interest expenses related parties -> AC03-A | - | - | - |
| 37200 | Interest income, external | - | - | - |
| 37250 | Interest expenses, external | - | - | - |
| 37500 | Bank fees | - | - | - |
| 37999 | TOTAL FINANCIAL RESULT | - | - | - |
| | LUX RESULT PRE TAX | - | - | - |
| 39099 | Total Taxes | - | - | - |
| 39100 | Income taxes | - | - | - |
| 39150 | Local Sales tax | - | - | - |
| 39400 | Witholding tax (interest, royalties) | - | - | - |
| 39200 | Deferred taxes | - | - | - |
| 39300 | Changes tax provisions | - | - | - |
| | LUX NET RESULT | - | - | - |

## Basis of preparation and explanatory information

The financial information of Lux Professional GmBH have been prepared for purposes of providing Lux International AG and its subsidiaries (Lux Group) to enable to prepare the consolidated financial information of the group. The consolidated financial statements constitute a true and fair view of the Lux group’s financial position and earnings in accordance with Swiss GAAP FER.

As result, the financial information of of Lux Professional GmBH is not a completed set of financial information of in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and its financial performances. The financial information may, therefore not be

## Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks, other short term and highly liquid investments with original maturities of three months or less from the balance sheet date.

## Restricted cash and cash equivalents

Restricted cash and cash equivalents includes funds that are not available for on-going operations.

## Accounts receivable

Accounts receivable are initially recorded at their nominal value after deduction of hire purchase charges not due. All receivables are value adjusted according to the time they are overdue.

| | |
|---|---|
| • not due (hire purchase only) | 1% |
| • overdue up to one month | 5% |
| • overdue 1 to 2 months | 25% |
| • overdue 2 to 4 months | 50% |
| • overdue 4 to 6 months | 80% |
| • overdue 6 months and more | 100% |

In any case, an additional provision for doubtful trade receivables is made if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Indicators that the trade receivable is impaired might be significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, financial reorganisation and default or delinquency in payments. The amount of the provision is recognised in the income statement within Net Credit Direct Sales (CDS) result.

*Hire purchase (HP) charges*

Charges to the customer arising from sales on credit are only reported as income to the extent that the charges are due. Unearned charges are calculated on an annuity basis over the period of the hire purchase contract.

## Loans

The loans are booked at cost less additional provision for doubtful loans if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of the loan contracts.

## Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary courseof business, less applicable variable selling expenses. Value adjustments are effected for obsolete stock.

## Property, plant and equipment

Property, plant and equipment (tangible fixed assets) are capitalised if they can be used during more than one year. Tangible fixed assets are stated at acquisition or construction cost less accumulated depreciation using the straight-line method over the estimated useful lifetime. The following useful lifetimes are generally applied:

| | |
|---|---|
| > Computer equipment | 3 years |
| > Office machines | 3 years |
| > Tooling and demo kits | 5 years |
| > Vehicles | 5 years |
| > Machines | 10 years |
| > Land and improvement | 15 years |
| > Buildings | 20 - 40 years |
| > Leasehold improvements | period of lease |

## Intangible assets

*Patents, licenses and trademarks*

Patents, licenses and trademarks are measured initially at cost. Based on reliable cost measurements, intangible assets are recognised on the probability of the future economic benefits as well as proper attribution to the asset. After initial recognition, intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment losses. Patents, licenses and trademarks are amortised on a straight line basis over the best estimate of their useful lives but not exceeding 10 years. The amortisation periods are reviewed annually at each financial year end.

*Development costs*

Indirect development costs for products are expensed. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sales, its intention to complete and its ability to use or sell the asset, how the asset will generate economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits.

*Goodwill*

The excess of the cost of an acquisition over the Group's interest in the fair value of the net identifiable assets acquired as at the date of the exchange transaction is recorded as goodwill and recognised as an asset in the balance sheet.

When the Group acquires additional interests in a joint venture the excess of the cost of this acquisition compared to the book value of the acquired net assets is recognized as goodwill. After initial recognition goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis over the estimated useful life of 5 years. Any negative goodwill (badwill) resulting from the acquisition of a subsidiary or interest in a joint venture is recorded to the income statement in the period of the transaction.

## Impairment of assets

The carrying amount of the Group's assets, other than inventories and receivables, are reviewed by Group management at each balance sheet date to determine whether there is any indication of impairment. The review is based on events and signs that point to possible overvaluations in book values. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the income statement. The recoverable amount is the higher of the net selling price and value in use. An impairment loss with respect to goodwill is not reversed. In respect to other assets, an impairment loss is – fully or partially - reversed if there has been a change in the estimates used to determine the

## Trade liabilities

Trade liabilities include short-term and non-interest bearing liabilities resulting from ordinary business activities.

## Bank debts

Borrowings are initially recognised at the proceeds received. They are subsequently carried at normal values. Bank debts are classified long term and short term.

## Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Restructuring provisions are reported in the event of any necessary reorganisation of activity sectors or newly acquired subsidiaries. Restructuring provisions comprise i.e. lease termination and employee termination payments.

## 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.

## Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group’s activities. Revenue is shown, net of value-added tax, estimated returns and after elimination of sales within the Group.

*Sales Commission*

Sales commission is paid by product suppliers as a contribution to marketing and promotion activities.

*Interest income*

Interest income is recognised as it accrues on an effective yield basis, when it is determined that such income will flow to the Group.

## Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee.

Assets held under finance leases are recognised as assets of the Group at their fair value. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are charged to the profit and loss statement over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss statement as incurred.

## Management assumptions and significant estimates

The preparation of financial information 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.

Lux Professional International GmbH

(subsidiary of Lux International AG)

Financial Statements

For the year ended December 31, 2016

We have reviewed the accompanying financial information of Lux Professional International GmBH, which comprise the balance sheet as at 31 December 2016, the income statement for the year then ended, and a summary of significant accounting policies of Lux Group and other explanatory information (on pages 1 to 4).

*Management’s Responsibility for the financial information*

Management is responsible for the preparation of this financial information in accordance with the accounting policies of Lux Group as stated in the explanatory information to this financial information, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

*Practitioner’s Responsibility*

Our responsibility is to express a conclusion on the accompanying financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical financial information. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in conformity with the applicable accounting policies of Lux Group as stated in the explanatory information to this financial information. This standard also requires us to comply with relevant ethical requirements.

A review of financial information prepared for consolidation purposes in accordance with ISRE 2400 (revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with international standards on auditing. Accordingly, we do not express an audit opinion on this financial information.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that this accompanying financial information as at and for the year ended 31 December 2016 is not prepared, in all material respects, in conformity with the accounting policies of Lux Group as stated in the in the explanatory information to this financial information.

*Restriction on Use*

This financial information has been prepared for purposes of providing to Lux International AG to enable it to prepare the consolidated financial information of the Lux group. As a result, the financial information is not a completed set of financial information of Lux Professional International GmBH (Switzerland) in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and of its financial performances. The financial information may, therefore not be suitable for another purpose and should not be used by parties other than Lux Professional International GmBH (Switzerland), Lux International AG (Switzerland) and Eureka Forbes Limited (India).

Sd/-
Roman Wenk

Sd/-
Yvonne Lingg

Zurich, 6 March 2017

*Enclosure:*
- Financial information (balance sheet, income statement and a summary of significant accounting policies and other explanatory information (on pages 1 to 4)

Lux Professional International GmBH
Balance Sheet

| | PARTICULARS | 2016 TCHF | 2016 INR | 2015 TCHF | 2015 INR |
|---|---|---|---|---|---|
| | **Assets** | | | | |
| 11100 | Cash and bank balances | 32 | 21,28,352 | - | - |
| 11110 | Cash in transit | | - | 20 | 13,32,140 |
| 11116 | Restricted Cash in general | | - | | - |
| 11200 | Marketable securities (short-term) | | - | | - |
| 11201 | Restricted marketable securities in general | | - | | - |
| 11300 | Short-term deposits (< 90 days) | | - | | - |
| 11999 | **TOTAL CASH & - EQUIVALENT** | **32** | **21,28,352** | **20** | **13,32,140** |
| 12150 | Total Trade receivables gross | | - | | - |
| 12149 | Total Other receivables TP gross | | - | | - |
| 12150 | *Less bad debts allowances* | | - | | - |
| 12199 | Total Other receivables TP net | - | - | - | - |
| 12200 | Receivables RP gross | | - | | - |
| 12250 | *Less bad debts allowances RP* | | - | | - |
| 12299 | TOTAL RECEIV. NET RP | - | - | - | - |
| 12300 | Receivables IC gross | 19 | 12,63,709 | | - |
| 12350 | *Less bad debts allowances IC* | | - | | - |
| 12399 | TOTAL RECEIV. NET IC | 19 | 12,63,709 | - | - |
| 12499 | Total Hire Purchase short-term gross | | - | | - |
| 12699 | Total Short Credits | | - | 0 | 23,979 |
| 12500 | *Less provision for unearned Hire-Purchase* | | - | | - |
| 12700 | *Less bad debts allowances* | | - | | - |
| 12800 | Refundable Sales Tax | 1 | 66,511 | | - |
| | TOTAL RECEIVABLES NET | 1 | 66,511 | 0 | 23,979 |
| 12999 | **TOTAL RECEIVABLES** | **20** | **13,30,220** | **0** | **23,979** |
| 13100 | Raw Materials | | - | | - |
| 13110 | Semi finished products | | - | | - |
| 13200 | Finished products gross | | - | | - |
| 13250 | *Less inventory allowances finished products* | | - | | - |
| 13400 | Demo Units | | - | | - |
| 13450 | Aeroguard | | - | | - |
| 13475 | *Less inventory allowances Aeroguard* | | - | | - |
| 13500 | Goods in transit | | - | | - |
| 13600 | *Less inventory allowances Others* | | - | | - |
| 13999 | **TOTAL INVENTORIES NET** | - | - | - | - |
| 14900 | Accrued income & Prepaym. TP | | - | | - |
| 14910 | Accrued income & Prepaym. RP | | - | | - |
| 14920 | Accrued income & Prepaym. IC | | - | | - |
| 14999 | **TOTAL ACCR. INCOME & PREPAYM.** | - | - | - | - |
| 10999 | **TOTAL CURRENT ASSETS** | **52** | **34,58,572** | **20** | **13,56,119** |
| 18300 | Long-term loans TP gross | | - | | - |
| 18350 | *Less Value adj. - Long-term loans TP* | | - | | - |
| 18399 | TOTAL LOANS TP NET | - | - | - | - |
| 18400 | Hire Purchase Long-term gross | | - | | - |
| 18450 | *Less Value adj. - hire Purchase Long-term* | | - | | - |
| 18499 | TOTAL HIRE PURCHASE LONG-TERM NET | - | - | - | - |
| 18200 | Other investments TP gross | | - | | - |
| 18250 | *Less value-adjustments - Other invest TP* | | - | | - |
| 18299 | OTHER INVESTMENTS TP NET | - | - | - | - |
| 17240 | Long-term loans RP gross | | - | | - |
| 17245 | *Less value adj. Long-term loans RP* | | - | | - |
| 17249 | TOTAL LOANS RP NET | - | - | - | - |
| 17230 | Long-term loans IC gross | 1,262 | 8,39,36,882 | 311 | 2,07,41,420 |
| 17235 | *Less value adj long-term loans IC* | | - | | - |
| 17239 | TOTAL LONG-TERM LOANS IC NET | 1,262 | 8,39,36,882 | 311 | 2,07,41,420 |
| 18100 | Investments in companies - IC & RP gross | 722 | 4,80,20,942 | 208 | 1,38,27,613 |
| 18150 | *Less value-adjustments - Investments in companies IC & RP* | | - | | - |
| 18199 | TOTAL INVESTMENTS IN COMPANIES IC & RP NET | 722 | 4,80,20,942 | 208 | 1,38,27,613 |
| 18999 | **TOTAL FINANCIAL ASSETS** | **1,984** | **13,19,57,824** | **519** | **3,45,69,033** |
| 15600 | **TREASURY SHARES** | - | - | - | - |
| 15700 | Furniture, fixtures & office equipm. | | - | | - |
| 15710 | Plant & Machinery | | - | | - |
| 15711 | Plant & Machinery (finance lease) | | - | | - |
| 15720 | Motor vehicles | | - | | - |
| 15730 | Land and Buildings | | - | | - |
| 15740 | Improvements | | - | | - |
| 15745 | Leasehold improvements | | - | | - |
| 15790 | Other equipment | | - | | - |
| 15799 | **TOTAL FIXED TANGIBLE ASSETS** | - | - | - | - |
| 15800 | Patents, labels and licences | | - | | - |
| 15810 | Goodwill / Badwill | | - | | - |
| 15900 | Other intangible assets | | - | | - |
| 15899 | **TOTAL INTANGIBLE ASSETS** | - | - | - | - |
| 19099 | Deferred tax assets | | - | | - |
| 15999 | **TOTAL NON-CURRENT ASSETS** | **1,984** | **13,19,57,824** | **519** | **3,45,69,033** |
| | **TOTAL** | **2,036** | **13,54,16,396** | **539** | **3,59,25,152** |

Lux Professional International GmBH
Balance Sheet

| | PARTICULARS | 2016 TCHF | 2016 INR | 2015 TCHF | 2015 INR |
|---|---|---|---|---|---|
| | **Liabilities & Equity** | | | | |
| 21100 | Bank overdrafts | | - | | - |
| 21105 | Bank liabilities - due within 1 year | | - | | - |
| 21110 | Cash in transit | | - | | - |
| 21999 | **BANK OVERDRAFTS** | - | - | - | - |
| 22100 | Current liabilities from refinancing | | - | | - |
| 22150 | Current liabilities accounts external | | - | | - |
| 22399 | Cur. liab. against public instit./ health insurance | | - | | - |
| 22310 | Value added tax (VAT) payable | | - | | - |
| 22320 | Withholding tax payable | | - | | - |
| 22330 | Social security premiums | | - | | - |
| 22340 | Income tax liabilities | | - | | - |
| 22499 | Current liabilities against employees / salesforce | | - | | - |
| 22410 | Commissions for agents | | - | | - |
| 22420 | Personnel | | - | | - |
| 22500 | Other current liabilities TP | | - | 6 | 3,77,662 |
| 22600 | Advances from customer | | - | | - |
| 22200 | Current liabilities accounts RP | | - | | - |
| 22300 | Current liabilities accounts IC | 17 | 11,30,687 | | - |
| 22999 | **CURRENT LIABILITIES** | 17 | 11,30,687 | 6 | 3,77,662 |
| 24900 | Accrued exp. and prepaid income TP | 6 | 3,99,066 | - | - |
| 24910 | Accrued exp. and prepaid income RP | | - | - | - |
| 24920 | Accrued exp. and prepaid income IC | | - | - | - |
| 24999 | **TOTAL ACCRUED EXP. AND PREP. INCOME** | 6 | 3,99,066 | - | - |
| 25300 | Provision for restructuring (short-term) | | - | | - |
| 25400 | Provision for human resource (short-term) | | - | | - |
| 25500 | Provision for taxes (short-term) | | - | | - |
| 25900 | Other provision (short-term) | | - | | - |
| 25999 | **TOTAL PROVISIONS (short-term)** | - | - | - | - |
| 23999 | **TOTAL CURRENT LIABILITIES** | 23 | 15,29,753 | 6 | 3,77,662 |
| 26100 | Provision for pensions (long-term) | | - | | - |
| 26200 | Provision for guarantees (long-term) | | - | | - |
| 26300 | Provision for restructuring (long-term) | | - | | - |
| 26400 | Provision for human resource (long-term) | | - | | - |
| 26500 | Provision for taxes (long-term) | | - | | - |
| 26900 | Other provision (long-term) | | - | | - |
| 26909 | **TOTAL PROVISIONS (long-term)** | - | - | - | - |
| 27100 | Bank debts (long-term) | | - | | - |
| 27110 | Other non-current liabilities TP | | - | | - |
| 27210 | Shareholder loans | | - | | - |
| 27220 | Finance lease liability (long-term) | | - | | - |
| 27240 | Long-term loans payable RP | | - | | - |
| 27230 | Long-term loans payable IC | 2,060 | 13,70,12,660 | 519 | 3,45,69,033 |
| 27250 | Other long-term liabilities | | - | | - |
| 27299 | **OTHER NON-CURRENT LIABILITIES** | 2,060 | 13,70,12,660 | 519 | 3,45,69,033 |
| 29099 | Deferred tax liabilities | | - | | - |
| 26999 | **TOTAL NON-CURRENT LIABILITIES** | 2,060 | 13,70,12,660 | 519 | 3,45,69,033 |
| 28100 | Share capital | 20 | 13,32,140 | 20 | 13,32,140 |
| 28120 | Capital reserves | | - | | - |
| 28130 | Revenue Reserves | | - | | - |
| 28150 | Equity Bond | | - | | - |
| 28200 | Reserves for own shares | | - | | - |
| 28210 | Revaluation reserves | | - | | - |
| 28220 | Untaxed reserves | | - | | - |
| 28800 | Minority interests: equity ./. result | | - | | - |
| 28810 | Minority interests: result current period | | - | | - |
| 28400 | Retained earnings | (5) | (3,54,586) | - | - |
| | FCTR | | 57,369 | | 903 |
| 28500 | Profit (Loss) | (61) | (41,60,940) | (5) | (3,54,586) |
| 28998 | rounding difference / CTA | | - | | - |
| 28999 | **Total equity** | (46) | (31,26,017) | 15 | 9,78,457 |
| | TOTAL | 2,036 | 13,54,16,396 | 539 | 3,59,25,152 |
| | | - | - | - | - |

Lux Professional International GmBH
Profit & Loss Statement

| | | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|---|
| | | TCHF | CHF | INR | TCHF | CHF | INR |
| 30502 | Income from license/patents - third parties | - | - | - | - | - | - |
| 30503 | Income from license/patens - Group -> AC03 | 19 | 19,000 | 12,96,030 | - | - | - |
| 30501 | Factory Participations | - | - | - | - | - | - |
| 30504 | Income from services - Group -> AC03 | - | - | - | - | - | - |
| 30505 | Income from services - Related parties -> AC03 | - | - | - | - | - | - |
| 30550 | Other income | - | - | - | - | - | - |
| 30150 | Reserve for bad debts - TP (not CDS) | - | - | - | - | - | - |
| 30110 | Loss on receivables - TP | - | - | - | - | - | - |
| | OPERATING REVENUE | 19 | 19,000 | 12,96,030 | - | - | - |
| | | | | | | | |
| 32700 | Research and Development Costs | (2) | (2,000) | (1,36,424) | - | - | - |
| 32710 | Patents + Trademarks | - | | | - | | - |
| | TOTAL PRODUCTION EXPENSES | (2) | (2,000) | (1,36,424) | - | - | - |
| 32100 | Administration Staff | - | - | - | - | - | - |
| 32101 | Fees Board of Directors | - | - | - | - | - | - |
| 32102 | Social Security Expenses | - | - | - | - | - | - |
| 32180 | Management Benefit Trust | - | - | - | - | - | - |
| 32190 | Other Personnel costs | (6) | (6,000) | (4,09,273) | - | - | - |
| | TOTAL PERSONNEL EXPENSES | (6) | (6,000) | (4,09,273) | - | - | - |
| 32200 | Rent expense (administration) | - | - | - | - | - | - |
| 32402 | IT Leasing, Maintenance and Repairs | - | - | - | - | - | - |
| 32500 | Vehicles Expenses | - | - | - | - | - | - |
| 32501 | Insurance, Duties, Fees and Contributions | - | - | - | - | - | - |
| 32207 | Insurance | - | - | - | - | - | - |
| 32202 | Postage, Telephone | - | - | - | - | - | - |
| 32502 | Office Material, Literature | - | - | - | - | - | - |
| 32503 | Contributions | - | - | - | - | - | - |
| 32504 | Consulting Expenses Lux Group / FLG | - | - | - | - | - | - |
| 32507 | Consulting Expenses Scandinavia + Baltics | - | - | - | - | - | - |
| 32505 | Consulting/Travel Expenses Related Parties | - | - | - | - | - | - |
| 32203 | Consulting fees | (1) | (1,000) | (68,212) | (1) | (810) | (54,089) |
| 32206 | Audit fees | - | - | - | - | - | - |
| 32506 | Events | - | - | - | - | - | - |
| 31450 | Advertising and PR | (1) | (1,000) | (68,212) | - | - | - |
| 32800 | LUX Academy | - | - | - | - | - | - |
| 33100 | Costs for Exec Mgmt Trainee Program | - | - | - | - | - | - |
| 32204 | Other Administration expenses | - | - | - | - | - | - |
| 31491 | Guarantee costs - other | - | - | - | - | - | - |
| | TOTAL OTHER OPERATING EXPENSES | (2) | (2,000) | (1,36,424) | (1) | (810) | (54,089) |
| | TOTAL OPERATING EXPENSES | (10) | (10,000) | (6,82,121) | (1) | (810) | (54,089) |
| | | | | | | | |
| 33504 | Expenses for Services - Group -> AC03 | (18) | (18,000) | (12,27,818) | (5) | (4,500) | (3,00,497) |
| 33505 | Expenses for Services - related Parties -> AC03 | - | - | - | - | - | - |
| | OPERATING REVENUE | | | | | | |
| 33200 | Support Expenses Germany Direct Agencies | - | - | - | - | - | - |
| 33210 | Support Expenses Germany Consulting fees | - | - | - | - | - | - |
| 33220 | Support Expenses Germany Incentives & others | - | - | - | - | - | - |
| 33301 | Support Expenses Spain | - | - | - | - | - | - |
| 33302 | Support Expenses Norway | - | - | - | - | - | - |
| 33303 | Support Expenses Czech | - | - | - | - | - | - |
| 33304 | Support Expenses Aeroguard home | - | - | - | - | - | - |
| 33305 | Support Expenses Austria | - | - | - | - | - | - |
| 33306 | Support Expenses Italy | - | - | - | - | - | - |
| 33307 | Support Expenses Switzerland | - | - | - | - | - | - |
| 33323 | Support Expenses USA | - | - | - | - | - | - |
| 33321 | Support Expenses China | - | - | - | - | - | - |
| 33350 | Support Expenses Agent Partners Australia | - | - | - | - | - | - |
| 33395 | Support Expenses Paraguay | - | - | - | - | - | - |
| 33388 | Support Expenses Distributorshop Spain | - | - | - | - | - | - |
| 33308 | Support Expenses Hungary Core | - | - | - | - | - | - |
| 33309 | Support Expenses Hungary Aqua | (45) | (45,000) | (30,69,546) | - | - | - |
| 33310 | Support Expenses Aqua GmbH | - | - | - | - | - | - |
| 33311 | Support Expenses Dubai Trading | - | - | - | - | - | - |
| 33312 | Support Expenses Aquamall | - | - | - | - | - | - |
| 33999 | TOTAL SPECIAL ADJUSTMENTS (LIAG) | (45) | (45,000) | (30,69,546) | - | - | - |
| | | | | | | | |
| | EBITDA | (54) | (54,000) | (36,83,455) | (5) | (5,310) | (3,54,586) |
| | | | | | | | |
| 36100 | Depreciation fixed assets | - | - | - | - | - | - |
| 36110 | Amortisation intangible assets | - | - | - | - | - | - |
| 36120 | Depreciation Research and Development | - | - | - | - | - | - |
| | | | | | | | |
| | EBIT | (54) | (54,000) | (36,83,455) | (5) | (5,310) | (3,54,586) |
| | FINANCIAL INCOME & EXPENSES | | | | | | |
| 35100 | Exchange diff. real. | (4) | (4,000) | (2,72,849) | - | - | - |

Lux Professional International GmBH
Profit & Loss Statement

| | | 2016 | | | 2015 | | |
|---|---|---|---|---|---|---|---|
| | | TCHF | CHF | INR | TCHF | CHF | INR |
| 35101 | Exchange diff. unreal. | (19) | (19,000) | (12,96,030) | - | - | - |
| 37100 | Interest income IC -> AC03 | 40 | 40,000 | 27,28,485 | - | - | - |
| 37120 | Interest income related Parties -> AC03 | - | - | - | - | - | - |
| 37110 | Interest expenses IC -> AC03 | (26) | (26,000) | (17,73,515) | - | - | - |
| 37130 | Interest expenses related Parties -> AC03 | - | - | - | - | - | - |
| 35310 | Royalties related parties -> AC03-A | - | - | - | - | - | - |
| 35400 | Dividends IC/RP -> AC03 | - | - | - | - | - | - |
| 37200 | Interest income, external | 5 | 5,000 | 3,41,061 | - | - | - |
| 37250 | Interest expenses, external | (1) | (1,000) | (68,212) | - | - | - |
| 37500 | Bank fees | (2) | (2,000) | (1,36,424) | - | - | - |
| | FINANCIAL INCOME & EXPENSES | (7) | (7,000) | (4,77,485) | - | - | - |
| 35200 | Prior period adjustment | - | - | - | - | - | - |
| 35250 | Restructuring expense | - | - | - | - | - | - |
| 35450 | Shareholders Contribution | - | - | - | - | - | - |
| 35500 | Government grants received | - | - | - | - | - | - |
| 35600 | Revaluation of Group Shares | - | - | - | - | - | - |
| 35650 | Gain on sale of fixed assets | - | - | - | - | - | - |
| 35655 | Loss on sale of fixed assets | - | - | - | - | - | - |
| 35700 | Release of provisions | - | - | - | - | - | - |
| 35900 | Extraordinary Expenses | - | - | - | - | - | - |
| 35901 | Value adj. IC receivables -> AC03 | - | - | - | - | - | - |
| 35902 | Value adj. IC loans -> AC03 | - | - | - | - | - | - |
| 35903 | Value adj. investments (Group) -> AC03 | - | - | - | - | - | - |
| 35909 | IC-Transactions -> AC03 | - | - | - | - | - | - |
| 35950 | Extraordinary Income | - | - | - | - | - | - |
| | LUX RESULT PRE TAX | (61) | (61,000) | (41,60,940) | (5) | (5,310) | (3,54,586) |
| 39099 | Total Taxes | - | - | - | - | - | - |
| 39100 | Income taxes | - | - | - | - | - | - |
| 39150 | Local Sales tax | - | - | - | - | - | - |
| 39400 | Witholding tax (interest, royalties) | - | - | - | - | - | - |
| 39200 | Deferred taxes | - | - | - | - | - | - |
| 39300 | Changes tax provisions | - | - | - | - | - | - |
| | LUX NET RESULT | (61) | (61,000) | (41,60,940) | (5) | (5,310) | (3,54,586) |

## Basis of preparation and explanatory information

The financial information of Lux Professional International GmBH have been prepared for purposes of providing Lux International AG and its subsidiaries (Lux Group) to enable to prepare the consolidated financial information of the group. The consolidated financial statements constitute a true and fair view of the Lux group's financial position and earnings in accordance with Swiss GAAP FER.

As result, the financial information of of Lux Professional International GmBH is not a completed set of financial information of in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and its financial performances. The financial information may,

## Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks, other short term and highly liquid investments with original maturities of three months or less from the balance sheet date.

## Restricted cash and cash equivalents

Restricted cash and cash equivalents includes funds that are not available for on-going operations.

## Accounts receivable

Accounts receivable are initially recorded at their nominal value after deduction of hire purchase charges not due. All receivables are value adjusted according to the time they are overdue.

| | |
|---|---|
| • not due (hire purchase only) | 1% |
| • overdue up to one month | 5% |
| • overdue 1 to 2 months | 25% |
| • overdue 2 to 4 months | 50% |
| • overdue 4 to 6 months | 80% |
| • overdue 6 months and more | 100% |

In any case, an additional provision for doubtful trade receivables is made if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Indicators that the trade receivable is impaired might be significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, financial reorganisation and default or delinquency in payments. The amount of the provision is recognised in the income statement within Net Credit Direct Sales (CDS) result.

*Hire purchase (HP) charges*

Charges to the customer arising from sales on credit are only reported as income to the extent that the charges are due. Unearned charges are calculated on an annuity basis over the period of the hire purchase contract.

## Loans

The loans are booked at cost less additional provision for doubtful loans if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of the loan contracts.

## Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary courseof business, less applicable variable selling expenses. Value adjustments are effected for obsolete stock.

## Property, plant and equipment

Property, plant and equipment (tangible fixed assets) are capitalised if they can be used during more than one year. Tangible fixed assets are stated at acquisition or construction cost less accumulated depreciation using the straight-line method over the estimated useful lifetime. The following useful lifetimes are generally applied:

| | |
|---|---|
| > Computer equipment | 3 years |
| > Office machines | 3 years |
| > Tooling and demo kits | 5 years |
| > Vehicles | 5 years |
| > Machines | 10 years |
| > Land and improvement | 15 years |
| > Buildings | 20 - 40 years |
| > Leasehold improvements | period of lease |

## Intangible assets

*Patents, licenses and trademarks*

Patents, licenses and trademarks are measured initially at cost. Based on reliable cost measurements, intangible assets are recognised on the probability of the future economic benefits as well as proper attribution to the asset. After initial recognition, intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment losses. Patents, licenses and trademarks are amortised on a straight line basis over the best estimate of their useful lives but not exceeding 10 years. The amortisation periods are reviewed annually at each financial year end.

*Development costs*

Indirect development costs for products are expensed. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sales, its intention to complete and its ability to use or sell the asset, how the asset will generate economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits.

*Goodwill*

The excess of the cost of an acquisition over the Group’s interest in the fair value of the net identifiable assets acquired as at the date of the exchange transaction is recorded as goodwill and recognised as an asset in the balance sheet.

When the Group acquires additional interests in a joint venture the excess of the cost of this acquisition compared to the book value of the acquired net assets is recognized as goodwill. After initial recognition goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis over the estimated useful life of 5 years. Any negative goodwill (badwill) resulting from the acquisition of a subsidiary or interest in a joint venture is recorded to the income statement in the period of the transaction.

## Impairment of assets

The carrying amount of the Group’s assets, other than inventories and receivables, are reviewed by Group management at each balance sheet date to determine whether there is any indication of impairment. The review is based on events and signs that point to possible overvaluations in book values. If any such indication exists, the asset’s recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the income statement. The recoverable amount is the higher of the net selling price and value in use. An impairment loss with respect to goodwill is not reversed. In respect to other assets, an impairment loss is – fully or partially - reversed if there has been a change in the estimates used to determine the

## Trade liabilities

Trade liabilities include short-term and non-interest bearing liabilities resulting from ordinary business activities.

## Bank debts

Borrowings are initially recognised at the proceeds received. They are subsequently carried at normal values. Bank debts are classified long term and short term.

## Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Restructuring provisions are reported in the event of any necessary reorganisation of activity sectors or newly acquired subsidiaries. Restructuring provisions comprise i.e. lease termination and employee termination payments.

## 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.

## Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group’s activities. Revenue is shown, net of value-added tax, estimated returns and after elimination of sales within the Group.

*Sales Commission*

Sales commission is paid by product suppliers as a contribution to marketing and promotion activities.

*Interest income*

Interest income is recognised as it accrues on an effective yield basis, when it is determined that such income will flow to the Group.

## Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee.

Assets held under finance leases are recognised as assets of the Group at their fair value. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are charged to the profit and loss statement over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss statement as incurred.

## Management assumptions and significant estimates

The preparation of financial information 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.

Lux Schweiz AG (Lux Switzerland Ltd.)

(a wholly owned Subsidiary Company of Lux International AG)

Financial Statements
For the year ended December 31, 2016

Independent practitioner's review report to the Board of Directors of
Lux Switzerland Ltd, Baar (Switzerland)

We have reviewed the accompanying financial information of Lux Switzerland Ltd, which comprise the balance sheet as at 31 December 2016, the income statement for the year then ended, and a summary of significant accounting policies of Lux Group and other explanatory information (on pages 1 to 4).

*Management's Responsibility for the financial information*

Management is responsible for the preparation of this financial information in accordance with the accounting policies of Lux Group as stated in the explanatory information to this financial information, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

*Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical financial information. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in conformity with the applicable accounting policies of Lux Group as stated in the explanatory information to this financial information. This standard also requires us to comply with relevant ethical requirements.

A review of financial information prepared for consolidation purposes in accordance with ISRE 2400 (revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with international standards on auditing. Accordingly, we do not express an audit opinion on this financial information.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that this accompanying financial information as at and for the year ended 31 December 2016 is not prepared, in all material respects, in conformity with the accounting policies of Lux Group as stated in the in the explanatory information to this financial information.

*Restriction on Use*

This financial information has been prepared for purposes of providing to Lux International AG to enable it to prepare the consolidated financial information of the Lux group. As a result, the financial information is not a completed set of financial information of Lux Switzerland Ltd (Switzerland) in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and of its financial performances. The financial information may, therefore not be suitable for another purpose and should not be used by parties other than Lux Switzerland Ltd (Switzerland), Lux International AG (Switzerland) and Eureka Forbes Limited (India).

| | |
|---|---|
| Sd/-<br>Roman Wenk | Sd/-<br>Yvonne Lingg |

Zurich, 6 March 2017

*Enclosure:*
- Financial information (balance sheet, income statement and a summary of significant accounting policies and other explanatory information (on pages 1 to 4)

**Lux Switzerland**

## Income Statement for the year ended 31st December 2016

| | | 31.12.2016 | | 31.12.2015 | |
|---|---|---|---|---|---|
| | | CHF | INR | CHF | INR |
| 1 | Net Sales | 23,21,000 | 15,83,20,342 | 19,25,000 | 12,85,46,158 |
| 2 | Other operating Income | 15,000 | 10,23,182 | 7,000 | 4,67,441 |
| 3 | Cost of Materials and other purchased production services | -4,07,000 | -2,77,62,335 | -3,19,000 | -2,13,01,935 |
| 4 | Personnel expenses | -13,98,000 | -9,53,60,551 | -11,42,000 | -7,62,59,591 |
| 5 | Amortization and depreciation of tangible and intangible assets | -1,000 | -68,212 | -2,000 | -1,33,554 |
| 6 | Other operating expenses | -3,32,000 | -2,26,46,426 | -3,71,000 | -2,47,74,350 |
| 7 | Subtotal from line 1 to 5 (EBIT) | **1,98,000** | **1,35,06,000** | **98,000** | **65,44,169** |
| 8 | Exchange difference | -20,000 | -13,64,243 | -8,000 | -5,34,218 |
| 9 | Financial result | **-20,000** | **-13,64,243** | **-8,000** | **-5,34,218** |
| 10 | Result before tax | **1,78,000** | **1,21,41,757** | **90,000** | **60,09,951** |
| 11 | Taxes on income | | | | |
| 12 | Profit for the year | **1,78,000** | **1,21,41,757** | **90,000** | **60,09,951** |
| 13 | Profit carried forward from prior year | - | - | - | - |
| 14 | Net profit | **1,78,000** | **1,21,41,757** | **90,000** | **60,09,951** |

**Lux Switzerland**

## Statement of Financial Position as of 31st December 2016

| ASSETS | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| A. FIXED ASSETS | | | | |
| I Intangible Assets | - | - | - | - |
| II Tangible Assets | | | | |
| 1. Motor vehicles | - | - | 1,000 | 66,607 |
| III Financial Investments | | | | |
| 1. Long term accounts receivable f | - | - | 82,000 | 54,61,774 |
| 1. Long term loans third parties | 89,000 | 59,19,479 | 23,000 | 15,31,961 |
| | 89,000 | 59,19,479 | 1,05,000 | 69,93,735 |
| B. CURRENT ASSETS | | | | |
| I. Inventories | | | | |
| 1. Finished goods and merchandis | 1,31,000 | 87,12,941 | 88,000 | 58,61,416 |
| II. Receivables | | | | |
| 1. Accounts receivable from trade | 3,69,000 | 2,45,42,559 | 3,63,000 | 2,41,78,341 |
| 2. Receivables intercompany | 4,000 | 2,66,044 | 6,000 | 3,99,642 |
| 3. Other receivables third parties | 7,000 | 4,65,577 | 8,000 | 5,32,856 |
| | 3,80,000 | 2,52,74,180 | 3,77,000 | 2,51,10,839 |
| III. Cash on hand and in banks, che | 1,04,000 | 69,17,144 | 86,000 | 57,28,202 |
| | 6,15,000 | 4,09,04,265 | 5,51,000 | 3,67,00,457 |
| C. PREPAYMENTS | | | | |
| 1. Prepaid expenses | 4,000 | 2,66,044 | 7,000 | 4,66,249 |
| TOTAL ASSETS | **7,08,000** | **4,70,89,788** | **6,64,000** | **4,42,27,048** |

| LIABILITIES AND SHAREHOLDER'S EQUITY | 31.12.2016 CHF | 31.12.2016 INR | 31.12.2015 CHF | 31.12.2015 INR |
|---|---|---|---|---|
| A. SHAREHOLDER'S EQUITY | | | | |
| I Share capital | 1,00,000 | 69,36,970 | 1,00,000 | 69,36,970 |
| II Capital reserves | 12,000 | 7,23,455 | 12,000 | 7,23,455 |
| III Retained earnings | 77,000 | 49,28,608 | 67,000 | 40,39,289 |
| IV Net profit | 1,78,000 | 1,21,41,757 | 90,000 | 60,09,951 |
| FCTR | - | -3,21,253 | - | 2,07,618 |
| | 3,67,000 | 2,44,09,537 | 2,69,000 | 1,79,17,283 |
| B. PROVISIONS | | | | |
| I Provision for guarantees (long term) | 8,000 | 5,32,088 | 9,000 | 5,99,463 |
| II Provision for restructuring (short term) | - | - | 1,14,000 | 75,93,198 |
| III Other provision (short term) | 34,000 | 22,61,374 | 30,000 | 19,98,210 |
| | 42,000 | 27,93,462 | 1,53,000 | 1,01,90,871 |
| C. LIABILITIES | | | | |
| I Current liabilities | | | | |
| 1. Current liabilities accounts external | 88,000 | 58,52,968 | 87,000 | 57,94,809 |
| 2. Current liabilities accounts intercompany | 17,000 | 11,30,687 | 40,000 | 26,64,280 |
| 3. Current liabilities against public institutions | 4,000 | 2,66,044 | 6,000 | 3,99,642 |
| 3. Other current liabilities third parties | 1,81,000 | 1,20,38,491 | 1,09,000 | 72,60,163 |
| | 2,90,000 | 1,92,88,190 | 2,42,000 | 1,61,18,894 |
| II Bank overdrafts | | | | |
| 1. Cash in transit | 9,000 | 5,98,599 | - | - |
| TOTAL EQUITY AND LIABILITIES | **7,08,000** | **4,70,89,788** | **6,64,000** | **4,42,27,048** |
| | - | - | - | - |

Independent practitioner's review report to the Board of Directors of
Lux Switzerland Ltd, Baar (Switzerland)

We have reviewed the accompanying financial information of Lux Switzerland Ltd, which comprise the balance sheet as at 31 December 2016, the income statement for the year then ended, and a summary of significant accounting policies of Lux Group and other explanatory information (on pages 1 to 4).

*Management's Responsibility for the financial information*

Management is responsible for the preparation of this financial information in accordance with the accounting policies of Lux Group as stated in the explanatory information to this financial information, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

*Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical financial information. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in conformity with the applicable accounting policies of Lux Group as stated in the explanatory information to this financial information. This standard also requires us to comply with relevant ethical requirements.

A review of financial information prepared for consolidation purposes in accordance with ISRE 2400 (revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with international standards on auditing. Accordingly, we do not express an audit opinion on this financial information.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that this accompanying financial information as at and for the year ended 31 December 2016 is not prepared, in all material respects, in conformity with the accounting policies of Lux Group as stated in the in the explanatory information to this financial information.

*Restriction on Use*

This financial information has been prepared for purposes of providing to Lux International AG to enable it to prepare the consolidated financial information of the Lux group. As a result, the financial information is not a completed set of financial information of Lux Switzerland Ltd (Switzerland) in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and of its financial performances. The financial information may, therefore not be suitable for another purpose and should not be used by parties other than Lux Switzerland Ltd (Switzerland), Lux International AG (Switzerland) and Eureka Forbes Limited (India).

| | |
|---|---|
| Sd/-<br>Roman Wenk | Sd/-<br>Yvonne Lingg |

Zurich, 6 March 2017

*Enclosure:*
- Financial information (balance sheet, income statement and a summary of significant accounting policies and other explanatory information (on pages 1 to 4)

Lux Service GmbH

(a subsidiary of Lux International AG)

# Financial Statements

For the year ended December 31, 2016

We have reviewed the accompanying financial information of Lux Service GmBH, which comprise the balance sheet as at 31 December 2016, the income statement for the year then ended, and a summary of significant accounting policies of Lux Group and other explanatory information (on pages 1 to 4).

*Management's Responsibility for the financial information*

Management is responsible for the preparation of this financial information in accordance with the accounting policies of Lux Group as stated in the explanatory information to this financial information, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

*Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical financial information. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in conformity with the applicable accounting policies of Lux Group as stated in the explanatory information to this financial information. This standard also requires us to comply with relevant ethical requirements.

A review of financial information prepared for consolidation purposes in accordance with ISRE 2400 (revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with international standards on auditing. Accordingly, we do not express an audit opinion on this financial information.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that this accompanying financial information as at and for the year ended 31 December 2016 is not prepared, in all material respects, in conformity with the accounting policies of Lux Group as stated in the in the explanatory information to this financial information.

*Restriction on Use*

This financial information has been prepared for purposes of providing to Lux International AG to enable it to prepare the consolidated financial information of the Lux group. As a result, the financial information is not a completed set of financial information of Lux Service GmBH (Germany) in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and of its financial performances. The financial information may, therefore not be suitable for another purpose and should not be used by parties other than Lux Service GmBH (Germany), Lux International AG (Switzerland) and Eureka Forbes Limited (India).

Sd/-
Roman Wenk

Sd/-
Yvonne Lingg

Zurich, 6 March 2017

*Enclosure:*
- Financial information (balance sheet, income statement and a summary of significant accounting policies and other explanatory information (on pages 1 to 4)

Lux Service GmBH
Balance Sheet

| PARTICULARS | 2016 TEUR | 2016 INR | 2015 TEUR | 2015 INR |
|---|---|---|---|---|
| Assets | | | | |
| Cash and bank balances | 38.00 | 27,09,533 | 11.00 | 7,93,296 |
| Cash in transit | - | - | | - |
| Restricted Cash in general | - | - | | - |
| Marketable securities (short-term) | - | - | | - |
| Restricted marketable securities in general | - | - | | - |
| Short-term deposits (< 90 days) | - | - | | - |
| TOTAL CASH & - EQUIVALENT | 38.00 | 27,09,533 | 11.00 | 7,93,296 |
| Total Trade receivables gross | 497.00 | 3,54,37,840 | 259.00 | 1,86,78,510 |
| Total Other receivables TP gross | 4.00 | 2,85,214 | - | - |
| *Less bad debts allowances* | - | - | - | - |
| Total Other receivables TP net | 501.00 | 3,57,23,054 | 259.00 | 1,86,78,510 |
| Receivables RP gross | - | - | - | - |
| *Less bad debts allowances RP* | - | - | - | - |
| TOTAL RECEIV. NET RP | - | - | - | - |
| Receivables IC gross | 256.00 | 1,82,53,696 | 138.00 | 99,52,256 |
| *Less bad debts allowances IC* | - | - | - | - |
| TOTAL RECEIV. NET IC | 256.00 | 1,82,53,696 | 138.00 | 99,52,256 |
| Total Hire Purchase short-term gross | - | - | - | - |
| Total Short Credits | - | - | - | - |
| *Less provision for unearned Hire-Purchase* | - | - | - | - |
| *Less bad debts allowances* | - | - | - | - |
| Refundable Sales Tax | - | - | - | - |
| TOTAL RECEIVABLES NET | - | - | - | - |
| TOTAL RECEIVABLES | 757.00 | 5,39,76,750 | 397.00 | 2,86,30,767 |
| Raw Materials | - | - | - | - |
| Semi finished products | - | - | - | - |
| Finished products gross | 2,403.00 | 17,13,42,311 | 1,763.00 | 12,71,43,681 |
| *Less inventory allowances finished products* | (209.00) | (1,49,02,432) | (87.00) | (62,74,249) |
| Demo Units | - | - | - | - |
| Aeroguard | 814.00 | 5,80,41,049 | 507.00 | 3,65,63,725 |
| *Less inventory allowances Aeroguard* | (15.00) | (10,69,553) | (9.00) | (6,49,060) |
| Goods in transit | - | - | - | - |
| *Less inventory allowances Others* | - | - | - | - |
| TOTAL INVENTORIES NET | 2,993.00 | 21,34,11,376 | 2,174.00 | 15,67,84,097 |
| Accrued income & Prepaym. TP | 31.00 | 22,10,409 | 1.00 | 72,118 |
| Accrued income & Prepaym. RP | - | - | - | - |
| Accrued income & Prepaym. IC | - | - | - | - |
| TOTAL ACCR. INCOME & PREPAYM. | 31.00 | 22,10,409 | 1.00 | 72,118 |
| TOTAL CURRENT ASSETS | 3,819.00 | 27,23,08,067 | 2,583.00 | 18,62,80,277 |
| Long-term loans TP gross | - | - | - | - |
| *Less Value adj. - Long-term loans TP* | - | - | - | - |
| TOTAL LOANS TP NET | - | - | - | - |
| Hire Purchase Long-term gross | - | - | - | - |
| *Less Value adj. - hire Purchase Long-term* | - | - | - | - |
| TOTAL HIRE PURCHASE LONG-TERM NET | - | - | - | - |
| Other investments TP gross | - | - | - | - |
| *Less value-adjustments - Other invest TP* | - | - | - | - |
| OTHER INVESTMENTS TP NET | - | - | - | - |
| Long-term loans RP gross | - | - | - | - |
| *Less value adj. Long-term loans RP* | - | - | - | - |
| TOTAL LOANS RP NET | - | - | - | - |
| Long-term loans IC gross | - | - | - | - |
| *Less value adj long-term loans IC* | - | - | - | - |
| TOTAL LONG-TERM LOANS IC NET | - | - | - | - |
| Investments in companies - IC & RP gross | - | - | - | - |
| *Less value-adjustments - Investments in companies IC & RP* | - | - | - | - |
| TOTAL INVESTMENTS IN COMPANIES IC & RP NET | - | - | - | - |
| TOTAL FINANCIAL ASSETS | - | - | - | - |
| TREASURY SHARES | - | - | - | - |
| Furniture, fixtures & office equipm. | 20.00 | 14,26,070 | 23.00 | 16,58,709 |
| Plant & Machinery | - | - | - | - |
| Plant & Machinery (finance lease) | - | - | - | - |
| Motor vehicles | - | - | - | - |
| Land and Buildings | - | - | - | - |
| Improvements | - | - | - | - |
| Leasehold improvements | - | - | - | - |
| Other equipment | 48.00 | 34,22,568 | 1.00 | 72,118 |
| TOTAL FIXED TANGIBLE ASSETS | 68.00 | 48,48,638 | 24.00 | 17,30,827 |
| Patents, labels and licences | 238.00 | 1,69,70,233 | 2.00 | 1,44,236 |
| Goodwill / Badwill | - | - | - | - |
| Other intangible assets | - | - | - | - |
| TOTAL INTANGIBLE ASSETS | 238.00 | 1,69,70,233 | 2.00 | 1,44,236 |
| Deferred tax assets | | - | | - |
| TOTAL NON-CURRENT ASSETS | 306.00 | 2,18,18,871 | 26.00 | 18,75,063 |
| TOTAL | 4,125.00 | 29,41,26,938 | 2,609.00 | 18,81,55,340 |

Lux Service GmBH
Balance Sheet

| PARTICULARS | 2016 TEUR | 2016 INR | 2015 TEUR | 2015 INR |
|---|---|---|---|---|
| Liabilities & Equity | | | | |
| Bank overdrafts | - | - | - | - |
| Bank liabilities - due within 1 year | - | - | - | - |
| Cash in transit | - | - | - | - |
| BANK OVERDRAFTS | - | - | - | - |
| Current liabilities from refinancing | - | - | | - |
| Current liabilities accounts external | 818.00 | 5,83,26,263 | 652.00 | 4,70,20,806 |
| Cur. liab. against public instit./ health insurance | 29.00 | 20,67,802 | 23.00 | 16,58,709 |
| Value added tax (VAT) payable | - | - | - | - |
| Withholding tax payable | 29.00 | 20,67,802 | 23.00 | 16,58,709 |
| Social security premiums | - | - | - | - |
| Income tax liabilities | - | - | - | - |
| Current liabilities against employees / salesforce | - | - | - | - |
| Commissions for agents | - | - | - | - |
| Personnel | - | - | - | - |
| Other current liabilities TP | 288.00 | 2,05,35,408 | 53.00 | 38,22,243 |
| Advances from customer | - | - | - | - |
| Current liabilities accounts RP | - | - | - | - |
| Current liabilities accounts IC | 1,457.00 | 10,38,89,200 | 1,718.00 | 12,38,98,380 |
| CURRENT LIABILITIES | 2,592.00 | 18,48,18,672 | 2,446.00 | 17,64,00,139 |
| Accrued exp. and prepaid income TP | | - | - | - |
| Accrued exp. and prepaid income RP | | - | - | - |
| Accrued exp. and prepaid income IC | | - | - | - |
| TOTAL ACCRUED EXP. AND PREP. INCOME | - | - | - | - |
| Provision for restructuring (short-term) | - | - | - | - |
| Provision for human resource (short-term) | 135.00 | 96,25,973 | 91.00 | 65,62,720 |
| Provision for taxes (short-term) | - | - | - | - |
| Other provision (short-term) | 51.00 | 36,36,479 | 47.00 | 33,89,537 |
| TOTAL PROVISIONS (short-term) | 186.00 | 1,32,62,451 | 138.00 | 99,52,256 |
| TOTAL CURRENT LIABILITIES | 2,778.00 | 19,80,81,123 | 2,584.00 | 18,63,52,395 |
| Provision for pensions (long-term) | - | - | - | - |
| Provision for guarantees (long-term) | - | - | - | - |
| Provision for restructuring (long-term) | - | - | - | - |
| Provision for human resource (long-term) | - | - | - | - |
| Provision for taxes (long-term) | - | - | - | - |
| Other provision (long-term) | - | - | - | - |
| TOTAL PROVISIONS (long-term) | - | - | - | - |
| Bank debts (long-term) | - | - | - | - |
| Other non-current liabilities TP | - | - | - | - |
| Shareholder loans | - | - | - | - |
| Finance lease liability (long-term) | - | - | - | - |
| Long-term loans payable RP | - | - | - | - |
| Long-term loans payable IC | 347.00 | 2,47,42,315 | - | - |
| Other long-term liabilities | - | - | - | - |
| OTHER NON-CURRENT LIABILITIES | 347.00 | 2,47,42,315 | - | - |
| Deferred tax liabilities | | - | | - |
| TOTAL NON-CURRENT LIABILITIES | 347.00 | 2,47,42,315 | - | - |
| Share capital | 25.00 | 18,44,673 | 25.00 | 18,44,673 |
| Capital reserves | 975.00 | 6,95,20,913 | - | - |
| Revenue Reserves | | - | | - |
| Equity Bond | | - | | - |
| Reserves for own shares | | - | | - |
| Revaluation reserves | | - | | - |
| Untaxed reserves | | - | | - |
| Minority interests: equity ./. result | | - | | - |
| Minority interests: result current period | | - | | - |
| Retained earnings | | - | | - |
| FCTR | | (62,085) | | (41,727) |
| Profit (Loss) | - | - | - | - |
| rounding difference / CTA | | - | | - |
| Total equity | 1,000.00 | 7,13,03,500 | 25.00 | 18,02,945 |
| TOTAL | 4,125.00 | 29,41,26,938 | 2,609.00 | 18,81,55,340 |
| | - | - | - | - |

Lux Service GmBH
Profit & Loss Statement

| PARTICULARS | 2016 | | 2015 | |
|---|---|---|---|---|
| | TEUR | INR | TEUR | INR |
| Net Sales,Total | 8,623.00 | 63,79,83,003 | 10,297.51 | 73,26,44,932 |
| Landed Cost | (8,133.00) | (60,17,29,765) | (8,052.11) | (57,28,89,878) |
| Gross Profit,External | 490.00 | 3,62,53,238 | 2,245.40 | 15,97,55,055 |
| Other revenue | 1,628.00 | 12,04,49,534 | 282.42 | 2,00,93,544 |
| Gross Profit | 2,118.00 | 15,67,02,772 | 2,527.82 | 17,98,48,598 |
| TOTAL ADMIN EXPENSES | (2,073.00) | (15,33,73,393) | (2,511.90) | (17,87,15,950) |
| LUX OPERATING RESULT I | 45.00 | 33,29,379 | 15.92 | 11,32,648 |
| TOT. EXTRAORD. OPER. EXP./ INC | (26.00) | (19,23,641) | - | - |
| LUX OPERATING RESULT II | 19.00 | 14,05,738 | 15.92 | 11,32,648 |
| Depreciations fixed assets | (11.00) | (8,13,848) | (15.54) | (11,05,754) |
| Amortizations intang assets | (1.00) | (73,986) | | - |
| LUX OPERATING RESULT III | 7.00 | 5,17,903 | 0.38 | 26,894 |
| TOTAL FINANCIAL RESULT | (7.00) | (5,17,903) | - | - |
| LUX RESULT PRE TAX | - | - | 0.38 | 26,894 |
| Total Taxes | - | - | 0.38 | 26,894 |
| LUX NET RESULT | - | - | - | - |

Significant accounting policies of Lux Group and other explanatory information of Lux Service GmBH

## Basis of preparation and explanatory information

The financial information of Lux Service GmBH have been prepared for purposes of providing Lux International AG and its subsidiaries (Lux Group) to enable to prepare the consolidated financial information of the group. The consolidated financial statements constitute a true and fair view of the Lux group’s financial position and earnings in accordance with Swiss GAAP FER.

As result, the financial information of of Lux Service GmBH is not a completed set of financial information of in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and its financial performances. The financial information may, therefore not be

## Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks, other short term and highly liquid investments with original maturities of three months or less from the balance sheet date.

## Restricted cash and cash equivalents

Restricted cash and cash equivalents includes funds that are not available for on-going operations.

## Accounts receivable

Accounts receivable are initially recorded at their nominal value after deduction of hire purchase charges not due. All receivables are value adjusted according to the time they are overdue.

| | |
|---|---|
| • not due (hire purchase only) | 1% |
| • overdue up to one month | 5% |
| • overdue 1 to 2 months | 25% |
| • overdue 2 to 4 months | 50% |
| • overdue 4 to 6 months | 80% |
| • overdue 6 months and more | 100% |

In any case, an additional provision for doubtful trade receivables is made if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Indicators that the trade receivable is impaired might be significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, financial reorganisation and default or delinquency in payments. The amount of the provision is recognised in the income statement within Net Credit Direct Sales (CDS) result.

*Hire purchase (HP) charges*

Charges to the customer arising from sales on credit are only reported as income to the extent that the charges are due. Unearned charges are calculated on an annuity basis over the period of the hire purchase contract.

## Loans

The loans are booked at cost less additional provision for doubtful loans if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of the loan contracts.

## Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary courseof business, less applicable variable selling expenses. Value adjustments are effected for obsolete stock.

## Property, plant and equipment

Property, plant and equipment (tangible fixed assets) are capitalised if they can be used during more than one year. Tangible fixed assets are stated at acquisition or construction cost less accumulated depreciation using the straight-line method over the estimated useful lifetime. The following useful lifetimes are generally applied:

| | |
|---|---|
| > Computer equipment | 3 years |
| > Office machines | 3 years |
| > Tooling and demo kits | 5 years |
| > Vehicles | 5 years |
| > Machines | 10 years |
| > Land and improvement | 15 years |
| > Buildings | 20 - 40 years |
| > Leasehold improvements | period of lease |

## Intangible assets

*Patents, licenses and trademarks*

Patents, licenses and trademarks are measured initially at cost. Based on reliable cost measurements, intangible assets are recognised on the probability of the future economic benefits as well as proper attribution to the asset. After initial recognition, intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment losses. Patents, licenses and trademarks are amortised on a straight line basis over the best estimate of their useful lives but not exceeding 10 years. The amortisation periods are reviewed annually at each financial year end.

*Development costs*

Indirect development costs for products are expensed. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sales, its intention to complete and its ability to use or sell the asset, how the asset will generate economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits.

*Goodwill*

The excess of the cost of an acquisition over the Group's interest in the fair value of the net identifiable assets acquired as at the date of the exchange transaction is recorded as goodwill and recognised as an asset in the balance sheet.

When the Group acquires additional interests in a joint venture the excess of the cost of this acquisition compared to the book value of the acquired net assets is recognized as goodwill. After initial recognition goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis over the estimated useful life of 5 years. Any negative goodwill (badwill) resulting from the acquisition of a subsidiary or interest in a joint venture is recorded to the income statement in the period of the transaction.

## Impairment of assets

The carrying amount of the Group's assets, other than inventories and receivables, are reviewed by Group management at each balance sheet date to determine whether there is any indication of impairment. The review is based on events and signs that point to possible overvaluations in book values. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the income statement. The recoverable amount is the higher of the net selling price and value in use. An impairment loss with respect to goodwill is not reversed. In respect to other assets, an impairment loss is – fully or partially - reversed if there has been a change in the estimates used to

## Trade liabilities

Trade liabilities include short-term and non-interest bearing liabilities resulting from ordinary business activities.

## Bank debts

Borrowings are initially recognised at the proceeds received. They are subsequently carried at normal values. Bank debts are classified long term and short term.

## Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Restructuring provisions are reported in the event of any necessary reorganisation of activity sectors or newly acquired subsidiaries. Restructuring provisions comprise i.e. lease termination and employee termination

## 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.

## Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group’s activities. Revenue is shown, net of value-added tax, estimated returns and after elimination of sales within the Group.

*Sales Commission*

Sales commission is paid by product suppliers as a contribution to marketing and promotion activities.

*Interest income*

Interest income is recognised as it accrues on an effective yield basis, when it is determined that such income will flow to the Group.

## Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee.

Assets held under finance leases are recognised as assets of the Group at their fair value. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are charged to the profit and loss statement over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss statement as incurred.

## Management assumptions and significant estimates

The preparation of financial information 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.

Lux/ SK/ s. r. o

(a wholly owned Subsidiary Company of Forbes Lux Group AG)

Financial Statements
For the year ended December 31, 2016

We have reviewed the accompanying financial information of Lux/SK/s.r.o., which comprise the balance sheet as at 31 December 2016, the income statement for the year then ended, and a summary of significant accounting policies of Lux Group and other explanatory information (on pages 1 to 4).

*Management's Responsibility for the financial information*

Management is responsible for the preparation of this financial information in accordance with the accounting policies of Lux Group as stated in the explanatory information to this financial information, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

*Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical financial information. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in conformity with the applicable accounting policies of Lux Group as stated in the explanatory information to this financial information. This standard also requires us to comply with relevant ethical requirements.

A review of financial information prepared for consolidation purposes in accordance with ISRE 2400 (revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with international standards on auditing. Accordingly, we do not express an audit opinion on this financial information.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that this accompanying financial information as at and for the year ended 31 December 2016 is not prepared, in all material respects, in conformity with the accounting policies of Lux Group as stated in the in the explanatory information to this financial information.

*Restriction on Use*

This financial information has been prepared for purposes of providing to Lux International AG to enable it to prepare the consolidated financial information of the Lux group. As a result, the financial information is not a completed set of financial information of Lux/SK/s.r.o.(Slovakia) in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and of its financial performances. The financial information may, therefore not be suitable for another purpose and should not be used by parties other than Lux SK S.r.o (Slovakia), Lux International AG (Switzerland) and Eureka Forbes Limited (India).

Sd/-
Roman Wenk

Sd/-
Yvonne Lingg

Zurich, 6 March 2017

*Enclosure:*
- Financial information (balance sheet, income statement and a summary of significant accounting policies and other explanatory information (on pages 1 to 4)

Lux SK S.r.o
Balance Sheet

| | | 2016 | | 2015 | |
|---|---|---|---|---|---|
| | PARTICULARS | TEUR | INR | TEUR | INR |
| | Assets | | | | |
| 11100 | Cash and bank balances | 51 | 36,36,479 | 55 | 39,66,479 |
| 11110 | Cash in transit | - | - | - | - |
| 11116 | Restricted Cash in general | - | - | - | - |
| 11200 | Marketable securities (short-term) | - | - | - | - |
| 11201 | Restricted marketable securities in general | - | - | - | - |
| 11300 | Short-term deposits (< 90 days) | - | - | - | - |
| 11999 | TOTAL CASH & - EQUIVALENT | 51 | 36,36,479 | 55 | 39,66,479 |
| 12149.9 | Total Trade receivables gross | 191 | 1,36,18,969 | 159 | 1,14,66,730 |
| 12149 | Total Other receivables TP gross | 21 | 14,97,374 | 21 | 15,14,474 |
| 12150 | *Less bad debts allowances* | (158) | (1,12,65,953) | (148) | (1,06,73,434) |
| 12199 | Total Other receivables TP net | 54 | 38,50,389 | 32 | 23,07,770 |
| 12200 | Receivables RP gross | - | - | - | - |
| 12250 | *Less bad debts allowances RP* | - | - | - | - |
| 12299 | TOTAL RECEIV. NET RP | - | - | - | - |
| 12300 | Receivables IC gross | - | - | 1 | 72,118 |
| 12350 | *Less bad debts allowances IC* | - | - | - | - |
| 12399 | TOTAL RECEIV. NET IC | - | - | 1 | 72,118 |
| 12499 | Total Hire Purchase short-term gross | - | - | - | - |
| 12699 | Total Short Credits | - | - | - | - |
| 12500 | *Less provision for unearned Hire-Purchase* | - | - | - | - |
| 12700 | *Less bad debts allowances* | - | - | - | - |
| 12800 | Refundable Sales Tax | - | - | - | - |
| | TOTAL RECEIVABLES NET | - | - | - | - |
| 12999 | TOTAL RECEIVABLES | 54 | 38,50,389 | 33 | 23,79,887 |
| 13100 | Raw Materials | - | - | - | - |
| 13110 | Semi finished products | - | - | - | - |
| 13200 | Finished products gross | 26 | 18,53,891 | 83 | 59,85,777 |
| 13250 | *Less inventory allowances finished products* | (7) | (4,99,125) | (8) | (5,76,942) |
| 13400 | Demo Units | - | - | - | - |
| 13450 | Aeroguard | - | - | 6 | 4,32,707 |
| 13475 | *Less inventory allowances Aeroguard* | - | - | - | - |
| 13500 | Goods in transit | - | - | - | - |
| 13600 | *Less inventory allowances Others* | - | - | - | - |
| 13999 | TOTAL INVENTORIES NET | 19 | 13,54,767 | 81 | 58,41,542 |
| 14900 | Accrued income & Prepaym. TP | 2 | 1,42,607 | 8 | 5,76,942 |
| 14910 | Accrued income & Prepaym. RP | - | - | - | - |
| 14920 | Accrued income & Prepaym. IC | - | - | - | - |
| 14999 | TOTAL ACCR. INCOME & PREPAYM. | 2 | 1,42,607 | 8 | 5,76,942 |
| 10999 | TOTAL CURRENT ASSETS | 126 | 89,84,241 | 177 | 1,27,64,851 |
| 18300 | Long-term loans TP gross | - | - | - | - |
| 18350 | *Less Value adj. - Long-term loans TP* | - | - | - | - |
| 18399 | TOTAL LOANS TP NET | - | - | - | - |
| 18400 | Hire Purchase Long-term gross | - | - | - | - |
| 18450 | *Less Value adj. - hire Purchase Long-term* | - | - | - | - |
| 18499 | TOTAL HIRE PURCHASE LONG-TERM NET | - | - | - | - |
| 18200 | Other investments TP gross | - | - | - | - |
| 18250 | *Less value-adjustments - Other invest TP* | - | - | - | - |
| 18299 | OTHER INVESTMENTS TP NET | - | - | - | - |
| 17240 | Long-term loans RP gross | - | - | - | - |
| 17245 | *Less value adj. Long-term loans RP* | - | - | - | - |
| 17249 | TOTAL LOANS RP NET | - | - | - | - |
| 17230 | Long-term loans IC gross | - | - | - | - |
| 17235 | *Less value adj long-term loans IC* | - | - | - | - |
| 17239 | TOTAL LONG-TERM LOANS IC NET | - | - | - | - |
| 18100 | Investments in companies - IC & RP gross | - | - | - | - |
| 18150 | *Less value-adjustments - Investments in companies IC & R* | - | - | - | - |
| 18199 | TOTAL INVESTMENTS IN COMPANIES IC & RP NET | - | - | - | - |
| 18999 | TOTAL FINANCIAL ASSETS | - | - | - | - |
| 15600 | TREASURY SHARES | - | - | - | - |
| 15700 | Furniture, fixtures & office equipm. | - | - | - | - |
| 15710 | Plant & Machinery | - | - | - | - |
| 15711 | Plant & Machinery (finance lease) | - | - | - | - |
| 15720 | Motor vehicles | - | - | - | - |
| 15730 | Land and Buildings | - | - | - | - |
| 15740 | Improvements | - | - | - | - |
| 15745 | Leasehold improvements | - | - | - | - |
| 15790 | Other equipment | - | - | - | - |
| 15799 | TOTAL FIXED TANGIBLE ASSETS | - | - | - | - |
| 15800 | Patents, labels and licences | - | - | - | - |
| 15810 | Goodwill / Badwill | - | - | - | - |
| 15900 | Other intangible assets | - | - | - | - |
| 15899 | TOTAL INTANGIBLE ASSETS | - | - | - | - |
| 19099 | Deferred tax assets | - | - | - | - |
| 15999 | TOTAL NON-CURRENT ASSETS | - | - | - | - |
| | TOTAL | 126 | 89,84,241 | 177 | 1,27,64,851 |
| | Liabilities & Equity | | | | |
| 21100 | Bank overdrafts | - | - | - | - |
| 21105 | Bank liabilities - due within 1 year | - | - | - | - |
| 21110 | Cash in transit | - | - | - | - |
| 21999 | BANK OVERDRAFTS | - | - | - | - |
| 22100 | Current liabilities from refinancing | - | - | - | - |
| 22150 | Current liabilities accounts external | - | - | 4 | 2,88,471 |
| 22399 | Cur. liab. against public instit./ health insurance | 8 | 5,70,428 | 20 | 14,42,356 |

Lux SK S.r.o
Balance Sheet

| | PARTICULARS | 2016 TEUR | 2016 INR | 2015 TEUR | 2015 INR |
|---|---|---|---|---|---|
| 22310 | Value added tax (VAT) payable | 6 | 4,27,821 | 7 | 5,04,825 |
| 22320 | Withholding tax payable | 2 | 1,42,607 | 7 | 5,04,825 |
| 22330 | Social security premiums | - | - | 6 | 4,32,707 |
| 22340 | Income tax liabilities | - | - | - | - |
| 22499 | Current liabilities against employees / salesforce | 1 | 71,304 | 27 | 19,47,181 |
| 22410 | Commissions for agents | 1 | 71,304 | 25 | 18,02,945 |
| 22420 | Personnel | - | - | 2 | 1,44,236 |
| 22500 | Other current liabilities TP | - | - | - | - |
| 22600 | Advances from customer | - | - | - | - |
| 22200 | Current liabilities accounts RP | - | - | - | - |
| 22300 | Current liabilities accounts IC | 7 | 4,99,125 | 34 | 24,52,005 |
| 22999 | CURRENT LIABILITIES | 16 | 11,40,856 | 85 | 61,30,013 |
| 24900 | Accrued exp. and prepaid income TP | - | - | - | - |
| 24910 | Accrued exp. and prepaid income RP | - | - | - | - |
| 24920 | Accrued exp. and prepaid income IC | - | - | - | - |
| 24999 | TOTAL ACCRUED EXP. AND PREP. INCOME | - | - | - | - |
| 25300 | Provision for restructuring (short-term) | - | - | - | - |
| 25400 | Provision for human resource (short-term) | - | - | 15 | 10,81,767 |
| 25500 | Provision for taxes (short-term) | - | - | - | - |
| 25900 | Other provision (short-term) | 62 | 44,20,817 | 12 | 8,65,414 |
| 25999 | TOTAL PROVISIONS (short-term) | 62 | 44,20,817 | 27 | 19,47,181 |
| 23999 | TOTAL CURRENT LIABILITIES | 78 | 55,61,673 | 112 | 80,77,194 |
| 26100 | Provision for pensions (long-term) | - | - | - | - |
| 26200 | Provision for guarantees (long-term) | - | - | - | - |
| 26300 | Provision for restructuring (long-term) | - | - | - | - |
| 26400 | Provision for human resource (long-term) | 10 | 7,13,035 | 9 | 6,49,060 |
| 26500 | Provision for taxes (long-term) | - | - | - | - |
| 26900 | Other provision (long-term) | - | - | - | - |
| 26909 | TOTAL PROVISIONS (long-term) | 10 | 7,13,035 | 9 | 6,49,060 |
| 27100 | Bank debts (long-term) | - | - | - | - |
| 27110 | Other non-current liabilities TP | - | - | - | - |
| 27210 | Shareholder loans | - | - | - | - |
| 27220 | Finance lease liability (long-term) | - | - | - | - |
| 27240 | Long-term loans payable RP | - | - | - | - |
| 27230 | Long-term loans payable IC | - | - | 15 | 10,81,767 |
| 27250 | Other long-term liabilities | - | - | - | - |
| 27299 | OTHER NON-CURRENT LIABILITIES | - | - | 15 | 10,81,767 |
| 29099 | Deferred tax liabilities | | - | | - |
| 26999 | TOTAL NON-CURRENT LIABILITIES | 10 | 7,13,035 | 24 | 17,30,827 |
| 28100 | Share capital | 843 | 6,24,28,404 | 563 | 4,24,63,424 |
| 28120 | Capital reserves | 67 | 52,59,667 | 67 | 52,59,667 |
| 28130 | Revenue Reserves | | - | | - |
| 28150 | Equity Bond | | - | | - |
| 28200 | Reserves for own shares | | - | | - |
| 28210 | Revaluation reserves | | - | | - |
| 28220 | Untaxed reserves | | - | | - |
| 28800 | Minority interests: equity ./. result | | - | | - |
| 28810 | Minority interests: result current period | | - | | - |
| 28400 | Retained earnings | (589) | (4,47,14,836) | (385) | (3,01,90,724) |
| | FCTR | | 6,74,392 | | (51,425) |
| 28500 | Profit (Loss) | (283) | (2,09,38,095) | (204) | (1,45,24,112) |
| 28998 | rounding difference / CTA | | - | | - |
| 28999 | Total equity | 38 | 27,09,533 | 41 | 29,56,830 |
| | TOTAL | 126 | 89,84,241 | 177 | 1,27,64,851 |
| | | - | - | - | - |

Lux SK S.r.o
Profit & Loss Statement

| | PARTICULARS | 2016 | | 2015 | |
|---|---|---|---|---|---|
| | | TEUR | INR | TEUR | INR |
| | Net Sales,Total | 323 | 2,38,97,543 | 631 | 4,49,17,314 |
| 30299 | Landed Cost - external | (136) | (1,00,62,123) | (225) | (1,60,33,797) |
| | Gross Profit | 187 | 1,38,35,419 | 406 | 2,88,83,517 |
| 31999 | TOTAL SALES EXPENSES | (262) | (1,93,84,384) | (383) | (2,72,31,678) |
| 32999 | TOTAL ADMIN EXPENSES | (67) | (49,57,075) | (224) | (1,59,17,115) |
| 33504 | Expenses for Services | (26) | (19,23,641) | | - |
| | LUX OPERATING RESULT BEFORE CDS | (168) | (1,24,29,682) | (201) | (1,42,65,276) |
| 34999 | CDS Result | (3) | (2,21,959) | (2) | (1,76,375) |
| | LUX OPERATING RESULT I | (171) | (1,26,51,640) | (203) | (1,44,41,652) |
| 35999 | TOT. EXTRAORD. OPER. EXP./ INC | (105) | (77,68,551) | - | - |
| | LUX OPERATING RESULT II | (276) | (2,04,20,191) | (203) | (1,44,41,652) |
| 37999 | TOTAL FINANCIAL RESULT | (6) | (4,43,917) | 2 | 1,22,445 |
| | LUX RESULT PRE TAX | (282) | (2,08,64,108) | (201) | (1,43,19,206) |
| 39099 | Total Taxes | (1) | (73,986) | (3) | (2,04,906) |
| | LUX NET RESULT | (283) | (2,09,38,095) | (204) | (1,45,24,112) |

Significant accounting policies of Lux Group and other explanatory information of Lux/SK/s.r.o.

## Basis of preparation and explanatory information

The financial information of Lux/SK/s.r.o. have been prepared for purposes of providing Lux International AG and its subsidiaries (Lux Group) to enable to prepare the consolidated financial information of the group. The consolidated financial statements constitute a true and fair view of the Lux group's financial position and earnings in accordance with Swiss GAAP FER.

As result, the financial information of of Lux/SK/s.r.o. is not a completed set of financial information of in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and its financial performances. The financial information may, therefore not be

## Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks, other short term and highly liquid investments with original maturities of three months or less from the balance sheet date.

## Restricted cash and cash equivalents

Restricted cash and cash equivalents includes funds that are not available for on-going operations.

## Accounts receivable

Accounts receivable are initially recorded at their nominal value after deduction of hire purchase charges not due. All receivables are value adjusted according to the time they are overdue.

| | |
|---|---|
| • not due (hire purchase only) | 1% |
| • overdue up to one month | 5% |
| • overdue 1 to 2 months | 25% |
| • overdue 2 to 4 months | 50% |
| • overdue 4 to 6 months | 80% |
| • overdue 6 months and more | 100% |

In any case, an additional provision for doubtful trade receivables is made if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Indicators that the trade receivable is impaired might be significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, financial reorganisation and default or delinquency in payments. The amount of the provision is recognised in the income statement within Net Credit Direct Sales (CDS) result.

*Hire purchase (HP) charges*

Charges to the customer arising from sales on credit are only reported as income to the extent that the charges are due. Unearned charges are calculated on an annuity basis over the period of the hire purchase contract.

## Loans

The loans are booked at cost less additional provision for doubtful loans if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of the loan contracts.

## Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary courseof business, less applicable variable selling expenses. Value adjustments are effected for obsolete stock.

## Property, plant and equipment

Property, plant and equipment (tangible fixed assets) are capitalised if they can be used during more than one year. Tangible fixed assets are stated at acquisition or construction cost less accumulated depreciation using the straight-line method over the estimated useful lifetime. The following useful lifetimes are generally applied:

| | |
|---|---|
| > Computer equipment | 3 years |
| > Office machines | 3 years |
| > Tooling and demo kits | 5 years |
| > Vehicles | 5 years |
| > Machines | 10 years |
| > Land and improvement | 15 years |
| > Buildings | 20 - 40 years |
| > Leasehold improvements | period of lease |

## Intangible assets

*Patents, licenses and trademarks*

Patents, licenses and trademarks are measured initially at cost. Based on reliable cost measurements, intangible assets are recognised on the probability of the future economic benefits as well as proper attribution to the asset. After initial recognition, intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment losses. Patents, licenses and trademarks are amortised on a straight line basis over the best estimate of their useful lives but not exceeding 10 years. The amortisation periods are reviewed annually at each financial year end.

*Development costs*

Indirect development costs for products are expensed. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sales, its intention to complete and its ability to use or sell the asset, how the asset will generate economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits.

*Goodwill*

The excess of the cost of an acquisition over the Group's interest in the fair value of the net identifiable assets acquired as at the date of the exchange transaction is recorded as goodwill and recognised as an asset in the balance sheet.

When the Group acquires additional interests in a joint venture the excess of the cost of this acquisition compared to the book value of the acquired net assets is recognized as goodwill. After initial recognition goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis over the estimated useful life of 5 years. Any negative goodwill (badwill) resulting from the acquisition of a subsidiary or interest in a joint venture is recorded to the income statement in the period of the transaction.

## Impairment of assets

The carrying amount of the Group's assets, other than inventories and receivables, are reviewed by Group management at each balance sheet date to determine whether there is any indication of impairment. The review is based on events and signs that point to possible overvaluations in book values. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the income statement. The recoverable amount is the higher of the net selling price and value in use. An impairment loss with respect to goodwill is not reversed. In respect to other assets, an impairment loss is – fully or partially - reversed if there has been a change in the estimates used to

## Trade liabilities

Trade liabilities include short-term and non-interest bearing liabilities resulting from ordinary business activities.

## Bank debts

Borrowings are initially recognised at the proceeds received. They are subsequently carried at normal values. Bank debts are classified long term and short term.

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Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Restructuring provisions are reported in the event of any necessary reorganisation of activity sectors or newly acquired subsidiaries. Restructuring provisions comprise i.e. lease termination and employee termination

## 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.

## Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, estimated returns and after elimination of sales within the Group.

*Sales Commission*

Sales commission is paid by product suppliers as a contribution to marketing and promotion activities.

*Interest income*

Interest income is recognised as it accrues on an effective yield basis, when it is determined that such income will flow to the Group.

## Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee.

Assets held under finance leases are recognised as assets of the Group at their fair value. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are charged to the profit and loss statement over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss statement as incurred.

## Management assumptions and significant estimates

The preparation of financial information 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.

Lux Waterline Gmbh

(a wholly owned subsidiary of Lux Professional International GmbH)

Financial Statements

For the year ended December 31, 2016

We have reviewed the accompanying financial information of Lux Waterline GmBH, which comprise the balance sheet as at 31 December 2016, the income statement for the period from 11 May 2016 to 31 December 2016, and a summary of significant accounting policies of Lux Group and other explanatory information (on pages 1 to 4).

*Management's Responsibility for the financial information*

Management is responsible for the preparation of this financial information in accordance with the accounting policies of Lux Group as stated in the explanatory information to this financial information, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

*Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical financial information. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in conformity with the applicable accounting policies of Lux Group as stated in the explanatory information to this financial information. This standard also requires us to comply with relevant ethical requirements.

A review of financial information prepared for consolidation purposes in accordance with ISRE 2400 (revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with international standards on auditing. Accordingly, we do not express an audit opinion on this financial information.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that this accompanying financial information as at and for the year ended 31 December 2016 is not prepared, in all material respects, in conformity with the accounting policies of Lux Group as stated in the in the explanatory information to this financial information.

*Restriction on Use*

This financial information has been prepared for purposes of providing to Lux International AG to enable it to prepare the consolidated financial information of the Lux group. As a result, the financial information is not a completed set of financial information of Lux Waterline GmBH (Germany) in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and of its financial performances. The financial information may, therefore not be suitable for another purpose and should not be used by parties other than Lux Waterline GmBH (Germany), Lux International AG (Switzerland) and Eureka Forbes Limited (India).

Sd/-
Roman Wenk

Sd/-
Yvonne Lingg

Zurich, 6 March 2017

*Enclosure:*
- Financial information (balance sheet, income statement and a summary of significant accounting policies and other explanatory information (on pages 1 to 4)

Lux Waterline GmBH
Balance Sheet

| | | 2016 | | |
|---|---|---|---|---|
| | PARTICULARS | TEUR | EUR | INR |
| | Assets | | | |
| 11100 | Cash and bank balances | 6 | 6,000 | 4,27,821 |
| 11110 | Cash in transit | - | - | - |
| 11116 | Restricted Cash in general | - | - | - |
| 11200 | Marketable securities (short-term) | - | - | - |
| 11201 | Restricted marketable securities in general | - | - | - |
| 11300 | Short-term deposits (< 90 days) | - | - | - |
| 11999 | TOTAL CASH & - EQUIVALENT | 6 | 6,000 | 4,27,821 |
| 12149.9 | Total Trade receivables gross | - | - | - |
| 12149 | Total Other receivables TP gross | 16 | 16,000 | 11,40,856 |
| 12150 | *Less bad debts allowances* | - | - | - |
| 12199 | Total Other receivables TP net | 16 | 16,000 | 11,40,856 |
| 12200 | Receivables RP gross | - | - | - |
| 12250 | *Less bad debts allowances RP* | - | - | - |
| 12299 | TOTAL RECEIV. NET RP | - | - | - |
| 12300 | Receivables IC gross | 2 | 2,000 | 1,42,607 |
| 12350 | *Less bad debts allowances IC* | - | - | - |
| 12399 | TOTAL RECEIV. NET IC | 2 | 2,000 | 1,42,607 |
| 12499 | Total Hire Purchase short-term gross | - | - | - |
| 12699 | Total Short Credits | 5 | 5,000 | 3,56,518 |
| 12500 | *Less provision for unearned Hire-Purchase* | - | - | - |
| 12700 | *Less bad debts allowances* | - | - | - |
| 12800 | Refundable Sales Tax | - | - | - |
| | TOTAL RECEIVABLES NET | 5 | 5,000 | 3,56,518 |
| 12999 | TOTAL RECEIVABLES | 23 | 23,000 | 16,39,981 |
| 13100 | Raw Materials | - | - | - |
| 13110 | Semi finished products | - | - | - |
| 13200 | Finished products gross | 3 | 3,000 | 2,13,911 |
| 13250 | *Less inventory allowances finished products* | - | - | - |
| 13400 | Demo Units | - | - | - |
| 13450 | Aeroguard | - | - | - |
| 13475 | *Less inventory allowances Aeroguard* | - | - | - |
| 13500 | Goods in transit | - | - | - |
| 13600 | *Less inventory allowances Others* | - | - | - |
| 13999 | TOTAL INVENTORIES NET | 3 | 3,000 | 2,13,911 |
| 14900 | Accrued income & Prepaym. TP | - | - | - |
| 14910 | Accrued income & Prepaym. RP | - | - | - |
| 14920 | Accrued income & Prepaym. IC | - | - | - |
| 14999 | TOTAL ACCR. INCOME & PREPAYM. | - | - | - |
| 10999 | TOTAL CURRENT ASSETS | 32 | 32,000 | 22,81,712 |
| 18300 | Long-term loans TP gross | - | - | - |
| 18350 | *Less Value adj. - Long-term loans TP* | - | - | - |
| 18399 | TOTAL LOANS TP NET | - | - | - |
| 18400 | Hire Purchase Long-term gross | - | - | - |
| 18450 | *Less Value adj. - hire Purchase Long-term* | - | - | - |
| 18499 | TOTAL HIRE PURCHASE LONG-TERM NET | - | - | - |
| 18200 | Other investments TP gross | - | - | - |
| 18250 | *Less value-adjustments - Other invest TP* | - | - | - |
| 18299 | OTHER INVESTMENTS TP NET | - | - | - |
| 17240 | Long-term loans RP gross | - | - | - |
| 17245 | *Less value adj. Long-term loans RP* | - | - | - |
| 17249 | TOTAL LOANS RP NET | - | - | - |
| 17230 | Long-term loans IC gross | - | - | - |
| 17235 | *Less value adj long-term loans IC* | - | - | - |
| 17239 | TOTAL LONG-TERM LOANS IC NET | - | - | - |
| 18100 | Investments in companies - IC & RP gross | - | - | - |
| 18150 | *Less value-adjustments - Investments in companies IC &* | - | - | - |
| 18199 | TOTAL INVESTMENTS IN COMPANIES IC & RP NET | - | - | - |
| 18999 | TOTAL FINANCIAL ASSETS | - | - | - |
| 15600 | TREASURY SHARES | - | - | - |
| 15700 | Furniture, fixtures & office equipm. | 7 | 7,000 | 4,99,125 |
| 15710 | Plant & Machinery | - | - | - |
| 15711 | Plant & Machinery (finance lease) | - | - | - |
| 15720 | Motor vehicles | - | - | - |
| 15730 | Land and Buildings | - | - | - |
| 15740 | Improvements | - | - | - |
| 15745 | Leasehold improvements | 1 | 1,000 | 71,304 |
| 15790 | Other equipment | 1 | 1,000 | 71,304 |
| 15799 | TOTAL FIXED TANGIBLE ASSETS | 9 | 9,000 | 6,41,732 |

Lux Waterline GmBH
Balance Sheet

| | PARTICULARS | | 2016 TEUR | 2016 EUR | 2016 INR |
|---|---|---|---|---|---|
| 15800 | Patents, labels and licences | | - | - | - |
| 15810 | Goodwill / Badwill | | - | - | - |
| 15900 | Other intangible assets | | - | - | - |
| 15899 | TOTAL INTANGIBLE ASSETS | | - | - | - |
| 19099 | Deferred tax assets | | - | - | - |
| 15999 | TOTAL NON-CURRENT ASSETS | | 9 | 9,000 | 6,41,732 |
| | | TOTAL | 41 | 41,000 | 29,23,444 |
| | Liabilities & Equity | | | | |
| 21100 | Bank overdrafts | | - | - | - |
| 21105 | Bank liabilities - due within 1 year | | - | - | - |
| 21110 | Cash in transit | | 2 | 2,000 | 1,42,607 |
| 21999 | BANK OVERDRAFTS | | 2 | 2,000 | 1,42,607 |
| 22100 | Current liabilities from refinancing | | - | - | - |
| 22150 | Current liabilities accounts external | | - | - | - |
| 22399 | Cur. liab. against public instit./ health insurance | | 18 | 18,000 | 12,83,463 |
| 22310 | Value added tax (VAT) payable | | - | - | - |
| 22320 | Withholding tax payable | | 13 | 13,000 | 9,26,946 |
| 22330 | Social security premiums | | 5 | 5,000 | 3,56,518 |
| 22340 | Income tax liabilities | | 20 | 20,000 | 14,26,070 |
| 22499 | Current liabilities against employees / salesforce | | - | - | - |
| 22410 | Commissions for agents | | - | - | - |
| 22420 | Personnel | | 20 | 20,000 | 14,26,070 |
| 22500 | Other current liabilities TP | | 15 | 15,000 | 10,69,553 |
| 22600 | Advances from customer | | - | - | - |
| 22200 | Current liabilities accounts RP | | - | - | - |
| 22300 | Current liabilities accounts IC | | 41 | 41,000 | 29,23,444 |
| 22999 | CURRENT LIABILITIES | | 94 | 94,000 | 67,02,529 |
| 24900 | Accrued exp. and prepaid income TP | | - | - | - |
| 24910 | Accrued exp. and prepaid income RP | | - | - | - |
| 24920 | Accrued exp. and prepaid income IC | | - | - | - |
| 24999 | TOTAL ACCRUED EXP. AND PREP. INCOME | | - | - | - |
| 25300 | Provision for restructuring (short-term) | | - | - | - |
| 25400 | Provision for human resource (short-term) | | 11 | 11,000 | 7,84,339 |
| 25500 | Provision for taxes (short-term) | | - | - | - |
| 25900 | Other provision (short-term) | | 2 | 2,000 | 1,42,607 |
| 25999 | TOTAL PROVISIONS (short-term) | | 13 | 13,000 | 9,26,946 |
| 23999 | TOTAL CURRENT LIABILITIES | | 109 | 1,09,000 | 77,72,082 |
| 26100 | Provision for pensions (long-term) | | - | - | - |
| 26200 | Provision for guarantees (long-term) | | - | - | - |
| 26300 | Provision for restructuring (long-term) | | - | - | - |
| 26400 | Provision for human resource (long-term) | | - | - | - |
| 26500 | Provision for taxes (long-term) | | - | - | - |
| 26900 | Other provision (long-term) | | - | - | - |
| 26909 | TOTAL PROVISIONS (long-term) | | - | - | - |
| 27100 | Bank debts (long-term) | | - | - | - |
| 27110 | Other non-current liabilities TP | | - | - | - |
| 27210 | Shareholder loans | | - | - | - |
| 27220 | Finance lease liability (long-term) | | - | - | - |
| 27240 | Long-term loans payable RP | | 236 | 2,36,000 | 1,68,27,626 |
| 27230 | Long-term loans payable IC | | - | - | - |
| 27250 | Other long-term liabilities | | - | - | - |
| 27299 | OTHER NON-CURRENT LIABILITIES | | 236 | 2,36,000 | 1,68,27,626 |
| 29099 | Deferred tax liabilities | | - | - | - |
| 26999 | TOTAL NON-CURRENT LIABILITIES | | 236 | 2,36,000 | 1,68,27,626 |
| 28100 | Share capital | | 25 | 25,000 | 17,82,588 |
| 28120 | Capital reserves | | - | - | - |
| 28130 | Revenue Reserves | | - | - | - |
| 28150 | Equity Bond | | - | - | - |
| 28200 | Reserves for own shares | | - | - | - |
| 28210 | Revaluation reserves | | - | - | - |
| 28220 | Untaxed reserves | | - | - | - |
| 28800 | Minority interests: equity ./. result | | - | - | - |
| 28810 | Minority interests: result current period | | - | - | - |
| | FCTR | | | | 8,82,608 |
| 28400 | Retained earnings | | - | - | - |
| 28500 | Profit (Loss) | | (329) | (3,29,000) | (2,43,41,460) |
| 28998 | rounding difference / CTA | | - | - | - |
| 28999 | Total equity | | (304) | (3,04,000) | (2,16,76,264) |
| | | TOTAL | 41 | 41,000 | 29,23,444 |

Lux Waterline GmBH
Profit & Loss Statement

| | PARTICULARS | 2016 TEUR | 2016 EUR | 2016 INR |
|---|---|---|---|---|
| 30099 | Gross Sales Products, external | 56 | 56,000 | 41,43,227 |
| 30010 | Sales - Direct Sales - Cash - to TP | 56 | 56,000 | 41,43,227 |
| 30011 | Sales - Direct Sales - Invoice/short credit - to TP | - | - | - |
| 30012 | Sales - Direct Sales - Lux Credit - to TP | - | - | - |
| 30013 | Sales - Direct Sales - Bank Credit - to TP | - | - | - |
| 30020 | Sales - Direct Sales - Wholesale to Distributors | - | - | - |
| 30030 | After Sales Filter/dustbags - to TP | - | - | - |
| 30035 | After Sales Annual Maint. contracts | - | - | - |
| 30100 | Returns Products, external | - | - | - |
| 30150 | Reserve for bad debts - TP (not CDS) | - | - | - |
| 30110 | Loss on receivables - TP | - | - | - |
| 30199 | Net Sales,External | 56 | 56,000 | 41,43,227 |
| 30300 | - Net Sales, Sales to Group -> AC03-A | - | - | - |
| 30301 | - Net Sales, Sales to Related parties -> AC03-A | - | - | - |
| 30350 | - Returns from Group -> AC03-A | - | - | - |
| 30351 | - Returns from Related parties -> AC03-A | - | - | - |
| | Net Sales,Total | 56 | 56,000 | 41,43,227 |
| 30299 | Landed Cost - external | (13) | (13,000) | (9,61,821) |
| 30201 | Cost Direct Sales ex Factory | (13) | (13,000) | (9,61,821) |
| 30202 | Cost After Sales Filter/Dustbags ex Factory | - | - | - |
| 30203 | Cost AMC ex Factory | - | - | - |
| 30204 | Freight & transportation, demurrage | - | - | - |
| 30205 | Duties | - | - | - |
| | Gross Profit,External | 43 | 43,000 | 31,81,407 |
| 30400 | Landed Cost Sales to Group -> AC03-A | - | - | - |
| 30401 | Landed Cost Sales to Related parties -> AC03-A | - | - | - |
| | Gross Profit,Internal | 43 | 43,000 | 31,81,407 |
| 30599 | Other revenue | - | - | - |
| 30502 | Income from license/patents - TP | - | - | - |
| 30503 | Income from license/patents - IC -> AC03-A | - | - | - |
| 30504 | Income from Services - IC -> AC03-A | - | - | - |
| 30505 | Income from Services - RP -> AC03-A | - | - | - |
| 30550 | Other income | - | - | - |
| | Gross Profit | 43 | 43,000 | 31,81,407 |
| | SALES | | | |
| 31100 | Salesmen, remuneration variable to sales | (20) | (20,000) | (14,79,724) |
| 31150 | Salesmen, remuneration non-variable to sales | (67) | (67,000) | (49,57,075) |
| 31160 | Salesmen, vehicles and transport exp | (13) | (13,000) | (9,61,821) |
| 31199 | TOTAL SALESMEN | (100) | (1,00,000) | (73,98,620) |
| 31200 | Sales management, variable to sales | (19) | (19,000) | (14,05,738) |
| 31250 | Sales management, non-variable to sales | (89) | (89,000) | (65,84,772) |
| 31260 | Sales management, vehicle and transport exp | (6) | (6,000) | (4,43,917) |
| 31265 | Sales management, travel exp | (11) | (11,000) | (8,13,848) |
| 31299 | TOTAL SALES MANAGEMENT | (125) | (1,25,000) | (92,48,275) |
| 31300 | Telemarketing Staff | - | - | - |
| 31310 | Telemarketing Management | - | - | - |
| 31320 | Telemarketing Telephone exp | - | - | - |
| 31350 | Telemarketing Income from Salesmen | - | - | - |
| 31399 | TOTAL TELEMARKETING | - | - | - |
| 31400 | Sales Administration Staff Branch Offices | (6) | (6,000) | (4,43,917) |
| 31410 | Premises Branch Offices | (18) | (18,000) | (13,31,752) |
| 31420 | Trade fair Expenses | (11) | (11,000) | (8,13,848) |
| 31430 | Incentive/SP for Salesmen & Management | - | - | - |
| 31440 | Postage, Telephone | (3) | (3,000) | (2,21,959) |
| 31450 | Advertising and PR | - | - | - |
| 31460 | Demo and other Sales Expenses | (9) | (9,000) | (6,65,876) |
| 31470 | Recruitment / training | (8) | (8,000) | (5,91,890) |
| 31480 | Delivery exp to customers | (15) | (15,000) | (11,09,793) |
| 31498 | Guarantee result | - | - | - |
| 31490 | Guarantee costs - spareparts | - | - | - |
| 31491 | Guarantee costs - other | - | - | - |
| 31492 | Guarantee income - allowance from supplier | - | - | - |
| 31499 | TOTAL OTHER SALES EXPENSES | (70) | (70,000) | (51,79,034) |
| 31999 | TOTAL SALES EXPENSES | (295) | (2,95,000) | (2,18,25,929) |

Lux Waterline GmBH
Profit & Loss Statement

| | PARTICULARS | 2016 TEUR | 2016 EUR | 2016 INR |
|---|---|---|---|---|
| | ADMINISTRATION | | | |
| 32100 | Administration Staff | - | - | - |
| 32120 | Administration, travel exp | (1) | (1,000) | (73,986) |
| 32199 | TOTAL ADMIN STAFF | (1) | (1,000) | (73,986) |
| 32200 | Premises | - | - | - |
| 32201 | Machinery and equipment | (3) | (3,000) | (2,21,959) |
| 32202 | Postage, Telephone | - | - | - |
| 32203 | Consultancy | (7) | (7,000) | (5,17,903) |
| 32206 | Audit fees | - | - | - |
| 32207 | Insurance | (1) | (1,000) | (73,986) |
| 32204 | Other Administration expenses | (18) | (18,000) | (13,31,752) |
| 32205 | Pension Expenses | - | - | - |
| 32299 | TOTAL ADMIN OTHERS | (29) | (29,000) | (21,45,600) |
| 32300 | Technical Customer Service exp | - | - | - |
| 32350 | Technical Customer Service Income | - | - | - |
| 32399 | TECH CUSTOMER SERVICE NET | - | - | - |
| 32400 | LOGISTIC | - | - | - |
| 32401 | Inventory differences/Stock adjustm | - | - | - |
| 32402 | IT | (1) | (1,000) | (73,986) |
| 32999 | TOTAL ADMIN EXPENSES | (31) | (31,000) | (22,93,572) |
| 33504 | Expenses for Services - Group -> AC03-A | (40) | (40,000) | (29,59,448) |
| 33505 | Expenses for Services - Rel. Parties -> AC03-A | - | - | - |
| | LUX OPERATING RESULT BEFORE CDS | (323) | (3,23,000) | (2,38,97,543) |
| | CREDIT DIRECT SALES (CDS) | | | |
| 34100 | CDS income own financing | - | - | - |
| 34150 | CDS income from kickbacks | 1 | 1,000 | 73,986 |
| 34200 | Bad debts / Changes in RSV for unearned CDS | - | - | - |
| 34210 | Bad debts / Changes in allowance | - | - | - |
| 34220 | Bad debts / real loss charge-off | - | - | - |
| 34250 | Bad debts / release of reserves | - | - | - |
| 34300 | Collection expenses / legal fees | - | - | - |
| 34310 | Collector expenses | - | - | - |
| 34400 | Cash to factoring comp | - | - | - |
| 34900 | Other CDS income | - | - | - |
| 34910 | Other CDS expense | - | - | - |
| 34999 | CDS Result | 1 | 1,000 | 73,986 |
| 34998 | Less : Calculated interest average AR CDS Netresul | - | - | - |
| | LUX OPERATING RESULT I | (322) | (3,22,000) | (2,38,23,556) |
| 0 | EXTRAORD. OPERATING EXPENSE / INCOME | | | |
| 35100 | Exchange diff. real. | - | - | - |
| 35101 | Exchange diff. unreal. | - | - | - |
| 35200 | Prior period adjustment | - | - | - |
| 35250 | Restructuring reserves / expenses | - | - | - |
| 35300 | Royalties to Group (expense) -> AC03-A | - | - | - |
| 35310 | Royalties related parties -> AC03-A | - | - | - |
| 35400 | Dividends -> AC03-A | - | - | - |
| 35450 | shareholders contribution | - | - | - |
| 35500 | Government grants received | - | - | - |
| 35600 | Revaluation of Group Shares | - | - | - |
| 35650 | Gain on sale of fixed assets | - | - | - |
| 35655 | Loss on sale of fixed assets | - | - | - |
| 35700 | Release of provisions | - | - | - |
| 35900 | Extraordinary Expenses | - | - | - |
| 35950 | Extraordinary Income | - | - | - |
| 35999 | TOT. EXTRAORD. OPER. EXP./ INC | - | - | - |
| | LUX OPERATING RESULT II | (322) | (3,22,000) | (2,38,23,556) |
| 36100 | Depreciations fixed assets | (4) | (4,000) | (2,95,945) |
| 36110 | Amortizations intang assets | - | - | - |
| | LUX OPERATING RESULT III | (326) | (3,26,000) | (2,41,19,501) |
| 37100 | Interest income Group -> AC03-A | - | - | - |
| 37110 | Interest expenses Group -> AC03-A | (3) | (3,000) | (2,21,959) |
| 37120 | Interest income related parties -> AC03-A | - | - | - |
| 37130 | Interest expenses related parties -> AC03-A | - | - | - |
| 37200 | Interest income, external | - | - | - |
| 37250 | Interest expenses, external | - | - | - |
| 37500 | Bank fees | - | - | - |
| 37999 | TOTAL FINANCIAL RESULT | (3) | (3,000) | (2,21,959) |
| | LUX RESULT PRE TAX | (329) | (3,29,000) | (2,43,41,460) |
| 39099 | Total Taxes | - | - | - |
| 39100 | Income taxes | - | - | - |
| 39150 | Local Sales tax | - | - | - |
| 39400 | Witholding tax (interest, royalties) | - | - | - |
| 39200 | Deferred taxes | - | - | - |
| 39300 | Changes tax provisions | - | - | - |
| | LUX NET RESULT | (329) | (3,29,000) | (2,43,41,460) |

## Basis of preparation and explanatory information

The financial information of Lux Waterline GmBH have been prepared for purposes of providing Lux International AG and its subsidiaries (Lux Group) to enable to prepare the consolidated financial information of the group. The consolidated financial statements constitute a true and fair view of the Lux group's financial position and earnings in accordance with Swiss GAAP FER.

As result, the financial information of of Lux Waterline GmBH is not a completed set of financial information of in accordance with Swiss GAAP FER and is not intend to give a true and fair view, in all material aspects, the balance sheet as at 31 December 2016, and its financial performances. The financial information may, therefore not be

## Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks, other short term and highly liquid investments with original maturities of three months or less from the balance sheet date.

## Restricted cash and cash equivalents

Restricted cash and cash equivalents includes funds that are not available for on-going operations.

## Accounts receivable

Accounts receivable are initially recorded at their nominal value after deduction of hire purchase charges not due. All receivables are value adjusted according to the time they are overdue.

| | |
|---|---|
| • not due (hire purchase only) | 1% |
| • overdue up to one month | 5% |
| • overdue 1 to 2 months | 25% |
| • overdue 2 to 4 months | 50% |
| • overdue 4 to 6 months | 80% |
| • overdue 6 months and more | 100% |

In any case, an additional provision for doubtful trade receivables is made if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Indicators that the trade receivable is impaired might be significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, financial reorganisation and default or delinquency in payments. The amount of the provision is recognised in the income statement within Net Credit Direct Sales (CDS) result.

*Hire purchase (HP) charges*

Charges to the customer arising from sales on credit are only reported as income to the extent that the charges are due. Unearned charges are calculated on an annuity basis over the period of the hire purchase contract.

## Loans

The loans are booked at cost less additional provision for doubtful loans if there is impartial evidence that the Group will not be able to collect all amounts due according to the original terms of the loan contracts.

## Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary courseof business, less applicable variable selling expenses. Value adjustments are effected for obsolete stock.

## Property, plant and equipment

Property, plant and equipment (tangible fixed assets) are capitalised if they can be used during more than one year. Tangible fixed assets are stated at acquisition or construction cost less accumulated depreciation using the straight-line method over the estimated useful lifetime. The following useful lifetimes are generally applied:

| | |
|---|---|
| > Computer equipment | 3 years |
| > Office machines | 3 years |
| > Tooling and demo kits | 5 years |
| > Vehicles | 5 years |
| > Machines | 10 years |
| > Land and improvement | 15 years |
| > Buildings | 20 - 40 years |
| > Leasehold improvements | period of lease |

## Intangible assets

*Patents, licenses and trademarks*

Patents, licenses and trademarks are measured initially at cost. Based on reliable cost measurements, intangible assets are recognised on the probability of the future economic benefits as well as proper attribution to the asset. After initial recognition, intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment losses. Patents, licenses and trademarks are amortised on a straight line basis over the best estimate of their useful lives but not exceeding 10 years. The amortisation periods are reviewed annually at each financial year end.

*Development costs*

Indirect development costs for products are expensed. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sales, its intention to complete and its ability to use or sell the asset, how the asset will generate economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefits.

*Goodwill*

The excess of the cost of an acquisition over the Group’s interest in the fair value of the net identifiable assets acquired as at the date of the exchange transaction is recorded as goodwill and recognised as an asset in the balance sheet.

When the Group acquires additional interests in a joint venture the excess of the cost of this acquisition compared to the book value of the acquired net assets is recognized as goodwill. After initial recognition goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis over the estimated useful life of 5 years. Any negative goodwill (badwill) resulting from the acquisition of a subsidiary or interest in a joint venture is recorded to the income statement in the period of the transaction.

## Impairment of assets

The carrying amount of the Group’s assets, other than inventories and receivables, are reviewed by Group management at each balance sheet date to determine whether there is any indication of impairment. The review is based on events and signs that point to possible overvaluations in book values. If any such indication exists, the asset’s recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the income statement. The recoverable amount is the higher of the net selling price and value in use. An impairment loss with respect to goodwill is not reversed. In respect to other assets, an impairment loss is – fully or partially - reversed if there has been a change in the estimates used to determine the

## Trade liabilities

Trade liabilities include short-term and non-interest bearing liabilities resulting from ordinary business activities.

## Bank debts

Borrowings are initially recognised at the proceeds received. They are subsequently carried at normal values. Bank debts are classified long term and short term.

## Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Restructuring provisions are reported in the event of any necessary reorganisation of activity sectors or newly acquired subsidiaries. Restructuring provisions comprise i.e. lease termination and employee termination payments.

## 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.

## Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group’s activities. Revenue is shown, net of value-added tax, estimated returns and after elimination of sales within the Group.

*Sales Commission*

Sales commission is paid by product suppliers as a contribution to marketing and promotion activities.

*Interest income*

Interest income is recognised as it accrues on an effective yield basis, when it is determined that such income will flow to the Group.

## Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee.

Assets held under finance leases are recognised as assets of the Group at their fair value. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are charged to the profit and loss statement over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss statement as incurred.

## Management assumptions and significant estimates

The preparation of financial information 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.

Shapoorji Pallonji Forbes Shipping Limited

(Formerly SCI Forbes Limited)

(a subsidiary Company)

Financial Statements

For the year ended March 31, 2017

## INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF**
**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**
*(Formerly SCI FORBES LIMITED)*

### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Shapoorji Pallonji Forbes Shipping Limited (Formerly SCI Forbes Limited), ('the Company'), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

### Management's Responsibility for the Ind AS 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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 Ind AS 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 Ind AS 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.

KALYANIWALLA & MISTRY LLP MUMBAI

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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, and its Profit (financial performance including other comprehensive income), its cash flows and the changes in equity 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. 39 to the financial statements regarding the application made by the Company on July 10, 2015 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 the Central Government is still 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.

KALYANIWALLA & MISTRY LLP MUMBAI

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, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with the relevant rule issued thereunder.

   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 as amended by the Companies (Audit and Auditors) Amendment Rules, 2017, 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. Refer Note 32 to the Ind AS 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.

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iv. The Company has provided requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. Refer Note 35 to the Ind AS financial statements.

**For Kalyaniwalla & Mistry LLP**
Chartered Accountants
Firm Registration No: 104607W / W100166

D Fraser

**Daraius Fraser**
Partner
Membership Number: 42454

Place : Mumbai
Date: April 25, 2017

## 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 Ind AS financial statements of the Company for the year ended March 31, 2017:

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.

KALYANIWALLA & MISTRY LLP MUMBAI

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, 2017, 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 | 2,342,052 | 2009-2010 | Appellate Tribunal, Mumbai |
| 2 | Income – tax Act, 1961 | Income Tax | 7,079,947 | 2010-2011 | Appellate Tribunal, Mumbai |
| 3 | Income – tax Act, 1961 | Income Tax | 875,210 | 2011-2012 | Commissioner of Income Tax (Appeals), Mumbai |
| 4 | Income – tax Act, 1961 | Income Tax | 255,090 | 2012-2013 | Commissioner of Income Tax (Appeals), Mumbai |
| 5 | Finance Act, 1994 | Service Tax | 6,218,589 | 2011-2012 to 2015-2016 | Assistant Commissioner Service Tax - Audit |

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 LLP MUMBAI

11. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration for the year in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013. However, 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 on July 10, 2015 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 INR 4,220,000 of the Chief Executive Officer and Manager for the said period. The approval of the Central Government is still awaited.

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 related parties are in compliance with sections 177 and 188 of the Act, wherever applicable. The details of such transactions have been disclosed in note 31 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 LLP**
Chartered Accountants
Firm Registration No: 104607W / W100166

D Fraser

**Daraius Fraser**
Partner
Membership Number: 42454

Place : Mumbai
Date : April 25, 2017

## 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, 2017 :

**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, 2017 in conjunction with our audit of the Ind AS 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.

KALYANIWALLA & MISTRY LLP MUMBAI

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.

KALYANIWALLA & MISTRY LLP MUMBAI

## 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, 2017, 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 LLP**
Chartered Accountants
Firm Registration No: 104607W / W100166

D Fraser

**Daraius Fraser**
Partner
Membership Number: 42454

Place : Mumbai
Date: April 25, 2017.

# Shapoorji Pallonji Forbes Shipping Limited

CIN: U61100MH2006PLC163149

## Eleventh Annual Report

F.Y. 2016-17

Period ended as on 31st March 2017

### Registered Office Address

Forbes Building, Charanjit Rai Marg, Fort, Mumbai – 400001. India.

**Board of Directors**

MICHAEL PHILIP PINTO DIN No. 00021565

APURVA SHISHIR DIWANJI DIN No. 0032072

UMESH NARAIN KHANNA DIN No. 03634361

MAHESH TAHILYANI DIN No.01423084

ZARINE COMMISSARIAT DIN No.07146151

S. KUPPUSWAMY DIN No. 00058836

**Auditor**

Kalyaniwalla & Mistry (Chartered Accountants) Firm Reg. No. 104607W

**Bankers**

State Bank of India, Cuff Parade Branch, Mumbai, India.

Axis Bank Ltd, Fort Branch, Mumbai, India.

Axis Bank Ltd, DIFC, Dubai, UAE.

DBS, Asia Central, Singapore.

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED
Balance sheet at March 31, 2017
All amounts are in INR unless otherwise stated

| | Notes | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| **Non-current Assets** | | | | | | | |
| (a) Property, plant and equipment | 6 | | 3,198,015,764 | | 3,481,459,983 | | 3,523,986,070 |
| (b) Intangible assets | 7 | | 61,323 | | 122,818 | | 62,164 |
| (c) Other Financial assets | 8 | | 159,436,547 | | 150,883,580 | | 127,577,525 |
| (d) Other non-current assets | 9 | | 21,981,076 | | 15,725,629 | | 8,738,351 |
| **Total Non-current Assets** | | | 3,379,494,710 | | 3,648,192,010 | | 3,660,364,110 |
| **Current Assets** | | | | | | | |
| (a) Financial assets | | | | | | | |
| (i)Trade receivables | 10 | 75,847,152 | | 85,122,004 | | 103,847,048 | |
| (ii) Cash and cash equivalents | 11 | 153,465,471 | | 72,136,276 | | 25,588,643 | |
| (iii) Bank balances other than (ii) above | 12 | 292,239,276 | | 99,419,536 | | 100,387,479 | |
| (iv) Other Financial assets | 8 | 19,279,514 | 540,831,413 | 37,654,106 | 294,331,922 | 37,654,106 | 267,477,276 |
| (b) Other current assets | 13 | | 6,331,155 | | 8,898,833 | | 17,896,614 |
| **Total Current Assets** | | | 547,162,568 | | 303,230,755 | | 285,373,890 |
| **Total Assets** | | | 3,926,657,278 | | 3,951,422,765 | | 3,945,738,000 |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| (a) Equity share capital | 14 | 820,000,000 | | 1,600,000,000 | | 1,600,000,000 | |
| (b) Other Equity | 15 | 901,658,148 | | 64,592,727 | | (86,170,125) | |
| **Total Equity** | | | 1,721,658,148 | | 1,664,592,727 | | 1,513,829,875 |
| **Liabilities** | | | | | | | |
| **Non-current Liabilities** | | | | | | | |
| (a) Financial Liabilities | | | | | | | |
| Borrowings | 16 | | 2,023,034,503 | | 2,164,052,875 | | 2,300,726,015 |
| (b) Provisions | 17 | | 471,139 | | 220,906 | | - |
| **Total Non-current Liabilities** | | | 2,023,505,642 | | 2,164,273,781 | | 2,300,726,015 |
| **Current liabilities** | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| (ii) Trade payables | 18 | 16,400,443 | | 7,930,423 | | 28,676,336 | |
| (iii) Other financial liabilities | 19 | 164,567,733 | 180,968,176 | 114,483,389 | 122,413,812 | 100,231,092 | 128,907,428 |
| (b) Provisions | 17 | | 42,452 | | 21,695 | | 1,608,743 |
| (c) Current tax liabilities (Net) | 20 | | 18,345 | | 20,402 | | 24,636 |
| (d) Other current liabilities | 21 | | 464,515 | | 100,348 | | 641,303 |
| **Total Current Liabilities** | | | 181,493,488 | | 122,556,257 | | 131,182,110 |
| **Total Liabilities** | | | 2,204,999,130 | | 2,286,830,038 | | 2,431,908,125 |
| **Total Equity and Liabilities** | | | 3,926,657,278 | | 3,951,422,765 | | 3,945,738,000 |

Summary of significant accounting policies 3

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 LLP
CHARTERED ACCOUNTANTS

Firm Registration No. : 104607W / W100166

D. Fraser
Daraius Fraser
PARTNER
Membership Number: 42454
Mumbai, Dated : 25th April 2017

For and on behalf of the Board

Director

Director

Chief Financial Officer

Company Secretary
Mumbai, Dated : 25th April 2017

Chief Executive Officer

KALYANIWALLA & MISTRY LLP MUMBAI

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED

Statement of Profit and Loss for the year ended March 31, 2017

All amounts are in INR unless otherwise stated

| | Notes | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|
| Revenue from Operations | 22 | 972,990,155 | 1,008,413,429 |
| Other income | 23 | (11,035,165) | 23,679,530 |
| **Total Income** | | **961,954,990** | **1,032,092,959** |
| **Expenses** | | | |
| Employee benefits expense | 24 | 294,206,976 | 276,290,298 |
| Finance costs | 25 | 120,927,022 | 141,033,826 |
| Depreciation and amortisation expense | 26 | 248,809,382 | 238,127,201 |
| Operating and Other Expenses | 27 | 231,008,946 | 224,495,016 |
| **Total expenses** | | **894,952,326** | **879,946,341** |
| **Profit before tax** | | **67,002,664** | **152,146,618** |
| **Tax expense** | | | |
| Current tax | 28 | 2,094,000 | 1,388,000 |
| Income tax of prior year | | (490,057) | (4,234) |
| | | **1,603,943** | **1,383,766** |
| **Profit for the year** | | **65,398,721** | **150,762,852** |
| **Other Comprehensive Income** | | - | - |
| **Total comprehensive income for the year** | | **65,398,721** | **150,762,852** |
| Earnings per equity share | | | |
| Nominal value of share INR.10 (March 31, 2016:INR.10) | 29 | | |
| (1) Basic (INR) | | 0.43 | 0.94 |
| (2) Diluted (INR) | | 0.43 | 0.94 |

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 LLP**
CHARTERED ACCOUNTANTS
Firm Registration No. : 104607W / W100166

**Daraius Fraser**
PARTNER
Membership Number: 42454
Mumbai. Dated : 25th April 2017

KALYANIWALLA & MISTRY LLP MUMBAI

**For and on behalf of the Board**

Director

Director

**Chief Financial Officer**

**Company Secretary**

**Chief Executive Officer**

Mumbai, Dated : 25th April 2017

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED

| Statement of changes in equity for the year ended March 31, 2017<br>All amounts are in INR unless otherwise stated | |
|---|---|
| a. Equity share capital | Amount |
| Balance at April 1, 2015 | 1,600,000,000 |
| Changes in equity share capital during the year | - |
| Balance at March 31, 2016 | 1,600,000,000 |
| Changes in equity share capital during the year:<br>Reduction of equity share capital under sections 100 to 104 of the Companies Act, 1956 | (780,000,000) |
| Balance at March 31, 2017 | 820,000,000 |

Statement of changes in equity for the year ended March 31, 2017 – continued

All amounts are in INR unless otherwise stated

| b. Other equity | Reserves and Surplus | | | Total |
|---|---|---|---|---|
| | Capital component of Preference Shares | Tonnage Tax Reserve | Retained earnings | |
| Balance at April 1, 2015 | 1,005,476,105 | 45,150,000 | (1,136,796,230) | (86,170,125) |
| Profit for the year | | | 150,762,852 | 150,762,852 |
| Total comprehensive income for the year | - | - | 150,762,852 | 150,762,852 |
| Transfer from retained earnings to Tonnage Tax reserve | | 23,500,000 | (23,500,000) | - |
| Addition on recast of Profit under IND AS -Transfer from retained earnings to Tonnage Tax reserve | | 6,700,000 | (6,700,000) | - |
| Balance at March 31, 2016 | 1,005,476,105 | 75,350,000 | (1,016,233,378) | 64,592,727 |
| Profit for the year | | | 65,398,721 | 65,398,721 |
| Total comprehensive income for the year | - | - | 65,398,721 | 65,398,721 |
| Adjustment of losses on reduction of equity capital | | | 772,600,000 | 772,600,000 |
| Capital Reduction costs | | | (933,300) | (933,300) |
| Transfer from retained earnings to Tonnage Tax reserve | | 13,100,000 | (13,100,000) | - |
| Balance at March 31, 2017 | 1,005,476,105 | 88,450,000 | (192,267,957) | 901,658,148 |

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 LLP
CHARTERED ACCOUNTANTS
Firm Registration No. 104607W / W100166

Darius Fraser
PARTNER
Membership Number: 42454
Mumbai, Dated : 25th April 2017

KALYANIWALLA & MISTRY LLP MUMBAI

For and on behalf of the Board

Director

Director

Chief Financial Officer

Company Secretary
Mumbai, Dated : 25th April 2017

Chief Executive Officer

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED

Statement of cash flows for the year ended March 31, 2017

All amounts are in INR unless otherwise stated

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **A. Cash flows from operating activities** | | |
| Profit for the year before tax | 67,002,664 | 152,146,618 |
| Adjustments for | | |
| Finance costs recognised in profit or loss | 120,927,022 | 141,033,826 |
| Interest income recognised in profit or loss | (5,948,509) | (3,240,599) |
| (Gain) / loss on disposal of property, plant and equipment | - | 37,263 |
| Depreciation and amortisation of property, plant and equipment | 248,809,382 | 238,127,201 |
| Net foreign exchange (gain) / loss | 12,406,275 | (8,410,981) |
| | **443,196,834** | **519,693,328** |
| **Movements in working capital:** | | |
| (Increase) / Decrease in trade receivables | 9,274,852 | 18,725,044 |
| (Increase) / Decrease in other financial assets | 18,442,325 | - |
| (Increase) / Decrease in other current assets | 1,149,324 | 8,997,780 |
| (Increase) / Decrease in other non - current assets | (5,767,447) | (6,982,857) |
| Increase / (Decrease) in trade payables | 8,493,178 | (22,241,055) |
| Increase / (Decrease) in other current financial liabilities | 4,945,359 | 361,481 |
| Increase / (Decrease) in provisions | 270,990 | (1,366,142) |
| Increase / (Decrease) in current liabilities | 364,167 | (540,955) |
| | 37,172,748 | (3,046,704) |
| Cash generated from operations | **480,369,582** | **516,646,624** |
| Income taxes paid | (2,094,000) | (1,392,420) |
| **Net cash generated by operating activities** | **478,275,582** | **515,254,204** |
| **B. Cash flows from investing activities** | | |
| Movements in deposit placed as security with lender bank | (13,013,708) | (15,967,337) |
| Interest received | 5,948,509 | 3,240,599 |
| Payments for property, plant and equipment (Includes Drydock expenses) | (772,172) | (80,664,766) |
| Proceeds from disposal of property, plant and equipment | - | 35,178 |
| Fixed Deposits with bank not consider as part of cash equivalents | | |
| - Placed | (199,442,888) | - |
| - Matured | - | 4,104,823 |
| **Net cash used in investing activities** | (207,280,259) | (89,251,503) |
| **C. Cash flows from financing activities** | | |
| Repayment of share capital under a scheme of capital reduction | (7,400,000) | - |
| Payment of share capital reduction costs | (933,300) | - |
| Repayment of borrowings | (94,196,884) | (277,055,301) |
| Interest paid | (84,637,207) | (110,509,086) |
| **Net cash used in financing activities** | (187,167,391) | (387,564,387) |
| **Net increase in cash and cash equivalents** | 83,827,932 | 38,438,315 |
| Cash and cash equivalents at the beginning of the year | 72,136,276 | 25,588,643 |
| Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies | (2,498,737) | 8,109,319 |
| **Cash and cash equivalents at the end of the year** | **153,465,471** | **72,136,276** |
| Non-cash financing activity: Reduction of share capital under court sanctioned scheme of capital reduction | 772,600,000 | - |

As per our report of even date
For and on behalf of
**KALYANIWALLA & MISTRY LLP**
CHARTERED ACCOUNTANTS
Firm Registration No. : 104607W / W100166

D. Fraser

**Daraius Fraser**
PARTNER
Membership Number: 42454
Mumbai, Dated . 25th April 2017

KALYANIWALLA & MISTRY LLP * MUMBAI

**For and on behalf of the Board**

Director

Director

**Chief Financial Officer**

**Company Secretary** **Chief Executive Officer**
Mumbai, Dated : 25th April 2017

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED *

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED

Notes to the financial statements for the year ended March 31, 2017

All amounts are in INR unless otherwise stated

## Note:- 1. General information

The Company was incorporated in India on July 18, 2006. It is a subsidiary of Forbes and Company Limited with Shapoorji Pallonji and Company Private Limited being the ultimate holding Company.

The registered office of the company is located at Ground floor, Forbes Building, Charanjit Rai Marg, Mumbai - 400 001, India and principal place of business is located at 113, Mittal Court, Nariman Point, Mumbai - 400 021, India

The Company carries on the business of shipowners, charterers, etc. 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. Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

Upto the year ended March 31, 2016, the company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 4 for the details of first-time adoption of mandatory exceptions and optional exemptions.

## Note:-3. Significant accounting policies

### 1. Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using anonther valuation technique.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date,

• Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, and

• Level 3 inputs are unobservable inputs for the asset or liability

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 products/activities of the Company and the normal time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current.

### 2. Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make judgements, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### 3. Property, Plant and Equipment

Property, Plant and Equipment 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. Subsequent expenditures related to an item of property, plant and equipment are added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Company & cost can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Losses arising from the retirement of, and gains or losses arising from disposal of property, plant and equipment are recognised in the statement of profit and loss.

The Company has availed of the exemption under para D13AA of Ind AS 101 to continue accounting for exchange differences arising from translation of long-term foreign currency monetary items reconginsed in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as an adjustment to the carrying cost of the depreciable asset.

For transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### 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

| Assets | Useful life |
|---|---|
| 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.

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SHAPOORJI PALLONJI FORBES SHIPPING LIMITED

**5. Intangible assets**

Intangible Assets with finite useful lives that are acquired separately are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Statement of Profit and Loss.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

| Assets | Useful life |
|---|---|
| Software | 3 years |

**6. Borrowing cost**

Borrowing costs directly attributable to acquisition, production or construction of qualifying assets (i.e. those fixed assets which necessarily take a substantial period of time to get ready for their intended use) are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs include amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrwings to the extent they are regarded as an adjustment to interest costs.

**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. Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimate cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, loan commitments, trade receivables and other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss ("ECL") allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except that the Company has availed of the exemption under para D13AA of Ind AS 101 to continue accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as an adjustment to the carrying cost of the depreciable asset.

**Financial liabilities and equity instruments**

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Gains or losses on loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income' except that the Company has availed of the exemption under para D13AA of Ind AS 101 to continue accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as an adjustment to the carrying cost of the depreciable asset.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. A substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**9. Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated off hire, rebates and allowances.

Charter hire earnings are recognized as the service is performed and accrued on time basis.

The Company generates most of its revenues from shipping activities. Revenue is distributed by the pool for vessels contracted to the pool operator using a rating mechanism set out in the pool agreement.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**10. Inventories**

The Company does not carry any inventory on its books. Inventories of fuel, oil, lubricants, stores and spares delivered on board the ship are charged to statement of profit and loss.

**11. 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.

Short-term obligations:

A liability is recognised for benefits accuring to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that services.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

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SHAPOORJI PALLONJI FORBES SHIPPING LIMITED

Leave which is expected to be availed and encashed within 12 months from the end of the year is treated as short term employee benefits. The obligation towards the same is measured at the expected cost of leave encashment as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Leave which is expected to be availed or encashed beyond 12 months from the end of the year is treated as other long term employee benefits. 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.

**12. Foreign Exchange Transactions**

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise, except that the Company has availed of the exemption under para D13AA of Ind AS 101 to continue accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as an adjustment to the carrying cost of the depreciable asset.

**13. Taxation**

Income 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 Income Tax Act, 1961 The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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 tax is recognised on temporary differences between the carrying amounts of assets and liabilites in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the necessary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**14. Provision and Contingent Liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

**15. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transcations of a non-cash nature, any deferrals or accurals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing anf financing activities of the Company are segregated.

**16. 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. 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.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all years presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

Disclosures

**Note:- 4. First-time adoption – mandatory exceptions, optional exemptions**

Overall principle

These are the Company's first financial statements prepared in accordance with Ind AS

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the note 37.

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Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 mandatory exceptions and optional exemptions applied in the transition from previous GAAP to Ind AS.

A. Ind AS mandatory exceptions

1. Accounting Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

2. Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

3. Classification of Financial Assets

The Company has determined the classification of fiancial assets in terms of whether they meet the amortised cost criteria or the FVTPL criteria based on the facts and circumstances that existed as of the transition date.

4. Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B. Ind AS optional exemptions:

1. Deemed cost

Ind AS 101 permits a first-time adopter to elect to contiune with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption has also been used for intangible assets covered by Ind AS 38 Intangible Assets.

2. Long Term Foreign Currency Monetary Item

Ind AS 101 permits a first-time adopter to elect to contiune with the policy adopted for accounting for exchange differences arising from translation of long term foreign currency monetary items as per previous GAAP for loans taken before March 31, 2016.

The Company has availed of the exemption under para D13AA of Ind AS 101 to continue accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as an adjustment to the carrying cost of the depreciable asset.

Note :- 5. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the use of accounting estimates which, by definition will seldom equal the actual results. Management also needs to exercise judgement in applying the Companies accounting policies as well as to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see notes 1 to 4 below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

1. Contingent Liabilities and Provisions

Contingent Liabilities and Provisions are liabilities of uncertain timing or amount and therefore in making a reliable estimate of the quantum and timing of liabilities judgement is applied and re-evaluated at each reporting date.

2. Useful life and residual value of Property, Plant and Equipments

As described in Note 3.4 and 3.5, the Company reviews the estimated useful life and residual values of property, plant and equipment at each reporting date.

3. Fair value measurement and valuation process

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The management of the Company determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent it is available. Where such inputs are not available, the Company engages third party qualified valuers to perform the valuation.

4. Impairment

Determining whether an asset is impaired requires as estimation of fair value/value in use. Such valuation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

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Notes to the financial statements for the year ended March 31, 2017 - continued

All amounts are in INR unless otherwise stated

6. Property, plant and equipment

Previous Year

| Particulars | Cost or Deemed cost | | | | | Accumulated depreciation and impairment | | | Carrying Amount |
|---|---|---|---|---|---|---|---|---|---|
| | Deemed cost as at April 1, 2015 | Additions | Disposals | Effect of foreign currency exchange differences (refer note b) | Balance at March 31, 2016 | Balance as at April 1, 2015 | Depreciation expense | Balance as at March 31, 2016 | As at March 31, 2016 |
| Computers - Data processing equipments | 114,007 | 141,625 | 35,178 | | 220,454 | | 63,929 | 63,929 | 156,525 |
| Office equipments | 23,658 | 78,499 | 37,167 | | 64,990 | | 17,333 | 17,333 | 47,657 |
| Furniture and fixtures | 31,337 | | | | 31,337 | | 5,926 | 5,926 | 25,411 |
| Ships (refer note a) | 3,523,817,068 | 80,333,657 | | 115,069,347 | 3,719,220,072 | | 237,989,682 | 237,989,682 | 3,481,230,390 |
| Total | 3,523,986,070 | 80,553,781 | 72,345 | 115,069,347 | 3,719,536,853 | - | 238,076,870 | 238,076,870 | 3,481,459,983 |

Current Year

| Particulars | Cost or deemed cost | | | | | Accumulated depreciation and impairment | | | Carrying Amount |
|---|---|---|---|---|---|---|---|---|---|
| | Carrying Amount at April 1, 2016 | Additions | Disposals | Effect of foreign currency exchange differences (refer note b) | Balance at March 31, 2017 | Balance as at April 1, 2016 | Depreciation expense | Balance at March 31, 2017 | As at March 31, 2017 |
| Computers - Data processing equipments | 220,454 | 295,100 | | | 515,554 | 63,929 | 111,932 | 175,861 | 339,693 |
| Office equipments | 64,990 | 477,072 | | | 542,062 | 17,333 | 34,313 | 51,646 | 490,416 |
| Furniture and fixtures | 31,337 | | | | 31,337 | 5,926 | | 5,926 | 25,411 |
| Ships (refer note a) | 3,719,220,072 | | | (35,468,504) | 3,683,751,567 | 237,989,682 | 248,601,642 | 486,591,324 | 3,197,160,244 |
| Total | 3,719,536,853 | 772,172 | - | (35,468,504) | 3,684,840,521 | 238,076,870 | 248,747,887 | 486,824,757 | 3,198,015,764 |

Note -

(a) Ships are mortgaged to a financial institution for banking loan facility (refer note 16.1.b )

(b) Exchange differences on borrowing for acquisition of capital assets
The Company has availed of the exemption under para D13AA of Ind AS 101 to continue accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as an adjustment to the carrying cost of the depreciable asset.

(c) An Impairment assessment has been performed as at 31st March, 2017 and no impairment is considered necessary. The recoverable amount of the ships was determined based on value-in-use calculations which required the use of assumptions. Following key assumptions have been used.
1. Revenue: For 2017-18, USD 10,500 with an increase of USD 500 per year till F.Y. 2021-22 have been considered and from F.Y. 2022-23 revenue of USD 12,500 till the end of useful life of the ship is considered.
2.Operating Expenses: USD 5,361 per day with an increase of 3% year on year is considered.
3.Libor 1.10% plus margin of 3% considered for calculating cost of debt and cost of equity was considered at 12.40% to arrive at weighted average cost of capital.
4.Drydock expenses to be incurred for all the four vessels assumed to aggregate USD 19,100,000
5.Scrap value is considered at USD 350 per Light Displacement Tonnage

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All amounts are in INR unless otherwise stated

7. Other intangible assets

Previous Year

| Particulars | Cost or deemed cost | | | Accumulated depreciation and impairment | | | Carrying Amount |
|---|---|---|---|---|---|---|---|
| | Deemed cost as at April 1, 2015 | Additions | Balance as at March 31, 2016 | Balance as at April 1, 2015 | Amortisation expense | Balance at March 31, 2016 | As at March 31, 2016 |
| Software / Licences acquired | 62,164 | 110,985 | 173,149 | | 50,331 | 50,331 | 122,818 |
| Total | 62,164 | 110,985 | 173,149 | - | 50,331 | 50,331 | 122,818 |

Current Year

| Particulars | Cost or deemed cost | | | Accumulated depreciation and impairment | | | Carrying Amount |
|---|---|---|---|---|---|---|---|
| | Carrying Amount at April 1, 2016 | Additions | Balance at March 31, 2017 | Balance at April 1, 2016 | Amortisation expense | Balance at March 31, 2017 | As at March 31, 2017 |
| Software / Licences acquired | 173,149 | | 173,149 | 50,331 | 61,495 | 111,826 | 61,323 |
| Total | 173,149 | - | 173,149 | 50,331 | 61,495 | 111,826 | 61,323 |

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Notes to the financial statements for the year ended March 31, 2017 - continued

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8. Other financial assets

a. Non current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Long Term Deposit with bank - earmarked balances (refer note (a) below) | 113,816,898 | 103,275,842 | 82,485,068 |
| Security Deposit (refer note(b)below) | 45,619,649 | 47,607,738 | 45,092,457 |
| Total | 159,436,547 | 150,883,580 | 127,577,525 |

(a) Long term deposits with bank represents amount deposited with Axis Bank (Dubai) under the Debt Service Reserve to be maintained as part of the loan agreement with the Bank. The said deposits is marked under lien with the Bank.

(b) Security deposit represents deposit given to Marida Tankers Inc (the pool) in the form of bunker valued at USD provided by the Company, on its four vessels at the time of their entry in the pool towards working capital funds for vessels operation.

b. Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Unsecured, considered good | | | |
| | | | |
| Interest Accured on Deposits with Bank | 1,625,408 | - | - |
| Amount receivable from a related party for recovery of expenses | 17,654,106 | 37,654,106 | 37,654,106 |
| Total | 19,279,514 | 37,654,106 | 37,654,106 |

9. Other assets

Non Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Advance income tax ( net of provision) | 5,317,335 | 4,829,336 | 4,824,915 |
| Service tax paid under protest | - | - | 3,913,436 |
| Service tax refund receivable | 16,663,741 | 10,896,293 | - |
| Total | 21,981,076 | 15,725,629 | 8,738,351 |

10. Trade receivables

Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Trade receivables | | | |
| Unsecured, considered good | 75,847,152 | 85,122,004 | 103,847,048 |
| Total (A) | 75,847,152 | 85,122,004 | 103,847,048 |

10.1 Trade receivables

The average credit period for receipt of charter hire income is approximately 30 days. No Interest is charged on outstanding balances.

The Company has taken into account historical credit loss experience and in past no credit loss is suffered by the Company. The Company does not expect any credit loss in future as well, as the vessels are under Pool agreement.

Age of Receivables

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Within the credit period | 75,847,152 | 85,122,004 | 103,847,048 |

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11. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Balances with Banks - on current accounts | 52,515,005 | 72,134,839 | 25,582,535 |
| Cash on hand | 1,133 | 1,437 | 6,108 |
| Deposits with bank with maturity less than 3 months | 100,949,333 | - | - |
| **Cash and cash equivalents as per balance sheet** | **153,465,471** | **72,136,276** | **25,588,643** |
| | | | |
| Cash and cash equivalents as per statement of cash flows | **153,465,471** | **72,136,276** | **25,588,643** |

12. Other Bank balances

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Deposits with bank with maturity more than 3 months but less than 12 months | 292,239,276 | 99,419,536 | 100,387,479 |
| Total | **292,239,276** | **99,419,536** | **100,387,479** |

13. Other assets
Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Advances to related parties | 107,406 | - | - |
| Advances recoverable in cash or kind | 76,020 | 1,992,382 | 11,189,859 |
| Prepaid Expenses | 6,147,729 | 6,906,451 | 6,706,755 |
| Total | 6,331,155 | 8,898,833 | 17,896,614 |

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### 14. Equity Share Capital

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Authorised Share capital :** | | | |
| 160,000,000 equity shares of Rs 10 each | 1,600,000,000 | 1,600,000,000 | 1,600,000,000 |
| **Issued, subscribed and Paid up Share capital:** | | | |
| 82,000,000 fully paid equity shares of Rs 10 each (as at March 31, 2016: 160,000,000; as at April 1, 2015 160,000,000) | 820,000,000 | 1,600,000,000 | 1,600,000,000 |
| | 820,000,000 | 1,600,000,000 | 1,600,000,000 |

### 14.1 Movement in Fully paid equity shares

| Particulars | Number of Shares | Share capital (Amount) |
|---|---|---|
| Balance at April 1, 2015 | 160,000,000 | 1600000000 |
| Increase / Decrease during the year | - | - |
| Balance at March 31, 2016 | 160,000,000 | 1,600,000,000 |
| Less: - Capital Reduction (refere note(a) below) | (78,000,000) | (780,000,000) |
| **Balance at March 31, 2017** | **82,000,000** | **820,000,000** |

(a) The Company had passed a special resolution on 22nd August, 2016 for reduction of its equity share capital by way of cancellation of 7,80,00,000 (Seven Crores Eighty Lakhs) Equity Shares of Rs. 10 each, held by each of its shareholders in proportion of their existing shareholding. The capital reduction under sections 100 to 104 of the Companies Act 1956 read with section 52 of the Companies Act, 2013 was approved by the Hon'ble Bombay High Court on 02nd December,2016 and consequent approval from Registrar of Companies was received on 16th February,2017 to give effect to the said Capital Reduction. The shareholding ratio pre and post capital reduction amongst the shareholders will remain the same. The said reduction of capital has been effected by returning capital of INR 74,00,000 to the equity shareholders for the equity shares so cancelled and extinguished resulting in a distribution of approximately INR 0.094872 per share.

### 14.2 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.

### 14.3 Details of shares held by the holding company and their subsidiaries and associates

| Particulars | Fully paid ordinary shares | | |
|---|---|---|---|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| Forbes and Company Limited, the holding company | 20,500,000 | 40,000,000 | 40,000,000 |
| Total | **20,500,000** | **40,000,000** | **40,000,000** |

Forbes and Company Limited is the holding company by virtue of it having the power to control the composition of the Board of Directors of the Company pursuant to the joint venture agreement between Sterling Investment Corporation Private Limited, Forbes and Company Limited and G.S.Enterprises dated 1st December, 2014

### 14.4 Details of shares held by each shareholder holding more than 5% shares

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares |
| **Equity shares of Rs 10 each fully paid** | | | | | | |
| G.S. Enterprises, a partnership firm represented by its partners Shapoorji Pallonji & Company Private Limited, the ultimate holding Company and Goswami Infratech Private Limited holding the shares jointly in the Company | 41,000,000 | 50% | 80,000,000 | 50% | 80,000,000 | 50% |
| Sterling Investment Corporation Private Limited | 20,500,000 | 25% | 40,000,000 | 25% | 40,000,000 | 25% |
| Forbes and Company Limited, the holding company | 20,500,000 | 25% | 40,000,000 | 25% | 40,000,000 | 25% |
| Total | 82,000,000 | 100% | 160,000,000 | 100% | 160,000,000 | 100% |

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15. Other equity

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Reserve and Surplus | | | |
| Tonnage Tax Reserve (Note 1) | 88,450,000 | 75,350,000 | 45,150,000 |
| Capital component of preference shares (Note 2) (also refer note 16) | 1,005,476,105 | 1,005,476,105 | 1,005,476,105 |
| Retained earnings ( Note 2) | (192,267,957) | (1,016,233,378) | (1,136,796,230) |
| **Total** | **901,658,148** | **64,592,727** | **(86,170,125)** |

Movement in other equity

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| Tonnage Tax Reserve | | |
| Balance at beginning of the year | 75,350,000 | 45,150,000 |
| Add: Transfer from Retained Earnings | 13,100,000 | 30,200,000 |
| **Total (A)** | 88,450,000 | 75,350,000 |
| Capital component of preference shares | | |
| Balance at beginning of the year (B) | 1,005,476,105 | 1,005,476,105 |
| Retained earnings | | |
| Balance at beginning of the year | (1,016,233,378) | (1,136,796,230) |
| Profit attributable to owners of the Company | 65,398,721 | 150,762,852 |
| Adjustment of loss on equity share capital reduction | 772,600,000 | - |
| Expenses related to capital reduction | (933,300) | - |
| Transfer to Tonnage Tax Resereve Account | (13,100,000) | (30,200,000) |
| **Total (C)** | (192,267,957) | (1,016,233,378) |
| **Total (A+B+C)** | **901,658,148** | **64,592,727** |

Note 1: Tonnage Tax Reserve

The Company has opted for computation of its income from shipping activities under the tonnage tax scheme for taxation purpose. As per the scheme, the Company is required to transfer not less than 20% of its book profit derived from the activities referred to in clauses (i) and (ii) of sub-section (1) of section 115V-I in each previous year to the Tonnage Tax Reserve Account to be utilised in the manner laid down in sub-section (3) of section 115VT of the Income Tax Act, 1961

Note 2: Capital component of preference shares

The reserve represents the capital component of 0% redeemable preference share issued by the Company, being the difference between the fair value of the financial instrument and its carrying value, adjusted for amortisation of interest cost upto the date of transition

Note 3: Retained earnings represents transfers on account of profits earned / losses incurred till date.

The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial statements of the company and also considering the requirements of the Companies Act, 2013. No dividend has been distributed for the year ended 31st March, 2016 and the directors do not propose any distribution of dividend for the year ended 31st March, 2017 in view of the accumulated losses.

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**16. Non-current Borrowings**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Secured – at amortised cost** | | | |
| (i)Term loans | | | |
| - Foreign currency loan from bank (Net of unamortised loan processing fees) | 1,733,775,531 | 1,905,785,936 | 2,070,202,120 |
| **Unsecured – at amortised cost** | | | |
| (i) Other loans | | | |
| - Redeemable preference share capital (refer note e) | 289,258,972 | 258,266,939 | 230,523,895 |
| **Total Non-current borrowings** | 2,023,034,503 | 2,164,052,875 | 2,300,726,015 |

**16.1 Summary of borrowing arrangements**

(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 intial uitlisation 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.

(e) Redeemable 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 |
| | 123,600,000 | | |

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)

As the redeemable preference shares were issued at zero coupon, the same have been recognised at fair value being the present value of all future cash flows discounted using the prevailing rate of interest for a similar instrument, namely 12%, with a similar credit rating. The difference between the fair value of the said financial instrument as on the issue date and its fair value adjusted for amortisation of interest cost upto the date of transition have been recognised in Other Equity as on the date of transition.

| | |
|---|---|
| Proceeds of issue | 1,236,000,000 |
| Liability component at the date of issue | 127,933,358 |
| Interest cost upto transition date, i.e. 01/04/2015 | 102,590,537 |
| **Capital Component of preference shares recognised in Other Equity** | 1,005,476,105 |

| | |
|---|---|
| **Liability component (included in "Non-current borrowings" (note 16))** | |
| Liability component at the date of issue | 127,933,358 |
| Interest charged calculated at an effective interest rate of 12% upto 1/4/15 | 102,590,537 |
| Interest charged calculated at an effective interest rate of 12% for 31/3/16 | 27,743,044 |
| Interest charged calculated at an effective interest rate of 12% for 31/3/17 | 30,992,033 |
| | 289,258,972 |

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17. Provisions

a.Non current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Provision for compensated absences | 471,139 | 220,906 | - |
| Total | 471,139 | 220,906 | - |

b.Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Provision for compensated absences | 42,452 | 21,695 | 1,608,743 |
| Total | 42,452 | 21,695 | 1,608,743 |

18. Trade payables

Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Trade payables | 16,400,443 | 7,930,423 | 28,676,336 |
| Total | 16,400,443 | 7,930,423 | 28,676,336 |

The average credit period on purchases of materials and receipt of services is approximately 60 days. No interest is charged on outstanding balances. There are no dues outstanding to Micro, Small and Medium Enterprises.

19. Other financial liabilities
Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| (a) Current maturities of long-term debt ( refer note 16) | 134,907,748 | 90,631,273 | 74,206,571 |
| (b) Interest accrued | 22,400,343 | 21,537,834 | 24,071,720 |
| (c) Others :- | | | |
| Accured Service liabilities | 1,042,212 | 618,386 | 955,424 |
| Payable to Related Parties (refer notes 30(b) and (c) ) | 4,241,500 | 384,005 | |
| Employee benefits payable | 1,975,930 | 1,311,891 | 997,377 |
| Total | 164,567,733 | 114,483,389 | 100,231,092 |

20. Current tax liabilities (Net)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Current tax liabilities** | | | |
| Provision for tax ( net of advance income tax) | 18,345 | 20,402 | 24,636 |
| | 18,345 | 20,402 | 24,636 |

21. Other current liabilities

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Statutory dues payable | 464,515 | 100,348 | 641,303 |
| Total | 464,515 | 100,348 | 641,303 |

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## 22. Revenue from operations

The following is an analysis of the Company's revenue for the year from continuing operations (excluding other income refer note 23).

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| (i) Sale of service - Charter hire income | 972,990,155 | 1,008,413,429 |
| **Total** | **972,990,155** | **1,008,413,429** |

## 23. Other Income

a) Interest Income

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Interest Income on deposits with bank | 5,948,509 | 3,240,599 |
| **Total (a)** | **5,948,509** | **3,240,599** |

b) Other Non-Operating Income (Net of expenses directly attributable to such income)

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Misc Income | - | 471,566 |
| Other claims raised | - | 2,673,962 |
| **Total (b )** | - | 3,145,528 |

c) Other gains and losses

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Net foreign exchange gains/(losses) | (16,983,674) | 17,293,403 |
| **Total (c)** | **(16,983,674)** | **17,293,403** |
| (a+b+c) | (11,035,165) | **23,679,530** |

## 24. Employee benefits expense

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Salaries, Allowances and Bonus | 19,623,896 | 15,118,143 |
| Crew Wages and Allowances | 252,816,909 | 241,242,999 |
| Crew provident fund and other funds - contribution | 4,679,653 | 3,646,466 |
| Staff Welfare Expenses | 105,243 | 203,307 |
| Crew Victualling Expenses | 16,981,275 | 16,079,383 |
| **Total** | **294,206,976** | **276,290,298** |

## 25. Finance costs

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| (a) Interest costs :- | | |
| Interest on bank loans | 92,292,560 | 105,124,734 |
| Interest on Preference shares reclassified as borrowings | 30,992,033 | 27,743,044 |
| Other interest expense | 1,800 | 434,064 |
| | 123,286,393 | 133,301,842 |
| (b) Exchange difference to the extent considered as an adjustment to borrowing costs | (2,702,219) | 7,180,570 |
| (c) Bank and finance charges | 342,848 | 551,414 |
| **Total (a+b+c)** | **120,927,022** | **141,033,826** |

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26. Depreciation and amortisation expense

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Depreciation of property, plant and equipment (Note 6) | 248,747,887 | 238,076,870 |
| Amortisation of intangible assets (Note 7) | 61,495 | 50,331 |
| **Total depreciation and amortisation** | **248,809,382** | **238,127,201** |

27. Operating and Other Expenses

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Fuel, Oil and Lubricants | 10,372,384 | 19,506,418 |
| Repairs and maintenance expenses | 26,431,448 | 24,835,133 |
| Stores and spares | 75,139,430 | 64,964,772 |
| Crew Repatriation expenses, etc. | 16,075,764 | 12,123,640 |
| Vessel Operating expenses | 11,247,812 | 9,956,911 |
| Insurance & Proctection Club Fees | 19,760,719 | 21,779,371 |
| Management Fees | 33,018,879 | 32,568,978 |
| Communication charges | 5,952,888 | 3,253,331 |
| Survey Expenses | 4,420,409 | 7,124,514 |
| Rent | 1,609,277 | 3,118,616 |
| Legal & Professional expenses | 5,112,267 | 8,444,021 |
| Support services expenses | 5,113,362 | 1,404,800 |
| Auditor Remuneration | 553,309 | 495,719 |
| Director Sitting Fees | 3,100,000 | 3,125,000 |
| Travelling and conveyance | 1,173,889 | 2,423,331 |
| Testing Expenses | 1,148,040 | 1,561,693 |
| Certification Expeses | 4,056,581 | 3,336,976 |
| Boat and Launch Hire Charges | 4,092,216 | 1,961,343 |
| Miscellaneous expenses | 2,630,272 | 2,510,449 |
| Total | **231,008,946** | **224,495,016** |

28. Income taxes

28.1 Income tax recognised in profit or loss

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | 2,094,000 | 1,388,000 |
| In respect of prior years | (490,057) | (4,234) |
| | 1,603,943 | 1,383,766 |
| **Total income tax expense recognised in the current year** | 1,603,943 | 1,383,766 |

The income tax expense for the year can be reconciled to the accounting profit as follows:

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Profit before tax | 67,002,664 | 152,146,618 |
| Less:- Shipping Income Exempt under section 115V-I | (63,736,644) | (148,871,650) |
| Tonnage Income Taxable under section 115VG | 3,266,020 | 3,274,968 |
| Income tax expense calculated at 30.90% (2015-2016: 30.90%) as per Tonnage Tax Slab calculation | 1,009,200 | 1,011,965 |
| Income tax provided on other income | 1,084,800 | 376,035 |
| Income tax | 2,094,000 | 1,388,000 |
| Adjustments recognised in the current year in relation to the current tax of prior year | (490,057) | (4,234) |
| Income tax expense recognised in profit or loss | 1,603,943 | 1,383,766 |

The tax rate used for the 2016-2017 and 2015-2016 reconciliations above is per Taxble Income calculated under Tonnage Tax Slab and rate of 30% payable by corporate entities in India on taxable profits under the Indian tax law.

**29. Earnings per share**

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| | INR. per share | INR. per share |
| Basic earnings per share | 0.43 | 0.94 |
| Diluted earnings per share | 0.43 | 0.94 |

**29.1 Basic Earnings per share**

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Profit for the year attributable to owners of the Company (A) | 65,398,721 | 150,762,852 |
| Weighted average number of equity shares for the purposes of basic earnings per share (B) | 153,161,644 | 160,000,000 |
| **Basic Earnings per share (A/B)** | 0.43 | 0.94 |

**29.2 Diluted earnings per share**

The earnings used in the calculation of diluted earnings per share are as follows.

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Earnings used in the calculation of basic earnings per share | 65,398,721 | 150,762,852 |
| Adjustments | - | - |
| **Earnings used in the calculation of diluted earnings per share (A)** | 65,398,721 | 150,762,852 |
| Weighted average number of equity shares used in the calculation of basic earnings per share | 153,161,644 | 160,000,000 |
| Adjustments | - | - |
| **Weighted average number of equity shares used in the calculation of diluted earnings per share (B)** | 153,161,644 | 160,000,000 |
| **Diluted earnings per share (A/B)** | 0.43 | 0.94 |

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**Notes to the financial statements for the year ended March 31, 2017 - continued**

**All amounts are in INR unless otherwise stated**

**30. Related Party Disclosures**

**Current Year**

(a) Name of the Related Parties and Description of Relationship:

| **Nature of Relationship** | **Name of Entity** |
|---|---|
| Ultimate Holding Company | Shapoorji Pallonji and Company Private Limited |
| Holding Company | Forbes and Company Limited |
| Associates | G.S. Enterprises<br>Sterling Investment Corporation Private Limited. |
| Fellow subsidiaries | Volkart Fleming Shipping & Services (Subsidary of Forbes and Company Limited) |
| | Forvol International Services Limited.(Subsidary of Sterling Investment Corporation Private Limited) |
| | Forbes Facility Services PVt.Ltd.(Subsidary of Forbes and Company Limited) |
| | Eureka Forbes Limited (Subsidary of Forbes and Company Limited) |
| | Campbell Properties and Hospitality Services Limited (Subsidary of Forbes and Company Limited) |
| | |
| Key Management Personnel ("KMP") | Mr.Nirmal Jagawat - Chief Financial Officer (w.e.f 27.10.2016)<br>Ms.Suntera Ganesan- Director and Chief Financial Officer (upto 30.04.2016)<br>Mr.Dhiraj Pahuja - Chief Executive Officer (w.e.f 01.04.2016)<br>Ms. Vijayalakshmi Kumar - Company Secretary |

**Previous Year**

(a) Name of the Related Parties and Description of Relationship:

| **Nature of Relationship** | **Name of Entity** |
|---|---|
| Ultimate Holding Company | Shapoorji Pallonji and Company Private Limited |
| Holding Company | Forbes and Company Limited |
| Associates | G.S. Enterprises<br>Sterling Investment Corporation Private Limited. |
| Fellow subsidiaries | Volkart Fleming Shipping & Services (Subsidary of Forbes and Company Limited) |
| | Forvol International Services Limited.(Subsidary of Sterling Investment Corporation Private Limited) |
| | Forbes Facility Services PVt.Ltd.(Subsidary of Forbes and Company Limited) |
| | Eureka Forbes Limited (Subsidary of Forbes and Company Limited) |
| Key Management Personnel ("KMP") | Ms.Suntera Ganesan- Director and Chief Financial Officer<br>Mr.Ashok Khanna - Chief Executive Officer and Manager<br>Ms. Vijayalakshmi Kumar - Company Secretary |

Note: Transactions with related parties are conducted at arm's length on market terms.

30. Related Party Disclosures (contd.)

Current Year

(b) transactions/ balances with above mentioned related parties (mentioned in note 30(a) above)

| Particulars | Ultimate Holding Company | Holding Company | Associates | Fellow Subsidiaries | Key Management personnel and relatives | Total |
|---|---|---|---|---|---|---|
| Balances outstanding as on March 31, 2017 | | | | | | |
| Payables | | | | | | |
| Shapoorji Pallonji and Company Private Limited | 4,235,337 | | | | | 4,235,337 |
| Forbes Facility Services Private Limited | | | | 6,163 | | 6,163 |
| Mr.Dhiraj Pahuja | | | | | 1,490,327 | 1,490,327 |
| Ms. Vijayalakshmi Kumar | | | | | 42,500 | 42,500 |
| | | | | | | - |
| Receivables | | | | | | - |
| G S Eeterprises | | | 17,654,106 | | | 17,654,106 |
| Forbes and Company Limited | | 107,407 | | | | 107,407 |
| | | | | | | - |
| 0% Redeemable Preference share capital reclassified as borrowings | | | | | | - |
| Forbes and Company Limited | 72,314,743 | | | | | 72,314,743 |
| Sterling Investment Corporation Private Limited | | 72,314,743 | | | | 72,314,743 |
| G S Eeterprises | | 144,629,486 | | | | 144,629,486 |
| Transactions | | | | | | - |
| | | | | | | - |
| Reimbursement of expenditure and purchase of capital assets incurred on behalf of the Company | | | | | | - |
| Mr Dhiraj Pahuja | | | | | 644,467 | 644,467 |
| Ms. Vijayalakshmi Kumar | | | | | 29,042 | 29,042 |
| Volkart Fleming Shipping & Services | | | | 21,375 | | 21,375 |
| | | | | | | |
| Receiving of services | | | | | | - |
| Shapoorji Pallonji and Company Private Limited | 4,033,654 | | | | | 4,033,654 |
| Forvol International Services Limited | | | | 224,578 | | 224,578 |
| Forbes Facility Services Private Limited | | | | 398,175 | | 398,175 |
| Forbes and Company Limited | | 1,079,708 | | | | 1,079,708 |
| Campbell Properties and Hospitality Services Limited | | | | 112,200 | | 112,200 |
| | | | | | | |
| Rent Paid | | | | | | - |
| Volkart Fleming Shipping & Services | | | | 1,012,024 | | 1,012,024 |
| | | | | | | |
| Purchase of Capital Asset | | | | | | - |
| Eureka Forbes Limited | | | | 17,990 | | 17,990 |
| | | | | | | |
| Remuneration | | | | | | |
| Mr.Dhiraj Pahuja | | | | | 9,913,000 | 9,913,000 |
| Ms. Vijayalakshmi Kumar | | | | | 880,500 | 880,500 |
| | | | | | | |
| Amounts due towards recovery of expenses received during the year | | | | | | |
| G S Eeterprises | | | 20,000,000 | | | 20,000,000 |
| | | | | | | |
| Deposit received and refunded during the year on account of nomination of a Director | | | | | | - |
| Forbes and Company Limited - Received during the year | | 100,000 | | | | 100,000 |
| Forbes and Company Limited - Refunded during the year | | 100,000 | | | | 100,000 |
| | | | | | | |
| Repayment of Capital on Reduction of Equity Share Capital | | | | | | - |
| G S Eeterprises | | | 3,700,000 | | | 3,700,000 |
| Forbes and Company Ltd | | 1,850,000 | | | | 1,850,000 |
| Sterling Investment Corporation Private Limited | | | 1,850,000 | | | 1,850,000 |
| | | | | | | |
| Cancellation of Equity Share on account of Capital Reduction | | | | | | |
| G S Eeterprises | | | 390,000,000 | | | 390,000,000 |
| Forbes and Company Ltd | | 195,000,000 | | | | 195,000,000 |
| Sterling Investment Corporation Private Limited | | | 195,000,000 | | | 195,000,000 |

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30. Related Party Disclosures (contd.)

Previous Year

(c) transactions/ balances with above mentioned related parties (mentioned in note 30(a) above)

| Particulars | Holding Company | Associates | Fellow Subsidiaries | Key Management personnel and relatives | Total |
|---|---|---|---|---|---|
| **Balances outstanding as on March 31, 2016** | | | | | |
| Payables | | | | | |
| Mr Ashok Khanna | | | | 902,233 | 902,233 |
| Forbes and Company Ltd | 323,741 | | | | 323,741 |
| Forvol International Services Limited | | | 60,264 | | 60,264 |
| | | | | | |
| Receivables | | | | | |
| G.S Eeterprises | | 37,654,106 | | | 37,654,106 |
| | | | | | |
| 0% Redeemable Preference share capital reclassified as borrowings | | | | | |
| Forbes and Company Limited | 64,566,735 | | | | 64,566,735 |
| Sterling Investment Corporation Private Limited | | 64,566,735 | | | 64,566,735 |
| G.S.Eeterprises | | 129,133,469 | | | 129,133,469 |

| | | | | | |
|---|---|---|---|---|---|
| Transactions | | | | | |
| | | | | | |
| Reimbursement of expenditure incurred on behalf of the Company | | | | | |
| Mr.Ashok Khanna | | | | 451,107 | 451,107 |
| Ms. Vijayalakshmi Kumar | | | | 12,559 | 12,559 |
| | | | | | |
| Receiving of services | | | | | |
| Forvol International Services Limited | | | 766,205 | | 766,205 |
| Forbes Facility Services PVt Ltd | | | 371,961 | | 371,961 |
| Forbes and Company Limited | 1,404,800 | | | | 1,404,800 |
| | | | | | |
| Rent Paid | | | | | |
| Volkart Flaming Shipping & Services | | | 648,276 | | 648,276 |
| | | | | | |
| Remuneration | | | | | |
| Mr Ashok Khanna | | | | 9,200,000 | 9,200,000 |
| Ms. Vijayalakshmi Kumar | | | | 813,000 | 813,000 |
| | | | | | |
| | | | | | |

## 31. Operating lease arrangements

### 31.1 The Company as lessee

31.1.1 Leasing arrangements

Operating leases relate to leases of office premises with lease terms for 60 month between Volkart Fleming Shipping And Services Limited. All operating lease contracts over 36 months contain clauses for escalation of 15% yearly market rental reviews. The Company does not have an option to purchase the leased assets at the expiry of the lease periods.

31.1.2 Payments recognised as an expense

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Minimum lease payments | 1,609,277 | 2,748,816 |
| **Total** | **1,609,277** | **2,748,816** |

31.1.3 Future minimum lease rentals payable as per the lease agreements

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Not later than 1 year | 1,739,520 | 489,999 | 648,276 |
| Later than 1 year and not later than 5 years | 6,900,096 | - | - |
| Total | 8,639,616 | 489,999 | 648,276 |

## 32. Contingent liabilities

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| (a) Claims against the Company not acknowledged as debt | | | |
| Income Tax Demands under dispute | 10,552,299 | 8,212,247 | 3,443,032 |
| Service Tax demand & Interest thereon | 6,218,589 | - | 3,913,436 |
| Service Tax Refund under dispute | 13,495,863 | 6,153,331 | - |
| | 30,266,751 | 14,365,578 | 7,356,468 |

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**33.1 Capital management**

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of net debt (borrowings as detailed in notes 33.1.1 offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity as detailed in notes 14 to 15).

The company is not subject to any externally imposed capital requirements.

The company's management generally reviews the capital structure on an annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The company has a gearing ratio of 94% at the end of the reporting period.

33.1.1 Gearing ratio

The gearing ratio at end of the reporting period was as follows

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Debt (i) | | | |
| Non Current Borrowing | 2,035,530,569 | 2,181,160,472 | 2,323,149,195 |
| Current maturities of long-term debt | 134,907,748 | 90,631,273 | 74,206,571 |
| Cash and bank balances ( Including Long term deposits with bank) | 406,056,174 | 202,695,378 | 182,872,547 |
| Net debt | 1,764,382,143 | 2,069,096,367 | 2,214,483,219 |
| | | | |
| Equity (ii) | 1,721,658,148 | 1,664,592,727 | 1,513,829,875 |
| Net debt to equity ratio (i)/(ii) | 102% | 124% | 146% |

Debt is defined as long- and short-term borrowings, as described in notes 16 and 19.

Equity includes all capital and reserves of the Company that are managed as capital.

**33.2 Categories of financial instruments**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and bank balances | 292,239,276 | 99,419,536 | 100,387,479 |
| Trade receivables | 75,847,152 | 85,122,004 | 103,847,048 |
| Long Term bank deposits and Security Deposit | 159,436,547 | 150,883,580 | 127,577,525 |
| Other financial assets Current | 19,279,514 | 37,654,106 | 37,654,106 |
| **Financial liabilities** | | | |
| Borrowings - Non current | 2,035,530,569 | 2,181,160,472 | 2,323,149,195 |
| Other financial liabilities Current | 164,567,733 | 114,483,389 | 100,231,092 |
| Trade payables | 16,400,443 | 7,930,423 | 28,676,336 |

**33.3 Financial risk management objectives**

The company's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyse exposures of risks. These risks include market risk (including currency risk, interest rate risk and liquidity risk.

**33.4 Market risk**

Shipping market risks may be related to vessel values, future vessel employment, freight rates and costs. These risks are mininised as the vessels are operated under Pool and managed through internal risk management of the company. Hence, there has been no change to the company's exposure to market risks or the manner in which these risks are managed and measured.

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**33.5 Foreign currency risk management**

The company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are naturally hedged as Company has earnings and receivables in foreign currency to meet expenses and payables in foreign currency.

The carrying amounts of the company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows

| Particulars | Assets as at | | | | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
| Currency | US $ | INR | US $ | INR | US $ | INR |
| Receivables | 1,170,445 | 75,847,152 | 1,286,270 | 85,122,004 | 1,658,782 | 103,847,048 |
| Advances given | 419,164 | 27,162,644 | 456,413 | 30,204,226 | 553,096 | 34,626,243 |
| Bank Balances and Fixed Deposits | 8,303,416 | 538,077,942 | 4,076,325 | 269,760,590 | 3,273,591 | 204,941,200 |
| Interest on DSRA Fixed Deposits | 9,345 | 605,597 | - | - | - | - |
| Interest on Other Fixed Deposits | 15,737 | 1,019,811 | - | - | - | - |
| Security Deposit furnished | 703,969 | 45,618,599 | 703,969 | 46,586,838 | 703,969 | 44,071,557 |
| Total | 10,622,076 | 688,331,745 | 6,522,977 | 431,673,658 | 6,189,438 | 387,486,048 |

| Particulars | Liabilities as at | | | | | |
|---|---|---|---|---|---|---|
| | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
| Currency | US $ | INR | US $ | INR | US $ | INR |
| Foreign currency borrowings | 29,029,649 | 1,881,179,346 | 30,426,170 | 2,013,524,823 | 34,611,495 | 2,166,831,878 |
| Interest Accrued on Borrowings | 345,674 | 22,400,367 | 323,126 | 21,383,639 | - | - |
| Payables | 20,446 | 1,324,929 | 437,948 | 28,982,260 | 50,000 | 3,130,220 |
| Total | 29,395,769 | 1,904,904,642 | 31,187,244 | 2,063,890,721 | 34,661,495 | 2,169,962,098 |

Of the above, the Company is mainly exposed to USD. Hence the following table analyses the Company's Sensitivity to a 5% increase and a 5% decrease in the exchange rates of these currencies against INR.

March 31, 2017

| Currencies | Increase/Decrease | Total Assets in Foreign Currency | Total Liabilities in Foreign Currency | Change in exchange rate | Impact on Profit or (Loss) for the year in INR |
|---|---|---|---|---|---|
| USD | Increase by 5% | 10,622,076 | 29,395,769 | 3.24 | (60,828,645) |
| USD | Decrease by 5% | 10,622,076 | 29,395,769 | -3.24 | 60,828,645 |

March 31, 2016

| Currencies | Increase/Decrease | Total Assets in Foreign Currency | Total Liabilities in Foreign Currency | Change in exchange rate | Impact on Profit or (Loss) for the year in INR |
|---|---|---|---|---|---|
| USD | Increase by 5% | 6,522,977 | 31,187,244 | 3.31 | (81,610,853) |
| USD | Decrease by 5% | 6,522,977 | 31,187,244 | -3.31 | 81,610,853 |

**33.6 Interest rate risk management**

Interest risk is related to interest-bearing investments and borrowings.

The Company is exposed to interest rate risk which is limited to the extent of changes in LIBOR. The risk is mitigated due to natural hedge as receivables and payables are in same currency.

Investments in deposit with banks are interest rate risk free investment, as deposit are bearing fix interest rate.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

If LIBOR rates had been 50 basis points higher/lower and all other variables were held constant, the Company's

- Profit for the year ended March 31, 2017 would decrease/increase by Rs.95.94 Lakhs. This is mainly attributable to the Company's exposure to borrowings based on LIBOR.

If LIBOR rates had been 50 basis points higher/lower and all other variables were held constant, the Company's

- Profit for the year ended March 31, 2016 would decrease/increase by Rs.112.72 Lakhs. This is mainly attributable to the Company's exposure to borrowings based on LIBOR.

If LIBOR rates had been 50 basis points higher/lower and all other variables were held constant, the Company's

- Profit for the year ended March 31, 2015 would decrease/increase by Rs.81.48 Lakhs. This is mainly attributable to the Company's exposure to borrowings based on LIBOR.

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### 33.7 Liquidity risk management

Liquidity risk is impacted by market and credit risk. Company keeps its liquid reserves mainly in bank deposits in form of time deposit.

The time horizon of these deposits depends on the underlying forecasted need for liquidity in the Company. The liquidity risk is considered to be limited, as liquid assets are balances in bank current accounts and time deposits. Deposits are executed with reputed banks.

Ultimate responsibility for liquidity risk management rests with the Management of Company under board of directors, which monitors reqirements of the company's short, medium, and long-term funding requirements. The company manages liquidity risk by maintaining adequate reserves, and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

| Maturities of Financial Liabilities | March 31, 2017 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Borrowings - Loans | 134,907,748 | 532,650,821 | 1,213,620,776 | |
| Borrowings - Preference share | | | | 289,258,972 |
| Trade Payables | 16,400,443 | | | |
| Other Financial Liabilities | 29,659,985 | | | |
| | 180,968,176 | 532,650,821 | 1,213,620,776 | 289,258,972 |

| Maturities of Financial Liabilities | March 31, 2016 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Borrowings - Loans | 90,631,273 | 355,770,783 | 1,567,122,751 | |
| Borrowings - Preference share | | | | 258,266,939 |
| Trade Payables | 7,930,423 | | | |
| Other Financial Liabilities | 23,852,116 | | | |
| | 122,413,812 | 355,770,783 | 1,567,122,751 | 258,266,939 |

| Maturities of Financial Liabilities | April 1, 2015 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Borrowings - Loans | 74,206,571 | 311,667,596 | 608,493,883 | 1,172,463,821 |
| Borrowings - Preference share | | | | 230,523,895 |
| Trade Payables | 28,676,336 | | | |
| Other Financial Liabilities | 26,024,522 | | | |
| | 128,907,428 | 311,667,596 | 608,493,883 | 1,402,987,716 |

### 33.08 Fair value measurements

The Company considers that the carrying amounts of all the financial instruments recognized in the financial statements approximate their fair values. Hence, no fair value disclosures are required.

KALYANIWALLA & MISTRY LLP MUMBAI

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED

**34. Notes forming part of the financial statements**

All amounts are in INR unless otherwise stated

**1.Reconcilation of Total comprehensive income for the year ended March 31, 2016**

| Particulars | Year ended 31/03/2016 (Latest period presented under previous GAAP) |
|---|---|
| **Profit as per previous GAAP** | 114,198,975 |
| **Adjustments: Add** | |
| Drydock expenses Capitalised | 80,333,657 |
| **Adjustments: Less** | |
| Finance cost recognised under Ind AS - Interest on Preference Shares (refer note 16) | 27,743,044 |
| Finance cost recognised under Ind AS - Loan processing fees amortised (refer note a) below) | 5,315,582 |
| Depreciation recognised under Ind AS - Dry dock expenses amortised (refer note b) below) | 10,711,154 |
| **Total effect of transition to Ind AS** | **36,563,877** |
| **Profit for the year as per Ind AS** | **150,762,852** |
| Other comprehensive for the year (net of tax) | - |
| **Total comprehensive income under Ind AS** | **150,762,852** |

**2. Reconcilation of total equity as at March 31, 2016 and April 1, 2015**

| Particulars | As at 31/03/2016 (End of last period presented under previous GAAP) | As at 01/04/2015 (Date of transition) |
|---|---|---|
| **Total equity (shareholders' funds) under previous GAAP** | 1,836,129,565 | 1,721,930,590 |
| | | |
| **Less: Preference shares reclassified as liabilty (refer note.33)** | 258,266,939 | 230,523,895 |
| | | |
| Add:Drydock expenses written back and charged on amortised basis (Net Impact refer note a) below) | 69,622,503 | - |
| Add: Loan Processing Fees written back and charged on amortised basis (Net Impact refer note b) below) | 17,107,598 | 22,423,180 |
| | | |
| | | |
| **Total adjustments to equity** | (171,536,838) | (208,100,715) |
| **Total equity under Ind AS** | **1,664,592,727** | **1,513,829,875** |

**Notes**

a) Under previous GAAP, drydock expenses were charged to profit and loss as and when incurred. Under Ind AS, drydock expenses incurred on a ship are capitalised as a component of the ship and amortised over the period of economic benefit. These cost are amortised in the statement of profit and loss over the period as a part of deperciation expense by applying Straight Line Method. Accordingly, Ship values under Fixed asset as at March 31, 2016 have been increased by Rs. 6.96 crs

b) Under previous GAAP, borrowings were carried at cost and transaction cost were charged to the statement of profit and loss as and when incurred. Under Ind AS, transaction cost incurred towards origination of borrowings is required to be deducted from the carrying amount of borrowings on initial recognition. These cost are recognised in the statement of profit and loss over the tenure of the borrowing as part of interest expense by applying effective interest rate method. Accordingly, borrowings as at March 31, 2016 have been reduced by Rs. 1.71 crs and reduced by Rs. 2.24 crs as at April 1, 2015

**3.Effect of Ind AS adoption on the statement of cash flow for the year ended March 31, 2016**

| | Notes | Previous GAAP | Effect of transition to Ind AS | Ind AS |
|---|---|---|---|---|
| Net cash flows from opearting activities | c | 434,920,547 | 80,333,657 | 515,254,204 |
| Net cash used in investing activities | c | (8,917,846) | (80,333,657) | (89,251,503) |
| Net cash used in financing activities | c | (387,564,387) | - | (387,564,387) |
| Net increase (decrease) in cash and cash equivalents | | 38,438,315 | - | 38,438,315 |
| Cash and cash equivalents at the beginning of the period | | 25,588,643 | - | 25,588,643 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | 8,109,319 | - | 8,109,319 |
| Cash and cash equivalents at the end of the period | | 72,136,276 | - | 72,136,276 |

c) Under previous GAAP, drydock expenses were charged to the statement of profit and loss as and when incurred amounting to Rs.80,333,657/-. Under Ind AS, drydock expenses incurred are capitalised as a component of the ship and amortised over the period of economic benefit it gives. These cost are amortised in the statement of profit and loss over the period as a part of depreciation expense by applying Straight Line Method. Accordingly, net cash flows from operating activities and net cash used in investing activities have increased respectively under Ind AS

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED
Notes to the financial statements for the year ended March 31, 2017 - continued
All amounts are in INR unless otherwise stated

**35. In accordance with the notification no G.S.R. 308(E) dated 30th March, 2017 issued by Ministry of Corporate Affairs the details of Specified Bank Notes (SBN) are as given below:-**

| | SBNs | Other Denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on 08.11.2016 | 9,000 | 1,536 | 10,536 |
| (+) Permitted Receipts (Withdrawn from Bank) | - | 50,000 | 50,000 |
| (-) Permitted payments | - | (49,135) | (49,135) |
| (-) Amount deposited in Banks | (9,000) | - | (9,000) |
| Closing cash in hand as on 30.12.2016 | - | 2,401 | 2,401 |

**36 - Segment Reporting**

The Company is only engaged in Shipping business and there are no reportable segments as per IND AS 108 'Operating Segments.'

**37 - Deferred Tax**

Pursuant to the introduction of Section 115 VA under the Income Tax Act 1961, the Company has opted for computation of it's income from shipping acivities 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 deffered tax is applicable to such income as there are no temporary differences. The temporary 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.

**38 - Payment to Auditors**

| | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| | Rs. | Rs. |
| As Auditor | | |
| - Audit Fees | 250,000 | 250,000 |
| - Tax Audit Fees | 100,000 | 88,140 |
| - Taxation Matters | 150,000 | 80,336 |
| - Other Services | 50,000 | 76,885 |
| - Out of Pocket Expenses | 3,309 | 358 |
| | 553,309 | 495,719 |

**39 - Managerial Remuneration**

The Company had delayed in the repayment of it's loan instalments & interest for a continuous period of 30 days during the 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 it's approval for the same, which is still awaited.

**40 - Previous year figures**

Previous year's figures have been regrouped whereever necessary to confirm to current years classifications.

KALYANIWALLA & MISTRY LLP

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED

Volkart Fleming Shipping and Services Limited

(a wholly owned Subsidiary Company)

Financial Statements

For the year ended March 31, 2017

**Independent Auditor's Report**
**To the Members of Volkart Fleming Shipping & Services Limited**

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Volkart Fleming Shipping & Services Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

### Management's Responsibility for the Standalone 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS 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 standalone Ind AS financial statements.

BATLIBOI & PUROHIT MUMBAI CHARTERED ACCOUNTANTS



National Insurance Building, 2nd floor, 204, Dr D. N. Road, Fort, Mumbai - 400 001.
Tel : +91 -22- 22077942 / 22014830 • Email : auditteam@bnpindia.in

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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 (including other comprehensive income), the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued there under;

(e) On the basis of the written representations received from the directors as on 31 March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 23 to the standalone Ind AS financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

BATLIBOI & PUROHIT * MUMBAI * CHARTERED ACCOUNTANTS

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 31 to the standalone Ind AS financial statements.

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

**Janak Mehta**
Partner
Membership No: 116976

BATLIBOI & PUROHIT MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: April 21, 2017

**Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, 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 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 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, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the investments made in the current year.

(v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013 for the Company. Accordingly, paragraph 3 (vi) of the Order are not applicable to the Company.

(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 2017 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.

BATLIBOI & PUROHIT MUMBAI CHARTERED ACCOUNTANTS

(viii) The Company did not have any outstanding loans during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(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) The Company has not paid any remuneration to managerial personnel. Accordingly, the 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, 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 standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give 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
Firm Reg. No.: 101048W

BATLIBOI & PUROHIT * MUMBAI * CHARTERED ACCOUNTANTS

Janak Mehta
*Partner*
Membership No: 116976
Place: Mumbai
Date: April 21, 2017

**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 2017 in conjunction with our audit of the standalone Ind AS 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 standalone Ind AS 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

BATLIBOI & PUROHIT MUMBAI CHARTERED ACCOUNTANTS

(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) providereasonableassuranceregardingpreventionortimelydetectionofunauthorisedacquisition,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 2017, 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
Firm Reg. No.: 101048W

Janak Mehta
*Partner*
Membership No: 116976

BATLIBOI & PUROHIT
MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: April 21, 2017

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2017

| Particulars | Note No. | As at 31st March, 2017 ₹ | As at 31st March, 2016 ₹ | As at 1st April, 2015 ₹ |
|---|---|---|---|---|
| **ASSETS** | | | | |
| 1 **Non-current assets** | | | | |
| a Property, Plant and Equipment | 3 | - | - | - |
| b Investment Property | 4 | - | - | 3,113 |
| c **Financial Assets:** | | | | |
| i) **Investments** | | | | |
| a) Other Investments | 5A | 2,03,91,451 | 3,91,451 | 3,91,451 |
| | | **2,03,91,451** | 3,91,451 | 3,91,451 |
| ii) Other financial assets | 6A | 1,53,36,178 | 1,52,75,786 | 3,27,75,786 |
| | | **3,57,27,629** | 1,56,67,237 | 3,31,67,237 |
| d **Tax assets** | | | | |
| i) Current tax assets (net) | 15 | **1,92,55,179** | 2,69,08,382 | 2,55,31,599 |
| | | **1,92,55,179** | 2,69,08,382 | 2,55,31,599 |
| e Other non-current assets | 8A | - | 1,07,520 | 1,07,520 |
| **Total Non-current assets** | | **5,49,82,808** | 4,26,83,139 | 5,88,09,469 |
| 2 **Current assets** | | | | |
| a **Financial Assets:** | | | | |
| i) Cash and cash equivalents | 7A | 15,24,219 | 1,70,23,054 | 10,93,814 |
| ii) Other financial assets | 6B | 1,781 | 1,781 | 2,625 |
| | | **15,26,000** | 1,70,24,835 | 10,96,439 |
| b Other current assets | 8B | 87,869 | 12,710 | 4,680 |
| **Total Current assets** | | **16,13,869** | 1,70,37,545 | 11,01,119 |
| **Total Assets** | | **5,65,96,677** | 5,97,20,684 | 5,99,10,588 |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| a Equity share capital | 9 | 50,38,500 | 50,38,500 | 50,38,500 |
| b Other equity | 10 | 4,49,05,283 | 4,08,78,856 | 3,66,00,363 |
| **Total Equity** | | **4,99,43,783** | 4,59,17,356 | 4,16,38,863 |
| **Liabilities** | | | | |
| 1 **Non-current liabilities** | | | | |
| a **Financial liabilities:** | | | | |
| i) Other financial liabilities | 11A | - | 3,31,085 | 2,95,520 |
| **Total Non-current liabilities** | | - | 3,31,085 | 2,95,520 |
| 1 **Current liabilities** | | | | |
| a **Financial liabilities:** | | | | |
| i) Borrowings | 13 | - | - | 65,00,000 |
| i) Trade and other payables | 14 A | 19,06,331 | 15,10,196 | 4,45,708 |
| ii) Other financial liabilities | 11B | 22,70,656 | 18,99,840 | 18,99,840 |
| | | **41,76,987** | 34,10,036 | 88,45,548 |
| b Current tax liabilities (net) | 15 | 18,13,326 | 94,74,947 | 84,93,447 |
| c Other current liabilities | 12A | **6,62,581** | 5,87,260 | 6,37,210 |
| | | 66,52,894 | 1,34,72,243 | 1,79,76,205 |
| **Total Current Liabilities** | | **66,52,894** | 1,34,72,243 | 1,79,76,205 |
| **Total Liabilities** | | **66,52,894** | 1,38,03,328 | 1,82,71,725 |
| **Total Equity and Liabilities** | | **5,65,96,677** | 5,97,20,684 | 5,99,10,588 |

**See accompanying notes forming part of the financial statements 1 to 32**

**As per** our report **of even date**
**For Batliboi & Purohit**
*Chartered Accountants*
Firm Reg No.-101048W

**Janak Mehta**
Partner
Membership No.: 116976
*Mumbai, 21st April, 2017*

SHRIKRISHNA BHAVE — *Chairperson*

NIRMAL JAGAWAT — *Directors*

SANDEEP KADAKIA

*Mumbai, 21st April, 2017*

**VOLKART FLEMING SHIPPING & SERVICES LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017**

| | Particulars | Note No. | Year Ended 31st March, 2017 ₹ | *Year Ended 31st March, 2016 ₹* |
|---|---|---|---|---|
| I | Revenue from operations | 16 | 1,70,61,656 | *1,81,98,166* |
| II | Other income | 17 | 7,33,945 | *3,089* |
| III | **Total Income (I + II)** | | **1,77,95,601** | *1,82,01,255* |
| IV | **Expenses:** | | | |
| | Employee benefits expense | 18 | 92,28,417 | *80,93,645* |
| | Finance cost | 19 | 39,730 | *7,07,565* |
| | Depreciation and amortisation expense | 20 | - | *3,113* |
| | Other expenses | 21 | 34,25,541 | *39,03,439* |
| | **Total expenses** | | **1,26,93,688** | *1,27,07,762* |
| V | **Profit / (loss) before exceptional items and tax (III - IV)** | | **51,01,913** | *54,93,493* |
| VI | Exceptional items | | - | - |
| VII | **Profit / (Loss) before tax (V + VI)** | | **51,01,913** | *54,93,493* |
| VIII | **Tax expense / (credit):** | | | |
| | Current tax | 22 | **10,75,486** | *12,15,000* |
| | | | **10,75,486** | *12,15,000* |
| IX | **Profit for the period (VII - VIII)** | | **40,26,427** | *42,78,493* |
| X | **Other Comprehensive Income** | | | |
| | **Total Other Comprehensive Income** | | - | - |
| XI | **Total Comprehensive Income for the period (IX + X)** | | **40,26,427** | *42,78,493* |
| XII | **Earning per equity share :** | | | |
| | Basic and diluted earnings per equity share | 24 | ₹ 79.91 | *₹ 84.92* |

**See accompanying notes forming part of the financial statements 1 to 32**

As per our report of even date
**For Batliboi & Purohit**
*Chartered Accountants*
Firm Reg No.-101048W

**Janak Mehta**
Partner
Membership No.: 116976
*Mumbai, 21st April, 2017*

SHRIKRISHNA BHAVE — *Chairperson*

NIRMAL JAGAWAT
SANDEEP KADAKIA — *Directors*

*Mumbai, 21st April, 2017*

## VOLKART FLEMING SHIPPING & SERVICES LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued**

| | **Year Ended 31st March, 2017 ₹ in Lakhs** | | *Year Ended 31st March, 2016 ₹ in Lakhs* | |
|---|---|---|---|---|
| Cash flows from operating activities | | | | |
| **Profit for the year** | | **40,26,427** | | *42,78,493* |
| **Adjustments for -** | | | | |
| Income tax expense recognised in profit or loss | 10,75,486 | | *12,15,000* | |
| Finance costs recognised in profit or loss | 39,730 | | *7,07,565* | |
| Depreciation and amortisation of non-current assets (continuing operations) | - | | *3,113* | |
| Interest Income | (7,33,945) | | *(3,089)* | |
| | | 3,81,271 | | *19,22,589* |
| **Operating profit / (loss) before working capital changes** | | **44,07,698** | | *62,01,082* |
| Movements in working capital: | | | | |
| Decrease / (increase) in trade receivables and other receivables | (60,392) | | *1,75,00,000* | |
| (Increase)/decrease in other assets | 32,361 | | *(8,030)* | |
| Increase / (decrease) in trade payables and other payables | 3,96,136 | | *10,64,488* | |
| Increase / (decrease) in other liabilities | 75,321 | | *(49,950)* | |
| | | 4,43,426 | | *1,85,06,508* |
| **Cash generated from / (used in) operations** | | **48,51,124** | | *2,47,07,590* |
| Income taxes paid (net of refunds) | | (10,83,904) | | *(16,10,283)* |
| **(a) Net cash generated from / (used in) operating activities** | | *37,67,220* | | *2,30,97,307* |
| **Cash flows from investing activities:** | | | | |
| Purchase / subscription of long-term investments | | | | |
| -in fellow subsidiaries | (2,00,00,000) | | | |
| Interest received | 7,33,945 | | *3,933* | |
| **(b) Net cash generated from / (used in) investing activities** | | **(1,92,66,055)** | | *3,933* |
| **Cash flows from financing activities:** | | | | |
| Repayment of borrowings | - | | *(65,00,000)* | |
| Interest paid | | | | |
| **(c) Net cash generated from / (used in) financing activities** | - | - | *(6,72,000)* | *(71,72,000)* |
| **(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)** | | **(1,54,98,835)** | | *1,59,29,240* |
| **(e) Cash and cash equivalents as at the commencement of the year** | | 1,70,23,054 | | *10,93,814* |
| **(f) Cash and cash equivalents as at the end of the year** | | 15,24,219 | | 17023054 |
| | | - | | - |

**See accompanying notes forming part of the financial statements 1 to 32**

In terms of our report attached
**For Batliboi and Purohit**
*Chartered Accountants*
Firm Reg No.- 101048W

**Janak Mehta**
Partner
Membership No.: 116976
*Mumbai, 21st April, 2017*

SHRIKRISHNA BHAVE *Chairperson*

NIRMAL JAGAWAT *Directors*

SANDEEP KADAKIA *Directors*

*Mumbai, 21st April, 2017*

## VOLKART FLEMING SHIPPING & SERVICES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

**Statement of changes in equity for the year ended March 31, 2017**

| a. Equity share capital | No.of Shares | Amount ₹ |
|---|---|---|
| **Balance at April 1, 2015** | 50,385 | 50,38,500 |
| Changes in equity share capital during the year | - | - |
| **Balance at March 31, 2016** | **50,385** | **50,38,500** |
| Changes in equity share capital during the year | - | - |
| **Balance at March 31, 2017** | **50,385** | **50,38,500** |

**B. Other Equity**

| | Attributable to Owners | | | | | |
|---|---|---|---|---|---|---|
| | Reserves and surplus | | | | Items Of Other Comprehensive Income | Total Other Equity |
| | General reserve | Retained earnings | Capital Redemption Reserve | Total | Total | |
| | ₹ | ₹ | ₹ | ₹ | ₹ | ₹ |
| **Balance at 1st April 2015 as per IGAAP** | **70,04,807** | **2,65,29,577** | **29,61,500** | **3,64,95,884** | - | **3,64,95,884** |
| Ind AS Transaction Reserves | - | **1,04,479** | - | **1,04,479** | - | **1,04,479** |
| **Balance at 1st April 2015** | **70,04,807** | 2,66,34,056 | 29,61,500 | **3,66,00,363** | - | **3,66,00,363** |
| Ind AS Transition Reserves | | **(35,565)** | | (35,565) | | **(35,565)** |
| Profit for the year | - | 43,14,058 | | 43,14,058 | - | **43,14,058** |
| **Total comprehensive income for the year 31st March 2016** | **70,04,807** | **3,09,12,549** | **29,61,500** | **4,08,78,856** | - | **4,08,78,856** |
| Profit for the year | | 40,26,427 | | 40,26,427 | | 40,26,427 |
| **Total comprehensive income for the year 31st March 2017** | **70,04,807** | **3,49,38,976** | **29,61,500** | **4,49,05,283** | - | **4,49,05,283** |

**See accompanying notes forming part of the financial statements 1 to 32**

**As per our report of even date**
**For Batliboi & Purohit**
*Chartered Accountants*
Firm Reg No.-101048W

**Janak Mehta**
Partner
Membership No.: 116976
*Mumbai, 21st April, 2017*

SHRIKRISHNA BHAVE *Chairperson*

NIRMAL JAGAWAT
*Directors*
SANDEEP KADAKIA

*Mumbai, 21st April, 2017*

## 1. GENERAL INFORMATION

Volkart Fleming Shipping & Services Limited was incorporated on 2nd August, 1985 in India having its registered office at Cassinath Building, A.K. Nayak Marg, Fort, Mumbai 400 001. The Company is a subsidiary of Forbes & Company Limited and is mainly engaged in the rendering of professioanl services and real estate business.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### i) Statement of Compliance

The separate financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 [Companies (Indian Accounting Standards) Rules, 2015].

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS separate financial statements. The date of transition to Ind AS is April 1, 2015. **Refer Note xviii** for the details of first-time adoption exemptions availed by the Company.

### ii) Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period

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 products/activities of the Company and the normal time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current .

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

The functional currency of the Company is Indian Rupee(INR).

### iii) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost of acquisition, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price (excluding refundable taxes), borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Freehold land is not to be depreciated.

Subsequent expenditures related to an item of property, plant and equipment are added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Company & cost can be reliably measured.

Losses arising from the retirement of, and gains or losses arising from disposal of property, plant and equipment are recognised in the statement of profit and loss.

Depreciation on property, plant and equipment has been provided on straight line method as per the useful life prescribed in Schedule II to the Companies Act 2013.

The estimated useful lives of the property, plant and equipment are as under:

| Sr. No. | Class of assets | Estimated useful life |
|---|---|---|
| a | Office equipment | 5 years |

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

### iv) Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

### v) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

For transition to Ind AS, the company has elected to continue with the carrying value of its investment property recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### vi) Intangible Assets

Intangible assets, being computer software, are to be stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. The cost comprises acquisition and implementation cost of software for internal use (including software coding, installation, testing and certain data conversion).

Amortisation is to be recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are to be reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis

Gains or losses arising from the retirement or disposal of an intangible asset are to be determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Statement of Profit and Loss.

**vii) Intangible assets under development**

Expenditure on development eligible for capitalisation is to be carried as intangible assets under development where such assets are not yet ready for their intended use.

**viii) 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. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. 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.

**ix) Financial instruments**

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

**Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, loan commitments, trade receivables and other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

**Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

**Financial liabilities and equity instruments**

**Classification as debt or equity**

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

**Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

**Foreign exchange gains and losses**

For financial liabilities that are to be denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. A substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**x) Earnings per share**

Basic Earnings per share are calculated by dividing the net profit / (loss) after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

**xi) Provisions and Contingent Liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

**xii) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.
Sale of Services:
Income from services is recognised on accrual basisi as and when the services are performed.
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

**xiii) Lease accounting**

**Operating Leases**

Leases, where the lessor retains, substantially all the risks and rewards incidental to ownership of the leased assets, are classified as operating lease. Operating lease expense / income are recognized in the statement of profit and loss on a straight-line basis over the lease term.

**xiv) Taxes on Income**

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 Income Tax Act, 1961.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**xv) Cash and Cash Equivalents**

In the cash flow statement, cash and cash equivalents includes cash on hand, cheques, drafts on hand, balances in current accounts with banks, other bank deposits with original maturities of three months or less.

**xvi) 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.

**xvii) Segment Reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker in order to effectively allocate the Company's resources and assess performance.

**xviii) First-time adoption – mandatory exceptions, optional exemptions**

**Overall principle**

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

**Derecognition of financial assets and financial liabilities**

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

**Classification of debt instruments**

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTPL criteria based on the facts and circumstances that existed as of the transition date.

**Deemed cost for property, plant and equipment**

The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**Determining whether an arrangement contains a lease**

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

**Impairment of financial assets :**

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

# VOLKART FLEMING SHIPPING & SERVICES LIMITED
## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

3. Property, plant and equipment

Current Year ₹

| Particulars | Cost or deemed cost | | | | Accumulated depreciation and impairment | | | | Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance at March 31, 2016 | Additions | Disposals | Balance at March 31, 2017 | Balance as at March 31, 2016 | Eliminated on disposals of assets | Depreciation expense | Balance at March 31, 2017 | As at March 31, 2017 | As at March 31, 2016 |
| **Property, plant and equipment** | | | | | | | | | | |
| Office equipments | - | | | - | - | | | - | - | - |
| **Total** | - | - | - | - | - | - | - | - | - | - |

*Previous Year* ₹

| *Particulars* | *Cost or Deemed cost* | | | | *Accumulated depreciation and impairment* | | | | *Carrying Amount* | |
|---|---|---|---|---|---|---|---|---|---|---|
| | *Balance as at April 1, 2015* | *Additions* | *Disposals* | *Balance at March 31, 2016* | *Balance as at April 1, 2015* | *Eliminated on disposals of assets* | *Depreciation expense* | *Balance as at March 31, 2016* | *As at March 31, 2016* | *As at April 1, 2015* |
| ***Property, plant and equipment*** | | | | | | | | | | |
| *Office equipments (Refer Note 1 below)* | - | | | - | - | | | - | - | - |
| ***Total*** | - | - | - | - | - | - | - | - | - | - |

**Note 1 :- Deemed Cost as at 1.4.2015 is as under :-**
**As per IGAAP as at 1.4.2015**
**Property, plant and equipment**

| **Office Equipments** | ₹ |
|---|---|
| Gross Block | 53363 |
| Accumulated Depreciation | 53363 |
| Net Block | 0 |
| | |
| **As per IND AS deemed Cost as at 1.4.2015 :-** | **0** |

**4. Investment property**

₹

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Completed investment properties (Refer Note 1 below) | - | - | *3,113.00* |
| | | | |
| **Total** | - | - | ***3,113.00*** |

₹

| Cost or Deemed Cost | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Balance at beginning of year | 3,113.00 | 3113 |
| Additions | | |
| Acquisitions through business combinations | | |
| Other acquisitions | | |
| Disposals | | |
| Transferred from property, plant and equipment | | |
| Other transfers | | |
| Effect of foreign currency exchange differences | | |
| Other changes | | |
| Property reclassified as held for sale | | |
| **Balance at end of year** | 3,113.00 | 3,113.00 |

₹

| Accumulated depreciation and impairment | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Balance at beginning of year | 3,113.00 | 0 |
| Additions | | 3113 |
| Acquisitions through business combinations | | |
| Other acquisitions | | |
| Disposals | | |
| Transferred from property, plant and equipment | | |
| Other transfers | | |
| Effect of foreign currency exchange differences | | |
| Other changes | | |
| Property reclassified as held for sale | | |
| **Balance at end of year** | 3,113.00 | 3,113.00 |

**Note 1 :- Deemed Cost as at 1.4.2015 is as under :-**

**As per IGAAP as at 1.4.2015**

**Investment Property**

| | |
|---|---|
| **Buildings** | ₹ |
| Gross Block | 13921529 |
| Accumulated Depreciation | 13918416 |
| Net Block | 3113 |
| | |
| **As per IND AS deemed Cost as at 1.4.2015 :-** | **3113** |

**4.1 Fair value measurement of the Company's investment properties**

The fair value of the Company's investment properties as at 31st March, 2017, 31st March, 2016, and 1st April, 2015 have been arrived at on the basis of a valuation carried out as on the respective dates by V.S.Modi and Yardi Prabhu, independent valuers not related to the Company. V.S. Modi and Yardi Prabhu are registered with the authority which governs the valuers in India, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties as well as other lettings of similar properties in the neighbourhood. In estimating the fair value of the properties, the highest and best use of the properties is their current use. Thus, the significant unobservable inputs are recent transaction price, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the properties. Details of the Company's investment properties and information about the fair value hierarchy as at 31st March, 2017, 31st March, 2016, and 1st April, 2015 are as follows:

| Particulars | Level 2 | Level 3 | Fair value as at March 31, 2017 |
|---|---|---|---|
| Maharashtra - Building | | 7,98,00,000 | 7,98,00,000 |
| Delhi - Building | | 1,40,00,000 | 1,40,00,000 |
| Karnataka - Building | | 12,28,59,000 | 12,28,59,000 |
| | | | |
| Total | | 21,66,59,000 | 21,66,59,000.00 |

| Particulars | Level 2 | Level 3 | Fair value as at March 31, 2016 |
|---|---|---|---|
| Maharashtra - Building | | 7,35,00,000 | 7,35,00,000 |
| Delhi - Building | | 1,30,00,000 | 1,30,00,000 |
| Karnataka - Building | | 11,03,61,000 | 11,03,61,000 |
| | | | |
| Total | | 19,68,61,000 | 19,68,61,000.00 |

| Particulars | Level 2 | Level 3 | Fair value as at April 1, 2015 |
|---|---|---|---|
| Maharashtra - Building | | 6,93,00,000 | 6,93,00,000 |
| Delhi - Building | | 1,20,00,000 | 1,20,00,000 |
| Karnataka - Building | | 10,15,86,000 | 10,15,86,000 |
| | | | |
| Total | | 18,28,86,000 | 18,28,86,000.00 |

## VOLKART FLEMING SHIPPING & SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

5. Other investments

5A. Other Non Current Investments

| particulars | As at March 31, 2017 Qty | As at March 31, 2017 Amount ₹ | As at March 31, 2016 Qty | As at March 31, 2016 Amount ₹ | As at April 1, 2015 Qty | As at April 1, 2015 Amount ₹ |
|---|---|---|---|---|---|---|
| Unquoted Investments (all fully paid) (other than trade investments) | | | | | | |
| (i) Investments in Carmel Properties Pvt. Ltd. held at Cost ( since it is towards investment property refer note no. 1 below) :- | | | | | | |
| (a) Equity shares of Rs. 10 each | 1,125 | 2,500 | 1,125 | 2,500 | 1,125 | 2,500 |
| (b) Irredeemable debentures of Rs. 100 each | 3,089 | 3,88,951 | 3,089 | 3,88,951 | 3,089 | 3,88,951 |
| Total (i) | 4,214 | 3,91,451 | 4,214 | 3,91,451 | 4,214 | 3,91,451 |
| (ii) Investments in Forbes Technosys Limited at FVTPL | | | | | | |
| (a) 10% Non Cumulative Non Convertible, Non Participating Redeemable Preference Shares of Rs. 10 each in Forbes Technosys Limited | 20,00,000 | 2,00,00,000 | - | - | - | - |
| Total (ii) | 20,00,000 | 2,00,00,000 | - | - | - | - |
| TOTAL AGGREGATE UNQUOTED INVESTMENTS (A) | 20,04,214 | 2,03,91,451 | 4,214 | 3,91,451 | 4,214 | 3,91,451 |
| TOTAL INVESTMENTS | 20,04,214 | 2,03,91,451 | 4,214 | 3,91,451 | 4,214 | 3,91,451 |
| Less : Aggregate amount of impairment in value of investments (B) | - | - | - | - | - | - |
| TOTAL INVESTMENTS CARRYING VALUE (A) - (B) | | 2,03,91,451 | | 3,91,451 | | 3,91,451 |
| Aggregate market value of quoted investments | | - | | - | | - |

Note 1:-

(Carmel property is a residential flat at Mumbai, market value as at 1.4.2015 is Rs. 9,59,90,000 , 31.03.2016 is Rs. 9,93,00,000 and 31.03.2017 is Rs.10,26,10,000 as per valuation report dated 14.4.2017 issued by Yardi Prabhu Consultants & Valuers Pvt. Ltd, Mumbai )

5.1A. Category-wise other investments – as per Ind AS 109 classification

₹

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Financial assets carried at fair value through profit or loss (FVTPL)** | | | |
| Preference Instruments | 2,00,00,000 | - | - |
| Sub Total | 2,00,00,000 | - | - |
| **Financial assets carried at amortised cost** | | | |
| Equity Instruments | 2,500 | 2,500 | 2,500 |
| Debentures | 3,88,951 | 3,88,951 | 3,88,951 |
| Sub Total | 3,91,451 | 3,91,451 | 3,91,451 |
| Total | 2,03,91,451 | 3,91,451 | 3,91,451 |

## 6. Other financial assets

### 6A. Other financial assets - Non current

₹

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **a) Security deposits** | | | |
| - Unsecured, considered good | 1,53,36,178 | 1,52,75,786 | 3,27,75,786 |
| Total | **1,53,36,178** | 1,52,75,786 | 3,27,75,786 |

### 6B. Other financial assets - Current

₹

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **a)** Accruals: | | | |
| ii) Interest accrued on investments | 1,781 | 1,781 | 2,625 |
| sub total (a) | **1,781** | 1,781 | 2,625 |
| **b)** Other curent receivables | | | |
| - Unsecured, considered good | - | - | - |
| sub total (b) | - | - | - |
| Total | **1,781** | 1,781 | 2,625 |

## 7. 7A. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows

₹

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Balances with Banks** | | | |
| a) In current accounts | 15,13,119 | 1,70,18,134 | 10,91,866 |
| | **15,13,119** | 1,70,18,134 | 10,91,866 |
| Cash on hand | 11,100 | 4,920 | 1,948 |
| Cash and cash equivalents as per balance sheet | **15,24,219** | 1,70,23,054 | 10,93,814 |

## 8. Other assets

### 8A. Other assets - Non Current

₹

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| a) Balances with statutory / government authorities | | | |
| - Unsecured, considered good | - | 1,07,520 | 1,07,520 |
| Total | - | 1,07,520 | 1,07,520 |

### 8B. Other assets - Current

₹

| | | | |
|---|---|---|---|
| a) Prepaid expenses | - | 12,710 | - |
| b) Balances with statutory / government authorities | | | |
| - Unsecured, considered good | 87,869 | - | 4,680 |
| Total | **87,869** | 12,710 | 4,680 |

## VOLKART FLEMING SHIPPING & SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

### 9. Equity Share Capital

| Particulars | As at March 31, 2017 | As at March 31, 2016 | ₹<br>As at April 1, 2015 |
|---|---|---|---|
| Equity shares of ₹ 10 each | 50,38,500 | 50,38,500 | 50,38,500 |
| Total | 50,38,500 | 50,38,500 | 50,38,500 |
| **Authorised Share capital :** | | | |
| 100,000 fully paid equity shares of ₹ 100 each | 1,00,00,000 | 1,00,00,000 | 1,00,00,000 |
| **Issued and subscribed capital comprises:** | | | |
| 50,385 fully paid equity shares of ₹ 100 each<br>(as at March 31, 2016: 50,385; as at April 1, 2015: 50,385) | 50,38,500 | 50,38,500 | 50,38,500 |
| | 50,38,500 | 50,38,500 | 50,38,500 |

**9.1 Fully paid equity shares**

| Particulars | Number of shares | Share capital (Amount) |
|---|---|---|
| Balance at April 1, 2015 | 50,385 | 50,38,500 |
| Movements | - | - |
| Balance at March 31, 2016 | 50,385 | 50,38,500 |
| Movements | - | - |
| **Balance at March 31, 2017** | 50,385 | 50,38,500 |

Fully paid equity shares, which have a par value of Rs.100, carry one vote per share and carry a right to dividends.

**9.2 Details of shares held by the holding company, the ultimate controlling party, their subsidiaries and associates**

| | Fully paid ordinary shares | | |
|---|---|---|---|
| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| **Balance at the beginning of the period** | 50,385 | 50,385 | 50,385 |
| The holding company | - | - | - |
| Total | 50,385 | 50,385 | 50,385 |

**9.3 Details of shares held by each shareholder holding more than 5% shares**

| | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|---|---|---|---|---|---|
| Particulars | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares | Number of shares held | % holding in the class of shares |
| Fully paid equity shares | | | | | | |
| Forbes & Company Limited | 50,385 | 100.00 | 50,385 | 100.00 | 50,385 | 100.00 |
| Total | 50,385 | 100.00 | 50,385 | 100.00 | 50,385 | |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

### 10. Other equity

₹

| | Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April 1, 2015* |
|---|---|---|---|---|
| a) | General reserve | **70,04,807** | *70,04,807* | *70,04,807* |
| b) | Retained earnings | **3,49,38,976** | *3,09,12,549* | *2,66,34,056* |
| c) | Capital redemption reserve | **29,61,500** | *29,61,500* | *29,61,500* |
| | **Total** | **4,49,05,283** | *4,08,78,856* | *3,66,00,363* |

₹

| Particulars | As at March 31, 2017 | *As at March 31, 2016* |
|---|---|---|
| **10.1 General reserve (Refer Note 1 )** | | |
| Balance at beginning of the year | **70,04,807** | *70,04,807* |
| Movements | - | - |
| **Balance at end of the year** | **70,04,807** | *70,04,807* |

**Note 1**: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

₹

| Particulars | As at March 31, 2017 | *As at March 31, 2016* | *As at April, 2015* |
|---|---|---|---|
| **10.2 Retained earnings** | | | |
| Balance at beginning of year | **3,09,12,549** | *2,66,34,056* | *2,65,29,577* |
| Ind AS Transition Reserves | | *(35,565)* | *1,04,479* |
| Profit attributable to owners of the Company | **40,26,427** | *43,14,058* | |
| **Balance at end of the year** | **3,49,38,976** | *3,09,12,549* | *2,66,34,056* |

₹

| Particulars | As at March 31, 2017 | *As at March 31, 2016* |
|---|---|---|
| **10.3 Capital redemption reserve** | | |
| Balance at beginning of the year | **29,61,500** | *29,61,500* |
| Movements | - | - |
| **Balance at end of the year** | **29,61,500** | *29,61,500* |
| | | |
| **Total** | **4,49,05,283** | *4,08,78,856* |

## 11. Other financial liabilities

### 11A. Other financial liabilities - Non Current

₹

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| a) Others :- | | | |
| - Security deposits | - | 3,31,085 | 2,95,520 |
| **Total** | - | 3,31,085 | 2,95,520 |

### 11B. Other financial liabilities - Current

₹

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| a) Others :- | | | |
| - Security deposits | 22,70,656 | 18,99,840 | 18,99,840 |
| **Total** | 22,70,656 | 18,99,840 | 18,99,840 |

## 12. Other non-current liabilities

### 12A Other current liabilities

₹

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| a) Advances | 4,66,666 | 4,66,666 | 4,66,666 |
| b) Statutory remittances | 1,95,915 | 1,20,594 | 1,70,544 |
| **Total** | 6,62,581 | 5,87,260 | 6,37,210 |

## 13. Current Borrowings

₹

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Unsecured - at amortised cost** | | | |
| a) Loans from related parties | - | - | 65,00,000 |
| **Total** | - | - | 65,00,000 |

i) Amounts repayable to related parties of the Company. Interest of 12% per annum is charged on the outstanding loan balances as at April 1, 2015.

## 14. Trade payables

₹

### 14 A Trade payables - Current

| Particulars | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| Trade payables | Refer Note 30 | 19,06,331 | 15,10,196 | 4,45,708 |
| **Total** | | 19,06,331 | 15,10,196 | 4,45,708 |

The Company ensures that all payables are paid within the agreed terms.

## 15. Current tax assets and liabilities

₹

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Current tax assets** | | | |
| Tax refund receivable | 1,92,55,179 | 2,69,08,382 | 2,55,31,599 |
| | 1,92,55,179 | 2,69,08,382 | 2,55,31,599 |
| **Current tax liabilities** | | | |
| Income tax payable | 18,13,326 | 94,74,947 | 84,93,447 |
| | 18,13,326 | 94,74,947 | 84,93,447 |
| Current Tax Assets (current portion) | - | - | - |
| Current Tax Assets (non-current portion) | 1,92,55,179 | 2,69,08,382 | 2,55,31,599 |

## VOLKART FLEMING SHIPPING & SERVICES LIMITED
### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

**16. Revenue from operations**

₹

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| a) **Service Charges** | | |
| i) Professional Services (Net of Service Tax) | 99,00,000 | *99,00,000* |
| | **99,00,000** | *99,00,000* |
| b) **Other operating revenues** | | |
| i) Rent and amenities | 71,61,656 | *82,98,166* |
| | **71,61,656** | *82,98,166* |
| **Total** | **1,70,61,656** | *1,81,98,166* |

**17. Other Income**

**a) Interest Income**

₹

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| i) Notional Interest Income on Security Deposits | - | - |
| ii) Income Tax refund | 2,11,397 | - |
| iii) Long Term Investments | 3,089 | *3,089* |
| iv) Bank deposits | 5,19,459 | - |
| **Total** | **7,33,945** | *3,089* |

**18. Employee benefits expense**

₹

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| i) Salaries and Wages | 91,86,284 | *80,76,835* |
| iii) Staff Welfare Expenses | 42,133 | *16,810* |
| **Total** | **92,28,417** | *80,93,645* |

**19. Finance costs**

₹

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| **Continuing operations** | | |
| (a) **Interest costs :-** | | ₹ |
| i) Interest on loans from related parties | - | *6,72,000* |
| ii) Notional Interest on Security Deposits | 39,730 | *35,565* |
| **Total (a)** | **39,730** | *7,07,565* |
| **Total (a+b+c+d)** | **39,730** | *7,07,565* |

The weighted average capitalisation rate on funds borrowed generally is 10 % per annum (2015-2016: 12% per annum).

**20. Depreciation and amortisation expense**

₹

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| i) Depreciation of investment property (Note 4) | - | *3,113* |
| **Total depreciation and amortisation pertaining to continuing operations** | - | *3,113* |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

### 21. A. Other expenses

₹

| | Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|---|
| a) | Power and fuel | 3,10,851 | *3,52,723* |
| b) | Rent and hire charges | 68,880 | *1,28,880* |
| c) | **Repairs to :** | | |
| | i) Buildings | 2,04,738 | *4,44,791* |
| | iii) Others | 92,965 | *70,858* |
| | | 2,97,703 | *5,15,649* |
| d) | Rates and taxes (excluding taxes on income) | 14,23,878 | *11,12,494* |
| e) | Printing & Stationery | 791 | *360* |
| f) | Communication | 85,655 | *74,784* |
| g) | Legal and professional charges | 3,21,306 | *9,67,050* |
| h) | Travelling and conveyance | 32,144 | *38,431* |
| s) | Housekeeping Charges | 3,27,264 | *2,09,225* |
| w) | Security Charges | 4,58,280 | *4,20,875* |
| i) | Miscellaneous expenses | 31,630 | *16,115* |
| | **Total (A)** | **33,58,382** | *38,36,586* |
| **B.** | **To Statutory auditors** | | |
| | i) For audit | 30,150 | *30,000* |
| | ii) For tax audit | 15,075 | *15,000* |
| | iv) For other services | 20,703 | *20,703* |
| | v) For reimbursement of expenses | 1,231 | *1,150* |
| | **Total (B)** | **67,159** | *66,853* |
| | **Total (A) + (B)** | **34,25,541** | **39,03,439** |

### 22. Income taxes relating to continuing operations

#### 22.1 Income tax recognised in profit or loss

₹

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | 11,54,000 | *12,15,000* |
| In respect of prior years | (78,514) | - |
| | **10,75,486** | *12,15,000* |
| **Total income tax expense recognised in the current year relating to continuing Operations** | **10,75,486** | *12,15,000* |

The income tax expense for the year can be reconciled to the accounting profit as follows: ₹

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| **Profit before tax from continuing operations** | **51,01,913** | *54,93,493* |
| Income tax expense calculated at 29.87% (2015-2016: 30.9%%) | 15,23,941 | 16,97,489 |
| Effect of income that is exempt from taxation | - | - |
| Effect of expenses that are not deductible in determining taxable profit | 1,67,513 | 1,87,698 |
| Effect of deductions and other allowances | (5,38,336) | (6,71,088) |
| Rounding off of tax provision | 882 | 901 |
| Income tax expense recognised in profit or loss (relating to continuing operations) | **11,54,000** | **12,15,000** |

The effective tax rate for the 2016-2017 and 2015-2016 is 22.62% and 22.12% respectively.

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued

### 23. Contingent liabilities

₹

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| (a) Claims against the Company not acknowledged as debt | | | |
| (i) Legal Matter :- 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 | 1100000 | 1100000 | 1100000 |
| (iii)Income Tax Matters | 2767678 | 2767678 | 2767678 |

### 24. Earnings per share

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| **From Continuing operations** | **₹. per share** | *₹. per share* |
| Basic earnings per share | **79.91** | *84.92* |
| Diluted earnings per share | **79.91** | *84.92* |

#### 24.1. Basic Earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

| Particulars | Year ended March 31, 2017 | *Year ended March 31, 2016* |
|---|---|---|
| Profit for the year attributable to owners of the Company (A) ₹ | **40,26,427** | *42,78,493* |
| Weighted average number of equity shares for the purposes of basic earnings per share (B) | **50,385** | *50,385* |
| **Basic Earnings per share (A/B) ₹** | **79.91** | *84.92* |

#### 24.2. Diluted earnings per share

There is no dilution of equity shares.

## 25. 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 | Continued Operations | | | | | |
|---|---|---|---|---|---|---|
| | Professional Services | | Real Estate | | Total | |
| | 31st March, 2017 | *31st March, 2016* | 31st March, 2017 | *31st March, 2016* | 31st March, 2017 | *31st March, 2016* |
| External segment revenue | 99,00,000 | *99,00,000* | 71,61,656 | *82,98,166* | 1,70,61,656 | *1,81,98,166* |
| Add: Inter segment revenue | - | - | - | - | - | - |
| **Revenue from operations** | 99,00,000 | *99,00,000* | 71,61,656 | *82,98,166* | 1,70,61,656 | *1,81,98,166* |
| **Segment Results - Profit / (Loss)** | (5,10,385) | *6,24,867* | 52,34,735 | *56,97,294* | 47,24,350 | *63,22,161* |
| Add: Unallocated income | | | | | 7,30,856 | - |
| Less: Unallocated expenses | | | | | (3,13,562) | *(1,21,103)* |
| Less: Exceptional items other than related to segments (net) | | | | | - | - |
| **Profit / (Loss) before tax and finance costs** | | | | | 51,41,643 | *62,01,058* |
| Less: Finance costs | | | | | (39,730) | *(7,07,565)* |
| **Profit / (Loss) before tax** | | | | | 51,01,913 | *54,93,493* |
| **Provision for taxation:** | | | | | | |
| Current tax expense | | | | | (10,75,486) | *(12,15,000)* |
| Deferred tax | | | | | - | - |
| **Profit / (Loss) after tax** | | | | | 40,26,427 | *42,78,493* |
| **Capital employed** | | | | | | |
| **Segment assets** | 1,01,169 | *21,940* | 1,57,16,110 | *1,57,67,308* | 1,58,17,279 | *1,57,89,248* |
| Unallocated corporate assets | | | | | 4,07,79,398 | *4,39,31,435* |
| **Total assets** | 1,01,169 | *21,940* | 1,57,16,110 | *1,57,67,308* | 5,65,96,677 | *5,97,20,683* |
| **Segment liabilities** | (2,70,445) | *(1,19,677)* | (40,28,195) | *(41,60,578)* | (42,98,640) | *(42,80,255)* |
| Unallocated corporate liabilities | | | | | (23,54,255) | *(95,23,072)* |
| **Total liabilities** | (2,70,445) | *(1,19,677)* | (40,28,195) | *(41,60,578)* | (66,52,894) | *(1,38,03,327)* |
| **Capital employed** | (1,69,276) | *(97,737)* | 1,16,87,916 | *1,16,06,730* | 4,99,43,783 | *4,59,17,356* |
| | | | | | - | - |
| **Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress** | | | | | - | - |
| Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress | | | | | - | - |
| **Total capital expenditure** | | | | | | |
| **Segment depreciation / amortisation** | - | - | - | *3,113* | - | *3,113* |
| Unallocated corporate depreciation / amortisation | | | | | - | - |
| **Total depreciation / amortisation** | | | | | - | *3,113* |
| **Non-cash segment expenses other than depreciation** | | | - | - | - | - |
| Unallocated non-cash expenses other than depreciation | | | | | - | - |
| **Total non-cash expenses other than depreciation** | | | | | - | - |

## VOLKART FLEMING SHIPPING & SERVICES LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued**

### 26. Financial instruments

**26.1. Capital management**

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company mainly consists of equity of the Company (comprising issued capital, general reserves, retained earnings and capital redemption reserve as detailed in notes 9 to 10).

The company is not exposed to currency risk as there are no forex transactions and also no exposure to interest rate risks since no variable rate instruments.

As at 31.03.2017 there are no borrowings and currently Company does not intend to borrow and there is no line of credit. with bank, hence no gearing ratio.

26.2 **Categories of financial instruments**

₹

| Particulars | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Measured at Amortised Cost** | | | | |
| Cash and bank balances | | 1524219 | 17023054 | 1093814 |
| Other Financial Assets | | 15337959 | 15277567 | 32778411 |
| Investments | | 391451 | 391451 | 391451 |
| | | 17253629 | 32692072 | 34263676 |
| **Measured at FVTPL** | | | | |
| Investments | | 20000000 | 0 | 0 |
| | | **37253629** | **32692072** | **34263676** |
| **Financial liabilities** | | | | |
| **Measured at Amortised Cost** | | | | |
| Borrowings | | 0 | 0 | 6500000 |
| Trade and Other payables | | 1906331 | 1510196 | 445708 |
| Other Financial Liabilities | | 2270656 | 2230925 | 2195360 |
| | | **4176987** | **3741121** | **9141068** |

26.3 **Financial risk management objectives**

The company monitors and manages the financial risks to the operations of the company . These risks include

**23.9 Credit risk management**

Based on the Company's monitoring of customer credit risk, the company believes that no impairment

**Liquidity risk management**

Liquidity Risk Management implies maintenance of sufficient cash and bank balance to meet obligations when due. The company manages liquidity risk by maintaining adequate funds, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

₹

| Maturities of Financial Liabilities | March 31, 2017 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Trade Payables | 19,06,331 | | | |
| Other Financial Liabilities | 22,70,656 | | | |
| | 41,76,987 | - | - | - |

₹

| Maturities of Financial Liabilities | March 31, 2016 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Trade Payables | 15,10,196 | | | |
| Other Financial Liabilities | 18,99,840 | 3,31,085 | | |
| | 34,10,036 | 3,31,085 | - | - |

₹

| Maturities of Financial Liabilities | April 1, 2015 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Borrowings | 65,00,000 | | | |
| Trade Payables | 4,45,708 | | | |
| Other Financial Liabilities | 18,99,840 | 2,95,520 | | |
| | 88,45,548 | 2,95,520 | - | - |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued**

## 27. Related Party Disclosures

**Current Year**

**(a) Name of the Related Parties and Description of Relationship:**

| Nature of Relationship | Name of Entity | Abbreviation used |
|---|---|---|
| Ultimate Holding Company | Shapoorji Pallonji and Company Private Limited | SP&CPL |
| Holding Company | Forbes & Company Limited | F&CL |
| Fellow Subsidiaries | Shapoorji Pallonji Investment Advisors Pvt Ltd | SPIAPL |
| (where there are transactions) | Shapoorji Pallonji Forbes Shipping Limited (Formerly known as SCI Forbes Limited) | SPFSL |
| | Forbes Campbell Services Ltd. | FCSL |
| | Forbes Campbell Finance Ltd. | FCFL |
| | Forbes Facility Services Pvt. Ltd. | FFSPL |
| | Forbes Technosys Limited | FTL |

**Previous Year**

(a) Name of the Related Parties and Description of Relationship:

| Nature of Relationship | Name of Entity | Abbreviation used |
|---|---|---|
| Ultimate Holding Company | Shapoorji Pallonji and Company Private Limited | SP&CPL |
| Holding Company | Forbes & Company Limited | F&CL |
| Fellow Subsidiaries | Shapoorji Pallonji Investment Advisors Pvt Ltd | SPIAPL |
| (where there are transactions) | Shapoorji Pallonji Forbes Shipping Limited (Formerly known as SCI Forbes Limited) | SPFSL |
| | Forbes Campbell Services Ltd. | FCSL |
| | Forbes Campbell Finance Ltd. | FCFL |
| | Forbes Facility Services Pvt. Ltd. | FFSPL |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued**

## 27. Related party disclosures (contd.)

₹

**(b) Details of related party transactions during the year ended 31st March, 2017 and balances outstanding as at 31st March, 2017:**

| | | Holding Company | | Fellow Subsidiaries | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Forbes & Company Limited | **Parties in A above** | Shapoorji Pallonji Forbes Shipping Limited | Forbes Facility Services Limited | Forbes Technosys Limited | Forbes Campbell Services Ltd. | **Parties in B above** | **Total** |
| | **Outstandings** | | | | | | | | |
| 1 | Trade Payables | - | **-** | - | 15,006 | - | - | **15,006** | **15,006** |
| | **Nature of Transaction** | | | | | | | | |
| | **Sales / Services** | | | | | | | | |
| 1 | Services Rendered | 99,00,000 | **99,00,000** | - | - | - | - | **-** | **99,00,000** |
| | **Expenses** | | | | | | | | |
| 2 | Miscellaneous expenses | 12 | **12** | - | 1,82,310 | - | 4,56,000 | **6,38,310** | **6,38,322** |
| | **Income** | | | | | | | | |
| 3 | Rent and Other Service Charges | 3,80,000 | **3,80,000** | 10,12,024 | - | - | - | **10,12,024** | **13,92,024** |
| | | | | | | | | | |
| 4 | **Other Reimbursements** | 91,42,843 | **91,42,843** | 21,375 | - | - | - | **21,375** | **91,64,218** |
| | **Finance** | | | | | | | | |
| 5 | **Investment in Preference shares** | - | **-** | - | - | 2,00,00,000 | - | **2,00,00,000** | **2,00,00,000** |

## VOLKART FLEMING SHIPPING & SERVICES LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 - Continued**

**27. 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 | B | B | B | B | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Forbes & Company Limited | **Parties in A above** | Shapoorji Pallonji Investment Advisors Private Limited | Shapoorji Pallonji Forbes Shipping Limited | Forbes Facility Services Limited | Forbes Campbell Finances Ltd. | Forbes Campbell Services Ltd. | **Parties in B above** | **Total** |
| | **Outstandings** | | | | | | | | | |
| 1 | Trade Payables | - | - | - | - | - | | | - | - |
| | | - | - | - | - | | | | - | - |
| 2 | Deposit payable | - | - | - | - | | | | - | - |
| | | - | - | - | - | | | | - | - |
| | **Nature of Transaction** | | | | | | | | | |
| | **Sales / Services** | | | | | | | | | |
| 1 | Services Rendered | 99,00,000 | **99,00,000** | | | | | | - | **99,00,000** |
| | **Expenses** | | | | | | | | | |
| 2 | Interest Paid | 6,72,000 | **6,72,000** | - | - | | | | - | **6,72,000** |
| | | | - | - | - | | | | | - |
| 3 | Housekeeping Charges | - | - | - | - | *1,66,861* | | | **1,66,861** | **1,66,861** |
| 4 | Miscellaneous expenses | 12 | **12** | - | - | | | 4,20,000 | **4,20,000** | **4,20,012** |
| | | | - | - | - | | | | | - |
| | **Income** | | | | | | | | | |
| 5 | Rent and Other Service Charges | 4,80,000 | **4,80,000** | 14,00,258 | 6,48,276 | | | | **20,48,534** | **25,28,534** |
| 6 | **Other Reimbursements** | 80,76,835 | **80,76,835** | - | - | | 7,209 | | **7,209** | **80,84,044** |
| | **Finance** | | | | | | | | | |
| 7 | Repayment of Deposits Taken | 65,00,000 | **65,00,000** | - | - | | | | - | **65,00,000** |

## 28. Ind AS 101 reconciliations

### 28.1. Effect of Ind AS adoption on the balance sheet as at March 31, 2016 and April 1, 2015

₹

| | | As at March 31, 2016 (End of last period presented under previous GAAP) | | | As at April 1, 2015 (Date of transition) | | |
|---|---|---|---|---|---|---|---|
| | Notes | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet | Previous GAAP | Effect of transition to Ind AS | As per Ind AS balance sheet |
| **Non-current assets** | | | | | | | |
| (a) Property, plant and equipment | | - | | - | - | | - |
| (b) Investment properties | | - | | - | 3,113 | | 3,113 |
| (c) Financial assets | | | | - | | | - |
| (i) Investments | | | | - | | | - |
| a) Other investments | | 3,91,451 | | 3,91,451 | 3,91,451 | | 3,91,451 |
| (ii) Other financial assets | | 1,52,75,786 | | 1,52,75,786 | 3,27,75,786 | | 3,27,75,786 |
| (d) Tax assets | | | | - | | | - |
| (i) Deferred Tax Asset (net) | | | | - | | | - |
| (ii) Current Tax Asset (Net) | | 2,69,08,382 | | 2,69,08,382 | 2,55,31,599 | | 2,55,31,599 |
| (e) Other non-current assets | | 1,07,520 | | 1,07,520 | 1,07,520 | | 1,07,520 |
| | | | | | | | |
| **Total non-current assets** | | **4,26,83,139** | - | **4,26,83,139** | **5,88,09,469** | - | **5,88,09,469** |
| | | | | | | | |
| **Current assets** | | | | | | | |
| | | | | | | | |
| (a) Financial assets | | | | - | | | - |
| (i) Cash and cash equivalents | | 1,70,23,054 | | 1,70,23,054 | 10,93,814 | | 10,93,814 |
| (ii) Other financial assets | | 1,781 | | 1,781 | 2,625 | | 2,625 |
| (d) Other current assets | | 12,710 | | 12,710 | 4,680 | | 4,680 |
| | | **1,70,37,545** | - | **1,70,37,545** | **11,01,119** | - | **11,01,119** |
| **Total current assets** | | **1,70,37,545** | - | **1,70,37,545** | **11,01,119** | - | **11,01,119** |
| **Total Assets** | | **5,97,20,684** | - | **5,97,20,684** | **5,99,10,588** | - | **5,99,10,588** |
| | | | | | | | |
| **Equity** | | | | | | | |
| Equity share capital | | 50,38,500 | | 50,38,500 | 50,38,500 | | 50,38,500 |
| Other equity | | 4,08,09,942 | 68,914 | 4,08,78,856 | 3,64,95,884 | 1,04,479 | 3,66,00,363 |
| Equity attributable to owners of the Company | | **4,58,48,442** | **68,914** | **4,59,17,356** | **4,15,34,384** | **1,04,479** | **4,16,38,863** |
| **Total equity** | | 4,58,48,442 | 68,914 | 4,59,17,356 | 4,15,34,384 | 1,04,479 | 4,16,38,863 |
| | | | | | | | |
| | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Borrowings | | | | - | - | | - |
| (ii) Trade and other payables | | | | - | | | - |
| (ii) Other financial liabilities | | 4,00,000 | (68,914) | 3,31,086 | 22,99,839 | (20,04,319) | 2,95,520 |
| Provisions | | | | - | | | - |
| Other non-current liabilities | | | | - | | | - |
| **Total non-current liabilities** | | 4,00,000 | (68,914) | 3,31,086 | 22,99,839 | (20,04,319) | 2,95,520 |
| | | | | | | | |
| **Current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Borrowings | | | | - | 65,00,000 | | 65,00,000 |
| (ii) Trade and other payables | | 15,10,195 | | 15,10,195 | 4,45,707 | - | 4,45,707 |
| (iii) Other financial liabilities | | 18,99,840 | - | 18,99,840 | - | 18,99,840 | 18,99,840 |
| Provisions | | | | - | | | - |
| Current tax liabilities (Net) | | 94,74,947 | | 94,74,947 | 84,93,447 | | 84,93,447 |
| Other current liabilities | | 5,87,260 | | 5,87,260 | 6,37,210 | | 6,37,210 |
| | | 1,34,72,242 | - | 1,34,72,242 | 1,60,76,364 | 18,99,840 | 1,79,76,204 |
| | | | | | | | |
| **Total current liabilities** | | 1,34,72,242 | - | 1,34,72,242 | 1,60,76,364 | 18,99,840 | 1,79,76,204 |
| | | | | | | | |
| | | | | | | | |
| **Total liabilities** | | 1,38,72,242 | (68,914) | 1,38,03,328 | 1,83,76,203 | (1,04,479) | 1,82,71,724 |
| | | | | | | | |
| **Total equity and liabilities** | | 5,97,20,684 | 0 | 5,97,20,684 | 5,99,10,587 | 0 | 5,99,10,587 |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

**28.2. Reconciliation of total equity as at March 31, 2016 and April 1, 2015**

₹

| | Notes | As at March 31, 2016 (End of last period presented under previous GAAP) | As at April 1, 2015 (Date of transition) |
|---|---|---|---|
| **Total equity / shareholders' funds under previous GAAP** | | **4,58,48,442** | **4,15,34,384** |
| | | | |
| **Adjustments:** | | | |
| Advance Rental Income | | 1,15,288 | 1,15,288 |
| Finance Cost on Security Deposits | | (46,373) | (10,808) |
| | | | |
| **Total adjustment to equity** | | **68,914** | **1,04,479** |
| **Total equity under Ind AS** | | **4,59,17,356** | **4,16,38,863** |

**28.3. Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016**

₹

| | Notes | Year ended March 31, 2016 (Latest period presented under previous GAAP) | | |
|---|---|---|---|---|
| | | Previous GAAP | Effect of transition to Ind AS | Ind AS |
| Revenue from Operations | | 1,81,98,166.00 | | 1,81,98,166.00 |
| Other income | | 3,089.00 | | 3,089.00 |
| **Total Income** | | **1,82,01,255.00** | - | **1,82,01,255.00** |
| | | | | |
| **Expenses** | | | | |
| Employee benefits expense | | 80,93,645.00 | | 80,93,645.00 |
| Finance costs | | 6,72,000.00 | 35,565.00 | 7,07,565.00 |
| Depreciation and amortisation expense | | 3,113.00 | | 3,113.00 |
| Other expenses | | 39,03,439.00 | | 39,03,439.00 |
| **Total expenses** | | **1,26,72,197.00** | **35,565.00** | **1,27,07,762.00** |
| | | | | |
| Profit before exceptional items and tax | | **55,29,058.00** | **(35,565.00)** | **54,93,493.00** |
| Exceptional items | | | | |
| Profit before tax | | **55,29,058.00** | **(35,565.00)** | **54,93,493.00** |
| | | | | |
| Tax expense | | | | |
| (1) Current tax | | 12,15,000.00 | | 12,15,000.00 |
| (2) Deferred tax | | | | - |
| | | **12,15,000.00** | - | **12,15,000.00** |
| | | | | |
| **Profit for the period** | | **43,14,058.00** | **(35,565.00)** | **42,78,493.00** |
| | | | | |
| **Other Comprehensive Income** | | - | - | - |
| **Total other comprehensive income** | | - | - | - |
| | | | | |
| **Total comprehensive income for the period (III+IV)** | | **43,14,058.00** | **(35,565.00)** | **42,78,493.00** |

**28.4. Reconciliation of total comprehensive income for the year ended March 31, 2016**
**All amounts are in Rs.'million unless otherwise stated**

| **Particulars** | | ₹ **Amount** |
|---|---|---|
| **Profit as per previous GAAP** | | 43,14,058 |
| **Adjustments:** | | |
| Finance Cost on Security Deposits | | **(35,565)** |
| | | |
| **Total adjustments** | | (35,565) |
| **Total comprehensive income under Ind AS** | | **42,78,493** |

**Note: Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under the previous GAAP.**

## VOLKART FLEMING SHIPPING & SERVICES LIMITED

**28.5. Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016**

₹

| | | Year ended March 31, 2016 (Latest period presented under previous GAAP) | | |
|---|---|---|---|---|
| | **Notes** | **Previous GAAP** | **Effect of transition to Ind AS** | **Ind AS** |
| | | | | |
| Net cash flows from operating activities | | 23097307 | | 2,30,97,307 |
| Net cash flows from investing activities | | 3933 | | 3,933 |
| Net cash flows from financing activities | | -7172000 | | (71,72,000) |
| **Net increase (decrease) in cash and cash equivalents** | | **1,59,29,240.00** | - | **1,59,29,240.00** |
| **Cash and cash equivalents at the beginning of the period** | | 1093814 | | **10,93,814** |
| **Cash and cash equivalents at the end of the period** | | **1,70,23,054.00** | - | **1,70,23,054.00** |

**28.6. Analysis of cash and cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of statement of cash flows under Ind AS**

₹

| | **Notes** | **As at March 31, 2016** (End of last period presented under previous GAAP) | **As at April 1, 2015** (Date of transition) |
|---|---|---|---|
| | | | |
| **Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP** | | **1,70,23,054.00** | **10,93,814** |
| | | | |
| **Cash and cash equivalents for the purpose of statement of cash flows under Ind AS** | | **1,70,23,054.00** | **10,93,814.00** |

**29 Leases**

**(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 0.69 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 31.03.2017 | As at 31.03.2016 | *As at 1.04.2015* |
|---|---|---|---|
| Gross carrying Amount | **1,39,74,892** | **1,39,74,892** | *1,39,74,892* |
| Accumulated Depreciation | **1,39,74,892** | **1,39,74,892** | *1,39,71,779* |
| Depreciation for the year | - | **3,113** | *52,161* |

(ii) The company has entered into non cancellable operating lease arrangement. The details of the premises leased are as follows:

₹

| **Non - Current Investments** | **Buildings** | | |
|---|---|---|---|
| | **31st March, 2017 Rs.** | **31st March, 2016 Rs.** | *1st April, 2015 Rs.* |
| 1125 Equity shares of Rs. 10 each in | **2,500** | **2,500** | *2,500* |
| 3089 irredeemable debentures of Rs. | **3,88,951** | **3,88,951** | *3,88,951* |
| | **3,91,451** | **3,91,451** | *3,91,451* |

Future minimum lease receivable under non-cancellable operating leases is as follow:

₹

| **Period** | **31st March, 2017 Rs.** | **31st March, 2016 Rs.** | *1st April, 2015 Rs.* |
|---|---|---|---|
| Not later than one year | **9,33,333** | **14,00,000** | *14,00,000* |
| Later than one year but not later than five | - | **9,33,333** | *23,33,333* |
| Later than five years | - | - | - |
| **TOTAL** | **9,33,333** | **23,33,333** | *37,33,333* |

**30. 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.

**31. DETAILS OF CASH TRANSACTIONS FOR THE PERIOD 08.11.2016 TO 30.12.2016**

| Forbes Building | Dates | Denomination | Nos. | Amount Rs. | Total in ₹ |
|---|---|---|---|---|---|
| Cash on Hand | 08-11-2016 | 100 | 164 | 16,400 | |
| | | 10 | 4 | 40 | |
| | | 1 | 4 | 4 | **16,444** |
| (+) Permitted receipts * | | | | | **1,50,000** |
| (-) Permitted payments | | | | | **-2,000** |
| | | | | | |
| (-) Amount deposited in Banks | | | | | - |
| Cash on Hand | 30-12-2016 | 2,000 | 75 | 1,50,000 | |
| | | 100 | 144 | 14,400 | |
| | | 10 | 4 | 40 | |
| | | 1 | 4 | 4 | **1,64,444** |

-

*** Permitted receipts**

| **Cash withdrawal from Bank** | | |
|---|---|---|
| DATE | | AMOUNT |
| 22.12.2016 | IDBI BANK | 50,000 |
| 22.12.2016 | SCB | 50,000 |
| 30.12.2016 | IDBI BANK | 50,000 |
| Total | | **1,50,000** |

**32.** Previous year's figures have been regrouped wherever necessary.

In terms of our report attached
**For Batliboi & Purohit**
*Chartered Accountants*
Firm Reg No.-101048W

**Janak Mehta**
Partner
Membership No.: 116976
*Mumbai, 21st April, 2017*

SHRIKRISHNA BHAVE ________ *Chairperson*

NIRMAL JAGAWAT ________ *Directors*

SANDEEP KADAKIA ________

*Mumbai, 21st April, 2017*