# FORBES & COMPANY LIMITED

FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES
FOR THE YEAR 2017-18

**FORBES & COMPANY LIMITED**

Reports and Accounts of Subsidiary Companies

2017-18

**CONTENTS**

Aquadiagnostics Water Research & Technology Centre Limited

(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements

For the year ended March 31, 2018

## 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 2018, 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.

**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 of the Company as at 31 March, 2018, and its profit 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 Indian 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 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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 in the Financial Statements.

ii. The company did not have any long term contracts including Derivative Contracts for which there were any material foreseeable losses.

iii. There was no amount which were required to be transferred to the Investor Education and Protection Fund by the Company

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

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

Place : Mumbai
Date : 30th April, 2018

**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 2018, 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 property.

(ii) The Company is a service company, primarily rendering water 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 bodies corporate, Firms, Limited Liability Partnerships 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 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 from the public 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 the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

(vii) 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, duty of excise, service tax, Goods and service tax, cess and other material statutory dues have been regularly deposited during the year by the Company 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, employees' state insurance, duty of excise, service tax, Goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

According to information and explanations given to us, there are no dues of provident fund, income tax, sales tax, service tax, Goods and 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, there was no borrowing from Bank or Government and 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 : 30th April, 2018

**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 2018 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 2018, 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 : 30th April, 2018

**Aquadiagnostics Water Research & Technology Centre Limited**

**BALANCE SHEET AS AT 31ST MARCH, 2018**

| | | Notes | As at March 31, 2018 ` / Lacs | As at March 31, 2018 ` / Lacs | As at March 31, 2017 ` / Lacs | As at March 31, 2017 ` / Lacs |
|---|---|---|---|---|---|---|
| | **ASSETS** | | | | | |
| | **Non-current Assets** | | | | | |
| (a) | Property, plant and equipment | **4** | | 54.99 | | 59.58 |
| (b) | Financial assets | | | | | |
| (i) | Other financial assets | **6** | 10.50 | 10.50 | 7.50 | 7.50 |
| (c) | Tax assets | | | | | |
| (i) | Current Tax Asset (Net) | **15** | 24.30 | 24.30 | 13.25 | 13.25 |
| (d) | Other non-current assets | **8** | | - | | - |
| | **Total Non-current Assets** | | | **89.79** | | **80.34** |
| | **Current Assets** | | | | | |
| (a) | Financial assets | | | | | |
| (i) | Trade receivables | **5** | 55.32 | | 40.40 | |
| (ii) | Cash and cash equivalents | **7** | 18.17 | 73.49 | 24.52 | 64.92 |
| (b) | Other current assets | **8** | | 5.29 | | 1.88 |
| | | | | 78.78 | | 66.80 |
| | Assets classified as held for sale | | | | | |
| | **Total Current Assets** | | | **78.78** | | **66.80** |
| | **Total Assets** | | | **168.57** | | **147.14** |
| | **EQUITY AND LIABILITIES** | | | | | |
| | **Equity** | | | | | |
| (a) | Equity share capital | **9** | 300.00 | | 300.00 | |
| (b) | Other Equity | **10** | (152.11) | | (161.01) | |
| | Equity attributable to owners of the Company | | | 147.89 | | 138.99 |
| | **Total Equity** | | | **147.89** | | **138.99** |
| | **Liabilities** | | | | | |
| | **Non-current Liabilities** | | | | | |
| (a) | Provisions | **12** | | 3.01 | | 1.90 |
| | **Total Non-current Liabilities** | | | **3.01** | | **1.90** |
| | **Current liabilities** | | | | | |

**Aquadiagnostics Water Research & Technology Centre Limited**

**BALANCE SHEET AS AT 31ST MARCH, 2018**

| | | Notes | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|---|---|
| | | | ` / Lacs | ` / Lacs | ` / Lacs | ` / Lacs |
| | **ASSETS** | | | | | |
| (a) | Financial liabilities | | | | | |
| (i) | Trade and other payables | **14** | 8.53 | | - | |
| (ii) | Other financial liabilities | **11** | 3.31 | 11.84 | 3.08 | 3.08 |
| (b) | Provisions | **12** | | 0.10 | | 0.05 |
| (c) | Other current liabilities | **13** | | 5.73 | | 3.10 |
| | | | | 17.67 | | 6.24 |
| | **Total Current Liabilities** | | | **17.67** | | **6.24** |
| | **Total Liabilities** | | | **20.68** | | **8.15** |
| | **Total Equity and Liabilities** | | | **168.57** | | **147.14** |

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: 30th Apr'2018

**Aquadiagnostics Water Research & Technology Centre Limited**

**Statement of Profit and Loss for the year ended 31st March, 2018**

| | | Notes | Year 2017-18 ` / Lacs | Year 2016-17 ` / Lacs |
|---|---|---|---|---|
| I | **Income** | | | |
| | Revenue from Operations | **16** | 163.70 | 145.72 |
| | Other income and other gains / (losses) | **17** | 2.53 | (0.23) |
| | **Total Income** | | **166.23** | **145.48** |
| II | **Expenses** | | | |
| | Purchases of stock-in-trade | **18** | - | 5.32 |
| | Employee benefits expense | **19** | 38.95 | 33.77 |
| | Finance costs | **20** | - | - |
| | Depreciation and amortisation expense | **21** | 19.35 | 18.42 |
| | Other expenses | **22** | 98.73 | 81.93 |
| | **Total expenses** | | **157.03** | **139.44** |
| III | **Profit before exceptional items and tax** | | **9.20** | **6.04** |
| | Add/ (Less) : Exceptional items | | - | - |
| IV | **Profit before tax** | | **9.20** | **6.04** |
| | Less: Tax expense | | | |
| (1) | Current tax | | - | - |
| (2) | Deferred tax | | - | - |
| | | | **-** | **-** |
| V | **Profit for the year** | | **9.20** | **6.04** |
| VI | **Other Comprehensive Income** | | | |
| A | Items that will not be reclassified to profit or loss | | | |
| (a) | Remeasurements gains/ (Losses) of the defined benefit plans | | **(0.31)** | **(0.01)** |
| (b) | Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| | | | **(0.31)** | **(0.01)** |
| 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)** | | **(0.31)** | **(0.01)** |
| | **Total comprehensive income for the period (V+VI)** | | **8.89** | **6.02** |
| | Profit for the year attributable to: | | | |
| | - Owners of the Company | | 9.20 | 6.04 |
| | | | 9.20 | 6.04 |
| | Other comprehensive income for the year attributable to: | | | |
| | - Owners of the Company | | (0.31) | (0.01) |
| | | | (0.31) | (0.01) |
| | Total comprehensive income for the year attributable to: | | | |
| | - Owners of the Company | | 8.89 | 6.02 |
| | | | 8.89 | 6.02 |

**Aquadiagnostics Water Research & Technology Centre Limited**

**Statement of Profit and Loss for the year ended 31st March, 2018**

| | Notes | Year 2017-18 ` / Lacs | Year 2016-17 ` / Lacs |
|---|---|---|---|
| Earnings per equity share | | | |
| (1) Basic (in Rs.) | 23 | 0.31 | 0.20 |
| (2) Diluted (in Rs.) | | 0.31 | 0.20 |

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: 30th Apr'2018

**Aquadiagnostics Water Research & Technology Centre Limited**

**Cash Flow Statement for the year ended 31st March, 2018**

| | | Notes | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|---|---|
| | | | ` / Lacs | ` / Lacs |
| A | **Cash flows from operating activities** | | | |
| | Profit before tax | | 9.20 | 6.04 |
| | Remeasurements of the defined benefit plans | | (0.31) | (0.01) |
| | Write-off on advances and other Non current financial assets | | - | 0.62 |
| | Reversal of impairment loss on trade receivables | | | |
| | Depreciation and amortisation of non-current assets | | 19.35 | 18.42 |
| | Net foreign exchange (gain)/loss - unrealised | | 0.19 | 0.02 |
| | | | **28.43** | **25.09** |
| | Movements in assets & liabilities: | | | |
| | (Increase)/decrease in trade and other receivables | | (15.11) | (8.06) |
| | (Increase)/decrease in current Other Assets | | (3.41) | 6.29 |
| | (Increase)/decrease in non current financial Other Assets | | - | - |
| | (Increase)/decrease in non current Other Financial Assets | | (3.00) | (0.74) |
| | (Increase)/decrease in other assets | | - | - |
| | Increase/ (Decrease) in trade and other payables | | 8.53 | (5.62) |
| | Increase/(Decrease) in provisions | | 1.15 | 0.45 |
| | Increase/(Decrease) in other liabilities | | 2.85 | (0.40) |
| | | | (8.99) | (8.06) |
| | Cash generated from operations | | **19.45** | **17.03** |
| | Income taxes paid (TDS Receivable) | | (11.05) | (0.26) |
| | **Net cash generated by operating activities** | | **8.40** | **16.77** |
| B | **Cash flows from investing activities** | | | |
| | Payments for property, plant and equipment | | (14.76) | (2.81) |
| | **Net cash (used in)/generated by investing activities** | | (14.76) | (2.81) |

**Aquadiagnostics Water Research & Technology Centre Limited**

**Cash Flow Statement for the year ended 31st March, 2018**

| | | Notes | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|---|---|
| | | | ` / Lacs | ` / Lacs |
| C | **Cash flows from financing activities** | | | |
| | Proceeds from issue of equity instruments of the Company | | - | - |
| | **Net cash used in financing activities** | | - | - |
| | **Net increase in cash and cash equivalents (A+B+C)** | | (6.36) | 13.96 |
| | Cash and cash equivalents at the beginning of the year | | 24.52 | 10.56 |
| | **Cash and cash equivalents at the end of the year** | | **18.17** | **24.52** |
| | | | | - |

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: 30th Apr'2018

**Aquadiagnostics Water Research & Technology Centre Limited**

Statement of changes in equity for the year ended March 31, 2018

| a. Equity share capital | Amount (`) / Lacs |
|---|---|
| **Balance at March 31, 2016** | 300 |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2017** | **300** |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2018** | **300** |

b. Other Equity

| | Attributable to owners of the parent | | | |
|---|---|---|---|---|
| | Reserves and surplus | | Items of Other Comprehensive | Total Other Equity |
| | General reserve | Retained earnings | Other items of other comprehensive income- Remeasurement of defined benefit | |
| | ` / Lacs | ` / Lacs | ` / Lacs | ` / Lacs |
| **Balance at March 31, 2016** | **-** | **(167.03)** | **-** | **(167.03)** |
| Ind AS Transition Reserves | - | - | **-** | - |
| Profit for the year | | 6.04 | | 6.04 |
| Other comprehensive income for the year, net of income tax | | | (0.01) | (0.01) |
| **Total comprehensive income for the year** | **-** | **6.04** | **(0.01)** | **6.02** |
| Payment of dividends | - | - | | - |
| Income tax relating to transactions with owners | - | - | | - |
| **Balance at March 31, 2017** | **-** | **(160.99)** | **(0.01)** | **(161.01)** |
| Profit for the year | - | 9.20 | | 9.20 |
| Other comprehensive income for the year, net of income tax | - | - | (0.31) | (0.31) |
| **Total comprehensive income for the year** | **-** | **9.20** | **(0.31)** | **8.89** |
| Payment of dividends | - | - | - | - |
| Income tax relating to transactions with owners | - | - | - | - |
| Transfer to retained earnings | - | (0.33) | 0.33 | - |
| **Balance at March 31, 2018** | **-** | **(152.11)** | **0.00** | **(152.11)** |

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*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: 30th Apr'2018

Aquadiagnostics Water Research & Technology Centre Limited

**Notes to the financial statements for the year ended March 31, 2018 - continued**

**4. Property, plant and equipment**

| **Cost or deemed cost** | **Laboratory Equipment** | **Furniture and fixtures** | **Computers** | **Total** |
|---|---|---|---|---|
| | ` / Lacs | ` / Lacs | ` / Lacs | ` / Lacs |
| As at 31 March 2016 | 131.12 | 7.81 | 0.64 | 139.57 |
| Additions | 2.14 | - | 0.67 | 2.81 |
| Disposals | - | - | - | - |
| As at 31 March 2017 | 133.26 | 7.81 | 1.31 | 142.38 |
| Additions | 2.15 | 12.61 | - | 14.76 |
| Disposals | - | - | - | - |
| As at 31 March 2018 | 135.41 | 20.42 | 1.31 | 157.14 |

| **Accumulated depreciation** | **Laboratory Equipment** | **Furniture and fixtures** | **Computers** | **Total** |
|---|---|---|---|---|
| | ` / Lacs | ` / Lacs | ` / Lacs | ` / Lacs |
| As at 31 March 2016 | 58.44 | 5.39 | 0.54 | 64.37 |
| Charge for the year | 17.35 | 0.89 | 0.18 | 18.42 |
| Disposals | - | - | - | - |
| As at 31 March 2017 | 75.79 | 6.28 | 0.72 | 82.79 |
| Charge for the year | 17.59 | 1.53 | 0.22 | 19.35 |
| Disposals | - | - | - | - |
| As at 31 March 2018 | 93.39 | 7.81 | 0.94 | 102.14 |
| **Carrying Amount** | | | | |
| As at 31 March 2016 | 71.68 | 2.42 | 0.10 | 75.20 |
| As at 31 March 2017 | 56.46 | 1.53 | 0.59 | 59.58 |
| As at 31 March 2018 | 42.02 | 12.61 | 0.37 | 54.99 |

### 5. Trade receivables

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 ` / Lacs | As at March 31, 2017 ` / Lacs | As at March 31, 2018 ` / Lacs | As at March 31, 2017 ` / Lacs |
| Trade receivables - Others | | | | |
| Secured, considered good | | | - | - |
| Unsecured, considered good | - | - | 17.12 | 25.29 |
| Unsecured, Debts due from related parties | - | - | 38.20 | 15.11 |
| Less: Allowance for doubtful debts | - | - | - | - |
| **Total** | - | - | 55.32 | 40.40 |

Note: Average Credit Period is between 30 - 60 Days

### 6. Other financial assets

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 ` / Lacs | As at March 31, 2017 ` / Lacs | As at March 31, 2018 ` / Lacs | As at March 31, 2017 ` / Lacs |
| Security deposits - unsecured considered good | 10.50 | 7.50 | - | - |
| | 10.50 | 7.50 | - | - |

### 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:

**Aquadiagnostics Water Research & Technology Centre Limited**

**Notes to the financial statements for the year ended March 31, 2018 - continued**

| **Particulars** | **As at March 31, 2018** ` / Lacs | **As at March 31, 2017** ` / Lacs |
|---|---|---|
| Balances with Banks in current accounts | 18.12 | 24.49 |
| Cheques, drafts on hand | - | - |
| Cash on hand | 0.05 | 0.04 |
| Others | | |
| Fixed Deposit with HDFC Bank (With maturity less than 3 months) | - | - |
| **Total Cash & Cash Equivalents** | **18.17** | **24.52** |
| Cash and cash equivalents as per statement of cash flows | 18.17 | 24.52 |

**8. Other assets**

| **Particulars** | **Non Current** | | **Current** | |
|---|---|---|---|---|
| | **As at March 31, 2018** ` / Lacs | **As at March 31, 2017** ` / Lacs | **As at March 31, 2018** ` / Lacs | **As at March 31, 2017** ` / Lacs |
| Capital Advances | - | - | - | - |
| Prepaid expenses | - | - | 4.71 | 0.62 |
| Balance with statutory/ government authorities | - | - | - | 0.95 |
| Advance to Supplier | - | - | 0.58 | 0.31 |
| **Total** | - | - | 5.29 | 1.88 |

**Aquadiagnostics Water Research & Technology Centre Limited**

**Notes to the financial statements for the year ended March 31, 2018 - continued**

**9. Equity Share Capital**

| **Particulars** | **As at March 31, 2018**<br>` / Lacs | **As at March 31, 2017**<br>` / Lacs |
|---|---|---|
| Equity share capital | 300.00 | 300.00 |
| **Total** | 300.00 | 300.00 |
| **Authorised Share capital :** | | |
| 5,000,000 fully paid equity shares of ` 10 each | 500.00 | 500.00 |
| **Issued and subscribed capital comprises:** | | |
| 3,000,000 fully paid equity shares of `.10 each<br>(as at March 31, 2016: 3,000,000; as at April 1, 2015: 3,000,000) | 300.00 | 300.00 |
| | 300.00 | 300.00 |

**9.1 Fully paid equity shares**

| **Particulars** | **Number of shares** | **Share capital<br>` / Lacs** |
|---|---|---|
| Balance at March 31, 2016 | 3,000,000 | 300.00 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| Balance at March 31, 2017 | 3,000,000 | 300.00 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| **Balance at March 31, 2018** | **3,000,000** | **300.00** |

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 2018, 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, 2018 - continued**

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

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | 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 * | 3,000,000 | 100% | 3,000,000 | 100% |
| **Total** | **3,000,000** | **100%** | **3,000,000** | **100%** |

* Pursuant to the provisions of section 233 and other applicable provisions of the Companies Act 2013 Aquamall Water Solutions Limited ('AWSL') has been amalgamated with Eureka Forbes Limited ('EFL') as per as per scheme of Amalgamation approved by the Regional Director, Ministry of Corporate Affairs vide order dated March 31, 2018 (appointed date April 1, 2016). Accordingly, share capital held by AWSL has been reflected as share capital held by EFL. Share transfer formalities in this regard have been initiated by the Company.

**10. Other equity**

| Particulars | As at March 31, 2018 ` / Lacs | As at March 31, 2017 ` / Lacs |
|---|---|---|
| General reserve | | |
| Balance at beginning of the year | - | - |
| **Balance at end of the year** | **-** | **-** |
| Retained earnings | | |
| Balance at beginning of year | (160.99) | (167.03) |
| Add/ (less): Profit/ (loss) for the year | 9.20 | 6.04 |
| Transfer from OCI | (0.32) | |
| **Balance at end of the year** | **(152.11)** | **(160.99)** |
| Items of Other Comprehensive Income | | |
| Balance at beginning of year | (0.01) | **-** |
| Other comprehensive income arising from re-measurement of defined benefit obligation net of income tax | (0.31) | (0.01) |
| Transfer to Retained Earnings | 0.32 | |
| **Balance at end of the year** | **-** | **(0.01)** |
| **Total** | **(152.11)** | **(161.01)** |

**Aquadiagnostics Water Research & Technology Centre Limited**

**Notes to the financial statements for the year ended March 31, 2018 - continued**

Financial Liabilities

**11. Other financial liabilities**

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | **As at March 31, 2018 ` / Lacs** | **As at March 31, 2017 ` / Lacs** | **As at March 31, 2018 ` / Lacs** | **As at March 31, 2017 ` / Lacs** |
| (a) Others :- | | | | |
| -Dues to employees | - | - | - | - |
| -Dues on account of other contractual liabilities | - | - | 3.31 | 3.08 |
| **Total** | **-** | **-** | **3.31** | **3.08** |

**12. Provisions**

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | **As at March 31, 2018 ` / Lacs** | **As at March 31, 2017 ` / Lacs** | **As at March 31, 2018 ` / Lacs** | **As at March 31, 2017 ` / Lacs** |
| Employee benefits | | | | |
| - Compensated Absences | 1.50 | 0.97 | 0.06 | 0.03 |
| - Gratuity | 1.51 | 0.93 | 0.04 | 0.02 |
| **Total** | **3.01** | **1.90** | **0.10** | **0.05** |

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, 2018 - continued**

**13. Other Liabilities**

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | **As at March 31, 2018 ` / Lacs** | **As at March 31, 2017 ` / Lacs** | **As at March 31, 2018 ` / Lacs** | **As at March 31, 2017 ` / Lacs** |
| (a) Deposit from employees for company's assets | - | - | - | - |
| (b) Advances -Advance from customers | - | - | 1.94 | 2.63 |
| (c) Statutory liabilities (Contributions to PF, Pension, ESIC, withholding Taxes, VAT etc.) | - | - | 3.79 | 0.47 |
| **Total** | - | - | 5.73 | 3.10 |

**Aquadiagnostics Water Research & Technology Centre Limited**

**Notes to the financial statements for the year ended March 31, 2018 - continued**

**14. Trade payables**

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | **As at March 31, 2018 ` / Lacs** | **As at March 31, 2017 ` / Lacs** | **As at March 31, 2018 ` / Lacs** | **As at March 31, 2017 ` / Lacs** |
| Trade payables (including acceptances) | - | - | 8.53 | - |
| (Refer note below for dues to Micro and Small Enterprises) | | | | |
| Trade payables to related parties (Refer note 33) | - | - | - | - |
| **Total** | **-** | **-** | **8.53** | **-** |

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 March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| (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, 2018 ` / Lacs** | **As at March 31, 2017 ` / Lacs** | **As at March 31, 2018 ` / Lacs** | **As at March 31, 2017 ` / Lacs** |
| **Current tax assets ( Net)** | | | | |
| Advance income-tax (Net of provision of taxation) | 24.30 | 13.25 | - | - |
| Total | 24.30 | 13.25 | - | - |

Aquadiagnostics Water Research & Technology Centre Limited

Notes to the financial statements for the year ended March 31, 2018 - continued

### 16. Revenue from operations

| | Year ended March 31, 2018 ` / Lacs | Year ended March 31, 2017 ` / Lacs |
|---|---|---|
| (a) Sale of product | | |
| - Traded Goods | - | 8.30 |
| (b) Sale of services | 163.70 | 137.41 |
| **Total** | **163.70** | **145.72** |

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

| **Other Income** | Year ended March 31, 2018 ` / Lacs | Year ended March 31, 2017 ` / Lacs |
|---|---|---|
| Interest on Income Tax refund | - | - |
| Misc Income | 3.01 | 0.00 |
| | **3.01** | **0.00** |

| **Other gains/(losses)** | ` / Lacs | ` / Lacs |
|---|---|---|
| Net foreign exchange gains/(losses) | (0.48) | (0.24) |
| | **(0.48)** | **(0.24)** |
| | 2.53 | (0.23) |

Aquadiagnostics Water Research & Technology Centre Limited

**Notes to the financial statements for the year ended March 31, 2018 - continued**

### 18. Cost of materials consumed

| | Year ended March 31, 2018 ` / Lacs | Year ended March 31, 2017 ` / Lacs |
|---|---|---|
| Material consumption | | |
| Raw Materials | | |
| Opening Stock | - | - |
| **Add:** Purchases | - | - |
| **Less:** Closing Stock | - | - |
| | - | - |
| Purchase of Stock in Trade | - | 5.32 |
| **Total** | - | 5.32 |

### 19. Employee benefits expense

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Salaries and Wages | 36.82 | 32.51 |
| Contribution to provident and other funds | 0.69 | 0.22 |
| Staff Welfare Expenses | 1.44 | 1.06 |
| **Total** | **38.95** | **33.79** |

### 20. Finance costs

| | Year ended March 31, 2018 ` / Lacs | Year ended March 31, 2017 ` / Lacs |
|---|---|---|
| Other interest expense | - | - |
| Exchange differences regarded as an adjustment to borrowing costs | - | - |
| Other borrowing costs | - | - |
| **Total** | **-** | **-** |

### 21. Depreciation and amortisation expense

| Particulars | Year ended March 31, 2018 ` / Lacs | Year ended March 31, 2017 ` / Lacs |
|---|---|---|
| Depreciation of property, plant and equipment | 19.35 | 18.42 |
| Total depreciation and amortisation | **19.35** | **18.42** |

Aquadiagnostics Water Research & Technology Centre Limited

**Notes to the financial statements for the year ended March 31, 2018 - continued**

## 22. Other expenses

| Particulars | Year ended March 31, 2018 ` / Lacs | Year ended March 31, 2017 ` / Lacs |
|---|---|---|
| Chemical & Gas | 16.72 | 18.84 |
| Electricity | 7.34 | 11.37 |
| Rent | 18.34 | 13.64 |
| Repairs and Maintenance - | | |
| Machinery | 2.78 | - |
| Others | 20.54 | 15.70 |
| Insurance | 0.25 | 0.34 |
| Payment to Auditors (Refer details Below) | 0.92 | 0.83 |
| Printing and Stationery | 1.22 | 1.09 |
| Communication cost | 1.66 | 1.49 |
| Travelling and Conveyance | 6.30 | 1.14 |
| Legal and Professional Fees | 3.12 | 3.51 |
| Vehicle Running Expenses | - | 4.96 |
| Rates and taxes, excluding taxes on income | 0.48 | 0.26 |
| Other Establishment Expenses | 18.56 | 7.58 |
| Directors' Sitting Fees | 0.50 | 0.57 |
| Bad Debts/Advances Written-Off | - | 0.62 |
| **Total** | **98.73** | **81.93** |

| Payments to auditors | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| a) For audit | 0.59 | 0.58 |
| b) For taxation matters | 0.12 | 0.10 |
| c) For other services | 0.21 | 0.15 |
| c) For reimbursement of expenses | - | - |
| **Total** | **0.92** | **0.83** |

**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, 2018<br>` / Lacs | March 31, 2017<br>` / Lacs |
|---|---|---|
| Profit attributable to equity holders of the parent: | | |
| Continuing operations | 9.20 | 6.04 |
| **Profit attributable to equity holders of the parent for basic earnings** | **9.20** | **6.04** |

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

| | March 31, 2018<br>` / Lacs | March 31, 2017<br>` / Lacs |
|---|---|---|
| Issued ordinary shares at April 1 | 3,000,000.00 | 3,000,000.00 |
| Effect of shares issued as Bonus shares | - | - |
| **Weighted average number of shares at March 31 for basic EPS** | **3,000,000.00** | **3,000,000.00** |
| **Effect of dilution:** | | |
| | | - |
| | **3,000,000.00** | **3,000,000.00** |

**Basic and Diluted earnings per share**

| | March 31, 2018<br>` / Lacs | March 31, 2017<br>` / Lacs |
|---|---|---|
| **Basic earnings per share** | 0.31 | 0.20 |
| **Diluted earnings per share** | 0.31 | 0.20 |

## Aquadiagnostics Water Research & Technology Centre Limited
### Notes to the financial statements for the year ended March 31, 2018 - continued

| | | As at 31.03.2018 | As at 31.03.2017 |
|---|---|---|---|
| **24** | **Contingent liability and commitments** | | |
| | | **` / Lacs** | **` / Lacs** |
| | 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 2 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 ` 18.33 Lacs (*Previous year ` 13.63 Lacs).*

**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.

**29** **Expenditure in foreign currencies** *Amt In ` / Lacs*

| | 2017-18 | 2016-17 |
|---|---|---|
| Expenditure in foreign currency on account of certification expenses in foreign currency | NIL | NIL |

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

**31. Employee benefit obligation**

| | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | **Non-current** | **Current** | **Non-current** | **Current** |
| Compensated absences | 1.50 | 0.06 | 0.97 | 0.03 |
| Gratuity | 1.51 | 0.04 | 0.93 | 0.02 |
| | **3.01** | **0.10** | **1.90** | **0.05** |

(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:

**` / Lacs**

| | **As at 31 March 2018** | **As at 31 March 2017** |
|---|---|---|
| **Present value of obligation as at the beginning of the year** | **0.95** | **0.73** |
| Current service cost | 0.22 | 0.15 |
| Interest expense | 0.07 | 0.06 |
| **Total amount recognised in profit or loss** | **0.29** | **0.21** |
| *Remeasurements* | | |
| (Gain)/loss from change in financial assumptions | - | - |
| Experience (gains)/losses | 0.31 | 0.01 |
| **Total amount recognised in other comprehensive i** | **0.31** | **0.01** |
| Benefit payments | - | - |
| **Present value of obligation as at the end of the year** | **1.55** | **0.95** |

**Significant estimates: actuarial assumptions and sensitivity**

The significant actuarial assumptions were as follows:

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| Discount rate | 7.80% | 7.35% |
| Salary growth rate | 6.00% | 6.00% |
| Retirement age | 58 years | 58 years |
| Withdrawal rates | 2.00% | 2.00% |
| Weighted average duration of defined benefit oblig | 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 2018 ` / Lacs |
|---|---|
| Discount rate (0.50% increase) | (0.11) |
| Discount rate (0.50% decrease) | 0.13 |
| Future salary growth (0.50% increase) | 0.13 |
| Future salary growth (0.50% decrease) | (0.12) |

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***

Contributions to defined Contribution plan, recognised are charged off for the year amounting to Rs 0.29 Lacs (Previous Year Rs 0.22 Lacs)

**Aquadiagnostics Water Research & Technology Centre Limited**
**Notes to the financial statements for the year ended March 31, 2018 - Continued**
*(All amounts are in Indian Rupees in lacs, unless otherwise stated)*

**33. 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 2018**

| | 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 |
| | | | | ` / Lacs | | | | ` / Lacs |
| **Financial assets not measured at fair value** | | | | | | | | |
| Trade receivables | - | 55.32 | - | 55.32 | | | | |
| Cash and cash equivalents | - | 18.17 | - | 18.17 | | | | |
| Other financial assets | - | 10.50 | - | 10.50 | | | | |
| | **-** | **83.99** | **-** | **83.99** | **-** | **-** | **-** | **-** |
| **Financial liabilities not measured at fair value** | | | | | | | | |
| Trade payables | - | - | 8.53 | 8.53 | | | | |
| Other financial liabilities | - | - | 3.31 | 3.31 | | | | |
| | **-** | **-** | **11.84** | **11.84** | **-** | **-** | **-** | **-** |

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 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 |
| | | | | ` / Lacs | | | | ` / Lacs |
| **Financial assets not measured at fair value** | | | | | | | | |
| Trade receivables | - | 40.40 | - | 40.40 | | | | |
| Cash and cash equivalents | - | 24.52 | - | 24.52 | | | | |
| Other financial assets | - | 7.50 | - | 7.50 | | | | |
| | **-** | **72.42** | **-** | **72.42** | **-** | **-** | **-** | **-** |
| **Financial liabilities not measured at fair value** | | | | | | | | |
| Trade payables | - | - | - | - | | | | |
| Other financial liabilities | - | - | 3.08 | 3.08 | | | | |
| | **-** | **-** | **3.08** | **3.08** | **-** | **-** | **-** | **-** |

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.

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.

**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:

` / Lacs

| **Particulars** | **As at 31 March 2018** | **As at 31 March 2017** |
|---|---|---|
| Trade receivables | 55.32 | 40.40 |
| Cash and cash equivalents | 18.17 | 24.52 |
| Other financial assets | 10.50 | 7.50 |

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

` / Lacs

| **Particulars** | **As at 31 March 2018** | **As at 31 March 2017** |
|---|---|---|
| Within India | 50.91 | 38.27 |
| Outside India | 4.41 | 2.13 |

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:

` / Lacs

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| Trade receivables | 55.32 | 40.40 |
| Bank balances and deposits with banks | 18.17 | 24.52 |

**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.

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

` / Lacs

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| Not due | 30.05 | - |
| 0-30 days | 15.27 | 16.09 |
| 31-90 days | 5.15 | 21.19 |
| more than 90 days | 4.85 | 3.12 |
| | **55.32** | **40.40** |

**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.

### 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 2018**

` / Lacs

| | | 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 | 8.53 | 8.53 | 8.53 | - | - | - | - |
| Other financial liabilities | 3.31 | 3.31 | 3.31 | - | - | - | - |
| | **11.84** | **11.84** | **11.84** | **-** | **-** | **-** | **-** |

**As at 31 March 2017**

` / Lacs

| | | 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 | 3.08 | 3.08 | 3.08 | - | - | - | - |
| | **3.08** | **3.08** | **3.08** | **-** | **-** | **-** | **-** |

**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:

` / Lacs

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| **Financial assets** | | |
| Trade and other receivables | 4.41 | 2.13 |
| | **4.41** | **2.13** |
| **Financial liabilities** | | |
| Trade payables | 1.91 | 2.15 |
| | **1.91** | **2.15** |

**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 2018** | |
| USD (10% strengthening) | 0.25 |
| **31 March 2017** | |
| USD (10% strengthening) | (0.00) |

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 in lacs, 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 2018 | As at 31 March 2017 |
|---|---|---|
| **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 2018** | |
| Variable-rate instruments | - |
| **Cash flow senstivity** | **-** |
| **31 March 2017** | |
| 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.

## 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:**

Eureka Forbes Ltd. (Holding company) *

* Pursuant to the provisions of section 233 and other applicable provisions of the Companies Act, 2013 Aquamall Water Solutions Limited ('AWSL') has been amalgamated with Eureka Forbes Limited ('EFL') as per scheme of Amalgamation approved by the Regional Director, Ministry of Corporate Affairs vide order dated March 31, 2018 (appointed date April 1, 2016). Accordingly, receivables from / payable to AWSL have been included under receivable from / payable to EFL.

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

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

( II ) **Transactions with Related Parties**

**` / Lacs**

| S.No | Nature of Transactions | Referred to A in above | | Referred to B in above | | |
|---|---|---|---|---|---|---|
| | | **Eureka Forbes Ltd *** | **Shapoorji Pallonji & Co Limited** | **Forbes Aquatech Ltd.** | **Infinite Water Solutions Pvt. Ltd** | **AquaIgnis Technologies Pvt. Ltd.** |
| | | | | | | |
| | **Purchases** | | | | | |
| 1 | **Goods and Materials Current Year (Bold)** | **-** | **-** | **-** | **0.13** | **-** |
| | *Previous Year (Italic & Unbold)* | *0.03* | - | - | - | - |
| | | | - | - | - | - |
| | **Sales** | | - | - | - | - |
| 2 | Goods and Materials | **-** | **-** | **-** | **-** | **-** |
| | | *0.02* | - | - | - | - |
| 3 | Services Rendered | **62.91** | **-** | **1.80** | **0.78** | **0.39** |
| | | *44.83* | - | *0.89* | *0.68* | *0.39* |
| | **Expenses** | | - | - | - | - |
| 4 | Miscellaneous expenses | **0.10** | **0.43** | **-** | **-** | **-** |
| | | *0.25* | *0.41* | - | - | - |
| | | | - | - | - | - |
| 5 | **Reimbursement of Expenses** | **-** | - | - | - | - |
| | | | - | - | - | - |
| | **Outstandings** | | - | - | - | - |
| 6 | Trade Payables | **-** | *0.11* | **-** | **-** | **-** |
| | | | - | - | - | - |
| 7 | Trade Receivables | **38.20** | **-** | **-** | **-** | **-** |
| | | *19.43* | - | *0.09* | - | - |
| | | | - | - | - | - |

* Pursuant to the provisions of section 233 and other applicable provisions of the Companies Act, 2013 Aquamall Water Solutions Limited ('AWSL') has been amalgamated with Eureka Forbes Limited ('EFL') as per scheme of Amalgamation approved by the Regional Director, Ministry of Corporate Affairs vide order dated March 31, 2018 (appointed date April 1, 2016). Accordingly, receivables from / payable to AWSL have been included under receivable from / payable to EFL.

## 1. Reporting entity

Aquadignostics 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 Eureka Forbes Limited (Refer Note 9.2), a Company incorporated under the Companies Act, 1956. The Company is primarily involved in water testing, water purifying testing activities.

## 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.

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 2018 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 33 – 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.

***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.

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

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** | **Useful life as per Schedule II of the Companies Act, 2013** |
|---|---|---|
| Plant and machinery (including moulds) | 15 years | 15 years |
| Lab equipments | 10 years | 10 years |
| Furniture and fixtures | 10 years | 10 years |
| Computers | 3 years | 3 years |
| Computer server | 6 years | 6 years |
| Vehicles- Motor car | 5 years | 8 years |
| Electric fittings | 10 years | 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.

**l. Ind AS issued but not effective**

**Ind AS 115- Revenue from Contract with Customers**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. In which, it has notified the Ind AS 115, Revenue from Contract with Customers. The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle of this Standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

This standard will come into force from April 1, 2018. As per the evaluation of the management of the company, the effect on adoption of Ind AS 115 will not be material.

**Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. In which, it has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration, which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from April 1, 2018. As per the evaluation of the management of the company, the effect of this amendment will not be material.

**m.** Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals 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 and financing activities of the Company are segregated. The company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

**Amendment to Ind AS 7**

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

Campbell Properties & Hospitality Services Limited

(a wholly owned subsidiary)

Financial Statements

For the year ended March 31, 2018

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.

19/04/18

## Independent Auditors' Report

To,
The Members of Campbell Properties & Hospitality Services Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of Campbell Properties & Hospitality Services Limited, which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments,

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

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Ghatkopar (East), Mumbai - 400 077. • Tel.: 2506 3075
Cell : 98703 08636 • E-mail : shahuday@hotmail.com • Website : www.uvshah.com

the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2018;

b) in the case of the Statement of Profit and Loss, of the Loss for the period ended on that date; and

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

**Report on other Legal and Regulatory Requirements**

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

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

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books

c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of written representations received from the directors as on 31 March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018, from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013.

f) In our opinion, the company has, in all material respects, an adequate internal financial controls, system over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2018 based on the internal control over financial reporting criteria established by the company.

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

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

i. The Company does not have any pending litigations which would impact its financial position.

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

iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

Place: Mumbai
Dated: 19/04/18

**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 31,2018:

I. In respect of the Company's fixed assets:
   a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   b. The Company has a program of verification to cover all the items of fixed assets in manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program,fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
   c. There are no freehold or leasehold immovable properties in the books of 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 duesincluding provident fund, employees' state insurance, Income Tax, sales-tax,Service Tax,Goods and Service Tax, duty of customs, duty of excise, value added tax, cess and any otherstatutory dues with the appropriate authorities. There were no undisputedamounts payable in respect of provident fund, employees' state insurance,Income Tax, sales-tax, Service Tax, duty of customs, duty of

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

excise, value addedtax, cess and any other statutory dues in arrears as at March 31, 2018 for aperiod more than 6 months from the date they became applicable.

b) According to the information and explanation given to us, there are no dues ofincome tax, sales tax, service tax, duty of customs, duty of excise, value addedtax 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. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

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**
19/04/18

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

**"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 31,2018 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 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, 2018, 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**
19/04/18

VINODCHANDRA R. SHAH & CO. MUMBAI C.A

# CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED
## BALANCE SHEET AS AT 31ST MARCH, 2018

| Particulars | Note No. | As at 31st March, 2018 ₹ | *As at 31st March, 2017 ₹* |
|---|---|---|---|
| **ASSETS** | | | |
| **1 Non-current assets** | | | |
| a Property, Plant and Equipment | **3** | **49,601** | - |
| b **Financial Assets:** | | | |
| i) Other financial assets | **5A** | 1,75,00,000 | 1,75,00,000 |
| | | **1,75,00,000** | *1,75,00,000* |
| c **Tax assets** | | | |
| i) Deferred tax assets (net) | **10** | **24,159** | *30,654* |
| ii) Tax assets (net) | **13** | **94,576** | - |
| | | **1,18,735** | *30,654* |
| **Total Non-current assets** | | **1,76,68,336** | *1,75,30,654* |
| **2 Current assets** | | | |
| a **Financial Assets:** | | | |
| i) Trade receivables | **4A.** | 5,55,950 | *1,61,259* |
| ii) Cash and cash equivalents | **6A** | 95,265 | *4,85,587* |
| | | **6,51,215** | *6,46,846* |
| b Other current assets | **7A.** | 93,556 | *16,000* |
| **Total Current assets** | | **7,44,771** | *6,62,846* |
| **Total Assets** | | **1,84,13,107** | *1,81,93,500* |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| a Equity share capital | **8** | 48,75,000 | *48,75,000* |
| b Other equity | **9** | 1,32,66,402 | *1,32,46,040* |
| Equity attributable to owners of the Company | | **1,81,41,402** | *1,81,21,040* |
| **Total Equity** | | **1,81,41,402** | *1,81,21,040* |
| **Liabilities** | | | |
| **1 Current liabilities** | | | |
| a **Financial liabilities:** | | | |
| i) Trade and other payables | **12A** | 1,68,720 | *20,879* |
| | | 1,68,720 | *20,879* |
| b Current tax liabilities (net) | **13** | 21,821 | *51,581* |
| c Other current liabilities | **11A** | 81,165 | - |
| **Total Current Liabilities** | | **2,71,706** | *72,460* |
| **Total Liabilities** | | **2,71,706** | *72,460* |
| **Total Equity and Liabilities** | | **1,84,13,107** | *1,81,93,500* |

**See accompanying notes forming part of the financial statements 1 to 21** - -

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

**Gaurav J. Parekh**
Partner
Membership No.: 140694
*Mumbai, 19th April, 2018*

SHRIKRISHNA BHAVE ____________________ *Chairperson*

NIRMAL JAGAWAT ______________________

RAVINDER PREM________________________

*Directors*

*Mumbai, 19th April, 2018*

# CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

| | Particulars | Note No. | Year Ended 31st March, 2018 ₹ | *Year Ended 31st March, 2017 ₹* |
|---|---|---|---|---|
| I | Revenue from operations | 14 | 14,05,000 | *12,65,600* |
| II | Other income | 15 | - | - |
| III | **Total Income (I + II)** | | **14,05,000** | *12,65,600* |
| IV | **Expenses:** | | | |
| | Depreciation and amortisation expense | 16 | 6,165 | - |
| | Other expenses | 17 | 13,64,978 | *8,48,108* |
| | **Total expenses** | | **13,71,143** | *8,48,108* |
| V | **Profit / (loss) before exceptional items and tax (III - IV)** | | **33,857** | *4,17,492* |
| VI | Exceptional items | | - | - |
| VII | **Profit / (Loss) before tax (V + VI)** | | **33,857** | *4,17,492* |
| VIII | **Tax expense / (credit):** | | | |
| | Current tax | 18 | **7,000** | *83,000* |
| | Deferred tax | 18 | **6,495** | *(30,654)* |
| | | | **13,495** | *52,346* |
| IX | **Profit for the period (VII - VIII)** | | **20,362** | *3,65,146* |
| X | **Other Comprehensive Income** | | | |
| | **Total Other Comprehensive Income** | | **-** | - |
| XI | **Total Comprehensive Income for the period (IX + X)** | | **20,362** | *3,65,146* |
| XII | **Earning per equity share :** | | | |
| | Basic and diluted earnings per equity share | | **₹ 0.04** | *₹ 0.75* |

**See accompanying notes forming part of the financial statements 1 to 21**

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

**Gaurav J. Parekh**
Partner
Membership No.: 140694
*Mumbai, 19th April, 2018*

SHRIKRISHNA BHAVE ________________________ *Chairperson*

NIRMAL JAGAWAT ________________________

RAVINDER PREM________________________

*Directors*

*Mumbai, 19th April, 2018*

# CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued**

| | | **Year Ended 31st March, 2018 ₹ in Lakhs** | | *Year Ended 31st March, 2017 ₹ in Lakhs* |
|---|---|---|---|---|
| Cash flows from operating activities | | | | |
| **Profit for the year** | | **20,362** | | *3,65,146* |
| **Adjustments for -** | | | | |
| Income tax expense recognised in profit or loss | 13,495 | | *52,346* | |
| Depreciation and amortisation of non-current assets (continuing operations) | 6,165 | | - | |
| | | 19,660 | | *52,346* |
| **Operating profit / (loss) before working capital changes** | | **40,022** | | *4,17,492* |
| Movements in working capital: | | | | |
| Decrease / (increase) in trade receivables and other receivables | (3,94,691) | | *(1,61,259)* | |
| (Increase)/decrease in other assets | (77,557) | | *(16,000)* | |
| Increase / (decrease) in trade payables and other payables | 1,47,841 | | *5,879* | |
| Increase / (decrease) in other liabilities | 81,165 | | - | |
| | | (2,43,242) | | *(1,71,380)* |
| **Cash generated from / (used in) operations** | | **(2,03,220)** | | *2,46,112* |
| Income taxes paid (net of refunds) | | (1,31,336) | | *(31,419)* |
| **(a) Net cash generated from / (used in) operating activities** | | *(3,34,556)* | | *2,14,693* |
| **Cash flows from investing activities:** | | | | |
| Purchase of fixed assets (including adjustments on account of capital work-in-progress and capital advances) | (55,766) | | | |
| Interest received | - | | *5,370* | |
| **(b) Net cash generated from / (used in) investing activities** | | **(55,766)** | | *5,370* |
| **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)** | | **(3,90,322)** | | *2,20,063* |
| **(e) Cash and cash equivalents as at the commencement of the year** | | 4,85,587 | | *2,65,524* |
| **(f) Cash and cash equivalents as at the end of the year** | | 95,265 | | 485587 |
| | | - | | - |

**See accompanying notes forming part of the financial statements 1 to 21**

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

**Gaurav J. Parekh**
Partner
Membership No.: 140694
*Mumbai, 19th April, 2018*

SHRIKRISHNA BHAVE ________________________ *Chairperson*

NIRMAL JAGAWAT __________________________

RAVINDER PREM____________________________

*Directors*

*Mumbai, 19th April, 2018*

## Statement of changes in equity for the year ended March 31, 2018

| a. Equity share capital | No.of Shares | Amount ₹ | |
|---|---|---|---|
| **Balance at March 31, 2017** | **4,87,500** | **48,75,000** | |
| Changes in equity share capital during the | - | - | |
| **Balance at March 31, 2018** | **4,87,500** | **48,75,000** | - |

**B. Other Equity**

| | Reserves and surplus | | |
|---|---|---|---|
| | Securities premium reserve | Retained earnings | Total |
| | ₹ | ₹ | ₹ |
| **Balance at March 31, 2017** | **1,31,25,000** | 1,21,040 | **1,32,46,040** |
| Profit for the year | - | 20,362 | **20,362** |
| Other comprehensive income for the year, net of income tax | | | |
| **Total comprehensive income for the year** | **1,31,25,000** | **1,41,402** | **1,32,66,402** |

**See accompanying notes forming part of the financial statements 1 to 21**

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

**Gaurav J. Parekh**
Partner

Membership No.: 140694

*Mumbai, 19th April, 2018*

SHRIKRISHNA BHAVE _____________ *Chairperson*

NIRMAL JAGAWAT _____________ *Directors*

RAVINDER PREM_____________

Mumbai, 19th April, 2018

## 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. The date of transition to Ind AS is April 1, 2015.

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, 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.

New standards and interpretations effective as from 1 April 2017:

Amendment to Ind AS 7, Statement of Cash Flows vide Companies (Indian Accounting Standards) (Amendment) Rules, 2017

Ministry of Corporate Affairs vide notification dated 17 March 2017 introduced narrow scope amendments including additional disclosures to Statement of Cash Flows that will enable the users of financial statements to evaluate changes in liabilities arising from financing activities. This includes changes arising from:

- cash flows, such as drawdowns and repayments of borrowings; and
- non-cash changes, such as acquisitions, disposals and unrealised exchange differences.

The adoption of this standard did not have a significant impact on the financial statements.

### 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.

New standards and interpretations effective as from 1 April 2017:

Amendment to Ind AS 7, Statement of Cash Flows vide Companies (Indian Accounting Standards) (Amendment) Rules, 2017

Ministry of Corporate Affairs vide notification dated 17 March 2017 introduced narrow scope amendments including additional disclosures to Statement of Cash Flows that will enable the users of financial statements to evaluate changes in liabilities arising from financing activities. This includes changes arising from:

- cash flows, such as drawdowns and repayments of borrowings; and
- non-cash changes, such as acquisitions, disposals and unrealised exchange differences.

The adoption of this standard did not have a significant impact on the financial statements.

### 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.

**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.

**<u>Effective interest method</u>**

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.

**<u>Financial assets at fair value through profit or loss (FVTPL)</u>**

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.

**<u>Derecognition of financial assets</u>**

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.

**<u>Foreign exchange gains and losses</u>**

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.

**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.

### 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.

**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.

# CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018- Continued

### 3. Property, plant and equipment

| | Office equipments | Total |
|---|---|---|
| **Cost or Deemed cost** | | |
| **Balance at April 1, 2017** | - | - |
| Additions | 55,766 | 55,766 |
| Disposal | - | - |
| **Balance at March 31, 2018** | 55,766 | 55,766 |
| | | |
| **Accumulated depreciation and impairment** | | |
| **Balance at April 1, 2017** | - | - |
| Depreciation expense | 6,165 | 6,165 |
| **Balance at March 31, 2018** | 6,165 | 6,165 |
| | | - |
| **Carrying Amount** | | |
| **Balance at April 1, 2017** | - | - |
| Addition | 55,766 | 55,766 |
| Disposal | - | - |
| Depreciation expense | 6,165 | 6,165 |
| **Balance at March 31, 2018** | **49,601** | **49,601** |

-

### 4. Trade receivables

#### 4A. Trade receivables- Current

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| **Trade receivables** | | |
| a) Unsecured, considered good | 5,55,950 | *1,61,259* |
| **Total** | **5,55,950** | *1,61,259* |

### 5. Other financial assets

#### 5A. Other financial assets - Non current

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| **a) Security deposits** | | |
| - Unsecured, considered good | 1,75,00,000 | *1,75,00,000* |
| **Total** | **1,75,00,000** | *1,75,00,000* |

### 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 o outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statemen of cash flows can be reconciled to the related items in the balance sheet as follows:

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| **Balances with Banks** | | |
| a) In current accounts | 92,595 | *4,76,030* |
| | **92,595** | *4,76,030* |
| **Cash on hand** | 2,670 | *9,557* |
| **Cash and cash equivalents as per balance sheet** | **95,265** | *4,85,587* |

### 7. Other assets

#### 7A. Other assets - Current

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| a) Advances for supply of goods and services | | |
| - Unsecured, considered good | - | *16,000* |
| b) Balances with statutory / government authorities | 93,556 | *-* |
| **Total** | 93,556 | *16,000* |

**8. Equity Share Capital**

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| **Authorised Share capital :** | | |
| 500,000 fully paid equity shares of ₹ 10 each | **50,00,000** | *50,00,000* |
| **Issued and subscribed capital comprises:** | | |
| 4,87,500 fully paid equity shares of ₹ 10 each | | |
| | **48,75,000** | *48,75,000* |
| | **48,75,000** | *48,75,000* |

**8. 1 Fully paid equity shares**

| Particulars | Number of shares | Share capital (Amount) |
|---|---|---|
| Balance at March 31, 2017 | **4,87,500** | **48,75,000** |
| Movements | - | - |
| **Balance at March 31, 2018** | **4,87,500** | **48,75,000** |

Fully paid equity shares, which have a par value of Rs.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**

| Particulars | Fully paid ordinary shares | |
|---|---|---|
| | As at March 31, 2018 | *As at March 31, 2017* |
| **Balance at the beginning of the period** | **4,87,500** | *50,000* |
| The holding company | - | *4,37,500* |
| **Total** | **4,87,500** | *4,87,500* |

**8. 3 Details of shares held by each shareholder holding more than 5% shares**

| Particulars | As at March 31, 2018 | | *As at March 31, 2017* |
|---|---|---|---|
| | Number of shares held | % holding in the class of shares | % holding in the class of shares |
| **Fully paid equity shares** | | | |
| Forbes & Company Limited | **4,87,500** | **100.00** | *100.00* |
| **Total** | **4,87,500** | **100.00** | *100.00* |

**9. Other equity excluding non-controlling interests**

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| **a) Securities premium reserve** | | |
| Balance at beginning of the year | **1,31,25,000** | *1,31,25,000* |
| Movements | **-** | - |
| **Balance at end of the year** | **1,31,25,000** | *1,31,25,000* |
| **g) Retained earnings ( Note 6)** | | |
| Balance at beginning of year | **1,21,040** | *(2,44,106)* |
| Profit attributable to owners of the Company | **20,362** | *3,65,146* |
| **Balance at end of the year** | **1,41,402** | *1,21,040* |
| **Total** | **1,32,66,402** | *1,32,46,040* |

**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.

**10. Deferred tax balances**

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

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| Deferred tax assets | **24,159** | *30,654* |
| Deferred tax liabilities | **-** | *-* |
| **Net** | **24,159** | *30,654* |

**Current Year ( 2017-2018)**

| Particulars | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| **Deferred tax (liabilities)/assets in relation to:** | | | |
| a) Property, plant and equipment | - | 105.00 | 105.00 |
| b) Deduction u/s 35D | 30,654.00 | (13,037.00) | 17,617.00 |
| **Total (A) ...** | 30,654.00 | (12,932.00) | 17,722.00 |
| a) Tax losses | | | - |
| b) Others (MAT Credit) | 0 | 6437 | 6,437.00 |
| **Total (B) ...** | - | 6,437.00 | 6,437.00 |
| **Total (A+B) ...** | 30,654.00 | (6,495.00) | 24,159.00 |

***Previous Year ( 2016-2017)***

| *Particulars* | *Opening balance* | *Recognised in profit or loss* | *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* |

**11. Other non-current liabilities**

**11A Other current liabilities**

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| a) Statutory remittances | **81,165** | - |
| **Total** | **81,165** | - |

**12. Trade payables**

**12A Trade payables - Current**

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| Trade payables | **1,68,720** | *20,879* |
| **Total** | **1,68,720** | *20,879* |

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.

**13. Tax assets and liabilities**

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| **Tax assets** | | |
| Tax receivable | **94,576** | - |
| | **94,576** | - |
| **Tax liabilities** | | |
| Income tax payable | **21,821** | *51,581* |
| | **21,821** | *51,581* |
| Current Tax Assets (current portion) | **-** | - |
| Current Tax Assets (non-current portion) | **94,576** | **-** |

# CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued

### 14. Revenue from operations

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| a) **Operating revenues** | | |
| i) Rent and amenities | 13,15,000 | *12,65,600* |
| ii) Others | 90,000 | - |
| **Total** | **14,05,000** | *12,65,600* |

### 15. Other Income

#### a) Interest Income

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| i) Bank deposits | - | - |
| **Total** | **-** | - |

### 16. Depreciation and amortisation expense

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| i) Depreciation of property, plant and equipment pertaining to continuing operations | 6,165 | - |
| **Total depreciation and amortisation pertaining to continuing operations** | **6,165** | - |

### 17. A. Other expenses

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| a) Power and fuel | 73,248 | *88,171* |
| b) Rent and hire charges | 60,000 | *60,000* |
| c) **Repairs to :** | | |
| i) Buildings | 3,55,109 | *15,413* |
| ii) Others | 38,042 | *12,040* |
| | 3,93,151 | *27,453* |
| d) Rates and taxes (excluding taxes on income) | 5,295 | *22,900* |
| e) Housekeeping, Laundary and Supplies | 6,96,770 | *5,72,758* |
| f) Printing & Stationery | 8,681 | *6,973* |
| g) Communication | 35,370 | *24,428* |
| h) Legal and professional charges | 70,300 | *27,986* |
| i) Miscellaneous expenses | 5,163 | *439* |
| **Sub Total** | **13,47,978** | *8,31,108* |
| j) **To Statutory auditors** | | |
| i) For audit | 16,000 | *16,000* |
| ii) For reimbursement of expenses | 1,000 | *1,000* |
| **Sub Total** | **17,000** | *17,000* |
| **Total** | **13,64,978** | *8,48,108* |

## 18. Income taxes relating to continuing operations

### 18.1 Income tax recognised in profit or loss

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | 7,000 | *83,000* |
| In respect of prior years | - | - |
| | **7,000** | *83,000* |
| **Deferred tax** | | |
| In respect of the current year | 6,495 | *(30,654)* |
| In respect of the previous year | - | - |
| | **6,495** | *(30,654)* |
| **Total income tax expense recognised in the current year relating to continuing Operations** | **13,495** | *52,346* |

The income tax expense for the year can be reconciled to the accounting profit as follows:

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| **Profit before tax from continuing operations** | **33,857** | *4,17,492* |
| Income tax expense calculated at 25.75% (Previous Year 29.87%) | 8,718 | 1,24,705 |
| 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) |
| Effect on deferred tax balances due to the change in income tax rate from 29.87% to 25.75%. | 4,228 | - |
| Rounding off tax provision | 549 | 555 |
| Income tax expense recognised in profit or loss (relating to continuing operations) | **13,495** | **52,346** |

The tax rate used for the 2017-18 and 2016-2017 reconciliations above is the corporate tax rate of 25.75% and 29.87 % respectively payable by corporate entities in India on taxable profits under the Indian tax law.

## 19. Earnings per share

| Particulars | **Year ended March 31, 2018** | *Year ended March 31, 2017* |
|---|---|---|
| **From Continuing operations** | **₹. per share** | *₹. per share* |
| Basic earnings per share | **0.04** | *0.75* |
| Diluted earnings per share | **0.04** | *0.75* |

#### 19.1 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, 2018** | *Year ended March 31, 2017* |
|---|---|---|
| Profit for the year attributable to owners of the Company (A) | **20,362** | *3,65,146* |
| 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)** | **0.04** | *0.75* |

#### 19.2 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, 2018** | *Year ended March 31, 2017* |
|---|---|---|
| Earnings used in the calculation of basic earnings per share | **20,362** | *3,65,146* |
| Adjustments (describe) | **-** | *-* |
| **Earnings used in the calculation of diluted earnings per share (A)** | **20,362** | *3,65,146* |
| Weighted average number of equity shares used in the calculation of basic earnings per share | **4,87,500** | *4,87,500* |
| Adjustments [describe] | | |
| **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)** | **0.04** | *0.75* |

## 20. (a) Related party disclosures

### (A) <u>Holding Company / Ultimate Holding Company</u>

1. Shapoorji Pallonji & Company Private Limited (*Ultimate Holding Company*)
2. Forbes & Company Limited (*Intermediary Holding Company*)

### (B) <u>Fellow Subsidiaries (where there are transactions)</u>

1. Shapoorji Pallonji Forbes Shipping Ltd.
2. Gokak Textiles Limited

## CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued**

### 20. Related party disclosures (contd.)

**(b)transactions/balances with above mentioned related parties**

| | | **Ultimate Holding Company** | **Holding Company** | | **Fellow Subsidiaries** | | | | | | | **Joint Ventures** | | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **A** | **A** | **A** | B | B | B | B | B | B | **B** | **C** | **C** | **A + B + C** |
| | | Shapoorji Pallonji & Company | Forbes & Company Limited | **Total** | Gokak Textiles Limited | Volkart Fleming Shipping & Services Limited | Forbes Campbell Services Limited | Forbes Facility Services Pvt. Ltd. | Shapooji Pallonji Forbes Shipping Ltd. | Shapoorji Pallonji Oil And Gas Pvt. Ltd. | **Total** | Shapoorji Pallonji Bumi Armada Offshore Ltd. | **Total** | **Total** |
| | **Nature of Transaction** | | | | | | | | | | | | | |
| | **Income:** | | | | | | | | | | | | | |
| 1 | Rent and Other Service Charges | 7,20,200 | - | **7,20,200** | 35,400 | 90,000 | 3,11,800 | - | - | 35,800 | **4,73,000** | 2,11,800 | **2,11,800** | **14,05,000** |
| | | *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* |
| | **Expenses:** | | | | | | | | | | | | | |
| 2 | Housekeeping charges | - | - | **-** | - | - | - | 1,18,050 | - | - | **1,18,050** | - | **-** | **1,18,050** |
| | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Other Reimbursements:** | - | 2,79,931 | **2,79,931** | - | - | - | | - | | **-** | - | **-** | **2,79,931** |
| | | - | *4,47,282* | *4,47,282* | - | - | - | | - | | **-** | - | **-** | *4,47,282* |
| | **Outstandings** | | | | | | | | | | | | | |
| 4 | Trade Payables | - | - | **-** | - | - | - | 1,36,935 | - | - | **1,36,935** | - | **-** | **1,36,935** |
| | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Trade Receivables | 48,380 | - | **48,380** | - | 1,04,400 | 3,61,688 | | - | 29,210 | **4,95,298** | 12,272 | **12,272** | **5,55,950** |
| | | *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.

### 21. Financial instruments

**21.1 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).

21.2 **Categories of financial instruments**

Rs.

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| **Financial assets** | | |
| Measured at Amortised Cost | | |
| a) Cash and bank balances | 95,265 | *4,85,587* |
| b)Trade receivables | 5,55,950 | *1,61,259* |
| c)Other financial assets | 1,75,00,000 | *1,75,00,000* |
| **Financial liabilities** | | |
| Measured at Amortised Cost | | |
| a) Trade payables | 1,68,720 | *20,879* |

21.3 **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, 2018 | | | |
|---|---|---|---|---|
| | **Upto 1 year** | **1 to 3 years** | **3 to 5 years** | **5 years & above** |
| Trade Payables | 1,68,720 | | | |
| | **1,68,720** | - | - | - |

(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 | 20,879 | | | |
| | **20,879** | - | - | - |

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

**Gaurav J. Parekh**
Partner
Membership No.: 140694
*Mumbai, 19th April, 2018*

SHRIKRISHNA BHAVE ______________________ *Chairperson*

NIRMAL JAGAWAT ________________________

RAVINDER PREM__________________________

*Directors*

*Mumbai, 19th April, 2018*

EFL Mauritius Limited

(a Subsidiary Company of Eureka Forbes Limited)

Financial Statements

For the year ended March 31, 2018

**INDEPENDENT AUDITOR'S 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 26 which comprise the statement of financial position as at 31 March 2018, and the statement ofprofit or loss and other comprehensive income, statement of changes in equity and statement of cashflows 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 2018, 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.

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 intend 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 directors' 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 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 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, 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: 08 May 2018**

**EFL Mauritius Limted**

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018**

| | Notes | 2018 EUR | 2018 INR | 2017 EUR | 2017 INR |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Available-for-sale financial asset | 4 | 1,95,98,238 | 1,66,17,54,329 | 3,17,14,231 | 2,59,21,87,472 |
| | | 1,95,98,238 | 1,66,17,54,329 | 3,17,14,231 | 2,59,21,87,472 |
| **Current assets** | | | | | |
| Prepayments | 5 | 2,650 | 2,11,646 | 2,946 | 2,03,672 |
| Cash and cash equivalents | | 1,92,738 | 1,53,93,309 | 2,03,612 | 1,40,76,736 |
| | | 1,95,388 | 1,56,04,956 | 2,06,558 | 1,42,80,408 |
| **Total assets** | | **1,97,93,626** | **1,67,73,59,285** | **3,19,20,789** | **2,60,64,67,880** |
| **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 | | (1,15,73,718) | (87,22,67,563) | 5,42,275 | 5,81,65,580 |
| Retained earnings | | 22,11,059 | 17,51,02,643 | 22,21,738 | 17,59,22,724 |
| Foreign Currency Translation Reserve | | | 21,62,71,707 | | 21,87,72,603 |
| | | 1,93,57,572 | 1,64,25,33,178 | 3,14,84,244 | 2,57,62,87,298 |
| **Current liability** | | | | | |
| Other payable and accruals | 7 | 4,36,054 | 3,48,26,107 | 4,36,545 | 3,01,80,582 |
| **Total equity and liabilities** | | **1,97,93,626** | **1,67,73,59,285** | **3,19,20,789** | **2,60,64,67,880** |

Approved by the Board of Directors on 08 May 2018 and signed on its behalf by :

**Subiraj Gujadhur**
**Director**

**Navun Dussoruth**
**Director**

The notes on pages 12 to 26 form an integral part of these financial statements.

**EFL Mauritius Limted**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 31 MARCH 2018**

| | Notes | 2018 | 2018 | 2017 | 2017 |
|---|---|---|---|---|---|
| | | EUR | INR | EUR | INR |
| **Expenses** | | | | | |
| Audit fees | | 2,332 | 1,79,083 | 2,469 | 1,79,017 |
| Directors' fees | | 1,694 | 1,30,089 | 1,708 | 1,23,840 |
| FSC fees | | 1,543 | 1,18,493 | 1,633 | 1,18,402 |
| TRC fees | | 1,194 | 91,692 | 998 | 72,361 |
| Bank Charges | | 1,169 | 89,772 | 1,444 | 1,04,698 |
| Taxation fees | | 873 | 67,041 | 840 | 60,905 |
| Accounting fees | | 833 | 63,969 | 840 | 60,905 |
| Registered office and Secretarial fees | | 790 | 60,667 | 758 | 54,959 |
| ROC fees | | 298 | 22,885 | 315 | 22,839 |
| | | 10,726 | 8,23,690 | 11,005 | 7,97,926 |
| **Operating loss** | | **(10,726)** | **(8,23,690)** | **(11,005)** | **(7,97,926)** |
| Foreign Exchange gain | | 47 | 3,609 | 327 | 23,709 |
| **Loss before taxation** | | **(10,679)** | **(8,20,081)** | **(10,678)** | **(7,74,217)** |
| Taxation | 8 | - | - | - | - |
| **Loss for the year** | | **(10,679)** | **(8,20,081)** | **(10,678)** | **(7,74,217)** |
| **Other comprehensive income:** | | | | | |
| *Items that may be subsequently reclassified to profit or loss:* | | | | | |
| (Decrease)/increase in fair value of available-for-sale financial asset | 4 | (1,21,15,993) | (93,04,33,143) | 3,65,123 | 2,64,73,499 |
| **Total comprehensive loss/ income for the year** | | (1,21,26,672) | (93,12,53,224) | 3,54,445 | 2,56,99,282 |

The notes on pages 12 to 26 form an integral part of these financial statements.

**EFL Mauritius Limted**

**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 31 MARCH 2018**

| | Stated capital | | Fair Value Reserve | | Retained earnings | | Total | |
|---|---|---|---|---|---|---|---|---|
| | EUR | INR | EUR | INR | EUR | INR | EUR | INR |
| **At 31 April 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** |
| 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** |
| Loss for the year | - | - | - | - | (10,679) | (8,20,081) | (10,679) | (8,20,081) |
| Other comprehensive loss for the year | - | - | (1,21,15,993) | (93,04,33,143) | - | - | (1,21,15,993) | (93,04,33,143) |
| **At 31 March 2018** | **2,87,20,231** | **2,12,34,26,392** | **(1,15,73,718)** | **(87,22,67,563)** | **22,11,059** | **17,51,02,643** | **1,93,57,572** | **1,42,62,61,471** |

The notes on pages 12 to 26 form an integral part of these financial statements.

**EFL Mauritius Limted**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 31 MARCH 2018**

| | 2018 | 2018 | 2017 | 2017 |
|---|---|---|---|---|
| | EUR | INR | EUR | INR |
| **Cash flows from operating activities** | | | | |
| Loss before taxation | **(10,679)** | **(8,20,081)** | **(10,678)** | **(7,74,216)** |
| *Adjustment for:* | | | | |
| Foreign exchange gain | (47) | (3,609) | (327) | (23,709) |
| **Operating loss before working capital changes** | **(10,726)** | **(8,23,690)** | **(11,005)** | **(7,97,925)** |
| Decrease/(increase) in prepayments | 296 | 22,731 | (292) | (21,172) |
| (Decrease)/increase in accruals | (491) | (37,706) | 367 | 26,610 |
| **Net cash used in operating activities** | **(10,921)** | **(8,38,665)** | **(10,930)** | **(7,92,487)** |
| **Net decrease in cash and cash equivalents** | **(10,921)** | **(8,38,665)** | **(10,930)** | **(7,92,487)** |
| Effect of foreign exchange | 47 | 3,609 | 327 | 23,709 |
| Cash and cash equivalents at beginning of the year | 2,03,612 | 1,56,36,139 | 2,14,215 | 1,55,31,809 |
| **Cash and cash equivalents at end of the year** | **1,92,738** | **1,48,01,083** | **2,03,612** | **1,47,63,031** |

The notes on pages 12 to 26 form an integral part of these financial statements.

**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, 4th 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 2018, 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 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 the financial statements continue to be prepared on a going concern basis.

(b) Adoption of new and revised International Financial Reporting Standards

*Amendments to published Standards effective in the reporting period*

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12). The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. *The amendment has no impact on the Company's financial statements.*

Disclosure Initiative (Amendments to IAS 7). The amendments require the entity to explain changes in its liabilities arising from financing activities. This includes changes arising from cash flows (eg drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences.

Annual Improvements to IFRSs 2014-2016 Cycle

IFRS 12 Disclosure of Interests in Other Entities. The amendments clarify that entities are not exempt from all of the disclosure requirements in IFRS 12 when entities have been classified as held for sale or as discontinued operations. *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 2018 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 Contracts 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
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)
IFRS 17 Insurance Contracts
IFRIC 23 Uncertainty over Income Tax Treatments
Prepayment Features with negative compensation (Amendments to IFRS 9)
Long- term Interests in Associates and Joint Ventures (Amendments to IAS 28)
Annual Improvements to IFRSs 2015-2017 Cycle

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

(c) Foreign currency transactions

(i) *Functional and presentation currency*
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates (''the functional currency"). The Company's performance is evaluated and its liquidity is managed in Euro. The financial statements are presented in Euro ("EUR") and all values are rounded to the nearest thousands.

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

(d) Available-for-sale financial asset

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are initially measured at fair value plus transaction costs.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

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

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

(e) Income tax

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

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

(f) Deferred taxation

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

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

(g) Stated capital

Ordinary shares and preference shares are classified as equity.

(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 cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(l) Other 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) Expense recognition

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

(n) 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.

(o) 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.

(p) 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.

## 4 Available-for-sale financial asset

| | 2018 | 2018 | 2017 | 2017 |
|---|---|---|---|---|
| *At fair value* | EUR | INR | EUR | INR |
| At beginning of the year | 3,17,14,231 | 2,59,21,87,472 | 3,13,49,108 | 2,56,57,13,973 |
| Change in fair value | (1,21,15,993) | (93,04,33,143) | 3,65,123 | 2,64,73,499 |
| At end of the year | 1,95,98,238 | 1,66,17,54,329 | 3,17,14,231 | 2,59,21,87,472 |

The details of the available-for-sale financial asset as at 31 March 2018 are as follow :

| Name of investee 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 | 17,24,645 |
| Forbes Lux International AG | Switzerland | Participation Shares* | 34,200 | 100.00% | 2,83,57,765 | 1,78,73,593 |
| | | | | EUR | 3,11,71,956 | 1,95,98,238 |
| | | | | INR | 2,53,40,21,892 | 1,66,17,54,329 |

*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 markets 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 not 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 31 March:

| | | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **2018** | | | | | |
| Available-for-sale financial asset | EUR | - | - | 1,95,98,238 | 1,95,98,238 |
| | INR | - | - | 1,66,17,54,329 | 1,66,17,54,329 |
| **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 |

## 5 Prepayments

| | 2018 EUR | 2018 INR | 2017 EUR | 2017 INR |
|---|---|---|---|---|
| Directors' Fees | 1,074 | 85,777 | 1,182 | 81,718 |
| TRC Fees | 537 | 42,888 | 591 | 40,859 |
| Registered Office and Secretarial Fees | 501 | 40,013 | 552 | 38,163 |
| FSC Fees | 355 | 28,353 | 411 | 28,415 |
| ROC Fees | 183 | 14,616 | 210 | 14,518 |
| | **2,650** | **2,11,646** | **2,946** | **2,03,672** |

## 6 Stated capital

| | Number of Shares | | Amount | | | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 EUR | 2018 INR | 2017 EUR | 2017 INR |
| Issued and fully paid up: | | | | | | |
| Ordinary shares of EUR 1 each | | | | | | |
| At beginning and end of the year | 15,001 | 15,001 | 15,001 | 9,45,546 | 15,001 | 9,45,546 |
| Preference shares of EUR1 each | | | | | | |
| At beginning of the year | 2,87,05,230 | 2,87,05,230 | 2,87,05,230 | 2,12,24,80,846 | 2,87,05,230 | 2,12,24,80,846 |
| **Total** | **2,87,20,231** | **2,87,20,231** | **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

| | 2018 | 2018 | 2017 | 2017 |
|---|---|---|---|---|
| | EUR | INR | EUR | INR |
| Payable to related party (See note 9) | 4,32,374 | 3,45,32,198 | 4,32,374 | 2,98,92,220 |
| Accruals | 3,680 | 2,93,909 | 4,171 | 2,88,363 |
| | 4,36,054 | 3,48,26,107 | 4,36,545 | 3,01,80,582 |

The 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.

(c) Tax reconciliation

| | 2018 | 2018 | 2017 | 2017 |
|---|---|---|---|---|
| | EUR | INR | EUR | INR |
| Loss before taxation | (10,679) | (8,20,081) | (10,678) | (7,74,217) |
| Tax calculated at 15% (2017 : 15%) | (1,602) | (1,23,024) | (1,602) | (1,16,132) |
| Non-deductible expenses | (7) | (538) | (49) | (3,553) |
| | (1,609) | (1,23,562) | (1,651) | (1,19,685) |
| Deferred Tax asset not recognised | 1609 | 1,23,561 | 1,651 | 1,19,685 |
| **Tax charged** | - | - | - | - |

At 31 March 2018, the Company had accumulated tax losses amounting to USD 34,449 (INR 26,45,470) (2017 : USD 23,817 {INR 17,26,868} ) 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 transaction**

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 | 2018 Balance | 2018 Balance | 2017 Balance | 2017 Balance |
|---|---|---|---|---|---|---|
| | | | EUR | INR | EUR | INR |
| Eureka Forbes Ltd | Shareholder | Amount payable | 4,32,374 | 3,45,32,198 | 4,32,374 | 2,98,92,220 |

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

| | 2018 | | | | 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| | Financial assets | | Financial liabilities | | Financial assets | | Financial liabilities | |
| | EUR | INR | EUR | INR | EUR | INR | EUR | INR |
| Swiss Franc ("CHF") | 1,95,98,238 | 1,66,17,54,329 | - | - | 3,17,14,231 | 2,59,21,87,472 | - | - |
| United States ("USD") | - | - | 3,680 | 2,93,909 | - | - | 4,171 | 2,88,363 |
| Euro ("EUR") | 1,92,738 | 1,53,93,309 | 4,32,374 | 3,45,32,198 | 2,03,612 | 1,40,76,736 | 4,32,374 | 2,98,92,220 |
| | 1,97,90,976 | 1,67,71,47,639 | 4,36,054 | 3,48,26,107 | 3,19,17,843 | 2,60,62,64,208 | 4,36,545 | 3,01,80,582 |

Prepayments amounting to EUR 2,650 (Equivalent to INR 211,646) [(2017: EUR 2,946) (Equivalent to INR 203,672)] 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 | | | |
|---|---|---|---|---|
| | 2018 | | 2017 | |
| | EUR | INR | EUR | INR |
| CHF | 19,59,824 | 16,61,75,433 | 31,71,423 | 25,92,18,747 |
| USD | (368) | (29,391) | (417) | (28,836) |

*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:

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | **EUR** | **INR** | **EUR** | **INR** |
| **Counter parties** | | | | |
| Available-for-sale financial asset | 1,95,98,238 | 1,66,17,54,329 | 3,17,14,231 | 2,59,21,87,472 |
| Cash and cash equivalents | 1,92,738 | 1,53,93,309 | 2,03,612 | 1,40,76,736 |
| | 1,97,90,976 | 1,67,71,47,639 | 3,19,17,843 | 2,60,62,64,208 |

(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 |
|---|---|---|---|---|
| **2018** | | | | |
| Other payable and accruals | EUR | 4,32,374 | 3,680 | 4,36,054 |
| | INR | 3,45,32,198 | 2,93,909 | 3,48,26,107 |
| **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 |

(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.

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

| | | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **2018** | | | | | |
| Cash and cash equivalents | EURO | - | 1,92,738 | - | 1,92,738 |
| | INR | - | 1,53,93,309 | - | 1,53,93,309 |
| Total asset | EURO | - | 1,92,738 | - | 1,92,738 |
| | INR | - | 1,53,93,309 | - | 1,53,93,309 |
| Payable to related party | EURO | - | - | 4,32,374 | 4,32,374 |
| | INR | - | - | 3,45,32,198 | 3,45,32,198 |
| Accruals | EURO | - | - | 3,680 | 3,680 |
| | INR | - | - | 2,93,909 | 2,93,909 |
| Total liabilities | EURO | - | - | 4,36,054 | 4,36,054 |
| | INR | - | - | 3,48,26,107 | 3,48,26,107 |

| | | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **2017** | | | | | |
| Cash and 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 liabilities | EURO | - | - | 4,36,545 | 4,36,545 |
| | INR | - | - | 3,01,80,582 | 3,01,80,582 |

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 2018 (2017: 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 2018.

**12 Contingent liabilities**

At 31 March 2018, 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, 2018

**INDEPENDENT AUDITOR'S REPORT**
**To The Members of Eureka Forbes Limited**
**Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of Eureka Forbes Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, 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 Standalone 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 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 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.

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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone 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 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 control 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.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone Ind AS financial statements.

**Basis for Qualified Opinion**

As stated in note 31-X to the standalone Ind AS financial statements, the Company has made investments in its wholly owned overseas subsidiary company, Euro Forbes Limited (EUFL) aggregating USD 13,259,019 (equivalent to INR 8,289.22 lakhs) [(previous year USD 11,692,339 (equivalent to INR 7,269.06 lakhs)] and advanced loans and interest accrued thereon aggregating USD 8,118,103 (equivalent to INR 5,262.40 lakhs) [(previous year USD 5,684,399 (equivalent to INR 3,679.15 lakhs)]. Further, the Company had issued a financial guarantee of USD 28,750,000 (equivalent to INR 18,636.61 lakhs) [previous year USD 28,750,000 (equivalent to INR 18,608.04 lakhs)] to a bankers of EUFL for loan of USD 25,000,000 (equivalent to INR 16,205.75 lakhs) [previous year USD 25,000,000 (equivalent to INR 16,180.90 lakhs)] taken by EUFL.

For the reason stated in note 31-X to the Standalone Ind AS financial statements, the Management has not recognized provisions in respect of:

1. impairment in its investments aggregating USD 13,259,019 (equivalent to INR 8,289.22 lakhs) [(previous year USD 11,692,339 (equivalent to INR 7,269.06 lakhs)],
2. expected credit loss on loans (including accrued interest) aggregating USD 8,118,103 (equivalent to INR 5,262.40 lakhs) [(previous year USD 5,684,399 (equivalent to INR 3,679.15 lakhs)],and,
3. expected loss arising out of issue of financial guarantee of EUFL for USD 28,750,000 (equivalent to INR 18,636.61 lakhs) [previous year USD 28,750,000 (equivalent to INR 18,608.04 lakhs)] issued to the lenders for loan of USD 25,000,000 (equivalent to INR 16,205.75 lakhs) [previous year USD 25,000,000 (equivalent to INR 16,180.90 lakhs)] taken by EUFL.

Based on the audited accounts for the year ended December 31, 2017, EUFL has accumulated losses which has substantially eroded its net worth. The auditors of EUFL have qualified their report for non-provision for the impairment of EUFL's investment and loan (including interest accrued) amounting to USD 41,380,816 (equivalent to INR 26,365.70 lakhs) in its wholly owned material operating subsidiary Forbes Lux FZCO. Based on the auditor's report, EUFL does not have any cash generating assets or source of income and is fully dependent on contribution of funds by the Company and accordingly financial statements of the EUFL for the year ended December 31, 2017 has been prepared on going concern basis which is also qualified by their auditor.

Despite current financial condition of EUFL as stated above, the Management has not carried out impairment analysis as at March 31, 2018, in accordance with the applicable Indian accounting standards (Ind AS). In the absence of sufficient appropriate audit evidence, particularly, information regarding recoverable value of investments in EUFL at the balance sheet date, we are unable to determine the amounts of impairment in the value of investments in EUFL, expected credit loss on the loans to EUFL and provision of the expected loss on the financial guarantee given to the lenders of EUFL.

The predecessor auditors of the Company had also qualified the above matter in its report on the standalone Ind AS financial statements of the Company for the year ended March 31, 2017.

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above and its related impact on other regulatory compliances (if any), the 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

**Emphasis of Matter**

We draw attention to the Note 31-XI to the standalone Ind AS financial statements, for the reasons stated in said note, the management is of the opinion that no provision is required in respect of investment of INR 300.00 lakhs in 'Aquadiagnostic Water Research & Technology Centre Limited' (AWRTC), a wholly owned subsidiary Company, even though the accumulated losses are INR 152.10 lakhs.

Our opinion is not modified in respect of this matter.

**Other Matter**

The comparative financial information of the Company for the year ended March 31, 2017 included in these standalone Ind As financial statements are based on the standalone Ind AS financial statements audited by the predecessor auditor whose report for the year ended March 31, 2017 dated May 10, 2017 expressed a qualified opinion on those financial statements [regarding non-recognition of provision in respect of impairment of its investments in, expected credit loss on loans (including accrued interest) given to and expected credit loss arising out of issue of financial guarantee issued on behalf of a wholly owned overseas subsidiary and non-recognition of loss allowance on certain trade receivables as required under Ind AS 109)] have been restated in accordance with Appendix C to Ind AS 103 Business Combinations to give effect to the Scheme of Amalgamation of Aquamall Water Solutions Limited ('AWSL'), a wholly owned subsidiary, with the Company, as explained in note 31- III to the standalone Ind AS financial statements. The predecessor auditor of AWSL have audited the standalone Ind AS financial statements for the year ended March 31, 2017 and had expressed a qualified opinion vide their report dated May 09, 2017 on those financial statements regarding non-recognition of provision in respect of impairment of its investments in and loans (including accrued interest) in an overseas subsidiary.

Our opinion is not qualified in respect of this matter.

**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 except for the matters described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, 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) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) The matter described in the Basis for Qualified Opinion paragraph and in the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

   f) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

   h) 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 a qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting for the reasons stated therein.

   i) 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:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. [Refer Note – 31-I 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 except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above in respect of financial guarantee contract issued by the Company for which the Company has not made provision, as required under the applicable law or accounting standards, for material foreseeable losses

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Nilesh Shah
(Partner)
(Membership No. 49660)

Mumbai, June 22, 2018

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**
**(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

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

We have audited the internal financial controls over financial reporting of Eureka Forbes Limited ("the Company") as of March 31, 2018 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. 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 internal financial controls over financial reporting of the Company 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 qualified 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.

**Basis for Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in Company's internal financial controls over financial reporting as at March 31, 2018.

The Company did not have an appropriate internal control system for determining;

1. provision for impairment of its investments in,
2. provision for expected credit loss on loans (including accrued interest) to, and,
3. provision for expected loss on financial guarantee issued to the lenders of its wholly owned subsidiary for loan taken by it, which could potentially result in inadequate provision in the books of account and could potentially result in material misstatements in the Company's standalone Ind AS financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

**Qualified Opinion**

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018, 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone Ind AS financial statements of the Company for the year ended March 31, 2018 and the material weakness has affected our opinion on the said standalone Ind AS financial statements of the Company and we have issued a qualified opinion on the said standalone Ind As financial statements of the Company.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Nilesh Shah
(Partner)
(Membership No. 49660)

Mumbai, June 22, 2018

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

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the standalone Ind AS financial statements of Eureka Forbes Limited for the year ended March 31, 2018)**

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

(b) The Company has a program of verification of Fixed Assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders, except the following:

| Particulars of the land and building | Gross Block (as at the balance sheet date) | Net Block (as at the balance sheet date) | Remarks |
|---|---|---|---|
| Freehold Land and Building located at Dehradun, Telangana and Bangalore admeasuring 12150 sq.mtrs, 2403 sq.yds and 19002 sq.mtrs, respectively and Freehold Building located at Baddi admeasuring 2500 sq.mtrs | INR 3026.11 lakhs | INR 2199.86 lakhs | The title deeds are in the name of Aquamall Water Solutions Limited, erstwhile Company that was merged with the Company under Section 233 of the Companies Act, 2013. |

In respect of immovable properties of land that have been taken on lease and disclosed as Fixed Assets in the standalone Ind AS financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement, except the following:

| Particulars | Gross Block (as at the balance sheet date) | Net Block (as at the balance sheet date) | Remarks |
|---|---|---|---|
| Leasehold Land located at Baddi, admeasuring 2500 sft. whose lease deeds have been pledged as security for loans taken based on the confirmations directly received by us from lenders | INR 38.88 lakhs | INR 38.88 lakhs | The lease deeds are in the name of Aquamall Water Solutions Limited, erstwhile Company that was merged with the Company under Section 233 of the Companies Act, 2013 |

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 of the Companies Act, 2013 in respect of grant of loans and providing guarantees and securities, as applicable. The Company has also complied with section 186 of the Companies Act 2013 in respect of making investments, as applicable. We have relied on the legal opinion obtained by the company and provided to us with respect to non-applicability of section 186 of the Companies Act 2013 in relation to loans made, guarantee given or security provided as the Company is engaged in the business of infrastructure facilities.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, are not applicable to the Company.

(vi) According to the information and explanations given to us, 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, Goods and Service 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, Goods and Service tax, cess and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Excise Duty, Income-tax and Sales Tax as on 31st March, 2018 on account of disputes are given below:

| Name of the Statute | Nature of Dues | Forum where dispute is pending | Period to which the amount relates | Amount Involved (Rupees in Lakhs) | Amount Unpaid (Rupees in Lakhs) |
|---|---|---|---|---|---|
| Central Excise Act, 1944 | Excise Duty | Appellate Tribunal | A.Y. 2001-03 | 56.51 | 56.51 |
| | | Principal Commissioner of Central Excise | A.Y.2001 to 2006 and A.Y.2014 -2017 | 1,262.99 | 1,238.69 |
| | | CESTAT | A.Y. 2001 to A.Y. 2006 | 52.34 | 52.34 |
| Income Tax Act, 1961 | Income Tax | Tribunal | A.Y. 2011-12 | 2.30 | 2.30 |
| | | Tribunal | A.Y. 2010-11 | 3.88 | 3.88 |
| | | CIT (A) | A.Y. 2013-14 | 262.97 | 262.97 |
| | | CIT (A) | A.Y. 2014-15 | 487.32 | 487.32 |
| | | Income Tax Appellate Tribunal | A.Y 2008-09, A.Y 2014-15, A.Y 2015-16 | 506.48 | 506.48 |
| | | CIT (A) | A.Y. 2012-13 | 771.51 | 771.51 |
| Sales Tax Act | Sales Tax | Excise & Taxation Officer | A.Y. 2013-14, A.Y. 2015-16 | 1.44 | - |
| | | Joint Commissioner of Commercial Taxes | A.Y. 2013-14 | 0.89 | 0.71 |
| | | Assistant Commissioner of Sales Tax - Appeals | A.Y. 2004-05 | 8.76 | 1.76 |
| | | Assessing Authority | A.Y. 1994-95, A.Y. 1996-97, A.Y.1998-99, A.Y. 2000-01, A.Y. 2003-04, A.Y. 2004-05, A.Y. 2005-06, A.Y. 2017-18 | 5.43 | 3.68 |
| | | Joint Commissioner (Appeals)Trade Tax | A.Y. 2003-04, A.Y. 2004-05, A.Y. 2005-06 | 74.93 | 4.21 |
| | | Appeallate Officer, Commercial Tax | A.Y. 2012-13 | 6.33 | 5.73 |
| | | Assistant Commissioner of Commercial Taxes. | A.Y. 2013-14, A.Y. 2014-15, A.Y.2015-16, A.Y. 2017-18 | 21.31 | 12.88 |

| Name of the Statute | Nature of Dues | Forum where dispute is pending | Period to which the amount relates | Amount Involved (Rupees in Lakhs) | Amount Unpaid (Rupees in Lakhs) |
|---|---|---|---|---|---|
| | | Deputy Commissioner of Appeals Commercial Taxes | A.Y.2006-07, A.Y. 2008-09, A.Y. 2010-11 | 109.17 | 75.56 |
| | | Deputy Commissioner of Commercial Taxes | A.Y. 2002-03, A.Y. 2003-04, A.Y. 2006-07, A.Y. 2007-08, A.Y. 2008-09, A.Y. 2009-10, A.Y. 2010-11, A.Y. 2011-12, A.Y. 2012-13, A.Y. 2013-14, A.Y. 2014-15 | 501.68 | 302.87 |
| | | Assistant Commissioner, DVAT, New Delhi | A.Y. 2010-11, A.Y. 2011-12, A.Y. 2012-13 | 728.85 | 727.85 |
| | | Telangana VAT Appellate Tribunal | A.Y 2001-02 to A.Y 2004-05 | 1,503.43 | 804.79 |
| | | Assistant Commissioner (Assessment) Special Circle-II | A.Y. 1998-99, A.Y. 1999-00, A.Y. 2000-01, A.Y. 2001-02, A.Y. 2002-03, A.Y. 2003-04, A.Y. 2004-05, A.Y. 2007-08 | 2050.47 | 1,730.91 |
| | | Joint Commissioner of Commercial Taxes | A.Y. 2014-15 | 260.60 | 235.27 |

(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. The Company has not taken any loans or borrowings from financial institutions and government or has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence reporting under clause (ix) of the Order is not applicable.

(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 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate 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 LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Nilesh Shah
(Partner)
(Membership No. 49660)

Mumbai, June 22, 2018

Balance Sheet as at 31st March 2018

| | | Particulars | Notes | As at March 31, 2018 ₹ in Lakhs | ₹ in Lakhs | *As at March 31, 2017 ₹ in Lakhs* | *₹ in Lakhs Restated* |
|---|---|---|---|---|---|---|---|
| | | **ASSETS** | | | | | |
| | | **Non-current Assets** | | | | | |
| (a) | | Property, plant and equipment | 3 | | 14,667.11 | | *15,102.30* |
| (b) | | Other Intangible assets | 4 | | 260.38 | | *496.51* |
| (c) | | Financial assets | | | | | |
| | (i) | Investments | 5 | 37,124.12 | | *53,408.59* | |
| | (ii) | Trade receivables | 7 | 1,745.62 | | *795.92* | |
| | (iii) | Loans | 8 | 23,446.13 | | *16,797.76* | |
| | (iv) | Other financial assets | 9 | 6,072.49 | 68,388.36 | *5,442.82* | *76,445.09* |
| (d) | | Tax assets | | | | | |
| | (i) | Deferred Tax Asset (Net) | 10 | - | | *276.99* | |
| | (ii) | Income Tax Asset (Net) | 11 | 3,349.75 | 3,349.75 | *3,265.33* | *3,542.32* |
| (e) | | Other non-current assets | 12 | | 2,013.92 | | *2,212.04* |
| | | **Total Non-current Assets** | | | **88,679.52** | | ***97798.26*** |
| | | **Current Assets** | | | | | |
| (a) | | Inventories | 13 | | 26,005.07 | | *26,957.16* |
| (b) | | Financial assets | | | | | |
| | (i) | Investments | 6 | 17.47 | | *14.04* | |
| | (ii) | Trade receivables | 7 | 24,104.11 | | *25,200.97* | |
| | (iii) | Cash and cash equivalents | 14 | 8,973.57 | | *7,599.66* | |
| | (iv) | Bank balances other than (iii) above | 14 | 118.23 | | *177.59* | |
| | (v) | Loans | 8 | 384.88 | | *639.41* | |
| | (vi) | Other financial assets | 9 | 282.12 | 33,880.38 | *2,321.84* | *35,953.51* |
| (c) | | Other current assets | 12 | | 9,948.19 | | *6,941.42* |
| | | **Total Current Assets** | | | **69,833.64** | | ***69,852.09*** |
| (d) | | Assets Classified as held for sale | | | - | | *204.73* |
| | | **Total Assets** | | | **1,58,513.16** | | ***1,67,855.08*** |

## Balance Sheet as at 31st March 2018

| | | Particulars | Notes | As at March 31, 2018 ₹ in Lakhs | ₹ in Lakhs | *As at March 31, 2017 ₹ in Lakhs* | *₹ in Lakhs* |
|---|---|---|---|---|---|---|---|
| | | **EQUITY AND LIABILITIES** | | | | | |
| | | **Equity** | | | | | |
| (a) | | Equity share capital | 15 | 372.80 | | *372.80* | |
| (b) | | Other Equity | 16 | 48,376.90 | | *61,835.01* | |
| | | | | | 48,749.70 | | *62,207.81* |
| | | **Total Equity** | | | **48,749.70** | | ***62,207.81*** |
| | | **Liabilities** | | | | | |
| | | **Non-current Liabilities** | | | | | |
| (a) | | Financial Liabilities | | | | | |
| | (i) | Borrowings | 17 | 5,634.53 | | *9,663.49* | |
| | (ii) | Other financial liabilities | 19 | - | 5,634.53 | *-* | *9,663.49* |
| (b) | | Provisions | 20 | | 283.95 | | *268.45* |
| (c) | | Deferred tax liabilities (Net) | 10 | | 259.05 | | *-* |
| (d) | | Other non-current liabilities | 21 | | 10,930.65 | | *9,448.89* |
| | | **Total Non-current Liabilities** | | | **17,108.18** | | ***19,380.83*** |
| | | **Current liabilities** | | | | | |
| (a) | | Financial liabilities | | | | | |
| | (i) | Borrowings | 22 | 14,453.01 | | *15,585.04* | |
| | (ii) | Trade payables | 18 | 29,891.64 | | *25,189.94* | |
| | (iii) | Other financial liabilities | 19 | 15,658.41 | 60,003.06 | *13,414.37* | *54,189.35* |
| (b) | | Provisions | 20 | | 1,237.73 | | *1,339.07* |
| (c) | | Income tax liabilities (Net) | 11 | | 41.79 | | *47.66* |
| (d) | | Other current liabilities | 21 | | 31,372.70 | | *30,690.36* |
| | | **Total Current Liabilities** | | | **92,655.28** | | ***86,266.44*** |
| | | **Total Liabilities** | | | **1,09,763.46** | | ***1,05,647.27*** |
| | | **Total Equity and Liabilities** | | | **1,58,513.16** | | ***1,67,855.08*** |

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
*Chartered Accountants*

For and behalf of the Board of Directors of Eureka Forbes Limited

S.P. Mistry
*Chairman*
*(DIN-00010114)*

Marzin R. Shroff
*Managing Director & CEO*
*(DIN-00642613)*

Anil Kamath
*Director*
*(DIN-00015706)*

R S Moorthy
*Chief Financial Officer*

Jai Mavani
Director
*(DIN-05260191)*

Dattaram Shinde
*Company Secretary*

*Nilesh Shah*
*Partner*

Mumbai , Dated : June 22, 2018

Mumbai , Dated : 25th May 2018

Statement of Profit and Loss for the year ended 31st March, 2018

| | Particulars | Notes | Year 2017-18 ₹ in Lakhs | *Year 2016-17 ₹ in Lakhs Restated* |
|---|---|---|---|---|
| I | **Income** | | | |
| | Revenue from Operations | 23 | 1,78,574.39 | *1,85,365.30* |
| | Other income and other gains / (losses) | 24 | 3,426.81 | *3,941.29* |
| | **Total Income** | | **1,82,001.20** | ***1,89,306.59*** |
| II | **Expenses** | | | |
| | Cost of Materials Consumed | 25 | 52,875.16 | *55,362.69* |
| | Purchases of stock-in-trade | 25 | 23,372.68 | *27,773.88* |
| | Changes in inventories of finished goods, stock-in-trade and work-in-progress | 25 | (1,045.49) | *(2,624.91)* |
| | Excise Duty on sale of goods | | 1.21 | *12.26* |
| | Employee benefits expense | 26 | 32,071.90 | *30,679.09* |
| | Finance costs | 27 | 2,676.07 | *1,862.71* |
| | Depreciation and amortisation expense | 28 | 2,401.99 | *2,592.75* |
| | Other expenses | 29 | 63,841.89 | *65,986.32* |
| | **Total expenses** | | **1,76,195.41** | ***1,81,644.79*** |
| III | **Profit before exceptional items and tax** | | **5,805.79** | **7,661.80** |
| | Add/ (Less) : Exceptional items (Refer Note 31(XII)) | | (17,181.01) | - |
| IV | **Profit/ (Loss) before tax after exceptional items** | | **(11,375.22)** | ***7,661.80*** |
| | Less: Tax expense | | | |
| (1) | Current tax | 30 | 2,101.96 | *2,066.58* |
| (2) | Deferred tax (credit) / charge | 30 | (7.17) | *110.20* |
| | | | **2,094.79** | ***2,176.78*** |
| V | **Profit/ (Loss) for the Year** | | **(13,470.01)** | ***5,485.02*** |
| VI | **Other Comprehensive Income** | | | |
| A | Items that will not be reclassified to profit or loss | | | |
| (a) | Remeasurements of the defined benefit plans | | (5.67) | *(96.58)* |
| | Tax effect | | 1.96 | *33.42* |
| | | | (3.71) | *(63.16)* |
| (b) | Equity instruments through other comprehensive income | | 99.92 | *105.24* |
| | Tax effect | | (54.31) | *(17.50)* |
| | | | 45.61 | *87.74* |
| | | | **41.90** | ***24.58*** |
| B | Items that may be reclassified to profit or loss | | - | - |
| VII | **Total other comprehensive income (A + B)** | | **41.90** | ***24.58*** |
| | **Total comprehensive income/ (Loss) for the Year (V+VII)** | | **(13,428.11)** | **5,509.60** |
| | Earnings per equity share: | 33 | | |
| | (1) Basic (in ₹.) | | (361.32) | *147.13* |
| | (2) Diluted (in ₹.) | | (361.32) | *147.13* |

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
*Chartered Accountants*

For and behalf of the Board of Directors of Eureka Forbes Limited

| | |
|---|---|
| S.P. Mistry<br>*Chairman*<br>*(DIN-00010114)* | Marzin R. Shroff<br>*Managing Director & CEO*<br>*(DIN-00642613)* |
| Anil Kamath<br>*Director*<br>*(DIN-00015706)* | R S Moorthy<br>*Chief Financial Officer* |
| Jai Mavani<br>Director<br>*(DIN-05260191)* | Dattaram Shinde<br>*Company Secretary* |

*Nilesh Shah*
*Partner*

Mumbai , Dated : June 22, 2018

Mumbai , Dated : 25th May 2018

Cash Flow Statement for the year ended 31st March, 2018

| Particulars | Year ended March 31, 2018 ₹ in Lakhs | ₹ in Lakhs | *Year ended March 31, 2017 ₹ in Lakhs* | *₹ in Lakhs Restated* |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Profit/ (Loss) before tax and after exceptional items | | (11,375.22) | | *7,661.80* |
| Adjustments for: | | | | |
| Finance costs recognised in profit and loss | 2,676.07 | | *1,862.71* | |
| Investment income recognised in profit and loss | (50.49) | | *(50.27)* | |
| Gain/ Loss on Investment recognised in profit and loss | (185.02) | | | |
| Interest Income | (955.50) | | *(1,367.27)* | |
| Gain on disposal of property, plant and equipment | (326.17) | | *(199.15)* | |
| Remeasurements of the defined benefit plans | (5.67) | | *(96.58)* | |
| Provision/write-off of doubtful debts, advances and other current assets | 1,253.28 | | *238.84* | |
| Depreciation and amortisation of non-current assets | 2,401.99 | | *2,592.75* | |
| Fair value of Investment at FVTPL | (21.24) | | *(4.33)* | |
| Exceptional Items - Provision for Impairment of Investment | 17,181.01 | | - | |
| Net foreign exchange (gain)/loss - unrealised | (671.99) | | *255.14* | |
| Fair value Commission on Financial Guarantee | (178.54) | 21,117.73 | *(135.03)* | *3,096.81* |
| **Operating Profit before Working capital Changes** | | **9,742.51** | | ***10,758.61*** |
| Movements in working capital: | | | | |
| Increase in trade and other receivables | (808.30) | | *(3,316.47)* | |
| (Increase)/decrease in inventories | 952.09 | | *(3,728.81)* | |
| (Increase)/decrease in loans and advances | 14.52 | | *(90.63)* | |
| Increase in Other Assets | (2,882.97) | | *(1,013.24)* | |
| (Increase)/decrease in current Other Financial Assets | 2,037.67 | | *(1,979.79)* | |
| Increase in trade and other payables | 4,674.41 | | *8,702.62* | |
| Decrease in provisions | (85.84) | | *(152.92)* | |
| Increase in other liabilities | 2,941.12 | 6,842.70 | *1,029.25* | *(549.99)* |
| Cash generated from operations | | 16,585.21 | | *10,208.62* |
| Less : Income taxes paid | | (1,701.39) | | *(2,789.37)* |
| **Net cash generated by operating activities** | | **14,883.82** | | ***7,419.25*** |
| **Cash flows from investing activities** | | | | |
| Payments for investment in Subsidiary | (927.27) | | *(183.05)* | |
| Payments for Other investments | (9,000.00) | | - | |
| Payments for investment in unquoted investment | (40.00) | | - | |
| Proceeds on sale of financial assets | 367.00 | | - | |
| Proceeds on sale of Other Investments | 9,185.02 | | - | |
| Interest received | 69.62 | | *138.82* | |
| Dividends received from joint venture | 50.00 | | *50.00* | |
| Dividends received from Others | 0.49 | | *0.27* | |
| Payments for property, plant and equipment | (1,845.25) | | *(3,296.13)* | |
| Proceeds from disposal of property, plant and equipment | 689.80 | | *336.35* | |
| Payments for intangible assets | - | | *(60.00)* | |
| Bank Balance not considered as Cash & Cash equivalents | 70.31 | | *19.80* | |
| ICD given | (4,134.32) | | *(5,398.28)* | |
| ICD received back | 240.00 | | *150.00* | |
| **Net cash used in investing activities** | | **(5,274.60)** | | ***(8,242.22)*** |
| **Cash flows from financing activities** | | | | |
| Proceeds from other short term borrowings | 21,000.00 | | *12,855.80* | |
| Repayment of other short term borrowings | (22,500.00) | | *(5,000.00)* | |
| Repayment of borrowings | (4,354.78) | | *(6,244.12)* | |
| Net increase / (decrease) in working capital borrowings | 306.17 | | *65.70* | |
| Interest paid | (2,686.70) | | *(1,852.76)* | |
| **Net cash used in financing activities** | | **(8,235.31)** | | ***(175.38)*** |
| **Net Increase / (Decrease ) in cash and cash equivalents** | | **1,373.91** | | ***(998.35)*** |
| Cash and cash equivalents at the beginning of the year | | 7,599.66 | | *8,550.91* |
| Add on account of Merger {refer note 31-(III) } | | | | *47.10* |
| **Cash and cash equivalents at the end of the year {refer note 14}** | | 8,973.57 | | *7,599.66* |
| **Net Increase / (Decrease ) in cash and cash equivalents as disclosed above** | | **1,373.91** | | ***(998.35)*** |

Changes in carrying amount of financial liabilities included under financing activities under cash flow statement

| Particulars | Borrowing Year ended March 31, 2018 | *Year ended March 31, 2017* |
|---|---|---|
| Opening Balance | 29,384.94 | *28,710.07* |
| Changes due to cash flow | (5,548.61) | *1,677.38* |
| Non cash Change (Gain)/Loss | 1,865.27 | *(1,002.51)* |
| Closing balance | 25,701.60 | 29,384.94 |

The accompanying notes are an integral part of the financial statements

Note :
The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard ( Ind AS - 7) - Statement of Cash Flow

* Refer note 31 (III) for Business Combination

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh Shah
Partner

Mumbai , Dated : June 22, 2018

For and behalf of the Board of Directors of Eureka Forbes Limited

S.P. Mistry
*Chairman*
*(DIN-00010114)*

Marzin R. Shroff
*Managing Director & CEO*
*(DIN-00642613)*

Anil Kamath
*Director*
*(DIN-00015706)*

R S Moorthy
*Chief Financial Officer*

Jai Mavani
Director
*(DIN-05260191)*

Dattaram Shinde
*Company Secretary*

Mumbai , Dated : 25th May 2018

# Statement of changes in equity for the year ended March 31, 2018

## A. Equity share capital

| | Amount ₹ in Lakhs |
|---|---|
| **Balance at April 1, 2016** | **372.80** |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2017** | **372.80** |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2018** | **372.80** |

Statement of changes in equity for the year ended March 31, 2018

B. Other Equity

| Particulars | Reserves and surplus | | | | | | Fair value Reserves | | Total Other Equity |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | ₹ in Lakhs |
| | Capital reserve | Capital reserve on Merger | General reserve | Capital Redemption Reserve | Retained earnings | Total | Equity Instrument through Other Comprehensive Income | Total | |
| **Balance at 1st April 2016** | **25.04** | **-** | **7,500.00** | **122.20** | **16,100.66** | **23,747.90** | **63.93** | **63.93** | **23,811.83** |
| Add: On account of Merger {Refer note 31 (III)} * | 62.60 | - | 11,000.00 | - | 21,245.98 | 32,308.58 | - | - | 32,308.58 |
| Capital Reserve on account of merger {Refer note 31(III)} | - | 205.00 | - | - | - | 205.00 | - | - | 205.00 |
| **Balance at 1st April 2016 ( Restated)** | **87.64** | **205.00** | **18,500.00** | **122.20** | **37,346.64** | **56,261.48** | **63.93** | **63.93** | **56,325.41** |
| Profit/ (Loss) for the year | - | - | - | - | 5,485.02 | 5,485.02 | - | - | 5,485.02 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | (63.16) | (63.16) | 87.74 | 87.74 | 24.58 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **5,421.86** | **5,421.86** | **87.74** | **87.74** | **5,509.60** |
| **Balance at March 31, 2017** | **87.64** | **205.00** | **18,500.00** | **122.20** | **42,768.50** | **61,683.34** | **151.67** | **151.67** | **61,835.01** |
| Profit/ (Loss) for the year | - | - | - | - | (13,470.01) | (13,470.01) | - | - | (13,470.01) |
| Other comprehensive income for the year, net of income tax | - | - | - | - | (3.71) | (3.71) | 45.61 | 45.61 | 41.90 |
| Less: Utilised on sale of related capital asset # | (30.00) | - | - | - | - | (30.00) | - | - | (30.00) |
| Cumulative gain/(loss) reclassified to retained earning on sale of Equity Instrument of FVTOCI | - | - | - | - | 55.06 | 55.06 | (55.06) | (55.06) | - |
| **Total comprehensive income for the year** | **(30.00)** | **-** | **-** | **-** | **(13,418.66)** | **(13,448.66)** | **(9.45)** | **(9.45)** | **(13,458.11)** |
| **Balance at March 31, 2018** | **57.64** | **205.00** | **18,500.00** | **122.20** | **29,349.84** | **48,234.68** | **142.22** | **142.22** | **48,376.90** |

* Retained earning transferred on account of Merger is net off ₹ 1,650.96 Lakhs unrealised margin on inventory.

\# During the year Company had sold the assets of its Bhimtal plant with a carrying amount of ₹ 204.73 Lakhs. As a part of disposable proceeds the Company has utilised ₹. 30.00 lakhs from Capital Reserve.

For and behalf of the Board of Directors of Eureka Forbes Limited

In terms of our report attached
For Deloitte Haskins & Sells LLP
*Chartered Accountants*

S.P. Mistry
*Chairman*
*(DIN-00010114)*

Marzin R. Shroff
*Managing Director & CEO*
*(DIN-00642613)*

Anil Kamath
*Director*
*(DIN-00015706)*

*R S Moorthy*
*Chief Financial Officer*

Nilesh Shah
Partner

Jai Mavani
*Director*
*(DIN-05260191)*

*Dattaram Shinde*
*Company Secretary*

Mumbai , Dated : June 22 2018

Mumbai , Dated : 25th May 2018

Notes to the financial statements for the year ended March 31, 2018

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 Manufacturing, selling, renting and servicing of Vacuum cleaners, Water Filter cum purifiers, Water and Waste Water Treatment Plant, Trading in 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)

These standalone financial statements have been prepared in accordance 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.

(b) 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.

(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 2(g) and 3 – Useful life of Property, plant and equipment
Note 2(h) and 4 – Useful life of Intangible assets
Note 31(XVI)– 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 next year is included in the note below

Note 31(I)(a) and Note 31(XIV) – Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Impairment

Assets are tested for impairment on an annual basis and whenever there is an indication that the recoverable amount is less than its carrying amount based on a number of factors including operating results, business plans , future cash flows and economic conditions. The recoverable amount is determined based on higher of value-in-use and fair value less cost to sell.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

(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 currencies other than company's functional currency i.e. Indian Rupee are recognised at the exchange rate prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing 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 not translated. Exchange differences are recognised in profit or loss not retranslated, 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**

Financial assets and financial liabilities are recognized 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.

(i) **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.

<u>Classification of financial assets</u>

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.

Investment in equity instruments of subsidiary, associates and joint ventures are measured at cost less impairment. 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 re-measurement 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 and is included in the ‘Other income’ line item.

Investments in equity instruments at fair value through other comprehensive income (FVTOCI)
On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserve for ‘equity instruments through other comprehensive income’.

(ii) 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 the Company 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. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

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 contracts issued by the Company are measured at their fair values.

(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, trade receivables, other contractual rights to receive cash or other financial assets and financial guarantee not designated as FVTPL.

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.

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.

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.

(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.

**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.

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

| 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

| Type of Assets | Period |
|---|---|
| Technical Knowhow | 5 years |
| Computer Software | 5 years |
| Brand Name / Trademarks | 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 / provident 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, GST, 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 and GST. 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 and GST.

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

Interest income from financial asset is recognised when it is probable that the economic benefit will flow to the company and the amount of income can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(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, in which the current and the deferred tax is also recognised directly in equity or in other comprehensive income.

**Current Tax**

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

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 liability are generally recognised for all taxable temporary differences. Deferred tax asset (including in respect of carried forward tax losses and tax credits) are recognised to the extent it is probable that the taxable profit will be available against which deductible temporary differences can be utilised.

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.

**(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.

The amount recognised as 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 risk and uncertainities 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 (where the effect of the time value of money is material).

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.

Contingent assets are disclosed where inflow of economic benefit is probable.

**(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.

**(r) Assets Classified as held for sale**

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

**(s) Business Combination**

Business Combination of the entities under common control are accounted using the "pooling of Interests" method and assets and liabilities are reflected at the predecessor carrying values and the only adjustments that are made are to harmonise accounting policies

## Note 2(A): Standards issued but not yet effective

(a) **Ind AS 115 – Revenue from Contracts with Customers**

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

(b) Ind AS 12 – Income Taxes

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The Company is currently assessing the impact of application of these amendments on Company's financial statements.

(c) **Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates'**

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The Company is currently assessing the impact of application of these amendments on Company's financial statements.

## 3. Property, plant and equipment

₹ in Lakhs

| Gross Block # | Land - Freehold | 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 2016 | - | 7.24 | 5,569.39 | 191.71 | 2,064.61 | 589.46 | 140.65 | 471.28 | 657.14 | 4,830.92 | 3,484.93 | 18,007.33 |
| Addition on account of merger * | 315.21 | 51.72 | 3,328.03 | 4,332.67 | - | 508.05 | - | 70.84 | 249.33 | 154.61 | 218.66 | 9,229.12 |
| Balance at 1st April 2016 ( Restated) | 315.21 | 58.96 | 8,897.42 | 4,524.38 | 2,064.61 | 1,097.51 | 140.65 | 542.12 | 906.47 | 4,985.53 | 3,703.59 | 27,236.45 |
| Additions | - | - | 3.47 | 1,146.04 | 417.35 | 51.85 | 19.57 | 383.00 | 77.05 | 918.05 | 326.17 | 3,342.55 |
| Deletions | - | - | - | (27.22) | (67.94) | (55.70) | (5.82) | (52.24) | (98.64) | (506.77) | (39.42) | (853.75) |
| Classified as assets held for sale | - | (10.96) | (255.27) | (324.46) | - | (28.75) | - | (9.96) | (31.75) | - | (37.66) | (698.81) |
| As at 31 March 2017 | 315.21 | 48.00 | 8,645.62 | 5,318.74 | 2,414.02 | 1,064.91 | 154.40 | 862.92 | 853.13 | 5,396.81 | 3,952.68 | 29,026.44 |
| Additions | - | - | - | 314.34 | 271.48 | 35.12 | 65.15 | 99.32 | 54.60 | 919.78 | 159.78 | 1,919.57 |
| Deletions | - | (1.87) | - | (3.76) | (1,317.88) | (22.41) | (0.15) | (21.70) | (33.39) | (733.89) | (88.90) | (2,223.95) |
| As at 31 March 2018 | 315.21 | 46.13 | 8,645.62 | 5,629.32 | 1,367.62 | 1,077.62 | 219.40 | 940.54 | 874.34 | 5,582.70 | 4,023.56 | 28,722.06 |
| **Depreciation** | Land - Freehold | 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 2016 | - | 1.86 | 777.32 | 106.48 | 1,341.17 | 325.56 | 71.35 | 256.10 | 466.83 | 2,791.55 | 2,944.31 | 9,082.53 |
| Addition on account of merger * | - | 6.17 | 899.42 | 1,937.44 | - | 360.99 | - | 60.58 | 177.38 | 78.97 | 187.57 | 3,708.52 |
| Balance at 1st April 2016 ( Restated) | - | 8.03 | 1,676.74 | 2,043.92 | 1,341.17 | 686.55 | 71.35 | 316.68 | 644.21 | 2,870.52 | 3,131.88 | 12,791.05 |
| Charge for the year | - | 0.63 | 209.21 | 283.51 | 511.13 | 95.62 | 14.28 | 169.59 | 45.65 | 787.43 | 226.65 | 2,343.70 |
| Deletions | - | - | - | (18.87) | (59.70) | (47.30) | (5.56) | (48.33) | (85.43) | (413.72) | (37.63) | (716.54) |
| Classified as assets held for sale | - | (3.43) | (165.30) | (228.85) | - | (25.44) | - | (9.53) | (24.12) | - | (37.40) | (494.07) |
| As at 31 March 2017 | - | 5.23 | 1,720.65 | 2,079.71 | 1,792.60 | 709.43 | 80.07 | 428.41 | 580.31 | 3,244.23 | 3,283.50 | 13,924.14 |
| Charge for the year | - | 0.50 | 201.98 | 310.27 | 320.97 | 80.95 | 15.15 | 212.21 | 44.62 | 753.45 | 225.76 | 2,165.86 |
| Deletions | - | - | - | (3.61) | (1,317.54) | (11.82) | (0.15) | (18.83) | (25.21) | (573.32) | (84.57) | (2,035.05) |
| As at 31 March 2018 | - | 5.73 | 1,922.63 | 2,386.37 | 796.03 | 778.56 | 95.07 | 621.79 | 599.72 | 3,424.36 | 3,424.69 | 14,054.95 |
| **Net Block** | | | | | | | | | | | | |
| As at 31 March 2017 | 315.21 | 42.77 | 6,924.97 | 3,239.03 | 621.42 | 355.48 | 74.33 | 434.51 | 272.82 | 2,152.58 | 669.18 | 15,102.30 |
| As at 31 March 2018 | 315.21 | 40.40 | 6,722.99 | 3,242.95 | 571.59 | 299.06 | 124.33 | 318.75 | 274.62 | 2,158.34 | 598.87 | 14,667.11 |

* Refer note 31 (III)
** Includes a property for which co-op society is yet to be formed and also includes building given on lease
*** Assets given on Lease has a useful life of 6 years and depreciated accordingly.
$ Includes moulds given on Lease has a useful life of 15 years and depreciated accordingly.
# Refer note 36 for assets pledged as security against borrowing

Notes to the financial statements for the year ended March 31, 2018 - continued

## 4 Other Intangible Assets

₹ in Lakhs

| Gross Block | Computer Software | Technical Knowhow | Brand Name / Trademarks # | Total |
|---|---|---|---|---|
| As at 1st April 2016 | 864.14 | - | 814.50 | 1,678.64 |
| Addition on account of merger * | - | - | 2,380.67 | 2,380.67 |
| Purchase | 364.35 | 60.00 | - | 424.35 |
| As at 31 March 2017 | 1,228.49 | 60.00 | 3,195.17 | 4,483.66 |
| Purchase | - | - | - | - |
| As at 31 March 2018 | 1,228.49 | 60.00 | 3,195.17 | 4,483.66 |
| **Amortisation** | | | | |
| As at 1st April 2016 | 779.92 | - | 577.51 | 1,357.43 |
| Addition on account of merger * | - | - | 2,380.67 | 2,380.67 |
| Charge for the year | 75.99 | 10.16 | 162.90 | 249.05 |
| As at 31 March 2017 | 855.91 | 10.16 | 3,121.08 | 3,987.15 |
| Charge for the year | 152.07 | 9.97 | 74.09 | 236.13 |
| As at 31 March 2018 | 1,007.98 | 20.13 | 3,195.17 | 4,223.28 |
| **Net Block** | | | | |
| **As at 31 March 2017** | **372.58** | **49.84** | **74.09** | **496.51** |
| **As at 31 March 2018** | **220.51** | **39.87** | **-** | **260.38** |

# Refer Note 36 for assets pledged as securities

* Refer note 31 (III)

Notes to the financial statements for the year ended March 31, 2018 - continued

## Financial assets

### 5. Non Current Investments

**Investments in Subsidiaries at Cost**

| Particulars | As at March 31, 2018 ₹ in Lakhs | *As at March 31, 2017 ₹ in Lakhs Restated* |
|---|---|---|
| Unquoted Investments (all fully paid) | | |
| **Investments in Equity Instruments** | | |
| 10,00,000(previous year *10,00,000*) equity shares of ₹ 10/- fully paid up in Forbes Facility Services Pvt Ltd. | 100.00 | *100.00* |
| 28,27,263 (previous year *28,27,263*) equity shares of ₹ 10/- fully paid up in Forbes Enviro Solutions Ltd | 318.86 | *318.86* |
| 15,001 (previous year *15,001*) ordinary shares of Euro 1/- fully paid up in EFL Mauritius Limited | 9.46 | *9.46* |
| 41,615 (previous year *41,615* ) equity shares of AED 1000 each fully paid up in Euro Forbes Limited | 7,033.86 | *7,033.86* |
| 11000 (previous year *NIL*) equity shares of AED 1000 each at AED 475 fully paid up in Euro Forbes Limited | 927.27 | - |
| 50,000(previous year *50,000*) equity shares of ₹ 10/- fully paid up in Euro Forbes Financial Services Limited | 5.00 | *5.00* |
| 30,00,000 (previous year *30,00,000)* Equity Shares of ₹ 10/- each fully paid up in Aquadiagnostic Water Research & Technology Center Limited) | 300.00 | *300.00* |
| 33,500 (previous year *33,500)* equity shares of CHF 1000/- each fully paid up shares in Forbes Lux International AG | 22,899.48 | *22,899.48* |
| **Investments in Preference Shares** | | |
| 2,87,05,230 (previous year *2,87,05,230*) preference shares of Euro 1/- fully paid up in EFL Mauritius Limited | 21,224.81 | *21,224.81* |
| **TOTAL UNQUOTED INVESTMENTS** | 52,818.74 | *51,891.47* |
| Less : Impairment in value of investments in Subsidiary Company | 17,181.01 | - |
| **Investments in Subsidiaries at Cost** | **35,637.73** | ***51,891.47*** |

**Investments in joint ventures at cost**

| Particulars | As at March 31, 2018 ₹ in Lakhs | *As at March 31, 2017 ₹ in Lakhs Restated* |
|---|---|---|
| **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 | *50.00* |
| 26,25,000(previous year *26,25,000*) equity shares of ₹ 10/- fully paid up in Forbes Concept Hospitality Services Pvt.Ltd | 262.50 | *262.50* |
| 35,00,000(previous year *35,00,000*) equity shares of ₹ 10/- fully paid up in Infinite Water Solutions Private Ltd | 350.00 | *350.00* |
| 5,000(previous year *5,000*) equity shares of ₹ 10/- fully paid up in Forbes G4S Solution Private Ltd. | 0.50 | *0.50* |
| 29,27,867 (previous year *29,27,867 )* equity shares of ₹ 10/- each fully paid up in Aquaignis technologies Pvt Ltd. | 292.79 | *292.79* |
| **TOTAL UNQUOTED INVESTMENTS** | 955.79 | *955.79* |
| Less : Aggregate amount of impairment in value of investments in joint ventures | 263.00 | *263.00* |
| **Investments in joint ventures at cost** | **692.79** | ***692.79*** |

Notes to the financial statements for the year ended March 31, 2018 - continued

## Financial assets

### Other investments

| Particulars | As at March 31, 2018 ₹ in Lakhs | *As at March 31, 2017 ₹ in Lakhs Restated* |
|---|---|---|
| <u>Quoted Investments (all fully paid)</u> | | |
| **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 | 3.22 | *4.29* |
| NIL (previous year *2,49,600*) equity shares of ₹ 10/- fully paid up in SPS FINQUEST Limited | - | *299.27* |
| | **3.22** | ***303.56*** |
| <u>Unquoted Investments (all fully paid)</u> | | |
| **Investments in Debenture - Other Company at FVTPL** | | |
| 40,000 (previous year *NIL*) Compulsorily Convertible Debentures of ₹ 100/- fully paid up in Idea Bubble Consulting Services Pvt Ltd | 57.81 | - |
| **Investments in Equity Instruments - Other Company at FVOCI** | | |
| NIL (previous year *378*) equity shares of ₹ 10/- fully paid up in Kasiak Research Private Ltd. | - | - |
| 14,650 (previous year *14,650*) equity shares of ₹ 1/- fully paid up in Idea Bubble Consulting Services Pvt Ltd | 267.66 | *234.40* |
| 7,143 (previous year *7,143*) equity shares of ₹ 10/- fully paid up in Water Quality Association. # | 0.71 | *0.71* |
| | **326.18** | **235.11** |
| **Other investments** | **329.40** | **538.67** |
| **Equity Component in Fair value of Financial Guarantees** | | |
| Euro Forbes Limited | 328.09 | *235.20* |
| Forbes Lux International AG | 56.53 | *34.24* |
| Lux International AG (step down subsidiary) | 79.58 | *16.22* |
| | **464.20** | ***285.66*** |
| **Total Non Current Investment** | **37,124.12** | ***53,408.59*** |
| Aggregate amount of quoted investments and market value thereof | 3.22 | *303.56* |
| Aggregate amount of unquoted investments | 37,120.90 | *53,105.03* |
| | 37,124.12 | *53,408.59* |

# The 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

Notes to the financial statements for the year ended March 31, 2018 - continued

Financial assets

6. Current Investments

| Particulars | As at March 31, 2018 ₹ in Lakhs | *As at March 31, 2017* ₹ in Lakhs Restated |
|---|---|---|
| <u>Quoted Investments (all fully paid)</u> | | |
| **Investments in Equity Instruments at FVTPL** | | |
| 100(previous year *100*) equity shares of ₹ 10/- fully paid up in Bajaj Holding and Investment Limited | 2.66 | *2.16* |
| 7570(previous year *3,785*) equity shares of ₹ 10/- fully paid up in MOIL Ltd | 14.81 | *11.88* |
| **Total Current Investment** | **17.47** | ***14.04*** |
| | | |
| Aggregate amount of quoted investments and market value thereof | 17.47 | *14.04* |

Notes to the financial statements for the year ended March 31, 2018 - continued

## 7. Trade receivables

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 ₹ in Lakhs | *As at March 31, 2017 ₹ in Lakhs Restated* | As at March 31, 2018 ₹ in Lakhs | *As at March 31, 2017 ₹ in Lakhs Restated* |
| Trade receivables | | | | |
| Secured, considered good | - | - | - | - |
| Unsecured, considered good | 1,745.62 | *795.92* | 21,319.73 | *22,478.47* |
| Unsecured , Debts due from related parties (refer note 31 VII) | - | - | 2,784.38 | *2,722.50* |
| Unsecured, considered doubtful | 871.98 | - | - | *283.26* |
| Unsecured, considered doubtful from related parties | - | - | 49.02 | *49.02* |
| Less: Allowance for doubtful debts | 871.98 | - | 49.02 | *332.28* |
| **Total** | **1,745.62** | ***795.92*** | **24,104.11** | ***25,200.97*** |

Trade receivables

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

Trade Receivable include ₹. 1093.09 Lakhs (Previous Year ₹. 1212.36 *Lakhs*) 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: As at March 31, 2018 ₹ in Lakhs | Non Current: *As at March 31, 2017 ₹ in Lakhs Restated* | Current: As at March 31, 2018 ₹ in Lakhs | Current: *As at March 31, 2017 ₹ in Lakhs Restated* |
|---|---|---|---|---|
| **Loans to related parties (Refer note 31VII)** | | | | |
| -Secured, considered good | | | | |
| -Unsecured, considered good | 23,446.13 | *16,797.76* | 350.00 | *590.00* |
| -Doubtful | - | - | - | - |
| Less : Allowance for bad and doubtful loans | - | - | - | - |
| | 23,446.13 | *16,797.76* | 350.00 | *590.00* |
| **Loans to Employees** | | | | |
| -Secured, considered good | - | - | - | - |
| -Unsecured, considered good | - | - | 34.88 | *49.41* |
| -Doubtful | - | - | - | - |
| Less : Allowance for bad and doubtful loans | - | - | - | - |
| | - | - | 34.88 | *49.41* |
| **Total** | **23,446.13** | ***16,797.76*** | **384.88** | ***639.41*** |

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

Loan to Related party include ₹.NIL (*Previous Year ₹.240.00 Lakhs* ) due from Private Companies (Forbes Facility Services Pvt Limited) in which a Director of the Company is a Director.

## 9. Other financial assets

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 ₹ in Lakhs | *As at March 31, 2017 ₹ in Lakhs Restated* | *As at March 31, 2018* ₹ in Lakhs | *As at March 31, 2017 ₹ in Lakhs Restated* |
| Bank deposits with more than 12 months maturity | 10.43 | *25.93* | - | - |
| Deposit with Banks held as Margin Money | 166.68 | *162.13* | - | - |
| Security deposits - unsecured considered good | 1,206.54 | *1,453.85* | 280.28 | *315.21* |
| Interest Accrued - | | | | |
| on Inter Corporate Deposits to related parties | 4,688.84 | *3,800.91* | - | - |
| on fixed deposits with Banks | - | - | 1.84 | *3.89* |
| Others * | - | - | - | *2,002.74* |
| **Total** | **6,072.49** | ***5,442.82*** | **282.12** | ***2,321.84*** |

* Includes Insurance claim receivables

## 10. Deferred tax balances

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

| Particulars | As at March 31, 2018<br>₹ in Lakhs | *As at March 31, 2017*<br>₹ in Lakhs<br>*Restated* |
|---|---|---|
| Deferred tax assets | 741.04 | *1,118.27* |
| Deferred tax liabilities | (1,000.09) | *(841.28)* |
| **Net** | **(259.05)** | ***276.99*** |

## 11. Income tax assets and liabilities

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018<br>₹ in Lakhs | *As at March 31, 2017*<br>*₹ in Lakhs Restated* | As at March 31, 2018<br>₹ in Lakhs | *As at March 31, 2017*<br>*₹ in Lakhs Restated* |
| **Income tax assets ( Net)** | | | | |
| Advance income-tax (Net of provision of taxation) | 3,349.75 | *3,265.33* | - | - |
| Total | 3,349.75 | *3,265.33* | - | - |
| **Income tax Liabilities ( Net)** | | | | |
| Provision for Taxation (Net of Advance Tax) | - | - | 41.79 | *47.66* |
| Total | - | - | 41.79 | *47.66* |

Notes to the financial statements for the year ended March 31, 2018 - continued

## 12. Other Assets

| Particulars | Standalone Financial Statements | | | |
|---|---|---|---|---|
| | Non Current | | Current | |
| | As at March 31, 2018<br>₹ in Lakhs | *As at March 31, 2017<br>₹ in Lakhs<br>Restated* | As at March 31, 2018<br>₹ in Lakhs | *As at March 31, 2017<br>₹ in Lakhs<br>Restated* |
| Unsecured considered good, unless stated otherwise | | | | |
| Capital Advances | 99.82 | *174.14* | - | - |
| Advances to related parties (refer note 31 VII) | 272.80 | *272.80* | 1.89 | *109.53* |
| Prepaid expenses | 47.61 | *78.39* | 836.65 | *921.14* |
| Balance with statutory/ government authorities | 1,593.69 | *1,686.71* | 4,826.96 | *1,318.49* |
| Advances recoverable in cash or kind | - | - | 4,282.69 | *4,592.26* |
| Advances recoverable in cash or kind - Considered Doubtful | - | - | 117.63 | *117.63* |
| | | | 4,400.32 | *4,709.89* |
| Less: Provision for doubtful advances | - | - | 117.63 | *117.63* |
| | | | 4,282.69 | *4,592.26* |
| **Total** | 2,013.92 | *2,212.04* | 9,948.19 | *6,941.42* |

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

Advances Unsecured considered good include ₹.NIL (Previous Year ₹.106.79 Lakhs) 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, 2018 - continued

## 13. Inventories

| Particulars | As at March 31, 2018 ₹ in Lakhs | *As at March 31, 2017 ₹ in Lakhs Restated* |
|---|---|---|
| Inventories (lower of cost and net realisable value) * | | |
| Raw Materials ,Components and Packing Material { Includes in transit ₹ 308.06 Lakhs(*Previous Year ₹ 1,748.55 Lakhs)}* | 2,647.30 | *4,644.88* |
| Finished Goods {includes in transit ₹ 271.54 Lakhs( Previous year: ₹ 373.00 lakhs)} | 5,858.15 | *6,331.67* |
| Stock in Trade {includes in transit ₹. 1,160.45 Lakhs (*Previous year: ₹.475.80 Lakhs*)} | 8,389.28 | *5,351.81* |
| Spares & Accessories {includes in transit ₹ 659.26 lakhs /- (*Previous year: ₹ 902.92 Lakhs*)} | 9,110.34 | *10,628.80* |
| Total | 26,005.07 | *26,957.16* |

* Refer note 36 for inventories pledged as security against borrowing

The cost of inventories recognised as an expense includes ₹.NIL *(Previous year: ₹.1.27 Lakhs)* in respect of write-downs of inventory to net realisable value, and has been reduced by ₹.6.39 Lakh *(Previous year: ₹.332.98 Lakhs)* in respect of the reversal of such write-downs.

Notes to the financial statements for the year ended March 31, 2018 - continued

## 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. 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, 2018 ₹ in Lakhs | *As at March 31, 2017 ₹ in Lakhs Restated* |
|---|---|---|
| Balances with Banks in current accounts | 8,064.96 | *6,632.47* |
| Cheques, drafts on hand | 785.02 | *927.36* |
| Cash on hand | 123.59 | *39.83* |
| **Total Cash & Cash Equivalents** | **8,973.57** | ***7,599.66*** |
| Bank Balances other than Cash & Cash Equivalents | | |
| Deposits with original maturity of more than 12 months * | 53.74 | *159.81* |
| Deposits with original maturity of more than 3 months but less than 12 months * | 64.49 | *17.78* |
| **Total Bank Balances other than Cash & Cash Equivalents** | **118.23** | ***177.59*** |
| Cash and cash equivalents as per statement of cash flows | 8,973.57 | *7,599.66* |

* Deposits lodged as security with Government authorities

## 15. Equity Share Capital

| Particulars | As at March 31, 2018 ₹ in Lakhs | *As at March 31, 2017 ₹ in Lakhs* |
|---|---|---|
| Equity share capital | 372.80 | *372.80* |
| **Total** | 372.80 | *372.80* |
| **Authorised Share capital :** | | |
| 1,50,00,000 fully paid equity shares of ₹ 10 each | 1,500.00 | *1,500.00* |
| **Issued and subscribed capital comprises:** | | |
| 37,28,000 fully paid equity shares of ₹.10 each (as at March 31, 2017: 37,28,000) | 372.80 | *372.80* |
| | 372.80 | *372.80* |

**Fully paid equity shares**

| **Particulars** | Number of shares | Share capital ₹ in Lakhs |
|---|---|---|
| Balance at April 1, 2016 | 37,28,000 | 372.80 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| Balance at March 31, 2017 | 37,28,000 | 372.80 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| **Balance at March 31, 2018** | **37,28,000** | **372.80** |

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, 2018 | *As at March 31, 2017* |
| **Balance at the beginning of the Year- Held by Forbes & Company Limited** | 37,28,000 | *37,28,000* |
| **Total as at the end of the Year** | **37,28,000** | ***37,28,000*** |

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

| Particulars | As at March 31, 2018 | | *As at March 31, 2017* | |
|---|---|---|---|---|
| | 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 | 37,28,000 | 100% | *37,28,000* | *100%* |
| **Total** | 37,28,000 | 100% | *37,28,000* | *100%* |

## 16. Other equity

| Particulars | As at March 31, 2018<br>₹ in Lakhs | *As at March 31, 2017<br>₹ in Lakhs<br>Restated* |
|---|---|---|
| 1) General reserve | | |
| Balance at beginning of the year | 18,500.00 | *7,500.00* |
| Add: On account of Merger {Refer note 31 (III)} | - | 11,000.00 |
| Transfer from Profit | - | - |
| **Balance at end of the year** | **18,500.00** | ***18,500.00*** |
| 2) Retained earnings | | |
| Balance at beginning of year | 42,768.50 | *16,100.66* |
| Add: On account of Merger {Refer note 31 (III)} | - | *21,245.98* |
| Add/ (less): Profit/ (loss) for the year | (13,470.01) | *5,485.02* |
| Other comprehensive income arising from re-measurement of defined benefit obligation, net of tax | (3.71) | *(63.16)* |
| Cumulative gain/(loss) reclassified to retained earning on sale of Equity Instrument of FVTOCI | 55.06 | - |
| **Balance at end of the year** | **29,349.84** | ***42,768.50*** |
| 3) Fair Value Reserves- Equity Instrument at FVTOCI | | |
| Balance at beginning of the year | 151.67 | *63.93* |
| Add/Less: Net fair value Gain/(Loss) in Equity instruments through other comprehensive income (Net of Tax) | 45.61 | *87.74* |
| Cumulative gain/(loss) reclassified to retained earning on sale of Equity Instrument of FVTOCI | (55.06) | - |
| **Balance at end of the year** | **142.22** | ***151.67*** |
| 4) Capital redemption reserve | | |
| Balance at beginning of the year | 122.20 | *122.20* |
| **Balance at end of the year** | **122.20** | ***122.20*** |

**16. Other equity (continued)**

| Particulars | As at March 31, 2018 ₹ in Lakhs | *As at March 31, 2017 ₹ in Lakhs Restated* |
|---|---|---|
| 5) Capital Reserve on account of Merger | | |
| Balance at beginning of the year | 205.00 | - |
| Capital Reserve on account of merger | - | *205.00* |
| **Balance at end of the year** | **205.00** | ***205.00*** |
| 6) Capital Reserve | | |
| Balance at beginning of the year | 87.64 | *25.04* |
| Add: On account of Merger Refer note 31 (III) | - | *62.60* |
| Less: Utilised on sale of related capital asset # | (30.00) | - |
| **Balance at end of the year** | **57.64** | ***87.64*** |
| **Total** | **48,376.90** | **61,835.01** |

# During the year Company had sold the assets of its Bhimtal plant and utilised related capital reserve amounting to ₹ 30.00 Lakhs.

**Description of nature and purpose of reserves**

**1) General Reserve**

The company created a General Reserve in earlier years pursuant to the provision of the Companies Act wherein certain percentage of profits were required to be transferred to General Reserve before declaring dividend. As per Companies Act, 2013 the requirement to transfer profits to General Reserve is not mandatory. General Reserve is a free reserve available to the company .

**2) Retained Earnings**

This reserve represents the cumulative profits of the company and the effects of remeasurement of defined benefit obligations. The reserve can be utilised in accordance with the provision of the Companies Act 2013

**3) Reserve for equity instruments through other comprehensive income**

Reserve for equity instruments through other comprehensive income represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.

4) Capital Redemption Reserve

As per the provisions of Companies Act, Capital Redemption Reserve is created out of the Free reserve for the amount equivalent to the paid up capital of shares bought back by the Company and for redemption of Preference share capital.

5) Capital Reserve On account of merger

Capital Reserve on account of merger represents the difference between the Share Capital of transferor company and the recorded investment of transferee company as on appointed date and shown separately in the statement of changes in Equity

6) Capital Reserve

Grants received from the government in the nature of promoter’s contribution towards fixed capital investment are recognised as capital reserve and treated as part of total equity.

Notes to the financial statements for the year ended March 31, 2018 - continued

Financial Liabilities

17. Borrowings

| Particulars | Non-current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018<br>₹ in Lakhs | *As at March 31, 2017*<br>₹ in Lakhs<br>*Restated* | As at March 31, 2018<br>₹ in Lakhs | *As at March 31, 2017*<br>₹ in Lakhs<br>*Restated* |
| **Secured – at amortised cost** | | | | |
| Term loans from | | | | |
| Banks - Foreign currency denominated loans * | 5,634.53 | *9,663.49* | 5,614.06 | *4,136.41* |
| Amount disclosed under the head "Other Financial Liabilities " ( note 19) | - | - | (5,614.06) | *(4,136.41)* |
| **Total Non-current borrowings** | **5,634.53** | **9,663.49** | **-** | **-** |

Summary of borrowing arrangements

(i) Foreign currency denominated loan - External Commercial Borrowing (ECB) borrowed from The Hongkong and Shanghai Banking Corporation and Societe Generale Bank, Amounting to Euro 290.00 Lakhs (outstanding as on 31.03.2018 Euro 72.58 Lakhs ) is repayable in 11 Equal Semi Annual instalments of Euro 24.16 Lakhs and last instalment of Euro 24.27 Lakhs 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 West Bengal and secured against pari passu charge over all fixed assets(excluding movable assets for employee benefits) of the merged Entity. Negative lien on all other assets except suitable carve outs for working capital facilities and pledge over brands owned by the company.

(ii)Foreign Currency External Commercial Borrowings (ECB) from ICICI Bank UK Plc amounting to EURO 80.00 Lakhs (Outstanding as on 31.03.2018 Euro 68.80 Lakhs) carries interest rate of Euribor + Margin (2.0%) and secured against pari passu charge on tangible assets and brand name/ trade marks of the merged entity. The loan is repayable in 6 half yearly instalments starting from 11th December 2017 of Euro 11.20 Lakhs and last instalment of Euro 12.80 lakhs.

* Refer Note 31 (XIII)

## 18. Trade payables

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018<br>₹ in Lakhs | *As at March 31, 2017*<br>₹ in Lakhs<br>*Restated* | As at March 31, 2018<br>₹ in Lakhs | *As at March 31, 2017*<br>*₹ in Lakhs*<br>*Restated* |
| Trade payables (including acceptances) (Refer note below for dues to Micro and Small Enterprises) | - | - | 24,926.92 | *20,879.88* |
| Trade payables to related parties { Refer note 31 (VII)} | - | - | 4,964.72 | *4,310.06* |
| Total | - | - | 29,891.64 | *25,189.94* |

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 under the Chapter on delayed payments to Micro and Small Enterprises

| Particulars | *As at March 31, 2018* | *As at March 31, 2017* |
|---|---|---|
| (i) Principal amount remaining unpaid to MSME suppliers as on year end | 1,161.35 | *2,082.06* |
| (ii) Interest due on unpaid principal amount to MSME suppliers as on year end | 0.74 | - |
| (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 | 0.74 | - |
| (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, 2018<br>₹ in Lakhs | *As at March 31, 2017*<br>₹ in Lakhs<br>*Restated* | As at March 31, 2018<br>₹ in Lakhs | *As at March 31, 2017*<br>₹ in Lakhs<br>*Restated* |
| (a) Current maturities of long-term debt | - | - | 5,614.06 | *4,136.41* |
| (b) Interest accrued but not due on borrowings | - | - | 76.41 | *87.04* |
| (c) Interest free trade deposits | - | - | 3,854.64 | *3,528.17* |
| (d) Others :- | | | | |
| -Dues to employees | - | - | 4,596.98 | *3,909.47* |
| -Dues on account of customer rebate schemes and other contractual liabilities | - | - | 1,516.32 | *1,753.28* |
| **Total** | **-** | **-** | **15,658.41** | **13,414.37** |

20. Provisions

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | *As at March 31, 2017* | As at March 31, 2018 | *As at March 31, 2017* |
| | ₹ in Lakhs | ₹ in Lakhs *Restated* | ₹ in Lakhs | ₹ in Lakhs *Restated* |
| Employee benefits - Compensated absences | 283.95 | *268.45* | 48.72 | *108.14* |
| Gratuity payable | - | - | 152.35 | *132.43* |
| Other provisions | | | | |
| Warranties | - | - | 926.90 | *944.28* |
| Others | - | - | 109.76 | *154.22* |
| Total | 283.95 | *268.45* | 1,237.73 | *1,339.07* |

## 21. Other Liabilities

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018<br>₹ in Lakhs | *As at March 31, 2017*<br>₹ in Lakhs<br>*Restated* | As at March 31, 2018<br>₹ in Lakhs | *As at March 31, 2017*<br>₹ in Lakhs<br>*Restated* |
| Income received in advance | 10,052.78 | *8,654.57* | 27,892.16 | *25,833.89* |
| Others - Deductions from employees for company's assets | 877.87 | *794.32* | 1,382.40 | *1,192.30* |
| Advance from customers | - | - | 655.93 | *476.59* |
| Statutory liabilities (Contributions to PF,Pension, ESIC,withholding Taxes,VAT,GST etc.) | - | - | 1,442.21 | *3,187.58* |
| Total | 10,930.65 | *9,448.89* | 31,372.70 | *30,690.36* |

Notes to the financial statements for the year ended March 31, 2018 - continued

## 22. Current Borrowings

| Particulars | As at March 31, 2018<br>₹ in Lakhs | *As at March 31, 2017*<br>₹ in Lakhs<br>*Restated* |
|---|---|---|
| **Unsecured - at amortised cost** | | |
| Loans repayable on demand | | |
| - from banks (refer note i below) | 2,815.38 | *4,500.00* |
| **Secured - at amortised cost** | | |
| Loans repayable on demand | | |
| -from banks (Cash credit/ Buyers credit) (refer note ii below) | 11,637.63 | *11,085.04* |
| **Total** | **14,453.01** | ***15,585.04*** |

(i) Unsecured short term borrowing from banks carries interest @ 8% to 11.50% p.a.

(ii) Short term borrowing from banks is secured by pari-passu charge on company's immovable properties and hypothecation of stock-in-trade & book debts and carries interest @ 8 % to 12 % p.a.

Notes to the financial statements for the year ended March 31, 2018 - continued

## 23. Revenue from operations

| Particulars | Year ended March 31, 2018<br>₹ in Lakhs | *Year ended March 31, 2017*<br>*₹ in Lakhs Restated* |
|---|---|---|
| Sale of products (including Excise Duty) | 1,32,747.18 | *1,42,710.71* |
| Sale of services | 43,922.02 | *40,152.77* |
| Other operating revenues | | |
| Scrap sales | 183.66 | *207.24* |
| Other (includes income from renting of assets) | 1,721.53 | *2,294.58* |
| **Total** | **1,78,574.39** | ***1,85,365.30*** |

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

**Other Income**

| Particulars | Year ended March 31, 2018<br>₹ in Lakhs | *Year ended March 31, 2017*<br>*₹ in Lakhs Restated* |
|---|---|---|
| Interest income earned on financial assets that are not designated as at fair value through profit or loss: | | |
| Bank deposits (at amortised cost) | 20.93 | *30.43* |
| Interest income from financial assets at amortised cost | 934.57 | *1,336.84* |
| Dividend Income from equity Investments measured at Cost * | | |
| Subsidiaries | - | - |
| Joint Venture | 50.00 | *50.00* |
| Dividend Income from equity Investments measured at fair value through Profit or Loss * | | |
| Current investment - Non-Trade | 0.49 | *0.27* |
| Fair value Commission on Financial Guarantee | 178.54 | *135.03* |
| Rental Income from Operating Lease | 63.37 | *1,184.17* |
| Others | 374.06 | *1,206.91* |
| | **1,621.96** | ***3,943.65*** |

* Dividend recognised during the current and the previous year relates to investment held as on the balance sheet date

**Other gains/(losses)**

| Particulars | Year ended March 31, 2018<br>₹ in Lakhs | *Year ended March 31, 2017*<br>*₹ in Lakhs Restated* |
|---|---|---|
| Gain/(loss) on disposal of property, plant and equipment | 326.17 | *199.15* |
| Gain/(loss) on disposal of units of mutual Fund in Liquid Scheme at FVTPL | 185.02 | - |
| Net foreign exchange gains/(losses) | 1,272.42 | *(205.84)* |
| Net gain/(loss) arising on financial assets measured at FVTPL | 21.24 | *4.33* |
| | **1,804.85** | ***(2.36)*** |
| **Total** | **3,426.81** | ***3,941.29*** |

Notes to the financial statements for the year ended March 31, 2018 - continued

## 25. Cost of Goods Sold

| Particulars | Year ended March 31, 2018<br>₹ in Lakhs | *Year ended March 31, 2017*<br>*₹ in Lakhs Restated* |
|---|---|---|
| Raw Materials, Components , Spares and Packing Materials - | | |
| Inventory at the beginning of the year | 4,644.88 | *3,656.90* |
| Add : Purchases | 50,877.58 | *56,350.67* |
| | 55,522.46 | *60,007.57* |
| Less : Inventory at the end of the year | 2,647.30 | *4,644.88* |
| Cost of Raw Materials, Components , Spares and Packing Materials consumed | 52,875.16 | *55,362.69* |
| Purchases of stock-in-trade | 23,372.68 | *27,773.88* |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade. | (1,045.49) | *(2,624.91)* |
| Total | 22,327.19 | *25,148.97* |

## 26. Employee benefits expense

| Particulars | Year ended March 31, 2018<br>₹ in Lakhs | *Year ended March 31, 2017*<br>*₹ in Lakhs Restated* |
|---|---|---|
| Salaries and Wages | 29,860.13 | *28,528.88* |
| Contribution to provident and other funds | 1,334.46 | *1,279.87* |
| Staff Welfare Expenses | 877.31 | *870.34* |
| Total | 32,071.90 | *30,679.09* |

## 27. Finance costs

| Particulars | Year ended March 31, 2018<br>₹ in Lakhs | *Year ended March 31, 2017*<br>*₹ in Lakhs Restated* |
|---|---|---|
| Interest on bank overdrafts and loans | 1,711.82 | *1,637.79* |
| Exchange differences regarded as an adjustment to borrowing costs | 726.12 | - |
| Other borrowing costs | 238.13 | *224.92* |
| Total | 2,676.07 | *1,862.71* |

## 28. Depreciation and amortisation expense

| Particulars | Year ended March 31, 2018<br>₹ in Lakhs | *Year ended March 31, 2017*<br>*₹ in Lakhs Restated* |
|---|---|---|
| Depreciation of property, plant and equipment | 2,165.86 | *2,343.70* |
| Amortisation of intangible assets | 236.13 | *249.05* |
| Total | 2,401.99 | *2,592.75* |

Notes to the financial statements for the year ended March 31, 2018 - continued

## 29. Other expenses

| Particulars | Year ended March 31, 2018 ₹ in Lakhs | *Year ended March 31, 2017 ₹ in Lakhs Restated* |
|---|---|---|
| Electricity Power and fuel | 350.09 | *403.90* |
| Rent | 1,367.22 | *1,553.54* |
| Repairs and Maintenance - | | |
| Building | 68.90 | *59.81* |
| Machinery | 71.17 | *48.49* |
| Others | 805.81 | *816.84* |
| Insurance | 585.38 | *497.83* |
| Advertisement | 5,235.36 | *6,135.21* |
| Selling and Sales Promotion | 8,944.63 | *12,692.50* |
| Freight, Forwarding and Delivery | 4,343.14 | *5,178.46* |
| Wages to contractual workers | 718.11 | *776.63* |
| Payment to Auditors (Refer details Below) | 80.11 | *74.78* |
| Printing and Stationery | 387.19 | *389.23* |
| Communication cost | 1,410.86 | *1,674.94* |
| Travelling and Conveyance | 2,056.08 | *2,076.57* |
| Legal and Professional Fees | 1,575.81 | *1,792.38* |
| Vehicle Running Expenses | 1,295.35 | *1,318.73* |
| Rates and taxes, excluding taxes on income | 322.14 | *1,115.64* |
| Conference Expenses | 2,456.51 | *2,054.71* |
| Service Charges | 21,163.36 | *18,038.97* |
| Information Technology Expenses | 2,545.38 | *2,266.56* |
| Logistics Expenses | 1,904.17 | *1,867.26* |
| Other Establishment Expenses | 4,458.09 | *4,476.74* |
| Corporate Social Responsibility Expenses( Refer Note | 200.34 | *202.69* |
| Directors' Sitting Fees | 42.33 | *43.67* |
| Bad Debts/Advances Written-Off | 664.56 | *96.74* |
| Provision for Doubtful Debts / Advances | 588.72 | *142.10* |
| Commission to Directors | 201.08 | *191.40* |
| **Total** | **63,841.89** | ***65,986.32*** |

**Payments to auditors**

| Particulars | Year ended March 31, 2018 ₹ in Lakhs | *Year ended March 31, 2017 ₹ in Lakhs* |
|---|---|---|
| As auditor | | |
| Audit fee | 57.00 | *50.08* |
| Tax audit fee | 2.36 | *3.97* |
| Cost audit fee | 2.58 | *2.96* |
| In other capacity | | |
| For other services | 15.79 | *16.15* |
| For reimbursement of expenses | 2.38 | *1.62* |
| | **80.11** | ***74.78*** |

Notes to the financial statements for the year ended March 31, 2018 - continued

30. Income tax recognised in statement of profit & loss

| Particulars | Year ended March 31, 2018<br>₹ in Lakhs | *Year ended March 31, 2017*<br>*₹ in Lakhs Restated* |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | 2,101.96 | *2,066.58* |
| **Deferred tax** | | |
| In respect of the current year | (7.17) | *110.20* |
| **Total income tax expense recognised in the current year** | **2,094.79** | ***2,176.78*** |

**Notes to the financial statements for the year ended March 31, 2018 - 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 - ₹.36,287.37 Lakhs *(previous year ₹.34,481.26 Lakhs)*

(ii) Bank Guarantees issued on behalf of the Company - ₹. 11.93 Lakhs*(previous year ₹ 17.63 Lakhs)*

(iii) Disputed Income Tax Demands - ₹. 2,034.46 Lakhs *(previous year ₹.1,777.39 Lakhs).*

(iv) Disputed Central Excise Demands - ₹.1,371.84 Lakhs*(previous year ₹.702.05 Lakhs).*

(v) Disputed Sales Tax demands -₹5,273.30 Lakhs*(previous year ₹.5,025.70 Lakhs).*

(vi) Disputed Service Tax demands - ₹ 1,925.38 Lakhs *(previous year ₹.1,769.87 Lakhs)*

(vii) Disputed civil suit - ₹33.73 Lakhs (*previous year - ₹. 33.73 Lakhs)*

(viii) Disputed claims against the company not acknowledged as debt ₹. 42.85 lakhs (*Previous Year ₹.88.65 lakhs*)

(b) Commitments:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹.29.57 Lakhs (*previous year ₹.110.60).*

(ii) Towards product performance ₹. 871.95 Lakhs (*previous year ₹.1,226.46 Lakhs)*

(ii) Towards service performance ₹. 262.48 Lakhs (*previous year ₹.420.01 Lakhs)*

In respect of all items mentioned in (a) above, till the matter are finally decided, the timing of outflow of economic benefit cannot be ascertained

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 ₹.1367.22 Lakhs (*Previous Year ₹.1553.54 Lakhs*) 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 is in the business of giving products on operating lease and the details are as under :

| | **2017-18** | ***2016-17*** |
|---|---|---|
| | ₹ in lakhs | ₹ in lakhs |
| Gross carrying amount of products given on operating lease | 1,367.62 | *2,414.02* |
| Accumulated Depreciation | 796.03 | *1,792.59* |
| Depreciation for the year | 320.97 | *511.13* |

c.) The company has given certain office / factory premises & moulds on operating lease basis. Details of which are as follows -

| Particulars | Building | | Plant and Machinery (Moulds) | |
|---|---|---|---|---|
| | 31.03.18 | *31.03.17* | 31.03.18 | *31.03.17* |
| | ₹ in lakhs | *₹ in lakhs* | ₹ in lakhs | *₹ in lakhs* |
| Gross Amount | 367.22 | *367.22* | 35.66 | *35.66* |
| Accumulated Depreciation | 86.89 | *73.90* | 21.31 | *19.61* |
| Depreciation | 12.99 | *12.99* | 1.70 | *1.70* |

d.)The company has given commercial premises under cancellable operating lease. Lease rental income included in the statement of profit and loss for the year is ₹ 63.37 Lakhs (*Previous Year ₹.1,184.17 Lakhs*) for Premises.

III The disclosures required under Indian Accounting Standard 103 "Business Combination" is attached. (Annexure 'A')

IV The Company is primarily engaged in the business of Health, Hygiene & Safety products and its services. Information reported to and evaluated regularly by chief operating decision maker for the purpose of resource allocation and assessing performance focuses on the business as a whole. accordingly there is no other separate 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 and also company's Non Current assets (other than Financial Instrument, deferred tax, post employment benefits and rights arising under insurance contracts) are located in India.

Revenue from transactions with a single external customer did not amount to 10 % or more of the Company's revenue from external customers for current and previous year

The Company's main revenue is from sale of water purifiers , spares and servicing

Revenue from External Customers

| | Year ended March 31, 2018 | *Year ended March 31, 2017* |
|---|---|---|
| | ₹ in lakhs | ₹ in lakhs |
| India | 1,76,761.81 | *1,83,843.19* |
| Outside India | 1,812.58 | *1,522.11* |
| **Total Revenue** | **1,78,574.39** | **1,85,365.30** |

**Notes to the financial statements for the year ended March 31, 2018 - continued**

V (a) The aggregate amount of Assets, Liabilities, Income and Expenses related to the Company's interests in the JV as at 31.03.2018 is as follows:

₹ in Lakhs

| 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 | 31.03.2018 | 50% | 7.44 | 0.75 | 0.41 | 0.13 |
| | | | *31.03.2017* | *50%* | *7.03* | *0.63* | *0.44* | *0.13* |
| 2 | Forbes Aquatech Limited | India | 31.03.2018 | 50% | 1,023.19 | 308.89 | 1,395.82 | 1,191.79 |
| | | | *31.03.2017* | 50% | *743.35* | *129.61* | *1,467.28* | *1,276.91* |
| 3 | Infinite Water Solutions Pvt Limited * | India | 31.03.2018 | 50% | 2,306.57 | 366.50 | 2,608.77 | 2,174.49 |
| | | | *31.03.2017* | *50%* | *2,001.76* | *369.30* | *3,255.39* | *2,714.76* |
| 4 | Forbes G4S Solutions Pvt Limited | India | 31.03.2018 | 50% | - | 2.57 | - | 0.11 |
| | | | *31.03.2017* | *50%* | - | *2.46* | - | *0.09* |
| 5 | Aquaignis Technologies Pvt Limited | India | 31.03.2018 | 50% | 238.27 | 45.63 | 364.09 | 356.98 |
| | | | *31.03.2017* | *50%* | *258.92* | *73.66* | *445.13* | *450.33* |

* The previous year number of Infinite Water Solutions Pvt Limited is unaudited

V (b) The Company's share of contingent liabilities of the Joint Venture Forbes Aquatech Limited as at 31.03.2018 is ₹.86.83 Lakhs (P*revious Year ₹.86.83 Lakhs)* and Infinite Water Solutions Limited as at 31.03.2018 is ₹.94.17 Lakhs *(Previous year ₹ 77.98 Lakhs)*

VI Corporate social responsibility expenditure:-

₹ in Lakhs

| Particulars | For the year ended 31 March 2018 | | | *For the year ended 31 March 2017* | | |
|---|---|---|---|---|---|---|
| a)Gross amount required to be spent by the company during the year | 82.71 | | | 202.61 | | |
| b) Amount spent during the year on: | Paid in cash | Yet to be paid | Total | *Paid in cash* | *Yet to be paid* | *Total* |
| (i) Construction/acquisition of any asset | - | - | - | - | - | - |
| (ii) Purposes other than (i) above | 200.34 | - | 200.34 | *202.69* | - | *202.69* |

VII As required under Indian Accounting Standard 24 on "Related Party Disclosures" the list of related parties and their transactions is attached. (Annexure 'B' & 'C')

VIII ₹.582.38 Lakhs (*Previous year ₹.631.96 Lakhs*) 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, 2018 - continued**

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

₹ in Lakhs

| Name of the Company | Nature of transaction | Purpose | 2017-18 | | *2016-17* | |
|---|---|---|---|---|---|---|
| | | | Amount Given/(Repaid) during the Year | Closing Balance as at 31st March 2018 | Amount Given/(Repaid) during the Year | Closing Balance as at 31st March 2017 |
| Euro Forbes Limited | Loan | For expansion of Business | 1,292.80 | 3,664.45 * | - | *2,261.55** |
| Euro Forbes Limited | Corporate Guarantee | For expansion of Business | - | 18,636.61 * | - | *18,608.04** |
| Forbes Lux International AG | Corporate Guarantee | For expansion of Business | - | 4,472.79 * | | *4,465.93** |
| Lux International AG | Corporate Guarantee | For expansion of Business | - | 13,177.97 * | 11,407.29 | *11,407.29** |
| Forbes Lux International AG | Loan | For expansion of Business | 2,841.52 | 19,781.67 * | *5,398.28* | *14,536.22** |
| Forbes Facility Services Private Limited | Loan | Working capital | (240.00) | - | - | *240.00* |
| Forbes Enviro Solutions Limited | Loan | Working capital | - | 350.00 | - | *350.00* |

For Investment made refer note: 5

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

X The Company has invested ₹.8,289.22 lakhs (*previous year ₹. 7,269.06 lakhs*) in its 100% subsidiary Euro Forbes Ltd. and also extended loans including interest of ₹.5,262.40 lakhs(*Previous year ₹.3,679.15 lakhs* ). The Company has given a corporate guarantee to a Bank of ₹18,636.61 Lakhs (*Previous year ₹.18,608.04 Lakhs)* for loan taken by Euro Forbes Limited at Dubai. Further the Company has also given financial support letter for continuing operation. 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, loans including interest and Corporate guarantee.

XI During the year 2017-18, the performance of the subsidiary company, Aquadiagnostics Water Research & Technology Centre Limited (AWRTC) has grown in revenue. Total revenue increased to ₹.163.70 Lakhs from ₹. 145.72 Lakhs in previous year, a growth of 12.3%, 38.6% of the revenue is from the customers outside the group and 21.2% 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 ₹.152.10 Lakhs in the opinion of the management, no provision is required in respect of the investment in AWRTC, since the diminution is temporary in nature.

XII The Company has equity investment in its subsidiary Forbes Lux International AG (FLIAG) of ₹.22,899.48 lakhs as at March 31, 2018 and has given loan of ₹. 22,872.56 lakhs (Including accrued interest). The Company has given a corporate guarantee to a banks of ₹ 17,650.76 lakhs (*Previous year ₹.15,873.22 lakhs)* for loans taken by Forbes Lux International AG and its wholly owned subsidiary Company Lux International AG. Further the Company has also given financial support letter for continuing operation. FLIAG is an investment entity which derives its value mainly through it's investments in the operating subsidiaries Lux International AG, Baar (LIAG). Significant accumulated losses exist in the above subsidiary. As per the latest audited financials as on 31.12.2017, networth of LIAG is negative (-) ₹ 1,829.28 lakhs (Euro (-)2.36 Mn) and the accumulated losses of FLIAG at 31.12.2017 aggregate ₹ 18,668.36 lakhs (CHF 28.15 Mn). During the year, company has made provision for impairment of its investment in FLIAG amounting to ₹. 17,181.01 lakhs. The same has been shown as an exceptional item in the Statement of Profit and Loss.

XIII During the year, Company has not defaulted in payment of its interest and principal that are due on borrowings. There were breach in maintaining some of the financial ratios. Outstanding amount as at the year-end in respect of such borrowings amounted to ₹. 11,248.59 Lakhs as at the financial year-end and till the date of approval of the financial statements by the Board of Directors, the lender has not demanded for any accelerated repayment of borrowings and the terms of borrowings were not changed.

XIV Disclosures required by Indian Accounting Standard 37 “Provisions, Contingent Liabilities and Contingent Assets”

A)

| | ₹ in Lakhs<br>Excise Duty | ₹ in Lakhs<br>Sales Tax |
|---|---|---|
| Balance as at 31-3-2017 | 108.47 | 45.75 |
| Additional provision during the year | - | - |
| Provision for extraordinary item | - | - |
| Provision utilized during the year | - | - |
| Write back during the Year | - | (44.46) |
| Balance as at 31-3-2018 | 108.47 | 1.29 |

**Notes to the financial statements for the year ended March 31, 2018 - continued**

B) **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.

| | Year ended March 31, 2018 | *Year ended March 31, 2017* |
|---|---|---|
| | ₹ in Lakhs | *₹ in Lakhs* |
| At the beginning of the year | 944.28 | *1,137.44* |
| Add: Additions during the year * | 926.90 | *944.28* |
| Less: Utilization during the year | 933.47 | *991.49* |
| Less: Unused amount reversed /(additional utilisation) during the year * | 10.81 | *145.95* |
| At the end of the year | 926.90 | *944.28* |

* Included in Service Charges under Other expenses

XV The Financial statement were approved for issue by the board of directors on 25th May 2018

XVI The disclosures required under Indian Accounting Standard 19 "Employee Benefits" the details of post employment benefit is attached. (Annexure D)

31 (III) Additional information to the financial statements

Annexure 'A'

During the current year, the Ministry of Corporate Affairs, Kolkata vide its orders dated 31st March 2018 has approved the scheme of amalgamation between Aquamall Water Solutions Limited, a wholly owned subsidiary and the company. The scheme was approved by the board of Eureka Forbes Limited on 18.01.2017 and Aquamall Water Solution Limited on 19.01.2017 and the members approved the scheme on 18.09.2017 and 16.09.2017 of the respective companies. The said order was filed with the Registrar of Companies, by the respective companies on 23rd April 2018

Upon, the scheme coming into effect from the appointed date 01st April 2016, the undertaking of Aquamall

water Solutions have been transferred to and vested in Eureka Forbes limited from the appointed date.

As this is a business Combinations of entities under common control, the amalgamation has been accounted using 'pooling of interest' method (in accordance with the approved scheme) as laid down in appendix C of IND AS 103, Business Combination, which requires the comparative accounting period presented in the financial statement of the transferee company to be restated for the accounting impact of merger. Accordingly the figures for the previous year ended 31st March 2017 has been restated to give effect of the Merger

Further, the investment held by Eureka Forbes Limited in Aquamall Water Solutions Limited amounting to Rs. 195.01 Lakhs have been eliminated. The difference between the Share Capital of Aquamall Water Solutions Limited and the recorded investment of Eureka Forbes Limited as of the appointed date of Rs. 205.00 Lakhs has been transferred to capital reserve on merger and shown separately in the statement of changes in Equity

a. Business combination

| Particulars | Principal activity | Date of acquisition (Appointed Date) | Proportion of voting equity interests merged (%) | Consideration transferred * |
|---|---|---|---|---|
| Aquamall water Solutions Limited | Manufacturing | 01-04-2016 | 100% | - |

* Since this is a merger of 100 % subsidiary with the parent company no consideration is transferred

b. Assets and liabilities recognised at the date of Merger 1.04.2016

| Particulars | Aquamall Water Solutions Limited | |
|---|---|---|
| **Assets** | **₹ in Lakhs** | **₹ in Lakhs** |
| Non Current Assets | | |
| Property Plant and Equipment | | 5,520.60 |
| Financial Assets | | |
| Investments | 23,503.51 | |
| Loans | 10,338.77 | |
| Other Financial Assets | 1,530.11 | 35,372.39 |
| Tax Assets | | |
| Deferred Tax Asset (Net) | 393.39 | |
| Income Tax Asset (Net) | 605.70 | 999.09 |
| Other Non-current assets | | 1,375.88 |
| **Total Non Current Assets** | | **43,267.96** |
| | | |
| Current Assets | | |
| Inventories | | 3,771.08 |
| Financial Assets - | | |
| Trade Receivables | 11,450.48 | |
| Cash & Cash Equivalents | 47.10 | |
| Loans | 0.22 | |
| Other Financial Assets | 1.11 | 11,498.91 |
| Other Current Assets | | 702.57 |
| **Total Current Assets** | | **15,972.56** |
| **Total Assets** | | **59,240.52** |
| | | |
| **Equities & Liabilities** | | |
| Equity | | |
| Equity Share Capital | 400.02 | |
| Other Equity | 33,959.55 | **34,359.57** |
| Non Current Liabilities | | |
| Financial Liabilities | | |
| Borrowings | 10,439.36 | |
| Other Financial Liabilities | 523.58 | 10,962.94 |
| Provisions | | 184.49 |
| **Total Non Current Liabilities** | | **11,147.43** |
| Current Liabilities | | |
| Financial Liabilities | | |
| Borrowings | 3,682.57 | |
| Trade and Other Payables | 7,778.41 | |
| Other Financial Liabilities | 2,093.22 | 13,554.20 |
| Provisions | | 1.27 |
| Income Tax Liabilities (net) | | 9.60 |
| Other Current Liabilities | | 168.45 |
| **Total Current Liabilities** | | **13,733.52** |
| **Total Liabilities** | | **24,880.95** |
| **Total Equity and Liabilities** | | **59,240.52** |
| | | |
| Contingent Liabilities assumed on merger - Rs.8,173.85 Lakhs** | | |

c. Non Controlling Interest - Not Applicable

d. Goodwill arising on acquisition - NIL

e.Net cash outflow on acquisition of subsidiaries - NIL

** Includes civil suit amounting to ₹.33.73 Lakhs which has been filed by the vendors against the merged subsidiary and matter is subjudice. In the opinion of management provision is not required in the books of accounts

Notes to the financial statements for the year ended March 31, 2018 - continued

31 (VII) Additional information to the financial statements

Annexure 'B'

A Enterprises having more than one half of Voting Powers-

Forbes & Company Ltd. - Holding Company
Shapoorji Pallonji and Company Private Ltd - Ultimate Holding Company

| | | Country | Holding in % as at 31-Mar-18 |
|---|---|---|---|
| B | Enterprises that are controlled - ( Subsidiary Company)- | | |
| 1 | Aquadiagnostics Water Research & Technology Centre Limited | India | 100 |
| 2 | EFL Mauritius Ltd | Mauritius | 100 |
| 3 | Euro Forbes Financials Services Ltd. | India | 100 |
| 4 | Euro Forbes Limited | Dubai | 100 |
| 5 | Forbes Enviro Solutions Ltd | India | 100 |
| 6 | Forbes Facility Services Pvt Ltd. | India | 100 |
| 7 | Forbes Lux FZCO | Dubai | 99.42 |
| 8 | Forbes International AG (formerly: Forbes Lux Group AG) | Switzerland | 100 |
| 9 | Forbes Lux International AG | Switzerland | 91.03 |
| 10 | LIAG Trading and Investments Limited | Dubai | 100 |
| 11 | Lux (Deutschland) GmbH | Germany | 100 |
| 12 | Lux Professional International GmbH (Formerly Known as Lux Aqua Gmbh) | Germany | 100 |
| 13 | Lux Aqua Hungaria Kft | Hungary | 100 |
| 14 | Lux Aqua Czech s.r.o. | Czech Republic | 100 |
| 15 | Lux International Services Kft. | Hungary | 100 |
| 16 | Lux Hungária Kereskedelmi Kft. | Hungary | 100 |
| 17 | Lux International AG | Switzerland | 100 |
| 18 | Lux Italia srl | Italy | 100 |
| 19 | Lux Norge A/S | Norway | 100 |
| 20 | Lux Oesterreich GmbH | Austria | 100 |
| 21 | Lux Schweiz AG | Switzerland | 100 |
| 22 | Lux International Services & Logistics GmbH (formerly: Lux Service GmbH) | Germany | 100 |
| 23 | Lux Aqua Paraguay SA | Paraguay | 90 |
| 24 | Lux del Paraguay S.A. (considered as Subsidiary by virtue of operational control) | Paraguay | 50 |
| 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 | |
| 13 | 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 | 50 |
| 3 | Forbes Aquatech Limited | India | 50 |
| 4 | Forbes Concept Hospitality Services Private Ltd | India | 50 |
| 5 | Forbes G4S Solutions Private Limited | India | 50 |
| 6 | Infinite Water Solutions Private Ltd | India | 50 |

F Key Management Personnel

Mr. S.L.Goklaney (Upto 30.09.2017)
Mr. Marzin R. Shroff (w.e.f. 27.06.2017)

( II ) Transactions with Related Parties for the year ended 31st March 2018

| Nature of Transactions | Related Party | | | | | |
|---|---|---|---|---|---|---|
| | Referred to in A above ₹ in Lakhs | Referred to in B above ₹ in Lakhs | Referred to in C above ₹ in Lakhs | Referred to in D above ₹ in Lakhs | Referred to in E above ₹ in Lakhs | Referred to in F above * ₹ in Lakhs |
| **Purchases** | | | | | | |
| Goods and Materials | - | 1,500.08 | - | - | 8,615.00 | - |
| Services Rendered | - | 184.62 | 6.10 | - | - | - |
| | - | 1,684.70 | 6.10 | - | 8,615.00 | - |
| **Sales** | | | | | | |
| Goods and Materials | 275.95 | 1,924.70 | 103.08 | - | 382.95 | - |
| Services Rendered | 1.03 | 6.01 | 1.79 | - | - | - |
| | 276.98 | 1,930.71 | 104.87 | - | 382.95 | - |
| **Expenses** | | | | | | |
| Rent and other services | - | - | - | - | - | 2.75 |
| Repairs & Other Expenses | 722.49 | 362.86 | - | - | 69.62 | - |
| Recovery of Expenses | 16.00 | - | - | - | - | - |
| CSR contribution | - | - | 200.22 | | | |
| | 738.49 | 362.86 | 200.22 | - | 69.62 | 2.75 |
| **Income** | | | | | | |
| Rent and other services | - | 9.27 | - | - | 63.37 | - |
| Interest | - | 932.59 | - | - | - | - |
| Dividend | - | - | - | - | 50.00 | - |
| Misc. Income | 2.02 | 0.29 | 0.33 | - | 4.38 | - |
| | 2.02 | 942.15 | 0.33 | - | 117.75 | - |
| **Other Receipts** | | | | | | |
| Other Reimbursements | - | 44.17 | - | - | 72.14 | - |
| **Finance** | | | | | | |
| Inter-corporate deposits given | - | 4,134.32 | - | - | - | - |
| Deposit given | 3.00 | - | - | - | - | - |
| Repayment of Inter-Corporate Deposits Given | - | 240.00 | - | - | - | - |
| Repayment of Inter-Corporate Deposits taken | - | - | - | - | - | - |
| Repayment of Deposit given | 3.00 | - | - | - | - | - |
| Investment in shares | - | 927.27 | - | - | - | - |
| **Outstanding** | | | | | | |
| Trade Payables | 386.65 | 449.82 | 6.71 | - | 4,121.52 | - |
| Advances Received | - | - | - | - | - | - |
| Trade Receivables | 144.28 | 2,618.82 | 21.28 | - | - | - |
| Inter-corporate deposits receivable | - | 23,796.13 | - | - | - | - |
| Interest Accrued | - | 4,688.84 | - | - | - | - |
| Other Deposits Payable | - | 0.10 | - | - | 7.51 | - |
| Advances | - | 272.80 | 1.30 | - | 0.59 | - |
| **Remuneration** | | | | | | |
| Paid / Payable | - | - | - | - | - | 391.95 |
| **Guarantees** | | | | | | |
| Given | - | - | - | - | - | - |
| Outstanding | - | 36,287.37 | - | - | - | - |

( 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>Aquadiagnostic Water Research & Technology Center Ltd | B<br>EFL Mauritius Ltd | B<br>Euro Forbes Limited | B<br>Forbes Enviro Solutions Ltd | B<br>Forbes Facility Services Pvt Ltd. | B<br>Forbes Lux FZCO | B<br>Forbes Lux International AG | B<br>Lux International AG | B<br>Lux Service GMBH | B<br>LIAG Trading & Investment Ltd. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs |
| **Purchases** | | | | | | | | | | | | |
| Goods and Materials | - | - | - | - | - | 1,500.08 | - | - | - | - | - | - |
| Services Received | - | - | - | - | - | 184.62 | - | - | - | - | - | - |
| | - | - | - | - | - | 1,684.70 | - | - | - | - | - | - |
| **Sales** | | | | | | | | | | | | |
| Goods and Materials | 1.55 | 274.40 | 0.10 | - | - | 6.25 | 163.21 | 758.03 | - | - | - | 997.11 |
| Services Rendered | 0.08 | 0.95 | - | - | - | 5.90 | 0.11 | - | - | - | - | - |
| | 1.63 | 275.35 | 0.10 | - | - | 12.15 | 163.32 | 758.03 | - | - | - | 997.11 |
| **Expenses** | | | | | | | | | | | | |
| Rent | - | - | - | - | - | - | - | - | - | - | - | - |
| Repairs & Other Expenses | - | 722.49 | 64.18 | - | - | - | 298.68 | - | - | - | - | - |
| Recovery of Expenses | 16.00 | - | - | - | - | - | - | - | - | - | - | - |
| CSR contribution | - | - | - | - | - | - | - | - | - | - | - | - |
| | 16.00 | 722.49 | 64.18 | - | - | - | 298.68 | - | - | - | - | - |
| **Income** | | | | | | | | | | | | |
| Rent and other services | - | - | - | - | - | - | 9.27 | - | - | - | - | - |
| Interest | - | - | - | - | 180.34 | 39.90 | 4.77 | - | 707.58 | - | - | - |
| Dividend | - | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous Income | - | 2.02 | - | - | - | 0.25 | 0.04 | - | - | - | - | - |
| | - | 2.02 | - | - | 180.34 | 40.15 | 14.08 | - | 707.58 | - | - | - |
| **Other Receipts** | | | | | | | | | | | | |
| Other Reimbursements | - | - | - | - | - | - | 44.17 | - | - | - | - | - |
| **Finance** | | | | | | | | | | | | |
| Inter-corporate deposits given | - | - | - | - | 1,292.80 | - | - | - | 2,841.52 | - | - | - |
| Deposit given | 3.00 | - | - | - | - | - | - | - | - | - | - | - |
| Repayment of Inter-Corporate Deposits Given | - | - | - | - | - | - | 240.00 | - | - | - | - | - |
| Repayment of Inter-Corporate Deposits taken | - | - | - | - | - | - | - | - | - | - | - | - |
| Repayment of Deposit given | 3.00 | - | - | - | - | - | - | - | - | - | - | - |
| Investment in shares | - | - | - | - | 927.27 | - | - | - | - | - | - | - |
| **Outstanding** | | | | | | | | | | | | |
| Trade Payables | - | 386.65 | 38.20 | - | - | 402.52 | - | 9.10 | - | - | - | - |
| Advances Received/ Deposits received | - | - | - | - | - | - | - | - | - | - | - | - |
| Trade Receivables | 1.42 | 142.86 | - | - | - | - | 950.19 | 336.66 | - | 223.71 | 5.14 | 1,103.12 |
| Inter-corporate deposits receivable | - | - | - | - | 3,664.45 | 350.00 | - | - | 19,781.68 | - | - | - |
| Interest Accrued | - | - | - | - | 1,597.95 | - | - | - | 3,090.89 | - | - | - |
| Other Deposits Payable | - | - | - | - | - | 0.10 | - | - | - | - | - | - |
| Advances | - | - | - | 272.80 | - | - | - | - | - | - | - | - |
| **Remuneration** | | | | | | | | | | | | |
| Paid / Payable | - | - | - | - | - | - | - | - | - | - | - | - |
| **Guarantees** | | | | | | | | | | | | |
| Given | - | - | - | - | - | - | - | - | - | - | - | - |
| Outstanding | - | - | - | - | 18,636.61 | - | - | - | 4,472.79 | 13,177.97 | - | - |

*Post-employment benefits are actuarially determined on overall basis and hence not separately provided.

( III ) The above Transaction includes :

| Nature of Transactions | C | C | C | C | C | C | C | C | C | C | C | C | C | C | E | E | E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Afcons Infrastructure Ltd. | 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 | Shapoorji Pallonji Forbes Shipping Ltd | Shapoorji Pallonji Rural Solutions Pvt Ltd. | Shapoorji Pallonji Oil & Gas co Pvt Ltd | Sterling & Wilson Pvt. Ltd. | Sterling Motors | Transtonnelstroy Afcons Joint Venture | Eureka Forbes Institute of Environment (Trust) | Aquaignis Technologies Pvt. Ltd. | Forbes Aquatech Limited | Infinite Water Solutions Private Ltd |
| | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs |
| **Purchases** | | | | | | | | | | | | | | | | | |
| Goods and Materials | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 696.42 | 2,778.47 | 5,140.11 |
| Services Received | - | - | - | - | - | - | 6.10 | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | 6.10 | - | - | - | - | - | - | | 696.42 | 2,778.47 | 5,140.11 |
| **Sales** | | | | | | | | | | | | | | | | | |
| Goods and Materials | 10.39 | - | - | - | 12.52 | - | 18.89 | 0.04 | 0.74 | 0.01 | 60.42 | - | 0.07 | - | 10.02 | 370.93 | 2.00 |
| Services Rendered | 1.15 | - | 0.11 | - | - | - | 0.20 | - | - | 0.09 | 0.22 | - | 0.02 | - | - | - | - |
| | 11.54 | - | 0.11 | - | 12.52 | - | 19.09 | 0.04 | 0.74 | 0.10 | 60.64 | - | 0.09 | - | 10.02 | 370.93 | 2.00 |
| **Expenses** | | | | | | | | | | | | | | | | | |
| Rent | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Repairs & Other Expenses | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 69.62 | - |
| Recovery of Expenses | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| CSR contribution | - | - | - | - | - | - | - | - | - | - | - | - | - | 200.22 | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | 200.22 | - | 69.62 | - |
| **Income** | | | | | | | | | | | | | | | | | |
| Rent and other services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 30.72 | - | 32.65 |
| Interest | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividend | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 50.00 | - |
| Miscellaneous Income | - | - | 0.29 | - | - | - | - | - | - | 0.04 | - | - | - | - | 0.75 | 3.52 | 0.11 |
| | - | - | 0.29 | - | - | - | - | - | - | 0.04 | - | - | - | - | 31.47 | 53.52 | 32.76 |
| **Other Receipts** | | | | | | | | | | | | | | | | | |
| Other Reimbursements | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 13.09 | 26.35 | 32.70 |
| **Finance** | | | | | | | | | | | | | | | | | |
| Inter-corporate deposits given | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deposit given | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Repayment of Inter-Corporate Deposits Given | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Repayment of Inter-Corporate Deposits taken | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Repayment of Deposit given | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investment in shares | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Outstanding** | | | | | | | | | | | | | | | | | |
| Trade Payables | - | - | - | - | - | - | 3.11 | - | 3.60 | - | - | - | - | - | 68.23 | 1,223.40 | 2,829.89 |
| Advances Received/ Deposits received | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Trade Receivables | 0.84 | - | - | - | 6.11 | 0.04 | 11.79 | - | - | - | 2.50 | - | - | - | - | - | - |
| Inter-corporate deposits receivable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest Accrued | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Deposits Payable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 7.51 |
| Advances | - | - | 1.26 | - | - | - | - | - | - | 0.04 | - | - | - | - | - | - | 0.59 |
| **Remuneration** | | | | | | | | | | | | | | | | | |
| Paid / Payable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Guarantees** | | | | | | | | | | | | | | | | | |
| Given | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Outstanding | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

*Post-employment benefits are actuarially determined on overall b

( III ) The above Transaction includes :

| Nature of Transactions | F<br>Managing Director Mr Marzin R. Shroff (w.e.f 27.06.2017)*<br>₹ in Lakhs | F<br>Executive Vice Chairman Mr S L Goklaney (Upto 30.09.2017) *<br>₹ in Lakhs |
|---|---|---|
| **Purchases** | | |
| Goods and Materials | | - |
| Services Received | | - |
| | | - |
| **Sales** | | |
| Goods and Materials | | - |
| Services Rendered | | - |
| | | - |
| **Expenses** | | |
| Rent | | 2.75 |
| Repairs & Other Expenses | | - |
| Recovery of Expenses | | - |
| CSR contribution | | - |
| | | 2.75 |
| **Income** | | |
| Rent and other services | | - |
| Interest | | - |
| Dividend | | - |
| Miscellaneous Income | | - |
| | | - |
| **Other Receipts** | | |
| Other Reimbursements | | - |
| **Finance** | | |
| Inter-corporate deposits given | | - |
| Deposit given | | - |
| Repayment of Inter-Corporate Deposits Given | | - |
| Repayment of Inter-Corporate Deposits taken | | - |
| Repayment of Deposit given | | - |
| Investment in shares | | - |
| **Outstanding** | | |
| Trade Payables | | - |
| Advances Received/ Deposits received | | - |
| Trade Receivables | | - |
| Inter-corporate deposits receivable | | - |
| Interest Accrued | | - |
| Other Deposits Payable | | - |
| Advances | | - |
| **Remuneration** | | |
| Paid / Payable | 227.43 | 164.52 |
| **Guarantees** | | |
| Given | | - |
| Outstanding | | |

*Post-employment benefits are actuarially determined on overall b

Notes to the financial statements for the year ended March 31, 2018 - continued

31 (VII) Additional information to the financial statements

Annexure 'C'

Name of related parties and nature of relationship for the year ended 31st March 2017

A Enterprises having more than one half of Voting Powers-

Forbes & Company Ltd. - Holding Company

Shapoorji Pallonji and Company Private Ltd - Ultimate Holding Company

| | | Country | Holding in % as at 31-Mar-17 |
|---|---|---|---|
| B | Enterprises that are controlled - ( Subsidiary Company)- | | |
| 1 | Aquadiagnostics Water Research & Technology Centre Limited | India | 100 |
| 2 | EFL Mauritius Ltd | Mauritius | 100 |
| 3 | Euro Forbes Financials Services Ltd. | India | 100 |
| 4 | Euro Forbes Limited | Dubai | 100 |
| 5 | Forbes Enviro Solutions Ltd | India | 100 |
| 6 | Forbes Facility Services Pvt Ltd. | India | 100 |
| 7 | Forbes Lux FZCO | Dubai | 99.42 |
| 8 | Forbes Lux Group AG | Dubai | 100 |
| 9 | Forbes Lux International AG | Switzerland | 91.03 |
| 10 | LIAG Trading and Investments Limited | U.A.E | 100 |
| 11 | Lux (Deutschland) GmbH | Germany | 100 |
| 12 | Lux /SK/s.r.o. | Slovakia | 100 |
| 13 | Lux Aqua Gmbh | Germany | 100 |
| 14 | Lux Aqua Hungaria Kft | Hungary | 100 |
| 15 | Lux CZ s.r.o. | Czech Republic | 100 |
| 16 | Lux Hungária Kereskedelmi Kft. | Hungary | 100 |
| 17 | Lux International AG | Switzerland | 100 |
| 18 | Lux Italia srl | Italy | 100 |
| 19 | Lux Norge A/S | Norway | 100 |
| 20 | Lux Oesterreich GmbH | Austria | 100 |
| 21 | Lux Schweiz AG | Switzerland | 100 |
| 22 | Lux Service GmbH | Germany | 100 |
| 23 | Lux Professional GmbH | Austria | 100 |
| 24 | Lux Professional GmbH | Germany | 100 |
| 25 | Lux Aqua Paraguay SA | Paraguay | 100 |
| 26 | Lux Waterline GmbH | Germany | 100 |
| 27 | Lux del Paraguay S.A. ( considered as Subsidiary by virtue of operational control) | Paraguay | 50 |
| 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 | |
| 13 | 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 | 50 |
| 3 | Eurolife Regen Pvt. Ltd | 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 Key Management Personnel

Mr. S.L.Goklaney

Notes to the financial statements for the year ended March 31, 2018 - continued

( II ) Transactions with Related Parties for the year ended 31st March 2017

| Nature of Transactions | Related Party Referred to in A above ₹ in Lakhs | Referred to in B above ₹ in Lakhs | Referred to in C above ₹ in Lakhs | Referred to in D above ₹ in Lakhs | Referred to in E above ₹ in Lakhs | Referred to in F above * ₹ in Lakhs |
|---|---|---|---|---|---|---|
| **Purchases** | | | | | | |
| Goods and Materials | - | 3,461.40 | - | - | 10,312.13 | - |
| | - | 3,461.40 | - | - | 10,312.13 | - |
| **Sales** | | | | | | |
| Goods and Materials | 193.40 | 1,487.67 | 223.16 | - | 308.16 | - |
| Services Rendered | 8.72 | 0.49 | 6.07 | - | - | - |
| | 202.12 | 1,488.16 | 229.23 | - | 308.16 | - |
| **Expenses** | | | | | | |
| Rent and other services | - | - | - | - | - | 5.49 |
| Repairs & Other Expenses | 777.86 | 471.96 | 8.06 | - | 62.01 | - |
| CSR contribution | - | | 197.62 | | | |
| | 777.86 | 471.96 | 205.68 | - | 62.01 | 5.49 |
| **Income** | | | | | | |
| Rent and other services | - | 13.44 | - | - | 58.04 | - |
| Interest | - | 1,332.37 | - | - | - | - |
| Dividend | - | - | - | - | 50.00 | - |
| Misc. Income | 2.16 | 0.09 | 0.30 | - | 106.06 | - |
| | 2.16 | 1,345.90 | 0.30 | - | 214.10 | - |
| **Other Receipts** | | | | | | |
| Other Reimbursements | - | 253.74 | - | - | 65.72 | - |
| **Finance** | | | | | | |
| Inter-corporate deposits given | - | 5,398.28 | - | - | - | - |
| Deposit given | - | - | - | - | - | - |
| Repayment of Inter-Corporate Deposits Given | - | 150.00 | - | - | - | - |
| Repayment of Inter-Corporate Deposits taken | - | - | - | - | - | - |
| Repayment of Deposit given | - | - | - | - | - | - |
| Investment in shares | - | 183.05 | - | - | - | - |
| **Outstanding** | | | | | | |
| Trade Payables | 647.54 | 1,035.52 | 5.13 | - | 2,428.46 | - |
| Advances Received | - | 0.10 | - | - | 7.51 | - |
| Trade Receivables | 169.62 | 2,241.91 | 166.60 | - | - | - |
| Inter-corporate deposits receivable | - | 17,387.77 | - | - | - | - |
| Interest Accrued | - | 3,800.91 | - | - | - | - |
| Advances | 0.07 | 272.80 | 2.68 | - | 106.79 | - |
| **Remuneration** | | | | | | |
| Paid / Payable | - | - | - | - | - | 459.92 |
| **Guarantees** | | | | | | |
| Given | - | 11,407.29 | - | - | - | - |
| Outstanding | - | 34,481.26 | - | - | - | - |

**Notes to the financial statements for the year ended March 31, 2018 - continued**

( III ) The above Transaction includes :

| Nature of Transactions | A | A | B | B | B | B | B | B | B | B | B | B | C | C | C |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Forbes & Company Ltd. - Holding Company | Shapoorji Pallonji and Company Private Ltd - Ultimate Holding Company | Aquadiagnostics Water Research & Technology Center Ltd | EFL Mauritius Ltd | Euro Forbes Limited | Forbes Enviro Solutions Ltd | Forbes Facility Services Pvt Ltd. | Forbes Lux FZCO | Forbes Lux International AG | Lux International AG | Lux Service GMBH | LIAG Trading & Investment Ltd. | Afcons Infrastructure Ltd. | Forbes Bumi Armada Offshore Ltd | Forbes Technosys Ltd |
| | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs |
| **Purchases** | | | | | | | | | | | | | | | |
| Goods and Materials | - | - | - | - | - | 2,714.66 | - | 746.74 | - | - | - | - | - | - | - |
| | - | - | - | - | - | 2,714.66 | - | 746.74 | - | - | - | - | - | - | - |
| **Sales** | | | | | | | | | | | | | | | |
| Goods and Materials | 1.63 | 191.77 | 0.03 | - | - | 2.94 | 124.34 | 553.42 | - | - | 2.65 | 804.29 | 29.22 | 0.19 | 0.01 |
| Services Rendered | 0.02 | 8.70 | - | - | - | 0.49 | - | - | - | - | - | - | 1.96 | - | 0.02 |
| | 1.65 | 200.47 | 0.03 | - | - | 3.43 | 124.34 | 553.42 | - | - | 2.65 | 804.29 | 31.18 | 0.19 | 0.03 |
| **Expenses** | | | | | | | | | | | | | | | |
| Rent | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Repairs & Other Expenses | 3.63 | 774.23 | 51.54 | - | - | 191.51 | 228.91 | - | - | - | - | - | - | - | - |
| CSR contribution | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | 3.63 | 774.23 | 51.54 | - | - | 191.51 | 228.91 | - | - | - | - | - | - | - | - |
| **Income** | | | | | | | | | | | | | | | |
| Rent and other services | - | - | - | - | - | 0.28 | 13.16 | - | - | - | - | - | - | - | - |
| Interest | - | - | - | - | 278.77 | 39.90 | 48.99 | - | 964.71 | - | - | - | - | - | - |
| Dividend | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous Income | 0.09 | 2.07 | - | - | - | - | 0.09 | - | - | - | - | - | 0.06 | - | 0.24 |
| | 0.09 | 2.07 | - | - | 278.77 | 40.18 | 62.24 | - | 964.71 | - | - | - | 0.06 | - | 0.24 |
| **Other Receipts** | | | | | | | | | | | | | | | |
| Other Reimbursements | - | - | 0.25 | - | - | - | 30.54 | - | - | 222.95 | - | - | - | - | - |
| **Finance** | | | | | | | | | | | | | | | |
| Inter-corporate deposits given | - | - | - | - | - | - | - | - | 5,398.28 | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deposit given | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Repayment of Inter-Corporate Deposits Given | - | - | - | - | - | - | 150.00 | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Repayment of Inter-Corporate Deposits taken | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Repayment of Deposit given | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investment in shares | - | - | - | - | 183.05 | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Outstanding** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Trade Payables | - | 647.54 | 19.43 | - | - | 1,016.09 | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Advances Received/ Deposits received | - | - | - | - | - | 0.10 | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Trade Receivables | - | 169.62 | - | - | - | - | 1,040.50 | 516.56 | - | 223.71 | 5.13 | 456.01 | 24.37 | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Inter-corporate deposits receivable | - | - | - | - | 2,261.55 | 350.00 | 240.00 | - | 14,536.22 | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest Accrued | - | - | - | - | 1,417.60 | - | - | - | 2,383.31 | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Advances | 0.07 | - | - | 272.80 | - | - | - | - | - | - | - | - | 0.07 | - | 2.61 |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Remuneration** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Paid / Payable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Guarantees** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Given | - | - | - | - | - | - | - | - | - | 11,407.29 | - | - | - | - | - |
| Outstanding | - | - | - | - | 18,608.04 | - | - | - | 4,465.93 | 11,407.29 | - | - | - | - | - |

Notes to the financial statements fo

The above Transaction includes :

| | C | C | C | C | C | C | C | C | C | C | E | E | E | F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nature of Transactions | Next Gen Publishing Ltd. | Relationship Properties Pvt. Ltd. | Samalpatti Power Co Pvt. Ltd. | SD Corporation Private Limited | Shapoorji 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) | Aquaignis Technologies Pvt. Ltd. | Forbes Aquatech Limited | Infinite Water Solutions Private Ltd | Executive Vice Chairman Mr S L Goklaney * |
| | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs |
| **Purchases** | | | | | | | | | | | | | | |
| Goods and Materials | - | - | - | - | - | - | - | - | - | - | 899.36 | 2,973.78 | 6,438.99 | - |
| | - | - | - | - | - | - | - | - | - | | 899.36 | 2,973.78 | 6,438.99 | - |
| **Sales** | | | | | | | | | | | | | | |
| Goods and Materials | - | 30.16 | - | 48.00 | 0.16 | 15.00 | 97.71 | 0.12 | 2.59 | - | 19.74 | 286.47 | 1.95 | - |
| Services Rendered | - | - | 1.85 | - | - | - | 2.08 | - | 0.16 | - | - | | - | - |
| | - | 30.16 | 1.85 | 48.00 | 0.16 | 15.00 | 99.79 | 0.12 | 2.75 | - | 19.74 | 286.47 | 1.95 | - |
| **Expenses** | | | | | | | | | | | | | | |
| Rent | - | - | - | - | - | - | - | - | - | - | - | - | - | 5.49 |
| Repairs & Other Expenses | 0.60 | - | - | - | - | 7.46 | - | - | - | - | 0.19 | 61.82 | - | - |
| CSR contribution | - | - | - | - | - | - | - | - | - | 197.62 | - | - | - | - |
| | 0.60 | - | - | - | - | 7.46 | - | - | - | 197.62 | 0.19 | 61.82 | - | 5.49 |
| **Income** | | | | | | | | | | | | | | |
| Rent and other services | - | - | - | - | - | - | - | - | - | - | 28.36 | - | 29.68 | - |
| Interest | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividend | - | - | - | - | - | - | - | - | - | - | - | 50.00 | - | - |
| Miscellaneous Income | - | - | - | - | - | - | - | - | - | - | 1.14 | 4.16 | 100.76 | - |
| | - | - | - | - | - | - | - | - | - | - | 29.50 | 54.16 | 130.44 | - |
| **Other Receipts** | | | | | | | | | | | | | | |
| Other Reimbursements | - | - | - | - | - | - | - | - | - | - | 13.86 | 18.22 | 33.64 | |
| **Finance** | | | | | | | | | | | | | | |
| Inter-corporate deposits given | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Deposit given | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Repayment of Inter-Corporate Deposits Given | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Repayment of Inter-Corporate Deposits taken | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Repayment of Deposit given | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investment in shares | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Outstanding** | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Trade Payables | 0.59 | - | - | - | - | 4.54 | - | - | - | - | 71.02 | 164.15 | 2,193.29 | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Advances Received/ Deposits received | - | - | - | - | - | - | - | - | - | - | - | - | 7.51 | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Trade Receivables | - | 26.37 | 2.24 | 65.58 | - | - | 48.04 | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Inter-corporate deposits receivable | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest Accrued | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Advances | - | - | - | - | - | - | - | - | - | - | - | - | 106.79 | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Remuneration** | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Paid / Payable | - | - | - | - | - | - | - | - | - | - | - | - | - | 459.92 |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Guarantees** | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Given | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Outstanding | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

**Notes to the financial statements for the year ended March 31, 2018 - continued**

31 Additional information to the financial statements

**Annexure 'D'**

XVI **Employee benefit plans**

**Defined benefit plans**

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

| | 2017-18<br>₹ in Lakhs | *2016-17*<br>*₹ in Lakhs* |
|---|---|---|
| Employer's contribution to Provident Fund * | 191.01 | *200.77* |
| Employer's contribution to Superannuation Fund * | 136.97 | *141.34* |
| Employer's contribution to Pension Scheme | 316.52 | *331.65* |

* The company has formed its own trust for Managing Provident fund, except for the merged subsidiary whose employee PF is deposited to the EPFO, which is considered as Defined contribution plans and superannuation which is also 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.

The Company sponsors funded defined benefit plans for qualifying employees, Except for the employees of the entity merged with the company. 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.

For the entity which is merged into the company, 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 employment benefit entitlement and measures each unit separately to build up 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. 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.<br>For the entity which merged into the company , the plan assets are managed by LIC |
| 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 except agreed pension payouts to former Executive Vice Chairman

( a) Provident Fund

The details of Eureka Forbes Limited Employees' Provident Fund and planed assets position as at 31.03.2018 is given below

| Particulars | Valuation as at | |
|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 |
| | ₹ in Lakhs | ₹ in Lakhs |
| Present value of benefit obligation at period en | 9,718.83 | 9,998.95 |
| Planned Assets at the period end | 11,691.31 | 11,735.53 |
| Discounting Rate | 7.87% | *7.41%* |
| Expected Guaranteed interest rate | 8.55% | *8.65%* |
| Weighted average duration of the Projected Benefit Obligation | 13/ 15.6 | *8/ 15.9* |

( b) Gratuity Fund

The principal assumptions used for the purposes of the actuarial valuations were as follows.

| Particulars | Valuation as at | |
|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 |
| Discount rate(s) | 7.87% / 7.73% | *7.41% / 7.54 %** |
| Expected rate(s) of salary increase | 3.50% / 8 % | *3.5% / 6 % ** |
| Mortality rates | Indian Assured lives Mortality (2006-08) | *Indian Assured lives Mortality (2006-08)* |

* Rates for the entity which merged into the company

Amounts recognised in statement of profit and loss/ other comprehensive income in respect of these defined benefit plans are as follows.

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| | ₹ in Lakhs | ₹ in Lakhs |
| Service cost: | | |
| Current service cost | 146.47 | *113.91* |
| Past service cost and (gain)/loss from settlements | - | - |
| Expected Returns on plan assets | (4.41) | (4.13) |
| Net interest expense | 14.22 | *11.06* |
| **Components of defined benefit costs recognised in profit or loss** | 156.28 | 120.84 |
| Remeasurement on the net defined benefit liability: | | |
| Return on plan assets (excluding amounts included in net interest expense) | 13.73 | *(32.66)* |
| Actuarial (gains) / losses arising from changes in demographic assumptions | - | - |
| Actuarial (gains) / losses arising from changes in financial assumptions | (47.37) | *107.42* |
| Actuarial (gains) / losses arising from experience adjustments | 39.34 | *23.30* |
| Others | (0.03) | (1.48) |
| Adjustments for restrictions on the defined benefit asset | | |
| **Components of defined benefit costs recognised in other comprehensive income** | **5.67** | ***96.58*** |
| **Total** | 161.95 | *217.42* |

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, 2018 | *As at March 31, 2017* |
|---|---|---|
| | ₹ in Lakhs | *₹ in Lakhs* |
| Present value of funded defined benefit obligation | (1,515.16) | *(1,900.07)* |
| Fair value of plan assets | 1,362.82 | *1,767.64* |
| Funded status | (152.34) | *(132.43)* |
| Restrictions on asset recognised | - | - |
| Net liability arising from defined benefit obligation | (152.34) | *(132.43)* |

Movements in the present value of the defined benefit obligation are as follows.

| Particulars | Year ended March 31, 2018 | *Year ended March 31, 2017* |
|---|---|---|
| | ₹ in Lakhs | *₹ in Lakhs* |
| Opening defined benefit obligation | 1,900.07 | *1,683.68* |
| Current service cost | 146.47 | *113.91* |
| Interest cost | 140.87 | *135.84* |
| Remeasurement (gains)/losses: | | |
| Actuarial gains and losses arising from changes in financial assumptions | (47.37) | *107.42* |
| Actuarial gains and losses arising from experience adjustments | 39.34 | *23.30* |
| Liabilities Transferred In/Acquisition | - | - |
| Benefits paid | (664.21) | *(164.08)* |
| **Closing defined benefit obligation** | **1,515.17** | ***1,900.07*** |

Movements in the fair value of the plan assets are as follows.

| Particulars | Year ended March 31, 2018 | *Year ended March 31, 2017* |
|---|---|---|
| | ₹ in Lakhs | *₹ in Lakhs* |
| Opening fair value of plan assets | 1,767.64 | *1,597.93* |
| Interest income | 126.65 | *124.79* |
| Remeasurement gain (loss): | | |
| Return on plan assets (excluding amounts included in net interest expense) | (9.29) | *38.27* |
| Contributions from the employer | 142.03 | *175.08* |
| Assets Transferred In/Acquisition | - | - |
| Benefits paid | (664.21) | *(168.42)* |
| Closing fair value of plan assets | 1,362.82 | *1,767.65* |

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, 2018 | *As at March 31, 2017* |
| | ₹ in Lakhs | *₹ in Lakhs* |
| Cash and cash equivalents | - | *86.78* |
| Government Of Indian Assets | 393.00 | *351.47* |
| State Government Securities | 233.84 | *354.82* |
| Special Deposit Scheme | 41.03 | *41.03* |
| Debt Instrument | 473.34 | *741.83* |
| Corporate Bond | 107.21 | *133.25* |
| Others | 16.32 | - |
| Mutual Funds | 32.10 | - |
| Asset managed by insurer ( LIC) | 65.97 | *58.46* |
| Subtotal | 1,362.81 | *1,680.86* |
| Total | 1,362.81 | *1,767.64* |

Maturity Anaylsis of the Benfits Payments from the Fund

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| | ₹ in Lakhs | *₹ in Lakhs* |
| Projected Benefits payable in future years from the date of reporting | | |
| 1st Following Year | 185.48 | 607.22 |
| 2nd Following Year | 66.18 | 59.43 |
| 3rd Following Year | 59.55 | 91.69 |
| 4th Following Year | 79.00 | 57.40 |
| 5th Following Year | 131.95 | 83.68 |
| Sum of years 6 and above | 2965.45 | 2944.70 |

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% (0.5 % for the entity which merged into the company) basis points higher (lower), the defined benefit obligation would decrease by ₹. 132.06 Lakhs (increase by ₹.1,14.55 Lakhs ) (as at March 31, 2017: decrease by ₹. 119.16 Lakhs (increase by ₹.139.30 Lakhs))

If the expected salary growth increases (decreases) by 1% / (0.5 % for the entity which merged into the company) , the defined benefit obligation would increase by ₹. 136.51 Lakhs (decrease by ₹.119.93 Lakhs) (as at March 31, 2017: increase by ₹.1,43.46 Lakhs (decrease by ₹.124.36 Lakhs)

If Employee Turnover increases (decreases) by 1%, the defined benefit obligation would increase by ₹.52.00 Lakhs(decrease by ₹. 58.95 Lakhs) (as at March 31, 2017: increase by ₹.50.32 Lakhs (decrease by ₹.57.43 Lakhs))

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 45%.

The gearing ratios were as follows:

| | As at<br>31 March 2018<br>₹ in Lakhs | *As at*<br>*31 March 2017*<br>*₹ in Lakhs* |
|---|---|---|
| Borrowings | 25,701.60 | *29,384.94* |
| Less: Cash and cash equivalents | 8,973.57 | *7,599.66* |
| Adjusted net debt | 16,728.03 | *21,785.28* |
| Total equity | 48,749.70 | *62,207.81* |
| Adjusted net debt to equity ratio | 34.3% | *35.0%* |

**Notes to the financial statements for the year ended March 31, 2018 - continued**

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 2018** | ***Year ended 31 March 2017*** |
|---|---|---|
| Profit/ (Loss) for the year attributable to equity share holders (Rs. in Lakhs) | (13,470.01) | *5,485.02* |
| 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 (₹) | (361.32) | *147.13* |

**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 2018** | ***Year ended 31 March 2017*** |
|---|---|---|
| Profit / (Loss) for the year attributable to owners of the Company (Rs. in Lakhs) | (13,470.01) | *5,485.02* |
| Weighted average number of equity shares for the purposes of basic earnings per share (Quantity in numbers) | 37,28,000 | *37,28,000* |

34 Financial instruments – Fair values
Accounting classification and fair values

| Particulars | March 31, 2018 | | | March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | FVTPL* | FVTOCI** | Amortised Cost | FVTPL* | FVTOCI** | Amortised Cost |
| | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs |
| **Financial assets** | | | | | | |
| Cash and Bank Balances | - | - | 9,091.80 | - | - | *7,777.25* |
| Long-term loans and advances | - | - | 23,446.13 | - | - | *16,797.76* |
| Short-term loans and advances | - | - | 384.88 | - | - | *639.41* |
| Trade and other receivables | - | - | 25,849.73 | - | - | *25,996.89* |
| Current Investments | 17.47 | - | - | *14.04* | - | - |
| Non Current Investments | 57.81 | 271.59 | 36,794.72 | - | *538.67* | *52,869.92* |
| Other Current financial Asset | - | - | 282.12 | - | - | *2,321.84* |
| Other Non Current financial Asset | - | - | 6,072.49 | - | - | *5,442.82* |
| **Total Financial Asset** | **75.28** | **271.59** | **1,01,921.87** | ***14.04*** | ***538.67*** | ***1,11,845.89*** |
| **Financial liabilities** | | | | | | |
| Trade and other payables | - | - | 29,891.64 | - | - | *25,189.94* |
| Other Current financial liabilities | - | - | 15,658.41 | - | - | *13,414.37* |
| Current Borrowings | - | - | 14,453.01 | - | - | *15,585.04* |
| Non Current Borrowings | - | - | 5,634.53 | - | - | *9,663.49* |
| **Total Financial Liabilities** | **-** | **-** | **65,637.59** | **-** | **-** | ***63,852.84*** |

*Mandatorily measured at fair value in accordance with Ind AS 109

** Investments in equity instruments designated as such upon initial recognition in accordance with paragraph 5.7.5 of Ind AS 109.
These investments in equity instruments are not held for trading. Instead, they are held for medium or long term strategic purpose. Upon the application of IND AS 109, the company has chosen to designate these investments in equity instruments at FVTOCI as it is believed that this provides a more meaningful presentation for medium or long term strategic investment than reflecting changes in fair value immediately in profit and loss Account.

Fair value Hierarchy

This section explains the judgement and the estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value

| Financial assets and liabilities measured at fair value - recurring fair value measurements At 31 March 2018 (Refer note Below) | Level 1 ₹ in lakhs | Level 2 ₹ in lakhs | Level 3 ₹ in lakhs | Total ₹ in lakhs |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial investment at FVTPL** | | | | |
| Listed Equity Investment | 17.47 | - | - | 17.47 |
| Unquoted Investments | - | - | 57.81 | 57.81 |
| **Financial investment at FVOCI** | | | | - |
| Quoted Investments | 3.22 | - | - | 3.22 |
| Unquoted Investments | | - | 268.37 | 268.37 |
| **Total Financial Asset** | **20.69** | **-** | **326.18** | **346.87** |

Notes to the financial statements for the year ended March 31, 2018 - continued

34 Financial instruments – Fair values

| Financial assets and liabilities measured at fair value - recurring fair value measurements At March 2017 (Refer note Below) | Level 1 ₹ in lakhs | Level 2 ₹ in lakhs | Level 3 ₹ in lakhs | Total ₹ in lakhs |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **Financial investment at FVTPL** | | | | |
| Listed Equity Investment | *14.04* | - | - | *14.04* |
| **Financial investment at FVOCI** | | | | |
| Quoted Investments | *303.56* | - | - | *303.56* |
| Unquoted Investments | - | - | *235.11* | *235.11* |
| **Total Financial Asset** | *317.60* | - | *235.11* | *552.71* |

Reconciliation of level 3 fair value measurement of financial Instruments

₹ in lakhs

| Particulars | Year End 31.03.2018 | Year End 31.03.2017 |
|---|---|---|
| **Opening Value of Fair Value** | **235.11** | **184.42** |
| Fair value gain/loss recognised in profit or Loss | 17.81 | |
| Fair value gain/loss recognised in Other Comprehensive income | 95.76 | 50.69 |
| Purchases made during the year | 40.00 | - |
| Sales made during the year | (62.50) | - |
| **Closing balance of fair value** | **326.18** | **235.11** |

Other comprehensive income for the year, includes the gain of ₹. 67.73 Lakhs on disposal of investment classified as fair value through OCI and the fair value of these investment on the date of sale was ₹.367.00 Lakhs. The board of directors decides on purchase/sales based on internal strategies.

Description of significant unobservable inputs to valuations for level 3 items

| Significant unobservable Inputs | Relationship of unobservable Inputs to fair value |
|---|---|
| Long term revenue growth rates taking into accounts managements experience and knowledge of market conditions of the specific industries | A slight increase in the long term revenue growth rates used in isolation would result in increase in fair value |
| Long term pre tax operating margin taking into account managements experience and knowledge if market conditions of the specific industries | A significant increase in the long term pre tax operating margin used in isolation would result in increase in fair value |
| Weighted average cost of capital (WACC), determined using a Capital Asset pricing Model | A slight increase in the WACC used in isolation would result in decrease in Fair value |

34 Financial instruments – Fair values

**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 exposure .

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements

| Risk | Exposure Arising from | Measurement | Management |
|---|---|---|---|
| Credit Risk | Cash and Cash Equivalents, trade receivables, financial assets measured at amortised cost | Aging analysis, 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 Company'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 2018** ₹ in lakhs | ***As at 31 March 2017*** ₹ in lakhs |
|---|---|---|
| Investments | 37,141.59 | *53,422.63* |
| Trade receivables | 25,849.73 | *25,996.89* |
| Cash and cash equivalents | 8,973.57 | *7,599.66* |
| Other bank balances | 118.23 | *177.59* |
| Loans | 23,831.01 | *17,437.17* |
| Other financial assets | 6,354.61 | *7,764.66* |

**Trade receivables**

The maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

| **Particulars** | **As at 31 March 2018 ₹ in lakhs** | ***As at 31 March 2017* ₹ in lakhs** |
|---|---|---|
| India | 23,975.34 | *24,321.73* |
| Other regions | 1,874.39 | *1,675.16* |
| Total | 25,849.73 | *25,996.89* |

The ageing of trade receivables that were not impaired was as follows.

| **Particulars** | **As at 31 March 2018** ₹ in lakhs | ***As at 31 March 2017*** *₹ in lakhs* |
|---|---|---|
| 0-1 Year | 20,723.55 | *20,556.85* |
| 1-2 Year | 2,461.09 | *2,904.60* |
| 2-3 Year | 1,132.67 | *1,514.23* |
| More Than 3 Yrs | 1,532.42 | *1,021.21* |
| Total | 25,849.73 | *25,996.89* |

**Impairment**

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

| **Particulars** | **As at 31 March 2018** ₹ in lakhs | ***As at 31 March 2017 ₹ in lakhs*** |
|---|---|---|
| Opening Balance | 449.91 | 307.81 |
| Impairment loss recognised | 588.72 | 142.10 |
| Closing balance | 1,038.63 | 449.91 |

**Cash and cash equivalents and Bank balances**

The Company held cash and cash equivalents of ₹ 8,973.57 Lakhs at March 31, 2018 (March 31, 2017: ₹ 7,599.66 Lakhs). The cash and cash equivalents are held with bank ₹. 8,064.96 (March 2017: ₹. 6632.47 Lakhs)

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 ₹ in lakhs | 0- 1 year ₹ in lakhs | 1-5 years ₹ in lakhs | Total ₹ in lakhs |
| March 31, 2018 | | | | |
| Banks - Foreign currency denominated loans Including Interest | - | 5,835.83 | 5,753.32 | 11,589.15 |
| Working capital loans from banks | 14,453.01 | - | - | 14,453.01 |
| Trade payables | - | 29,891.64 | - | 29,891.64 |
| Other Payable | - | 9,822.58 | - | 9,822.58 |
| March 31, 2017 | | | | |
| Banks - Foreign currency denominated loans Including Interest | - | *4,435.11* | *9,958.29* | *14,393.40* |
| Working capital loans from banks | *15,585.04* | - | - | *15,585.04* |
| Trade payables | - | *25,189.94* | - | *25,189.94* |
| Other Payable | - | *8,979.26* | - | *8,979.26* |

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, 2018 and March 31, 2017

| Particulars | As at 31 March 2018 USD in Lakhs | As at 31 March 2018 SGD in Lakhs | As at 31 March 2018 EUR in Lakhs | As at 31 March 2018 CHF in Lakhs |
|---|---|---|---|---|
| Financial assets | | | | |
| Long-term loans and advances | 30.40 | 34.30 | 246.95 | 0.87 |
| Short-term loans and advances | 1.26 | - | 0.29 | - |
| Other Non-current financial assets | - | - | - | - |
| Trade and other receivables | 20.44 | - | 3.54 | - |
| | 52.10 | 34.30 | 250.78 | 0.87 |
| Financial liabilities | | | | |
| Long term borrowings | - | - | 70.57 | - |
| Short term borrowings | - | - | - | - |
| Trade and other payables | 23.18 | - | 5.85 | - |
| Other Current financial liabilities | - | - | 70.65 | - |
| | 23.18 | - | 147.07 | - |
| Net Exposure | 28.92 | 34.30 | 103.71 | 0.87 |

| Particulars | *As at 31 March 2017 USD in Lakhs* | *As at 31 March 2017 SGD in Lakhs* | *As at 31 March 2017 EUR in Lakhs* | *As at 31 March 2017 CHF in Lakhs* |
|---|---|---|---|---|
| *Financial assets* | | | | |
| *Long-term loans and advances* | *10.40* | *34.30* | *209.45* | *0.87* |
| *Short-term loans and advances* | *1.91* | - | *0.01* | - |
| *Other Non-current financial assets* | - | - | - | - |
| *Trade and other receivables* | *21.50* | - | *1.24* | - |
| | *33.81* | *34.30* | *210.70* | *0.87* |
| *Financial liabilities* | | | | |
| *Long term borrowings* | - | - | *139.78* | |
| *Short term borrowings* | *17.18* | - | *24.47* | |
| *Trade and other payables* | *8.93* | - | *3.24* | |
| *Other Current financial liabilities* | *0.08* | - | *35.57* | |
| | *26.19* | - | *203.06* | - |
| *Net Exposure* | *7.62* | *34.30* | *7.64* | *0.87* |

The following significant exchange rates have been applied .

| Particulars | Year-end spot rate March 31, 2018 | Year-end spot rate March 31, 2017 |
|---|---|---|
| USD /INR | 64.82 | 64.72 |
| SGD/INR | 49.38 | 46.31 |
| EUR/INR | 79.87 | 69.14 |
| CHF / INR | 67.89 | 64.66 |
| AED/INR | 17.65 | 17.62 |

**Sensitivity analysis**

The Sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

| Effect in INR | Profit or (loss) Strengthening | Profit or (loss) Weakening |
|---|---|---|
| **March 31, 2018** | ₹ | ₹ |
| USD 5% movement | (93.73) | 93.73 |
| SGD 5% movement | (84.69) | 84.69 |
| EUR 10% movement | (828.30) | 828.30 |
| CHF 5 % movement | (2.94) | 2.94 |
| AED 5% movement | - | - |
| | (1,009.66) | 1,009.66 |

| Effect in INR | Profit or (loss) Strengthening | Profit or (loss) Weakening |
|---|---|---|
| **March 31, 2017** | ₹ | ₹ |
| USD 5% movement | *(24.66)* | *24.66* |
| SGD 5% movement | *(79.42)* | *79.42* |
| EUR 10% movement | *(52.82)* | *52.82* |
| CHF 5 % movement | *(2.81)* | *2.81* |
| AED 5% movement | - | - |
| | *(159.71)* | *159.71* |

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 2018 | *As at 31 March 2017* |
|---|---|---|
| | ₹ in Lakhs | *₹ in Lakhs* |
| Variable Rate Borrowing | 11,248.59 | *13,799.90* |

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) Loss for the year ended March 31, 2018 would decrease/increase by ₹.67.27 Lakhs (2017: Profit for the year decrease/increase by ₹.84.92 lakhs ). 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 portfolio 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

The table below summarises the impact of increases/decreases of the index on the group's equity and profit for the period. The analysis is based on the assumption that the equity index had increased or decreased by 15% in 2017 and 2018 with all other variables held constant and that all the companies' equity instruments moved in line with the index.

| Particulars | Impact on profit / (loss) after tax | | Impact on other components of equity | |
|---|---|---|---|---|
| | 31-Mar-18 | *31-Mar-17* | 31-Mar-18 | *31-Mar-17* |
| | ₹ in Lakhs | *₹ in Lakhs* | ₹ in Lakhs | *₹ in Lakhs* |
| BSE Sensex - increase 15% (2017 - 15%) | 2.62 | *1.41* | 0.48 | *29.62* |
| BSE Sensex - decrease 15% (2017 - 15%) | (2.62) | *(1.41)* | (0.48) | *(29.62)* |

Profit/ (Loss) for the year would increase/decrease as a result of gains/losses on equity securities classified 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 2018 ₹ in Lakhs | *As at 31 March 2017 ₹ in Lakhs* |
|---|---|---|---|
| **Current** | | | |
| **Financial Assets** | | | |
| Trade Receivable | 7 | 25,849.73 | *25,996.89* |
| Inventories | 13 | 26,005.07 | *26,957.16* |
| Total Current assets pledged as security | | 51,854.80 | *52,954.05* |
| **Non-current** | | | |
| Land - Leasehold | 3 | 40.40 | *42.77* |
| Buildings | 3 | 6,722.99 | *6,924.97* |
| Other Fixed Assets * | 3 | 3,232.02 | *3,213.46* |
| Brand / Trade Mark ( refer note 17) | 4 | - | - |
| Total Non Current assets pledged as security | | 9,995.41 | *10,181.20* |
| Total assets pledged as security | | 61,850.21 | *63,135.25* |

* Other Fixed Assets includes moveable asset for employee benefits, which has not been pledged

37 Movement in deferred tax balances

| Particulars | As at April 1, 2017 | For the year 2017-18 | | | As at March 31, 2018 | | |
|---|---|---|---|---|---|---|---|
| | | Recognised in profit or loss | Recognised in OCI | Utilised against tax Payable | Net | Deferred tax asset | Deferred tax liability |
| | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs |
| **Deferred tax asset** | | | | | | | |
| Property, plant and equipment | (811.51) | (173.53) | - | - | (985.04) | - | (985.04) |
| Provisions | 212.04 | 196.78 | (54.31) | - | 354.51 | 354.51 | - |
| MAT Credit Entitlement | 488.90 | - | - | (488.90) | - | - | - |
| Amortisation of Processing fees | (29.77) | 14.72 | - | - | (15.05) | - | (15.05) |
| Expenses allowed on Payment | 417.33 | (30.80) | - | - | 386.53 | 386.53 | - |
| **Deferred Tax Assets /(Liabilities)** | **276.99** | **7.17** | **(54.31)** | **(488.90)** | **(259.05)** | **741.04** | **(1,000.09)** |

| Particulars | As at April 1, 2016 | For the year 2016-17 | | | As at March 31, 2017 | | |
|---|---|---|---|---|---|---|---|
| | | Recognised in profit or loss | Recognised in OCI | Utilised against tax Payable | Net | Deferred tax asset | Deferred tax liability |
| | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs |
| **Deferred tax asset** | | | | | | | |
| Property, plant and equipment | (840.43) | 28.92 | - | - | (811.51) | - | (811.51) |
| Provisions | 190.09 | 39.45 | (17.50) | - | 212.04 | 212.04 | - |
| MAT Credit Entitlement | 878.79 | - | - | (389.89) | 488.90 | 488.90 | - |
| Amortisation of Processing fees | (56.88) | 27.11 | - | - | (29.77) | - | (29.77) |
| Expenses allowed on Payment | 623.00 | (205.67) | - | - | 417.33 | 417.33 | - |
| **Deferred Tax Assets /(Liabilities)** | **794.57** | **(110.19)** | **(17.50)** | **(389.89)** | **276.99** | **1,118.27** | **(841.28)** |

Deferred Tax assets have not been recognised in respect of non current investments because it is not probable that future taxable profit would be available against which the Company can use the benefit there from.

**Notes to the financial statements for the year ended March 31, 2018 - continued**

38 Income Tax expense

( a ) Amounts recognised in profit and loss

| Particulars | For the year ended March 31, 2018 ₹ in Lakhs | For the year ended March 31, 2017 ₹ in Lakhs |
|---|---|---|
| Current income tax | 2,101.96 | *2,066.58* |
| Deferred tax expense | (7.17) | *110.20* |
| Tax expense for the year | 2,094.79 | *2,176.78* |

( b ) Amounts recognised in other comprehensive income

| Particulars | For the year ended March 31, 2018 | | | For the year ended March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs |
| Items that will not be reclassified to profit or loss | | | | | | |
| Remeasurements of the defined benefit plans | (5.67) | 1.96 | (3.71) | (96.58) | 33.42 | (63.16) |
| Equity Instruments through Other Comprehensive Income | 99.92 | (54.31) | 45.61 | 105.24 | (17.50) | 87.74 |
| | 94.25 | (52.35) | 41.90 | 8.66 | 15.92 | 24.58 |

( c ) Reconciliation of effective tax rate

| Particulars | For the year ended March 31, 2018 ₹ in Lakhs | For the year ended March 31, 2017 ₹ in Lakhs |
|---|---|---|
| Profit/ (Loss) before tax | (11,375.22) | *7,661.80* |
| Tax using the Company's domestic tax rate (Current year 34.608% and Previous Year 34.608%) | (3,937.00) | 2,651.60 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income | 35.43 | *19.09* |
| Tax effect on exceptional item for which no deferred tax assets has been recognised | 5,946.00 | - |

| | | |
|---|---|---|
| Tax effect of amounts which are Exempt in calculating taxable income | (52.13) | *(510.17)* |
| Round off/ others / Changes in Rates | 102.49 | *16.26* |
| | 2,094.79 | *2,176.78* |

The Company’s average tax rates for the years ended March 31, 2018 and 2017 were -18.42% and 28.41%, respectively. Income tax expense was ₹. 2094.79 lakhs for the year ended March 31, 2018, as compared to income tax expense of ₹. 2176.78 Lakhs for the year ended March 31, 2017.

| | | |
|---|---|---|
| | - | - |

Euro Forbes Financial Services Limited

(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements

For the year ended March 31, 2018

**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 2018, 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 state of affairs of the Company as at 31 March, 2018, and its Loss 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 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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

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

**Paresh Chokshi**
*Partner*
Membership No: 033597

Place : Mumbai
Date : April 24, 2018

**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 2018, 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, there were no statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, employees' state insurance, service tax, Goods and service tax, cess and other material statutory dues payable during the year.

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, goods and service tax, cess and other material statutory dues were in arrears as at 31st March, 2018 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, 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 : April 24, 2018

## 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 2018 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**Opinion**

In our opinion ,the Company has ,in all material respects ,an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018, 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 : April 24, 2018

**Euro Forbes Financial Services Limited**

## BALANCE SHEET AS AT 31ST MARCH, 2018

| | | Notes | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|---|---|
| | | | ` | ` | ` | ` |
| | **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** | 2,85,551 | | *3,40,854* | |
| (iv) | Bank balances other than (iii) above | | - | | - | |
| (v) | Loans | | - | | - | |
| (vi) | Other financial assets | | - | 2,85,551 | - | *3,40,854* |
| (c) | Income Tax Asset (Net) | | | - | | - |
| (d) | Other current assets | | | - | | - |
| | | | | 2,85,551 | | *3,40,854* |
| | **Total Current Assets** | | | **2,85,551** | | ***3,40,854*** |
| | **Total Assets** | | | **2,85,551** | | ***3,40,854*** |

**Euro Forbes Financial Services Limited**

**BALANCE SHEET AS AT 31ST MARCH, 2018**

| | | Notes | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|---|---|
| | **EQUITY AND LIABILITIES** | | | | | |
| | **Equity** | | | | | |
| (a) | Equity share capital | **4** | 5,00,000 | | *5,00,000* | |
| (b) | Other Equity | **5** | (2,54,026) | | *(2,26,449)* | |
| | Equity attributable to owners of the Company | | | 2,45,974 | | *2,73,551* |
| | **Total Equity** | | | **2,45,974** | | ***2,73,551*** |
| | **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** | 39,577 | | *59,803* | |
| (iii) | Other financial liabilities | **7** | - | 39,577 | *7,500* | *67,303* |
| (b) | Provisions | | | - | | - |
| (c) | Current tax liabilities (Net) | | | - | | - |
| (d) | Other current liabilities | | | - | | - |
| | **Total Current Liabilities** | | | **39,577** | | ***67,303*** |
| | **Total Liabilities** | | | **39,577** | | ***67,303*** |
| | **Total Equity and Liabilities** | | | **2,85,551** | | ***3,40,854*** |
| | | | | - | | - |

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

Marzin R Shroff — Director
*(Din: 00642613)*

Paresh Chokshi
Partner
*Membership No. 33597*

R S Moorthy — Director
*(Din: 02706251)*

*Mumbai , Dated :* April 24, 2018

*Mumbai , Dated : April 24, 2018*

**Euro Forbes Financial Services Limited**

**Statement of Profit and Loss for the year ended 31st March, 2018**

| | | Notes | Year 2017-18 ` | Year 2016-17 ` |
|---|---|---|---|---|
| I | **Income** | | | |
| | Revenue from Operations | | - | - |
| | Other income | | - | - |
| | **Total Income** | | **-** | **-** |
| II | **Expenses** | | | |
| | Employee benefits expense | | - | - |
| | Depreciation and amortisation expense | | - | - |
| | Other expenses | 8 | 27,577 | 18,055 |
| | **Total expenses** | | **27,577** | ***18,055*** |
| III | **Profit before exceptional items and tax** | | **(27,577)** | **(18,055)** |
| | Add/ (Less) : Exceptional items | | | - |
| IV | **Profit / Loss before tax** | | **(27,577)** | ***(18,055)*** |
| | Less: Tax expense | | | |
| (1) | Current tax | | - | - |
| (2) | Deferred tax charge / (credit) | | - | - |
| | | | **-** | **-** |
| V | **Profit / Loss for the year** | | ***(27,577)*** | ***(18,055)*** |
| VIII | **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)** | | **(27,577)** | **(18,055)** |
| | Profit for the year attributable to: | | | |
| | - Owners of the Company | | (27,577) | (18,055) |
| | | | (27,577) | *(18,055)* |
| | Other comprehensive income for the year attributable to: | | | |
| | - Owners of the Company | | - | - |
| | | | - | - |
| | Total comprehensive income for the year attributable to: | | | |
| | - Owners of the Company | | (27,577) | (18,055) |
| | | | (27,577) | *(18,055)* |
| | Earnings per equity share (for continuing operation): | | | |
| | (1) Basic (in Rs.) | | (0.55) | *(0.36)* |
| | (2) Diluted (in Rs.) | | (0.55) | *(0.36)* |

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

Marzin R Shroff — Director
*(Din: 00642613)*

Paresh Chokshi
Partner
Membership No. 33597

R S Moorthy — Director
*(Din: 02706251)*

Mumbai , Dated : April 24, 2018

Mumbai , Dated : April 24, 2018

**Euro Forbes Financial Services Limited**

**Cash Flow Statement for the year ended 31st March, 2018**

| | Year ended March 31, 2018 | | Year ended March 31, 2017 | |
|---|---|---|---|---|
| | ` | ` | ` | ` |
| **Cash flows from operating activities** | | | | |
| Profit for the year | | (27,577) | | *(18,055)* |
| Adjustments for: | | | | |
| | | **(27,577)** | | ***(18,055)*** |
| Movements in working capital: | | | | |
| Increase/ (Decrease) in trade and other payables | (27,726) | | *17,250* | |
| Cash generated from operations | | *(55,303)* | | (805) |
| Less : Income taxes paid | | - | | |
| **Net cash generated by operating activities** | | **(55,303)** | | ***(805)*** |
| **Cash flows from investing activities** | | | | |
| **Net Increase / (Decrease ) in cash and cash equivalents** | | **(55,303)** | | ***(805)*** |
| Cash and cash equivalents at the beginning of the year | | 3,40,854 | | *3,41,659* |
| **Cash and cash equivalents at the end of the year** | | 2,85,551 | | ***3,40,854*** |
| **Net Increase / (Decrease ) in cash and cash equivalents as disclosed above** | | **(55,303)** | | ***(805)*** |
| | | - | | - |

| | | |
|---|---|---|
| Per our report attached<br>For BATLIBOI & PUROHIT<br>*Chartered Accountants*<br>Firm Regn No. 101048W | Marzin R Shroff | Director<br>*(Din: 00642613)* |
| Paresh Chokshi<br>Partner<br>Membership No. 33597 | R S Moorthy | Director<br>*(Din: 02706251)* |
| Mumbai , Dated : April 24, 2018 | Mumbai , Dated : April 24, 2018 | |

**Euro Forbes Financial Services Limited**

**Statement of changes in equity for the year ended March 31, 2018**

| **a. Equity share capital** | **Amount** ` |
|---|---|
| **Balance at April 1, 2016** | 5,00,000.00 |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2017** | **5,00,000.00** |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2018** | **5,00,000.00** |

**B. Other Equity**

| | **Attributable to owners of the Company** | |
|---|---|---|
| | **Reserves and surplus** | |
| | **Retained earnings** | **Total** |
| | ` | ` |
| **Balance at 1st April 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)** |
| **Balance at March 31, 2017** | **(2,26,449)** | **(2,26,449)** |
| Profit for the year | (27,577) | (27,577) |
| **Total comprehensive income for the year** | **(27,577)** | **(27,577)** |
| Transfer to retained earnings | - | - |
| **Balance at March 31, 2018** | **(2,54,026)** | **(2,54,026)** |

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

Paresh Chokshi
Partner
Membership No. 33597

Mumbai , Dated : April 24, 2018

Marzin R Shroff — Director
*(Din: 00642613)*

R S Moorthy — Director
*(Din: 02706251)*

Mumbai , Dated : April 24, 2018

Euro Forbes Financial Services Limited

**Notes to the financial statements for the year ended March 31, 2018**

**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.

**(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 /GST, credit notes issued for various schemes and volume rebates. Revenue is recognise 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.

Income from services are recognised once the services are rendered.

**(b) Taxation**

Income tax comprises current and deferred tax. It is recognised in profit and loss except to the extent that is relates to the 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 forseeable future.

**(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 equivalent**

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 tem, highly liquid investment 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.

**(e) Functional and presentation currency**

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

**(f) 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.

**(g) Financial Instruments**

Trade receivables are initially recognised at cost when they are originated and subsequenlty measured less porvision for impairment . All Other financial assets and liabilities are initially recognised when the company becomes a party to the contractual provisions of the instruments

**(h) 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

### 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, 2018 | As at March 31, 2017 |
|---|---|---|
| | ` | ` |
| Balances with Banks in current accounts | 2,85,551 | 3,40,854 |
| Cheques, drafts on hand | - | - |
| Cash on hand | - | - |
| **Total Cash & Cash Equivalents** | **2,85,551** | **3,40,854** |

### 4. Equity Share Capital

| Particulars | As at March 31, 2018 ` | As at March 31, 2017 ` |
|---|---|---|
| Equity share capital | 5,00,000 | 5,00,000 |
| **Total** | 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 |
| **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 |

### 4.1 Fully paid equity shares

| Particulars | Number of shares | Share capital ` |
|---|---|---|
| Balance at April 1, 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 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| **Balance at March 31, 2018** | **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, 2018 | As at March 31, 2017 |
| **Balance at the beginning of the period - Held by Eureka Forbes Limited** | 50,000 | 50,000 |
| **Total as at the end of the period** | **50,000** | **50,000** |

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

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | 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 | 50,000 | 100% | 50,000 | 100% |
| **Total** | 50,000 | 100% | 50,000 | 100% |

### 5. Other equity

| Particulars | As at March 31, 2018 ` | As at March 31, 2017 ` |
|---|---|---|
| General reserve | | |
| Balance at beginning of the year | - | - |
| **Balance at end of the year** | **-** | **-** |
| Retained earnings | | |
| Balance at beginning of year | (2,26,449) | (2,08,394) |
| Add/ (less): Profit/ (loss) for the year | (27,577) | (18,055) |
| 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** | **(2,54,026)** | **(2,26,449)** |
| **Total** | **(2,54,026)** | **(2,26,449)** |

**6. Trade payables**

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| | ` | ` | ` | ` |
| Trade payables (including acceptances) | | | 39,577 | 59,803 |
| Trade payables to related parties | | | | |
| **Total** | **-** | **-** | **39,577** | ***59,803*** |

### 7. Other financial liabilities

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 ` | As at March 31, 2017 ` | As at March 31, 2018 ` | As at March 31, 2017 ` |
| Professional Fees payable | | | - | 7,500 |
| **Total** | - | - | - | 7,500 |

**Notes to the financial statements for the year ended March 31, 2018 - continued**

**8. Other expenses**

| **Particulars** | **Year ended March 31, 2018** | **Year ended March 31, 2017** |
|---|---|---|
| | ` | ` |
| Payment to Auditors (Refer details Below) | 18,982 | 17,250 |
| Professional Fees | 7,946 | - |
| Other Establishment Expenses | 649 | 805 |
| **Total** | **27,577** | **18,055** |

| **Payments to auditors** | **Year ended March 31, 2018** | **Year ended March 31, 2017** |
|---|---|---|
| As auditor | | |
| Audit fee | 12,610 | 11,500 |
| Tax audit fee | | |
| In other capacity | | |
| For other services | 6,372 | 5,750 |
| For reimbursement of expenses | | |
| | **18,982** | **17,250** |

**9. 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 2018 | Year ended 31 March 2017 |
|---|---|---|
| | ` | ` |
| Profit / Loss for the year attributable to equity share holders | -27,577 | -18,055 |
| 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 | (0.55) | (0.36) |

**Notes to the financial statements for the year ended March 31, 2018 - continued**

10 The Company has not yet started commercial operations and hence there are no employees in the Company.

11 There are no contingent Liabilities at the end of the year.

| | | |
|---|---|---|
| Per our report attached<br>For BATLIBOI & PUROHIT<br>*Chartered Accountants*<br>Firm Regn No. 101048W | Marzin R Shroff | Director<br>*(Din: 00642613)* |
| Paresh Chokshi<br>Partner<br>Membership No. 33597 | R S Moorthy | Director<br>*(Din: 02706251)* |
| Mumbai , Date : April 24, 2018 | | |

Euro Forbes Limited

(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements

For the year ended December 31, 2017

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF EURO FORBES LIMITED**

**Report on the Audit of the 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 2017, 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 effects of the matters discussed in the basis of qualified opinion paragraphs, the accompanying financial statements present fairly in all material respects, the financial position of **EURO FORBES LIMITED** as at 31 December 2017, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

*Basis for Qualified Opinion*

- As described in notes 5 and 6, the company has made investments in a subsidiary company of US $ 13,881,917 and has advanced loan of US $ 27,498,899 inclusive of accrued interest of US $ 4,568,298, to the subsidiary availing loan from a bank for the business expansion purposes. This subsidiary has:

- incurred loss of US $ 1,154,859 during the year and has accumulated losses of US $ 11,039,686 as at 31 December 2017,
- long overdue receivables of US $ 30,560,772, for which we are not provided with sufficient audit evidence to ascertain the ability, extent and timing of recoverability and hence we were not able to assess the adequacy of the provision made following satisfactory audit procedures, and
- has not expanded its business as planned,
- no profitable projections for the ensuing years.

Considering above, full provision for the impairment of investment and loan amounting to US $ 41,380,816 needs to be made in the accounts increasing the loss for the year and reducing the net assets as at 31 December 2017 by that amount.

- As described in note 10, the company has parent shareholder company securitized long term loan liability of US $ 25,000,000 out of which US $ 6,000,000 due and payable by September 2018 and balance payable in the years 2019 and 2020. The company does not have any cash generating assets or source of income and is fully dependent on contribution of funds by the parent shareholder company.

The above matters indicate a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. The continuation of the company as a going concern is dependent upon the shareholder introducing additional funds in the company by way of equity and or loan, the banker continuing to provide necessary financial support and upon the company's subsidiary company commencing profitable operations in the future generating sufficient cash flows.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities sunder 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.

*Emphasis of Matter*

We draw attention to the following notes to the financial statements:

i. Note 2 which states that 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. Note 5 which states that investment in an overseas company is in the name of the parent shareholder company held in trust on behalf of the company.

*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.

- 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**
23 April 2018
Dubai

**EURO FORBES LIMITED**

**Statement of Financial Position**
***31 December 2017***

| **ASSETS** | **Notes** | **2017 US $** | **2017 INR** | **2016 US $** | **2016 INR** |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Investments | 5 | 1,38,81,917 | 88,44,83,565 | 1,41,31,917 | 95,82,57,028 |
| Loan to a subsidiary | 6 | 2,74,98,899 | 1,75,20,86,850 | 2,55,42,102 | 1,73,19,58,852 |
| | | **4,13,80,816** | **2,63,65,70,415** | **3,96,74,019** | **2,69,02,15,880** |
| **Current asset** | | | | | |
| Cash and cash equivalents | 7 | 76,324 | 48,62,968 | 95,573 | 64,80,614 |
| **Total assets** | | **4,14,57,140** | **2,64,14,33,384** | **3,97,69,592** | **2,69,66,96,494** |
| | | | | | |
| **EQUITY AND LIABILITIES** | | | | | |
| **Shareholder's funds** | | | | | |
| **Capital and reserves** | | | | | |
| Share capital | 8 | 1,13,32,767 | 72,67,77,833 | 1,13,32,767 | 72,67,77,833 |
| Accumulated losses | | (58,94,248) | (36,15,80,306) | (49,79,197) | (30,24,70,253) |
| Foreign Currency Translation Reserve | | | (1,86,83,377) | | 65,15,295 |
| **Shareholder's equity funds** | | **54,38,519** | **34,65,14,150** | **63,53,570** | **43,08,22,875** |
| Loan account | 9 | 82,57,730 | 52,61,39,615 | 59,52,762 | 40,36,44,886 |
| **Total shareholder's funds** | | **1,36,96,249** | **87,26,53,766** | **1,23,06,332** | **83,44,67,761** |
| | | | | | |
| **Non-current liabilities** | | | | | |
| Term loan | 10 | 1,90,00,000 | 1,21,05,81,200 | 2,50,00,000 | 1,69,52,00,000 |
| Loan from a related party | 11 | 24,04,889 | 15,32,27,022 | 21,27,874 | 14,42,86,880 |
| | | **2,14,04,889** | **1,36,38,08,222** | **2,71,27,874** | **1,83,94,86,880** |
| **Current liabilities** | | | | | |
| Term loan | 10 | 60,00,000 | 38,22,88,800 | - | |
| Accruals | | 3,56,002 | 2,26,82,596 | 3,35,386 | 2,27,41,854 |
| | | **63,56,002** | **40,49,71,396** | **3,35,386** | **2,27,41,854** |
| **Total liabilities** | | **2,77,60,891** | **1,76,87,79,618** | **2,74,63,260** | **1,86,22,28,734** |
| **Total equity and liabilities** | | **4,14,57,140** | **2,64,14,33,384** | **3,97,69,592** | **2,69,66,96,495** |

*The notes on pages 9 to 18 form an integral part of these financial statements*

Sunil Dhondiram Uphale
Director

**EURO FORBES LIMITED**

**Statement of Profit or Loss and Other Comprehensive Income**
***for the year ended 31 December 2017***

| | Notes | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Interest income | 13 | 13,79,867 | 8,91,36,028 | 13,04,031 | 8,73,63,883 |
| Other income | | 10,250 | 6,62,125 | - | - |
| **Total revenue** | | **13,90,117** | **8,97,98,152** | **13,04,031** | **8,73,63,883** |
| **Expenditure** | | | | | |
| Provision for impairment | 5 | (2,50,000) | (1,61,49,388) | - | - |
| Finance charges | 12 & 13 | (19,29,014) | (12,46,09,578) | (17,44,058) | (11,68,43,602) |
| Administrative expenses | | (1,26,154) | (81,49,239) | (1,01,675) | (68,11,742) |
| **Total expenditure** | | **(23,05,168)** | **(14,89,08,205)** | **(18,45,733)** | **(12,36,55,344)** |
| **Loss for the year** | | **(9,15,051)** | **(5,91,10,053)** | **(5,41,702)** | **(3,62,91,461)** |
| **Other comprehensive income / (loss)** | | - | - | - | - |
| **Total comprehensive loss for the year** | | **(9,15,051)** | **(5,91,10,053)** | **(5,41,702)** | **(3,62,91,461)** |

*The notes on pages 9 to 18 form an integral part of these financial statements*

**EURO FORBES LIMITED**

**Statement of Changes in Equity**
***for the year ended 31 December 2017***

| | Share capital US $ | Share capital INR | Accumulated losses US $ | Accumulated losses INR | Total US $ | Total INR |
|---|---|---|---|---|---|---|
| **As at 31 December 2015** | **97,32,866** | **62,41,75,125** | **(44,37,495)** | **(26,95,63,593)** | **52,95,371** | **35,46,11,532** |
| Contributed during the year | 15,99,901 | 10,26,02,708 | - | | **15,99,901** | 10,26,02,708 |
| Loss for the year | - | - | (5,41,702) | (3,29,06,660) | (5,41,702) | (3,29,06,660) |
| **As at 31 December 2016** | **1,13,32,767** | **72,67,77,833** | **(49,79,197)** | **(30,24,70,253)** | **63,53,570** | **42,43,07,580** |
| Loss for the year | - | - | (9,15,051) | (5,91,10,053) | (9,15,051) | (5,91,10,053) |
| As at 31 December 2017 | 1,13,32,767 | 72,67,77,833 | (58,94,248) | (36,15,80,306) | 54,38,519 | 36,51,97,527 |

*The notes on pages 9 to 18 form an integral part of these financial statements*

**EURO FORBES LIMITED**

**Statement of Cash Flows**

*for the year ended 31 December 2017*

| | Note | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Loss for the year | | (9,15,051) | (5,91,10,053) | (5,41,702) | (3,62,91,461) |
| Adjustments for: | | | | | |
| Provision for impairment | | 2,50,000 | 1,61,49,388 | - | - |
| Interest income | | (13,79,867) | (8,91,36,028) | (13,04,031) | (8,73,63,883) |
| Finance charges | | 19,29,014 | 12,46,09,578 | 17,44,058 | 11,68,43,602 |
| **Operating loss before working capital changes** | | **(1,15,904)** | **(74,87,114)** | **(1,01,675)** | **(68,11,742)** |
| Increase / (decrease) in accruals | | 272 | 17,571 | 272 | 18,223 |
| **Cash generated from / (used in) operations** | | **(1,15,632)** | **(74,69,544)** | **(1,01,403)** | **(67,93,519)** |
| Finance charges paid | | (13,26,687) | (8,57,00,730) | (11,66,933) | (7,81,78,968) |
| **Net cash from / (used in) operating activities** | | **(14,42,319)** | **(9,31,70,274)** | **(12,68,336)** | **(8,49,72,487)** |
| | | | | | |
| **Cash flows from investing activity** | | | | | |
| Interest received | | 70 | 4,522 | 54 | 3,618 |
| **Net cash from / (used in) investing activity** | | **70** | **4,522** | **54** | **3,618** |
| | | | | | |
| **Cash flows from financing activities** | | | | | |
| (payments of) loan to a subsidiary company | | (5,77,000) | (3,72,72,786) | (19,78,901) | (13,25,76,967) |
| Receipts of loan from related parties | | - | - | 15,14,754 | 10,14,81,323 |
| Receipts of loan from a shareholder | | 20,00,000 | 12,91,95,100 | - | - |
| Capital contributed by the parent shareholder company | | - | - | 15,99,901 | 10,71,85,767 |
| Net cash introduced from / (used in) financing activities | | **14,23,000** | **9,19,22,314** | **11,35,754** | **7,60,90,123** |
| | | | | | |
| **Net increase / (decrease) in cash and cash equivalents** | | **(19,249)** | **(12,43,438)** | **(1,32,528)** | **(88,78,746)** |
| **Cash and cash equivalents at the beginning of the year** | | **95,573** | **64,02,937** | **2,28,101** | **1,52,81,684** |
| **Cash and cash equivalents at the end of the year** | 7 | **76,324** | **51,59,499** | **95,573** | **64,02,937** |

*The notes on pages 9 to 18 form an integral part of these financial statements.*

**1 Legal status and activities**

**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 is incorporated to carry out general trading and investment holding globally. The company has invested in and advanced funds to its subsidiary company as described in notes 5 and 6.

**2 Basis of preparation**

During the year ended 31 December 2017, the company has incurred loss of US $ 915,051 (2016: US $ 541,702) and as of that date accumulated losses amounted to US $ 5,894,248 (2016: US $ 4,979,197) resulting in reduction in equity funds to less than 50% of the company's share capital. In addition, the current liabilities exceed the current assets by US $ 6,279,678 as of the above date. Mainly due to liability owed to a banker of US $ 6,000,000 falling due for payment in September 2018. The company's investment of own and borrowed funds in the subsidiary companies as described in notes 5 and 6 have not yielded any returns and there are no profitable projections available for the ensuing years.

In order to overcome above situation and to honour the liability owed to a banker as described in note 10, the parent company is exploring various options to restructure and bring in some partners in the ASEAN business during the next one year so that the business in the ASEAN part can be revived. The parent company is also planning a complete restructure in the company and its subsidiary, obtaining required regulatory approvals from Indian authorities, in order to plan for the pay-out of the loans and expand the business.

Due to above reasons, impairment of investment is not considered necessary.

Considering above, the accompanying financial statements have been prepared on the basis that the company will continue as a going concern.

These financial statements contain 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.

*Statement of compliance*

The financial statements have been prepared under accrual basis of accounting in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of 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, revenue, 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 has applied all applicable accounting standards and amendments which are effective for annual periods beginning on or after 1 January 2017. The company has not early adopted any other standard, interpretation or amendment that has been issued but are 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:

**Investment in subsidiaries and associates**

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 and associates 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 and associates 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 term loan, 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 the statement of profit or loss and other comprehensive income.

**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 currencies other than US Dollars are converted into US Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in currencies other than US Dollars 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 judgment employed in applying accounting policies and key sources of estimation uncertainty**

**4.1 Significant 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 the statement of 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 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 investments 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**

**Investment in a subsidiary:**

| | Country of Incorporation | % of Ownership | 2017 USD | 2017 INR | 2016 USD | 2016 INR |
|---|---|---|---|---|---|---|
| Forbes Lux FZCO * | U. A. E. | 99.42 | | | | |
| 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) | | | **1,38,81,917** | **88,44,83,565** | **1,38,81,917** | **94,13,05,028** |
| **Investment in an overseas company:** | | | | | | |
| Econopure Water Systems LLC ~ | USA | - | 2,50,000 | 1,59,28,700 | 2,50,000 | 1,69,52,000 |
| Provision for impairment | | | (2,50,000) | (1,59,28,700) | - | - |
| | | | **-** | **-** | **2,50,000** | **1,69,52,000** |
| **Investment in an associate:** | | | | | | |
| Euro P2P direct Thailand Co. Ltd @ | Thailand | 49 | - | - | - | - |
| **Total Investments** | | - | **1,38,81,917** | **88,44,83,565** | **1,41,31,917** | **95,82,57,028** |
| **Share of net book value as at 31 December 2017** | | | | | | |
| Forbes Lux FZCO | | | 29,06,918 | 18,52,13,699 | 40,55,077 | 27,49,66,661 |
| Econopure Water Systems LLC | | | - | - | 8,572 | 5,81,250 |
| Euro P2P Direct Thailand Co. Ltd. | | | - | | - | |
| | | | **29,06,918** | **18,52,13,699** | **40,63,649** | **27,55,47,911** |

* The principal activity of **Forbes Lux FZCO** 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.

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

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

@ During the year 2015, the company took over 49% stake in **Euro P2P Direct Thailand Co. Ltd**., an overseas company held by the related party of ultimate parent company at nil value as the investment was impaired in the earlier years.

Although, net book values of investments made has significantly depleted, following capital restructure program of the parent company, no impairment is considered necessary by the management.

**EURO FORBES LIMITED**
**Notes to the Financial Statements**
***for the year ended 31 December 2017***

**6 Loan to a subsidiary**

This represents unsecured and 6% - 7.5% interest bearing loan together with interest accrued thereon 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.

Movements in the loan to a subsidiary and interest receivable accounts were as follows:

| | 2017 USD | 2017 INR | 2016 USD | 2016 INR |
|---|---|---|---|---|
| **Loan to a subsidiary** | | | | |
| Opening balance | 2,23,53,601 | 1,42,42,55,217 | 2,03,74,700 | 1,38,15,67,658 |
| Funds advanced/(withdrawn) - net | 5,77,000 | 3,67,63,440 | 19,78,901 | 13,41,85,319 |
| Closing balance | **2,29,30,601** | **1,46,10,18,657** | **2,23,53,601** | **1,51,57,52,977** |
| **Interest receivable** | | | | |
| Opening balance | 31,88,501 | 20,31,54,704 | 18,84,524 | 12,77,85,803 |
| Charge for the year | 13,79,797 | 8,79,13,490 | 13,03,977 | 8,84,20,072 |
| Closing balance | **45,68,298** | **29,10,68,193** | **31,88,501** | **21,62,05,876** |
| | **2,74,98,899** | **1,75,20,86,850** | **2,55,42,102** | **1,73,19,58,852** |

**7. Cash and cash equivalents**
This represents balance in current accounts with a bank.

| | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|
| Cash on hand | - | - | - | - |
| Bank balances in: | | | | |
| Current accounts | 76,324 | 48,62,968 | 95,573 | 64,80,614 |
| | **76,324** | **48,62,968** | **95,573** | **64,80,614** |

**8. Share capital**

| | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|
| **Authorized capital** | | | | |
| 131,000 shares of nominal value of AED 1,000 each (Converted @ 1 US $ =AED 3.67) | **3,56,94,823** | | **3,56,94,823** | |
| **Issued and paid-up capital** | | | | |
| 41,615 shares of nominal value of AED 1,000 each (Converted @ 1 US $ =AED 3.672) | **1,13,32,767** | | **1,13,32,767** | |

**9. Loan account**

This represents unsecured interest bearing loan together with accrued interest thereon from Eureka Forbes Limited, the parent shareholder company. The loan amount is utilized to meet with the working capital requirements of the subsidiary company and pay current year's interest charge on the term loan from a bank.

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.

Movements in the loan from parent shareholder company and interest payable accounts were as follows:

| | 2017 USD | 2017 INR | 2016 USD | 2016 INR |
|---|---|---|---|---|
| **Loan from a parent shareholder company** | | | | |
| Opening balance | 37,07,470 | 23,62,20,710 | 37,07,470 | 25,13,96,126 |
| Additional loan | 20,00,000 | 12,74,29,600 | - | - |
| Closing balance | **57,07,470** | **36,36,50,310** | **37,07,470** | **25,13,96,126** |
| Interest payable | | | | |
| Opening balance | 22,45,292 | 14,30,58,331 | 18,23,256 | 123631342.8 |
| Charge for the year | 3,04,968 | 1,94,30,975 | 4,22,036 | 28617417.09 |
| Closing balance | **25,50,260** | **16,24,89,306** | **22,45,292** | **15,22,48,760** |
| | **82,57,730** | **52,61,39,615** | **59,52,762** | **40,36,44,886** |

**10. Term loan**

This represents term loan availed from a bank for business expansion of the company's subsidiary in the year 2014. The loan amount is secured against the corporate guarantee of the parent shareholder company, carries interest rate of LIBOR plus 385 bps per annum and is repayable in 3 annual instalments commencing from the year 2018 as follows:

| Year | Term loan |
|---|---|
| 2018 | 60,00,000 |
| 2019 | 60,00,000 |
| 2020 | 1,30,00,000 |
| | **2,50,00,000** |

The subsidiary company returned the loan amount during the year of receipt to the parent shareholder company repay the liability of US $ 22,000,000 owed to other bank and the balance amount was retained for the business expansion purposes which could not take place. The company has also taken pre-approved Loan Equivalent Risk (LER) facility from the bank to manage and measure the interest rate risk.

**11. Loan from a related party**

This represents unsecured, 12.5% p.a. interest bearing loan of US $ 2,019,275 and accrued interest thereon of US $ 385,614 from Forbes Lux International AG, fellow subsidiary company, to meet with the working capital requirement, repayable by 31 December 2020 or such other time as may be mutually agreed between the parties.

**12. Finance charges**

| | **2017 USD** | **2017 INR** | **2016 USD** | **2016 INR** |
|---|---|---|---|---|
| Interest on shareholder’s loan | 3,04,968 | 1,97,00,186 | 4,22,036 | 2,82,74,407 |
| Interest on loan from related parties | 2,88,409 | 1,86,30,515 | 1,12,565 | 75,41,320 |
| Interest on term loan | 13,34,362 | 8,61,96,516 | 12,08,379 | 8,09,55,653 |
| Bank charges | 1,275 | 82,362 | 1,078 | 72,221 |
| | **19,29,014** | **12,46,09,578** | **17,44,058** | **11,68,43,602** |

**13. Related party transactions and balances**

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

Related parties are the parent shareholder company, subsidiary company, associate company, fellow subsidiary company and directors as under:

| | |
|---|---|
| Eureka Forbes Limited, India | Parent shareholder company |
| Forbes Lux FZCO, Dubai, UAE | Subsidiary |
| Euro P2P Direct Thailand Co. Ltd., Thailand | Associate |
| Forbes Lux International AG, Switzerland | Fellow subsidiary |
| Rajagopalan Sambamoorthy | Director |
| Sunil Dhondiram Uphale | Director |

As at the date of statement of financial position, balances and significant transactions during the year with related parties were as follows:

| | | **Parent shareholder company USD Dr/(Cr)** | **Subsidiary USD Dr/(Cr)** | **Fellow subsidiary USD Dr/(Cr)** | **Total USD Dr/(Cr)** |
|---|---|---|---|---|---|
| **Balances:** | | | | | |
| Loan account | 2017 | (82,57,730) | - | - | (82,57,730) |
| | 2016 | (59,52,762) | - | - | (59,52,762) |
| Loan from a related party | 2017 | - | - | (24,04,889) | (24,04,889) |
| | 2016 | - | - | (21,27,874) | (21,27,874) |
| Investment in a subsidiary | 2017 | - | 1,38,81,917 | | 1,38,81,917 |
| | 2016 | - | 1,38,81,917 | | 1,38,81,917 |
| Loan to a subsidiary | 2017 | - | 2,29,30,601 | - | 2,29,30,601 |
| | 2016 | - | 2,23,53,601 | - | 2,23,53,601 |
| Interest receivable from a subsidiary | 2017 | - | 45,68,298 | - | 45,68,298 |
| | 2016 | - | 31,88,501 | - | 31,88,501 |
| **Transactions:** | | | | | |
| Interest income | 2017 | - | (13,79,797) | - | (13,79,797) |
| | 2016 | - | (13,03,977) | - | (13,03,977) |
| Interest expenses | 2017 | 3,04,968 | - | 2,88,409 | 5,93,377 |
| | 2016 | 4,22,036 | - | 1,12,565 | 5,34,601 |

The parent shareholder company has given a corporate guarantee to the bank for term loan of US $ 25,000,000. The company also receives and provides interest bearing loans from / to the related parties as and when required to meet their requirements.

**14. 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 loan to the subsidiary, bank balance and interest receivable.

The management believes the outstanding balances 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 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 is currently financed from shareholder's equity, loan from parent shareholder company and bank borrowings. Although, loan liability owed to a bank is perceived as a liquidity risk, the loan repayment is guaranteed by the parent shareholder company and the parent shareholder company has resolved to introduce additional funds for settlement of liability towards the banker as and when it falls due.

The following are the contractual maturities of the company's financial liabilities as of 31 December 2017.

| | Carrying amounts USD | Payable within next 12 months USD | Payable within 2 - 5 years USD |
|---|---|---|---|
| Term loan | 2,50,00,000 | 60,00,000 | 1,90,00,000 |
| Loan from a related party | 24,04,889 | - | 24,04,889 |
| Accruals | 3,56,002 | 3,56,002 | - |
| | **2,77,60,891** | **63,56,002** | **2,14,04,889** |

**Market risk**

Market risk is the 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. Except for the following, there are no significant currency risks as substantially all financial assets and financial liabilities are denominated in US Dollars or U.A.E. Dirhams to which US Dollar rate is pegged.

| | 2017 Equivalent USD | 2017 Equivalent INR | 2016 Equivalent USD | 2016 Equivalent INR |
|---|---|---|---|---|
| **Loan from a related party** | | | | |
| EURO | 24,04,889 | 15,32,27,022 | 21,27,874 | 14,42,86,880 |

**15. Financial instruments: Fair values**

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

**16. 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 and to introduce additional funds in the company as and when required.

**17. Contingent liabilities and capital commitments**

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

**18. Comparative figures**

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

**19. Approval of the financial statements**

The financial statements were approved by the Board of Directors and authorized for issue on 23 April 2018.

Forbes Bumi Armada Limited

(Subsidiary Company of Forbes Campbell Finance Limited)

Financial Statements

For the year ended March 31, 2018

## 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, 2018, 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, 2018, and its total comprehensive income (comprising of profit), its cash flows and the changes in equity for the year ended on that date.

Price Waterhouse & Co. Chartered Accountants LLP
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*

**Report on Other Legal and Regulatory Requirements**

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

(c) The Balance Sheet, the Statement of Profit and Loss (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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 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, 2018.

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, 2018.

iv. The reporting on disclosures relating to Specified Bank Note is not applicable to the Company for the year ended March 31, 2018.

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

Piyush Jalandhara
Partner
Membership Number: 122351

Place: Mumbai
Date: May 21, 2018

**Annexure A to Independent Auditors' Report**
Referred to in paragraph 10(f) of the Independent Auditors' Report to the members of Forbes Bumi Armada Limited on the financial statements for the year ended March 31, 2018


**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, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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

Price Waterhouse & Co. Chartered Accountants LLP
FRN 304026E/E-300009
Mumbai

**Annexure A to Independent Auditors' Report**
Referred to in paragraph 10(f) of the Independent Auditors' Report to the members of Forbes Bumi Armada Limited on the financial statements for the year ended March 31, 2018
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, 2018, 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

Piyush Jalandhara
Partner
Membership Number: 122351

Place: Mumbai
Date: May 21, 2018

**Annexure B to Independent Auditors' Report**
Referred to in paragraph 9 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, 2018


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 and profession tax, though there has been slight delay in a few cases, and is regular in depositing undisputed statutory dues, including income tax, service tax, and goods and service tax with effect from July 1, 2017, 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, 2018 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 LLP
FRN 304026E/E-300009
Mumbai

**Annexure B to Independent Auditors' Report**
Referred to in paragraph 9 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, 2018
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

Piyush Jalandhara
Partner
Membership Number: 122351

Place: Mumbai
Date: May 21, 2018

**Forbes Bumi Armada Limited**
**Balance Sheet as at March 31, 2018**
*(All amounts in Rs. hundreds, unless otherwise stated)*

| | Notes | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 2,966.31 | 4,564.64 |
| Intangible assets | 4 | 1,527.28 | 1,988.85 |
| Financial assets | | | |
| Other financial assets | 5(d) | 63,701.23 | 56,237.63 |
| Deferred tax assets (net) | 6 | 36,807.92 | 129,658.57 |
| Current tax assets (net) | 7 | 79,124.65 | 62,374.27 |
| Other non-current assets | 8 | 8,394.26 | 15,569.69 |
| **Current assets** | | | |
| Financial assets | | | |
| Investments | 5(a) | 474,696.85 | - |
| Trade receivables | 5(b) | 803,662.52 | 331,600.45 |
| Cash and cash equivalents | 5(c) | 27,467.55 | 524,266.90 |
| Other financial assets | 5(d) | 803,730.33 | 843,977.17 |
| Other current assets | 9 | 8,349.55 | 12,430.72 |
| **Total assets** | | **2,310,428.45** | **1,982,668.89** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 10(a) | 550,000.00 | 550,000.00 |
| **Other equity** | | | |
| Reserves and surplus | 10(b) | 504,276.08 | 391,980.21 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Provisions | 11 | 863.28 | 554.43 |
| Other non-current liabilities | 12 | 3,650.04 | 6,770.09 |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Trade payables | 13(a) | 44,432.11 | 61,784.97 |
| Other financial liabilities | 13(b) | 957,501.00 | 823,194.88 |
| Provisions | 11 | 87.23 | 61.62 |
| Other current liabilities | 14 | 249,618.71 | 148,322.69 |
| **Total equity and liabilities** | | **2,310,428.45** | **1,982,668.89** |

*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

**Piyush Jalandhara**
Partner
Membership No: 122351

Place: Mumbai
Date: May 21, 2018

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

Director
Ganapathy Srihari Ramaiyer
DIN: 07672541

Director
Mahesh Tahilyani
DIN: 1428084

Company Secretary
Ankita Shah.

Place: Mumbai
Date: 21st May, 2018

**Forbes Bumi Armada Limited**
**Statement of Profit and Loss for the year ended March 31, 2018**
*(All amounts in Rs. hundreds, unless otherwise stated)*

| | Notes | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|---|
| Revenue from operations | 15 | 5,471,263.24 | 5,434,100.05 |
| Other income | 16 | 33,264.50 | 14,346.29 |
| **Total income** | | **5,504,527.74** | **5,448,446.34** |
| **Expenses** | | | |
| Employee benefits expense | 17 | 5,163,848.89 | 5,167,506.15 |
| Depreciation and amortisation expense | 18 | 2,120.85 | 3,098.70 |
| Other expenses | 19 | 112,271.63 | 125,057.23 |
| Finance costs | 20 | 17.17 | 0.32 |
| **Total expenses** | | **5,278,258.54** | **5,295,662.40** |
| **Profit before tax** | | **226,269.20** | **152,783.94** |
| **Income tax expense** | 21 | | |
| - Current tax | | 105,797.67 | 108,020.00 |
| - Excess provision of prior year written back (Net) | | (84,605.73) | - |
| - Deferred tax | | 92,827.75 | (54,067.84) |
| **Total tax expense** | | **114,019.69** | **53,952.16** |
| **Profit for the year** | | **112,249.51** | **98,831.78** |
| **Other comprehensive income** | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurements of post-employment benefit obligations (net) | 11 | 69.26 | 1,329.31 |
| Income tax relating to these items | 21 | (22.90) | (439.51) |
| **Other comprehensive income for the year** | | **46.36** | **889.80** |
| **Total comprehensive income for the year** | | **112,295.87** | **99,721.58** |
| **Earnings per equity share (Face value per share Rs. 10)** | | | |
| Basic and Diluted | 26 | 2.04 | 1.80 |

*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

**Piyush Jalandhara**
Partner
Membership No: 122351

Place: Mumbai
Date: May 21, 2018

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

Director
Ganapathy Srihari Rama Iyer
DIN: 07672541

Director
Mahesh Tahilyani
DIN: 01423084

Company Secretary
Ankita Shah

Place: Mumbai
Date: 21st May, 2018

**Forbes Bumi Armada Limited**
**Statement of cash flows for the year ended March 31, 2018**
*(All amounts in Rs. hundreds, unless otherwise stated)*

| | Notes | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|---|
| **Cash flow (used in)/ from operating activities** | | | |
| **Profit before income tax** | | 226,269.20 | 152,783.94 |
| Adjustments for: | | | |
| Depreciation and amortisation expense | 18 | 2,120.85 | 3,098.70 |
| Dividend income | 16 | (20,854.01) | (2,219.30) |
| Fair value gain on Mutual Fund Investment | 16 | (442.83) | - |
| Interest income | 16 | (941.41) | (1,026.52) |
| Rent expenses on financial assets at amortised cost | | 7,028.88 | 6,639.19 |
| Unwinding Interest | 16 | (6,938.21) | (6,028.93) |
| | | 206,242.47 | 153,247.08 |
| Movements in working capital: | | | |
| (Increase)/decrease in trade receivables | | (472,062.07) | 177,354.32 |
| Decrease/(Increase) in Other financial assets | | 40,246.84 | (118,501.70) |
| Decrease in Other current assets | | 4,081.16 | 4,788.60 |
| Increase/(decrease) in Other current liabilities | | 101,296.01 | (17,173.85) |
| Increase in other current financial liabilities | | 131,332.60 | 167,310.46 |
| Increase in provisions | | 403.72 | 473.00 |
| (Decrease) in trade payables | | (17,352.85) | (20,861.91) |
| **Cash generated used in/from operating activities** | | (5,812.12) | 346,636.01 |
| Income taxes paid | | (37,942.32) | (90,968.89) |
| **Net cash (outflow)/inflow from operating activities (A)** | | (43,754.44) | 255,667.12 |
| **Cash flows (used in)/ from investing activities** | | | |
| Payments for acquisition of property, plant and equipment | 3 | (60.95) | (37.10) |
| Payments for investment in fixed deposits | | - | (300.00) |
| Proceeds from sale of investments | | 600,600.00 | 222,060.97 |
| Purchase of Investment | | (1,074,853.99) | - |
| Dividend received | 16 | 20,854.01 | 2,219.30 |
| Interest received | 16 | 416.02 | - |
| **Net cash inflow used in/from investing activities (B)** | | (453,044.91) | 223,943.17 |
| **Net increase in cash and cash equivalents (A+B)** | | (496,799.35) | 479,610.28 |
| Cash and cash equivalents at the beginning of the financial year | | 524,266.90 | 44,656.62 |
| **Cash and cash equivalents at end of the year** | 5(c) | 27,467.55 | 524,266.90 |
| Cash and cash equivalents comprise of : | | | |
| Cash on hand | | 447.39 | 292.55 |
| Balance with Banks | | | |
| In current accounts | | 27,020.16 | 523,974.35 |
| | | 27,467.55 | 524,266.90 |

*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

**Piyush Jalandhara**
Partner
Membership No: 122351

Place: Mumbai
Date: May 21, 2018

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

Director
Ganapathy Srihari Ramaiyer
DIN 0762541

Director
Mahesh Tahilyani
DIN: 01423084

Company Secretary
Ankita Shah.

Place: Mumbai
Date: 21st May, 2018

**Forbes Bumi Armada Limited**
**Statement of changes in equity**
*(All amounts in Rs. hundreds, unless otherwise stated)*

**A. Equity share capital**

| | Notes | Amount |
|---|---|---|
| As at April 01, 2016 | | 550,000.00 |
| Changes in equity share capital | 10(a) | - |
| **As at March 31, 2017** | | 550,000.00 |
| Changes in equity share capital | 10(a) | - |
| **As at March 31, 2018** | | **550,000.00** |

**B. Other equity**

| | | Reserves and Surplus | | |
|---|---|---|---|---|
| | | Retained earnings | Other Comprehensive Income | Total |
| **Balance as at April 01, 2016** | 10(b) | 292,300.20 | (41.57) | 292,258.63 |
| Profit for the year | | 98,831.78 | - | 98,831.78 |
| Other Comprehensive Income for the year | | - | 889.80 | 889.80 |
| **Total Comprehensive Income for the year** | | 98,831.78 | 889.80 | 99,721.58 |
| **Balance as at March 31, 2017** | | 391,131.98 | 848.23 | 391,980.21 |
| **Balance as at April 01, 2017** | 10(b) | 391,131.98 | 848.23 | 391,980.21 |
| Profit for the year | | 112,249.51 | - | 112,249.51 |
| Other Comprehensive Income for the year | | - | 46.36 | 46.36 |
| **Total Comprehensive Income for the year** | | 112,249.51 | 46.36 | 112,295.87 |
| **Balance as at March 31, 2018** | | 503,381.49 | 894.59 | 504,276.08 |

*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

**Piyush Jalandhara**
Partner
Membership No: 122351

Place: Mumbai
Date: May 21, 2018

**For and on Behalf of the Board of Directors**

Director
Ganapathy Srihari Rama Iyer
DIN: 07672541

Director
Mahesh Tahilyani
DIN: 01423084

Company Secretary
Ankita Shah.

Place: Mumbai
Date: 21st May, 2018

**Background**
Forbes Bumi Armada Limited (the 'Company') is a joint venture between Forbes Campbell Finance Limited and Bumi Armada (Singapore) Pte. Limited. Refer Note 10(a) for shareholding details. The Company has been granted a Recruitment and Placement License from the Director General Shipping and accordingly provides manning services.

The Company is incorporated and domiciled in India. The registered address of the Company is Forbes Building, Charanjit Rai Marg, Fort, Mumbai-400001.

These financial statements were approved by the board of directors on May 21, 2018.

## 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, 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

#### (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. Amounts disclosed as revenue are net of service tax (upto June 30, 2017) and goods and service tax (w.e.f July 01, 2017). 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.

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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) Derecognition of financial assets

A financial asset is derecognised only when

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

#### (v) 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.

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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 |

### (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.

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) Contributed Equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## (p) Dividends

Provision is made for the amount of any dividend declared, been appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## (q) 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.

## (r) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest hundreds as per the requirement of Schedule III, unless otherwise stated.

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### (s) New standards/ amendments to existing standards issued but not yet adopted

Following are the amendments to existing standards which have been issued by The Ministry of Corporate Affairs ('MCA') that are not effective for the reporting period and have not been early adopted by the Company:

(i) Amendments to Ind AS 115, Revenue from contracts with customers:

Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18 Revenue and related appendices.

A new five-step process must be applied before revenue can be recognised:
1. identify contracts with customers
2. identify the separate performance obligation
3. determine the transaction price of the contract
4. allocate the transaction price to each of the separate performance obligations, and
5. recognise the revenue as each performance obligation is satisfied.

The Company is currently assessing the potential impact of this amendment. These amendments are mandatory for the repotting period beginning on or after April 01, 2018.

(ii) Amendments to Appendix B to Ind AS 21 Foreign currency transactions and advance consideration:

The MCA has notified Appendix B to Ind AS 21, foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

The Company is currently assessing the potential impact of this amendment. These amendments will be applied prospectively to items in scope, for the reporting period beginning on or after April 01, 2018.

(iii) Amendments to Ind AS 40 Investment property - Transfers of investment property:

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples and scope of these examples have been expanded to include assets under construction/development and not only transfer of completed properties.

The Company is currently assessing the potential impact of this amendment.

The Company has elected to apply these amendments prospectively to changes in use that occur on or after the date of initial application i.e. April 01, 2018. On April 01, 2018, the Company shall reassess the classification of properties held at that date and, if applicable, reclassify properties to reflect the conditions that exist as at that date.

(iv) Amendments to Ind AS 12 Income taxes regarding recognition of deferred tax assets on unrealised losses:

The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets set out below.

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.

- The estimate of future taxable profit may include the recovery of some of an entity's assets for more than its carrying amount if it is probable that the entity will achieve this. For example, when a fixed-rate debt instrument is measured at fair value, however, the entity expects to hold and collect the contractual cash flows and it is probable that the asset will be recovered for more than its carrying amount.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. This is to avoid double counting the deductible temporary differences in such assessment.

The Company is currently assessing the potential impact of this amendment.

These amendments will be applied retrospectively, for the reporting period beginning on or after April 01, 2018.

The Company intends to adopt these amendments when it becomes effective. There are no other standards or amendments that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

## 2. Critical Estimates and Judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal actual results. There are no critical estimates and judgements ascertained by the management that may materially impact the results of the financial statements.

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## 3. Property, plant and equipment

| Particulars | Office equipment | Computers | Total |
|---|---|---|---|
| **Year ended March 31, 2017** | | | |
| **Gross carrying amount** | | | |
| Opening gross carrying amount | 6,184.02 | 2,482.03 | 8,666.05 |
| Additions | | 37.10 | 37.10 |
| **Closing gross carrying amount** | **6,184.02** | **2,519.13** | **8,703.15** |
| **Accumulated depreciation** | | | |
| Opening accumulated depreciation | 766.22 | 830.96 | 1,597.18 |
| Depreciation charge during the year | 1,225.74 | 1,315.59 | 2,541.33 |
| **Closing accumulated depreciation** | **1,991.96** | **2,146.55** | **4,138.51** |
| **Net carrying amount** | **4,192.06** | **372.58** | **4,564.64** |
| **Year ended March 31, 2018** | | | |
| **Gross carrying amount** | | | |
| Opening gross carrying amount | 6,184.02 | 2,519.13 | 8,703.15 |
| Additions | - | 60.95 | 60.95 |
| **Closing gross carrying amount** | **6,184.02** | **2,580.08** | **8,764.10** |
| **Accumulated depreciation** | | | |
| Opening accumulated depreciation | 1,991.96 | 2,146.55 | 4,138.51 |
| Depreciation charge during the year | 1,225.75 | 433.53 | 1,659.28 |
| **Closing accumulated depreciation** | **3,217.71** | **2,580.08** | **5,797.79** |
| **Net carrying amount** | **2,966.31** | **- 0.00** | **2,966.31** |

Refer Note 29.

## 4. Intangible assets

| Particulars | Computer Software |
|---|---|
| **Year ended March 31, 2017** | |
| **Gross carrying amount** | |
| Opening gross carrying amount | 2,883.00 |
| **Closing gross carrying amount** | **2,883.00** |
| **Accumulated amortisation** | |
| Opening accumulated amortisation | 336.78 |
| Amortisation charge for the year | 557.37 |
| **Closing accumulated amortisation** | **894.15** |
| **Net carrying amount** | **1,988.85** |
| **Year ended March 31, 2018** | |
| **Gross carrying amount** | |
| Opening gross carrying amount | 2,883.00 |
| **Closing gross carrying amount** | **2,883.00** |
| **Accumulated amortisation** | |
| Opening accumulated amortisation | 894.15 |
| Amortisation charge for the year | 461.57 |
| **Closing accumulated amortisation** | **1,355.72** |
| **Net carrying amount** | **1,527.28** |

Refer Note 29.

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| | | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| **5.** | **Financial assets** | | |
| **5(a)** | **Current investments** | | |
| | **Investment in mutual funds** | | |
| | **Unquoted** | | |
| | 208124 (PY: NIL) Units in Aditya Birla Capital Mutual Fund - Cash plus daily dividend plan | 208,689.90 | - |
| | 263839 (PY: NIL) Units in ICICI Prudential Mutual Fund - Liquid plan daily dividend | 264,383.67 | - |
| | 80 (PY : NIL ) Units in HDFC Liquid Fund - Dividend daily reinvest | 814.84 | - |
| | 48 (PY : NIL) Units in SBI -Magnum Insta Cash Fund-Regular Plan-Daily Dividend | 808.44 | |
| | **Total current investments** | **474,696.85** | **-** |
| | Aggregate amount of unquoted investments | 474,696.85 | - |
| **5(b)** | **Trade receivables** | | |
| | Unsecured, considered good | | |
| | Trade receivables from related parties (refer note 25) | 803,662.52 | 331,600.45 |
| | **Total receivables** | **803,662.52** | **331,600.45** |
| | Current portion | 803,662.52 | 331,600.45 |
| **5(c)** | **Cash and cash equivalents** | | |
| | Balances with banks in current accounts | 27,020.16 | 523,974.35 |
| | Cash on hand | 447.39 | 292.55 |
| | **Total cash and cash equivalents** | **27,467.55** | **524,266.90** |

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

**5(d) Other financial assets**

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | Current | Non-current | Current | Non-current |
| Long term deposits with banks with the maturity more than 12 months (held as lien against bank guarantee) | - | 10,759.18 | - | 10,233.78 |
| Security deposits | 430.33 | 52,942.05 | 1,354.67 | 46,003.85 |
| Unbilled revenue | 803,300.00 | - | 842,622.50 | - |
| **Total other financial assets** | **803,730.33** | **63,701.23** | **843,977.17** | **56,237.63** |

**6. Deferred tax assets**

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Tax effect of items constituting deferred tax assets | | |
| Disallowances under Section 40(a)(ia), 40A(7) and 43B of the Income Tax Act, 1961 | 37,510.14 | 129,958.12 |
| **Total deferred tax assets** | **37,510.14** | **129,958.12** |
| 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 | 47.13 | 223.84 |
| Other timing differences | 655.09 | 75.71 |
| **Total deferred tax liabilities** | **702.22** | **299.55** |
| **Net deferred tax assets** | **36,807.92** | **129,658.57** |

*Movement in deferred tax assets*

| | Disallowances u/s 40(a)(ia), 40A(7) and 43B | Timing difference between book balance and balance as per Income Tax Act, 1961 | Other | Grand Total |
|---|---|---|---|---|
| **At 1 April 2016** | 76,774.70 | (668.76) | (75.71) | 76,030.23 |
| (Charged)/credited: | | | | |
| - to profit or loss | 52,743.91 | 444.92 | - | 53,188.83 |
| - to other comprehensive income | 439.51 | - | - | 439.51 |
| **As 31 March 2017** | 129,958.12 | (223.84) | (75.71) | 129,658.57 |
| (Charged)/credited: | | | | |
| - to profit or loss | (92,470.87) | 176.71 | (579.38) | (92,873.54) |
| - to other comprehensive income | 22.89 | - | - | 22.89 |
| **As 31 March 2018** | 37,510.14 | (47.13) | (655.09) | 36,807.92 |

| | | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| **7.** | **Current Tax Assets (Net)** | | |
| | **Non Current Tax Assets** | | |
| | Opening Balance | 202,912.83 | 202,912.83 |
| | Less: Refund Received | (91,139.20) | - |
| | **Closing Balance** | **111,773.63** | **202,912.83** |
| | **Current Tax Liabilities** | | |
| | Opening Balance | 140,538.55 | 150,320.01 |
| | Add: Current tax payable for the year | 21,191.94 | 108,020.00 |
| | Less: Tax paid (including tax deducted at source) | (129,081.51) | (117,801.46) |
| | **Closing Balance** | **32,648.98** | **140,538.55** |
| | **Total Current Tax assets (Net)** | **79,124.65** | **62,374.27** |
| **8.** | **Other non-current assets** | | |
| | Prepaid expenses | 8,394.26 | 15,569.69 |
| | **Total non-current assets** | **8,394.26** | **15,569.69** |
| **9.** | **Other current assets** | | |
| | Advance to Staff | 960.00 | - |
| | Advance to vendors | - | 664.72 |
| | Balances with government authorities | - | 594.62 |
| | Loan and advances to related parties (Refer Note 25) | - | 3,737.50 |
| | Prepaid expenses | 7,389.55 | 7,433.88 |

## 10. Equity share capital and other equity

### 10(a) Equity share capital

| Authorised equity share capital | Par value of share (Amount in Rs) | Number of shares | Amount |
|---|---|---|---|
| As at April 01, 2016 | 10 | 10,000,000 | 1,000,000.00 |
| Increase during the year | | - | - |
| **As at March 31, 2017** | | **10,000,000** | **1,000,000.00** |
| Increase during the year | | - | - |
| **As at March 31, 2018** | | **10,000,000** | **1,000,000.00** |
| **(i) Movement in equity share capital (issued, subscribed and paid up capital)** | | | |
| As at April 01, 2016 | 10 | 5,500,000 | 550,000.00 |
| Shares issued during the year | | - | - |
| **As at March 31, 2017** | | **5,500,000** | **550,000.00** |
| Shares issued during the year | | - | - |
| **As at March 31, 2018** | | **5,500,000** | **550,000.00** |

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, which are also the shareholder of the company**

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | Number of shares | % | Number of shares | % |
| Forbes Campbell Finance Limited and Nominees | 2,805,000 | 51% | 2,805,000 | 51% |
| Bumi Armada (Singapore) Pte. Ltd. | 2,695,000 | 49% | 2,695,000 | 49% |
| | 5,500,000 | | 5,500,000 | |

### 10(b) Reserves and surplus

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Retained earnings | 504,276.08 | 391,980.21 |
| **Total Reserves and Surplus** | **504,276.08** | **391,980.21** |

| | As at March 31, | As at March 31, |
|---|---|---|
| **Retained earnings** | | |
| Opening balance | 391,980.21 | 292,258.63 |
| Net profit for the year | 112,249.51 | 98,831.78 |
| Items of other comprehensive income recognised directly in retained earnings | | |
| - Remeasurement of post-employment benefit obligation, net of tax | 46.36 | 889.80 |
| **Closing balance** | **504,276.08** | **391,980.21** |

## 11. Provisions

| | As at March 31, 2018 | | | As at March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| Leave obligation | 86.13 | | 86.13 | 61.00 | - | 61.00 |
| Gratuity | 1.10 | 863.28 | 864.38 | 0.62 | 554.43 | 555.05 |
| **Total provisions** | **87.23** | **863.28** | **950.51** | **61.62** | **554.43** | **616.05** |

**(a) Leave obligations**
The leave obligations cover the Company's liability for earned leave.
The amount of the provision of Rs. 8,613 (March 31, 2017: Rs 6100 ) 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. 76,902 (March 31, 2017: Rs. 202,191).

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**11. 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, 2016** | 1,219.48 |
| Current service cost | 569.76 |
| Interest expense/(income) | 95.12 |
| **Total amount recognised in profit or loss** | **664.88** |
| Remeasurements | |
| (Gain)/loss from change in financial assumptions | 70.01 |
| Experience (gains)/losses | (1,399.32) |
| **Total amount recognised in other comprehensive income** | **(1,329.31)** |
| **Balance as at March 31, 2017** | **555.05** |
| | |
| **Balance as at April 01, 2017** | **555.05** |
| Current service cost | 341.46 |
| Interest expense/(income) | 37.13 |
| **Total amount recognised in profit or loss** | **378.59** |
| Remeasurements | |
| (Gain)/loss from change in financial assumptions | (90.95) |
| Experience (gains)/losses | 21.69 |
| **Total amount recognised in other comprehensive income** | **(69.26)** |
| **Balance as at March 31, 2018** | **864.38** |

Other disclosures have not been given as they are not considered material.

| | | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| **12.** | **Other non current liabilities** | | |
| | Deferred rent | 3,650.04 | 6,770.09 |
| | **Closing balance** | **3,650.04** | **6,770.09** |

**13. Financial liabilities**

| | | | |
|---|---|---|---|
| **13(a)** | **Trade payables** | | |
| | Total outstanding dues of micro enterprises and small enterprises (Refer note below) | - | - |
| | Total outstanding dues to related party (Refer note 25) | 20,074.56 | 18,728.05 |
| | Total outstanding dues of creditors other than micro enterprises and small enterprises | 24,357.55 | 43,056.92 |
| | **Total Trade Payables** | **44,432.11** | **61,784.97** |

**Note:**
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.

| | | | |
|---|---|---|---|
| **13(b)** | **Other financial liabilities** | | |
| | Employee benefits payable | 934,811.55 | 803,478.95 |
| | Security deposits | 22,689.45 | 19,715.93 |
| | **Total other financial liabilities** | **957,501.00** | **823,194.88** |
| **14.** | **Other current liabilities** | | |
| | Statutory dues including provident fund and tax deducted at source | 246,498.65 | 145,202.63 |
| | Deferred rent | 3,120.06 | 3,120.06 |
| | **Total other current liabilities** | **249,618.71** | **148,322.69** |

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| | | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|---|
| **15.** | **Revenue from operations** | | |
| | Income from manpower services | 5,447,341.88 | 5,411,420.93 |
| | Other operating income | | |
| | Service income | 23,921.36 | 22,679.12 |
| | **Total revenue from operations** | **5,471,263.24** | **5,434,100.05** |
| **16.** | **Other income and other gains/(losses)** | | |
| | Dividend income from investments in mutual funds | 20,854.01 | 2,219.30 |
| | Fair value gain on Mutual Fund Investment | 442.83 | - |
| | Interest Income | 941.41 | 1,026.52 |
| | Unwinding of discount on security deposits | 6,938.21 | 6,028.93 |
| | Interest on income tax refund | 7,291.10 | 3,198.67 |
| | Net foreign exchange losses on foreign currency transactions and translation | (3,203.06) | (1,225.72) |
| | Miscellaneous income | - | 3,098.59 |
| | **Total other income** | **33,264.50** | **14,346.29** |
| **17.** | **Employee benefits expenses** | | |
| | Salaries, wages and bonus | 5,162,344.61 | 5,164,815.51 |
| | Contribution to provident fund and other funds (Refer note 11) | 769.02 | 2,021.91 |
| | Gratuity (Refer note 11) | 378.59 | 664.88 |
| | Staff welfare expenses | 356.67 | 3.85 |
| | **Total employee benefits expenses** | **5,163,848.89** | **5,167,506.15** |
| **18.** | **Depreciation and amortisation expense** | | |
| | Depreciation of property, plant and equipment (Refer Note 3) | 1,659.28 | 2,541.33 |
| | Amortisation of intangible assets (Refer Note 4) | 461.57 | 557.37 |
| | **Total depreciation and amortisation expense** | **2,120.85** | **3,098.70** |
| **19.** | **Other expenses** | | |
| | Rent | 62,076.21 | 59,317.80 |
| | Insurance | 674.63 | 977.52 |
| | Travelling and conveyance | 211.26 | 69.21 |
| | Directors fees | 800.00 | 1,100.00 |
| | Payment to Auditors | | |
| | Audit Fee | 8,000.00 | 9,000.00 |
| | Tax audit Fee | 1,000.00 | 1,000.00 |
| | Others | 95.26 | 30.52 |
| | Professional fees | 12,873.35 | 19,173.48 |
| | IT Expenses | 12,137.67 | 13,491.81 |
| | Communication charges | 1,892.20 | 2,366.87 |
| | Bank charges | 1,165.92 | 1,450.12 |
| | Contractual staff cost | | 215.08 |
| | Electricity charges | 9,730.50 | 10,202.30 |
| | Miscellaneous expenditure | 1,614.63 | 6,662.52 |
| | **Total other expenses** | **112,271.63** | **125,057.23** |
| **20.** | **Finance cost** | | |
| | Interest on statutory dues | 17.17 | 0.32 |
| | **Total finance cost** | **17.17** | **0.32** |

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| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **21. Income tax expense** | | |
| Current tax: | | |
| Current tax on profits for the year | 105,797.67 | 108,020.00 |
| Excess current tax provision of earlier years reversed | (84,605.73) | - |
| **Total current tax expense** | **21,191.94** | **108,020.00** |
| Deferred tax: | | |
| (Increase) in deferred tax assets - Statement of Profit and Loss | 92,827.75 | (54,067.84) |
| Decrease in deferred tax assets - Other Comprehensive Income | 22.90 | 439.51 |
| **Total deferred tax expense/(benefit)** | 92,850.65 | (53,628.33) |
| **Income tax expense** | 114,042.59 | 54,391.67 |

**(a) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:**

| | | |
|---|---|---|
| Profit before taxes | 226,269.20 | 152,783.94 |
| **Tax amount at the rate of Indian tax rate of 33.063% (2016-17: 33.063%)** | **74,811.38** | **50,514.95** |
| Tax effect of expenses/(income) which are not deductible (taxable) in calculating taxable income: | | |
| -Interest on statutory dues | 5.55 | 0.11 |
| - Disallowance of expense under Section 14A | 1,585.28 | 183.55 |
| -Charity and donation expense disallowed | 115.72 | 33.06 |
| -Other items | - | 4,393.76 |
| Dividend Income exempt | (7,041.38) | (733.77) |
| Items reversed in which no deferred tax to be realised | 129,171.77 | - |
| Adjustment of current tax of previous periods | (84,605.73) | - |
| | 114,042.59 | 54,391.67 |

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## 22. Fair value measurements

### 22(a) Financial instruments by category

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | FVPL | Amortised cost | FVPL | Amortised cost |
| **Financial assets** | | | | |
| Investments in mutual funds | 474,696.85 | | | |
| Trade receivables | - | 803,662.52 | - | 331,600.45 |
| Unbilled Revenue | - | 803,300.00 | - | 842,622.50 |
| Cash and cash equivalents | - | 27,467.55 | - | 524,266.90 |
| Security deposits | - | 53,372.38 | - | 47,358.52 |
| Long term deposits with banks with the maturity more than 12 months | - | 10,759.18 | - | 10,233.78 |
| **Total financial assets** | 474,696.85 | 1,698,561.63 | - | 1,756,081.86 |
| **Financial liabilities** | | | | |
| Trade payables | - | 44,432.11 | - | 61,784.97 |
| Payable to employees | - | 934,811.55 | - | 803,478.95 |
| Security deposits | - | 22,689.45 | - | 19,715.93 |
| **Total financial liabilities** | - | 1,001,933.12 | - | 884,979.85 |

### 22(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 measured at fair value - recurring fair value measurements at March 31, 2018 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Financial instruments at FVTPL | | | | | |
| Investment in mutual funds | 4(a) | - | 474,696.85 | - | 474,696.85 |
| **Total financial assets** | | - | 474,696.85 | - | 474,696.85 |

| Financial assets and liabilities which are measured at amortised cost for which fair values are disclosed at March 31, 2018 | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Security deposits | 4(d) | | | 53,372.38 | 53,372.38 |
| **Total financial assets** | | - | | 53,372.38 | 53,372.38 |
| **Financial liabilities** | | | | | |
| Security deposits | 11(b) | | | 22,689.45 | 22,689.45 |
| **Total financial liabilities** | | - | - | 22,689.45 | 22,689.45 |

| 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 | 5(d) | - | - | 47,358.52 | 47,358.52 |
| **Total financial assets** | | | | 47,358.52 | 47,358.52 |
| **Financial liabilities** | | | | | |
| Security deposits | 13(b) | - | - | 19,715.93 | 19,715.93 |
| **Total financial liabilities** | | - | - | 19,715.93 | 19,715.93 |

### 22(c) Valuation processes

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. The mutual funds are valued using closing NAV. There are no items falling under level 1.

**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.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

### 22(d) Fair value of financial assets and liabilities measured at amortised cost

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial assets** | | | | |
| Security deposits | 53,372.38 | 53,372.38 | 47,358.52 | 47,358.52 |
| **Total financial assets** | 53,372.38 | 53,372.38 | 47,358.52 | 47,358.52 |
| **Financial liabilities** | | | | |
| Security deposits | 22,689.45 | 22,689.45 | 19,715.93 | 19,715.93 |
| **Total financial liabilities** | 22,689.45 | 22,689.45 | 19,715.93 | 19,715.93 |

The carrying amounts of trade receivables, unbilled revenue, long term deposit with bank, cash and cash equivalents, trade payables and payable to employees 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.

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## 23. 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.

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, 2018

| Contractual maturities of financial liabilities | Upto 1 year | More than 1 year | Total |
|---|---|---|---|
| Trade and other payables | 44,432.11 | - | 44,432 |
| Other financial liabilities | 934,811.55 | 30,775.14 | 965,586.69 |

For the year ended March 31, 2017

| Contractual maturities of financial liabilities | Upto 1 year | More than 1 year | Total |
|---|---|---|---|
| Trade and other payables | 61,784.97 | - | 61,785 |
| Other financial liabilities | 803,478.95 | 30,775.14 | 834,254.09 |

### (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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**23(c) Financial risk management** (continued)

**(i) Currency risk**

The Company's business operations are not exposed to significant currency risks except for certain amounts due to two offshore employees and certa 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.

## 24. 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 stakehold 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.

## 25. Related party transactions

25(a) As per Indian Accounting Standard 24 'Related Party Transactions' as prescribed by Companies (Indian Accounting Standards) Rules, 2015, the Company's related parties and transactions are disclosed below:

25(b) **A) Parties where control exists:**

**Joint venturers**

| Name of the joint venturer | Place of Business | Percentage of share holding As at March 31, 2018 | Percentage of share holding As at March 31, 2017 |
|---|---|---|---|
| Forbes Campbell Finance Limited | India | 51% | 51% |
| Bumi Armada (Singapore) Pte Ltd. | Singapore | 49% | 49% |

**B) Other related parties with whom transactions have taken place during the year/ closing balance existed at year end :**

**Ultimate parent**

Bumi Armada Berhad

**Entities under common control of joint venturer**

Shapoorji Pallonji Bumi Armada Offshore Private Limited
SP Armada Oil Exploration Private Limited
Forbes & Company Limited
Shapoorji Pallonji Oil and Gas Private Limited
SP Armada Offshore Private Limited

25( c) **Transactions with related parties**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Other Expenses** | | |
| Shapoorji Pallonji Oil and Gas Private Limited | - | 236.00 |
| **IT Expenses** | | |
| SP Armada Oil Exploration Private Limited | 12,186.00 | 13,428.48 |
| **Income from manpower services** | | |
| Shapoorji Pallonji Bumi Armada Offshore Private Limited | 2,409,792.90 | 2,457,075.62 |
| SP Armada Oil Exploration Private Limited | 3,037,548.98 | 2,954,345.31 |
| **Professional Fees** | | |
| Forbes & Company Limited | - | 2,613.00 |
| **Reimbursement of Rent** | | |
| SP Armada Oil Exploration Private Limited | 41,033.52 | 41,033.52 |
| **Service Income** | | |
| Shapoorji Pallonji Bumi Armada Offshore Private Limited | 9,637.99 | 8,516.01 |
| SP Armada Oil Exploration Private Limited | 14,283.38 | 14,163.12 |
| **Reimbursement of expenses** | | |
| Shapoorji Pallonji Bumi Armada Offshore Private Limited | 139,408.79 | 123,067.30 |
| SP Armada Oil Exploration Private Limited | 205,450.70 | 205,484.18 |

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**25(d) Balances with related parties as at March 31, 2018**

The following balances are outstanding at the end of the reporting period in relation to transactions

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Trade Payables** | | |
| Bumi Armada Berhad | 1,665.36 | 1,195.25 |
| SP Armada Oil Exploration Private Limited | 18,409.20 | 14,566.80 |
| Shapoorji Pallonji Oil and Gas Private Limited | - | 236.00 |
| Forbes & Company Limited | - | 2,730.00 |
| **Total payable to related parties** | **20,074.56** | **18,728.05** |
| **Other payables** | | |
| SP Armada Oil Exploration Private Limited | 30,775.14 | 30,775.14 |
| **Total Other payables to related parties** | **30,775.14** | **30,775.14** |
| **Trade receivable** | | |
| Shapoorji Pallonji Bumi Armada Offshore Private Limited | 9,34,858.43 | 5,15,368.72 |
| SP Armada Oil Exploration Private Limited | 6,72,104.09 | 6,58,854.23 |
| **Total receivable from related parties** | **16,06,962.52** | **11,74,222.95** |
| **Other receivable** | | |
| SP Armada Offshore Private Limited | - | 3,737.50 |
| **Total Other receivable from related parties** | **-** | **3,737.50** |

**26. 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, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Profit after taxation (Rupees) | 1,12,249.51 | 98,831.78 |
| Weighted average number of equity shares of Rs. 10 each outstanding during the year | 55,00,000 | 55,00,000 |
| Basic and Diluted earnings per share (Rupees) | 2.04 | 1.80 |
| Face value per share (Rupees) | 10 | 10 |

**27. Segmental Information**

(i) Description of segments and principle activities:
The Company's chief operating decision makers are the Board of Directors who examine the Company's performance only from manpower services provided and has accordingly, identified only one reportable segment which is provision of manpower to its related entities.

(ii) The chief operating decision makers primarily use a measure of profit before tax as included in the internal management report to assess the performance of the operating segment which is measured consistently with profit and loss in the financial statements.

(iii) There are two customers having more than 10% of the gross revenue for the years ended March 31, 2018 & March 31, 2017 aggregating to Rs 54,71,263.24 and Rs. 54,34,100.05 respectively.

(iv) The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below:

| Revenue from External Customer | March 31,2018 | March 31,2017 |
|---|---|---|
| India | 54,71,263.24 | 54,34,100.05 |
| Other Countries | - | - |
| Total Gross Sales | 54,71,263.24 | 54,34,100.05 |

(v) The total of all non-current assets (excluding other financial assets) are located only in India as on March 31, 2018 and March 31, 2017.

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**28. Operating Lease**

(i) There is a premise taken by the Company on an operating lease for running its business, which has a non cancellable period of 3 years since date of commencement of agreement.

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Lease rent for premises recognised in the Statement of Profit and Loss during the year | 62,076.21 | 59,317.80 |

(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 | 15,577.54 | - | - |
| | *136,778.40* | *15,577.54* | *-* |

*Figures in italics represent figures of previous year.*

**29.** There are no contingent liabilities and capital commitments for the year ended March 31, 2018 and March 31, 2017.

**30. Specified Bank Notes**

(i) The reporting on disclosures relating to Specified Bank Note is not applicable to the company for the year ended March 31, 2018.
(ii) According to an amendment in the previous year, the Ministry of Corporate Affairs had published notification in Official Gazette vide no. G.S.R. 308(E) dated March 30, 2017 where the Company had 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 | - | 526.58 | 526.58 |
| (+) Permitted Receipts | - | - | - |
| (-) Permitted payments | - | (79.60) | (79.60) |
| (-) Amount deposited in Banks | - | - | - |
| **Closing cash in hand as on December 30, 2016** | - | 446.98 | 446.98 |

The above details pertain to movement of Specified Bank Notes in the previous year.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No. 304026E/E-300009

Piyush Jalandhara
Partner
Membership No: 122351

Place: Mumbai
Date: May 21, 2018

For and on behalf of the Board of Directors

Director
Ganapathy Shrihari Rama Iyer
DIN: 07872541

Director
Mahesh Tahilyani
DIN: 01423084

Company Secretary
Ankita Shah

Place: Mumbai
Date: 21st May, 2018

Forbes Campbell Finance Limited

(a wholly owned Subsidiary Company)

Financial Statements

For the year ended March 31, 2018

**Independent Auditor's Report**
**To the Members of Forbes Campbell Finance Limited**

## Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Forbes Campbell Finance Limited** ('the Company'), which comprise the balance sheet as at 31 March 2018, 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.

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

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, 2018, 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 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

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(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

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

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

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

**Janak Mehta**
Partner
Membership No: 116976

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

Place : Mumbai
Date : April 19, 2018

**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 2018, 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 2018 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 * CHARTERED ACCOUNTANTS * Mumbai

(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 | 75,320 | F.Y.2004-05 | Income Tax Appellate, Tribunal |
| Income Tax | Income tax | 190,459 | F.Y.2007-08 | Income Tax Appellate, Tribunal |
| Income Tax | Income Tax | 17,233,159 | F.Y.2009-10 | Commissioner of Income Tax (Appeals) |
| Madhya Pradesh Sales Tax Act | Sales Tax Demands | 10,09,077 | F.Y. 1997-98 to 1999-2000 | Commercial tax officer, Bhopal |

(viii) The Company has not defaulted in repayment of any loans from financial institution, bank, Government or debenture holders.

(ix) The Company 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.

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 19, 2018

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 2018 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.

BATLIBOI & PUROHIT * Mumbai * 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 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 2018, 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 19, 2018

# FORBES CAMPBELL FINANCE LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2018

| Particulars | Note No. | As at 31st March., 2018 ₹ | *As at 31st March., 2017 ₹* |
|---|---|---|---|
| **ASSETS** | | | |
| **1 Non-current assets** | | | |
| a Property, Plant and Equipment | **4** | - | *-* |
| b Investment Property | **5** | **4,99,724** | *5,22,564* |
| c **Financial Assets:** | | | |
| i) **Investments** | | | |
| a) Investments in Subsidiaries | **6** | 4,93,996 | *4,93,996* |
| b) Investments in Associate | **7** | 11,82,74,624 | *11,81,93,850* |
| c) Investments in Joint Venture | **8** | 2,80,56,395 | *2,80,56,395* |
| d) Other Investments | **9** | 51,49,68,530 | *29,37,59,029* |
| | | **66,17,93,545** | *44,05,03,270* |
| ii) Loans | **10A** | - | *-* |
| iii) Other financial assets | **11A** | 10,000 | *10,000* |
| | | **66,18,03,545** | *44,05,13,270* |
| d **Tax assets** | | | |
| i) Current tax assets (net) | **20** | 2,00,32,104 | *1,99,72,104* |
| | | **2,00,32,104** | *1,99,72,104* |
| e Other non-current assets | **13A** | - | *-* |
| **Total Non-current assets** | | **68,23,35,373** | *46,10,07,938* |
| **2 Current assets** | | | |
| a **Financial Assets:** | | | |
| i) Cash and cash equivalents | **12A** | 21,49,779 | *14,86,246* |
| **Total Current assets** | | **21,49,779** | *14,86,246* |
| **Total Assets** | | **68,44,85,152** | *46,24,94,184* |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| a Equity share capital | **14** | 3,86,41,310 | *3,86,41,310* |
| b Other equity | **15** | 60,78,38,281 | *38,92,34,529* |
| **Total Equity** | | **64,64,79,591** | *42,78,75,839* |
| **Liabilities** | | | |
| **1 Non-current liabilities** | | | |
| a **Financial liabilities:** | | | |
| i) Borrowings | **16** | 3,57,18,148 | *3,20,45,975* |
| **Total Non-current liabilities** | | **3,57,18,148** | *3,20,45,975* |
| **2 Current liabilities** | | | |
| a **Financial liabilities:** | | | |
| i) Trade and other payables | **19A** | 80,418 | *49,818* |
| ii) Other financial liabilities | **17A** | 6,33,178 | *5,68,082* |
| | | **7,13,596** | *6,17,900* |
| b Other current liabilities | **18A** | 15,73,817 | *19,54,470* |
| | | **22,87,413** | *25,72,370* |
| **Total Current Liabilities** | | **22,87,413** | *25,72,370* |
| **Total Liabilities** | | **3,80,05,561** | *3,46,18,345* |
| **Total Equity and Liabilities** | | **68,44,85,152** | *46,24,94,184* |

**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

SHRIKRISHNA BHAVE ____________ *Chairman*

S.P. KADAKIA ____________
PANKAJ KHATTAR ____________ *Directors*

**Janak Mehta**
Partner
Membership No.: 116976
*Mumbai, 19th April, 2018*

*Mumbai, 19th April, 2018*

# FORBES CAMPBELL FINANCE LIMITED
## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

| | Particulars | Note No. | Year Ended 31st March., 2018 ₹ | *Year Ended 31st March., 2017 ₹* |
|---|---|---|---|---|
| I | Revenue from operations | 21 | 6,00,000 | *4,80,000* |
| II | Other income | 22 | 8,12,323 | *1,03,048* |
| III | **Total Income (I + II)** | | **14,12,323** | *5,83,048* |
| IV | **Expenses:** | | | |
| | Finance cost | 23 | 38,44,848 | *34,51,401* |
| | Depreciation and amortisation expense | 24 | 22,840 | *22,840* |
| | Other expenses | 25 | 1,50,384 | *1,54,618* |
| | **Total expenses** | | **40,18,072** | *36,28,859* |
| V | **Profit / (loss) before exceptional items and tax (III - IV)** | | **(26,05,749)** | *(30,45,811)* |
| VI | Exceptional items | | - | - |
| VII | **Profit / (Loss) before tax (V + VI)** | | **(26,05,749)** | *(30,45,811)* |
| VIII | **Tax expense / (credit):** | | | |
| | Current tax | 26 | - | - |
| | | | - | - |
| IX | **Profit for the period (VII - VIII)** | | **(26,05,749)** | *(30,45,811)* |
| X | **Other Comprehensive Income** | | | |
| | **A (i) Items that will not be reclassified to profit or loss** | | | |
| | a) Equity instruments through other comprehensive income | | **22,12,09,501** | *9,17,93,456* |
| | **Total Other Comprehensive Income** | | **22,12,09,501** | *9,17,93,456* |
| XI | **Total Comprehensive Income for the period (IX + X)** | | **21,86,03,752** | *8,87,47,645* |
| XII | **Earning per equity share :** | | | |
| | Basic and diluted earnings per equity share | 27 | ₹ **(0.67)** | ₹ *(0.79)* |

**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

SHRIKRISHNA BHAVE ________________ *Chairperson*

S.P. KADAKIA ________________

PANKAJ KHATTAR ________________ *Directors*

**Janak Mehta**
Partner
Membership No.: 116976
*Mumbai, 19th April, 2018*

*Mumbai, 19th April, 2018*

## FORBES CAMPBELL FINANCE LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued**

| | Year Ended 31st March., 2018 ₹ | | Year Ended 31st March., 2017 ₹ | |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| **Profit for the year** | | **(26,05,749)** | | *(30,45,811)* |
| **Adjustments for -** | | | | |
| Income tax expense recognised in profit or loss | - | | - | |
| Finance costs recognised in profit or loss | 38,44,848 | | *34,51,401* | |
| Depreciation and amortisation of non-current assets | 22,840 | | *22,840* | |
| Interest Income | - | | *(49,899)* | |
| Dividend Income | (4,15,995) | | - | |
| Financial Guarantee Income | (15,676) | | *(52,500)* | |
| | | **34,36,017** | | *33,71,842* |
| **Operating profit / (loss) before working capital changes** | | **8,30,268** | | *3,26,031* |
| Movements in working capital: | | | | |
| (Increase)/decrease in other assets | - | | *1,99,809* | |
| Increase / (decrease) in trade payables and other payables | 30,600 | | - | |
| Increase / (decrease) in other liabilities | (3,80,654) | | *(36)* | |
| | | **(3,50,054)** | | *1,99,773* |
| **Cash generated from / (used in) operations** | | **4,80,214** | | *5,25,804* |
| Income taxes paid (net of refunds) | | **(60,000)** | | *(7,846)* |
| **(a) Net cash generated from / (used in) operating activities** | | **4,20,214** | | *5,17,958* |
| **Cash flows from investing activities:** | | | | |
| Redemption/maturity of bank deposits (having original maturity of more than three months) | - | | *5,00,000* | |
| Interest received | - | | *56,559* | |
| Dividend received | 4,15,995 | | - | |
| **(b) Net cash generated from / (used in) investing activities** | | **4,15,995** | | *5,56,559* |
| **Cash flows from financing activities:** | | | | |
| Interest paid | (1,72,676) | | *(1,72,676)* | |
| **(c) Net cash generated from / (used in) financing activities** | | **(1,72,676)** | | *(1,72,676)* |
| **(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)** | | **6,63,533** | | *9,01,841* |
| **(e) Cash and cash equivalents as at the commencement of the year** | | **14,86,246** | | *5,84,405* |
| **(f) Cash and cash equivalents as at the end of the year** | | **21,49,779** | | *14,86,246* |

**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, 19th April, 2018*

SHRIKRISHNA BHAVE ________________________ *Chairperson*

S.P. KADAKIA ________________________

MR. PANKAJ KHATTAR ________________________

*Directors*

*Mumbai, 19th April, 2018*

## Statement of changes in equity for the year ended 31st March, 2018

**A. Equity share capital**

| | No.of Shares | Amount |
|---|---|---|
| **Balance at March 31, 2017** | **38,64,131** | **3,86,41,310** |
| Changes in equity share capital during the year | - | - |
| **Balance at March 31, 2018** | **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 |
| **Total comprehensive income for the year 31st March 2017** | **2,04,061** | **30,00,71,700** | **(37,76,71,972)** | **75,00,000** | **16,86,26,403** | **9,87,30,192** | **29,05,04,337** | **38,92,34,529** |
| Loss for the year | - | - | (26,05,749) | - | - | **(26,05,749)** | - | **(26,05,749)** |
| Net fair value gain on investments in equity instruments at FVTOCI | | | | | | - | 22,12,09,501 | **22,12,09,501** |
| **Total comprehensive income for the year 31st March 2018** | **2,04,061** | **30,00,71,700** | **(38,02,77,721)** | **75,00,000** | **16,86,26,403** | **9,61,24,443** | **51,17,13,838** | **60,78,38,281** |

**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, 19th April, 2018*

SHRIKRISHNA BHAVE ______________________ *Chairperson*

S.P. KADAKIA ______________________
PANKAJ KHATTAR ______________________ *Directors*

*Mumbai, 19th April, 2018*

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].

**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.

New standards and interpretations effective as from 1 April 2017:

Amendment to Ind AS 7, Statement of Cash Flows vide Companies (Indian Accounting Standards) (Amendment) Rules, 2017

Ministry of Corporate Affairs vide notification dated 17 March 2017 introduced narrow scope amendments including additional disclosures to Statement of Cash Flows that will enable the users of financial statements to evaluate changes in liabilities arising from financing activities. This includes changes arising from:

- cash flows, such as drawdowns and repayments of borrowings; and
- non-cash changes, such as acquisitions, disposals and unrealised exchange differences.

The adoption of this standard did not have a significant impact on the financial statements.

**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.

**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.

**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) 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.

**xi) 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

**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.

**xii) 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.

**xiii) 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.

**xiv) 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).

**xv) 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.

**xvi) 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.

**xvii) 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.

**xviii) 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.

**xix) 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.

**xx) 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.

## FORBES CAMPBELL FINANCE LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued**

**4. Property, plant and equipment**

**Current Year**

| Particulars | Cost or deemed cost | | | | Accumulated depreciation and impairment | | | | Carrying Amount |
|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 1st April, 2017 | Additions | Disposals | Balance as at 31st March, 2018 | Balance as at 1st April, 2017 | Eliminated on disposals of assets | Depreciation expense | Balance as at 31st March, 2018 | Balance as at 31st March, 2018 |
| **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, 2016* | *Additions* | *Disposals* | *Balance as at 31st March, 2017* | *Balance as at 1st April, 2016* | *Eliminated on disposals of assets* | *Depreciation expense* | *Balance as at 31st March, 2017* | *Balance as at 31st March, 2017* |
| ***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** | - |

## 5. Investment property

₹

| | **As at 31st March., 2018** | *As at 31st March., 2017* |
|---|---:|---:|
| Completed investment properties | **4,99,724** | *5,22,564* |
| | | |
| **Total** | **4,99,724** | ***5,22,564*** |

| **Cost or Deemed Cost** | **Year Ended 31st March., 2018** | *Year Ended 31st March., 2017* |
|---|---:|---:|
| 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., 2018** | *Year Ended 31st March., 2017* |
|---|---:|---:|
| Balance at beginning of year | **8,09,130** | *7,86,290* |
| Additions :- Depreciation for the year | **22,840** | *22,840* |
| **Balance at end of year** | **8,31,970** | ***8,09,130*** |

| **Carrying amount** | **Year Ended 31st March., 2018** | *Year Ended 31st March., 2017* |
|---|---:|---:|
| Balance at beginning of year | **5,22,564** | *5,45,404* |
| Additions | | |
| Disposals | | |
| Depreciation expense | 22,840 | *22,840* |
| **Balance at end of year** | **4,99,724** | ***5,22,564*** |

All of the Company's investment properties are held under freehold interests.

### 5.1 Fair value measurement of the Company's investment properties

The fair value of the Company’s investment properties as at March 31, 2018 and as at March 31, 2017 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, 2018 and 31st March, 2017 are as follows:

| **Particulars** | **Level 3** | **Fair value as at 31st March, 2018** |
|---|---:|---:|
| Office Units located in India- Pune City | 1,55,00,000 | 1,55,00,000 |
| **Total** | **1,55,00,000** | **1,55,00,000** |

| **Particulars** | **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** |

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.

### 5.2 Note on Investment property direct expenses included in other expenses:-

₹

| | **Year Ended 31st March., 2018** | *Year Ended 31st March., 2017* |
|---|---:|---:|
| Direct operating expenses arising from investment property that generated rental income during the year | 38,433 | *33,108* |
| Direct operating expenses arising from investment property that did not generate rental income during the year | - | - |
| **Total** | **38,433** | ***33,108*** |

## FORBES CAMPBELL FINANCE LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued**

**6. Investments in Subsidiaries at cost**

**Non Current Investments**

₹

| particulars | As at 31st March., 2018 Qty | As at 31st March., 2018 Amount | *As at 31st March., 2017 Qty* | *As at 31st March., 2017 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* |
| 2. Equity shares of ₹ 10 each in Forbes Edumetry Ltd | **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* |
| **Aggregate amount of impairment in value of investments (B)** | | **1,44,36,122** | | *1,44,36,122* |
| **TOTAL INVESTMENTS (A) - (B)** | | **4,93,996** | | *4,93,996* |

**7. Investment in associates at cost**

₹

| particulars | As at 31st March., 2018 Qty | As at 31st March., 2018 Amount | *As at 31st March., 2017 Qty* | *As at 31st March., 2017 Amount* |
|---|---|---|---|---|
| **Unquoted Investments (all fully paid)** | | | | |
| **Equity Instruments** | | | | |
| **1.** Equity shares of ₹ 10 each in Forbes Technosys Ltd. (Refer Note 34) | **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 | **-** | **4,48,274** | - | *3,67,500* |
| **TOTAL AGGREGATE OF UNQUOTED INVESTMENTS (A)** | **1,18,97,200** | **11,82,74,624** | *1,18,97,200* | *11,81,93,850* |
| **Aggregate amount of impairment in value of investments (B)** | | **-** | | - |
| **TOTAL INVESTMENTS (A) - (B)** | | **11,82,74,624** | | *11,81,93,850* |

**8. Investment in joint venture at cost**

₹

| particulars | As at 31st March., 2018 Qty | As at 31st March., 2018 Amount | *As at 31st March., 2017 Qty* | *As at 31st March., 2017 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* |
| **TOTAL AGGREGATE OF UNQUOTED INVESTMENTS (A)** | **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* |

# FORBES CAMPBELL FINANCE LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued**

**9. Other investments**

**9A. Other Non Current Investments** ₹

| particulars | As at 31st March., 2018 Qty | As at 31st March., 2018 Amount | *As at 31st March., 2017 Qty* | *As at 31st March., 2017 Amount* |
|---|---|---|---|---|
| **9.1A. 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** | **51,49,68,530** | *1,66,398* | *29,37,59,029* |
| **TOTAL AGGREGATE OF UNQUOTED INVESTMENTS (A)** | **1,66,398** | **51,49,68,530** | *1,66,398* | *29,37,59,029* |
| **9.2A. 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* |
| **TOTAL AGGREGATE QUOTED INVESTMENTS (B)** | **13,49,260** | **1,34,92,600** | *13,49,260* | *1,34,92,600* |
| **TOTAL INVESTMENTS (A) + (B)** | **15,15,658** | **52,84,61,130** | *15,15,658* | *30,72,51,629* |
| **Less : Aggregate amount of impairment in value of investments (C)** | | **1,34,92,600** | | *1,34,92,600* |
| **TOTAL INVESTMENTS CARRYING VALUE (A) + (B) - (C)** | | **51,49,68,530** | | *29,37,59,029* |
| **Aggregate market value of quoted investments** | | **51,49,68,530** | | *29,37,59,029* |

**9.3A. Category-wise other investments – as per Ind AS 109 classification** ₹

| Particulars | As at 31st March., 2018 | *As at 31st March., 2017* |
|---|---|---|
| **Financial assets carried at fair value through profit or loss (FVTPL)** | | |
| Equity Instrument | 1,34,92,600 | *1,34,92,600* |
| Less:- Impairment in value of investments | 1,34,92,600 | *1,34,92,600* |
| | - | - |
| **Financial Assets measured at FVTOCI (Debt instruments and equity investments)** | | |
| Equity instruments | 51,49,68,530 | *29,37,59,029* |
| | **51,49,68,530** | *29,37,59,029* |
| **TOTAL** | **51,49,68,530** | *29,37,59,029* |

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued

**10. Loans**

**10A. Loans - Non Current** ₹

| Particulars | As at 31st March., 2018 | *As at 31st March., 2017* |
|---|---|---|
| **a) Loans to related parties** (Refer Note 30) | | |
| - Secured, considered doubtful | - | *-* |
| - Doubtful | 38,26,000 | *38,26,000* |
| Less : Allowance for bad and doubtful loans | 38,26,000 | *38,26,000* |
| **Total (a)** | **-** | *-* |

**11. Other financial assets**

**11A. Other financial assets - Non current**

| Particulars | As at 31st March., 2018 | *As at 31st March., 2017* |
|---|---|---|
| **a) Security deposits** | | |
| - Unsecured, considered good | 10,000 | *10,000* |
| - Doubtful | - | *-* |
| Less : Allowance for bad and doubtful loans | - | *-* |
| **sub total (a)** | **10,000** | *10,000* |
| **b)** Balance held as margin money with banks with remaining maturity period of more than 12 months | **-** | *-* |
| **Total (a+b)** | **10,000** | *10,000* |

### 12. 12A. 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., 2018 | *As at 31st March., 2017* |
|---|---|---|
| **Balances with Banks** | | |
| a) In current accounts | 21,37,275 | *14,83,463* |
| b) In EEFC Accounts | - | - |
| c) Deposits accounts (with original maturity upto 3 months) | - | - |
| | **21,37,275** | *14,83,463* |
| **Cheques, drafts on hand** | - | - |
| **Cash on hand** | 12,504 | *2,783* |
| **Cash and cash equivalents as per balance sheet** | **21,49,779** | *14,86,246* |

### 13. Other assets

#### 13A. Other assets - Non Current

| Particulars | As at 31st March., 2018 | *As at 31st March., 2017* |
|---|---|---|
| a) Balances with statutory / government authorities | | |
| - Unsecured, considered good | - | - |
| - Doubtful | - | - |
| Less : Allowance for doubtful balances | - | - |
| | - | - |
| **Total** | **-** | - |

# FORBES CAMPBELL FINANCE LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued**

**14. Equity Share Capital**

₹

| Particulars | As at 31st March., 2018 | *As at 31st March., 2017* |
|---|---|---|
| Equity shares of ₹ 10 each | **3,86,41,310** | *3,86,41,310* |
| **Total** | **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* |
| **Issued and subscribed capital comprises:** | | |
| 38,64,131 fully paid equity shares of ₹ 10 each *(Previoys year : 38,64,131)* | **3,86,41,310** | *3,86,41,310* |
| | **3,86,41,310** | *3,86,41,310* |

**14. 1 Fully paid equity shares**

| Particulars | Number of shares | Share capital (Amount) |
|---|---|---|
| Balance at March 31, 2017 | **38,64,131** | **3,86,41,310** |
| Movements | - | - |
| **Balance at March 31, 2018** | **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.

**14. 2 Details of shares held by the holding company, the ultimate controlling party, their subsidiaries and associates**

| Particulars | Fully paid ordinary shares | |
|---|---|---|
| | As at 31st March., 2018 | *As at 31st March., 2017* |
| **Balance at the beginning of the period** | **38,64,131** | *38,64,131* |
| The holding company | - | - |
| **Total** | **38,64,131** | *38,64,131* |

**14. 3 Details of shares held by each shareholder holding more than 5% shares**

| Particulars | As at 31st March., 2018 | | ***As at 31st March., 2017*** | |
|---|---|---|---|---|
| | 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 | **38,64,131** | **100.00** | *38,64,131* | *100.00* |
| **Total** | **38,64,131** | **100.00** | *38,64,131* | *100.00* |

**15. Other equity**

₹

| Particulars | As at 31st March., 2018 | *As at 31st March., 2017* |
|---|---|---|
| a) Amalgamation reserve | **2,04,061** | *2,04,061* |
| b) Securities premium reserve | **30,00,71,700** | *30,00,71,700* |
| c) Reserve for equity instruments through other comprehensive income | **51,17,13,838** | *29,05,04,337* |
| d) Retained earnings | **(38,02,77,721)** | *(37,76,71,972)* |
| e) Capital redemption reserve | **75,00,000** | *75,00,000* |
| f) Equity Component in Debentures issued | **16,86,26,403** | *16,86,26,403* |
| **Total** | **60,78,38,281** | *38,92,34,529* |

₹

| Particulars | As at 31st March., 2018 | *As at 31st March., 2017* |
|---|---|---|
| **15.1 Amalgamation reserve** | | |
| Balance at beginning of the year | **2,04,061** | *2,04,061* |
| Movements | - | - |
| **Balance at end of the year** | **2,04,061** | *2,04,061* |
| **15.2 Securities premium reserve** | | |
| Balance at beginning of the year | **30,00,71,700** | *30,00,71,700* |
| Movements | - | - |
| **Balance at end of the year** | **30,00,71,700** | *30,00,71,700* |
| **15.3 Reserve for equity instruments through other comprehensive income** | | |
| Balance at beginning of year | **29,05,04,337** | *19,87,10,881* |
| Net fair value gain on investments in equity instruments at FVTOCI | **22,12,09,501** | *9,17,93,456* |
| **Balance at end of the year** | **51,17,13,838** | *29,05,04,337* |
| **15.4 Retained earnings** | | |
| Balance at beginning of year | **(37,76,71,972)** | *(37,46,26,161)* |
| Loss attributable to owners of the Company | **(26,05,749)** | *(30,45,811)* |
| **Balance at end of the year** | **(38,02,77,721)** | *(37,76,71,972)* |
| **15.5 Capital redemption reserve** | | |
| Balance at beginning of the year | **75,00,000** | *75,00,000* |
| Movements | - | - |
| **Balance at end of the year** | **75,00,000** | *75,00,000* |
| **15.6 Equity Component in Debentures issued** | | |
| Balance at beginning of the year | **16,86,26,403** | *16,86,26,403* |
| Ind AS Transition Reserves | - | - |
| **Balance at end of the year** | **16,86,26,403** | *16,86,26,403* |
| **Total** | **60,78,38,281** | *38,92,34,529* |

### 16. Non-current Borrowings

₹

| Particulars | Non-current portion As at 31st March., 2018 | Non-current portion *As at 31st March., 2017* |
|---|---|---|
| **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) | **3,57,18,148** | *3,20,45,975* |
| | **3,57,18,148** | *3,20,45,975* |
| **Total Non-current borrowings** | **3,57,18,148** | *3,20,45,975* |

**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.

### 17. Other financial liabilities

#### 17A. Other financial liabilities - Current

₹

| Particulars | As at 31st March., 2018 | *As at 31st March., 2017* |
|---|---|---|
| a) Interest accrued but not due on borrowings | **68,080** | *68,082* |
| b) Others :- | | |
| - Security deposits | **5,00,000** | *5,00,000* |
| - Financial guarantee contracts | **65,098** | - |
| | **5,65,098** | *5,00,000* |
| **Total** | **6,33,178** | *5,68,082* |

### 18. Other current liabilities

#### 18A Other current liabilities

₹

| Particulars | As at 31st March., 2018 | *As at 31st March., 2017* |
|---|---|---|
| a) Statutory remittances | **15,73,817** | *15,73,818* |
| b) Others | | |
| - Deposits | **-** | *3,80,652* |
| **Total** | **15,73,817** | *19,54,470* |

### 19. Trade payables

#### 19A Trade payables - Current

₹

| Particulars | As at 31st March., 2018 | *As at 31st March., 2017* |
|---|---|---|
| Trade payables | **80,418** | *49,818* |
| **Total** | **80,418** | *49,818* |

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

### 20. Current tax assets and liabilities

₹

| Particulars | As at 31st March., 2018 | *As at 31st March., 2017* |
|---|---|---|
| **Current tax assets** | | |
| Tax refund receivable | **2,00,32,104** | *1,99,72,104* |
| | **2,00,32,104** | *1,99,72,104* |
| Current Tax Assets (current portion) | **-** | - |
| Current Tax Assets (non-current portion) | **2,00,32,104** | *1,99,72,104* |

## FORBES CAMPBELL FINANCE LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued

**21. Revenue from operations**

₹

| Particulars | Year Ended 31st March., 2018 | *Year Ended 31st March., 2017* |
|---|---|---|
| a) **Operating revenues** | | |
| i) Rent and amenities | 6,00,000 | *4,80,000* |
| **Total** | **6,00,000** | *4,80,000* |

**22. Other Income**

₹

| Particulars | Year Ended 31st March., 2018 | *Year Ended 31st March., 2017* |
|---|---|---|
| **Interest income earned on financial assets that are not designated at fair value through profit or loss:** | | |
| **a) Interest Income** | | |
| i) Bank deposits | - | *47,589* |
| ii) Income Tax refund | - | *2,310* |
| **Total (a)** | **-** | *49,899* |
| **b) Dividend Income** | | |
| i) from long-term investments | 4,15,995 | - |
| ii) from current investments | - | - |
| **Total (b)** | **4,15,995** | - |
| **c) Other Non-Operating Income (Net of expenses directly attributable to such income)** | | |
| **i) Others** | | |
| Credit balances / excess provision written back | 3,80,652 | - |
| Notional Financial Guarantee Income | 15,676 | *52,500* |
| Miscellaneous income | - | *649* |
| **Total (c)** | **3,96,328** | *53,149* |
| **Total (a+b+c)** | **8,12,323** | *1,03,048* |

**23. Finance costs**

₹

| Particulars | Year Ended 31st March., 2018 | *Year Ended 31st March., 2017* |
|---|---|---|
| (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 | 36,72,173 | *32,78,726* |
| **Total** | **38,44,848** | *34,51,401* |

**24. Depreciation and amortisation expense**

₹

| Particulars | Year Ended 31st March., 2018 | *Year Ended 31st March., 2017* |
|---|---|---|
| i) Depreciation of investment property | 22,840 | *22,840* |
| ii) Amortisation of intangible assets | - | - |
| **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, 2018 - Continued

### 25. A. Other expenses

₹

| | Particulars | Year Ended 31st March., 2018 | *Year Ended 31st March., 2017* |
|---|---|---|---|
| a) | **Repairs to :** | | |
| | i) Buildings | 21,600 | *14,400* |
| | | 21,600 | *14,400* |
| b) | Rates and taxes (excluding taxes on income) | 47,112 | *30,350* |
| c) | Printing & Stationery | - | - |
| d) | Legal and professional charges | 15,100 | *17,620* |
| e) | Miscellaneous expenses | 5,610 | *39,143* |
| | **Total (A)** | **89,422** | *1,01,513* |
| a) | **To Statutory auditors** | | |
| | i) For audit | 39,500 | *28,625* |
| | ii) For other services | 20,600 | *23,690* |
| | iii) For reimbursement of expenses | 862 | *790* |
| | **Total (B)** | **60,962** | *53,105* |
| | **Total (A) + (B)** | **1,50,384** | *1,54,618* |

### 26. Income taxes relating to operations

#### 26.1 Income tax recognised in profit or loss

₹

| Particulars | Year Ended 31st March., 2018 | *Year Ended 31st March., 2017* |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | - | - |
| | - | - |
| **Deferred tax** | | |
| | - | - |
| **Total income tax expense recognised in the current year relating to continuing Operations** | - | - |

### 27. Earnings per share

| Particulars | **Year Ended 31st March., 2018** | *Year Ended 31st March., 2017* |
|---|---|---|
| **From Continuing operations** | **₹. per share** | *₹. per share* |
| Basic earnings per share | **(0.67)** | *(0.79)* |
| Diluted earnings per share | **(0.67)** | *(0.79)* |

### 27.1. 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., 2018** | *Year Ended 31st March., 2017* |
|---|---|---|
| Profit for the year attributable to owners of the Company (A) | **(26,05,749)** | *(30,45,811)* |
| 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)** | **(0.67)** | *(0.79)* |

### 27.2 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.

### 28. Contingent liabilities

₹

| Particulars | As at 31st March., 2018 | *As at 31st March., 2017* |
|---|---|---|
| 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* |
| Income Tax matters in dispute under appeal. | **3,29,88,328** | *3,29,88,328* |
| 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* |

### 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., 2018 | *As at 31st March., 2017* |
|---|---|---|
| Gross carrying Amount | 13,31,694 | *13,31,694* |
| Accumulated Depreciation | 8,31,970 | *8,09,130* |
| Depreciation for the year | 22,840 | *22,840* |

**30. (a) Related party disclosures**

**Current Year**

**(a) Name of the Related Parties and Description of Relationship:**

| | Nature of Relationship | | Name of entity | Abbreviation used |
|---|---|---|---|---|
| **A** | Ultimate Holding Company / | 1 | Shapoorji Pallonji and Company Private Limited | SPCL |
| | Holding Company | 2 | Forbes & Company Limited | F&CL |
| **B** | Subsidiary Companies | 1 | Forbes Bumi Armada Limited | FBAL |
| | | 2 | Forbes Campbell Services Limited | FCSL |
| | | 3 | Forbes Edumetry Limited<br>(*under voluntary winding up* ) | FEL |
| **C** | Fellow Subsidiaries<br>(where there are transactions) | 1 | Forbes Technosys Limited | FTL |
| | | 2 | Volkart Fleming Shipping and Services Limited | VFSSL |

**30. Related party disclosures (contd.)**

**Current Year**

₹

**(b) transactions / balances with above mentioned related parties**

| | | 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 | 36,72,173 | **36,72,173** | - | **-** | - | **-** | **36,72,173** |
| 3 | Miscellaneous expenses | 12 | **12** | - | **-** | - | **-** | **12** |
| | **Income** | | | | | | | |
| 4 | Rent and Other Service Charges | 6,00,000 | **6,00,000** | - | **-** | - | **-** | **6,00,000** |
| 5 | Notional Guarantee Commission | - | **-** | - | **-** | 15,676 | **15,676** | **15,676** |
| 6 | Dividend Received | 4,15,995 | **4,15,995** | - | **-** | - | **-** | **4,15,995** |
| | **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 | 68,080 | **68,080** | - | **-** | - | **-** | **68,080** |
| 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 | Security deposits | 5,00,000 | **5,00,000** | - | **-** | - | **-** | **5,00,000** |

## 30. Related party disclosures (contd.)

***Previous Year***

₹

***(b) transactions / balances with above mentioned related parties***

| | | 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* | *Security deposits* | *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., 2018 | *31st March., 2017* | 31st March., 2018 | *31st March., 2017* | 31st March., 2018 | *31st March., 2017* |
| Segment Revenue | **4,31,671** | *52,500* | **6,00,000** | *4,80,000* | **10,31,671** | *5,32,500* |
| Inter segment revenue | - | - | - | - | - | - |
| **Revenue from operations** | **4,31,671** | *52,500* | **6,00,000** | *4,80,000* | **10,31,671** | *5,32,500* |
| **Segment Results** | 4,31,671 | *52,500* | 5,38,727 | *4,30,752* | 9,70,398 | *4,83,252* |
| **Exceptional items allocated to segments** | - | - | - | - | - | - |
| **Segment Results after exceptional items** | **4,31,671** | *52,500* | **5,38,727** | *4,30,752* | **9,70,398** | *4,83,252* |
| Add: Unallocated income | | | | | 3,80,652 | *50,548* |
| Less: Unallocated expenses | | | | | (1,11,951) | *(1,28,210)* |
| **(Loss) / Profit before tax and finance costs** | | | | | **12,39,099** | *4,05,590* |
| Less: Finance costs | | | | | 38,44,848 | *34,51,401* |
| **(Loss) / Profit before tax** | | | | | **(26,05,749)** | *(30,45,811)* |
| **Provision for taxation:** | | | | | | |
| Current tax expense | | | | | - | - |
| **(Loss) / Profit after tax** | | | | | **(26,05,749)** | *(30,45,811)* |
| **Capital employed** | | | | | | |
| **Segment assets** | **66,17,93,545** | *44,05,03,270* | **4,99,724** | *5,22,564* | **66,22,93,269** | *44,10,25,834* |
| Unallocated corporate assets | | | | | 2,21,91,883 | *2,14,68,350* |
| **Total assets** | **66,17,93,545** | *44,05,03,270* | **4,99,724** | *5,22,564* | **68,44,85,152** | *46,24,94,184* |
| **Segment liabilities** | **3,58,51,326** | *3,21,14,057* | **5,00,000** | *5,00,000* | **3,63,51,326** | *3,26,14,057* |
| Unallocated corporate liabilities | | | | | 16,54,235 | *20,04,288* |
| **Total liabilities** | **3,58,51,326** | *3,21,14,057* | **5,00,000** | *5,00,000* | **3,80,05,561** | *3,46,18,345* |
| **Capital employed** | **62,59,42,219** | *40,83,89,213* | **(276)** | *22,564* | **64,64,79,591** | *42,78,75,839* |
| **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** | | | | | - | - |

## 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 16 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 15).

The funding requirements are met through unsecured optinally convertible debentures and there are no lines of credit.

### 32.2 Gearing ratio

The gearing ratio at end of the period was as follows :- ₹

| Particulars | As at 31st March., 2018 | *As at 31st March., 2017* |
|---|---|---|
| Long Term Borrowings | 3,57,18,148 | *3,20,45,975* |
| Cash and bank balances | 21,49,779 | *14,86,246* |
| Net debt | 3,35,68,369 | *3,05,59,729* |
| | | |
| Equity | 64,64,79,591 | *42,78,75,839* |
| | | |
| Net debt to equity ratio (Refer note a) | 0.05 | *0.07* |

**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., 2018 | *As at 31st March., 2017* |
|---|---|---|---|
| **Financial assets** | | | |
| **a)Measured at Amortised Cost** | | | |
| Cash and bank balances | | 21,49,779 | *14,86,246* |
| Investments in subsidiaries | | 4,93,996 | *4,93,996* |
| Investments in associates | | 11,82,74,624 | *11,81,93,850* |
| Investments in joint ventures | | 2,80,56,395 | *2,80,56,395* |
| Other Financial Assets | | 10,000 | *10,000* |
| **Sub Total- a** | | **14,89,84,794** | *14,82,40,487* |
| **b)Measured at FVTOCI** | | | |
| Equity Investment (Refer Note 8 A) | 1 | 51,49,68,530 | *29,37,59,029* |
| **Sub Total- b** | | **51,49,68,530** | *29,37,59,029* |
| **Total ( a + b)** | | **66,39,53,324** | *44,19,99,516* |
| | | | |
| **Financial liabilities** | | | |
| **Measured at Amortised Cost** | | | |
| Borrowings | | 3,57,18,148 | *3,20,45,975* |
| Trade and other payables | | 80,418 | *49,818* |
| Other financial liabilities | | 6,33,178 | *5,68,082* |
| **Total** | | **3,64,31,744** | *3,26,63,875* |

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.

**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, 2018 and March 31, 2017 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, 2018** | | | |
|---|---|---|---|---|
| | **Upto 1 year** | **1 to 3 years** | **3 to 5 years** | **5 years & above** |
| Borrowings | - | - | - | 17,26,75,000 |
| Trade Payables | 80,418 | | | |
| Other Financial Liabilities | 6,33,178 | | | |
| | **7,13,596** | **-** | **-** | **17,26,75,000** |

₹

| **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* |

**c) Derivatives Instruments and unhedged Foreign Currency (FC) exposure**

The Company is not exposed to Currency Risk arising from its trade exposures and capital/Loan receipt/payments which are denominated in the Functional Currency.

**d) Interest Rate Risk**

The Company is not exposed to interest rate risk because it borrows funds at fixed interest rates.

**33. 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.

**34.** As at 31st March, 2018, the Company has investments of Rs. 11,82,74,624/- 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.

**35. Net debt reconciliation**

₹

| | **31st March., 2018** | *31st March., 2017* |
|---|---|---|
| Long Term Borrowings | (3,57,18,148) | *(3,20,45,975)* |
| **Total debt** | **(3,57,18,148)** | *(3,20,45,975)* |
| Cash & Cash equivalents | 21,49,779 | *14,86,246* |
| **Net debt** | **(3,35,68,369)** | *(3,05,59,729)* |

₹

| | **Other assets** | **Liabilities from financing activities** | |
|---|---|---|---|
| | **Cash and bank overdraft** | **Non-current borrowings** | **Total** |
| **Net debt as at 1st April, 2017** | **14,86,246** | **(3,20,45,975)** | **(3,05,59,729)** |
| Cash flows | 6,63,533 | - | 6,63,533 |
| Interest expense | - | (38,44,849) | (38,44,849) |
| Interest paid | - | 1,72,676 | 1,72,676 |
| **Net debt as at 31st March, 2018** | **21,49,779** | **(3,57,18,148)** | **(3,35,68,369)** |

**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, 19th April, 2018*

SHRIKRISHNA BHAVE ________________________ *Chairperson*

S.P. KADAKIA ______________________________

MR. PANKAJ KHATTAR ______________________ *Directors*

*Mumbai, 19th April, 2018*

Forbes Campbell Services Limited

(Subsidiary Company of Forbes Campbell Finance Limited)

Financial Statements

For the year ended March 31, 2018

*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
Sagar B. Shah B.Com, ACA, DIP (IFRS)

Chitalia House, 3rd floor, 274/276, Dr. Cawasji Hormasji Lane,
Near Our Lady of Dolours Church, Marine lines, 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, 2018 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 theRules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31stMarch, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position

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

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

**For Atul HMV & Associates LLP**
**Chartered Accountants**
**FRN No: 124043W**

**Hemanshu M. Vora**
**Partner**
**Membership No. 100283**
Place: Mumbai
Date: April 19, 2018

## 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 2018, 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) The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Accordingly, the provisions of Clause 3(iv) of the Order are not applicable to the Company.

(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 Company is not engaged in production, processing, manufacturing or mining activities. Therefore, the provisions of maintenance of cost records specified by the Central Government under sub-section (1) of Sections 148 of the Companies Act, 2013 mentioned in clause (vi) of paragraph 3 of the order are not applicable.

(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 and Goods and Service tax (GST). 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 Goods and Service tax (GST) or duty of customs or duty of excise or value added tax which has 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**

ATUL HMV & ASSOCIATES LLP MUMBAI Chartered Accountants

**Hemanshu M. Vora**
**Partner**
**Membership No. 100283**

Place: Mumbai

Date: April 19, 2018

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF FORBES CAMPBELL SERVICES LIMITED**

**(Referred to in Paragraph 2(f) of our report of even date)**

**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, 2018 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 an derrors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2)Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

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

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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**

ATUL HMV & ASSOCIATES LLP MUMBAI Chartered Accountants

**Hemanshu M. Vora**

**Partner**

**Membership No. 100283**

Place: Mumbai

Date: April 19, 2018

# FORBES CAMPBELL SERVICES LIMITED
## BALANCE SHEET AS AT 31ST MARCH, 2018

| Particulars | Note No. | As at 31st March, 2018 ₹ | *As at 31st March, 2017 ₹* |
|---|---|---|---|
| **ASSETS** | | | |
| **1 Non-current assets** | | | |
| a **Financial Assets:** | | | |
| i) Other financial assets | **4A** | 84,777 | *84,777* |
| | | **84,777** | *84,777* |
| b **Tax assets** | | | |
| i) Deferred tax assets (net) | **10** | **21,256** | *26,651* |
| ii) Current tax assets (net) | **13** | **2,958** | *-* |
| | | **24,214** | *26,651* |
| c Other non-current assets | **6A** | **76,284** | *4,680* |
| **Total Non-current assets** | | **1,85,275** | *1,16,108* |
| **2 Current assets** | | | |
| a **Financial Assets:** | | | |
| i) Cash and cash equivalents | **5A** | 22,95,005 | *13,93,738* |
| ii) Loans | **3A** | 3,338 | *17,493* |
| iii) Other financial assets | **4B** | 6,329 | *-* |
| | | **23,04,672** | *14,11,231* |
| b Other current assets | **6B** | 4,680 | *6,240* |
| **Total Current assets** | | **23,09,352** | *14,17,471* |
| **Total Assets** | | **24,94,627** | *15,33,579* |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| a Equity share capital | **7** | 5,00,000 | *5,00,000* |
| b Other equity | **8** | 11,88,253 | *7,27,646* |
| Equity attributable to owners of the Company | | **16,88,253** | *12,27,646* |
| **Total Equity** | | **16,88,253** | *12,27,646* |
| **Liabilities** | | | |
| **1 Non-current liabilities** | | | |
| a Provisions | **9A** | 1,20,129 | *1,19,614* |
| **Total Non-current liabilities** | | **1,20,129** | *1,19,614* |
| **2 Current liabilities** | | | |
| a **Financial liabilities:** | | | |
| i) Trade and other payables | **12A** | 4,88,659 | *1,14,480* |
| | | **4,88,659** | *1,14,480* |
| b Provisions | **9B** | **11,916** | *19,253* |
| c Current tax liabilities (net) | **13** | **42,173** | *7,073* |
| d Other current liabilities | **11A** | **1,43,497** | *45,513* |
| **Total Current Liabilities** | | **6,86,245** | *1,86,319* |
| **Total Liabilities** | | **8,06,374** | *3,05,933* |
| **Total Equity and Liabilities** | | **24,94,627** | *15,33,579* |

**See accompanying notes forming part of the financial statements** **1 to 23**

In terms of our report attached
**For Atul HMV & Associates LLP**
*Chartered Accountants*
FRN No: 124043W

**Hemanshu M. Vora**
Partner
Mem No.: 100283
*Mumbai, 19th April, 2018*

SHRIKRISHNA BHAVE ____________ *Chairperson*

RAVI C. PREM ____________
PANKAJ KHATTAR ____________
*Directors*

*Mumbai, 19th April, 2018*

# FORBES CAMPBELL SERVICES LIMITED
## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

| | Particulars | Note No. | Year Ended 31st March, 2018 ₹ | *Year Ended 31st March, 2017 ₹* |
|---|---|---|---|---|
| I | Revenue from operations | 14 | 52,80,000 | *51,60,000* |
| II | Other income | 15 | 39,360 | *28,755* |
| III | **Total Income (I + II)** | | **53,19,360** | *51,88,755* |
| IV | **Expenses:** | | | |
| | Employee benefits expense | 16 | 18,21,575 | *20,06,615* |
| | Other expenses | 17 | 28,76,783 | *26,44,885* |
| | **Total expenses** | | **46,98,358** | *46,51,500* |
| V | **Profit / (loss) before exceptional items and tax (III - IV)** | | **6,21,002** | *5,37,255* |
| VI | Exceptional items | | - | - |
| VII | **Profit / (Loss) before tax (V + VI)** | | **6,21,002** | *5,37,255* |
| VIII | **Tax expense / (credit):** | | | |
| | Current tax | 18 | **1,55,000** | *1,66,000* |
| | Deferred tax | 18 | **5,395** | *(5,239)* |
| | | | **1,60,395** | *1,60,761* |
| IX | **Profit for the period (VII - VIII)** | | **4,60,607** | *3,76,494* |
| XII | **Earning per equity share :** | | | |
| | Basic and diluted earnings per equity share | 19 | ₹ **9.21** | ₹ *7.53* |

**See accompanying notes forming part of the financial statements** **1 to 23**

In terms of our report attached
**For Atul HMV & Associates LLP**
*Chartered Accountants*
FRN No: 124043W

**Hemanshu M. Vora**
Partner
Mem No.: 100283
*Mumbai, 19th April, 2018*

SHRIKRISHNA BHAVE ______________________ *Chairperson*

RAVI C. PREM ______________________

PANKAJ KHATTAR ______________________

*Directors*

*Mumbai, 19th April, 2018*

## FORBES CAMPBELL SERVICES LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued**

| | Year Ended 31st March, 2018 ₹ | | *Year Ended 31st March, 2017 ₹* | |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| **Profit for the year** | | **4,60,607** | | *3,76,494* |
| **Adjustments for -** | | | | |
| Income tax expense recognised in profit or loss | 1,60,395 | | *1,60,761* | |
| Interest Income | (39,360) | | *(3,055)* | |
| | | **1,21,035** | | *1,57,706* |
| **Operating profit / (loss) before working capital changes** | | **5,81,642** | | *5,34,200* |
| Movements in working capital: | | | | |
| Decrease / (increase) in trade receivables and other receivables | 14,155 | | *22,507* | |
| (Increase)/decrease in other assets | (70,044) | | *6,241* | |
| Increase / (decrease) in trade payables and other payables | 3,74,179 | | *(5,729)* | |
| Increase / (decrease) in provisions | (6,822) | | *18,186* | |
| Increase / (decrease) in other liabilities | 97,984 | | *(23,852)* | |
| | | **4,09,452** | | *17,353* |
| **Cash generated from / (used in) operations** | | **9,91,094** | | *5,51,553* |
| Income taxes paid (net of refunds) | | **(1,22,858)** | | *(1,48,727)* |
| **(a) Net cash generated from / (used in) operating activities** | | **8,68,236** | | *4,02,826* |
| **Cash flows from investing activities:** | | | | |
| Interest received | 33,031 | | *3,055* | |
| **(b) Net cash generated from / (used in) investing activities** | | **33,031** | | *3,055* |
| **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)** | | **9,01,267** | | *4,05,881* |
| **(e) Cash and cash equivalents as at the commencement of the year** | | **13,93,738** | | *9,87,857* |
| **(f) Cash and cash equivalents as at the end of the year (d + e)** | | **22,95,005** | | *13,93,738* |
| **See accompanying notes forming part of the financial statements** | **1 to 23** | | | |

In terms of our report attached
**For Atul HMV & Associates LLP**
*Chartered Accountants*
FRN No: 124043W

SHRIKRISHNA BHAVE ________________ Chairperson

RAVI C. PREM ________________

Directors

PANKAJ KHATTAR ________________

**Hemanshu M. Vora**
Partner
Mem No.: 100283
*Mumbai, 19th April, 2018*

*Mumbai, 19th April, 2018*

## Statement of changes in equity for the year ended 31st March, 2018

**A. Equity share capital**

| | No.of Shares | Amount ` |
|---|---|---|
| **Balance at March 31, 2017** | **50,000** | **5,00,000** |
| Changes in equity share capital during the year | - | - |
| **Balance at March 31, 2018** | **50,000** | **5,00,000** |

**B. Other Equity**

₹

| | Attributable to Owners | |
|---|---|---|
| | Reserves and surplus | Total Other Equity |
| | Retained earnings | Total |
| **Total comprehensive income for the year 31st March 2017** | **7,27,646** | **7,27,646** |
| Profit for the year | 4,60,607 | **4,60,607** |
| **Total comprehensive income for the year 31st March 2018** | **11,88,253** | **11,88,253** |

**See accompanying notes forming part of the financial statements** **1 to 23**

In terms of our report attached
**For Atul HMV & Associates LLP**
*Chartered Accountants*
FRN No: 124043W

**Hemanshu M. Vora**
Partner
Mem No.: 100283
*Mumbai, 19th April, 2018*

SHRIKRISHNA BHAVE ____________________ *Chairperson*

RAVI C. PREM ____________________ *Directors*

PANKAJ KHATTAR ____________________

*Mumbai, 19th April, 2018*

## 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].

### 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.

New standards and interpretations effective as from 1 April 2017:

Amendment to Ind AS 7, Statement of Cash Flows vide Companies (Indian Accounting Standards) (Amendment) Rules, 2017

Ministry of Corporate Affairs vide notification dated 17 March 2017 introduced narrow scope amendments including additional disclosures to Statement of Cash Flows that will enable the users of financial statements to evaluate changes in liabilities arising from financing activities. This includes changes arising from:

- cash flows, such as drawdowns and repayments of borrowings; and
- non-cash changes, such as acquisitions, disposals and unrealised exchange differences.

The adoption of this standard did not have a significant impact on the financial statements.

### 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.

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued

**3. Loans**

**3A. Loans - Current**

₹

| Particulars | As at 31st March, 2018 | *As at 31st March, 2017* |
|---|---|---|
| **a) Loans and advances to employees** | | |
| - Unsecured, considered good | 3,338 | *17,493* |
| Less : Allowance for doubtful loans and advances | - | *-* |
| **sub total (a)** | **3,338** | *17,493* |

**4. Other financial assets**

**4A. Other financial assets - Non current**

₹

| Particulars | As at 31st March, 2018 | *As at 31st March, 2017* |
|---|---|---|
| **a) Security deposits** | | |
| - Unsecured, considered good | 84,777 | *84,777* |
| Less : Allowance for bad and doubtful loans / deposits | - | *-* |
| **sub total (a)** | **84,777** | *84,777* |

**4B. Other financial assets - Current**

| Particulars | As at 31st March, 2018 | *As at 31st March, 2017* |
|---|---|---|
| **a) Accruals:** | | |
| i) Interest accrued on deposits with bank | 6,329 | - |
| **sub total (a)** | **6,329** | - |

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued

### 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 31st March, 2018 | *As at 31st March, 2017* |
|---|---|---|
| **Balances with Banks** | | |
| a) In current accounts | 17,88,284 | *13,84,378* |
| b) Deposits accounts (with original maturity upto 3 months) | 5,00,000 | - |
| | **22,88,284** | *13,84,378* |
| **Cheques, drafts on hand** | - | - |
| **Cash on hand** | 6,721 | *9,360* |
| **Cash and cash equivalents as per balance sheet** | **22,95,005** | *13,93,738* |

### 6. Other assets

₹

### 6A. Other assets - Non Current

| Particulars | As at 31st March, 2018 | *As at 31st March, 2017* |
|---|---|---|
| a) Prepaid expenses | - | *4,680* |
| b) Balances with statutory / government authorities | | |
| - Unsecured, considered good | 76,284 | - |
| **Total** | **76,284** | *4,680* |

### 6B. Other assets - Current

| | | |
|---|---|---|
| a) Prepaid expenses | 4,680 | *6,240* |
| **Total** | **4,680** | *6,240* |

## 7. Equity Share Capital

₹

| Particulars | As at 31st March, 2018 | *As at 31st March, 2017* |
|---|---|---|
| **Authorised Share capital :** | | |
| 50,000 fully paid equity shares of ₹ 10 each | **5,00,000** | *5,00,000* |
| **Issued and subscribed capital comprises:** | | |
| 50,000 fully paid equity shares of ₹ 10 each *(Previous year : 50,000)* | **5,00,000** | *5,00,000* |
| | **5,00,000** | *5,00,000* |

### 7. 1 Fully paid equity shares

| Particulars | Number of shares | Share capital (Amount) |
|---|---|---|
| Balance at March 31, 2017 | **50,000** | **5,00,000** |
| Movements | - | - |
| **Balance at March 31, 2018** | **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.

### 7. 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, 2018 | *As at 31st March, 2017* |
| **Balance at the beginning of the period** | | |
| The holding company | **49,000** | *49,000* |
| The ultimate controlling party | - | - |
| Subsidiaries of the holding company | - | - |
| **Total** | **49,000** | *49,000* |

### 7. 3 Details of shares held by each shareholder holding more than 5% shares

| | As at 31st March, 2018 | | *As at 31st March, 2017* | |
|---|---|---|---|---|
| Particulars | 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* |
| **Total** | **49,000** | **98.00** | *49,000* | *98.00* |

## 8. Other equity excluding non-controlling interests

₹

| Particulars | As at 31st March, 2018 | *As at 31st March, 2017* |
|---|---|---|
| **a) Retained earnings** | | |
| Balance at beginning of year | **7,27,646** | *3,51,152* |
| Profit attributable to owners of the Company | **4,60,607** | *3,76,494* |
| **Balance at end of the year** | **11,88,253** | *7,27,646* |
| **b) Others** | - | - |
| **Total** | **11,88,253** | *7,27,646* |

# FORBES CAMPBELL SERVICES LIMITED
## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued

### 9. Provisions

₹

#### 9A. Provisions - Non current

| Particulars | **As at 31st March, 2018** | *As at 31st March, 2017* |
|---|---|---|
| **a) Employee benefits** | | |
| Compensated absences | **1,20,129** | *1,19,614* |
| **Total** | **1,20,129** | *1,19,614* |

#### 9B. Provisions - Current

| Particulars | **As at 31st March, 2018** | *As at 31st March, 2017* |
|---|---|---|
| **a) Employee benefits** | | |
| Compensated absences | **11,916** | *19,253* |
| **Total** | **11,916** | *19,253* |

### 10. Deferred tax balances

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

₹

| Particulars | **As at 31st March, 2018** | *As at 31st March, 2017* |
|---|---|---|
| Deferred tax assets | **21,256** | *26,651* |
| Deferred tax liabilities | **-** | - |
| **Net** | **21,256** | *26,651* |

**Current Year ( 2017-18)**

₹

| 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 | 26,651 | (5,395) | - | - | 21,256 |
| **Total (A) ...** | **26,651** | **(5,395)** | **-** | **-** | **21,256** |
| b) Tax losses | | | | | - |
| **Total (B) ...** | **-** | **-** | **-** | **-** | **-** |
| **Total (A+B) ...** | **26,651** | **(5,395)** | **-** | **-** | **21,256** |

***Previous 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* |

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued

### 11. Other current liabilities

| Particulars | As at 31st March, 2018 | *As at 31st March, 2017* |
|---|---|---|
| | | ₹ |
| **11A. Other current liabilities** | | |
| a) Statutory remittances | **1,43,497** | *45,513* |
| **Total** | **1,43,497** | *45,513* |

### 12. Trade payables

| | | ₹ |
|---|---|---|
| **12A Trade payables - Current** | | |
| a) Trade payables | **4,88,659** | *1,14,480* |
| **Total** | **4,88,659** | *1,14,480* |

### 13. Current tax assets and liabilities

| Particulars | As at 31st March, 2018 | *As at 31st March, 2017* |
|---|---|---|
| | | ₹ |
| **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) | **2,958** | - |
| Others [describe] | **-** | - |
| | **2,958** | - |
| **Current tax liabilities** | | |
| Income tax payable (net of advance tax) | **42,173** | *7,073* |
| Others [describe] | **-** | - |
| | **42,173** | *7,073* |
| Current Tax Assets (current portion) | **-** | - |
| Current Tax Assets (non-current portion) | **2,958** | - |

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued

### 14. Revenue from operations

₹

| Particulars | Year Ended 31st March, 2018 | *Year Ended 31st March, 2017* |
|---|---|---|
| a) **Sale of services** | | |
| i) Security Service Charges | 52,80,000 | *51,60,000* |
| **Total** | **52,80,000** | *51,60,000* |

### 15. Other Income

**a) Interest Income**

| Particulars | Year Ended 31st March, 2018 | *Year Ended 31st March, 2017* |
|---|---|---|
| i) On Bank deposits | 38,412 | - |
| ii) On Income Tax refund | - | *357* |
| iii) From Customers and others | 948 | *2,698* |
| **Total (a)** | **39,360** | *3,055* |

**b) Other Non-Operating Income (Net of expenses directly attributable to such income)**

| | | |
|---|---|---|
| **i) Others (aggregate of immaterial items)** | | |
| Miscellaneous income | - | *25,700* |
| **Total (b )** | **-** | *25,700* |
| **Total (a+b)** | **39,360** | *28,755* |

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued

### 16. Employee benefits expense

| Particulars | Year Ended 31st March, 2018 | *Year Ended 31st March, 2017* |
|---|---|---|
| | | ₹ |
| i) Salaries and Wages | 16,41,103 | *17,12,671* |
| ii) Contribution to provident and other funds | 1,59,200 | *1,69,056* |
| iii) Staff Welfare Expenses | 21,272 | *1,24,888* |
| **Total** | **18,21,575** | *20,06,615* |

### 17. Other expenses

| Particulars | Year Ended 31st March, 2018 | *Year Ended 31st March, 2017* |
|---|---|---|
| | | ₹ |
| a) **Repairs to :** | | |
| i) Others | 1,500 | - |
| | 1,500 | - |
| b) Rates and taxes (excluding taxes on income) | 2,700 | *2,500* |
| c) Printing & Stationery | 3,155 | *4,038* |
| d) Legal and professional charges | 24,71,933 | *25,59,779* |
| e) Travelling and conveyance | 3,46,050 | *25,538* |
| f) Miscellaneous expenses | 21,320 | *22,905* |
| **Sub Total (a)** | **28,46,658** | *26,14,760* |
| g) **Payment to Statutory auditors** | | |
| i) For audit | 25,125 | *25,125* |
| ii) For taxation matters | 5,000 | *5,000* |
| **Sub Total (b)** | **30,125** | *30,125* |
| **Total (a + b)** | **28,76,783** | *26,44,885* |

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued

### 18. Income taxes relating to continuing operations

₹

#### 18.1 Income tax recognised in profit or loss

| Particulars | **Year Ended 31st March, 2018** | *Year Ended 31st March, 2017* |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | **1,55,000** | *1,66,000* |
| In respect of prior years | - | - |
| | **1,55,000** | *1,66,000* |
| **Deferred tax** | | |
| In respect of the previous year | **5,395** | *(5,239)* |
| | **5,395** | *(5,239)* |
| **Total income tax expense recognised in the current year relating to continuing Operations** | **1,60,395** | *1,60,761* |

The income tax expense for the year can be reconciled to the accounting profit as follows:

| Particulars | **Year Ended 31st March, 2018** | *Year Ended 31st March, 2017* |
|---|---|---|
| **Profit before tax from continuing operations** | **6,21,002** | *5,37,255* |
| Income tax expense calculated at 25.75% (2016-17: 29.87%) | 1,59,908 | *1,60,478* |
| Effect of expenses that are not deductible in determining taxable profit | - | *24,531* |
| Effect of expenses that are deductible in determining taxable profit on payment/reversal | - | *(19,301)* |
| Others | 487 | *292* |
| Adjustments recognised in the current year in relation to the current tax of prior years | - | - |
| Income tax expense recognised in profit or loss (relating to continuing operations) | **1,60,395** | *1,66,000* |

The tax rate used for the 2017-2018 and 2016-2017 reconciliations above is the corporate tax rate payable by corporate entities in India on taxable profits under the Indian tax law.

## 19. Earnings per share

| Particulars | Year Ended 31st March, 2018 | *Year Ended 31st March, 2017* |
|---|---|---|
| **From Continuing operations** | **₹ per share** | *₹ per share* |
| Basic earnings per share | **9.21** | *7.53* |
| Diluted earnings per share | **9.21** | *7.53* |

### 19.1 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, 2018 | *Year Ended 31st March, 2017* |
|---|---|---|
| Profit for the year attributable to owners of the Company (A) | **4,60,607** | *3,76,494* |
| 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)** | **9.21** | *7.53* |

### 19.2 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, 2018 | *Year Ended 31st March, 2017* |
|---|---|---|
| Earnings used in the calculation of basic earnings per share | **4,60,607** | *3,76,494* |
| Adjustments | **-** | *-* |
| **Earnings used in the calculation of diluted earnings per share (A)** | **4,60,607** | *3,76,494* |
| 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)** | **9.21** | *7.53* |

## FORBES CAMPBELL SERVICES LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued**

**20. (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** (where there are transactions)

1. Campbell Properties & Hospitality Services Ltd.
2. Volkart Fleming Shipping & Services Ltd.

**Current year**

**(b) transactions/ balances with above mentioned related parties** ₹

| | | A | | B | B | | |
|---|---|---|---|---|---|---|---|
| | | Forbes & Company Ltd. | **Parties in A above** | Campbell Properties & Hospitality Services Ltd. | Volkart Fleming Shipping and Services Ltd. | **Parties in B above** | **Total** |
| | **Nature of Transaction** | | | | | | |
| | **Balances** | | | | | | |
| | 1 Trade Payables | - | **-** | 3,61,688 | - | **3,61,688** | **3,61,688** |
| | **Sales / Services** | | | | | | |
| | 1 Services Rendered | 46,80,000 | **46,80,000** | - | 6,00,000 | **6,00,000** | **52,80,000** |
| | **Expenses** | | | | | | |
| | 1 Reimbursements | 79,200 | **79,200** | - | - | **-** | **79,200** |
| | 2 Travelling / Lodging Exps. | - | **-** | 3,11,800 | - | **3,11,800** | **3,11,800** |
| | 3 Miscellaneous expenses | 12 | **12** | **-** | - | **-** | **12** |

***Related party disclosures (contd.)***

***Previous year***

***(b) transactions/ balances with above mentioned related parties*** ₹

| | | *A* | | *B* | | |
|---|---|---|---|---|---|---|
| | | *Forbes & Company Ltd.* | ***Parties in A above*** | *Volkart Fleming Shipping and Services Ltd.* | ***Parties in B above*** | ***Total*** |
| | ***Nature of Transaction*** | | | | | |
| | **Balances** | | | | | |
| | *1 Trade Payables* | - | **-** | - | - | **-** |
| | ***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*** |

## 21. Financial instruments

### 21.1 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).

### 21.2 Categories of financial instruments

₹

| Particulars | As at 31st March, 2018 | *As at 31st March, 2017* |
|---|---|---|
| **Financial assets** | | |
| **Measured at Amortised Cost** | | |
| a) Cash and bank balances | **22,95,005** | *13,93,738* |
| b) Trade Receivables | **-** | *-* |
| c) Loans | **3,338** | *17,493* |
| **Financial liabilities** | | |
| **Measured at Amortised Cost** | | |
| a) Trade payables | **4,88,659** | *1,14,480* |

### 21.3 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, 2018 and March 31, 2017 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, 2018 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Trade Payables | 4,88,659 | | | |
| | **4,88,659** | - | - | - |

| 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* | - | - | - |

**22.** No amount is due to Small Scale Industries (SSI) as at 31st March, 2018, as defined under Micro, Small & Medium Enterprises Development Act, 2006.

**23.** 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, 19th April, 2018*

SHRIKRISHNA BHAVE _______________ *Chairperson*

RAVI C. PREM _______________

*Directors*

PANKAJ KHATTAR _______________

*Mumbai, 19th April, 2018*

Forbes Enviro Solutions Limited

(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements

For the year ended March 31, 2018

**Independent Auditor's Report**
**To the Members of Forbes Enviro Solutions Limited**

## Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Forbes Enviro Solutions Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, 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, 2018, 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 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and

(g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

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

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

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

**Atul Mehta**
Partner
Membership No: 15935

Place : Mumbai
Date : 24 April 2018

**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 2018, 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 year end. 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 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 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, goods and service tax, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a 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, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2018 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 and income tax have not been deposited by the Company on account of dispute. There are no dues of service tax, sales-tax, wealth tax, goods and service tax, customs duty, excise duty 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 Tax | 10,71,025 | 2002-03, 2004-05 | Commissioner of Sales 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 : 24 April 2018

**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 2018 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, 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 : 24 April 2018

**Forbes Enviro Solutions Limited**

## BALANCE SHEET AS AT 31ST MARCH, 2018

| | | | Notes | As at March 31, 2018 ` | As at March 31, 2017 ` |
|---|---|---|---|---|---|
| | | **ASSETS** | | | |
| | | **Non-current Assets** | | | |
| (a) | | Property, plant and equipment | 4 | 24.10 | 23.28 |
| (b) | | Intangible assets | 5 | 1.15 | 3.40 |
| (c) | | Financial assets | | | |
| | (i) | Other financial assets | 9 | 20.60 | 42.61 |
| (d) | | Tax assets | | | |
| | (i) | Deferred tax asset (Net) | 17 | 25.65 | 32.82 |
| | (ii) | Current tax asset (Net) | 21 | 89.06 | 46.88 |
| (e) | | Other non-current assets | 12 | 111.52 | 141.51 |
| | | **Total Non-current Assets** | | **272.08** | **290.50** |
| | | **Current Assets** | | | |
| (a) | | Inventories | 10 | 198.66 | 141.81 |
| (b) | | Financial assets | | | |
| | (i) | Investments | 6 | 1.91 | 1.76 |
| | (ii) | Trade receivables | 7 | 778.44 | 1,296.40 |
| | (iii) | Cash and cash equivalents | 11 | 40.91 | 22.07 |
| | (iv) | Bank balances other than (iii) above | 11 | 30.78 | 14.20 |
| | (v) | Loans | 8 | - | 0.05 |
| | (vi) | Other financial assets | 9 | 1.20 | 1.20 |
| (c) | | Other current assets | 12 | 99.95 | 64.04 |
| | | **Total Current Assets** | | **1,151.85** | **1,541.53** |
| | | **Total Assets** | | **1,423.93** | **1,832.03** |
| | | **EQUITY AND LIABILITIES** | | | |
| | | **Equity** | | | |
| | | Equity share capital | 13 | 282.73 | 282.73 |
| (b) | | Other Equity | 14 | (149.88) | (19.88) |
| | | **Total Equity** | | **132.85** | **262.85** |
| | | **Liabilities** | | | |
| | | **Non-current Liabilities** | | | |
| (a) | | Financial liabilities | | - | - |
| (b) | | Provisions | 16 | 3.93 | 4.04 |
| | | **Total Non-current Liabilities** | | **3.93** | **4.04** |
| | | **Current Liabilities** | | | |
| (a) | | Financial liabilities | | | |
| | (i) | Borrowings | 19 | 436.71 | 376.16 |
| | (ii) | Trade and other payables | 20 | 745.29 | 1,039.39 |
| | (iii) | Other financial liabilities | 15 | 49.26 | 104.00 |
| (b) | | Provisions | 16 | 10.84 | 13.47 |
| (c) | | Current tax liabilities (Net) | 21 | 37.59 | 13.68 |
| (d) | | Other current liabilities | 18 | 7.46 | 18.44 |
| | | **Total Current Liabilities** | | **1,287.15** | **1,565.14** |
| | | **Total Liabilities** | | **1,291.08** | **1,569.18** |
| | | **Total Equity and Liabilities** | | **1,423.93** | **1,832.03** |

As per our report of even date
*For BATLIBOI & PUROHIT*
Chartered Accountants
Firm Regn No.101048W

Vikram Surendran - *Director*

R.S.Moorthy *Director*

ATUL MEHTA
Partner
Membership No.15935

Ashu Khanna *Director*

Mumbai, Dated 24th April,2018.

**Statement of Profit and Loss for the year ended 31st March, 2018**

| | | Notes | Year 2017-18 ` | Year 2016-17 ` |
|---|---|---|---|---|
| I | **Income** | | | |
| | Revenue from Operations | 22 | 2,655.48 | 3,374.99 |
| | Other income and other gains / (losses) | 23 | 14.80 | (1.74) |
| | **Total Income** | | **2,670.28** | **3,373.25** |
| II | **Expenses** | | | |
| | Cost of materials consumed | 24 | 1,904.64 | 2,329.37 |
| | Purchases of stock-in-trade | | 152.21 | 137.90 |
| | Changes in inventories of finished goods, stock-in-trade and work-in-progress | | (69.48) | 17.33 |
| | Excise Duty on sale of goods | | 2.95 | 30.06 |
| | Employee benefits expense | 25 | 275.11 | 273.43 |
| | Finance costs | 26 | 47.01 | 54.67 |
| | Depreciation and amortisation expense | 27 | 7.59 | 10.25 |
| | Other expenses | 28 | 471.53 | 440.46 |
| | **Total expenses** | | **2,791.56** | **3,293.47** |
| III | **Profit/(Loss) before exceptional items and tax** | | **(121.28)** | **79.78** |
| | Add/ (Less) : Exceptional items | | | - |
| IV | **Profit/(Loss) before tax** | | **(121.28)** | **79.78** |
| | Less: Tax expense | | | |
| (1) | Current tax | 29.1 | - | 24.04 |
| (2) | Prior year tax Provision | | 4.46 | - |
| (3) | Deferred tax - Debit/(Credit) | | 7.17 | (18.48) |
| | | | **11.63** | **5.56** |
| V | **Profit/(Loss) for the year** | | **(132.91)** | **74.22** |
| VI | **Other Comprehensive Income** | | | |
| A | Items that will not be reclassified to statement of profit or loss | | | |
| (a) | Remeasurements of the defined benefit plans | | 2.91 | (2.30) |
| (b) | Income tax relating to items that will not be reclassified to statement of profit or loss | | - | 0.71 |
| | | | **2.91** | **(1.59)** |
| 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)** | | **2.91** | **(1.59)** |
| | **Total comprehensive income for the period (V+VI)** | | **(130.00)** | **72.63** |
| | Profit for the year attributable to: | | | |
| | - Owners of the Company | | (132.91) | 74.22 |
| | | | (132.91) | 74.22 |
| | Other comprehensive income for the year attributable to: | | | |
| | - Owners of the Company | | 2.91 | (1.59) |
| | | | 2.91 | (1.59) |
| | Total comprehensive income for the year attributable to: | | | |
| | - Owners of the Company | | (130.00) | 72.63 |
| | | | (130.00) | 72.63 |
| | Earnings per equity share | 30 | | |
| | (1) Basic (in Rs.Lakhs) | | (4.70) | 2.63 |
| | (2) Diluted (in Rs.Lakhs) | | (4.70) | 2.63 |

As per our report of even date
*For BATLIBOI & PUROHIT*
Chartered Accountants
Firm Regn No.101048W

Vikram Surendran *Director*

R.S.Moorthy *Director*

ATUL MEHTA
Partner
Membership No.15935

Ashu Khanna *Director*

Mumbai, Dated 24th April,2018. *Director*

**Forbes Enviro Solutions Limited**

**Cash Flow Statement for the year ended 31st March, 2018**

| | Notes | Year ended March 31, 2018 ` | Year ended March 31, 2017 ` |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/loss before tax for the year | | (121.28) | 79.78 |
| Adjustments for: | | | |
| Finance costs recognised in profit or loss | | 47.01 | 54.67 |
| Investment gain recognised in profit or loss | | (0.15) | (0.28) |
| Interest Income | | (3.06) | (5.14) |
| (Profit)/Loss on disposal of property, plant and equipment | | (0.07) | 8.92 |
| Provision for doubtful debt | | (3.57) | 32.39 |
| Remeasurements of the defined benefit plans | | 2.91 | (1.59) |
| Write-off of doubtful debts, advances and other current assets | | 35.88 | 5.14 |
| Depreciation and amortisation of fixed assets/ intangibles | | 7.59 | 10.25 |
| **Movements in working capital:** | | | |
| (Increase)/decrease in trade and other receivables | | 485.65 | (170.00) |
| (Increase)/decrease in inventories | | (56.85) | 68.40 |
| (Increase)/decrease in current loans and advances | | 0.05 | 1.20 |
| (Increase)/decrease in current other assets | | (35.91) | (31.53) |
| (Increase)/decrease in non current other assets | | 29.99 | (0.14) |
| (Increase)/decrease in current other financial assets | | - | - |
| (Increase)/decrease in non current other financial assets | | 2.57 | (4.24) |
| Increase/ (Decrease) in trade and other payables | | (294.10) | 35.62 |
| Increase/(Decrease) in provisions | | (2.74) | 0.08 |
| Increase/(Decrease) in other liabilities | | (65.67) | (55.81) |
| **Cash generated from operations** | | **28.25** | **27.71** |
| Income taxes paid (net of refunds) | | (22.73) | (6.89) |
| **Net cash generated by operating activities** | | **5.52** | **20.82** |
| **Cash flows from investing activities** | | | |
| Interest Income | | 3.06 | 5.75 |
| Payments for property, plant and equipment | | (6.32) | (0.20) |
| Proceeds from disposal of property, plant and equipment | | 0.22 | 7.93 |
| Net Movement in Bank Balance not considered as Cash & Cash equivalents | | 2.86 | (3.45) |
| **Net cash (used in)/generated by investing activities** | | **(0.18)** | **10.03** |
| **Cash flows from financing activities** | | | |
| Net increase / (decrease) in working capital borrowings | | 60.55 | 19.22 |
| Interest paid | | - | (54.62) |
| **Net cash used in financing activities** | | **60.55** | **(35.40)** |
| **Net increase in cash and cash equivalents** | | **65.89** | **(4.54)** |
| Cash and cash equivalents at the beginning of the year | | 22.07 | 19.67 |
| **Cash and cash equivalents at the end of the year** | | **40.91** | **22.07** |
| Less Bank Overdraft | | - | 6.94 |
| **Net Cash and cash equivalents at the end of the year** | | **40.91** | **15.13** |

**Note: All changes in liabilities arising from financial activities during the year were comprising of cash flow movements and no non-cash adjustments were made.**

As per our report of even date
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ATUL MEHTA
Partner
Membership No.15935

Ashu Khanna — *Director*

Mumbai, Dated 24th April ,2018.

Forbes Enviro Solutions Limited

## Statement of changes in equity for the year ended March 31, 2018

a. Equity share capital

| | No.of Shares | Amount |
|---|---|---|
| | | ` |
| **Balance at April 1, 2016** | 28.27 | 282.73 |
| Changes in equity share capital during the year | - | - |
| **Balance at March 31, 2017** | **28.27** | **282.73** |
| Changes in equity share capital during the year | - | - |
| **Balance at March 31, 2018** | **28.27** | **282.73** |

B. Other Equity

| | Attributable to Owners | | |
|---|---|---|---|
| | | Items Of Other Comprehensive Income | Total Other Equity |
| | Retained earnings | Remeasurement of Employee benefit | |
| | ` | ` | ` |
| **Balance at 1st April 2016** | (93.16) | 0.64 | (92.52) |
| Profit for the year | 74.22 | | 74.22 |
| Other comprehensive income for the year, net of income tax | | (1.59) | (1.59) |
| **Total comprehensive income for the year 31st March 2017** | **(18.94)** | **(0.95)** | **(19.89)** |
| Profit for the year | (132.91) | - | (132.91) |
| Other comprehensive income for the year, net of income tax | - | 2.91 | 2.91 |
| **Total comprehensive income for the year 31st March 2018** | **(132.91)** | **1.96** | **(130.00)** |
| Transfer to retained earnings | 1.96 | (1.96) | |
| **Balance as at 31st March 2018** | **(149.89)** | **-** | **(149.89)** |

As per our report of even date
*For BATLIBOI & PUROHIT*
Chartered Accountants
Firm Regn No.101048W

Vikram Surendran — *Director*

R.S.Moorthy — *Director*

ATUL MEHTA
Partner
Membership No.15935

Ashu Khanna — *Director*

Mumbai, Dated 24th April,2018.

**Notes to the financial statements for the year ended March 31, 2018**

**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 and Waster Water Treatment plants and taking OEM's and Trading of Packaged Drinking Water 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 financial statements were authorised for issue by the Company's Board of Directors on 24th April, 2018.

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 34 – provisions and contingent liabilities
- Note 3(l) and 29 – Income taxes
- Note 3(j) and 33 – 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 2018 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 34 – 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 36 – 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. 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.

***iii. 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 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.

n. Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals 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 and financing activities of the Company are segregated. The company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

Amendment to Ind AS 7
Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

**o. Recent accounting pronounecements**

**Ind AS 115- Revenue from Contract with Customers**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. In which, it has notified the Ind AS 115, Revenue from Contract with Customers. The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle of this Standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

This standard will come into force from April 1, 2018. As per the evaluation of the management of the company, the effect on adoption of Ind AS 115 will not be material.

**Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. In which, it has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration, which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from April 1, 2018. As per the evaluation of the management of the company, the effect of this amendment will not be material.

**Notes to the financial statements for the year ended March 31, 2018.**

**4. Tangible Assets**

| **Cost or deemed cost** | **Furniture and fixtures** | **Vehicles** | **Computers** | **Electrical Fittings** | **Office Equipment** | **Plant and Machinery** | **Total** |
|---|---|---|---|---|---|---|---|
| As at 01st April 2016 | 31.34 | 24.33 | 25.54 | 8.54 | 12.02 | 6.61 | 108.38 |
| Additions | - | - | - | - | 0.20 | - | 0.20 |
| Deletions | (6.00) | (22.21) | (11.45) | - | (2.69) | (6.61) | (48.96) |
| As at 31 March 2017 | 25.34 | 2.12 | 14.09 | 8.54 | 9.53 | - | 59.62 |
| Additions | 4.31 | - | 0.92 | | 1.09 | - | 6.32 |
| Deletions | - | (2.12) | - | - | - | - | (2.12) |
| As at 31 March 2018 | 29.65 | - | 15.01 | 8.54 | 10.62 | - | 63.82 |
| **Depreciation** | | | | | | | |
| As at 01st April 2016 | 11.07 | 10.45 | 22.70 | 2.57 | 8.00 | 5.83 | 60.62 |
| Deletions | (3.32) | (10.29) | (10.88) | - | (1.81) | (5.83) | (32.13) |
| Charge for the year | 2.41 | 1.78 | 1.33 | 0.81 | 1.52 | - | 7.85 |
| As at 31 March 2017 | 10.16 | 1.94 | 13.15 | 3.38 | 7.71 | - | 36.34 |
| Deletions | - | (1.97) | - | - | - | - | (1.97) |
| Charge for the year | 2.83 | 0.04 | 0.37 | 0.93 | 1.18 | - | 5.35 |
| As at 31 March 2018 | 12.99 | 0.01 | 13.52 | 4.31 | 8.89 | - | 39.72 |
| **Net Block** | | | | | | | |
| As at 31 March 2017 | 15.18 | 0.18 | 0.94 | 5.16 | 1.82 | - | 23.28 |
| As at 31 March 2018 | 16.66 | (0.01) | 1.49 | 4.23 | 1.73 | - | 24.10 |

**Notes to the financial statements for the year ended March 31, 2018**

**5. Intangible Assets**

| **Cost or deemed cost** | Computer Software ` | **Total** ` |
|---|---|---|
| As at 01st April 2016 | 15.07 | 15.07 |
| Addition | - | - |
| Deletion | (0.02) | (0.02) |
| As at 31 March 2017 | 15.05 | 15.05 |
| Addition | - | - |
| Deletion | - | - |
| As at 31 March 2018 | 15.05 | 15.05 |
| **Amortisation** | | |
| As at 01st April 2016 | 9.26 | 9.26 |
| Charge for the year | 2.40 | 2.40 |
| Deletion | (0.01) | (0.01) |
| As at 31 March 2017 | 11.65 | 11.65 |
| Charge for the year | 2.24 | 2.24 |
| Deletion | - | - |
| As at 31 March 2018 | 13.89 | 13.89 |
| **Net Block** | | |
| **As at 31 March 2017** | **3.40** | **3.40** |
| **As at 31 March 2018** | **1.15** | **1.15** |

**Notes to the financial statements for the year ended March 31, 2018**

**Financial assets**

**6. Other Current Investments**

| **Particulars** | **As at March 31, 2018 `** | **As at March 31, 2017 `** |
|---|---|---|
| Unquoted Investments (all fully paid) | | |
| (a) Investments in Mutual Funds at FVTPL 357.856 (previous year 357.856) units of `10/- fully paid up in Reliance Vision Fund- Growth Plan Growth Option | 1.91 | 1.76 |
| TOTAL UNQUOTED INVESTMENTS at FVTPL | 1.91 | 1.76 |

**Notes to the financial statements for the year ended March 31, 2018**

**7. Trade receivables**

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 ` | As at March 31, 2017 ` | As at March 31, 2018 ` | As at March 31, 2017 ` |
| Secured, considered good | | | | |
| Unsecured, considered good | | | 393.30 | 322.390 |
| Unsecured , Debts due from related parties (refer note 32 (II)) | | | 462.25 | 1,054.69 |
| Unsecured, considered doubtful from related parties | | | - | - |
| Less: Expected credit loss | | | 77.11 | 80.68 |
| **Total (A)** | - | - | 778.44 | 1,296.40 |
| **Total (B)** | - | - | - | - |
| **Total** | - | - | 778.44 | 1,296.40 |

**7.1 Trade receivables**
The average credit period on sales is between 60-90 days.

The Company has availed various credit facilities from Kotak Mahindra Bank Limited for INR 300.00 lakhs that is secured by floting charge on book debts.

**8. Loans**

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 ` | As at March 31, 2017 ` | As at March 31, 2018 ` | As at March 31, 2017 ` |
| **Loans to Employees** | | | | |
| -Unsecured, considered good | - | - | - | 0.05 |
| -Doubtful | | | | |
| Less : Allowance for bad and doubtful loans | | | | |
| | **-** | **-** | **-** | **0.05** |

**9. Other financial assets**

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 ` | As at March 31, 2017 ` | As at March 31, 2018 ` | As at March 31, 2017 ` |
| Bank deposits with more than 12 months maturity (refer note 9(i)) | 4.04 | 23.48 | | |
| Security deposits | | | | |
| Security deposits - unsecured considered good - to related parties (refer note 32 (II)) | 0.10 | 0.10 | | |
| Security deposits - unsecured considered good | 16.46 | 17.21 | 1.20 | 1.20 |
| Interest Accrued - on fixed deposits with Banks | - | 1.82 | - | - |
| | 20.60 | 42.61 | 1.20 | 1.20 |

Note9(i): Current year amount of bank deposit of Rs.1.11 Lakhs (previous year Rs.13.45 Lakhs) is pledged as security towards the Overdraft facility with IDBI Bank of Rs.1.00 Lakh (previous year Rs.11.00 Lakhs) at interest rate of 9.50% ( previous year 9.50%). Out of the total Bank deposit pledged with IDBI Bank as of 31st March 2018 the amount of Rs.1.11 Lakhs/- is with maturity more than 12 months

### 10. Inventories

| Particulars | As at March 31, 2018 ` | As at March 31, 2017 ` |
|---|---|---|
| **a) Inventories (lower of cost and net realisable value) #.** | | |
| Raw Material & Spares | 85.46 | 98.09 |
| Work in Progress | 113.20 | 43.72 |
| | 198.66 | 141.81 |

Cost of inventories recognised as an expense include Rs. 4.02 Lakhs (2016-17: Nil) in respect of write-downs 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, 2018 ` | As at March 31, 2017 ` |
|---|---|---|
| Balances with Banks in current accounts | 39.38 | 21.49 |
| Cheques, drafts on hand | - | - |
| Cash on hand | 1.53 | 0.58 |
| **Total Cash & Cash Equivalents** | **40.91** | **22.07** |
| **Bank Balances other than Cash & Cash Equivalents** | | |
| Deposits with original maturity of more than 12 months | - | 10.05 |
| Deposits with original maturity of more than 3 months but less than 12 months(refer note 9(i)) | 30.78 | 4.15 |
| **Total Bank Balances other than Cash & Cash Equivalents** | **30.78** | **14.20** |

### 12. Other assets

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 ` | As at March 31, 2017 ` | As at March 31, 2018 ` | As at March 31, 2017 ` |
| Capital Advances | - | - | - | - |
| Advances to related parties | - | - | - | - |
| Prepaid expenses | - | - | 5.56 | 4.84 |
| Balance with statutory/ government authorities | 111.52 | 141.51 | 67.07 | 55.89 |
| Gratuity | - | - | 2.73 | 1.57 |
| Advance to Employees | - | - | 1.07 | 1.74 |
| Advances to Others -Vendors | - | - | 23.52 | - |
| **Total** | 111.52 | 141.51 | 99.95 | 64.04 |

Notes to the financial statements for the year ended March 31, 2018

## 13. Equity Share Capital

| Particulars | As at March 31, 2018 ` | As at March 31, 2017 ` |
|---|---|---|
| Equity share capital | 282.73 | 282.73 |
| **Total** | 282.73 | 282.73 |
| **Authorised Share capital :** | | |
| 5,00,00,000 fully paid equity shares of ` 10 each | 5,000.00 | 5,000.00 |
| **Issued and subscribed capital comprises:** | | |
| 28,27,263 fully paid equity shares of `.10 each (as at March 31, 2017: 28,27,263) | 282.73 | 282.73 |
| | 282.73 | 282.73 |

### 13.1 Fully paid equity shares

| Particulars | Number of shares | Share capital ` |
|---|---|---|
| Balance at April 1, 2016 | 28.27 | 282.73 |
| Add: Issued during the year | - | - |
| Less: Bought back during the year | - | - |
| **Balance at March 31, 2017** | 28.27 | 282.73 |
| Add: Issued during the year | - | |
| Less: Bought back during the year | - | |
| **Balance at March 31, 2018** | **28.27** | **282.73** |

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

| Particulars | Fully paid ordinary shares As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Balance at the beginning of the period - Held by Eureka Forbes Limited** | 28.27 | 28.27 |
| **Total as at the end of the period** | **28.27** | **28.27** |

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

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | 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 | 28.27 | 100% | 282.73 | 100% |
| **Total** | 28.27 | 100% | 282.73 | 100% |

## 14. Other equity

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Retained earnings | | |
| Balance at beginning of year | (18.94) | (93.16) |
| Add/ (less): Profit/ (loss) for the year | (132.91) | 74.22 |
| Proft & (Loss) balance of transferor Companies | - | - |
| Less: Adjustment on amalgamation | - | - |
| Less: Goodwill on amlagamation written off | - | - |
| Add: Ind AS Transition Reserves | - | - |
| Less: Depreciation on Transition to Schedule II of the Companies Act 2013 on tangible fixed assets with nil remaining useful life(Net of Deferred tax) ( Refer Note 28.XVIII) | - | - |
| Add: Transfer from OCI | 1.97 | |
| **Total** | **(149.88)** | **(19.88)** |

**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 3%. 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, 2018** | **As at March 31, 2017** |
|---|---|---|
| Debt (i) | 436.71 | 376.16 |
| Cash and bank balances | 75.73 | 59.75 |
| Net debt | 360.98 | 316.41 |
| Equity (ii) | 132.85 | 262.85 |
| **Net debt to equity ratio** | **2.72** | **1.20** |

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, 2018**

**Financial Liabilities**

**15. Other financial liabilities**

| **Particulars** | **Non Current** As at March 31, 2018 | As at March 31, 2017 | **Current** As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|---|
| | ` | ` | ` | ` |
| (a) Interest accrued but not due on borrowings | | | - | 0.05 |
| (b) Deposits for Jars | | | 7.13 | - |
| (c) Others :- | | | | |
| -Dues to employees | | | 12.85 | 15.47 |
| -Dues to Others | | | 29.28 | 88.48 |
| **Total** | - | - | 49.26 | 104.00 |

**16. Provisions**

| **Particulars** | **Non Current** As at March 31, 2018 | As at March 31, 2017 | **Current** As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|---|
| | ` | ` | ` | ` |
| Employee benefits on Compensated absence | 3.93 | 4.04 | 0.83 | 0.82 |
| Provision for Warranty (see 16.1) | | | 10.01 | 12.65 |
| | | | | - |
| **Total** | **3.93** | **4.04** | **10.84** | **13.47** |

**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, 2018** | **As at March 31, 2017** |
|---|---|---|
| | ` | ` |
| At the beginning of the year | 12.65 | - |
| Additions during the year | 10.01 | 12.65 |
| Utilization during the year | | |
| Amount reversed /(utilisation) during the year | 12.65 | - |
| At the end of the year | 10.01 | 12.65 |

**17. Deferred tax balances**

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

| **Particulars** | **As at March 31, 2018** | **As at March 31, 2017** |
|---|---|---|
| Deferred tax assets | 25.65 | 32.82 |
| Deferred tax liabilities | - | - |
| **Net** | 25.65 | 32.82 |

| **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, 2016** | (2.12) | 2.48 | 14.92 | 1.54 | | 16.82 |
| Recognised in profit or loss | 4.30 | | 10.01 | (0.04) | 4.21 | 18.48 |
| Utilised against tax payable | | (2.48) | | | | (2.48) |
| **Closing balance Asset / (Liability) March 31, 2017** | 2.18 | - | 24.93 | 1.50 | 4.21 | 32.82 |
| Recognised in profit or loss | (0.65) | - | (4.88) | (0.97) | (0.67) | (7.17) |
| Utilised against tax payable | | - | | | | - |
| **Closing balance March 31, 2018** | 1.53 | - | 20.05 | 0.53 | 3.54 | 25.65 |

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, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| (a) Income received in advance | | | - | 4.49 |
| (b) Advance received from Customers | | | 2.41 | |
| (c) Statutory liabilities (Contributions to PF,Pension, ESIC,withholding Taxes,VAT etc.) | | | 5.05 | 13.95 |
| **Total** | **-** | **-** | **7.46** | **18.44** |

**19. Current Borrowings**

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Unsecured - at amortised cost** | | |
| (a) Loans repayable on demand from related party (refer note (i) below) | 350.00 | 350.00 |
| **Secured - at amortised cost** | | |
| (b) Loans repayable on demand | | |
| -Bill discounting (refer note (iii) below) | 86.71 | 19.22 |
| Overdraft facility- (refer note (ii) below) | - | 6.94 |
| **Total** | 436.71 | 376.16 |

(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, 2017 11.4%).

(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, 2017: 11% per annum)

(iii) The company has utilised the Secured facility of bill discounting available with Kotak Mahindra Bank with interest rate of 9.50% P.A.(as at March 31, 2017: 9.25% P.A.)

**20. Trade payables**

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| Trade payables (including acceptances) | - | - | 721.60 | 1,001.21 |
| Trade payables - MSME (Refer note below 20.1 for dues to Micro and Small Enterprises) | | | 23.69 | 38.18 |
| **Total** | **-** | **-** | **745.29** | **1,039.39** |

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, 2018 | As at March 31, 2017 |
|---|---|---|
| (i) Principal amount remaining unpaid to MSME suppliers as on year end | 23.69 | 50.10 |
| (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 | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| **Current tax assets ( Net)** | | | | |
| Advance income-tax (Net of provision of taxation) | 89.06 | 46.88 | - | - |
| Total | 89.06 | 46.88 | - | - |
| **Current tax Liabilities** | | | | |
| Provision for Taxation (Net of Advance Tax) | | | 37.59 | 13.68 |
| Total | - | - | 37.59 | 13.68 |

**Notes to the financial statements for the year ended March 31, 2018**

**22. Revenue from operations**

| Particulars | Year ended March 31, 2018 ` | Year ended March 31, 2017 ` |
|---|---|---|
| (a) Sale of product | 1,806.28 | 2,070.41 |
| Finished Goods (Including Excise duty of Rs.2.94 Lakhs for year ended March 2018 and Rs.30.06 Lakhs for year ended March 2017) | | |
| - Traded Goods | 539.70 | 186.38 |
| (b) Sale of services | 309.51 | 1,118.20 |
| **Total** | **2,655.49** | **3,374.99** |

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

| 23.1 Other Income | Year ended March 31, 2018 ` | Year ended March 31, 2017 ` |
|---|---|---|
| Interest income earned on financial assets that are not designated as at fair value through profit or loss: | | |
| Bank deposits (at amortised cost) | 3.06 | 5.14 |
| Foreign exchange gain | 0.74 | 0.53 |
| Others - Misc Receipts | 10.78 | 1.23 |
| **Total** | **14.58** | **6.90** |

| 23.2 Other gains/(losses) | Year ended March 31, 2018 ` | Year ended March 31, 2017 ` |
|---|---|---|
| Gain/(loss) on disposal of property, plant and equipment | 0.07 | (8.92) |
| Net gain/(loss) arising on financial assets measured at FVTPL | 0.15 | 0.28 |
| **Total** | **0.22** | **(8.64)** |
| **Total ( 23.1+ 23.2)** | **14.80** | **(1.74)** |

**24. Cost of materials consumed**

| Particulars | Year ended March 31, 2018 ` | Year ended March 31, 2017 ` |
|---|---|---|
| Inventory at the beginning of the year | 98.09 | 149.16 |
| Add:- Purchases | 1,892.00 | 2,278.30 |
| Less:- Inventory at the end of the year | (85.46) | (98.09) |
| Cost of Raw Material & Components consumed | 1,904.64 | 2,329.37 |
| Purchase of traded products | 152.21 | 137.90 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade. | (69.48) | 17.33 |

**25. Employee benefits expense**

| Particulars | Year ended March 31, 2018 ` | Year ended March 31, 2017 ` |
|---|---|---|
| Salaries and Wages | 256.82 | 255.52 |
| Contribution to provident and other funds | 9.83 | 10.24 |
| Staff Welfare Expenses | 8.46 | 7.67 |
| **Total** | **275.11** | **273.43** |

**26. Finance costs**

| | Year ended March 31, 2018 ` | Year ended March 31, 2017 ` |
|---|---|---|
| Interest on bank overdrafts and loans (other than those from related parties) | 0.54 | 0.46 |
| Bill Discounting Charges | 6.57 | 13.69 |
| Interest on Income Tax | - | 0.62 |
| Interest on ICD from holding company | 39.90 | 39.90 |
| **Total** | **47.01** | **54.67** |

**27. Depreciation and amortisation expense**

| **Particulars** | Year ended March 31, 2018 ` | Year ended March 31, 2017 ` |
|---|---|---|
| Depreciation of property, plant and equipment (Note 4) | 5.35 | 7.85 |
| Amortisation of intangible assets (Note 5) | 2.24 | 2.40 |
| **Total depreciation and amortisation pertaining to continuing operations** | **7.59** | **10.25** |

**28. Other expenses**

| **Particulars** | Year ended March 31, 2018 ` | Year ended March 31, 2017 ` |
|---|---|---|
| Electricity | 10.71 | 7.23 |
| Rent | 23.75 | 23.19 |
| Repairs and Maintenance - | | |
| Others | 20.51 | 1.71 |
| Insurance | 6.31 | 4.87 |
| Freight, Forwarding and Delivery | 67.95 | 58.50 |
| Payment to Auditors (Refer details Below) | 4.94 | 5.34 |
| Printing and Stationery | 2.81 | 2.63 |
| Communication cost | 5.68 | 8.63 |
| Travelling and Conveyance | 33.16 | 58.48 |
| Legal and Professional Fees | 36.01 | 45.00 |
| Vehicle Running Expenses | 0.73 | 1.64 |
| Rates and taxes, excluding taxes on income | 12.22 | 35.85 |
| Service Charges | 158.20 | 112.56 |
| Information Technology Expenses | 34.53 | - |
| Other Establishment Expenses | 21.71 | 37.30 |
| Bad Debts/Advances Written-Off | 35.88 | 5.14 |
| Provision for Doubtful Debts | (3.57) | 32.39 |
| **Total** | **471.53** | **440.46** |

| **Payments to auditors** | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| a) For audit | 3.56 | 3.56 |
| b) For taxation matters | 0.40 | 0.40 |
| c) For other services | 0.36 | 1.05 |
| d) For reimbursement of expenses | 0.62 | 0.33 |
| **Total** | **4.94** | **5.34** |

**29. Income taxes**

**29.1 Income tax recognised in profit or loss**

| **Particulars** | Year ended March 31, 2018 ` | Year ended March 31, 2017 ` |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | - | 24.04 |
| | **-** | **24.04** |
| **Deferred tax** | | |
| In respect of the year | (7.17) | (18.48) |
| **Total income tax expense recognised in the current year** | **(7.17)** | **5.56** |

**29.2 Income Taxes**

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

| **Particulars** | **For the year ended March 31, 2018** | **For the year ended March 31, 2017** |
|---|---|---|
| | ` | ` |
| **Current income tax** | - | 24.04 |
| **Deferred income tax liability / (asset), net** | | |
| Origination and reversal of temporary differences | 7.17 | (18.48) |
| Reduction in tax rate | | |
| Recognition of previously unrecognised tax losses | | |
| Change in recognised deductible temporary differences | | |
| Deferred tax | 7.17 | (18.48) |
| **Tax expense for the year** | **7.17** | **5.56** |

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

| **Particulars** | **For the year ended March 31, 2018** | | | **For the year ended March 31, 2017** | | |
|---|---|---|---|---|---|---|
| | **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 | 2.91 | - | 2.91 | (2.30) | (0.71) | (1.59) |
| | **2.91** | **-** | **2.91** | **(2.30)** | **(0.71)** | **(1.59)** |

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

| **Particulars** | **For the year ended March 31, 2018** | **For the year ended March 31, 2017** |
|---|---|---|
| | ` | ` |
| **Profit/ (Loss) before tax** | **(121.28)** | **79.78** |
| **Revised Profit before tax** | **(121.28)** | **79.78** |
| Tax using the Company's domestic tax rate (Current year NIL % and Previous Year 30.90% ) | - | 24.65 |
| **Tax effect of amounts which are not deductible (taxable) in calculating taxable income:** | (7.17) | |
| Interest on Taxes | - | 0.19 |
| Other Deduction -Income on Valuation of Investment | - | (0.09) |
| Adjustment for Loss carried forward | - | (19.19) |
| On account of Permanent Differene | - | - |
| | (7.17) | (19.09) |
| | | **5.56** |
| **Effective tax rate** | | **6.97%** |

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.

Owing to losses in the current year, no provision for current tax has been made. Further, unrecognaised deferred tax on tax losses and unabsorbed depreciation is Rs. 30,89,780 (PY: Nil). (Expiry date 31-03-2026)

**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, 2018 | March 31, 2017 |
|---|---|---|
| | ` | ` |
| Profit attributable to equity holders: | (132.91) | 74.22 |
| **Profit attributable to equity holders for basic earnings** | **(132.91)** | **74.22** |

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

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| | **Nos.** | **Nos.** |
| Issued ordinary shares at April 1 | 28.27 | 28.27 |
| Effect of shares issued during the year | - | - |
| **Weighted average number of shares at March 31 for basic EPS** | **28.27** | **28.27** |
| **Effect of dilution:** | - | - |
| **Weighted average number of shares at March 31 for EPS afte dilution** | **28.27** | **28.27** |

**Basic and Diluted earnings per share**

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| | ` | ` |
| **Basic earnings per share** | (4.70) | 2.63 |
| **Diluted earnings per share** | (4.70) | 2.63 |

**Notes to the financial statements for the year ended March 31, 2018 - continued**

**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, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Amount recognised as expense and included in note 25 as contribution to provident and other funds | 9.83 | 10.24 |

**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, 2018 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<br>Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Discount rate(s) | 7.80% | 7.22% |
| Expected rate(s) of salary increase | 5.00% | 5.00% |
| Mortality rates* | - | |
| Employee turnover | 10% | 10% |

* 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, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Service cost: | | |
| Current service cost | 1.86 | 1.81 |
| Past service cost and (gain)/loss from settlements | - | - |
| Net interest expense | (0.11) | (0.42) |
| **Components of defined benefit costs recognised in profit or loss** | 1.75 | 1.39 |
| Remeasurement on the net defined benefit liability: | | |
| Return on plan assets (excluding amounts included in net interest expense) | (0.03) | 0.11 |
| Actuarial (gains) / losses arising from changes in demographic assumptions | - | 2.23 |
| Actuarial (gains) / losses arising from changes in financial assumptions | (0.46) | 0.62 |
| Actuarial (gains) / losses arising from experience adjustments | (2.42) | (0.67) |
| Others | | |
| **Components of defined benefit costs recognised in other comprehensive income** | **(2.91)** | **2.30** |
| **Total** | (1.15) | 3.69 |

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, 2018 | As at March 31, 2017 |
|---|---|---|
| Present value of funded defined benefit obligation | (13.14) | (13.19) |
| Fair value of plan assets | 15.86 | 14.76 |
| Funded status | 2.73 | 1.57 |
| Restrictions on asset recognised | | |
| Others | | |
| Net Asset arising from defined benefit obligation | 2.73 | 1.57 |

**Movements in the present value of the defined benefit obligation are as follows.**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Opening defined benefit obligation | 13.19 | 10.01 |
| Current service cost | 1.86 | 1.81 |
| Interest cost | 0.95 | 0.80 |
| Remeasurement (gains)/losses: | | |
| Actuarial gains and losses arising from changes in demographic assumptions | - | 2.23 |
| Actuarial gains and losses arising from changes in financial assumptions | (0.46) | 0.62 |
| Actuarial gains and losses arising from experience adjustments | (2.42) | (0.67) |
| Liability transferred in / acquisition | - | - |
| Past service cost, including losses/(gains) on curtailments | | |
| Liabilities extinguished on settlements | | |
| Benefits paid | - | (1.61) |
| **Closing defined benefit obligation** | **13.14** | **13.19** |

**Movements in the fair value of the plan assets are as follows.**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Opening fair value of plan assets | 14.76 | 15.26 |
| Interest income | 1.07 | 1.22 |
| Remeasurement gain (loss): | - | - |
| Return on plan assets (excluding amounts included in net interest expense) | 0.03 | (0.11) |
| Others [describe] | - | - |
| Contributions from the employer | | |
| Contributions from plan participants | - | - |
| Assets distributed on settlements | - | - |
| Assets transferred in / acquisitions | - | - |
| The effects of changes in Foreign Exchange Rates | - | - |
| Benefits paid | - | (1.61) |
| **Closing fair value of plan assets** | 15.86 | 14.76 |

**Expenses Recognised in the Statement of Profit or Loss for Current Period**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Current Service Cost | 1.86 | 1.81 |
| Net Interest Cost | (0.11) | (0.42) |
| Acturial (Gain)/ Losses | | |
| Expenses Recognised in the Statement of Profit or | **1.75** | **1.39** |

**Expenses Recognised in other comprehensive Income (OCI) for Current Period**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Acturial (Gains)/ losses on Obligation for the period | (2.88) | 2.18 |
| Return on Plan Assets, excluding interest income | (0.03) | 0.11 |
| Change in asset ceiling | | |
| Net (income) / expense for the period recognised i | **(2.91)** | **2.30** |

**Forbes Enviro Solutions Limited**

**Balance Sheet Reconcilation**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Opening Net Liability | (1.57) | (5.26) |
| Expense Recognised in Statement of Profit or Loss | 1.75 | 1.39 |
| Expense Recognised in other comprehensive incom | (2.91) | 2.30 |
| Net Liability /(Asset) Transfer In | - | - |
| Net Liability /(Asset) Transfer Out | - | - |
| (Benefit paid Directly by the Employer) | - | - |
| (Employer's Contribution) | - | - |
| Net Liability /(Asset) Recognised in the Balance She | **(2.73)** | **(1.57)** |

**Sensitivity Analysis**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Presented benefit obligation on current assumptions | 13.14 | 13.19 |
| Discount rate (1% increase) | (0.72) | (0.78) |
| Discount rate (1% decrease) | 0.81 | 0.88 |
| Future salary growth (1% increase) | 0.83 | 0.89 |
| Future salary growth (1% decrease) | (0.75) | (0.80) |
| Attrition movement (1% increase) | 0.14 | 0.11 |
| Attrition movement (1% decrease) | (0.16) | (0.12) |

**Notes to the financial statements for the year ended March 31, 2018 - continued**

**32. 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
Afcon Insfrastructure Ltd
Sterling and Wilson Ltd
Joyville Shapoorji Housing Pvt Ltd
Gokak Textile Ltd

( II ) Transactions with Related Parties for the year ended 31st March 2018

| Nature of Transactions | A | | | | B | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Eureka Forbes Limited** | | **Shapoorji Pallonji and Company Pvt.Ltd** | | **Forbes Technosys Limited.** | | **Afcon Infrastructure Ltd.** | | **Sterling & Wilson Pvt. Ltd.** | | **Joyville Shapoorji Housing Pvt. Ltd** | | **Gokak Textiles Ltd.** | |
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| | ` | | ` | | | | | | | | | | ` | ` |
| **Purchases** | | | | | | | | | | | | | | |
| Goods and Materials | 7.37 | *2.95* | - | - | - | - | - | - | - | - | - | - | - | - |
| Services Rendered | 6.69 | - | | - | - | - | - | - | - | - | - | - | | |
| Fixed Assets | - | - | - | - | - | - | - | - | - | - | - | - | | |
| | 14.06 | *2.95* | - | - | - | - | - | - | - | - | - | - | - | - |
| **Sales** | | | | | | | | | | | | | | |
| Goods and Materials | 1,408.03 | *2,628.72* | 80.71 | *30.77* | 1.05 | *0.67* | 39.22 | - | *0.55* | - | *0.88* | - | - | - |
| Services Rendered | 235.42 | *100.75* | - | - | - | - | - | | - | - | - | - | | |
| | 1,643.45 | 2,729.47 | 80.71 | 30.77 | 1.05 | *0.67* | 39.22 | - | 0.55 | - | 0.88 | - | - | - |
| **Expenses** | | | | | | | | | | | | | | |
| Rent and other services | 0.52 | *0.88* | 2.90 | *2.29* | | - | - | - | - | - | - | - | | - |
| Interest on ICD Taken | 39.90 | *39.90* | - | | | | - | - | - | - | - | - | | |
| | 40.42 | 40.78 | 2.90 | | - | - | - | - | - | - | - | - | - | - |
| **Income** | | | | | | | | | | | | | | |
| **Finance** | | | | | | | | | | | | | | |
| Inter-corporate deposits taken | 350.00 | *350.00* | - | | - | - | - | - | - | - | - | - | - | - |
| | 350.00 | 350.00 | - | - | - | - | - | - | - | - | - | - | - | - |
| **Outstanding** | | | | | | | | | | | | | | |
| Trade Payables | - | | - | | | | | | | | | | | |
| Trade Receivables | 402.52 | *1,016.09* | 44.29 | *36.15* | 0.12 | *0.76* | 15.11 | - | 0.20 | | 0.01 | - | - | *1.69* |
| Other Deposits Receivable | 0.10 | *0.10* | - | | | | | | | | | | | |

Pursuant to the provisions of section 233 and other applicable provisions of the Companies Act, 2013 Aquamall Water Solutions Limited ('AWSL') has been amalgamated with Eureka Forbes Limited ('EFL') as per scheme of Amalgamation approved by the Regional Director, Ministry of Corporate Affairs vide order dated March 31, 2018 (appointed date April 1, 2016). Accordingly, transactions with, receivables from / payable to AWSL have been included under transaction with, receivable from / payable to EFL.

**Notes to the financial statements for the year ended March 31, 2018 - continued**

**33 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.23.75 Lakhs Previous Year *Rs. 23.19 Lakhs).* 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 debts.

**34 Contingent liabilities**

| | Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|---|
| | **Claim against the company not acknowledged as debt** | | |
| 1 | Income tax matters (see note (i) and (ii) below) | 3.31 | 3.31 |
| 2 | Sales Tax Matters F.Y.2002-2003 and 2004-05 | 11.06 | 11.06 |
| 3 | Bank Guarantees | 8.00 | - |
| 4 | Capital Commitments | - | - |

**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.

**35 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**

**36. Financial instruments – Fair values and risk management**

**A. Accounting classification and fair values**

| | March 31, 2018 | | | March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | **FVTPL** | **FVTOCI** | **Amotised Cost** | **FVTPL** | **FVTOCI** | **Amotised Cost** |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | - | - | 40.91 | | | 36.27 |
| Other bank balances | - | - | 30.78 | - | - | 14.20 |
| Long-term loans and advances | - | - | | | | - |
| Short-term loans and advances | - | - | - | | | 0.05 |
| Trade and other receivables | - | - | 778.44 | | | 1,296.40 |
| Current Investments | 2 | - | | 1.76 | | - |
| Non Current Investments | - | - | - | - | | - |
| Other Current financial Asset | - | - | 1.20 | | | 1.20 |
| Other Non Current financial Asset | - | - | 20.60 | | | 42.61 |
| **Total Financial Asset** | **2** | **-** | **871.93** | **1.76** | **-** | **1,390.73** |
| **Financial liabilities** | | | | | | |
| Trade and other payables | - | - | 745.29 | | | 1,039.39 |
| Other Current financial liabilities | - | - | 49.26 | | | 104.00 |
| Other Non Current financial liabilities | - | - | - | | | - |
| Current Borrowings | - | - | 436.71 | | | 376.16 |
| Non Current Borrowings | - | - | - | | | - |
| | - | - | - | | | |
| **Total Financial Liabilities** | **-** | **-** | **1,231.26** | **-** | **-** | **1,519.55** |

**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 2018 | | | | March 2017 | | | |
|---|---|---|---|---|---|---|---|---|---|
| **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 | | 1.91 | - | - | 1.91 | 1.76 | - | - | 1.76 |
| Non Current Investments | | - | - | - | - | - | - | - | - |
| Other Current financial Asset | | - | - | - | - | - | - | - | - |
| Other Non Current financial Asset | | - | - | - | - | - | - | - | - |
| **Total Financial Asset** | | **1.91** | **-** | **-** | **1.91** | **1.76** | **-** | **-** | **1.76** |
| **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.

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 board 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 board 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 board.

**36. 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 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 board 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 board 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 board.

**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 2018 | As at 31 March 2017 |
|---|---|---|
| Trade receivables | 778.44 | 1,296.40 |
| Cash and cash equivalents | 40.91 | 22.07 |
| Other bank balances | 30.78 | 14.20 |
| Loans | - | 0.05 |
| Other financial assets | 21.80 | 43.81 |

**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 Company 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 board.

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

At March 31, 2018, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

| | Carrying amount (in INR) | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| India | 778.44 | 1,296.40 |
| Other regions | - | - |
| | 778.44 | 1,296.40 |

At March 31, 2018, the maximum exposure to credit risk for trade and other receivables by type of counterparty was as follows

| | Carrying amount (in INR) | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Construction | - | 110.81 |
| Education | 1.70 | 5.37 |
| Hospital | 1.48 | 0.64 |
| Hotel | 3.29 | 10.63 |
| Manufacturing | 7.23 | 13.69 |
| Trading Company ( includes related party) | 402.52 | 1,090.43 |
| Others | 218.73 | 64.82 |
| **Total** | 634.95 | 1,296.40 |

At March 31, 2018, the Company's most significant customer other than the related party, a construction company, accounted for INR 179.63 Lakhs of the trade and other receivables carrying amount (March 31, 2017 : INR 110.81 Lakhs).

**36. Financial instruments – Fair values and risk management ( contd)**

**Impairment**
At March 31, 2018, the ageing of trade and other receivables that was as follows:

| | Carrying amount (in INR) | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Not due | 454.83 | 993.43 |
| 0-30 days | 147.48 | 37.11 |
| 31-60 days | 11.13 | 25.13 |
| 61-90 days | 15.59 | 109.46 |
| 91-180 days | 64.33 | 80.24 |
| 181-365 days | 42.13 | 30.68 |
| 365 days and above | 42.95 | 20.34 |
| | 778.44 | 1,296.40 |

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 |
|---|---|
| | Collective impairments |
| Balance as at April 1, 2016 | 48.29 |
| Impairment loss recognised | 32.39 |
| Amounts written off | - |
| Balance as at March 31, 2017 | 80.68 |
| Impairment loss recognised | - |
| Amounts written off | 3.57 |
| Balance as at March 31, 2018 | 77.11 |

At March 31, 2018, there was an impairment loss of INR 77,11,208/- 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 40.91 Lakhs at March 31, 2018 (March 31, 2017: INR 22.06 Lakhs).

### 36. 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.

The Company maintains the following lines of credit.
INR 1.00 Lakh 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, 2017: 11% p.a).
In addition, the Company maintains the following lines of credit.
INR 300.00 Lakhs Working Capital facility with Kotak Mahindra Bank Limited that is secured by floting charge on book debts .Interest would be payable at the rate of 9.5% pa

**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 exclude the impact of netting agreements.

| March 31, 2018 | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | **Carrying amount** | **Total** | **Upto 1 year** | **1-3 years** | **3-5 years** | **More than 5 years** |
| INR | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Borrowings | 436.71 | 436.71 | 436.71 | | | |
| Trade and other payables | 745.29 | 745.29 | 745.29 | | | |
| Other financial liabilities | 49.26 | 49.26 | 49.26 | | | |

| 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** | | | | | | |
| Borrowings | 376.16 | 376.16 | 376.16 | - | | |
| Trade and other payables | 1,039.39 | 1,039.39 | 1,039.39 | | | |
| Other financial liabilities | 104.00 | 104.00 | 104.00 | | | |
| | - | - | - | | | |

### 36. 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 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, 2018 and March 31, 2017 are as below:

| | March 31, 2018 USD | March 31, 2018 GBP | March 31, 2017 USD | March 31, 2017 GBP |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Short-term loans and advances | - | - | 0.09 | 0.02 |
| | - | - | 0.09 | 0.02 |

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

| | Average rate | | Year-end spot | |
|---|---|---|---|---|
| INR | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| USD /INR | - | 66.65 | - | 64.72 |
| 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, 2018** | | | | |
| USD 5% movement | - | - | - | - |
| GBP 10% movement | - | - | - | - |
| | - | - | - | - |

| | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| **Effect in INR** | Strengthening | Weakening | Strengthening | Weakening |
| **March 31, 2017** | | | | |
| USD 5% movement | 0.29 | (0.30) | 0.20 | (0.39) |
| GBP 10% movement | 0.16 | (0.16) | 0.11 | (0.21) |
| | 0.45 | (0.46) | 0.31 | (0.60) |

**36. 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 2018 | As at 31 March 2017 |
|---|---|---|
| **Fixed rate instruments** | | |
| *Financial assets* | | |
| Deposits with banks | 34.82 | 37.68 |
| *Financial Liabilities* | | |
| Intercorporate deposit from related parties | 350.00 | 350.00 |
| | **350.00** | **350.00** |
| **Variable-rate instruments** | | |
| *Financial liabilities* | | |
| Overdraft against fixed deposit | - | 6.94 |
| Bill discounting | 86.71 | 19.22 |
| | **86.71** | **26.16** |

**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 2018** | |
| Variable-rate instruments | 0.43 |
| **Cash flow senstivity** | **0.43** |
| **31 March 2017** | |
| Variable-rate instruments | 0.13 |
| **Cash flow senstivity** | **0.13** |

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.

**36. 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.

*(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% ( 2017-10%) with all other variables held constant.

| | Impact on profit after tax | | Impact on other components of equity | |
|---|---|---|---|---|
| | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Increase in NAV by 15%( 2017 - 10%) | 0.29 | 0.18 | - | - |
| Increase in NAV by 15%( 2017 - 10%) | (0.29) | (0.18) | - | - |

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.

**Notes to the financial statements for the year ended 31 March 2018**
*(All amounts are in Indian Rupees Lakhs , unless otherwise stated)*

**37.** Previous year figures have been regrouped or arranged whereever necessary

| | | |
|---|---|---|
| As per our report of even date<br>*For BATLIBOI & PUROHIT*<br>Chartered Accountants<br>Firm Regn No.101048W | Vikram Surendran | *Director* |
| | R.S.Moorthy | *Director* |
| ATUL MEHTA<br>Partner<br>Membership No.15935 | Ashu Khanna | *Director* |
| Mumbai, Dated 24th April, 2018 | | |

Forbes Facility Services Private Limited

(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements

For the year ended March 31, 2018

**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 2018, 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 state of affairs of the Company as at 31 March, 2018, and its profit 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 Indian 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 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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 30 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; and

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

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

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

Place : Mumbai
Date : 27 April, 2018

**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 2018, 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 to 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) The company does not have ownership of any immovable properties.

(ii) The management has conducted physical verification of inventory at the year end. In our opinion the frequency of such verification is reasonable. 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 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, Goods and service tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities though there have been significant delays in many cases. 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, income tax, sales tax, value added tax, duty of customs, employees' state insurance, service tax, Goods and service tax, cess and other material statutory dues were in arrears as at the year end for a period of more than six months from the date they became payable except for the details given below :

| **Name of statute** | **Nature of dues** | **Amount (in lakh)** | **Period to which it relates** | **Due date** | **Date of payment** |
|---|---|---|---|---|---|
| Employees Provident Funds and Miscellaneous Provisions Act 1952 | Provident Fund | 0.85 | April 17 to September 17 | 15th of subsequent month | 26 April 2018 |
| Profession Tax, Act | Profession tax | 4.75 | October 2016 to September 17 | varies from state to state | Unpaid |
| Employees State Insurance Act, 1948 | ESIC | 1.48 | April 17 to September 17 | 15th /21st of subsequent month | Unpaid |

(b) According to information and explanations given to us, the dues of Income tax and VAT that have not been deposited by the Company on account of disputes are given below:

| **Name of the Statute** | **Nature of dues** | **Forum where dispute is pending** | **Period to which amount relates** | **Amount (lakh)** |
|---|---|---|---|---|
| | | | | |
| Income Tax Act, 1961 | Income Tax | Assessing officer | A.Y.2010-11 | 0.62 |
| Sales Tax | VAT | * | 2013-14 | 61.33 |

* The Company is in the process of filing appeal

(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 loans / borrowing from Government, 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 paid / provided for managerial remuneration in accordance with requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act, however it is subject to the approval of the shareholder.

(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 2018

**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 2018 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, 2018, 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

**Kausha Mehta**
*Partner*
Membership No: 111749

Place : Mumbai
Date : 27 April 2018

**Forbes Facility Services Private Limited**

**Balance sheet as at**

Amt in Rs.

| | Notes | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current Assets** | | | | | |
| Property, plant and equipment | 4 | | 4,13,63,976 | | 4,04,32,348 |
| Financial assets | | | | | |
| Other financial assets | 6 | | 1,31,13,656 | | 1,08,75,286 |
| Tax assets | | | | | |
| Deferred Tax Asset (Net) | 14 | 2,74,00,700 | | 2,70,44,010 | |
| Current Tax Asset (Net) | 18 | 5,87,80,278 | 8,61,80,978 | 6,37,68,327 | 9,08,12,337 |
| Other non-current assets | 9 | | 1,22,500 | | 1,22,500 |
| **Total Non-current Assets** | | | **14,07,81,110** | | **14,22,42,471** |
| **Current Assets** | | | | | |
| Inventories | 7 | | 2,19,57,410 | | 1,40,44,845 |
| Financial assets | | | | | |
| Trade receivables | 5 | 34,07,50,081 | | 27,25,98,513 | |
| Cash and cash equivalents | 8 | 32,32,741 | | 59,57,803 | |
| Bank balances other than cash and cash equivalents | 8 | 10,50,314 | | 38,71,419 | |
| Other financial assets | 6 | 94,510 | 34,51,27,646 | 67,177 | 28,24,94,912 |
| Other current assets | 9 | | 5,07,561 | | 5,75,719 |
| **Total Current Assets** | | | **36,75,92,617** | | **29,71,15,476** |
| **Total Assets** | | | **50,83,73,727** | | **43,93,57,947** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Equity share capital | 10 | | 1,00,00,000 | | 1,00,00,000 |
| Other Equity | 11 | | 3,10,17,701 | | 2,24,12,245 |
| **Total Equity** | | | **4,10,17,701** | | **3,24,12,245** |
| **Liabilities** | | | | | |
| **Non-current Liabilities** | | | | | |
| Financial Liabilities | | | | | |
| Provisions | 13 | | 1,32,14,111 | | 90,44,827 |
| Other non-current liabilities | 15 | | - | | 8,25,837 |
| **Total Non-current Liabilities** | | | **1,32,14,111** | | **98,70,664** |
| **Current liabilities** | | | | | |
| Financial liabilities | | | | | |
| Borrowings | 16 | 9,44,09,972 | | 9,32,19,383 | |
| Trade and other payables | 17 | 19,61,15,451 | | 18,61,01,412 | |
| Other financial liabilities | 12 | 11,25,82,578 | 40,31,08,001 | 8,87,98,677 | 36,81,19,472 |
| Provisions | 13 | | 29,61,728 | | 11,20,753 |
| Current tax liabilities (Net) | 19 | | - | | - |
| Other current liabilities | 15 | | 4,80,72,187 | | 2,78,34,813 |
| | | | 45,41,41,915 | | 39,70,75,038 |
| **Total Current Liabilities** | | | **45,41,41,915** | | **39,70,75,038** |
| **Total Liabilities** | | | **46,73,56,026** | | **40,69,45,702** |
| **Total Equity and Liabilities** | | | **50,83,73,727** | | **43,93,57,947** |
| Significant Accounting policies | 30-37 | | | | |

As per our report of even date
**For BATLIBOI & PUROHIT**
*Chartered Accountants*
Firm Regn No. 101048W

V Surendran
Director

Mrunali Deshmukh
Director

C. A. Karnik
Director

Marzin Shroff
Director

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

S K Palekar
Director

Vinay Deshmukh
Director

Mumbai , Dated : 27th April 2018

Mumbai , Dated: 27th April 2018

**Forbes Facility Services Private Limited**

**Statement of Profit and Loss for the year ended 31st March, 2018**

Amt in Rs.

| | Notes | 2017-18 | 2016-17 |
|---|---|---|---|
| **Income** | | | |
| Revenue from Operations | 19 | 1,47,83,33,558 | 1,35,86,85,788 |
| Other income and other gains / (losses) | 20 | 2,14,096 | 12,99,350 |
| **Total Income** | | **1,47,85,47,654** | **1,35,99,85,138** |
| **Expenses** | | | |
| Cost of Services | | 5,32,34,540 | 7,14,55,227 |
| Consumption of Food & Beverages and Consumables | 21 | 37,87,08,834 | 38,65,23,059 |
| Employee benefits expense | 22 | 92,42,82,414 | 77,92,39,434 |
| Finance costs | 23 | 1,18,09,157 | 1,04,94,630 |
| Depreciation and amortisation expense | 24 | 1,40,68,896 | 1,62,12,785 |
| Other expenses | 25 | 7,34,06,896 | 6,95,80,388 |
| **Total expenses** | | **1,45,55,10,737** | **1,33,35,05,523** |
| **Profit/(Loss) before exceptional items and tax** | | **2,30,36,917** | **2,64,79,615** |
| Add/ (Less) : Exceptional items | | | |
| **Profit/(Loss) before tax** | | **2,30,36,917** | **2,64,79,615** |
| Less: Tax expense | | | |
| Current tax | 26 | 1,28,42,399 | 1,78,84,773 |
| Deferred tax | | (3,56,690) | (78,90,128) |
| | | **1,24,85,709** | **99,94,645** |
| **Profit/(Loss) for the year** | | **1,05,51,208** | **1,64,84,970** |
| **Other Comprehensive Income** | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurements of the defined benefit plans | | (29,06,711) | (28,49,647) |
| Income tax relating to items that will not be reclassified to profit or loss | | 9,60,959 | 9,42,093 |
| **Total other comprehensive income** | | **(19,45,752)** | **(19,07,554)** |
| **Total comprehensive income for the Year** | | **86,05,456** | **1,45,77,416** |
| Earnings per equity share | | | |
| Basic & Diluted (in Rs.) | 29 | **10.55** | **16.48** |
| Significant Accounting policies | 30-37 | | |

As per our report of even date
**For BATLIBOI & PUROHIT**
*Chartered Accountants*
Firm Regn No. 101048W

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

Mumbai , Dated : 27th April 2018

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S K Palekar
Director

Vinay Deshmukh
Director

Mumbai , Dated: 27th April 2018

**Forbes Facility Services Private Limited**

**Cash Flow Statement for the year ended 31st March, 2018**

Amt in Rs.

| | 2017-18 | 2016-17 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit/(Loss) for the year | 2,30,36,917 | 2,64,79,615 |
| Adjustments for: | | |
| Finance costs recognised in profit or loss | 1,18,09,157 | 1,04,94,630 |
| Interest Income | (1,65,612) | (5,33,795) |
| Remeasurements of the defined benefit plans | (19,45,752) | (19,07,554) |
| Provision/write-off of doubtful debts, advances and other current assets | 20,78,708 | 14,64,600 |
| Depreciation and amortisation of non-current assets (continuing operations) | 1,40,68,896 | 1,62,12,785 |
| Net foreign exchange (gain)/loss - unrealised | (19,516) | 4,59,768 |
| | **4,88,62,798** | **5,26,70,049** |
| Movements in working capital: | | |
| (Increase)/decrease in trade and other receivables | (7,02,10,760) | (5,32,32,119) |
| (Increase)/decrease in inventories | (79,12,565) | (17,80,954) |
| (Increase)/decrease in current loans and advances | - | 3,41,320 |
| (Increase)/decrease in current Other Assets | 40,825 | (1,23,370) |
| (Increase)/decrease in non current Other Financial Assets | 5,82,734 | (24,24,630) |
| Increase/ (Decrease) in trade and other payables | 1,00,14,039 | 8,30,728 |
| Increase/(Decrease) in provisions | 60,10,259 | 39,97,034 |
| Increase/(Decrease) in other liabilities | 4,31,95,438 | 1,66,40,520 |
| | **(1,82,80,030)** | **(3,57,51,471)** |
| **Cash generated from operations** | **3,05,82,768** | **1,69,18,578** |
| Income taxes paid | (78,54,351) | (1,44,12,362) |
| **Net cash generated by operating activities** | **2,27,28,418** | **25,06,216** |
| **Cash flows from investing activities** | | |
| Interest received | 1,65,612 | 4,99,867 |
| Payments for property, plant and equipment | (1,50,00,524) | (1,03,15,208) |
| **Net cash (used in)/generated by investing activities** | **(1,48,34,912)** | **(98,15,341)** |
| **Cash flows from financing activities** | | |
| Repayment of other short term borrowings | (2,40,00,000) | - |
| Net increase / (decrease) in working capital borrowings | 2,51,90,589 | 2,25,38,500 |
| Interest paid | (1,18,09,157) | (1,18,25,972) |
| **Net cash used in financing activities** | **(1,06,18,569)** | **1,07,12,528** |
| **Net increase in cash and cash equivalents** | **(27,25,063)** | **34,03,403** |
| Cash and cash equivalents at the beginning of the year | 59,57,803 | 25,54,400 |
| **Cash and cash equivalents at the end of the year** | **32,32,741** | **59,57,803** |

Changes in carrying amount of financial liabilities included under financing activities under cash flow statement:

| | 2017-18 | 2016-17 |
|---|---|---|
| Opening balance | 9,32,19,383 | 7,06,80,883 |
| Changes due to cash flow | 11,90,589 | 2,25,38,500 |
| Non cash change | - | - |
| **Closing balance** | **9,44,09,972** | **9,32,19,383** |

As per our report of even date
**For BATLIBOI & PUROHIT**
*Chartered Accountants*
Firm Regn No. 101048W

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

Mumbai , Dated : 27th April 2018

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S K Palekar
Director

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Director

Mumbai , Dated: 27th April 2018

**Forbes Facility Services Private Limited**

**Statement of changes in equity for the year ended March 31, 2018**

| A. Equity share capital | Amount in Rs. |
|---|---|
| **Balance at April 1, 2016** | 1,00,00,000 |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2017** | **1,00,00,000** |
| Changes in equity share capital during the year | - |
| **Balance at March 31, 2018** | **1,00,00,000** |

**B. Other Equity**

Amt in Rs.

| | Reserves and surplus | | Items Of Other Comprehensive Income | | Total Other Equity | Total |
|---|---|---|---|---|---|---|
| | Retained earnings | Total | Other items of other comprehensive income (specify nature) | Total | | |
| **Balance at April 1, 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** |
| Profit for the year | 1,05,51,208 | **1,05,51,208** | **-** | **-** | 1,05,51,208 | **1,05,51,208** |
| Other comprehensive income for the year, net of income tax | **-** | **-** | **(19,45,752)** | **(19,45,752)** | **(19,45,752)** | **(19,45,752)** |
| **Total comprehensive income for the year** | **1,05,51,208** | **1,05,51,208** | **(19,45,752)** | **(19,45,752)** | **86,05,456** | **86,05,456** |
| **Balance at March 31, 2018** | **3,61,19,915** | **3,61,19,915** | **(51,02,214)** | **(51,02,214)** | **3,10,17,701** | **3,10,17,701** |

As per our report of even date
**For BATLIBOI & PUROHIT**
*Chartered Accountants*
Firm Regn No. 101048W

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

Mumbai , Dated : 27th April 2018

V Surendran
Director

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Director

C. A. Karnik
Director

Marzin Shroff
Director

S K Palekar
Director

Vinay Deshmukh
Director

Mumbai , Dated: 27th April 2018

**Forbes Facility Services Private Limited**

**Notes to the financial statements for the year ended 31 March 2018**

## 4. Property Plant & Equipment

Amt in Rs.

| Cost or Deemed Cost | Plant and Machinery | Electrical Installation & Equipement | Office Equipement | Furniture and Fixtures | Vehicles | Computers | Total |
|---|---|---|---|---|---|---|---|
| As at 1st April 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** |
| Additions | 1,32,60,837 | 45,399 | 3,56,643 | - | 5,65,057 | 7,72,587 | 1,50,00,524 |
| Deletions | - | - | - | - | - | - | - |
| **As at 31 March 2018** | **14,09,62,835** | **3,74,000** | **8,32,680** | **4,80,239** | **53,89,150** | **53,38,318** | **15,33,77,222** |

| **Depreciation** | Plant and Machinery | Electrical Installation & Equipement | Office Equipement | Furniture and fixtures | Vehicles | Computers | Total |
|---|---|---|---|---|---|---|---|
| As at 1st April 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** |
| Charge for the year | 1,25,84,852 | 54,201 | 91,301 | 49,442 | 8,13,951 | 4,75,149 | 1,40,68,896 |
| Deletions | - | - | - | - | - | - | - |
| **As at 31 March 2018** | **10,33,07,775** | **1,42,639** | **4,49,988** | **3,95,393** | **35,81,592** | **41,35,857** | **11,20,13,246** |
| **Net Block** | | | | | | | |
| **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** |
| **As at 31 March 2018** | **3,76,55,060** | **2,31,360** | **3,82,691** | **84,846** | **18,07,558** | **12,02,460** | **4,13,63,976** |

## Forbes Facility Services Private Limited

### Notes to the financial statements for the year ended March 31, 2018

**5. Trade receivables** Amt in Rs.

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| **Trade receivables** | | | | |
| Secured, considered good | | | | |
| Unsecured, considered good-others | - | - | 31,25,50,677 | 26,17,96,527 |
| Unsecured , Debts due from related parties | - | - | 3,23,26,679 | 1,29,25,029 |
| Less: Allowance for doubtful debts | - | - | 41,27,276 | 21,23,043 |
| **Total** | **-** | **-** | **34,07,50,081** | **27,25,98,513** |

**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.**

**6. Other financial assets**

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| Bank deposits with more than 12 months maturity | 30,74,381 | 4,71,547 | - | - |
| Security deposits - unsecured considered good | 1,00,39,275 | 1,04,03,739 | - | - |
| Interest Accrued - | | | | |
| on fixed deposits with Banks | - | - | 94,510 | 67,177 |
| **Total** | **1,31,13,656** | **1,08,75,286** | **94,510** | **67,177** |

**7. Inventories** Amt in Rs.

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Inventories (lower of cost and net realisable value)** | | |
| Food & Beverages consumables | 74,40,866 | 44,74,044 |
| Spares and Accessories | 1,45,16,544 | 95,70,801 |
| **Total** | **2,19,57,410** | **1,40,44,845** |

7.1 The above inventories are hypothecated to Axis and HDFC Bank Ltd for cash credit facility.

**8. 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, 2018 | As at March 31, 2017 |
|---|---|---|
| Balances with Banks in current accounts | 27,12,260 | 51,42,049 |
| Bank deposits | 85,465 | 81,104 |
| Cash on hand | 4,35,016 | 7,34,650 |
| **Total Cash & Cash Equivalents** | **32,32,741** | **59,57,803** |
| **Bank Balances other than Cash & Cash Equivalents** | | |
| Deposits with original maturity of more than 12 months | 10,50,314 | 38,27,834 |
| Deposits with original maturity of more than 3 months but less than 12 months | - | 43,586 |
| **Total Bank Balances other than Cash & Cash Equivalents** | **10,50,314** | **38,71,419** |
| Cash and cash equivalents as per statement of cash flow statement | 32,32,741 | 59,57,803 |

**9. Other assets**

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| Prepaid expenses | - | - | 3,13,397 | 1,96,144 |
| Balance with statutory/ government authorities | 1,22,500 | 1,22,500 | - | - |
| Others | - | - | 1,94,164 | 3,79,575 |
| **Total** | **1,22,500** | **1,22,500** | **5,07,561** | **5,75,719** |

Forbes Facility Services Private Limited

Notes to the financial statements for the year ended March 31, 2018

### 10. Equity Share Capital

Amt in Rs.

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Authorised Share capital :** | | |
| 20,00,000 fully paid equity shares of ` 10 each | 2,00,00,000 | 2,00,00,000 |
| **Issued and subscribed capital comprises:** | | |
| 10,00,000 fully paid equity shares of Rs.10 each (as at March 31, 2017: 10,00,000) | 1,00,00,000 | 1,00,00,000 |
| **Total** | 1,00,00,000 | 1,00,00,000 |

### 10.1 Fully paid equity shares

| Particulars | Number of shares | Share capital |
|---|---|---|
| Balance at April 1, 2016 | 10,00,000 | 1,00,00,000 |
| Add: Issued during the year | - | - |
| Balance at March 31, 2017 | 10,00,000 | 1,00,00,000 |
| Add: Issued during the year | - | - |
| **Balance at March 31, 2018** | **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.

### 10.2 Details of shares held by the holding company.

| Particulars | Fully paid ordinary shares | |
|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 |
| **Balance at the beginning of the period - Held by Eureka Forbes Limited** | 10,00,000 | 10,00,000 |
| **Total as at the end of the period** | **10,00,000** | **10,00,000** |

### 10.3 Details of shares held by each shareholder holding more than 5% shares

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | 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% |
| **Total** | 10,00,000 | 100% | 10,00,000 | 100% |

### 11. Other equity

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Retained earnings** | | |
| Balance at beginning of year | 2,55,68,707 | 90,83,737 |
| Add/ (less): Profit/ (loss) for the year | 1,05,51,208 | 1,64,84,970 |
| **Balance at end of the year** | **3,61,19,915** | **2,55,68,707** |
| Balance at beginning of year | (31,56,462) | (12,48,908) |
| Other comprehensive income arising from re-measurement of defined benefit | (19,45,752) | (19,07,554) |
| **Balance at end of the year** | **(51,02,214)** | **(31,56,462)** |
| **Total** | **3,10,17,701** | **2,24,12,245** |

**11 A 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 16 offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves and retained earnings as detailed in Notes 10 to 11).

**Gearing ratio**

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

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Debt (i) | 9,44,09,972 | 9,32,19,383 |
| Less: Cash and cash equivalent | 73,57,436 | 1,03,00,769 |
| Net debt | 8,70,52,536 | 8,29,18,614 |
| Equity (ii) | 4,10,17,701 | 3,24,12,245 |
| **Net debt to equity ratio (%)** | ***2.12*** | ***2.56*** |

## Forbes Facility Services Private Limited

### Notes to the financial statements for the year ended March 31, 2018

**12. Other financial liabilities** Amt in Rs.

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| Others :- | | | | |
| -Dues to employees | - | - | 10,37,59,243 | 8,29,87,484 |
| -Provision for expenses | - | - | 88,23,335 | 58,11,193 |
| **Total** | - | - | **11,25,82,578** | **8,87,98,677** |

**13. Provisions**

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| Compensated absences | 6,05,219 | 8,92,114 | 18,08,367 | 3,71,000 |
| Gratuity payable | 1,26,08,892 | 81,52,713 | 11,53,361 | 7,49,753 |
| **Total** | **1,32,14,111** | **90,44,827** | **29,61,728** | **11,20,753** |

**14. Deferred tax balances**

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

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Deferred tax assets | 2,74,00,700 | 2,70,44,010 |
| Deferred tax liabilities | - | - |
| **Net** | **2,74,00,700** | **2,70,44,010** |

| 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 | Others | Total |
|---|---|---|---|---|---|
| **Deferred tax (Liabilities)/Assets in relation to:** | | | | | |
| **Closing Balance Asset/(Liability) March 31,2017** | **47,56,947** | **1,80,01,859** | **38,79,190** | **4,06,014** | **2,70,44,010** |
| Recognised in Profit & Loss | (7,37,684) | 3,52,180 | - | 7,42,194 | **3,56,690** |
| Recognised in Other Comprehensive Income | - | - | - | - | **-** |
| **Closing Balance Asset/(Liability) March 31,2018** | **40,19,263** | **1,83,54,039** | **38,79,190** | **11,48,208** | **2,74,00,700** |

**15. Other Liabilities**

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| (a) Others - Deductions from employees for company's assets | - | 8,25,837 | 68,72,793 | 32,54,977 |
| (b) Statutory liabilities (Contributions to PF,Pension, ESIC,withholding Taxes,VAT, GST etc.) | - | - | 4,11,99,394 | 2,45,79,836 |
| **Total** | **-** | **8,25,837** | **4,80,72,187** | **2,78,34,813** |
| | | - | | |

**16. Current Borrowings**

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Unsecured - at amortised cost** | | |
| (a) Loans repayable on demand | | |
| - ICD from related parties | - | 2,40,00,000 |
| **Secured - at amortised cost** | | |
| (b) Loans repayable on demand | | |
| -from banks (Cash credit/ Buyers credit) refer (i) below | 9,44,09,972 | 6,92,19,383 |
| **Total** | **9,44,09,972** | **9,32,19,383** |

(i) Short term borrowing from HDFC Bank Ltd. and Axis Bank Ltd. is secured by pari-passu charge on company's Current Assets and carries interest @ 9.8 % to 12.20 % p.a.

**Forbes Facility Services Private Limited**

**Notes to the financial statements for the year ended March 31, 2018**

**17. Trade payables**

Amt in Rs.

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| Trade payables (including acceptances) | - | - | 10,10,96,831 | 8,13,48,808 |
| Dues to Micro and Small Enterprises (Refer note below) | - | - | - | 1,90,919 |
| Trade payables to related parties ( Refer note 36) | - | - | 9,50,18,619 | 10,45,61,685 |
| **Total** | **-** | **-** | **19,61,15,451** | **18,61,01,412** |

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

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| (i) Principal amount remaining unpaid to MSME suppliers as on year end | - | 1,90,919 |
| (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 | - | - |

**17.2** The average credit period of Purchase is between 45-60 days.

**18. Current tax assets and liabilities**

| Particulars | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2018 | As at March 31, 2017 |
| **Income tax assets ( Net)** | | | | |
| Advance income-tax (Net of provision of taxation) | 5,87,80,278 | 6,37,68,327 | - | - |
| **Total** | **5,87,80,278** | **6,37,68,327** | **-** | **-** |

### 19. Revenue from operations

Amt in Rs.

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Sale of Food & Beverages | 47,11,56,090 | 49,29,28,573 |
| Sale of Facility Management services | 1,00,71,77,468 | 86,57,57,215 |
| **Total** | **1,47,83,33,558** | **1,35,86,85,788** |

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

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Other income** | | |
| Interest income earned on financial assets that are not designated as at fair value through profit or loss: | | |
| -Bank deposits (at amortised cost) | 1,65,612 | 5,33,795 |
| -'Miscellaneous income | 28,968 | 7,65,555 |
| **Other gains/(losses)** | | |
| Foreign exchange gain/ (loss) | 19,516 | - |
| **Total** | **2,14,096** | **12,99,350** |

### 21. Cost of materials consumed

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Material consumption** | | |
| **Consumption of Consumables** | | |
| Inventory at the beginning of the year | 95,70,801 | 78,21,477 |
| Add : Purchases | 6,63,94,984 | 5,97,37,933 |
| | 7,59,65,785 | 6,75,59,410 |
| Less : Inventory at the end of the year | (1,45,16,544) | (95,70,801) |
| | 6,14,49,241 | 5,79,88,609 |
| **Consumption of Foods & Beverages** | | |
| Inventory at the beginning of the year | 44,74,044 | 44,42,414 |
| Add : Purchases | 32,02,26,414 | 32,85,66,080 |
| | 32,47,00,458 | 33,30,08,494 |
| Less : Inventory at the end of the year | (74,40,866) | (44,74,044) |
| | 31,72,59,592 | 32,85,34,450 |
| **Total** | **37,87,08,834** | **38,65,23,059** |

### 22. Employee benefits expense

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Salaries and Wages | 79,18,92,622 | 67,23,73,996 |
| Contribution to provident and other funds | 10,46,92,757 | 8,69,21,009 |
| Staff Welfare Expenses | 2,76,97,035 | 1,99,44,429 |
| **Total** | **92,42,82,414** | **77,92,39,434** |

### 23. Finance costs

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Interest on bank overdrafts | 1,13,32,239 | 55,95,586 |
| Interest on ICD | 4,76,918 | 48,99,044 |
| **Total** | **1,18,09,157** | **1,04,94,630** |

### 24. Depreciation and amortisation expense

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Depreciation of property, plant and equipment (Refer Note 4) | 1,40,68,896 | 1,62,12,785 |

Forbes Facility Services Private Limited

Notes to the financial statements for the year ended March 31, 2018

**25. Other expenses**

Amt in Rs.

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Electricity | 6,46,763 | 11,39,709 |
| Rent | 1,93,47,548 | 1,69,61,794 |
| Repairs and Maintenance - | | |
| Machinery | 15,27,776 | 18,58,837 |
| Others | 4,52,962 | 7,21,425 |
| Insurance | 26,77,399 | 26,34,088 |
| Advertisement | 4,01,325 | 1,90,080 |
| Selling and Sales Promotion | 1,98,001 | 89,406 |
| Payment to Auditors (Refer details Below) | 7,05,920 | 6,26,230 |
| Printing and Stationery | 22,17,182 | 21,66,881 |
| Communication cost | 44,63,372 | 52,14,350 |
| Travelling and Conveyance | 1,33,29,222 | 1,27,65,304 |
| Legal and Professional Fees | 74,34,505 | 82,82,252 |
| Vehicle Running Expenses | 5,22,076 | 15,92,656 |
| Rates and taxes, excluding taxes on income | 12,13,212 | 17,87,366 |
| Information Technology Expenses | 43,14,981 | 33,47,092 |
| Other Establishment Expenses | 1,17,81,943 | 86,81,318 |
| Directors' Sitting Fees | 94,000 | 57,000 |
| Bad Debts/Advances Written-Off | 74,475 | 2,36,600 |
| Provision for Doubtful Debts | 20,04,233 | 12,28,000 |
| **Total** | **7,34,06,896** | **6,95,80,388** |

| Payments to auditors | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| a) For audit | 5,25,000 | 4,57,730 |
| b) For taxation matters | 75,000 | 40,000 |
| c) For company law matters | - | - |
| d) For other services | 1,05,920 | 1,21,000 |
| e) For reimbursement of expenses | | 7,500 |
| **Total** | **7,05,920** | **6,26,230** |

**26. Income taxes**

**26.1 Income tax recognised in profit or loss**

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | 1,28,42,399 | 1,78,84,773 |
| In respect of prior years | - | - |
| | 1,28,42,399 | 1,78,84,773 |
| **Deferred tax** | | |
| In respect of the current year | (3,56,690) | (78,90,128) |
| Minimum Alternate Tax entitlement | - | - |
| **Total income tax expense recognised in the current year** | **1,24,85,709** | **99,94,645** |

Forbes Facility Services Private Limited

Notes to the financial statements for the year ended March 31, 2018

**Note 27: Tax Reconciliation**
**Tax expense**
**(a) Amounts recognised in profit and loss**

Amt in Rs.

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Current income tax** | 1,28,42,399.00 | 1,78,84,773 |
| **Deferred income tax liability / (asset), net** | | |
| Origination and reversal of temporary differences | (55,20,668) | (78,90,128) |
| Reduction in deferred taxes resulting from reduction in tax rate | 51,63,978 | |
| **Deferred tax expense** | (3,56,690) | (78,90,128) |
| **Tax expense for the year** | **1,24,85,709** | **99,94,645** |

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

| Particulars | 2017-18 | | | 2016-17 | | |
|---|---|---|---|---|---|---|
| | 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 | **(29,06,711)** | (9,60,959) | (19,45,752) | **(28,49,647)** | (9,42,093) | (19,07,554) |
| **Total** | **(29,06,711)** | **(9,60,959)** | **(19,45,752)** | **(28,49,647)** | **(9,42,093)** | **(19,07,554)** |

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

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Profit/(Loss) before tax** | **2,30,36,917** | **2,64,79,615** |
| Tax using the Company's domestic tax rate (Current year 33.063% and Previous Year 33.063%) | 76,16,696 | 87,54,955 |
| **Tax effect of amounts which are not deductible (taxable) in calculating taxable income:** | | |
| 1. On account of disallowance of expenses | 52,25,704 | - |
| 2. On account of temporary difference | (55,20,669) | - |
| 3. Reduction in deferred taxes resulting from reduction in tax rate | 51,63,978 | - |
| 3. Others | - | 12,39,690 |
| | **1,24,85,709** | **99,94,645** |
| **The Company's consolidated weighted average tax rates for the years ended March 31, 2018 and 2017** | **54.20** | **37.74** |

## Forbes Facility Services Private Limited

### Notes to the financial statements for the year ended March 31, 2018

**Note 28: Deferred Tax**

Amt in Rs.

| 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 |
| Provision For Doubtful Debts | 2,95,928 | 1,10,086 | 4,06,014 |
| **TOTAL** | **1,91,53,882** | **78,90,128** | **2,70,44,010** |

| Provision for Deferred tax | Opening as on 1.4.2017 Asset | Charge /(Credit) During the year | Closing As At 31.03.2018 Asset |
|---|---|---|---|
| Depreciation | 86,36,137 | (7,37,684) | 78,98,453 |
| Expenses allowed for tax purpose on payment basis | 1,80,01,859 | -<br>3,52,180 | 1,83,54,039 |
| Provision For Doubtful Debts | 4,06,014 | -<br>7,42,194 | 11,48,208 |
| **TOTAL** | **2,70,44,010** | **3,56,690** | **2,74,00,700** |

**Note 29 : Earnings per share (EPS)**

The calculation of profit attributable to equity shareholders and weighted average number of equity shares outstanding for the purpose of basic and diluted earnings per share calculation are as follows:

Amt in Rs.

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Profit for the year attributable to equity shareholders | 1,05,51,208 | 1,64,84,970 |
| Face value per equity share | 10 | 10 |
| Weighted average number of equity shares | 10,00,000 | 10,00,000 |
| Basic & Diluted earnings per share | **10.55** | **16.48** |

**Forbes Facility Services Private Limited**

**Notes to the financial statements for the year ended March 31, 2018**

**Note 30: Litigation**

i) 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 had been referred for arbitration. The arbitration award was announced on 20th Nov 2017 in favour of the Company directing G.B. Pant Hospital to settle the claim of overdue outstanding along with an interest at the rate of 12 % within three months. The company has filed a recovery petition at the Delhi High Court since the settlement was not done by G.B.Pant . The High Court has directed G.B.Pant to file a suitable explanation on 18th May 2018, failing which the High Court would issue attachment orders of the Bank Accounts and properties of G.B. Pant. Basis the legal advice received, the Management is confident of recovering the dues.

ii) 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.

**Note 31: Contingent liabilities and commitments ( to the extent not provided for )**

**(a) Contingent liabilities:**

(i) Bank Guarantees issued on behalf of the Company - Rs. 80,07,063***/-*** (previous year Rs. 81,00,059/-)

(ii) Disputed Income Tax Demands - Rs. 62,170.

(iii) Disputed Central Excise Demands -NIL

(iv) Disputed Sales Tax demands - Rs. 61,33,342.

(v) Disputed Service Tax demands - NIL

**(b) Commitments:**

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for - `. NIL

(ii) Towards product performance `.NIL/- (*previous year `.NIL/-)*

(iii) Towards service performance `. NIL/-(*previous year `.NIL/-)*

Forbes Facility Services Private Limited

Notes to the financial statements for the year ended March 31, 2018

**Note 32:**

The disclosures required under IND AS 19 "Employee Benefits are given below :

**Employee benefit obligation** Amt in Rs.

| Particulars | As at 31 March 2018 | | As at 31 March 2017 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| Compensated absences | 6,05,219 | 3,00,823 | 8,92,114 | 3,71,000 |
| Gratuity | 1,26,08,892 | 11,53,361 | 81,52,713 | 7,49,753 |
| | **1,32,14,111** | **14,54,184** | **90,44,827** | **11,20,753** |

### 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 | 2017-18 | 2016-17 |
|---|---|---|---|
| | | Gratuity (Unfunded) | Gratuity (Unfunded) |
| a | **Change in present value of obligation** | | ` |
| | Present Value of Benefit Obligation at the Beginning of the Period | 89,02,466 | 49,03,871 |
| | Current Service cost | 20,20,404 | 12,12,097 |
| | Interest cost | 5,65,307 | 3,57,492 |
| | Actuarial (gain)/loss on obligations | 29,06,711 | 28,49,647 |
| | Benefit paid | 6,32,635 | 4,20,641 |
| | Present Value of Benefit Obligation at the End of the Period | 1,37,62,253 | 89,02,466 |

**b Amount recognised in the statement of profit and loss**

Amt in Rs.

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| | Gratuity (Unfunded) | Gratuity (Unfunded) |
| Current Service cost | 20,20,404 | 12,12,097 |
| Interest Cost | 5,65,307 | 3,57,492 |
| Actuarial (Gain) or Loss | 29,06,711 | 28,49,647 |
| Expense Recognised in the Statement of Profit and Loss | 25,85,711 | 15,69,589 |

**c Amount recognised in the Balance sheet** Amt in Rs.

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| | Gratuity (Unfunded) | Gratuity (Unfunded) |
| Present value of benefit obligation at the beginning of the year | 89,02,466 | 49,03,871 |
| Expenses Recognised in statement of profit & Loss Account | 25,85,711 | 15,69,589 |
| Expenses Recognised in OCI | 29,06,711 | 28,49,647 |
| Benefit direclty paid by Employer | 6,32,635 | 4,20,641 |
| Net Liability/ (Asset) Recognised in balance sheet | 1,37,62,253 | 89,02,466 |

**d Amount recognised in other comprehensive income for current period** Amt in Rs.

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| | Gratuity (Unfunded) | Gratuity (Unfunded) |
| Actuarial (Gains)/Losses on Obligation For the Period | 29,06,711 | 28,49,647 |
| Return on Plan Assets, Excluding Interest Income | - | - |
| Change in asset ceiling | - | - |
| Net (Income)/Expense For the Period Recognized in OCI | 29,06,711 | 28,49,647 |

**e 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.

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Discount Rate | 6.63% | 6.35% |
| Expected return on plan assets | NA | NA |
| Salary Escalation Rate | 5% | 5% |
| Attrition rate | | |
| For service 4 years and below | 60% | 60% |
| For service 5 years and above | 10% | 10% |
| Mortality | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |

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**

The Company also has certain defined contribution plan. Contributions are made to provident fund and employee state insurance scheme for employees at the spcified rate 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 period towards defined contribution plan is as under

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Employer's contribution to Provident Fund | 1,39,81,172 | 1,69,35,323 |
| Employer's contribution to Pension Scheme | 4,43,08,331 | 3,78,69,305 |

**Note 33: Operating Leases**

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. 1,93,47,548/- (Rs. 1,69,61,794/-). 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 34: 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 35: 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.

Details required under Ind AS 24 on "Related Party Disclosures " issued by the Institute of Chartered Accountants of India - referred in note no. 35 for the year ended 31st March 2018

**( 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 (refer foot note)

**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
8 Relationship Properties Pvt Ltd
9 Shapoorji Pallonji Rural Solutions Pvt Ltd
10 HPCL Shapoorji Energy Ltd
11 Shapoorji Pallonji Oil And Gas Pvt Ltd
12 S D Corporation Pvt Ltd
13 Afcon Infrastructure Ltd
14 Forbes Bumi Armada Offshore Limited
15 Joyville Shapoorji Housing Pvt Ltd

D. Key Managerial Personnel - Mr. Vinay Deshmukh (Executive Director)

**( II ) Transactions with Related Parties for the year ended 31st March 2018**

| Nature of Transactions | Referred to in A above | Referred to in C above | Referred to * in D above |
|---|---|---|---|
| **Purchases** | | | |
| Goods and Materials | 56,48,741 | - | |
| Fixed Assets | 1,06,72,359 | - | |
| | **1,63,21,100** | **-** | **-** |
| **Sales** | | | |
| Goods and Materials | - | - | |
| Services Rendered | 5,03,49,964 | 9,59,60,706 | |
| Fixed Assets | - | - | |
| | **5,03,49,964** | **9,59,60,706** | **-** |
| **Expenses** | | | |
| Rent and other services | 9,27,000 | - | |
| Tel | 1,01,753 | - | |
| Repairs & Other Expenses | 10,923 | - | |
| Finance Charges | - | - | |
| Interest on ICD Taken | 4,76,918 | - | |
| Travelling expenses | 3,500 | 2,75,876 | |
| Management Fees | 94,16,204 | - | |
| Bad Debts/Advances written off | - | - | |
| | **1,09,36,299** | **2,75,876** | **-** |
| Remuneration | - | - | 28,17,786 |
| **Finance** | | | |
| Repayment of Inter-Corporate Deposits taken | 2,40,00,000 | - | |
| **Outstanding** | | | |
| Trade Payables | 9,50,18,619 | - | |
| Other Payables | 66,28,759 | - | |
| Trade Receivables | 53,32,776 | 2,69,93,903 | |

* the remuneration is in accordance with provisions of section 197 read with Schedule V of the Act, however it is subject to approval of the shareholder.

( III ) The above Transaction includes :

| Nature of Transactions | A<br>Shapoorji Pallonji & Co Private Ltd. (Ultimate Holding Company) | A<br>Forbes & Company Ltd. (Holding Company of Eureka Forbes Ltd) | A<br>Eureka Forbes Ltd (Holding Company) | C<br>Forvol International Services Ltd | C<br>Shapoorji Pallonji Infrastructure Capital Co Pvt Ltd | C<br>Forbes Aquatech Ltd | C<br>Shapoorji Pallonji Forbes Shipping Ltd (Formerly Sci Forbes Ltd) | C<br>Volkart Fleming Shipping & Services Ltd |
|---|---|---|---|---|---|---|---|---|
| **Purchases** | | | | | | | | |
| Goods and Materials | | | 56,48,741 | | | | | |
| Fixed Assets | | | 1,06,72,359 | | | | | |
| | **-** | **-** | **1,63,21,100** | **-** | **-** | **-** | **-** | **-** |
| **Sales** | | | | | | | | |
| Goods and Materials | | | | | | | | |
| Services Rendered | 1,97,40,200 | 18,29,497 | 2,87,80,267 | | 13,45,123 | 4,03,672 | 4,14,753 | 1,86,547 |
| Fixed Assets | | | | | | | | |
| | **1,97,40,200** | **18,29,497** | **2,87,80,267** | **-** | **13,45,123** | **4,03,672** | **4,14,753** | **1,86,547** |
| **Expenses** | | | | | | | | |
| Rent | | | 9,27,000 | | | | | |
| Telephone Expenses | | | 1,01,753 | | | | | |
| Repairs & Other Expenses | | | 10,923 | | | | | |
| Interest on ICD Taken | | | 4,76,918 | | | | | |
| Travelling expenses | | | 3,500 | 2,75,876 | | | | |
| Management Fees | 51,01,224 | | 43,14,981 | | | | | |
| | **51,01,224** | **-** | **58,35,075** | **2,75,876** | **-** | **-** | **-** | **-** |
| **Finance** | | | | | | | | |
| Repayment of Inter-Corporate Deposits taken | | | 2,40,00,000 | | | | | |
| **Outstanding** | | | | | | | | |
| Trade Payables | | | 9,50,18,619 | | | | | |
| Other Payables | 66,28,759 | | | | | | | |
| Trade Receivables | 49,43,350 | 3,89,426 | | | 2,76,577 | 38,918 | 50,332 | 37,975 |

Note:-
Pursuant to the provisions of section 233 and other applicable provisions of the Companies Act, 2013 Aquamall Water Solutions Limited ('AWSL') has been amalgamated with Eureka Forbes Limited ('EFL') as per scheme of Amalgamation approved by the Regional Director, Ministry of Corporate Affairs vide order dated March 31, 2018 (appointed date April 1, 2016). Accordingly, transactions with, receivables from / payable to AWSL have been included under receivable from / payable to EFL.

| Nature of Transactions | C | C | C | C | C | C | C | C | C | C | C |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Aquaignis Technologies Pvt Ltd** | **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** |
| **<u>Purchases</u>** | | | | | | | | | | | |
| Goods and Materials | | | | | | | | | | | |
| Fixed Assets | | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | | - |
| **<u>Sales</u>** | | | | | | | | | | | |
| Goods and Materials | | | | | | | | | | | |
| Services Rendered | 2,96,940 | 55,82,478 | - | 4,33,004 | 8,85,712 | 1,41,34,228 | 5,67,72,978 | 1,26,73,932 | 12,43,562 | 8,44,762 | 7,43,015 |
| Fixed Assets | | | | | | | | | | | |
| | **2,96,940** | **55,82,478** | **-** | **4,33,004** | **8,85,712** | **1,41,34,228** | **5,67,72,978** | **1,26,73,932** | **12,43,562** | **8,44,762** | **7,43,015** |
| **<u>Expenses</u>** | | | | | | | | | | | |
| Rent | | | | | | | | | | | |
| Telephone Expenses | | | | | | | | | | | |
| Repairs & Other Expenses | | | | | | | | | | | |
| Interest on ICD Taken | | | | | | | | | | | |
| Travelling expenses | | | | | | | | | | | |
| Management Fees | | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | | - |
| **<u>Finance</u>** | | | | | | | | | | | |
| Repayment of Inter-Corporate Deposits taken | | | | | | | | | | | |
| **<u>Outstanding</u>** | | | | | | | | | | | |
| Trade Payables | | | | | | | | | | | |
| Other Payables | | | | | | | | | | | |
| Trade Receivables | 30,436 | 31,06,582 | 18,676 | 87,732 | 1,77,448 | 70,07,205 | 1,37,76,344 | 16,36,682 | 5,32,358 | 83,264 | 1,33,375 |

Note:-

Pursuant to the provisions of section 233 and other applicable provisions of the Companies Act, 2013 Aquamall Water Solutions Limited ('AWSL') has been amalgamated with Eureka Forbes Limited ('EFL') as per scheme of Amalgamation approved by the Regional Director, Ministry of Corporate Affairs vide order dated March 31, 2018 (appointed date April 1, 2016). Accordingly, transactions with, receivables from / payable to AWSL have been included under receivable from / payable to EFL.

### Note 36: Financial instruments – Fair values and risk management

#### A. Accounting classification and fair values

| Particulars | March 31, 2018 | | | March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amotised Cost | FVTPL | FVTOCI | Amotised Cost |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | - | - | 42,83,055 | - | - | 88,76,699 |
| Trade and other receivables | - | - | 34,07,50,081 | - | - | 27,25,98,513 |
| Other Current financial Asset | - | - | 94,510 | - | - | 67,177 |
| Other Non Current financial Asset | - | - | 1,31,13,656 | - | - | 1,18,27,809 |
| **Total Financial Asset** | **-** | **-** | **35,82,41,302** | **-** | **-** | **29,33,70,198** |
| **Financial liabilities** | | | | | | |
| Trade and other payables | - | - | 19,61,15,451 | - | - | 18,61,78,589 |
| Other Current financial liabilities | - | - | 11,25,82,578 | - | - | 8,87,98,764 |
| Current Borrowings | - | - | 9,44,09,972 | - | - | 9,32,19,383 |
| **Total Financial Liabilities** | **-** | **-** | **40,31,08,001** | **-** | **-** | **36,81,96,736** |

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

#### 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:

Amt in Rs.

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| Trade receivables | 34,07,50,081 | 27,25,98,513 |
| Cash and cash equivalents | 32,32,741 | 59,57,803 |
| Other bank balances | 10,50,314 | 38,71,419 |
| Other financial assets | 94,510 | 67,177 |

**Trade and other 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 impairment 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. Company is exposed to credit risk which is influenced by individual characteristics of each customer.

At March 31, 2018, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

Amt in Rs.

| Particulars | Carrying amount | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| India | 33,43,31,217 | 26,48,46,340 |
| Other regions | 64,18,864 | 77,52,173 |
| **Total** | **34,07,50,081** | **27,25,98,513** |

At March 31, 2018, the maximum exposure to credit risk for trade and other receivables by type of counterparty was as follows

**Impairment**
At March 31, 2018, the ageing of trade and other receivables are as follows.

Amt in Rs.

| Particulars | Carrying amount | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Not Due | 14,71,84,402 | 12,91,15,432 |
| 00-30 days | 9,90,92,368 | 7,67,85,555 |
| 31-60 days | 54,35,095 | 44,98,558 |
| 61- 90 days | 38,30,362 | 73,50,969 |
| more than 90 days | 8,52,07,854 | 5,48,47,998 |
| **Total** | **34,07,50,081** | **27,25,98,513** |

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.

Amt in Rs.

| | Collective impairments |
|---|---|
| Balance as at April 1, 2016 | 8,95,042 |
| Impairment loss recognised | 12,28,001 |
| Amounts written off | - |
| Balance as at March 31, 2017 | 21,23,043 |
| Impairment loss recognised | 20,04,233 |
| Amounts written off | - |
| Balance as at March 31, 2018 | 41,27,276 |

At March 31, 2018, there was an impairment loss of INR 41,27,276 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 32,32,741/- at March 31, 2018 (INR 58,76,699/- at March 31, 2017).

**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.

Amt in Rs.

| | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| **March 31, 2018** | **Carrying amount** | **Total** | **Upto 1 year** | **1-3 years** | **3-5 years** | **More than 5 years** |
| **Non-derivative financial liabilities** | | | | | | |
| Working capital loans from banks | 9,44,09,972 | 9,44,09,972 | 9,44,09,972 | | | |
| Trade payables | 19,61,15,451 | 19,61,15,451 | 19,61,15,451 | | | |
| Other financial liabilities | 11,25,82,578 | 11,25,82,578 | 11,25,82,578 | | | |

| | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| **March 31, 2017** | **Carrying amount** | **Total** | **Upto 1 year** | **1-3 years** | **3-5 years** | **More than 5 years** |
| **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 financial liabilities | 8,87,98,677 | 8,87,98,677 | 8,87,98,677 | | | |

**iv. 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.

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

**Foreign 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

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

**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:

| | March 31, 2018 USD | March 31, 2017 USD |
|---|---|---|
| **Financial assets** | | |
| Trade and other receivables | 98,628 | 1,19,774 |
| | 98,628 | 1,19,774 |

| | | |
|---|---|---|
| **Financial liabilities** | | |
| Trade and other payables | - | 6,067 |
| | - | 6,067 |

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

| Particulars | Average rate | | Year-end spot rate | |
|---|---|---|---|---|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| USD /INR | 65.07 | 66.65 | 65.08 | 64.72 |

**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.

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

| Effect in INR | Profit or (loss) |
|---|---|
| **March 31, 2018** | |
| USD 10% strengthening | (6,41,886) |
| **March 31, 2017** | |
| USD 10% strengthening | (7,35,949) |

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.

**Market Risk- Interest rate**

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

| | As at 31 March 2018 | As at 31 March 2017 |
|---|---|---|
| **Variable-rate instruments** | | |
| *Financial liabilities* | | |
| Borrowing | 9,44,09,972 | 6,92,19,383 |

Fixed deposits made by the Company carries fixed rate of interest and hence there is no interest rate risk.

**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) |
|---|---|
| **March 31, 2018** | |
| Variable-rate instruments | (9,44,100) |
| **Cash flow senstivity** | **(9,44,100)** |
| **March 31, 2017** | |
| Variable-rate instruments | (6,92,194) |
| **Cash flow senstivity** | **(6,92,194)** |

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.

**37** : Previous year figures have been regrouped or arranged wherever necessary.

As per our report of even date
**For BATLIBOI & PUROHIT**
*Chartered Accountants*
Firm Regn No. 101048W

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

Mumbai , Dated : 27th April 2018

V Surendran
Director

Mrunali Deshmukh
Director

C. A. Karnik
Director

Marzin Shroff
Director

S K Palekar
Director

Vinay Deshmukh
Director

Mumbai , Dated: 27th April 2018

**Forbes Facility Services Private Limited**

**Notes to the financial statements for the year ended 31 March 2018**
*(All amounts are in Indian Rupees, unless otherwise stated)*

## 1. Reporting entity

Forbes Facility Services Private Limited (the 'Company') is a Company domiciled in India, with its registered office situated at B1/B2, 7th floor, 701, Marathon Innvoa, Off Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013. The Company is primarily involved in Mechanized Housekeeping & Industrial Catering Services.

## 2. Basis of Preparation

### a. Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act , 2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements were authorized for issue by the Company's Board of Directors on **27th April 2018.**
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 the investment in equity shares which has been measured on fair value basis.

### d. Use of estimates and judgements

In preparing these financial statements, management has made judgments, 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 recognized prospectively.

***Judgments***

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized 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 32 – employee benefit plans
-Note 3(f) and 31 – provisions and contingent liabilities
-Note 3(h) and 26 – Income taxes
-Note 3(i) and 33 – Lease Classification
-Note 3(j) and 26 – Income 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 14 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
-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.

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 categorized 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 categorized 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 recognizes 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 36 – 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 recognized in profit or loss, except exchange differences arising from the translation of the equity investments which are recognized at fair value through OCI (FVOCI).

### b. Financial instruments

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

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized 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
- amortized 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 amortized 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 amortized 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. |

*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.** ***De recognition***

*Financial assets*

The Company derecognizes 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. Subsequent expenditure***

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

***iii. 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** | **Useful life as per Schedule II of the Companies Act, 2013** |
|---|---|---|
| Plant and machinery | 5 years | 15 years |
| Office equipments | 3 years | 5 years |
| Furniture and fixtures | 5 years | 10 years |
| Computers | 3 years | 3 years |
| Vehicles- Motor car | 5 years | 8 years |
| Electric fittings | 5 years | 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 (upto) the date on which asset is ready for use (disposed off).

**d. 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 7).

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.

## 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 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.

### 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.

Revenue from Services are recognized as and when the services are rendered based on the agreement/arrangement with the customer and recorded net of VAT, Service tax and GST.

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

**h. Recognition of interest income or expense**

Interest income or expense is recognized 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.

**i. 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. 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.

**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.

## l. Standard issued/ amended but not yet effected

i. **Ind AS 115 – Revenue from Contracts with customers:**
On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. In which, it has notified the Ind AS 115, Revenue from Contract with Customers. The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle of this Standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers in an

amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

This standard will come into force from April 1, 2018. As per the evaluation of the management of the company, the effect on adoption of Ind AS 115 will not be material.

**ii. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:**
On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. In which, it has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration, which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from April 1, 2018. As per the evaluation of the management of the company, the effect of this amendment will not be material

**m. Cash flow statement:**
Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals 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 and financing activities of the Company are segregated. The company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

**Amendment to Ind AS 7**

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

**Forbes International AG, Baar**

# Report of the Statutory Auditor on the Limited Statutory Examination to the General Meeting of Shareholders

Financial Statements 2017

KPMG AG
*Zurich, 7 March 2018*

KPMG

**KPMG AG**
**Audit**
Badenerstrasse 172
CH-8004 Zurich

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Report of the Statutory Auditor on the Limited Statutory Examination to the General Meeting of Shareholders of

**Forbes International AG, Baar**

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As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of Forbes International AG for the year ended 31 December 2017.

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 do not comply with Swiss law and the company's articles of incorporation.

We point out that, in the absence of unrestricted reserves, the loan to shareholders of CHF 1,732,650 constitutes a repayment of capital prohibited by art. 680 para. 2 CO.

We draw attention to the fact, that half of the share capital and legal reserves is no longer covered (art. 725 para. 1 CO).

KPMG AG

Roman Wenk
*Licensed Audit Expert*
*Auditor in Charge*

Yvonne Lingg
*Licensed Audit Expert*

Zurich, 7 March 2018

*Enclosures:*
- Financial statements (balance sheet, income statement and notes)

Forbes International Ltd., Baar (former Forbes Lux Group AG)

BALANCE SHEET AS OF 31 December 2017

| ASSETS<br>Current assets | Note | 31.12.2017<br>CHF | 31.12.2017<br>INR - Lakhs | 31.12.2016<br>CHF | 31.12.2016<br>INR - Lakhs |
|---|---|---|---|---|---|
| Cash and cash equivalents | | 2,853 | 1.86 | 17,055 | 11.34 |
| Other short-term receivables | 2.1 | 513,624 | 335.18 | 204,763 | 136.19 |
| Accrued income shareholder | 2.1.1 | 1,732,650 | 1,130.71 | - | - |
| **Total current assets** | | 2,249,127 | 1,467.75 | 221,818 | 147.53 |
| **Non-current assets** | | | | | |
| Financial assets | 2.2 | - | - | 1,095,488 | 728.62 |
| Investments | 2.3 | - | - | 402,043 | 267.40 |
| **Total non-current assets** | | - | - | 1,497,531 | 996.02 |
| **TOTAL ASSETS** | | 2,249,127 | 1,467.75 | 1,719,350 | 1,143.56 |

| LIABILITIES AND SHAREHOLDERS' EQUITY | Note | 31.12.2017<br>CHF | 31.12.2017<br>INR - Lakhs | 31.12.2016<br>CHF | 31.12.2016<br>INR - Lakhs |
|---|---|---|---|---|---|
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Other short-term liabilities | 2.4 | 100,095 | 65.32 | 27,105 | 18.03 |
| Current interest-bearing liabilities to shareholder | | 1,267,939 | 827.44 | - | - |
| Accrued expenses due to third parties | | 6,670 | 4.35 | 6,000 | 3.99 |
| **Total current liabilities** | | 1,374,704 | 897.12 | 33,105 | 22.02 |
| **Non-current liabilities** | | | | | |
| Long-term interest-bearing loans from governing bodies (board of directors) | | | | - | |
| Non-current interest-bearing liabilities | | - | - | 623,605 | 414.77 |
| Provision for unrealized exchange rate gains | | 21,869 | 14.27 | 865 | 0.58 |
| **Total long-term liabilities** | | 21,869 | 14.27 | 624,470 | 415.34 |
| **Total liabilities** | | 1,396,573 | 911.39 | 657,575 | 437.36 |
| **Shareholders' equity** | | | | | |
| Share capital | | 1,000,000 | 693.70 | 1,000,000 | 693.70 |
| Legal capital reserves | | | 589.64 | | 589.64 |
| - Capital contribution reserves | | 850,000 | | 850,000 | |
| Foreign Currency Translation Reserve | | | 21.60 | | 33.11 |
| Voluntary retained earnings | | | - | | - |
| - Results carried forward | | -788,224 | -610.25 | 36,157 | -47.92 |
| -(loss) for the year | | -209,222 | -138.32 | (824,381) | -562.33 |
| **Total Shareholders' equity** | | 852,554 | 556.37 | 1,061,776 | 706.20 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | 2,249,127 | 1,467.75 | 1,719,350 | 1,143.56 |
| | | - | 0 | - | - |

Forbes International Ltd., Baar (former Forbes Lux Group AG)

Statement of Income 2017

| | Note | 2017 CHF | 2017 INR - Lakhs | 2016 CHF | 2016 INR - Lakhs |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Income from Royalties | | 89,131 | 58.93 | 190,901 | 130.22 |
| Income from Factory Participation | | - | - | 8,053 | 5.49 |
| Financial income | 2.5 | 28,792 | 19.03 | 167,990 | 114.59 |
| Extraordinary income | | 259 | 0.17 | 17,613 | 12.01 |
| **Total income** | | **118,182** | **78.13** | **384,557** | **262.31** |
| **EXPENSES** | | | | | |
| Development and tooling expenses | | 0 | - | (6,507) | -4.44 |
| Other expenses | | -175,703 | -116.16 | (80,140) | -54.67 |
| Financial expenses | 2.6 | -188,660 | -124.73 | (57,402) | -39.16 |
| Extraordinary expenses | | -9,400 | -6.21 | (6,000) | -4.09 |
| Impairment Loss on Investment | 2.7 | 46,359 | 30.65 | (1,058,889) | -722.29 |
| **Total expenses** | | **(327,404)** | **-216.45** | **(1,208,938)** | **-824.64** |
| **(Loss)/ Profit for the year** | | **(209,222)** | **-138.32** | **(824,381)** | **-562.33** |

**Forbes International AG, Baar**

# NOTES

## 1. Principles

### 1.1 General aspects

The financial statement 2017 has been generated under the regulations of the new Swiss Accounting regulations (Para 32 of the Swiss Code of Obligations). To ensure the comparability, the previous year's figures in the balance sheet and the income statement were reclassified to the new structures.

### 1.2 Revenue from royalties and factory participation

Revenue from Royalties and Factory participation, which depends on order volume of the subsidiaries, is recorded as at invoicing. Once the service has been rendered it is invoiced, at the latest at the end of each quarter.

### 1.3 Financial Assets

Financial assets include non-current loans and are recognized at acquisition cost. Loans granted in foreign currency are translated at the rate of balance sheet date, whereby unrealized losses are recorded but unrealized gains are not recognized. In case of a resale, the gain or loss is recognized through the income statement 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 recognized.

Forbes International Ltd., Baar (former Forbes Lux Group AG)

## 2. Information on balance sheet and income statement items

### 2.1 Other current receivables

| | 31.12.2017 CHF | 31.12.2017 INR - Lakhs | 31.12.2016 CHF | 31.12.2016 INR - Lakhs |
|---|---|---|---|---|
| Receivables from shareholders | 212,830 | - | - | - |
| Receivables from third parties | 1,068 | 0.70 | 9,846 | 6.55 |
| Receivables from companies in which the entity holds an investm | 299,726 | 195.60 | 194,917 | 129.64 |
| Total | 513,624 | 196.29 | 204,763 | 136.19 |

### 2.1.1Current financial assets

| | | | | |
|---|---|---|---|---|
| Current financial asstes from Shareholder | 1,732,650 | 1,130.71 | - | - |
| Total | 1,732,650 | 1,130.71 | - | - |

### 2.2 Financial assets

| | 31.12.2017 CHF | 31.12.2017 INR - Lakhs | 31.12.2016 CHF | 31.12.2016 INR - Lakhs |
|---|---|---|---|---|
| Loans to companies in which the entity holds an investment | - | - | 1,095,488 | 728.62 |
| Loans to shareholders | - | - | - | - |
| Total | - | - | 1,095,488 | 728.62 |

### 2.3 Investments

| Company | Domicile | Share capital | | Share in Capital and voting rights in % | |
|---|---|---|---|---|---|
| | | 31.12.2017 | 31.12.2016 | 31.12.2017 | 31.12.2015 |
| **Lux SK s.r.o. *** | Slovakia | 0 | EUR 563'000 | 0 | 100% |
| Direct Sales Company | | | | | |
| **Lux del Paraguay S.A.**** | Pa Paraguay | 0 | 'G 5'000'000'000 | 0 | 50% |
| Direct Sales Company | | | | | |

*Lux SK was liquidated

**Shares of Lux del Paraguay S.A. were sold to Lux International AG as per 30.04.2017.

### 2.4 Other short-term liabilities

| | 31.12.2017 CHF | 31.12.2017 INR - Lakhs | 31.12.2016 CHF | 31.12.2016 INR - Lakhs |
|---|---|---|---|---|
| Liabilities due to shareholder | 91126 | 59.47 | - | - |
| Liabilities due to third parties | 8969 | 5.85 | 27,105 | 18.03 |
| Total | 100,095 | 65.32 | 27,105 | 18.03 |

### 2.5 Financial income

| | 31.12.2017 CHF | 31.12.2017 INR - Lakhs | 31.12.2016 CHF | 31.12.2016 INR - Lakhs |
|---|---|---|---|---|
| Interest income from companies in which the entity holds an inve | 28,792 | 18.79 | 65,698 | 44.81 |
| Interest income from shareholder | - | - | 1,587 | 1.08 |
| Dividend income | - | - | - | - |
| Exchange gains realised | - | - | 100,705 | 68.69 |
| Total | 28,792 | 18.79 | 167,990 | 114.59 |

### 2.6 Financial expenses

| | 31.12.2017 CHF | 31.12.2017 INR - Lakhs | 31.12.2016 CHF | 31.12.2016 INR - Lakhs |
|---|---|---|---|---|
| Interest expenses and charges | 434 | 0.28 | 1,594 | 1.09 |
| Interest expense to shareholder | 61,656 | 40.24 | - | - |
| Interest expenses to governing bodies (board of directors) | 0 | - | 43,489 | 29.66 |
| Net exchange losses realized and unrealized as well as gains real | 126,570 | 82.60 | 12,319 | 8.40 |
| Total | 188,660 | 123.12 | 57,402 | 39.16 |

### 2.7 Impairment on investment

| CHF | 31.12.2017 CHF | 31.12.2017 INR - Lakhs | 31.12.2016 CHF | 31.12.2016 INR - Lakhs |
|---|---|---|---|---|
| Impairment on Investment of Lux SK s.r.o. | - | - | -1,058,889 | -722.29 |
| Repayment to Forbes International AG upon the final liquidation of I | 46350 | 30.25 | - | - |
| Total | 46,350 | 30.25 | -1,058,889 | -722.29 |

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 Significant events after the balance sheet date

No significant events occurred.

| | 31.12.2017 CHF | 31.12.2017 INR - Lakhs | 31.12.2016 CHF | 31.12.2016 INR - Lakhs |
|---|---|---|---|---|
| Retained earnings brought forward | | - | 36,157 | -47.92 |
| Net profit for the year | | - | (824,381) | -562.33 |
| Retained earnings to be carried forward | - | - | (788,224) | -610.25 |

### 3.2 Significant events after the balance sheet date

As per 31.12.2017 half of the share capital and legal reserves of Forbes International AG are no longer covered according to article 725 para. 1 CO. Due to the planned merger of Forbes International AG withLux International AG in 2018 based on a decision by the Board of Directors, the capital situation should be resolved in 2018.

Forbes Lux FZCO

(Subsidiary Company of Euro Forbes Limited)

Financial Statements

For the year ended December 31, 2017

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF FORBES LUX FZCO**

**Report on the Audit of 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 2017, 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 possible effects of the natter discussed in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects the financial position of **FORBES LUX FZCO** as at 31 December 2017, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

*Basis for Qualified Opinion*

As stated in note 2 and 8 to the financial statements, provision of US $ 2,229,044 carried in the accounts against long overdue receivables of US $ 30,560,772 is considered adequate by the management. We are not provided with sufficient audit evidence to ascertain the ability, extent and timing of the recoverability of these outstanding amounts and hence we are unable to assess the adequacy of the provision made following satisfactory audit procedures.

Considering above, in our opinion full provision for overdue receivables of US $ 30,560,772 needs to be made in the accounts increasing the loss for the year and reducing the net assets as at 31 December 2017 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 the Jebel Ali Free Zone, 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*

*Material uncertainty relating to going concern:*

We draw attention to note 2 to the financial statements which indicates that the company's equity funds have significantly depleted to US $ 2,923,876 and has long overdue unsecured receivables of US $ 30,560,772. The company's continuation as a going concern is dependent on the ultimate parent company's recapitalization program and revamping of business operations generating future profitable cash flows.

*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. Those charged with governance are responsible for overseeing the company's financial reporting process.

*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 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.

• 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, 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**
23 April 2018
Dubai

**FORBES LUX FZCO**
**Statement of Financial Position**
***31st December 2017***

| | Notes | 2017<br>US $ | 2017<br>INR | 2016<br>US $ | 2016<br>INR |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property & Equipment | 5 | 1,809 | 60,490 | 3,528 | 1,70,821 |
| Other Financial Assets | 6 | | | - | - |
| | | **1,809** | **60,490** | **3,528** | **1,70,821** |
| **Current assets** | | | | | |
| Inventories | 7 | 80,042 | 50,99,860 | 1,20,451 | 81,67,541 |
| Trade and other receivables | 8 | 3,09,52,499 | 1,97,21,32,283 | 3,04,96,209 | 2,06,78,86,940 |
| Cash & Cash Equivalents | 9 | 3,01,953 | 1,92,38,875 | 1,46,588 | 99,39,839 |
| | | **3,13,34,494** | **1,99,64,71,018** | **3,07,63,248** | **2,08,59,94,320** |
| **Total assets** | | **3,13,36,303** | **1,99,65,31,508** | **3,07,66,776** | **2,08,61,65,141** |
| **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 | | (1,10,39,686) | (67,35,64,383) | (98,84,827) | (59,85,05,963) |
| **Foreign Currency Translation Reserve** | | | **(2,51,01,960)** | | **(98,97,327)** |
| **Shareholders' equity funds** | | **29,23,876** | **18,62,39,404** | **40,78,735** | **27,65,02,458** |
| Loan Account | 11 | 2,74,98,898 | 1,75,20,86,786 | 2,55,42,101 | 1,73,19,58,785 |
| **Total shareholder's funds** | | **3,04,22,774** | **1,93,83,26,191** | **2,96,20,836** | **2,00,84,61,242** |
| **Current liabilities** | | | | | |
| Trade and other payables | 12 | 9,13,529 | 5,82,05,318 | 11,45,940 | 7,77,03,899 |
| **Total liabilities** | | **9,13,529** | **5,82,05,318** | **11,45,940** | **7,77,03,899** |
| **Total equity and liabilities** | | **3,13,36,303** | **1,99,65,31,508** | **3,07,66,776** | **2,08,61,65,141** |

*The notes on pages 7 to 16 form an integral part of these financial statements.*

Sunil Dhondiram Uphale
**Manager**

**FORBES LUX FZCO**
**Statement of Profit or Loss and Other Comprehensive Income**
***for the year ended 31 December 2017***

| | Notes | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|---|
| **Sales** | 13 | 24,71,294 | *15,96,39,538* | 38,18,460 | 25,58,18,873 |
| Cost of sales | 14 | (18,68,282) | (12,11,64,584) | (31,15,784) | (20,84,03,239) |
| **Gross profit** | | **6,03,012** | **3,84,74,954** | **7,02,676** | **4,74,15,634** |
| Provision for doubtful debts | 8 | (7,220) | (4,60,021) | (22,21,824) | (15,06,57,442) |
| Provision for slow moving inventories | | (23,546) | (15,21,014) | - | - |
| General Expenses | 15 | (3,35,753) | (2,16,88,821) | (4,11,395) | (2,75,61,531) |
| **Profit /(Loss) from Operations** | | **2,36,493** | **1,48,05,098** | **(19,30,543)** | **(13,08,03,339)** |
| Profit on sale of propety, plant and equipment | | 1,362 | 87,982 | - | - |
| Other income | | - | - | 93,000 | 62,30,563 |
| Finance Cost | 16 & 17 | (13,92,714) | (8,99,65,912) | (13,12,065) | (8,79,02,188) |
| **Net Loss for the year** | | (11,54,859) | (7,50,72,832) | (31,49,608) | (21,24,74,964) |
| Other Comprehensive Income/ (Loss) | | - | - | - | - |
| **Total Comprehensive loss for the year** | | **(11,54,859)** | **(7,50,72,832)** | **(31,49,608)** | **(21,24,74,964)** |

*The notes on pages 7 to 16 form an integral part of these financial statements.*

**FORBES LUX FZCO**
**Statement of Changes in Equity**
***for the year ended 31 December 2017***

| | Share Capital | Accumulated losses | Total | Total |
|---|---|---|---|---|
| | US $ | US $ | US $ | INR |
| **As at 31 December 2015** | **1,39,63,562** | **(67,35,219)** | **72,28,343** | **47,79,21,393** |
| Net loss for the period | - | (31,49,608) | (31,49,608) | (21,06,69,287) |
| Foreign Currency Translation Reserve | - | - | - | 92,50,352 |
| **As at 31 December 2016** | **1,39,63,562** | **(98,84,827)** | **40,78,735** | **27,65,02,458** |
| Net loss for the period | | (11,54,859) | (11,54,859) | (7,50,58,421) |
| Foreign Currency Translation Reserve | | | | (1,52,04,633) |
| **As at 31 December 2017** | **1,39,63,562** | **(1,10,39,686)** | **29,23,876** | **18,62,39,404** |

*The notes on pages 7 to 16 from an integral part of these financial statements.*

**Statement of Cash Flows**
**for the year ended 31 December 2017**

| | Note | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Loss for the year | | (11,54,859) | (7,46,01,062) | (31,49,608) | (21,10,08,933) |
| Adjustments for: | | | | | |
| Depreciation | | 1,719 | 1,11,043 | 1,992 | 1,33,455 |
| Provision for doubtful debts | | 7,220 | 4,66,394 | 22,21,824 | 14,88,51,765 |
| Provision for slow moving inventories | | 23,546 | 15,21,014 | - | - |
| Profit on sale of property, plant and equipment | | (1,362) | (87,982) | - | - |
| Finance costs | | 13,92,714 | 8,99,65,912 | 13,12,065 | 8,79,02,188 |
| **Operating profit before working capital changes** | | **2,68,978** | **1,73,75,320** | **3,86,273** | **2,58,78,476** |
| (Increase) /decrease in inventories | | 16,863 | 10,89,308 | 1,57,684 | 1,05,64,087 |
| (Increase) /decrease in trade and other receivables | | (4,63,510) | (2,99,41,610) | (16,68,691) | (11,17,94,454) |
| Increase / (decrease) in trade and other payables | | (2,32,411) | (1,50,13,181) | (7,48,316) | (5,01,33,655) |
| **Cash generated from / (used in) operating activities** | | **(4,10,080)** | **(2,64,90,163)** | **(18,73,050)** | **(12,54,85,547)** |
| Finance costs paid | | (12,917) | (8,34,407) | (8,088) | (5,41,858) |
| **Net cash from / (used in) operating activities** | | **(4,22,997)** | **(2,73,24,570)** | **(18,81,138)** | **(12,60,27,405)** |
| **Cash flows from investing activity** | | | | | |
| Proceeds from sale of property, plant and equipment | | 1,362 | 87,982 | - | - |
| **Net cash from / (used in) investing activity** | | **1,362** | **87,982** | - | - |
| Cash flows from financing activity | | | | | |
| Proceeds from / (payment of) shareholder's loan (net) | | 5,77,000 | 3,72,72,786 | 19,78,901 | 13,25,77,066 |
| **Net cash from / (used in) financing activity** | | **5,77,000** | **3,72,72,786** | **19,78,901** | **13,25,77,066** |
| **Net increase / (decrease) in cash and cash equivalents** | | **1,55,365** | **1,00,36,198** | **97,763** | **65,49,662** |
| **Cash and cash equivalents at the beginning of the year** | | **1,46,588** | **94,69,226** | **48,825** | **29,19,564** |
| **Cash and cash equivalents at the end of the year** | 9 | **3,01,953** | **1,95,05,424** | **1,46,588** | **94,69,226** |

The notes on pages 7 to 16 form an integral part of these financial statements.

**1 Legal status and activity**

**FORBES LUX FZCO** (the "company") is a free zone limited liability company incorporated in the Jebel Ali Free Zone, Dubai, United Arab Emirates pursuant to Law No. 2 of 1986 and implementing Rules and Regulations issued there under by the Jebel Ali Free Zone Authority with **Euro Forbes Limited (EFL),** UAE and **VDB Investment GmbH (VIG)**, Switzerland as its shareholders. The address of the registered office of the company is Office No. LB 17207, P.O.Box 261698, Jebel Ali, Dubai, United Arab Emirates.

The ultimate parent company is Eureka Forbes Limited, India.

The company is operating Linder 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 licensed activity.

**2 Basis of preparation**

During the year, the company has incurred losses of US $ 1,154,859 (2016: US $ 3,149,608) and, as of that date accumulated losses amount to US$ 11,039,686 (2016: US$ 9,884,827) resulting in reduction in the equity funds to US $ 2,923,876. Also the company's long outstanding receivables amounting to US $ 30,560,772 (excluding current year) are not expected to be realised in the near future. The company could not expand business as envisaged.

The ultimate parent company has resolved to recapitalize the company and the parent shareholder company by injecting new capital and loan funds to meet with ongoing and future funding requirements. The proposed recapitalization is subject to regulatory approvals from the Indian Authorities. The ultimate parent company has also resolved to revamp the entire business operations for which detailed projections are under preparation.

These financial statements are prepared on a going concern basis in view of the recapitalization program and revamping of business operations by the ultimate parent company and future business prospects for the company.

*Statement of Compliance*
The financial statements have been prepared under accrual basis of accounting 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 (USD), being the functional and presentation currency of the company.

*Use of estimates and judgements*
The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenue, 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 has applied all applicable accounting standards and amendments which are effective for annual periods beginning on or after 1 January 2017. The company has not early adopted any other standard, interpretation or amendment that has been issued but are 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 instruments. 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 cash and cash equivalents.

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

*Other current financial assets*
Other current financial assets represent advance to suppliers, staff advance and refundable deposits.

*Cash and cash equivalents*
Cash and cash equivalents comprise cash on hand and bank balance in 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*
Liabilities 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.

**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 currencies other than US Dollars are converted into US Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in currencies other than US Dollars 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 judgment employed in applying accounting policies and key sources of estimation uncertainty**

**4.1 Significant judgment employed**

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 the statement of 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 and office equipment | Vehicles | Total | Total |
|---|---|---|---|---|
| | US$ | US$ | US$ | INR |
| **Cost** | | | | |
| As at 01.01.2017 | 7,915 | 13,616 | 21,531 | 11,11,433 |
| Additions during the year | - | - | - | |
| Disposal during the year | - | (5,447) | (5,447) | (3,47,055) |
| As at 31.12.2017 | **7,915** | **8,169** | **16,084** | **7,64,378** |
| **Depreciation** | | | | |
| As at 01.01.2017 | 7,594 | 10,409 | 18,003 | 9,39,900 |
| Charge for the year | 85 | 1,634 | 1,719 | 1,11,043 |
| Relating to disposal | - | (5,447) | (5,447) | (3,47,055) |
| As at 31.12.2017 | **7,679** | **6,596** | **14,275** | **7,03,889** |
| **Net book value** | | | | |
| As at 31.12.2017 | **236** | **1,573** | **1,809** | **60,490** |
| As at 31.12.2016 | **321** | **3,207** | **3,528** | **1,71,533** |

| | Furniture and office equipment | Vehicles | Total | Total |
|---|---|---|---|---|
| | US$ | US$ | US$ | INR |
| **Cost** | | | | |
| As at 01.01.2016 | 7,915 | 13,616 | 21,531 | 11,10,721 |
| As at 31.12.2016 | **7,915** | **13,616** | **21,531** | **11,10,721** |
| **Depreciation** | | | | |
| As at 01.01.2016 | 7,236 | 8,775 | 16,011 | 8,06,445 |
| Charge for the year | 358 | 1,634 | 1,992 | 1,33,455 |
| As at 31.12.2016 | **7,594** | **10,409** | **18,003** | **9,39,900** |
| **Net book value** | | | | |
| As at 31.12.2016 | **321** | **3,207** | **3,528** | **1,70,821** |
| As at 31.12.2015 | **679** | **4,841** | **5,520** | **3,04,276** |

**6. Other financial assets**

| | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|
| Trade receivables - reclassified * (refer note 8) | - | - | 2,39,96,337 | 1,62,71,43,619 |
| Advance to related parties and dealers # - reclassified (refer note 8) | - | - | 59,18,136 | 40,12,96,966 |
| | **-** | **-** | **2,99,14,473** | **2,02,84,40,585** |
| Reclassified to current assets | **-** | **-** | **(2,99,14,473)** | **(2,02,84,40,585)** |
| | | | - | - |
| Provision for doubtful receivables | | | (2,21,824) | (1,50,41,442) |
| Reclassified to current assets | | | 2,21,824 | 1,50,41,442 |
| | | | - | - |

**7. Inventories**

| | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|
| Goods for resale | 1,03,588 | 66,00,089 | 1,20,451 | 81,67,541 |
| Less : Provision for slow moving inventories | 23,546 | 15,00,229 | - | - |
| | **80,042** | **50,99,860** | **1,20,451** | **81,67,541** |

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**

| | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|
| Trade receivables - Reclassified ~ | 2,65,08,740 | 1,68,89,99,067 | 2,67,73,505 | 1,81,54,57,827 |
| Advance to dealers | 29,01,513 | 18,48,69,320 | 21,91,613 | 14,86,08,894 |
| Advance to related party | 37,26,523 | 23,74,34,668 | 37,26,523 | 25,26,88,072 |
| | **3,31,36,776** | **2,11,13,03,055** | **3,26,91,641** | **2,21,67,54,793** |
| Provision for doubtful receivables @ | (22,29,044) | (14,20,23,093) | (22,21,824) | (15,06,57,442) |
| | **3,09,07,732** | **1,96,92,79,963** | **3,04,69,817** | **2,06,60,97,351** |
| Advance to suppliers | 24,587 | 15,66,556 | 480 | 32,548 |
| Staff advance | 14,092 | 8,97,869 | 14,092 | 9,55,550 |
| Deposits | 6,088 | 3,87,896 | 11,820 | 8,01,491 |
| | **3,09,52,499** | **1,97,21,32,283** | **3,04,96,209** | **2,06,78,86,940** |

Includes USD 6,982,741 (previous year USD 7,412,649) 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. Although unimpaired receivables of US $ 30,560,772 (excluding current year) are outstanding for a period ranging from 2008 to 2016, in the opinion of the management they are considered recoverable and provision made in the accounts is considered adequate. Further, in the event of non-recovery or partial recovery, the irrecoverable amount will be written off.

@ Movement in the provision for doubtful receivables was as under:

| | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|
| Opening balance | 22,21,824 | 15,06,57,442 | - | - |
| Provision for the year | 7,220 | 4,60,021 | 22,21,824 | 15,06,57,442 |
| Closing balance | **22,29,044** | **15,11,17,463** | **22,21,824** | **15,06,57,442** |

**9. Cash and cash balances**

This represents cash on hand and balance in current accounts with a bank.

| | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|
| Cash on hand | - | - | - | - |
| Bank balances in: | | | | |
| Current accounts | 3,01,953 | 1,92,38,875.00 | 1,46,588 | 99,39,839 |
| | **3,01,953** | **1,92,38,875** | **1,46,588** | **99,39,839** |

**10. Share capital**

| | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|
| **Authorised** | | | | |
| 512 shares of AED 100,000 each | | | | |
| *(USD 1 converted @ AED 3.667)* | **1,39,63,562** | | **1,39,63,562** | |
| ***Issued to and paid up by:*** | | | | |
| Euro Forbes Limited, UAE | 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 convert the loan amount to share capital and inject further funds as and when required.

Movements in the shareholders' loan and interest payable accounts were as follows:

| | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|
| **Shareholder's loan** | | | | |
| Opening balance | 2,23,53,600 | 1,51,57,52,909 | 2,03,74,699 | 1,34,72,99,384 |
| Funds introduced/(withdrawn) - net | 5,77,000 | 3,67,63,440 | 19,78,901 | 13,41,85,319 |
| Closing balance | **2,29,30,600** | **1,55,25,16,348** | **2,23,53,600** | **1,48,14,84,703** |
| **Interest payable** | | | | |
| Opening balance | 31,88,501 | 21,62,05,876 | 18,84,524 | 12,46,16,222 |
| Charge for the year | 13,79,797 | 8,79,13,490 | 13,03,977 | 8,84,20,072 |
| Closing balance | **45,68,298** | **30,41,19,366** | **31,88,501** | **21,30,36,295** |
| | **2,74,98,898** | **1,85,66,35,714** | **2,55,42,101** | **1,69,45,20,997** |

**12. Trade and other payables**

| | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|
| Trade payables ~ | 8,65,088 | 5,51,18,909 | 10,97,154 | 7,43,95,818 |
| Advance from customers | 9,728 | 6,19,818 | 4,490 | 3,04,458 |
| Accruals | 38,713 | 24,66,591 | 44,296 | 30,03,623 |
| | **9,13,529** | **5,82,05,318** | **11,45,940** | **7,77,03,899** |

*~Includes USD 854,043 (previous year USD 660,926) 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. Sales**

| | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|
| Overseas - third port | 23,20,718 | 14,99,12,697 | 35,19,207 | 23,57,70,329 |
| Local sales | 1,50,576 | 97,26,841 | 2,99,253 | 2,00,48,545 |
| | **24,71,294** | **15,96,39,538** | **38,18,460** | **25,58,18,873** |

**14. Cost of Sales**

| | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|
| Opening inventories | 1,20,451 | 81,67,541 | 2,78,135 | 1,83,91,983 |
| Import - third port sales | 17,29,191 | 11,17,01,502 | 28,90,842 | 19,36,72,827 |
| Import - other local and export sales | 1,22,228 | 78,95,629 | 67,258 | 45,05,970 |
| Closing inventories | (1,03,588) | (66,00,089) | (1,20,451) | (81,67,541) |
| | **18,68,282** | **12,11,64,584** | **31,15,784** | **20,84,03,239** |

**15. Administrative and selling expenses**

| | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|
| Staff salaries and benefits | 86,767 | 56,04,936 | 1,13,107 | 75,77,637 |
| Warehousing & logistics expense | 54,476 | 35,19,016 | 66,540 | 44,57,867 |
| Other administrative expenses | 29,143 | 18,82,566 | 52,520 | 35,18,593 |
| Exchange loss | 3,675 | 2,37,396 | 13,652 | 9,14,620 |
| Selling and distribution expenses | 1,59,973 | 1,03,33,864 | 1,63,584 | 1,09,59,359 |
| Depreciation | 1,719 | 1,11,043 | 1,992 | 1,33,455 |
| | **3,35,753** | **2,16,88,821** | **4,11,395** | **2,75,61,531** |

**16. Finance Costs**

| | 2017 US $ | 2017 INR | 2016 US $ | 2016 INR |
|---|---|---|---|---|
| Interest to related party | 13,79,797 | 8,91,31,506 | 13,03,977 | 8,73,60,330 |
| Bank Charges | 12,917 | 8,34,407 | 8,088 | 5,41,858 |
| | **13,92,714** | **8,99,65,912** | **13,12,065** | **8,79,02,188** |

**17. 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., India
Lux International AG, Switzerland
Lux Hungaria Kereskedelmi Kft, Hungary
LIAG Trading and Investment Limited, Dubai
Lux International Service Logistics GmbH, Germany
Euro P2P Direct Thailand Co. Ltd., Thailand

**Key officer:**
Sunil Dhondiram Uphale

As at the date of statement of financial position, balances and significant transactions during the year with related parties were as follows:

| | 2017<br>US $ | 2017<br>INR | 2016<br>US $ | 2016<br>INR |
|---|---|---|---|---|
| **<u>Balances</u>** | | | | |
| **Trade receivables:** | | | | |
| Eureka Forbes Limited | 14,064 | 8,96,085 | 4,04,069 | 2,73,99,111 |
| Euro P2P Direct Thailand Co Ltd | 69,68,677 | 44,40,07,861 | 70,01,969 | 47,47,89,514 |
| Lux International AG | - | - | 6,611 | 4,48,279 |
| | **69,82,741** | **44,49,03,946** | **74,12,649** | **50,26,36,903** |
| **Advances:** | | | | |
| Euro P2P Direct Thailand Co Ltd | **37,26,523** | **23,74,34,668** | **37,26,523** | **25,26,88,072** |
| **Shareholder's loan account:** | | | | |
| Euro Forbes Limited | **(2,74,98,898)** | **(1,75,20,86,786)** | **(2,55,42,101)** | **(1,73,19,58,785)** |
| **Trade payables:** | | | | |
| Eureka Forbes Limited | (2,04,294) | (1,30,16,551) | (3,57,188) | (2,42,20,204) |
| Aquamall Water Solutions Ltd | (6,49,749) | (4,13,98,628) | (3,03,738) | (2,05,95,866) |
| | **(8,54,043)** | **(5,44,15,179)** | **(6,60,926)** | **(4,48,16,070)** |
| **<u>Transactions</u>** | | | | |
| **Sales:** | | | | |
| Eureka Forbes Limited | - | - | (11,70,817) | (7,84,39,236) |
| Euro P2P Direct Thailand Co. Ltd | (14,76,708) | (9,53,91,719) | (18,37,243) | (12,30,86,646) |
| LIAG Trading and Investment Limited | (1,98,422) | (1,28,17,575) | - | - |
| Lux International AG | (203) | (13,113) | (6,611) | (4,42,906) |
| | **(16,75,333)** | **(10,82,22,407)** | **(30,14,671)** | **(20,19,68,788)** |
| **<u>Transactions</u>** | | | | |
| **Purchases:** | | | | |
| Eureka Forbes Limited | 3,32,137 | 2,14,55,236 | 1,22,305 | 81,93,860 |
| Aquamall Water Solutions Ltd | 9,29,451 | 6,00,40,257 | 4,35,122 | 2,91,51,129 |
| Lux International Service Logistics GmbH | 5,878 | 3,79,704 | - | - |
| Lux International AG | 1,862 | 1,20,281 | - | - |
| | **12,69,328** | **8,19,95,479** | **5,57,427** | **3,73,44,989** |
| **Interest expense:** | | | | |
| Euro Forbes Limited | **13,79,797** | **8,91,31,506** | **13,03,977** | **8,73,60,330** |
| **Selling and distribution expenses:** | | | | |
| Euro P2P Direct Thailand Co. Ltd | **34,616** | **22,36,109** | **22,287** | **14,93,124** |

**18. 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 balance, trade and other receivables and amount due from related parties and dealers. The company's bank balance in current accounts is placed with a high credit quality financial institution.

Amounts due from related parties and dealers, trade and other receivables are stated net of the allowance for doubtful debts.

As at 31 December 2017, the company is exposed to credit risk from 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 26,307,437 (previous year USD 26,121,142) due from 3 customers, US $ 2,901,513 (previous year US $ 2,191,613) due from the dealers and US $ 3,726,523 (previous year US $ 3,726,523) due from a related party. 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 shareholders, which has resolved to inject funds by way of share capital and or loan and or loan for the management of short, medium and long-term funding and liquidity management requirements.

**Market risk**

Market risk is the 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. Except for the following, there are no significant currency risks as substantially all financial assets and financial liabilities are denominated in US Dollars or U.A.E. Dirhams, which is fixed to US Dollar rate.

| | **2017 Equivalent US $** | **2017 Equivalent INR** | **2016 Equivalent US $** | **2016 Equivalent INR** |
|---|---|---|---|---|
| **Foreign Currency Financial Assets :** | | | | |
| **Trade Receivables** | | | | |
| Euro | - | - | 3,90,005 | 2,64,45,459 |
| **Bank Balance** | | | | |
| Euro | 18,519 | 11,79,934 | 4,398 | 2,98,220 |
| **Foreign Currency Financial Liability :** | | | | |
| **Trade Payables** | | | | |
| Euro | 10,301 | 6,56,326 | 4,34,239 | 2,94,44,878 |

**19. Capital management**

The capital structure of the company comprises net debt (interest bearing borrowings off set by bank balances and cash) and equity 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 inject further funds by way of share capital and or loan in the company.

**20. Contingent liability and capital commitments**

There are no contingent liabilities and capital commitments outstanding at the date of statement of financial position.

**21. Comparative figures**

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

**22. Approval of the financial statements**

The financial statements were approved by the Board of Directors and authorized for issue 23 April 2018.

KPMG

**Forbes Lux International AG, Küsnacht**

# Report of the Auditor to the Board of Directors

Financial Statements 2017

KPMG AG

*Zurich, March 7, 2018*

KPMG

**KPMG AG**
**Audit**
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Report of the Auditor to the Board of Directors on the Financial Statements of

**Forbes Lux International AG, Küsnacht**

As auditor, we have been engaged to audit the accompanying financial statements of Forbes Lux International AG, which comprise the balance sheet, income statement, statement of changes in equity, cash flow statement and notes for the year ended December 31, 2017.

**Board of Directors' Responsibility**
The board of directors is responsible for the preparation of the financial statements in accordance with core FER. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the existence and effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**
In our opinion, the financial statements for the year ended December 31, 2017 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with core FER.

**Emphasis of Matter**
We draw attention to Note 14 in the financial statements describing the liquidity difficulties the company faced during the financial year ended December 31, 2017. This fact together with other matters disclosed in Note 14 indicate the existence of a material uncertainty that may cast significant doubt about Forbes Lux International AG ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

KPMG AG

Roman Wenk
*Licensed Audit Expert*

Yvonne Lingg
*Licensed Audit Expert*

Zurich, March 7, 2018

*Enclosures:*
- 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 2017**

| | 2017 CHF | 2017 INR - Lakhs | 2016 CHF | 2016 INR - Lakhs |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 12,520 | 8.17 | 35,201 | 23.41 |
| Other Current Receivables | 2,074,711 | 1,353.93 | 2,870 | 1.91 |
| Prepaid expenses and accrued income | | - | 104,737 | 69.66 |
| **Total Current Assets** | **2,087,231** | **1,362.10** | **142,808** | **94.98** |
| **Non-Current assets** | | | | |
| Investment | 78,112,091 | 45,682.26 | 84,758,989 | 50,194.44 |
| Loans | 2,163,168 | 1,411.66 | 13,596,776 | 9,043.47 |
| Total Non-Current assets | **80,275,259** | **47,093.91** | **98,355,765** | **59,237.92** |
| **TOTAL ASSETS** | **82,362,490** | **48,456.02** | **98,498,573** | **59,332.90** |
| **EQUITY AND LIABILITIES** | | | | |
| **Liabilities** | | | | |
| Other Short-term Payables | 94,023 | 61.36 | 300 | 0.20 |
| Accrued Expenses | 4,407,798 | 2,876.48 | 3,083,123 | 2,050.64 |
| Accrued Expenses | | | | |
| **Total current Liabilities** | **4,501,821** | **2,937.83** | **3,083,423** | **2,050.84** |
| Deferred Tax Liabilities | 37,156 | 24.25 | 491,194 | 326.70 |
| Loans | | | | |
| -Shareholders | 27,998,141 | 18,271.25 | 22,487,143 | 14,956.63 |
| -Third parties | 5,856,846 | 3,822.11 | 6,114,354 | 4,066.77 |
| Provision for unrealized exchange gains | | | | |
| **Total Non-Current liabilities** | **33,892,143** | **22,117.61** | **29,092,691** | **19,350.10** |
| **Total Liabilities** | **38,393,964** | **25,055.44** | **32,176,114** | **21,400.95** |
| **Shareholder's equity** | | | | |
| Share Capital | 36,800,000 | 24,697.58 | 36,800,000 | 24,697.58 |
| Participation Certificates Share Capital | 34,200,000 | 22,171.85 | 34,200,000 | 22,171.85 |
| Capital contribution reserves | 1,120,820 | 771.94 | 1,120,820 | 771.94 |
| Accumulated Losses | | - | | - |
| Balance beginning of the year | (5,798,361) | (3,889.91) | (5,138,904) | (3,440.01) |
| Opening Adjustment (As per Working) | - | - | - | - |
| Loss for the period | (22,353,934) | (14,778.45) | (659,457) | (449.90) |
| Total accumulated losses | (28,152,295) | (18,668.36) | (5,798,361) | (3,889.91) |
| Foreign Currency Translation Reserve | | (5,572.43) | | (5,819.50) |
| **Total shareholders' equity** | **43,968,525** | **23,400.58** | **66,322,459** | **37,931.96** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **82,362,490** | **48,456.02** | **98,498,573** | **59,332.90** |
| | - | - | - | - |

**FORBES LUX INTERNATIONAL AG,Baar**
**INCOME STATEMENT 2017**

| | 2017 CHF | 2017 INR Lakhs | 2016 CHF | 2016 INR Lakhs |
|---|---|---|---|---|
| **OPERATING REVENUES** | | | | |
| Dividend Income | - | - | - | - |
| **Operating Revenues** | - | - | - | - |
| **OPERATING EXPENSES** | | | | |
| Office and administration expenses | (4,602) | (3.04) | (150) | (0.10) |
| Events,meetings and travel expenses | - | - | (34,464) | (23.51) |
| Legal and consulting expenses | (53,616) | (35.45) | (49,543) | (33.80) |
| Service expenses-Group | (36,000) | (23.80) | (36,000) | (24.56) |
| **Total operating expenses** | (94,218) | (62.29) | (120,157) | (81.97) |
| **OPERATING RESULT** | (94,218) | (62.29) | (120,157) | (81.97) |
| **NON-OPERATING INCOME/(EXPENSES)** | | | | |
| Financial income | 875,651 | 578.90 | 621,268 | 423.85 |
| Impairment of financial assets | (20,000,000) | (13,222.24) | - | - |
| Financial expenses | (3,536,316) | (2,337.90) | (1,383,571) | (943.91) |
| -Shareholder | | - | | - |
| -Group Companies | | - | | - |
| -Third Parties | | - | | - |
| Prior Period Income/(Expenses) | | - | 48,662 | 33.20 |
| FX Differences | | - | 201,653 | 137.57 |
| **Total non-operating income/(expenses)** | (22,660,665) | (14,981.24) | (511,988) | (349.29) |
| **NET LOSS BEFORE TAXES** | (22,754,883) | (15,043.53) | (632,145) | (431.27) |
| **Taxes** | 400,949 | 265.07 | (27,313) | (18.63) |
| **NET LOSS FOR THE YEAR** | (22,353,934) | (14,778.45) | (659,458) | (449.90) |

**FORBES LUX INTERNATIONAL AG, Baar**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017**

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | **TCHF** | **INR Lakhs** | **TCHF** | **INR - Lakhs** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Result before tax | (22,755) | (15,043.53) | (632) | (431.17) |
| Adjustments for: | | | | |
| Depreciation, amortisation, impairment | 20,000 | 13,222.24 | | - |
| Interest income | (876) | (578.90) | (621) | (423.66) |
| Interest expense | 1,621 | 1,072.43 | 1,384 | 944.20 |
| Foreign currency (gains) / losses | 258 | 170.57 | (225) | (153.50) |
| Other Non Cash Income | | | (75) | |
| **Operating cash flow before changes in operating working capital** | **(1,752)** | **(1,157.20)** | **(169)** | **(64.13)** |
| (Increase) Decrease in other receivables and prepaid expenses | (1,946) | (1,282.36) | (122) | (81.14) |
| Increase (Decrease) in other current liabilities, accrued liabilities | 1,418 | 886.99 | 77 | 51.21 |
| **Cash generated from / (used in) operations** | **(2,280)** | **(1,552.57)** | **(214)** | **(94.06)** |
| Interest paid | (303) | (200.32) | (271) | (184.88) |
| Interest received | 12 | 7.93 | | - |
| Income taxes paid | (53) | (35.04) | (118) | (80.50) |
| **Net cash flow (used in) operating activities** | **(2,624)** | **(1,779.99)** | **(603)** | **(359.45)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Increase in other non-current assets | (1,353) | (882.95) | (404) | (268.71) |
| **Net cash flow (used for) / from investing activities** | **(1,353)** | **(882.95)** | **(404)** | **(268.71)** |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Shareholder loans received | 3,365 | 2,195.96 | 7,907 | 5,259.10 |
| Cash outflow from increase in investments | 12,000 | 7,831.06 | | - |
| Proceeds from repayment of loans from related parties | (11,410) | (7,446.03) | | - |
| Related parties loans granted | | - | (2,009) | (1,336.22) |
| Loans paid to Lux International AG | | - | (5,191) | (3,452.63) |
| Loans received from Lux International AG | | - | 311 | 206.85 |
| New contribution reserves | | - | | - |
| **Net cash flow used in financing activities** | **3,955** | **2,580.99** | **1,018** | **677.09** |
| **Net decrease / increase in cash and cash equivalents** | **(22)** | **(81.95)** | **11** | **48.94** |
| Cash and cash equivalents beginning of year | 35 | 23.41 | 24 | 16.19 |
| Foreign Currency Translation reserve | | 66.71 | | 9.45 |
| **Net cash and cash equivalents end of year** | **13** | **8.17** | **35** | **74.58** |
| Cash and cash equivalents consist of: | | | | |
| **Cash and cash equivalents as per the balance sheet** | **13** | **8.17** | **35** | **74.58** |

**Statement of Changes in Equity**

| | | Share capital | Participation Share capital | Capital Contribution Reserve | Retained Earnings | Result Current period | Total CHF | INR Lakhs |
|---|---|---|---|---|---|---|---|---|
| **Equity beginning of the year** | **01.01.2017** | 36,800,000 | 34,200,000 | 1,120,820 | (5,798,361) | - | 66,322,459 | 43,751.46 |
| Capital Increase | | | | | | | - | - |
| Capital Contribution Reserve | | | | | | | - | - |
| Retained Earnings | | | | | | | - | - |
| Profit of the year | | | | | | (22,353,934) | (22,353,934) | (14,778.45) |
| Dividends | | | | | | | | |
| **Equity end of the year** | **31.12.2017** | 36,800,000 | 34,200,000 | 1,120,820 | (5,798,361) | (22,353,934) | 43,968,525 | 28,973.01 |

**FORBES LUX INTERNATIONAL AG,Baar**
**BALANCE SHEET AS OF 31st DECEMBER 2017**

## 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.

| | 2017 CHF | 2017 INR - Lakhs | 2016 CHF | 2016 INR - Lakhs |
|---|---|---|---|---|
| Lux International AG, A/R | 1,682,199 | 1,097.78 | - | - |
| Receivable from Euroforbes Dubai - Other group Company | 391,148 | 255.26 | | - |
| VAT recoverable CHF | 1,364 | 0.89 | 2,870 | 1.91 |
| **Total** | 2,074,711 | 1,353.93 | 2,870 | 1.91 |

## 3 Accrued Income

| | 2017 CHF | 2017 INR - Lakhs | 2016 CHF | 2016 INR - Lakhs |
|---|---|---|---|---|
| Lux International AG, Accrued interest income | - | - | - | - |
| Euro Forbes Limted, Dubai | - | - | 104,737 | 69.66 |
| Total Accrued income | - | - | 104,737 | 69.66 |

## 4 Long-term loans

| | 2017 CHF | 2017 INR - Lakhs | 2016 CHF | 2016 INR - Lakhs |
|---|---|---|---|---|
| Loan to Euro Forbes Limited,Dubai | 2,163,168 | 1,411.66 | 1,986,234 | 1,321.08 |
| Loan to Lux International AG | - | - | 11,610,542 | 7,722.39 |
| Total long-term loans | 2,163,168 | 1,411.66 | 13,596,776 | 9,043.47 |

## 5 Current liabilities

| | 2017 CHF | 2017 INR - Lakhs | 2016 CHF | 2016 INR - Lakhs |
|---|---|---|---|---|
| Account payable 3rd parties | 55,143 | 35.99 | 300 | 0.20 |
| Account payable Lux International AG | 38,880 | 25.37 | - | - |
| Accruals loan interest to Aquamall WS Ltd. | 4,325,641 | 2,822.86 | 3,006,445 | 1,999.64 |
| Accruals 3rd parties | 82,158 | 53.62 | 76,679 | 51.00 |
| | 4,501,822 | 2,937.84 | 3,083,424 | 2,050.84 |

## 6 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.

7 **Long term loans**

The loan from Aquamall is granted at an interest of 3.73 %, 4 % or 5 % and Axis Bank at 4.28 %.
Duration of loans from Axis Bank in the amount of USD 6'000'000,00 (CHF 5'856'846,00) and from Aquamall Water Solutions Ltd of EUR 23'944'770.00 (CHF 27'998'140.67) are 5 years or more.

| | 2017 CHF | 2017 INR - Lakhs | 2016 CHF | 2016 INR - Lakhs |
|---|---|---|---|---|
| Loan Aquamall Water Solutions Ltd. | 27,998,141 | 18,271.25 | 22,487,143 | 14,956.63 |
| Loan Axis Bank | 5,856,846 | 3,822.11 | 6,114,354 | 4,066.77 |
| Loan HSBC Hong Kong | - | - | - | - |
| Total | 33,854,987 | 22,093.36 | 28,601,497 | 19,023.40 |

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**

| | 2017 CHF | 2017 INR - Lakhs | 2016 CHF | 2016 INR - Lakhs |
|---|---|---|---|---|
| Service expenses Group | 36,000 | 23.80 | 36,000 | 24.56 |
| Legal and consulting fees | 53,616 | 35.45 | 49,543 | 33.80 |
| Events and meetings and travel expenses | - | - | 34,464 | 23.51 |
| Office and administration | 4,602 | 3.04 | 150 | 0.10 |
| | 94,218 | 62.29 | 120,157 | 81.97 |

10 **Financial Income**

| | 2017 CHF | 2017 INR - Lakhs | 2016 CHF | 2016 INR - Lakhs |
|---|---|---|---|---|
| Interest income from Related Parties | 875,651 | 578.90 | 621,268 | 423.85 |
| | 875,651 | 578.90 | 621,268 | 423.85 |

**Financial Expenses**

| | 2017 CHF | 2017 INR - Lakhs | 2016 CHF | 2016 INR - Lakhs |
|---|---|---|---|---|
| Interest expense to Aquamall WS Ltd. | (1,319,196) | (872.14) | (1,108,710) | (756.39) |
| Arrangement fee Axis Bank | (302,959) | (200.29) | - | - |
| Interest expense 3rd parties ( UBS, HSBC, CS) | (1,914,160) | (1,265.47) | (274,861) | (187.52) |
| | (3,536,315) | (2,337.90) | (1,383,571) | (943.91) |

11 **Tax Expenses**

| | 2017 CHF | 2017 INR - Lakhs | 2016 CHF | 2016 INR - Lakhs |
|---|---|---|---|---|
| Income Tax | 53,089 | 35.10 | 3,080 | 2.10 |
| Deferred Tax | (454,038) | (300.17) | 24,234 | 16.53 |
| | (400,949) | (265.07) | 27,314 | 18.63 |

12 **Investments**

| Company and Objective | | Share Capital (local currency) | 31.12.2017 Quota | 31.12.2017 Book Values CHF | *31.12.2016 Quota* | *31.12.2016 Book Value* |
|---|---|---|---|---|---|---|
| A/R Lux International AG Holding Company, Direct sales industry | | 19,500,000 | 100% | 78,112,091 | 100% | 84,758,989 |
| **Total Book Value** | | | | 78,112,091 | | 84,758,989 |
| INR Value | | | | 45,682.26 | | 50,194.44 |

The loan to Lux International AG of TCHF 11,611 (refer to Note 4) and accured interests were converted into "Participation of Capital" of TCHF 12,000 in 2017. As result, share capital of Lux International increased from TCHF 7,500 (31.12.2016) to TCHF 19,500 (31.12.2017).

Based on the evaluation of the shareholding in Lux International AG ("Impairment Test") as of 31st December 2017, the Board of Directors has adjusted value of this participation by CHF 20.0 mn (INR 1,322 MN). The impairment test was concluded based on the DCF method ("Discounted Cash Flow"), including financial assets and financial liabilities as of the Balance date.

13 Indirect Participation by Forbes Lux International AG

| **Company** | | **Share Capital** | | | |
|---|---|---|---|---|---|
| | | **31-12-2017** | **31-12-2016** | **31-12-2017** | **31-12-2016** |
| **Lux (Schweiz) AG** | **Switzerland** | CHF 100,000 | CHF 100,000 | 100% | 100% |
| Direct Sales Company | | | | | |
| **Lux (Deutschland) GmbH** | **Germany** | EUR 7,153,000 | EUR 7,153,000 | 100% | 100% |
| Direct Sales Company | | | | | |
| **Forbes International AG** | **Switzerland** | CHF 1,000,000 | CHF 1,000,000 | 100% | 100% |
| (former Forbes Lux Group AG) Holding Company | | | | | |
| **AMC Cookware PTE Ltd.** | **South Africa** | ZAR 100,000 | ZAR 100,000 | 50% | 50% |
| Direct Sales Company & Local production | | | | | |
| **Lux Italia s.r.l** | **Italy** | EUR 110,000 | EUR 110,000 | 100% | 100% |
| Direct Sales Company | | | | | |
| **Lux (CZ), s.r.o. ***** | **Czech Republic** | - | CZK 20,000,000 | 0% | 100% |
| Direct Sales Company | | | | | |
| **LIAG Trading & Investments Limited** | **UAE** | AED 100,000 | AED 100,000 | 100% | 100% |
| Trading Company | | | | | |
| **Lux Norge AS** | **Norway** | NOK 16,000,000 | NOK 8,500,000 | 100% | 100% |
| Direct Sales Company | | | | | |
| **Lux Professional International GmBH** | **Switzerland** | CHF 20,000 | CHF 20,000 | 100% | 100% |
| (Former Lux Aqua GmBH) Holding Company | | | | | |
| **Lux Service GmbH** | **Germany** | EUR 25'000 | EUR 25'000 | 100% | 100% |
| Logistics and services Company | | | | | |
| **Lux Oesterreich GmbH** | **Austria** | EU 500'000 | EU 500'000 | 100% | 100% |
| Direct Sales Company | | | | | |
| **Lux Hungary Kft.** | **Hungary** | HUF 30'000'000 | HUF 30'000'000 | 100% | 100% |
| Direct Sales Company | | | | | |
| **Lux Aqua Hungaria Kft** | **Hungary** | HUF 30'000'000 | HUF 60'000'000 | 100% | 100% |
| B2B Water Business Company | | | | | |
| **Lux SK s.r.o **** | **Slovakia** | - | EUR 843'000 | 100% | 100% |
| Direct Sales Company | | | | | |
| **Lux del Paraguay S.A.** | **Paraguay** | YG 5'000'000'000 | PYG 5'000'000'000 | 50% | 50% |
| Direct Sales Company | | | | | |
| **Lux Waterline GmbH ***** | **Germany** | - | EUR 25'000 | 0% | 100% |
| Direct Sales Company | | | | | |
| **Lux Aqua Czech s.r.o** | **Czech Republic** | CZK 1'000'000 | CZK 1'000'000 | 100% | 100% |
| Rental Company | | | | | |
| **Lux Aqua Paraguay SA** | **Paraguay** | PYG 100'000'000 | PYG 100'000'000 | 90% | 100% |
| Rental Company | | | | | |
| **Brightyclean (Spain) SL ***** | **Spain** | - | EUR 3'500 | 0% | 100% |
| Direct Sales Company | | | | | |
| **Lux Professional GmbH ***** | **Germany** | - | EUR 25'000 | 0% | 100% |
| Direct Sales Company | | | | | |
| **Lux Osterreich Professional GmbH ***** | **Austria** | - | EUR 35'000 | 0% | 100% |
| Direct Sales Company | | | | | |
| **Lux International Services Kft** | **Hungary** | HUF 15,000,000 | - | 100% | 0% |
| Corporate Service Company | | | | | |

In 2015, Investment in AMC Cookware PTY Ltd. has been impaired by CHF 1,141,618.

** liquidation as of 31st December 2017

*** merged with other Group companies as of 31st December 2017

**** shares sold as of 31st December 2017

14 **Collateral provided for liabilities of third parties**

The company has pledged shares and participations in it's subsidiary as a collateral for the subsidiarie's external loan agreement.
The carrying amont of the pledged investment as at 31 December 2017 is equal to the amount of CHF 78,112,091.07 Share in Capital and voting rights in %

15 **Going Concern : Financial Difficulties**

Forbes Lux International AG and its direct and indirect subsidiaries (Lux Group) faced financial difficulties during the financial year ended December 31, 2017. The Lux group's ability to continue as a going concern depends on the continuing financial support of its ultimate parent company, Eureka Forbes Limited located India (EFL). The Board of Directors of Lux International AG are taking necessary steps to revive and stabilize the business of Lux Group. Further, the ultimate parent company, EFL, issued a financial support letter dated 19 February 2018, that they undertake financial support to the extend needed to keep Lux Group adequately capitalized. In the event of continuing loss and financial needs, EFL will provide necessary liquid funds support or equity to continue its operations. This undertaking is valid until 30 June 2019.

If Forbes Lux International AG is not able to continue as a going concern, assets may have to be written down and provisions set up and fixed assets and non-current liabilities reclassified as current. The impact of these adjustments could be material and the necessary provisions would have to be followed by the Board of Directors.

16 **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 Technosys Limited

(a wholly owned Subsidiary Company)

Financial Statements

For the year ended March 31, 2018

## 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 Teshnosys Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 and the Order issued under section 143(11) of the Act.

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 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 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

**Material uncertainty related to Going Concern**

We draw attention to Note 33 which indicates that, the Company has incurred a net loss of Rs.1240.46 lakhs during the current year and, the Company's current liabilities exceeded its current assets by Rs.1,860.00 lakhs as at March 31, 2018. The Company has accumulated losses of Rs.8,222.23 lakhs and its net worth has been substantially eroded as at March 31, 2018. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

**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) The matter described in the Material uncertainty related to Going Concern paragraph above, in our opinion, may not have an adverse effect on the functioning of the Company for the reasons stated in the Note 33 to the Ind AS Financial Statements.

   f) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   g) 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.

h) 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:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 30 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.

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)

Nilesh Shah
Partner
(Membership No. 49660)

Place: Mumbai
Date: May 3, 2018

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**
**(Referred to in paragraph 1(f) 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, 2018 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 of the Company 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.

**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, 2018, based on the criteria for internal financial control over financial reporting 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)

Nilesh Shah
Partner
(Membership No. 49660)

Place: Mumbai
Date: May 3, 2018

**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, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service 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, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

c) Details of dues of Service Tax and Excise Duty which have not been deposited as on March 31, 2018 on account of disputes are given below:

| **Name of Statute** | **Nature of Dues** | **Forum where Dispute is** | **Period to which the Amount** | **Amount Involved (Rupees** | **Amount Unpaid (Rupees** |
|---|---|---|---|---|---|

| | | pending | Relates | in Lakhs) | in Lakhs) |
|---|---|---|---|---|---|
| Central Excise Act, 1944 | Excise Duty, Interest and Penalty | Commissioner of Central Excise (Appeals) | February 2009 – December 2009 | 9.28 | 7.83 |
| Central Excise Act, 1944 | Excise Duty, Interest and Penalty | Commissioner of Central Excise (Appeals) | February 2010 – October 2010 | 2.18 | 1.34 |
| Finance Act, 1994 and Service Tax Laws | Service Tax Penalty | Additional Commissioner Service Tax | 2007-2012 | 15.67 | 15.67 |
| Central Sales Tax Act, 1956 | Sales Tax | Deputy Commissioner of Sales Tax | 2011-12 | 157.72 | 131.45 |
| Central Sales Tax Act, 1956 | Sales Tax | Deputy Commissioner of Sales Tax | 2013-14 | 156.44 | 110.56 |

(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, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) 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 during the year 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, subsidiary or associate 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)

Nilesh Shah
Partner
Membership No. 49660

Place: Mumbai
Date: May 3, 2018

**FORBES TECHNOSYS LIMITED**
**BALANCE SHEET AS ON MARCH 31, 2018**

*(Rs. in lakhs )*

| Particulars | Note No. | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| **1 Non-Current Assets** | | | |
| a) Property, plant and equipment | 3 | 408.41 | 612.43 |
| b) Other intangible assets | 4A | 1,899.95 | 2,430.90 |
| c) Intangible assets under development | 4B | 9,278.35 | 7,168.61 |
| d) Financial assets: | | | |
| Other financial assets | 5 | 33.59 | 25.05 |
| e) Other non-current assets | 6 | 394.84 | 375.91 |
| **Total Non-Current Assets** | | **12,015.14** | **10,612.90** |
| **2 Current assets** | | | |
| a) Inventories | 7 | 3,158.68 | 3,925.68 |
| b) Financial assets: | | | |
| i) Trade receivables | 8 | 5,563.83 | 7,516.51 |
| ii) Cash and cash equivalents | 9 | 209.60 | 744.21 |
| iii) Bank balances other than (ii) above | 9 | 51.47 | 48.88 |
| iv) Others financial assets | 5 | 247.84 | 393.61 |
| c) Other current assets | 6 | 344.80 | 603.25 |
| **Total Current Assets** | | **9,576.22** | **13,232.14** |
| **Total Assets** | | **21,591.36** | **23,845.04** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| a) Equity share capital | 10 | 2,689.72 | 2,689.72 |
| b) Other equity | 11 | (1,098.28) | (4,163.93) |
| **Total Equity** | | **1,591.44** | **(1,474.21)** |
| **LIABILITIES** | | | |
| **1 Non-Current Liabilities** | | | |
| a) Financial liabilities: | | | |
| Borrowings | 12 | 8,290.87 | 9,863.77 |
| b) Provisions | 13 | 272.83 | 259.90 |
| **Total Non-Current Liabilities** | | **8,563.70** | **10,123.67** |
| **2 Current Liabilities** | | | |
| a) Financial liabilities: | | | |
| i) Borrowings | 14 | 4,997.51 | 4,933.69 |
| ii) Trade payables | 15 | 3,160.01 | 4,961.49 |
| iii) Other financial liabilities | 16 | 2,070.45 | 4,468.24 |
| b) Provisions | 13 | 138.46 | 95.20 |
| c) Other current liabilities | 17 | 1,069.79 | 736.96 |
| **Total Current Liabilities** | | **11,436.22** | **15,195.58** |
| **Total Liabilities** | | **19,999.92** | **25,319.25** |
| **Total Equity and Liabilities** | | **21,591.36** | **23,845.04** |

**See accompanying notes to the financial statements**

In terms of our report attached.
**For DELOITTE HASKINS & SELLS**
Chartered Accountants

Nilesh Shah
Partner

Place : Mumbai
Date : May 3, 2018

**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

Ms. Rupa Khanna_________________________
Company Secretary

Place : Mumbai
Date : May 3, 2018

**FORBES TECHNOSYS LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**

*(Rs. in lakhs except per share data)*

| | Particulars | Note No. | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|---|
| I | Revenue from operations | 18 | 13,161.35 | 25,493.99 |
| II | Other income | 19 | 71.26 | 76.70 |
| III | **Total Income (I + II)** | | **13,232.61** | **25,570.69** |
| IV | **Expenses:** | | | |
| | Cost of materials consumed | | 2,310.67 | 4,859.58 |
| | Purchases of stock-in-trade (traded goods) | | 4,875.04 | 14,421.80 |
| | Changes in inventories of finished goods and stock-in-trade (traded goods) | | 418.20 | (266.44) |
| | Excise duty on sale of goods | | 105.57 | 732.95 |
| | Employee benefits expense | 20 | 1,143.08 | 1,365.18 |
| | Finance costs | 21 | 1,095.63 | 1,109.62 |
| | Depreciation and amortisation expense | 3 & 4 | 786.78 | 510.79 |
| | Other expenses | 22 | 3,698.04 | 4,444.36 |
| | **Total expenses (IV)** | | **14,433.01** | **27,177.84** |
| V | **Loss before tax (III-IV)** | | **(1,200.40)** | **(1,607.15)** |
| VI | **Tax expense** | | | |
| | Current tax | | - | - |
| | Tax Adjustment In respect of prior years | | 32.62 | |
| | Deferred tax | | - | - |
| | | | 32.62 | - |
| VII | **Loss for the period from continuing operations (V - VI)** | | **(1,233.02)** | **(1,607.15)** |
| VIII | **Loss for the period** | | **(1,233.02)** | **(1,607.15)** |
| IX | **Other Comprehensive Income** | | | |
| | (i) Items that will not be reclassified to profit or loss | | | |
| | Remeasurement loss of the defined benefit plans | | (7.44) | (0.21) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| | Total other Comprehensive Income for the period (i-ii) | | (7.44) | (0.21) |
| X | **Total Comprehensive loss for the period (VIII + IX)** | | **(1,240.46)** | **(1,607.36)** |
| XI | **Earning per equity share** | | | |
| | Basic and diluted earnings per equity share | 24 | (4.58) | (5.98) |

**See accompanying notes to the financial statements**

In terms of our report attached.
**For DELOITTE HASKINS & SELLS**
Chartered Accountants

Nilesh Shah
Partner

Place : Mumbai
Date : May 3, 2018

**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

Ms. Rupa Khanna ______________________________
Company Secretary

Place : Mumbai
Date : May 3, 2018

**FORBES TECHNOSYS LIMITED**
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

*(Rs. in lakhs )*

| Particulars | For the year ended March 31, 2018 | | For the year ended March 31, 2017 | |
|---|---|---|---|---|
| **Cash Flow from Operating Activities** | | | | |
| **(Loss) before tax** | | **(1,200.40)** | | **(1,607.15)** |
| **Adjustments for -** | | | | |
| Depreciation and amortisation expense | 786.78 | | 510.79 | |
| Liabilities/ Provisions no longer required written back | (25.55) | | (44.01) | |
| Provision for employee benefits | 28.49 | | 25.11 | |
| Interest on fixed deposit | (5.97) | | (6.58) | |
| Finance cost | 1,095.63 | | 1,109.62 | |
| Share issue expenses | 9.50 | | - | |
| Provision for trade receivables (net) | 7.50 | | 25.80 | |
| Bad debts written off | 20.92 | | 5.81 | |
| Loans and Advances written off | 2.57 | | 9.22 | |
| Provision for warranty | 92.26 | | 72.00 | |
| Provision for obsolete and slow moving inventory | 19.89 | | 32.41 | |
| Unrealised exchange (gain)/loss [net] | (11.76) | 2,020.26 | (19.28) | 1,720.89 |
| **Operating profit / (loss) before working capital changes** | | 819.86 | | 113.74 |
| Adjustments for changes in working capital: | | | | |
| (Decrease) / Increase in Trade payables | (1,714.27) | | (2,050.34) | |
| (Decrease) / Increase in Provisions | (72.00) | | (70.64) | |
| (Decrease) / Increase in Other current liabilities | 332.83 | | 256.31 | |
| (Decrease) / Increase in Other Financial liabilities | (7.05) | | (41.18) | |
| Decrease / (Increase) in Trade receivables | 1,924.26 | | 3,133.91 | |
| Decrease/ (Increase) in Inventories | 747.11 | | 111.01 | |
| Decrease / (increase) in Other Non Current Assets | (26.27) | | 8.11 | |
| Decrease / (Increase) in Other Financial Assets | 128.61 | | (89.86) | |
| Decrease / (increase) in Other Current Assets | 258.45 | 1,571.67 | 170.27 | 1,427.59 |
| **Cash generated from operations** | | 2,391.53 | | 1,541.33 |
| Income taxes is received / paid (net of refunds) | | (25.28) | | 34.01 |
| **(a) Net cash generated from operating activities** | | **2,366.25** | | **1,575.34** |
| **Cash flows from investing activities:** | | | | |
| Payments for Property Plant and Equipment (including adjustments on account of Intangibles Under Development) | (1,569.55) | | (1,610.81) | |
| Maturity of fixed deposits | 18.60 | | 3.78 | |
| Fixed Deposit Placed During the year | (28.74) | | (13.92) | |
| Fixed Deposit income received | 19.56 | (1,560.13) | 2.14 | (1,618.81) |
| **(b) Net cash used in investing activities** | | **(1,560.13)** | | **(1,618.81)** |
| **Cash flows from financing activities:** | | | | |
| Proceeds from issue of Prefrence Shares | 1,000.00 | | 2,000.00 | |
| Debenture Issue Expenses | (41.30) | | - | |
| Share Issue Expenses | (9.50) | | - | |
| Proceeds from issue of Debentures | 3,500.00 | | 2,500.00 | |
| Repayment of Debentures | (2,500.00) | | (2,500.00) | |
| Proceeds from borrowings | - | | 3,900.00 | |
| Repayment of borrowings | (1,771.99) | | (4,366.00) | |
| Proceeds from working capital loan (net of repayments) | 63.82 | | 344.17 | |
| Interest and other borrowing cost paid | (1,581.76) | (1,340.73) | (1,710.93) | 167.24 |
| **(c) Net cash (used in) / generated from financing activities** | | **(1,340.73)** | | **167.24** |

**FORBES TECHNOSYS LIMITED**
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

*(Rs. in lakhs )*

| Particulars | For the year ended March 31, 2018 | | For the year ended March 31, 2017 | |
|---|---|---|---|---|
| **(d) Net increase/ (decrease) in cash and cash equivalents (a + b + c)** | | **(534.61)** | | **123.77** |
| **(e) Cash and cash equivalents as at the commencement of the year** | | | | |
| Balances with banks in current accounts | 743.24 | | 617.29 | |
| Cash on hand | 0.97 | 744.21 | 3.15 | 620.44 |
| **(f) Cash and cash equivalents as at the end of the year (d + e) (Refer Note 9)** | | | | |
| Balances with banks in current accounts | 208.61 | | 743.24 | |
| Cash on hand | 0.99 | 209.60 | 0.97 | 744.21 |

**See accompanying notes to the financial statements**

In terms of our report attached.
**For DELOITTE HASKINS & SELLS**
**Chartered Accountants**

Nilesh Shah
Partner

Place : Mumbai
Date : May 3, 2018

**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

Ms. Rupa Khanna ______________________________
Company Secretary

Place : Mumbai
Date : May 3, 2018

**FORBES TECHNOSYS LIMITED**
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018**

**A) Equity Share Capital**

*(Rs. in lakhs )*

| Particulars | Amount |
|---|---|
| **Balance as at March 31, 2016** | 2,689.72 |
| Changes in equity share capital during the year | - |
| **Balance as at March 31, 2017** | **2,689.72** |
| Changes in equity share capital during the year | - |
| **Balance as at March 31, 2018** | 2,689.72 |

**B) Other equity**

*(Rs. in lakhs )*

| Particulars | Equity component of compound financial instruments | Reserves and surplus | | Preference Share Capital (Refer Note 32) | Other comprehensive income - Remeasurement of defined benefit plans | Total |
|---|---|---|---|---|---|---|
| | | Retained earnings | Deemed capital contribution - Financial Guarantee Commission (Refer Note 21(i)) | | | |
| **Balance at March 31, 2016** | 894.43 | (5,382.06) | 169.00 | | (0.71) | (4,319.34) |
| Loss for the year | - | (1,607.15) | - | | - | (1,607.15) |
| Other comprehensive income for the year, net of income tax | - | - | - | | (0.21) | (0.21) |
| Financial guarantee commission | - | - | 59.75 | | - | 59.75 |
| Equity component of compound financial instruments issued during the year | 1,703.02 | - | - | | - | 1,703.02 |
| **Balance at March 31, 2017** | **2,597.45** | **(6,989.21)** | **228.75** | **-** | **(0.92)** | **(4,163.93)** |
| Loss for the year | - | (1,233.02) | - | | - | (1,233.02) |
| Reclassified from Equity Component of Combined Financial instruments to preference share entirely equity in nature | - | - | - | 1,703.02 | - | 1,703.02 |
| Reclassified to Preference Share entirely equity in nature | (1,703.02) | - | - | - | - | (1,703.02) |
| Reclassified from Borrowings | | - | - | 2,496.98 | - | 2,496.98 |
| Issued during the year | - | - | - | 1,000.00 | - | 1,000.00 |
| Other comprehensive income for the year, net of income tax | - | - | - | | (7.44) | (7.44) |
| Equity component of compound financial instruments issued during the year | - | - | - | | - | - |
| Interest component of Compound Financial instruments reclassified to equity during the year | 809.13 | - | - | | | 809.13 |
| **Balance at March 31, 2018** | **1,703.56** | **(8,222.23)** | **228.75** | **5,200.00** | **(8.36)** | **(1,098.28)** |

**See accompanying notes to the financial statements**

In terms of our report attached.
**For DELOITTE HASKINS & SELLS**
**Chartered Accountants**

Nilesh Shah
Partner

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

Mr. 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

Ms. Rupa Khanna ______________________________
Company Secretary

Place : Mumbai
Date : May 3, 2018

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

**Note No. 3 - Property, Plant and Equipment and Capital work-in-progress**

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| **Carrying amount of :** | | |
| a) Furniture & Fixtures | 4.29 | 6.14 |
| b) Data Processing Equipments | | |
| (i) On lease | 183.83 | 251.44 |
| (ii) Other than lease | 200.70 | 324.09 |
| c) Office equipment | 19.59 | 30.76 |
| **Total** | **408.41** | **612.43** |

*(Rs. in lakhs )*

| Particulars | Furniture & Fixtures | Data Processing Equipments | | Office equipment | Total |
|---|---|---|---|---|---|
| | | On Lease | Other than lease | | |
| **I. Deemed cost** | | | | | |
| Balance at March 31, 2016 | 17.75 | 278.60 | 563.98 | 75.19 | 935.52 |
| (+) Additions | 2.61 | 76.26 | 35.00 | 0.93 | 114.80 |
| (-) Disposals | - | - | - | - | - |
| **Balance as at March 31, 2017** | **20.36** | **354.86** | **598.98** | **76.12** | **1,050.32** |
| (+) Additions | | 6.08 | | 3.03 | 9.11 |
| (-) Disposals | - | - | - | - | - |
| **Balance as at March 31, 2018** | **20.36** | **360.94** | **598.98** | **79.15** | **1,059.43** |
| **II. Accumulated depreciation** | | | | | |
| Balance at March 31, 2016 | 11.10 | 33.28 | 140.24 | 23.62 | 208.24 |
| Depreciation expense | 3.12 | 70.14 | 134.65 | 21.74 | 229.65 |
| Eliminated on disposals of assets | - | - | - | - | - |
| **Balance as at March 31, 2017** | **14.22** | **103.42** | **274.89** | **45.36** | **437.89** |
| Depreciation expense | 1.85 | 73.69 | 123.39 | 14.20 | 213.13 |
| Eliminated on disposals of assets | - | - | - | - | - |
| **Balance as at March 31, 2018** | **16.07** | **177.11** | **398.28** | **59.56** | **651.02** |
| **III. Carrying Amount** | | | | | |
| Balance as at March 31, 2017 | 6.14 | 251.44 | 324.09 | 30.76 | 612.43 |
| Balance as at March 31, 2018 | 4.29 | 183.83 | 200.70 | 19.59 | 408.41 |

**Note:**
Refer Note 12 for details of Property, Plant and Equipment pledged as security for the loans obtained from the Banks.

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

**Note No. 4A - Other Intangible Assets**

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| **Carrying amount of :** | | |
| a) Internally generated | | |
| i) Bill Payment and Cheque deposit software | 149.63 | 218.69 |
| ii) Forbes Xpress | 216.55 | 319.98 |
| iii) Cash based Ticketing Solutions and other peripherals related to banking | 1,478.37 | 1,848.21 |
| b) Others | | |
| Computer Software | 55.40 | 44.02 |
| **Total** | **1,899.95** | **2,430.90** |

*(Rs. in lakhs )*

| 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 March 31, 2016 | 377.43 | 544.38 | - | 177.73 | 1,099.56 |
| (+) Additions | | | | | |
| Additions from separate acquisitions | - | - | - | 31.54 | 31.54 |
| Additions from internal developments | - | - | 1,849.22 | - | 1,849.22 |
| (-) Disposals | - | - | - | - | - |
| **Balance at March 31, 2017** | **377.43** | **544.38** | **1,849.22** | **209.27** | **2,980.30** |
| (+) Additions | | | | | |
| Additions from separate acquisitions | - | - | - | 42.70 | 42.70 |
| Additions from internal developments | - | - | - | | - |
| (-) Disposals | - | - | - | - | - |
| **Balance at March 31, 2018** | **377.43** | **544.38** | **1,849.22** | **251.97** | **3,023.00** |
| **II. Accumulated amortisation** | | | | | |
| Balance at March 31, 2016 | 80.44 | 103.87 | - | 83.95 | 268.27 |
| Amortisation expense | 78.30 | 120.53 | 1.01 | 81.30 | 281.14 |
| Eliminated on disposals of assets | - | - | - | - | - |
| **Balance at March 31, 2017** | **158.74** | **224.40** | **1.01** | **165.25** | **549.40** |
| Amortisation expense | 69.06 | 103.43 | 369.84 | 31.32 | 573.65 |
| Eliminated on disposals of assets | - | - | - | - | - |
| **Balance at March 31, 2018** | **227.80** | **327.83** | **370.85** | **196.57** | **1,123.05** |
| **III. Carrying Amount** | | | | | |
| Balance at March 31, 2017 | 218.69 | 319.98 | 1,848.21 | 44.02 | 2,430.90 |
| Balance at March 31, 2018 | 149.63 | 216.55 | 1,478.37 | 55.40 | 1,899.95 |

**Note :**
Refer Note 12 for details of Property, Plant and Equipment pledged as security for the loans obtained from the Banks

**Note No. 4B - Intangible Assets Under Development**

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| **Carrying amount at the beginning of the Year** | 7,168.61 | 6,690.54 |
| Add: Internally developed during the year | 2,109.74 | 2,327.29 |
| Less: Transferred to Intangible Assets | - | (1,849.22) |
| **Carrying amount at the end of the Year** **Total** | **9,278.35** | **7,168.61** |

**Note No. 5 - Other financial assets**

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| **Non-current** | | |
| a) Deposits with bank held as margin money with remaining maturity of more than 12 months | 27.38 | 19.83 |
| b) Interest receivable on Fixed Deposits | 6.21 | 5.22 |
| **Total** | **33.59** | **25.05** |
| **Current** | | |
| a) Security deposits | 61.09 | 61.63 |
| b) Earnest money deposits | 114.20 | 205.33 |
| c) Interest receivable on Fixed Deposits | 2.73 | 17.32 |
| d) Unbilled revenue | 69.82 | 109.33 |
| **Total** | **247.84** | **393.61** |

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

**Note No. 6 - Other assets**

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| **Non-current** | | |
| a) Advance income tax | 368.57 | 375.91 |
| b) Balances with statutory / government authorities - VAT | 26.27 | - |
| **Total** | **394.84** | **375.91** |
| **Current** | | |
| a) Prepaid expenses | 40.83 | 13.77 |
| b) Balances with statutory / government authorities | | |
| i) Cenvat credit receivable | - | 0.26 |
| ii) Service Tax credit receivable | - | 296.97 |
| iii)) Advances with Public bodies - VAT | 2.60 | 3.57 |
| c) Others | | |
| i) Advances to Suppliers | 255.21 | 240.86 |
| iI) Advances to Employees | 16.76 | 15.87 |
| Iii) Others | 29.40 | 31.95 |
| **Total** | **344.80** | **603.25** |

**Note No. 7 - Inventories**

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| **Valued at lower of cost and net realizable value** | | |
| a) Raw materials and components | 880.78 | 1,229.58 |
| b) Finished goods (Other than those acquired for trading) | 379.06 | 415.82 |
| c) Stock-in-trade | 1,890.34 | 2,280.28 |
| d) Stock-in-transit (Stock-in-trade) | 8.50 | - |
| **Total** | **3,158.68** | **3,925.68** |

**Notes:**
(i) The cost of inventories recognised as an expense during the year was Rs. 3,355.64 Lakhs (for the year ended March 31, 2017: Rs. 6,845.21 Lakhs).

(ii) The cost of inventories recognised as an expense includes Rs. 19.89 Lakhs (during 2016-17: Rs. 32.41 Lakhs) in respect of write-downs of inventory to net realisable value.

(iii) Refer Note 12 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.

**Note No. 8 - Trade receivables**

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| **Current** | | |
| a) Trade receivables: | | |
| i) Unsecured, considered good | 5,563.83 | 7,516.51 |
| ii) Doubtful | 172.82 | 165.32 |
| | 5,736.65 | 7,681.83 |
| Less: Allowance for doubtful Debts (Expected Credit Loss) | 172.82 | 165.32 |
| **Total** | **5,563.83** | **7,516.51** |

**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, 2018, Rs.2,071.06 Lakhs is due from five banks (As at March 31, 2017 of Rs. 1,240.96 Lakhs); . 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.

*(Rs. in lakhs )*

| Category of Customers | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| Banks | 4,099.43 | 4,653.39 |
| Dealers | 109.84 | 195.54 |
| Forbes Xpress | 2.90 | 22.52 |
| Government | 988.96 | 1,457.92 |
| Related Party | - | 107.88 |
| Others | 535.52 | 1,244.58 |
| **Grand Total** | **5,736.65** | **7,681.83** |

Movement in the expected credit loss allowance *(Rs. in lakhs )*

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Balance at the beginning of the year** | 165.32 | 139.52 |
| **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 | | |
| - Other receivables | 34.96 | 37.34 |
| Amounts written off during the year as uncollectible | - | (0.76) |
| Amounts recovered during the year | (27.46) | (10.78) |
| **Balance at the end of the year** | 172.82 | 165.32 |

**Note No. 9 - Cash and bank balances**

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| a) Cash and cash equivalents | | |
| i) Cash on hand | 0.99 | 0.97 |
| ii) Balances with bank | | |
| - In current accounts | 208.61 | 743.24 |
| **Total** | **209.60** | **744.21** |
| b) Other bank balances | | |
| Balances held as margin money with remaining maturity of less than 12 months | 51.47 | 48.88 |
| **Total** | **51.47** | **48.88** |

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

**Note No. 10 - Equity share capital**

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | | As on March 31, 2017 | |
|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount |
| **a) Authorised share capital** | | | | |
| Equity shares of Rs.10 each | 27,000,000 | 2,700.00 | 27,000,000 | 2,700.00 |
| **b) Issued, subscribed and fully paid:** | | | | |
| Equity Shares of Rs.10 each with voting rights | 26,897,200 | 2,689.72 | 26,897,200 | 2,689.72 |
| **Total** | **26,897,200** | **2,689.72** | **26,897,200** | **2,689.72** |

**i) Reconciliation of the number of Equity shares and amount outstanding at the beginning and at the end of the reporting period:**

*(Rs. in lakhs )*

| Particulars | No. of shares | Amount |
|---|---|---|
| Equity shares with voting rights : | | |
| **Balance as at March 31, 2016** | 26,897,200 | 2,689.72 |
| Fresh issue | - | - |
| **Balance as at March 31, 2017** | 26,897,200 | 2,689.72 |
| Fresh issue | - | - |
| **Balance as at March 31, 2018** | **26,897,200** | **2,689.72** |

**ii) Rights attached to equity shares:**

a) Right to receive dividend as may be approved by the Board

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, 2018** | |
| Forbes & Company Limited, the Holding company | 15,000,000 |
| Forbes Campbell Finance Limited, the fellow subsidiary company | 11,897,180 |
| **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 |

**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, 2018** | | |
| 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, 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% |

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

**Note No. 11 - Other Equity**

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| a) Retained earnings | (8,222.23) | (6,989.21) |
| b) Other Comprehensive Income - Remeasurement of defined benefit plans | (8.36) | (0.92) |
| c) Equity component of 0.1% Cumulative non-convertible preference shares | 894.43 | 894.43 |
| d) Equity component of 10% Non-Cumulative Non-convertible preference shares | - | 1,703.02 |
| e) Deemed capital contribution - Financial Guarantee Commission (Refer Note 21(i)) | 228.75 | 228.75 |
| f) Preference share capital | 5,200.00 | - |
| g) Interest component of Compound Financial instruments reclassified to equity during current year | 809.13 | - |
| **Balance at the end of the year** | **(1,098.28)** | **(4,163.93)** |

*(Rs. in lakhs )*

| Particulars | Amount |
|---|---|
| **a) Retained earnings** | |
| Balance as on March 31, 2016 | (5,382.06) |
| Add: Loss for the year | (1,607.15) |
| Balance as on March 31, 2017 | (6,989.21) |
| Add: Loss for the year | (1,233.02) |
| Balance as on March 31, 2018 | **(8,222.23)** |
| **b) Other Comprehensive Income - Remeasurement of defined benefit plans** | |
| Balance as on March 31, 2016 | (0.71) |
| Add: Remeasurement of defined benefit plans (net of income tax) | (0.21) |
| Balance as on March 31, 2017 | (0.92) |
| Add: Remeasurement of defined benefit plans (net of income tax) | (7.44) |
| Balance as on March 31, 2018 | **(8.36)** |
| **c) Equity component of 0.1% Cumulative, non-convertible, redeemable preference shares** | |
| Balance as on March 31, 2016 | 894.43 |
| Add: Addition during the year | - |
| Balance as on March 31, 2017 | 894.43 |
| Add: Addition during the year | - |
| Balance as on March 31, 2018 | **894.43** |
| **d) Equity component of 10% Cumulative, non-convertible, redeemable preference shares** | |
| Balance as on March 31, 2016 | - |
| Add: Addition during the year | 1,703.02 |
| Balance as on March 31, 2017 | 1,703.02 |
| Add: Addition during the year | - |
| Less: Reclassified to Preference share capital on account of change in terms of Compound Financial Instrument * | (1,703.02) |
| Balance as on March 31, 2018 | - |
| **e) Deemed capital contribution - Financial Guarantee commission** | |
| Balance as on March 31, 2016 | 169.00 |
| Add: Accrued during the year | 59.75 |
| Balance as on March 31, 2017 | 228.75 |
| Add: Accrued during the year | - |
| Balance as on March 31, 2018 | **228.75** |
| **f) Preference Share Capital** | |
| Balance as on March 31, 2016 | - |
| Add: Additions during the year | - |
| Balance as on March 31, 2017 | - |
| Add: Reclassified from borrowings * | 2,496.98 |
| Add: Reclassified from Compound Financial instruments * | 1,703.02 |
| Add: Issued during the year | 1,000.00 |
| Balance as on March 31, 2018 | **5,200.00** |
| **g) Interest component of Compound Financial instruments reclassified to other equity** | |
| Balance as on March 31, 2016 | - |
| Add: Additions during the year | - |
| Balance as on March 31, 2017 | - |
| Add: Reclassified from borrowings * | 809.13 |
| Balance as on March 31, 2018 | **809.13** |
| *Refer Note No. 32 -Preference Share Capital | |

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

**Note No. 12 - Borrowings - Non- Current**

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| **a) Debentures - Unsecured - at amortised cost** | | |
| i) India Bulls (250 of face value of Rs. 10,00,000/- each) (Refer note no. 12.1 below) | 2,496.67 | 2,500.00 |
| ii) Axis Bank (350 of face value of Rs. 10,00,000/- each) (Refer note no. 12.2 below) | 3,468.06 | - |
| **b) Term loans - Secured at amortised cost** | | |
| From Banks: | | |
| i) Axis Bank Ltd (Refer note no. 12.3 below) | 570.00 | 1,142.00 |
| ii) DCB Bank (Refer note no. 12.4 below) | - | 600.00 |
| **c) Term loans - Unsecured at amortised cost** | | |
| From Bank: | | |
| Yes Bank (Refer note no. 12.5 below) | 1,500.00 | 2,100.00 |
| **d) Liability Component of Compound Financial Instrument** | | |
| Preference Share Capital (Refer note no. 12.6 below) | 256.14 | 530.84 |
| **e) Other loans** | | |
| Preference Share Capital (Refer note no. 12.6 below) | - | 2,990.93 |
| **Total** | **8,290.87** | **9,863.77** |

**A) <u>Summary of borrowing arrangments:</u>**

12.1) 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

12.2) i) Debentures are Unsecured, Redeemable and Non Convertible
ii) Date of allotment of Debentures : October 18, 2017.
iii) The maturity of Debentures - October 18, 2020.
iv) The debentures carry interest @ 9.90% p.a payable on quarterly basis.
v) The debentures are backed by Corporate Guarantee of Forbes & Company Limited

12.3) Floating rate loans with Axis bank Limited with remaining maturity period not exceedings 2 years (as at March 31, 2017: 3 years).The effective interest rate on these loans is 10% per annum (as at March 31, 2017: 10.12% 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.

12.4) Floating rate loans with DCB bank with remaining maturity periods not exceedings 9 months (as at March 31, 2017: 1 year and 9 months).The effective interest rate on these loans is 11% per annum (as at March 31, 2017: 10.46%). 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

12.5) Floating rate loans with Yes bank Limited with remaining maturity periods not exceedings 3 years and 5 months (as at March 31, 2017 : 4 years and 5 years). The effective interest rate on these loans is 9.8% per annum (as at March 31, 2017 : 10.25%). These are backed by a Unconditional and Irrevocable Corporate Guarantee of Forbes & Company Limited The Maturity of term loan - August - 2021.

12.6) 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.(Refer Note 32)
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. (Refer Note 32)
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.(Refer Note 32)

**B) The terms of repayment of term loans and other loans are stated below:**

*(Rs. in lakhs )*

| Particulars | Nature of Security | Terms of repayment | Principal Outstanding as at March 31, 2018 | Principal Outstanding as at March 31, 2017 |
|---|---|---|---|---|
| i) Debentures (Unsecured) | | | | |
| (a) 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% | - | 2,500.00 |
| (b) 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% | 2,500.00 | 2,500.00 |
| (c) Axis Bank | The debentures are backed by Corporate guarantee of Forbes & Company Limited | i) One time bullet repayment on October 18, 2020<br>ii) Rate of interest 9.90% | 3,500.00 | - |
| 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% | 1,142.00 | 1,714.00 |
| iii) 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 Lakhs from May 2017.<br>(ii) Rate of interest 10.25%. | 2,100.00 | 2,700.00 |
| iv) Development Credit Bank | The Loan is backed by Corporate guarantee of Forbes & Company Ltd.These are secured by 1st Pari-passu charge on all the present and future current assets of the company along with Axis Bank Limited. | i) Repayment in 18 monthly equal instalments from July 2017<br>ii) Rate of interest 11% | 600.00 | 1,200.00 |

**C) The terms of Compound Financial Instrument**

*(Rs. in lakhs )*

| Particulars | Terms of redemption | Principal Outstanding as at March 31, 2018 | Principal Outstanding as at March 31, 2017 |
|---|---|---|---|
| 0.1% Cumulative Non Convertible Redeemable Participating Preference Shares (Refer Note 32) | 20 years from Date of Allotment | 105.58 | 105.58 |
| 10% Non Cumulative Non Convertible, Non Participating, Redeemable Preference Shares (Refer Note 32) | 20 years from Date of Allotment | - | 296.98 |

**D) Other loans**

*(Rs. in lakhs )*

| Particulars | Terms of redemption | Principal Outstanding as at March 31, 2018 | Principal Outstanding as at March 31, 2017 |
|---|---|---|---|
| 8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares (Refer Note 32) | After 1 year from issue; within 10 years | - | 2,000.00 |
| 8% Cumulative Optionally Convertible Redeemable Preference Shares (Refer Note 32) | 20 years from Date of Allotment | - | 200.00 |

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

**Note No. 13 - Provisions**

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| **Non-current** | | |
| a) Provision for employee benefits | | |
| i) Gratuity (Refer note 25) | 122.04 | 112.77 |
| ii) Compensated absences | 89.28 | 96.73 |
| b) Other provisions | | |
| Warranty (Refer note below) | 61.51 | 50.40 |
| **Total** | **272.83** | **259.90** |
| **Current** | | |
| a) Provision for employee benefits | | |
| i) Gratuity (see note 25) | 53.41 | 35.05 |
| ii) Compensated absences | 54.30 | 38.55 |
| b) Other provisions | | |
| Warranty (Refer note below) | 30.75 | 21.60 |
| **Total** | **138.46** | **95.20** |

**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.

*(Rs. in lakhs )*

| Particulars | Amount |
|---|---|
| **Balance as on March 31, 2016** | 70.64 |
| Additional provision recognised | 72.00 |
| Reduction arising from utilisation/reversal during the year | (70.64) |
| **Balance as on March 31, 2017** | 72.00 |
| Additional provision recognised | 92.26 |
| Reduction arising from utilisation/reversal during the year | (72.00) |
| **Balance as on March 31, 2018** | **92.26** |

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

**Note No. 14 - Borrowings- Current**

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| a) Unsecured at amortised cost: | | |
| Loans from related parties (Refer note (i) below) | 200.00 | 200.00 |
| | **200.00** | **200.00** |
| b) Secured at amortised cost: | | |
| Repayable on demand | | |
| i) Cash credit from Development Credit Bank Limited. (Refer Note (ii) below) | 2,692.94 | 2,449.92 |
| ii) Cash credit from Axis Bank Limited. (Refer Note (ii) below) | 2,104.57 | 2,283.77 |
| | **4,797.51** | **4,733.69** |
| **TOTAL** | **4,997.51** | **4,933.69** |

**Notes:**

(i) Fixed rate loan with Lucrative Properties Private Limited repayable on demand. The effective rate of interest on loan is 12.25% p.a (as on March 31, 2017 is 12.25% p.a)

(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. 8,722.51 Lakhs as on March 31, 2018 and Rs.11,442.19 Lakhs as on March 31, 2017. 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 11.00%.

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

**Note No. 15 - Trade Payables**

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| **Current** | | |
| a) Total outstanding dues of Micro enterprises and small enterprises (Refer Note 27) | 380.33 | - |
| b) Total outstanding dues of creditors other than Micro enterprises and small enterprises | 2,779.68 | 4,961.49 |
| **Total** | **3,160.01** | **4,961.49** |

**Note No.16 - Other financial liabilities**

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| **Current** | | |
| a) Current maturities of long-term borrowings * | | |
| - Secured Loans | 1,172.00 | 1,171.99 |
| - Unsecured Loans | 600.00 | 3,094.02 |
| b) Interest accrued but not due | 224.85 | 121.58 |
| c) Security Deposits | 73.60 | 80.65 |
| **Total** | **2,070.45** | **4,468.24** |

* Refer foot Notes to Note No. 12

**Note No. 17 - Other liabilities**

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| **Current** | | |
| a) Customer's credit balances | 718.22 | 519.35 |
| b) Payables to statutory authorities | 124.80 | 91.22 |
| c) Income received in advance (Unearned revenue) | 226.77 | 126.39 |
| **Total** | **1,069.79** | **736.96** |

FORBES TECHNOSYS LIMITED
Notes forming part of the financial statements

**Note No. 18 - Revenue from operations**

*(Rs. in lakhs )*

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| **a) Sale of products** | | |
| (Including Excise Duty of Rs.105.57 Lakhs for the year ended March 31, 2018; for the year ended March 31, 2017: Rs. 732.95 Lakhs) | | |
| i) Manufactured goods | | |
| Kiosks & software | 3,250.69 | 6,926.07 |
| ii) Traded goods | | |
| Business Automation Products | 1,380.78 | 2,676.29 |
| Mobile Recharge | 4,440.28 | 11,892.45 |
| | **9,071.75** | **21,494.81** |
| **b) Sale of services** | | |
| i) Annual maintenance and support services charges | 3,171.65 | 2,591.46 |
| ii) Transaction charges | 245.67 | 470.41 |
| iii) Commission income | 282.59 | 519.73 |
| | **3,699.91** | **3,581.60** |
| **c) Other operating revenues** | | |
| Lease Income | 389.69 | 417.58 |
| | **389.69** | **417.58** |
| **Total** | **13,161.35** | **25,493.99** |

**Note No. 19 - Other income**

*(Rs. in lakhs )*

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| a) Interest income earned on financial assets that are not designated at Fair value through Profit & Loss | | |
| i) on fixed deposit with banks | 5.97 | 6.58 |
| ii) on Income Tax refund | 16.81 | 18.08 |
| b) Liabilities / provisions no longer required written back | 25.55 | 44.02 |
| c) Miscellaneous income | 22.93 | 8.02 |
| **Total** | **71.26** | **76.70** |

**Cost of materials consumed**

**Note No. 20 - Employee benefits expense**

*(Rs. in lakhs )*

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| a) Salaries and wages | 1,005.69 | 1,218.56 |
| b) Contribution to provident and other funds (Refer note no. 25) | 69.63 | 74.64 |
| c) Grautity expense | 28.86 | 26.05 |
| d) Staff welfare expense | 38.90 | 45.93 |
| **Total** | **1,143.08** | **1,365.18** |

**Note No. 21 - Finance costs**

*(Rs. in lakhs )*

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| a) Interest expense on: | | |
| i) Debentures | 576.68 | 559.29 |
| ii) Term loans | 490.93 | 561.66 |
| iii) Cash credits and working capital loans | 458.47 | 462.73 |
| iv) Loans from related parties | 24.51 | 78.58 |
| iv) Other loans | 71.63 | 204.18 |
| | 1,622.22 | 1,866.44 |
| Less: Amount included in the cost of qualifying asset | 592.00 | 862.80 |
| | 1,030.22 | 1,003.64 |
| b) Financial Guarantee Commission (Refer note (i)) | - | 59.75 |
| c) Other borrowing costs | 65.41 | 46.23 |
| **Total** | **1,095.63** | **1,109.62** |

**Note**

(i) During the year, The Institute of Chartered Accountants of India (ICAI) has issued clarification regarding accounting of financial guarantee contract in holder’s books of accounts vide ITFG 13. Accordingly , management has decided not to account the notional financial guarantee commission in the books of accounts. Earlier, same was accounted as finance cost with corresponding credit to deemed capital contribution.

(ii) The Weighted Average Capitalisation rate on funds borrowed generally is 13.93 % p.a. (2017-18: 8.65 % p.a.)

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

**Note No. 22 - Other expenses**

*(Rs. in lakhs )*

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Managed assets service provider's charges | 425.59 | 721.78 |
| Contract labour charges | 935.58 | 1,155.00 |
| Power and fuel | 39.33 | 44.60 |
| Rent including lease rentals | 102.63 | 130.28 |
| Repairs and maintenance - Buildings | 3.63 | 5.94 |
| Repairs and maintenance - Others | 79.06 | 140.07 |
| Insurance | 33.53 | 25.90 |
| Communication | 59.24 | 75.32 |
| Travelling and conveyance | 248.25 | 320.24 |
| Printing and stationery | 40.74 | 53.54 |
| Warranty and AMC expenses (Refer note no. 13) | 576.89 | 423.75 |
| (Decrease)/Increase of excise duty on inventory | - | (5.69) |
| Freight and forwarding | 330.50 | 553.95 |
| Money Transfer Commission and Recharge Incentive | 316.13 | 198.84 |
| Service charges | 155.28 | 181.34 |
| Strategic Support Service Charges | 13.31 | 17.41 |
| Share issue expenses | 9.50 | - |
| Annual maintenance and service charges | 12.99 | 12.64 |
| Legal and professional | 33.32 | 39.05 |
| Payments to the auditor (Net of Taxes) | | |
| i) Audit fees | 17.08 | 17.00 |
| ii) For taxation matters | 1.75 | 1.50 |
| iii) Limited Review | 3.00 | 2.50 |
| iv) For reimbursement of expenses | 0.73 | 0.54 |
| v) Swach Bharat Cess | - | 0.07 |
| vi) Others | - | 0.25 |
| Foreign exchange loss (Net) | 12.40 | 10.23 |
| Loans and advances written off | 2.57 | 9.22 |
| Bad debts written off | 20.92 | 5.81 |
| Provision for trade receivables (net) | 7.50 | 25.80 |
| Miscellaneous expenses | 216.59 | 277.48 |
| **Total** | **3,698.04** | **4,444.36** |

**Note No. 23 - Segment information**

**23.1 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.

**23.2 Segment revenues and results**

**The following is an analysis of the Company revenue and results from continuing operations by reportable segment.**

*(Rs. in lakhs )*

| Particulars | Segment revenue | | Segment profit | |
|---|---|---|---|---|
| | Year ended 31/03/2018 | Year ended 31/03/2017 | Year ended 31/03/2018 | Year ended 31/03/2017 |
| 1) Trading | 1,380.78 | 2,676.29 | 298.34 | 595.13 |
| 2) Manufacturing | 3,250.69 | 6,926.07 | 396.87 | 899.62 |
| 3) Forbes Xpress | 4,722.87 | 12,412.18 | (171.94) | (346.16) |
| 4) Transaction network and support services | 3,807.01 | 3,479.45 | 2,267.05 | 2,142.50 |
| **Total for continuing operations** | **13,161.35** | **25,493.99** | **2,790.32** | **3,291.09** |
| Other income | | | 71.26 | 76.70 |
| Finance costs | | | 1,095.63 | 1,109.62 |
| Central administration costs and director salaries | | | 2,966.35 | 3,865.32 |
| **Loss before tax(continuing operations)** | | | **(1,200.40)** | **(1,607.15)** |

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in current year (2016-17: 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.

**23.3 Segments assets and liabilities**

*(Rs. in lakhs )*

| Segment assets | As at 31/03/2018 | As at 31/03/2017 |
|---|---|---|
| 1) Trading | 4,119.01 | 4,554.08 |
| 2) Manufacturing | 7,729.29 | 9,201.48 |
| 3) Forbes Xpress | 1,508.95 | 1,448.47 |
| 4) Transaction network and support services | 6,991.18 | 6,859.85 |
| Total Segment assets | **20,348.43** | **22,063.88** |
| Unallocated corporate assets | 1,242.93 | 1,781.16 |
| **Total assets** | **21,591.36** | **23,845.04** |

*(Rs. in lakhs )*

| Segment liabilities | As at 31/03/2018 | As at 31/03/2017 |
|---|---|---|
| Trading | 634.91 | 692.56 |
| Manufacturing | 1,837.88 | 2,515.81 |
| Forbes Xpress | 365.94 | 401.74 |
| Transaction network and support services | 273.49 | 225.09 |
| **Total Segment liabilities** | **3,112.22** | **3,835.20** |
| Unallocated corporate liabilities | 16,887.70 | 21,484.05 |
| **Total liabilities** | **19,999.92** | **25,319.25** |

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.

**23.4 Other segment information**

*(Rs. in lakhs )*

| Particulars | Depreciation and amortisation | | Additions to non-current assets | |
|---|---|---|---|---|
| | Year ended 31/03/2018 | Year ended 31/03/2017 | Year ended 31/03/2018 | Year ended 31/03/2017 |
| **Trading** | 3.55 | 13.12 | 60.79 | 140.08 |
| **Manufacturing** | 120.03 | 61.43 | 1,469.89 | 812.34 |
| **Forbes Xpress** | 116.78 | 132.73 | 187.24 | 433.13 |
| **Transaction network and support services** | 515.35 | 259.35 | 351.83 | 972.58 |
| **Sub Total** | **755.71** | **466.63** | **2,069.75** | **2,358.13** |
| **Unallocated** | 31.07 | 44.16 | 91.80 | 85.48 |
| **Total** | **786.78** | **510.79** | **2,161.55** | **2,443.61** |

**23.5 Revenue from major products and services**

The following is an analysis of the Company revenue from continuing operations from its major products and services

*(Rs. in lakhs )*

| Particulars | Year ended 31/03/2018 | Year ended 31/03/2017 |
|---|---|---|
| Trading - Scanner | 375.41 | 552.77 |
| Trading - Other | 1,005.37 | 2,123.52 |
| Manufacturing - Kiosk & software | 3,250.69 | 6,926.07 |
| Forbes Xpress (Mobile recharge and commission) | 4,722.87 | 12,412.18 |
| Annual maintenance and support services charges | 3,171.65 | 2,591.46 |
| Transaction charges & lease income | 635.36 | 887.99 |
| **Total** | **13,161.35** | **25,493.99** |

**23.6 Information about Major Customers**

No other single customers contributed 10% or more to the company revenue in current year. During 2016-2017, Included in Revenue arising from Forbes Xpress Segment above of Rs. Rs.12,110.39 Lakhs are revenue of approximately Rs. 2,586.54 Lakhs which arose from the sale to the company's largest customer.

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

**Note No. 24 - Earnings per Share**

*(Rs. in lakhs except per share data)*

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Loss for the year attributable to Owners of the Company | (1,233.02) | (1,607.15) |
| Weighted average number of equity shares for the purposes of basic earnings per share | 26,897,200 | 26,897,200 |
| Par value per share | 10.00 | 10.00 |
| Basic earnings per share | (4.58) | (5.98) |

**Diluted earnings per share**
Since, the effect of the conversion of Preference shares is anti-dilutive, it has been ignored

FORBES TECHNOSYS LIMITED

**Notes forming part of the financial statements**

**25. Employee benefit plans**

**25.1 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".

*(Rs. in lakhs )*

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Contributions to provident fund | 53.77 | 58.82 |
| Contributions to Employees State Insurance | 1.91 | 0.68 |

**25. 2 Defined benefit plans**

The Company offers Gratuity (included as part of Gratuity expense in Note 20 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:

*(Rs. in lakhs )*

| Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| **Expenses recognised in Statement of Profit and Loss** | | |
| Current service cost | 12.56 | 15.54 |
| Interest cost | 10.12 | 10.51 |
| Past Service Cost and (gain)/loss from settlements | 6.18 | - |
| Actuarial (gains) / losses | 7.44 | 0.21 |
| **Total expense** | **36.30** | **26.26** |
| **Actual benefit payments for year** | | |
| Actual benefit payments | 8.67 | 13.36 |

The principal assumptions used for the purposes of the acturial valuations were as follows:

| Particulars | Valuation as at | |
|---|---|---|
| | March 31, 2018 | March 31, 2017 |
| Discount rate(s) | 7.35% | 6.85% |
| Expected rate(s) of salary increase | 7.00% | 5.00% |
| Attritition | 20.00% | 20.00% |
| Retirement age | 60 Yrs | 60 Yrs |
| Mortality tables | 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.

Amounts recognised in statement of profit and loss in respect of these defined benefits plans are as follows:

*(Rs. in lakhs )*

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Service Cost | - | - |
| Current Service Cost | 12.56 | 15.54 |
| Past Service Cost and (gain)/loss from settlements | 6.18 | - |
| Net Interest expense | 10.12 | 10.51 |
| **Components of defined benefit costs recognised in the Statement of Profit and Loss** | **28.86** | **26.05** |
| Remeasurement on the net defined benefit liability : | - | - |
| Return on the net defined benefit liability | - | - |
| Actuarial (Gains)/losses arising from changes in demographic assumptions | - | 4.26 |
| Actuarial (Gains)/losses arising from changes in financial assumptions | 7.03 | 3.92 |
| Actuarial (Gains)/losses arising from experience assumptions | 0.41 | (7.97) |
| Others (describe) | - | - |
| Adjustments for restrictions on the defined benefit asset | - | - |
| **Components of defined benefit costs recognised in other comprehensive income** | **7.44** | **0.21** |
| **Total** | **36.30** | **26.26** |

The current service cost, past 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:

*(Rs. in lakhs )*

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Opening defined benefit obligations | 147.82 | 134.92 |
| Current service cost | 12.56 | 15.54 |
| Interest Cost | 10.12 | 10.51 |
| Past Service Cost and (gain)/loss from settlements | 6.18 | - |
| Remeasurement (gains)/losses | - | - |
| Actuarial (Gains)/losses arising from changes in demographic assumptions | - | 4.26 |
| Actuarial (Gains)/losses arising from changes in financial assumptions | 7.03 | 3.92 |
| Actuarial (Gains)/losses arising from experience assumptions | 0.41 | (7.97) |
| Benefits paid | (8.67) | (13.36) |
| **Closing defined benefit obligation** | **175.45** | **147.82** |

**25.3 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 |

**25.4 Experience adjustments** *(Rs. in lakhs )*

| Particulars | Amount |
|---|---|
| **As on March 31, 2018** | |
| Opening Net Liability | 147.82 |
| Expense as above | 28.86 |
| Amount Recognised in Balance Sheet | 175.45 |
| Experience gain / (loss) adjustments on plan liabilities | (7.44) |
| | |
| **As on March 31, 2017** | |
| Opening Net Liability | 134.92 |
| Expense as above | 26.26 |
| Amount Recognised in Balance Sheet | 147.82 |
| Experience gain / (loss) adjustments on plan liabilities | (0.21) |
| | |
| **As on March 31, 2016** | |
| Opening Net Liability | 100.58 |
| Expense as above | 35.62 |
| Amount Recognised in Balance Sheet | 134.92 |
| Experience gain / (loss) adjustments on plan liabilities | (12.33) |
| | |
| **As on March 31, 2015** | |
| Opening Net Liability | 77.75 |
| Expense | 30.47 |
| Amount Recognised in Balance Sheet | 100.58 |
| Experience gain / (loss) adjustments on plan liabilities | 11.62 |
| | |
| **As on March 31, 2014** | |
| Opening Net Liability | 72.46 |
| Expense | 15.30 |
| Amount Recognised in Balance Sheet | 77.75 |
| Experience gain / (loss) adjustments on plan liabilities | (0.98) |
| | |

**25.5 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.

*(Rs. in lakhs )*

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Projected Benefit Obligation on Current Assumptions | 175.45 | 147.82 |
| Delta Effect of +1% Change in Rate of Discounting | (4.67) | (4.16) |
| Delta Effect of +1% Change in Rate of Discounting | 5.04 | 4.48 |
| Delta Effect of +1% Change in Rate of Salary Increase | 5.01 | 4.51 |
| Delta Effect of +1% Change in Rate of Salary Increase | (4.73) | (4.27) |
| Delta Effect of +1% Change in Rate of Employee Turnover | (0.12) | 0.12 |
| Delta Effect of -1% Change in Rate of Employee Turnover | 0.11 | (0.15) |

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.

**26. Financial Instruments**

**26.1 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 12 and 16) and total equity of the company (equity as detailed in Note 10 and 11).

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, 2018 is 6.32 (see below) and the company wishes to improve the ratio over the period of time.

**26.1.1 Debt-Equity Ratio**

**The Debt-Equity ratio at the end of the reporting period was as follows:** *(Rs. in lakhs )*

| **Particulars** | **As on March 31, 2018** | **As on March 31, 2017** |
|---|---|---|
| | | |
| Long Term Borrowings | 8,290.87 | 9,863.77 |
| Current Maturities of long term borrowings | 1,772.00 | 4,266.01 |
| **Total Paid-up debt capital** | 10,062.87 | 14,129.78 |
| Equity (Refer Note (i) Below) | 1,591.44 | (1,474.21) |
| Net debt to equity ratio | 6.32 | (9.58) |

**Notes:**

(i) Equity is defined as Equity Share Capital and Other Equity (Refer note 10 and 11)

**26.2 Categories of financial instruments** *(Rs. in lakhs )*

| **Particulars** | **As on March 31, 2018** | **As on March 31, 2017** |
|---|---|---|
| **Financial Assets** | | |
| **Measured at Amortised cost** | | |
| **(a) Cash and bank balances** | 261.07 | 793.09 |
| **(b) Other financial assets at amortised cost** | | |
| (i) Other Financial asssets | 281.43 | 418.66 |
| (ii) Trade receivables | 5,563.83 | 7,516.51 |
| **Total** | **6,106.33** | **8,728.26** |

| | | |
|---|---|---|
| **Financial Liabilites** | | |
| **Measured at Amortised cost** | | |
| (i) Other Financial liabilities | 2,070.45 | 4,468.24 |
| (ii) Borrowings | 13,288.38 | 14,797.46 |
| (iii)Trade Payables | 3,160.01 | 4,961.49 |
| **Total** | **18,518.84** | **24,227.19** |

**26.3 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.

**26.4 Market Risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see note 26.5 below) and interest rates (see note 26.6 below).

**26.5 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:

*(Rs. in lakhs )*

| **Currencies** | **March 31, 2018** | | **March 31, 2017** | |
|---|---|---|---|---|
| | **Trade payables** | | **Trade payables** | |
| | **Foreign Currency** | **Rupees** | **Foreign Currency** | **Rupees** |
| USD | 2.41 | 169.48 | 5.92 | 383.98 |
| EURO | 0.47 | 38.72 | 0.31 | 21.16 |

**26.5.1 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 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, 2018** *(Rs. in lakhs )*

| 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% | - | 2.41 | 3.52 | (8.48) |
| USD | Decrease by 5% | - | 2.41 | (3.52) | 8.48 |
| EURO | Increase by 5% | - | 0.47 | 4.12 | (1.94) |
| EURO | Decrease by 5% | - | 0.47 | (4.12) | 1.94 |

**March 31, 2017** *(Rs. in lakhs )*

| 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% | - | 5.92 | 3.24 | (19.18) |
| USD | Decrease by 5% | - | 5.92 | (3.24) | 19.18 |
| EURO | Increase by 5% | - | 0.31 | 3.46 | (1.07) |
| EURO | Decrease by 5% | - | 0.31 | (3.46) | 1.07 |

**26.6 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 26.8) section.

**26.6.1 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, 2018 would increase/decrease by Rs. 23.88 Lakhs (for the year ended March 31, 2017: increase/decrease By Rs. 51.74 Lakhs ). This is mainly attributable to the company's exposure to interest rate on its variable rate borrowings.

**26.7 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 8 and 23.6). Ongoing credit evaluation is performed on the financial condition of accounts receivable.

**26.8 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 26.8.2 below sets out details of additional undrawn facilities that the company has at its disposal to further reduce liquidity risk.

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

**26.8.1 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.

*(Rs. in lakhs )*

| Particulars | Weighted average effective interest rate | Less than 1 year | 1-5 years | 5 + years | Total | Carrying Amount |
|---|---|---|---|---|---|---|
| **March 31, 2018** | | | | | | |
| **Non-interest bearing** | | | | | | |
| Trade payables | - | 3,160.01 | - | - | **3,160.01** | 3,160.01 |
| Security deposits | - | 73.60 | - | - | **73.60** | 73.60 |
| | | | | | | |
| **Variable interest rate instruments** | | | | | | |
| Axis bank - Term Loan II | 10.00% | 659.98 | 600.80 | - | **1,260.78** | 1,151.44 |
| Yes bank -Term Loan | 9.80% | 773.95 | 1,677.63 | - | **2,451.58** | 2,117.21 |
| DCB bank | 11.00% | 622.01 | - | - | **622.01** | 600.01 |
| Axis -Cash Credit | 10.00% | 2,104.57 | - | - | **2,104.57** | 2,104.57 |
| DCB -Cash Credit | 10.25% | 2,692.94 | - | - | **2,692.94** | 2,692.94 |
| | | | | | | |
| **Fixed interest rate instruments** | | | | | | |
| Debenture - India bulls | 10.38% | 259.50 | 2,760.21 | - | **3,019.71** | 2,496.67 |
| Debenture - Axis Bank | 9.90% | 346.50 | 4,106.61 | - | **4,453.11** | 3,468.06 |
| Loans from related parties - I | 12.25% | 245.85 | | - | **245.85** | 245.85 |
| | | | | | | |
| **March 31, 2017** | | | | | | |
| **Non-interest bearing** | | | | | | |
| Trade payables | - | 4,961.49 | - | - | **4,961.49** | 4,961.49 |
| Security deposits | - | 80.65 | - | - | **80.65** | 80.65 |
| | | | | | | |
| **Variable interest rate instruments** | | | | | | |
| Axis bank - Term Loan II | 10.20% | 720.13 | 1,263.29 | - | **1,983.42** | 1,728.92 |
| Yes bank -Term Loan | 10.25% | 843.56 | 2,468.33 | - | **3,311.89** | 623.50 |
| DCB bank | 11.00% | 704.61 | 622.07 | - | **1,326.68** | 1,199.99 |
| Axis -Cash Credit | 10.00% | 2,283.77 | - | - | **2,283.77** | 2,283.77 |
| DCB -Cash Credit | 10.25% | 2,449.92 | - | - | **2,449.92** | 2,449.92 |
| | | | | | | |
| **Fixed interest rate instruments** | | | | | | |
| Debenture Series -II | 10.75% | 2,701.01 | - | - | **2,701.01** | 2,545.55 |
| Debenture - India bulls | 10.38% | 259.50 | 3,019.71 | - | **3,279.21** | 2,507.82 |
| Preference share | 10.00% | - | - | 7,581.84 | **7,581.84** | 3,521.77 |
| Loans from related parties - I | 12.25% | 249.00 | - | - | **249.00** | 223.80 |
| | | | | | | |

**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.

*(Rs. in lakhs )*

| Particulars | Weighted average effective interest rate | Less than 1 year | 1-5 years | 5 + years | Total | Carrying Amount |
|---|---|---|---|---|---|---|
| **March 31, 2018** | | | | | | |
| | | | | | | |
| **Non-interest bearing** | | | | | | |
| Trade receivables | - | 5,563.83 | - | - | **5,563.83** | 5,563.83 |
| Cash and cash equivalents | - | 209.60 | - | - | **209.60** | 209.60 |
| Security deposits | - | 61.09 | - | - | **61.09** | 61.09 |
| Earnest money deposits | - | 114.20 | - | - | **114.20** | 114.20 |
| Unbilled revenue | - | 69.82 | - | - | **69.82** | 69.82 |
| **Fixed interest rate instruments** | | | | | | |
| Deposits with bank | 7.09% | 54.62 | 39.11 | | **93.73** | 87.79 |
| | | | | | | |
| **March 31, 2017** | | | | | | |
| | | | | | | |
| **Non-interest bearing** | | | | | | |
| Trade receivables | - | 7,516.51 | - | - | **7,516.51** | 7,516.51 |
| Cash and cash equivalents | - | 744.21 | - | - | **744.21** | 744.21 |
| Security deposits | - | 61.63 | - | - | **61.63** | 61.63 |
| Earnest money deposits | - | 205.33 | - | - | **205.33** | 205.33 |
| Unbilled revenue | - | 109.33 | - | - | **109.33** | 109.33 |
| **Fixed interest rate instruments** | | | | | | |
| Deposits with bank | 7.82% | 66.76 | 28.29 | 2.19 | **97.24** | 91.25 |
| | | | | | | |

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 26.8.2 below, of which Rs.2.49 Lakhs were unused at the end of the reporting period (as at March 31, 2017: Rs. 66.31 Lakhs:). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

**26.8.2 Financing facilities**

*(Rs. in lakhs )*

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Secured bank overdraft facility:** | | |
| - Amound used | 4,797.51 | 4,733.69 |
| - Amount unused | 2.49 | 66.31 |
| | **4,800.00** | **4,800.00** |
| | | |
| **Secured bank term loan facilities with various maturity dates:** | | |
| - Amound used | 1,742.01 | 2,914.00 |
| - Amount unused | - | - |
| | **1,742.01** | **2,914.00** |
| **Unsecured bank term loan facility with various maturity dates:** | | |
| - Amound used | 2,100.00 | 2,700.00 |
| - Amount unused | - | - |
| | **2,100.00** | **2,700.00** |

**26.9 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.

*(Rs. in lakhs )*

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial Assets** | | | | |
| Financial Assets at amortised cost: | **6,106.33** | **6,106.33** | **8,728.26** | **8,728.26** |
| Other non-current financial assets | 33.59 | 33.59 | 25.05 | 25.05 |
| Trade receivables | 5,563.83 | 5,563.83 | 7,516.51 | 7,516.51 |
| Cash and cash equivalent | 209.60 | 209.60 | 744.21 | 744.21 |
| Bank Balances | 51.47 | 51.47 | 48.88 | 48.88 |
| Other current financial assets | 247.84 | 247.84 | 393.61 | 393.61 |
| | | | | |
| **Financial Liabilities** | | | | |
| Financial Liabilities held at amortised cost: | **18,518.84** | **18,518.84** | **24,227.19** | **24,227.19** |
| Borrowings (Non current) | 8,290.87 | 8,290.87 | 9,863.77 | 9,863.77 |
| Other non-current financial liabilities | - | - | - | - |
| Trade payables | 3,160.01 | 3,160.01 | 4,961.49 | 4,961.49 |
| Borrowings (Current) | 4,997.51 | 4,997.51 | 4,933.69 | 4,933.69 |
| Other current financial liabilities | 2,070.45 | 2,070.45 | 4,468.24 | 4,468.24 |

**Fair value hierarchy** *(Rs. in lakhs )*

| Particulars | Fair value hierarchy as at March 31, 2018 | | | Total |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | |
| **Financial Assets** | | | | |
| Financial Assets at amortised cost: | **261.07** | - | **5,845.26** | **6,106.33** |
| Other non-current financial assets | - | - | 33.59 | 33.59 |
| Trade receivables | - | - | 5,563.83 | 5,563.83 |
| Cash and cash equivalent | 209.60 | - | - | 209.60 |
| Bank Balances | 51.47 | - | - | 51.47 |
| Other current financial assets | - | - | 247.84 | 247.84 |
| | | | | |
| **Financial Liabilities** | | | | |
| Financial Liabilities held at amortised cost: | - | - | **18,518.84** | **18,518.84** |
| Borrowings (Non-current) | - | - | 8,290.87 | 8,290.87 |
| Trade payables | - | - | 3,160.01 | 3,160.01 |
| Borrowings (Current) | - | - | 4,997.51 | 4,997.51 |
| Other current financial liabilities | - | - | 2,070.45 | 2,070.45 |

**Fair value hierarchy** *(Rs. in lakhs )*

| Particulars | Fair value hierarchy as at March 31, 2017 | | | Total |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | |
| **Financial Assets** | | | | |
| Financial Assets at amortised cost: | **793.09** | - | **7,935.17** | **8,728.26** |
| Other non-current financial assets | - | - | 25.05 | 25.05 |
| Trade receivables | - | - | 7,516.51 | 7,516.51 |
| Cash and cash equivalent | 744.21 | - | - | 744.21 |
| Bank Balances | 48.88 | - | - | 48.88 |
| Other current financial assets | - | - | 393.61 | 393.61 |
| | | | | |
| **Financial Liabilities** | | | | |
| Financial Liabilities held at amortised cost: | **-** | - | **24,227.19** | **24,227.19** |
| Borrowings (Non-current) | - | - | 9,863.77 | 9,863.77 |
| Trade payables | - | - | 4,961.49 | 4,961.49 |
| Borrowings (Current) | - | - | 4,933.69 | 4,933.69 |
| Other current financial liabilities | - | - | 4,468.24 | 4,468.24 |

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

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

*(Rs. in lakhs )*

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year | 354.06 | - |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | 26.27 | - |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | - | - |
| (iv) The amount of interest due and payable for the year | - | - |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year | 26.27 | - |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as | - | - |
| Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. | | |

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

**28 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 |
| | Mr. Pallon Mistry, Non-Excuetive Director |
| | Mr. Subramania Iyer Kuppuswamy, Non-Excuetive Director |
| | Mr. Ashok Bharat, Non-Excuetive Director (Resigned w.e.f Sept 19,2016) |
| | Mr. Jai Mavani, Non-Excuetive Director |

(b) **Details of related party transactions during the year ended March 31, 2018:**

*(Rs. in lakhs )*

| Name of Related Party | Nature of Transactions | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd) | Sale of goods | - | 4.45 |
| | Services rendered | - | 2.61 |
| | Interest paid / provided | 0.01 | - |
| | Strategic Support Services | 13.31 | 17.41 |
| | Loan taken | 30.00 | - |
| | Repayment of Loan taken | 30.00 | - |
| | Interest on Liability Component of Compound Financial Instruments | 25.77 | 24.68 |
| Forbes & Company Limited | Service charges | 141.17 | 182.99 |
| | Services received | 54.86 | 55.13 |
| | Interest paid / provided | - | 54.08 |
| | Interest on Liability Component of Compound Financial Instruments | 4.56 | 4.43 |
| | Interest on Preference Shares | 6.53 | 176.00 |
| | Deposits taken | 2.00 | - |
| | Repayment of Deposits | 2.00 | 500.00 |
| | Reimbursement of expenses | - | 3.89 |
| | Issue of Preference shares | 1,000.00 | 1,800.00 |
| | Financial Guarantee Commission | - | 59.22 |
| | Financial Guarantee taken | 3,500.00 | 2,700.00 |
| | Financial Guarantee cancelled | 2,500.00 | 2,700.00 |
| Forbes Campbell Finance Limited | Financial Guarantee Commission | - | 0.53 |
| Eureka Forbes Limited | Service charges | 0.39 | 0.23 |
| Forbes Enviro Solutions Limited | Services received | 1.05 | 0.67 |
| Lucrative Properties Private Limited | Interest paid / provided | 24.50 | 24.50 |
| Volkart Fleming Shipping & Services Limited | Interest on Liability Component of Compound Financial Instruments | 2.45 | 0.19 |
| | Issue of Preference shares | - | 200.00 |
| Mr. Ajay P. Singh, Executive Director | Remuneration paid / payable | 162.60 | 151.27 |
| | Gratuity | 15.50 | 9.76 |
| | Reimbursement of expenses | 0.19 | 0.78 |
| Mr. Pallon Mistry | Sitting Fees paid | 0.60 | 0.40 |
| Mr. Subramania Iyer Kuppuswamy | Sitting Fees paid | 0.20 | 0.20 |
| Mr. Ashok Bharat | Sitting Fees paid | - | 0.40 |
| Mr. Jai Mavani | Sitting Fees paid | 0.60 | 0.20 |

(c) **Details of related party balances outstanding as at March 31, 2018:**

*(Rs. in lakhs )*

| Name of Related Party | Nature of Balances | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd) | Trade payables | 34.97 | 17.41 |
| | Trade receivables | - | 2.61 |
| | Preference Shares Classified as Compound Financial Instrument | 1,000.00 | 1,000.00 |
| | Interest Accrued on Debt Component of Preference Shares | 151.73 | 124.80 |
| | Interest accrued | 0.01 | - |
| Forbes & Company Limited | Trade payables | 148.26 | 927.05 |
| | Deposits payable | - | - |
| | Trade receivables | - | 105.27 |
| | Guarantees taken | 17,920.00 | 16,920.00 |
| | Preference Shares Classified as Debt | - | 2,200.00 |
| | Preference Shares Classified as Equity | 5,000.00 | - |
| | Preference Shares Classified as Compound Financial Instrument | - | 1,800.00 |
| | Interest Accrued on Debt Component of Preference Shares | 806.45 | 795.36 |
| Forbes Campbell Finance Limited | Guarantees taken | 150.00 | 150.00 |
| Eureka Forbes Limited | Trade payables | 1.26 | 2.61 |
| Forbes Enviro Solutions Limited | Trade payables | 0.12 | 0.76 |
| Lucrative Properties Private Limited | Interest accrued | 45.85 | 23.80 |
| | Loan payable | 200.00 | 200.00 |
| Volkart Fleming Shipping & Services Limited | Preference Shares Classified as Compound Financial Instrument | - | 200.00 |
| | Preference Shares Classified as Equity | 200.00 | - |
| | Interest Accrued on Debt Component of Preference Shares | 2.64 | 0.19 |
| Mr. Ajay P. Singh, Executive Director | Remuneration and Reimbursement of expenses | 51.30 | 36.64 |

**Notes:**

1. Remuneration for Current year includes an amount of Rs.52.94 Lakhs paid as annual performance incentive for F.Y 2016-17.
2. Remuneration for Previous year includes an amount of Rs.54.14 Lakhs paid as annual performance incentive for F.Y 2015-16.
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.

## 29. Operating lease arrangements

### 29.1 The Company as a lessee

**29.1.1 <u>Leasing arrangements</u>**

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 three year. Either party can terminate the agreement after lock in period by giving one to three months prior notice in writing.

**29.1.2 Payments recognised as an expense**

*(Rs. in lakhs )*

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Minimum lease payments (Including amount capitalised) | 77.40 | 104.90 |
| **Total** | **77.40** | **104.90** |

**29.1.3 Non-cancellable operating lease commitments**

*(Rs. in lakhs )*

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Not later than 1 year | 31.16 | 3.78 |
| Later than 1 year and not later than 5 years | 32.59 | - |
| Later than 5 years | - | - |
| **Total** | **63.75** | **3.78** |

### 29.2 The Company as a lessor

**29.2.1 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.

*(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | As on March 31, 2017 |
|---|---|---|
| Lease income recognised in the Statement of Profit and Loss | 389.69 | 417.58 |
| **Total** | **389.69** | **417.58** |

## 30. Contingent liabilities:

*(Rs. in lakhs )*

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| (a) Excise demand (Refer note below) | 11.46 | 11.46 |
| (b) Service Tax demand | 30.87 | 15.67 |
| (c) Sales Tax demand | 314.16 | - |

**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.

**31. Deferred tax balances**

*(Rs. in lakhs )*

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| A) Deferred Tax Assets | | |
| Defined benefit obligation | 88.75 | 93.59 |
| Provision for warranty | 25.66 | 23.80 |
| Business losses (including unabsorbed depreciation) * | 7.46 | 87.38 |
| | **121.87** | **204.77** |
| B) Deferred Tax Liabilities | | |
| Property, Plant and Equipment | (121.87) | (204.77) |
| | **(121.87)** | **(204.77)** |
| **Net Deferred Tax Assets (A+B)** | - | - |

**Component of Net Deferred Tax Assets as on March 31, 2018 is as follows:** *(Rs. in lakhs )*

| 2017-18 | 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 | (204.77) | 82.90 | - | **(121.87)** |
| Defined benefit obligation | 93.59 | (2.77) | (2.07) | **88.75** |
| Provision for warranty | 23.80 | 1.86 | - | **25.66** |
| Business losses (including unabsorbed depreciation) * | 87.38 | (81.99) | 2.07 | **7.46** |
| | - | - | - | - |

**Component of Net Deferred Tax Assets as on March 31, 2017 is as follows:** *(Rs. in lakhs )*

| 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 | (133.49) | (71.28) | - | **(204.77)** |
| Defined benefit obligation | 85.22 | 8.44 | (0.07) | **93.59** |
| Provision for warranty | 23.35 | 0.45 | - | **23.80** |
| Business losses (including unabsorbed depreciation) * | 24.92 | 62.39 | 0.07 | **87.38** |
| | - | - | - | - |

*** 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.

**32. Preference Share Capital**

**(A) Details of Preference Share Capital** *(Rs. in lakhs )*

| Particulars | As on March 31, 2018 | | As on March 31, 2017 | |
|---|---|---|---|---|
| | No. of shares | Rupees | No. of shares | Rupees |
| **a) Authorised share capital** | | | | |
| Preference Shares of Rs. 10 each. | 62,000,000 | 6,200.00 | 52,000,000 | 5,200.00 |
| **b) Issued, subscribed and fully paid:** | | | | |
| 10% Non Cummulative, Optionally Redeemable Compulsory Convertible Preference Shares of Rs. 10 each | 52,000,000 | 5,200.00 | - | - |
| 0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares of Rs. 10 each | 10,000,000 | 1,000.00 | 10,000,000 | 1,000.00 |
| 8% Cumulative Optionally Convertible, Redeemable Preference Shares of Rs. 10 each | - | - | 2,000,000 | 200.00 |
| 8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares of Rs. 10 each | - | - | 20,000,000 | 2,000.00 |
| 10% Non Cummulative, Non Convertible Non Participating Redeemable Preference Shares of Rs. 10 each | - | - | 20,000,000 | 2,000.00 |
| **Total** | **62,000,000** | **6,200.00** | **52,000,000** | **5,200.00** |

**i) Reconciliation of the number of Preference shares and amount outstanding at the beginning and at the end of the reporting period:**

*(Rs. in lakhs )*

| Particulars | No. of shares | Rupees |
|---|---|---|
| **8% Cumulative Optionally Convertible Redeemable Preference Shares** | | |
| **Balance as at March 31, 2016** | 20,000,000 | 2,000.00 |
| Fresh issue | - | - |
| **Balance as at March 31, 2017** | 20,000,000 | 2,000.00 |
| Less : Reclassified during the year* | (20,000,000) | (2,000.00) |
| **Balance as at March 31, 2018** | **-** | **-** |
| **0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares of Rs. 10 each** | | |
| **Balance as at March 31, 2016** | 10,000,000 | 1,000.00 |
| Fresh issue | - | - |
| **Balance as at March 31, 2017** | 10,000,000 | 1,000.00 |
| Fresh issue | - | - |
| **Balance as at March 31, 2018** | **10,000,000** | **1,000.00** |
| **10% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares of Rs. 10 each** | | |
| **Balance as at March 31, 2016** | 20,000,000 | 2,000.00 |
| Fresh issue | - | |
| **Balance as at March 31, 2017** | 20,000,000 | 2,000.00 |
| Less : Reclassified during the year* | (20,000,000) | (2,000.00) |
| **Balance as at March 31, 2018** | **-** | **-** |
| **10% Non Cummulative, Non-convertible, Non Partcipating Redeemable preference shares of Rs. 10 each.** | | |
| **Balance as at March 31, 2016** | - | - |
| Fresh issue | 2,000,000 | 200.00 |
| **Balance as at March 31, 2017** | 2,000,000 | 200.00 |
| Less : Reclassified during the year* | (2,000,000) | |
| **Balance as at March 31, 2018** | **-** | **200.00** |
| **10% Non Cummulative, Optionally Redeemable Compulsory Convertible Preference Shares of Rs. 10 each** | | |
| **Balance as at March 31, 2016** | - | - |
| Fresh issue | - | - |
| **Balance as at March 31, 2017** | - | - |
| Add: Fresh issue | 10,000,000 | 1,000.00 |
| Add : Reclassified during the year* | 42,000,000 | 4,200.00 |
| **Balance as at March 31, 2018** | **52,000,000** | **5,200.00** |

* Note: The terms of the Preference Shares has changed during the year to 10% Non-Cumulative, Optionally Redeemable at par at the option of the Company, Compulsory Convertible at Par if not redeemed upto March 31, 2030. Due to Change in terms, Preference shares which were earlier classified as Debt and Compound Financial Instruments have been reclassified to "other equity".

**32. Preference Share Capital (Contd...)**

**(i) 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.

**(ii) Rights attached to 10% Non Cummulative, Optionally Redeemable Compulsory Convertible Preference Shares.***
a) The preference shares shall be Redeemed at the option of the Company at par in accordance with Section 55 of the Companies Act, 2013 out of profits available for distribution as dividend or out of fresh issue of shares made for the purpose of redemption.
b) Entitled for 10% dividend on preferential basis.
c) Voting Right only for matters which directly affects the rights attached to Preference shares.

**(iii) 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.

**(iv) Rights attached to 10% Non Cummulative, Optionally Redeemable Compulsory Convertible Preference Shares.**
a) The preference shares are optionally redeemable at face value at the option of company and if not reedemeed are compulsorily convertible.
b) Entitled for 10% dividend on preferential basis.
c) Voting Right only for matters which directly affects the rights attached to Preference shares.

**iv) Details of Preference shares held by each shareholder holding more than 5% shares:** *(Rs. in lakhs )*

| Particulars | No. of shares held | % of holding |
|---|---|---|
| **As at March 31, 2018** | | |
| **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% |
| **10% Non Cummulative, Optionally Redeemable Compulsory Convertible Preference Shares.** | | |
| Forbes & Company Limited, the Holding company | 50,000,000 | 96.15% |
| **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% |

*Note: The terms of the Preference Shares has changed during the year to 10% Non-Cumulative, Optionally Redeemable at par at the option of the Company, Compulsory Convertible at Par if not redeemed upto March 31, 2030. Due to Change in terms, Preference shares which were earlier classified as Debt and Compound Financial Instruments have been reclassified to "other equity".

**32. 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 2016-2017).

**Details of Compound Financial Instruments:** *(Rs. in lakhs )*

| Particulars | As at 31-Mar-18 | As at 31-Mar-17 |
|---|---|---|
| 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. | 1,000.00 | 1,000.00 |
| 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. | - | 500.00 |
| 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. | - | 500.00 |
| 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. | - | 500.00 |
| 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. | - | 200.00 |
| 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. | - | 300.00 |

**For Preference Shares Issued prior to March 31, 2016:** *(Rs. in lakhs )*

| Particulars | As at 31-Mar-18 | As at 31-Mar-17 |
|---|---|---|
| Proceeds from issue | 1,000.00 | 1,000.00 |
| Liability component at the date of issue | 105.58 | 105.58 |
| **Equity Component** | **894.42** | **894.42** |
| | | |
| **Liability component (included in "Non-current borrowings" (note 12))** | **105.58** | **105.58** |
| | | |
| **Interest accrued as at the beginning of the year** | **124.79** | **100.11** |
| Interest charged calculated at an effective interest rate of 8% | 25.77 | 24.68 |
| Interest paid | - | |
| **Interest accrued as at the end of the year (included in "Non-current borrowings" (note 12))** | **150.56** | **124.79** |

**For Preference Shares Issued in 2016-2017:** *(Rs. in lakhs )*

| Particulars | As at 31-Mar-18 | As at 31-Mar-17 |
|---|---|---|
| Proceeds from issue | - | 2,000.00 |
| Liability component at the date of issue | - | 296.98 |
| **Equity Component *** | **-** | **1,703.02** |
| | | |
| **Liability component (included in "Non-current borrowings" (note 12))** | **-** | **296.98** |
| | | |
| **Interest accrued as at the beginning of the year** | 3.46 | - |
| Interest charged calculated at an effective interest rate of 10% | 13.54 | 3.46 |
| Interest reclassified to other equity | (17.00) | - |
| **Interest accrued as at the end of the year (included in "Non-current borrowings" (note 12))** | **-** | **3.46** |

*Note: The terms of the compound financial instruments issued in 2016-17 has changed during the year to 10% Non-Cumulative, Optionally Redeemable at par at the option of the Company, Compulsory Convertible at Par if not redeemed upto March 31, 2030. Due to Change in terms, Preference shares which were earlier classified as Compound Financial Instruments have been reclassified to "other equity".

**33. Note on Going Concern:**

The Company has incurred a net loss of Rs.1,240.46 lakhs during the current year and, the Company's current liabilities exceeded its current assets by Rs.1,860 lakhs as at the March 31, 2018. The Company has accumulated losses of Rs. 8,222.23 lakhs and the net worth has been substantially eroded as at March 31, 2018. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The continuity of the operations of the Company is dependent upon the continued operational and financial support of the Holding Company namely Forbes and Company Limited. Based on such operational and financial support, Financial statements have been prepared on a going concern basis.

**34. Events after the reporting period:**

No Material events have occurred after the Balance Sheet Date and upto the approval of Financial Statements.

**35. Approval of Financial Statements**

Financial statements were approved on May 3, 2018 by the board of directors.

**36. Previous year figures**

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**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 Dady Poonawala__________________
Director

Mr. Ajay Singh ______________________________
Director

Mr. Vijay K. Lahoti __________________________
Chief Financial Officer

Ms. Rupa Khanna ________________________________
Company Secretary

Place : Mumbai
Date : May 3, 2018

Lux Aqua Czech s.r.o

(a Subsidiary Company of Lux Professional International GmbH)

Financial Statements

For the year ended March 31, 2018

KPMG

**KPMG AG**
**Audit**
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CH-8036 Zurich

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Independent practitioner's review report to the Board of Directors of

**Lux Aqua Czech s.r.o., Prague (Czech Republic)**

We have reviewed the accompanying financial information of Lux Aqua Czech s.r.o, which comprise the balance sheet as at 31 December 2017, 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 2017 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 2017, 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).

KPMG AG

Roman Wenk

Roman Wenk

Y. Lingg

Yvonne Lingg

Zurich, 7 March 2018

*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 | 2017 CZK | 2017 INR Lakhs | 2016 CZK | 2016 INR Lakhs |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and bank balances | 2,084,000 | 62.18 | 2,134,000 | 56.44 |
| Cash in transit | - | - | - | - |
| Restricted Cash in general | - | - | - | - |
| Marketable securities (short-term) | - | - | - | - |
| Restricted marketable securities in general | - | - | - | - |
| Short-term deposits (< 90 days) | - | - | - | - |
| TOTAL CASH & - EQUIVALENT | 2,084,000 | 62.18 | 2,134,000 | 56.44 |
| Total Trade receivables gross | 947,000 | 28.26 | 266,000 | 7.03 |
| Total Other receivables TP gross | 1,000 | 0.03 | 3,000 | 0.08 |
| *Less bad debts allowances* | (57,000) | (1.70) | (1,000) | (0.03) |
| Total Other receivables TP net | 891,000 | 26.59 | 268,000 | 7.08 |
| Receivables RP gross | - | - | - | - |
| *Less bad debts allowances RP* | - | - | - | - |
| TOTAL RECEIV. NET RP | - | - | - | - |
| Receivables IC gross | - | - | 14,000 | 0.37 |
| *Less bad debts allowances IC* | - | - | - | - |
| TOTAL RECEIV. NET IC | - | - | 14,000 | 0.37 |
| Total Hire Purchase short-term gross | - | - | - | - |
| Total Short Credits | - | - | - | - |
| *Less provision for unearned Hire-Purchase* | - | - | - | - |
| *Less bad debts allowances* | - | - | - | - |
| Refundable Sales Tax | 86,000 | 2.57 | 57,000 | 1.51 |
| TOTAL RECEIVABLES NET | 86,000 | 2.57 | 57,000 | 1.51 |
| TOTAL RECEIVABLES | 977,000 | 29.16 | 339,000 | 8.96 |
| Raw Materials | - | - | - | - |
| Semi finished products | - | - | - | - |
| Finished products gross | 5,402,000 | 161.18 | 2,525,000 | 66.78 |
| *Less inventory allowances finished products* | - | - | - | - |
| Demo Units | - | - | - | - |
| Aeroguard | - | - | - | - |
| *Less inventory allowances Aeroguard* | - | - | - | - |
| Goods in transit | 1,967,000 | 58.69 | - | - |
| *Less inventory allowances Others* | - | - | - | - |
| TOTAL INVENTORIES NET | 7,369,000 | 219.87 | 2,525,000 | 66.78 |
| Accrued income & Prepaym. TP | 931,000 | 27.78 | 379,000 | 10.02 |
| Accrued income & Prepaym. RP | - | - | - | - |
| Accrued income & Prepaym. IC | - | - | - | - |
| TOTAL ACCR. INCOME & PREPAYM. | 931,000 | 27.78 | 379,000 | 10.02 |
| TOTAL CURRENT ASSETS | 11,361,000 | 338.99 | 5,377,000 | 142.20 |
| 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. | - | - | - | - |
| Plant & Machinery | 8,396,000 | 250.51 | 605,000 | 16.00 |
| Plant & Machinery (finance lease) | - | - | - | - |
| Motor vehicles | 742,000 | 22.14 | 476,000 | 12.59 |
| Land and Buildings | - | - | - | - |
| Improvements | - | - | - | - |
| Leasehold improvements | - | - | - | - |
| Other equipment | - | - | - | - |
| TOTAL FIXED TANGIBLE ASSETS | 9,138,000 | 272.65 | 1,081,000 | 28.59 |
| Patents, labels and licences | - | - | - | - |
| Goodwill / Badwill | - | - | - | - |
| Other intangible assets | - | - | - | - |
| TOTAL INTANGIBLE ASSETS | - | - | - | - |
| Deferred tax assets | - | - | - | - |
| TOTAL NON-CURRENT ASSETS | 9,138,000 | 272.65 | 1,081,000 | 28.59 |
| TOTAL | 20,499,000 | 611.64 | 6,458,000 | 170.79 |

Lux Aqua Czech s.r.o
Balance Sheet

| PARTICULARS | 2017 CZK | 2017 INR Lakhs | 2016 CZK | 2016 INR Lakhs |
|---|---|---|---|---|
| **Liabilities & Equity** | | | | |
| Bank overdrafts | - | - | - | - |
| Bank liabilities - due within 1 year | - | - | - | - |
| Cash in transit | - | - | - | - |
| BANK OVERDRAFTS | - | - | - | - |
| Current liabilities from refinancing | - | - | - | - |
| Current liabilities accounts external | 2,715,000 | 81.01 | 1,624,000 | 42.95 |
| Cur. liab. against public instit./ health insurance | 256,000 | 7.64 | 152,000 | 4.02 |
| Value added tax (VAT) payable | - | - | - | - |
| Withholding tax payable | - | - | - | - |
| Social security premiums | 196,000 | 5.85 | 114,000 | 3.01 |
| Income tax liabilities | 60,000 | 1.79 | 38,000 | 1.00 |
| Current liabilities against employees / salesforce | 547,000 | 16.32 | 193,000 | 5.10 |
| Commissions for agents | - | - | - | - |
| Personnel | 547,000 | 16.32 | 193,000 | 5.10 |
| Other current liabilities TP | 50,000 | 1.49 | 9,000 | 0.24 |
| Advances from customer | - | - | - | - |
| Current liabilities accounts RP | - | - | - | - |
| Current liabilities accounts IC | 229,000 | 6.83 | 43,000 | 1.14 |
| CURRENT LIABILITIES | 3,797,000 | 113.29 | 2,021,000 | 53.45 |
| Accrued exp. and prepaid income TP | 92,000 | 2.75 | 14,000 | 0.37 |
| Accrued exp. and prepaid income RP | - | - | - | - |
| Accrued exp. and prepaid income IC | - | - | - | - |
| TOTAL ACCRUED EXP. AND PREP. INCOME | 92,000 | 2.75 | 14,000 | 0.37 |
| Provision for restructuring (short-term) | - | - | - | - |
| Provision for human resource (short-term) | 227,000 | 6.77 | 108,000 | 2.86 |
| Provision for taxes (short-term) | - | - | - | - |
| Other provision (short-term) | - | - | - | - |
| TOTAL PROVISIONS (short-term) | 227,000 | 6.77 | 108,000 | 2.86 |
| TOTAL CURRENT LIABILITIES | 4,116,000 | 122.81 | 2,143,000 | 56.68 |
| 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) | 457,000 | 13.64 | - | - |
| Other non-current liabilities TP | - | - | - | - |
| Shareholder loans | - | - | - | - |
| Finance lease liability (long-term) | - | - | - | - |
| Long-term loans payable RP | - | - | - | - |
| Long-term loans payable IC | 2,601,000 | 77.61 | 2,086,000 | 55.17 |
| Other long-term liabilities | - | - | - | - |
| OTHER NON-CURRENT LIABILITIES | 3,058,000 | 91.25 | 2,086,000 | 55.17 |
| Deferred tax liabilities | - | - | - | - |
| TOTAL NON-CURRENT LIABILITIES | 3,058,000 | 91.25 | 2,086,000 | 55.17 |
| Share capital | 1,000,000 | 26.45 | 1,000,000 | 26.45 |
| Capital reserves | 27,600,000 | 806.55 | 5,000,000 | 132.24 |
| Revenue Reserves | - | - | - | - |
| Equity Bond | - | - | - | - |
| Reserves for own shares | - | - | - | - |
| Revaluation reserves | - | - | - | - |
| Untaxed reserves | - | - | - | - |
| Minority interests: equity ./. result | - | - | - | - |
| Minority interests: result current period | - | - | - | - |
| Retained earnings | - | - | - | - |
| FCTR | - | (6.81) | - | 3.36 |
| Profit (Loss) | (15,275,000) | (428.61) | (3,771,000) | (103.11) |
| rounding difference / CTA | - | - | - | - |
| Total equity | 13,325,000 | 397.58 | 2,229,000 | 58.94 |
| TOTAL | 20,499,000 | 611.64 | 6,458,000 | 170.79 |
| | - | - | - | - |

Lux Aqua Czech s.r.o
Profit & Loss Statement

| PARTICULARS | 2017 CZK | 2017 INR Lakhs | 2016 CZK | 2016 INR Lakhs |
|---|---|---|---|---|
| Gross Sales Products, external | 967,000 | 27.36 | 337,000 | 9.21 |
| Sales - Direct Sales - Cash - to TP | - | - | - | - |
| Sales - Direct Sales - Invoice/short credit - to TI | 967,000 | 27 | 337,000 | 9.21 |
| 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 | - | - | - | - |
| Rental income | 4,605,000 | 130.29 | - | - |
| Returns Products, external | - | - | - | - |
| Reserve for bad debts - TP (not CDS) | (56,000) | (1.58) | (1,000) | (0.03) |
| Loss on receivables - TP | - | - | - | - |
| **Net Sales,External** | **5,516,000** | **156.07** | **336,000** | **9.18** |
| - Net Sales, Sales to Group -> AC03-A | 40,000 | 1.13 | - | - |
| - Net Sales, Sales to Related parties -> AC03-/ | - | - | - | - |
| - Returns from Group -> AC03-A | - | - | - | - |
| - Returns from Related parties -> AC03-A | - | - | - | - |
| **Net Sales,Total** | **5,556,000** | **157.20** | **336,000** | **9.18** |
| Landed Cost - external | (1,712,000) | (48.44) | (123,000) | (3.36) |
| Cost Direct Sales ex Factory | (493,000) | (13.95) | - | - |
| Cost After Sales Filter/Dustbags ex Factory | - | - | - | - |
| Cost AMC ex Factory | - | - | - | - |
| Freight & transportation, demurrage | - | - | - | - |
| Duties | - | - | - | - |
| Landes Cost of rented unites | (1,219,000) | (34.49) | - | - |
| **Gross Profit,External** | **3,844,000** | **108.76** | **213,000** | **5.82** |
| Landed Cost Sales to Group -> AC03-A | (42,000) | (1.19) | - | - |
| Landed Cost Sales to Related parties -> AC03-. | - | - | - | - |
| **Gross Profit,Internal** | **3,802,000** | **107.57** | **213,000** | **5.82** |
| Other revenue | - | - | - | - |
| 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** | **3,802,000** | **107.57** | **213,000** | **5.82** |
| SALES | | | | |
| Salesmen, remuneration variable to sales | (1,624,000) | (45.95) | (185,000) | (5.06) |
| Salesmen, remuneration non-variable to sales | (2,120,000) | (59.98) | (425,000) | (11.62) |
| Salesmen, vehicles and transport exp | (1,110,000) | (31.41) | (236,000) | (6.45) |
| **TOTAL SALESMEN** | **(4,854,000)** | **(137.34)** | **(846,000)** | **(23.13)** |
| Sales management, variable to sales | (269,000) | (7.61) | - | - |
| Sales management, non-variable to sales | (1,639,000) | (46.37) | (723,000) | (19.77) |
| Sales management, vehicle and transport exp | (266,000) | (7.53) | (103,000) | (2.82) |
| Sales management, travel exp | (44,000) | (1.24) | (5,000) | (0.14) |
| **TOTAL SALES MANAGEMENT** | **(2,218,000)** | **(62.75)** | **(831,000)** | **(22.73)** |
| Telemarketing Staff | (513,000) | (14.51) | (25,000) | (0.68) |
| Telemarketing Management | - | - | - | - |
| Telemarketing Telephone exp | (11,000) | (0.31) | (2,000) | (0.05) |
| Telemarketing Income from Salesmen | - | - | - | - |
| **TOTAL TELEMARKETING** | **(524,000)** | **(14.82)** | **(27,000)** | **(0.73)** |
| Lead Staff | - | - | - | - |
| Other Lead expenses | (70,000) | (1.98) | - | - |
| **TOTAL LEAD EXPENSES** | **(70,000)** | **(1.98)** | - | - |
| Sales Administration Staff Branch Offices | - | - | - | - |
| Premises Branch Offices | (84,000) | (2.38) | - | - |
| Trade fair Expenses | - | - | - | - |
| Incentive/SP for Salesmen & Management | - | - | - | - |
| Postage, Telephone | (40,000) | (1.13) | (12,000) | (0.33) |
| Advertising and PR | (615,000) | (17.40) | (183,000) | (5.00) |
| Demo and other Sales Expenses | (129,000) | (3.65) | (256,000) | (7.00) |
| Recruitment / training | (506,000) | (14.32) | (35,000) | (0.96) |
| Delivery exp to customers | - | - | - | - |
| Guarantee result | - | - | - | - |
| Guarantee costs - spareparts | - | - | - | - |
| Guarantee costs - other | - | - | - | - |
| Guarantee income - allowance from supplier | - | - | - | - |

Lux Aqua Czech s.r.o
Profit & Loss Statement

| PARTICULARS | 2017 CZK | 2017 INR Lakhs | 2016 CZK | 2016 INR Lakhs |
|---|---|---|---|---|
| **TOTAL OTHER SALES EXPENSES** | **(1,374,000)** | **(38.88)** | **(486,000)** | **(13.29)** |
| **TOTAL SALES EXPENSES** | **(9,040,000)** | **(255.77)** | **(2,190,000)** | **(59.88)** |
| Administration Staff | (751,000) | (21.25) | (115,000) | (3.14) |
| Administration, travel exp | (177,000) | (5.01) | (31,000) | (0.85) |
| **TOTAL ADMIN STAFF** | **(928,000)** | **(26.26)** | **(146,000)** | **(3.99)** |
| Premises | (395,000) | (11.18) | (141,000) | (3.85) |
| Machinery and equipment | - | - | - | - |
| Postage, Telephone | (20,000) | (0.57) | (10,000) | (0.27) |
| Consultancy | (156,000) | (4.41) | (50,000) | (1.37) |
| Audit fees | - | - | - | - |
| Insurance | (83,000) | (2.35) | (19,000) | (0.52) |
| Other Administration expenses | (61,000) | (1.73) | (93,000) | (2.54) |
| Pension Expenses | - | - | - | - |
| **TOTAL ADMIN OTHERS** | **(715,000)** | **(20.24)** | **(313,000)** | **(8.55)** |
| Technical Customer Service exp | (3,083,000) | (87.23) | (903,000) | (24.69) |
| Technical Customer Service Income | - | - | - | - |
| TECH CUSTOMER SERVICE NET | **(3,083,000)** | **(87.23)** | **(903,000)** | **(24.69)** |
| LOGISTIC | (215,000) | (6.08) | (78,000) | (2.13) |
| Inventory differences/Stock adjustm | - | - | - | - |
| IT | (294,000) | (8.32) | (183,000) | (5.00) |
| **TOTAL ADMIN EXPENSES** | **(5,235,000)** | **(148.13)** | **(1,623,000)** | **(44.36)** |
| Expenses for Services - Group -> AC03-A | - | - | - | - |
| Expenses for Services - Rel. Parties -> AC03-A | - | - | - | - |
| **LUX OPERATING RESULT BEFORE CDS** | **(10,473,000)** | **(296.33)** | **(3,600,000)** | **(98.42)** |
| 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 Net | - | - | - | - |
| **LUX OPERATING RESULT I** | **(10,473,000)** | **(296.33)** | **(3,600,000)** | **(98.42)** |
| EXTRAORD. OPERATING EXPENSE / INCOME | - | | | |
| Exchange diff. real. | (35,000) | (0.99) | (35,000) | (0.96) |
| Exchange diff. unreal. | 737,000 | 20.85 | (39,000) | (1.07) |
| Prior period adjustment | (5,000) | (0.14) | - | - |
| Restructuring reserves / expenses | - | - | - | - |
| Royalties to Group (expense) -> AC03-A | (193,000) | (5.46) | - | - |
| 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 | (50,000) | (1.41) | - | - |
| Release of provisions | - | - | - | - |
| Extraordinary Expenses | - | - | - | - |
| Extraordinary Income | - | - | - | - |
| TOT. EXTRAORD. OPER. EXP./ INC | **454,000** | **12.85** | **(74,000)** | **(2.03)** |
| **LUX OPERATING RESULT II** | **(10,019,000)** | **(283.48)** | **(3,674,000)** | **(100.45)** |
| Depreciations fixed assets | (1,019,000) | (28.83) | (54,000) | (1.48) |
| Amortizations intang assets | - | - | - | - |
| **LUX OPERATING RESULT III** | **(11,038,000)** | **(312.31)** | **(3,728,000)** | **(101.93)** |
| Interest income Group -> AC03-A | - | - | - | - |
| Interest expenses Group -> AC03-A | (424,000) | (12.00) | (35,000) | (0.96) |
| Interest income related parties -> AC03-A | - | - | - | - |
| Interest expenses related parties -> AC03-A | - | - | - | - |
| Interest income, external | - | - | - | - |
| Interest expenses, external | (2,000) | (0.06) | - | - |

**Lux Aqua Czech s.r.o**
**Profit & Loss Statement**

| PARTICULARS | 2017 | | 2016 | |
|---|---|---|---|---|
| | CZK | INR Lakhs | CZK | INR Lakhs |
| Bank fees | (40,000) | (1.13) | (8,000) | (0.22) |
| **TOTAL FINANCIAL RESULT** | **(466,000)** | **(13.19)** | **(43,000)** | **(1.18)** |
| **LUX RESULT PRE TAX** | **(11,504,000)** | **(325.50)** | **(3,771,000)** | **(103.11)** |
| Total Taxes | - | - | - | - |
| Income taxes | - | - | - | - |
| Local Sales tax | - | - | - | - |
| Witholding tax (interest, royalties) | - | - | - | - |
| Deferred taxes | - | - | - | - |
| Changes tax provisions | - | - | - | - |
| **LUX NET RESULT** | **(11,504,000)** | **(325.50)** | **(3,771,000)** | **(103.11)** |

## Significant accounting policies of Lux Group and other explanatory information of LUX AQUA CZECH S.R.O. (CZECH REPUBLIC)

### Basis of preparation and explanatory information

The financial information of Lux Aqua Czech s.r.o. (Czech Republic) 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 Lux Aqua Czech s.r.o. (Czech Republic) 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 2017, and its financial performances. The financial information may, therefore not be suitable for another purposes.

### 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 course of 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 recoverable amount.

**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.

**Independent Auditors' Report issued on the**
**2017**
**Simplified Annual Financial Statements**
**of Lux Aqua Hungária Kft.**

## Independent Auditors' Report

To the member of Lux Aqua Hungária Kft.

*Qualified Opinion*

We have audited the 2017 simplified annual financial statements of Lux Aqua Hungária Kft. (hereinafter referred to as "the Company"), which comprise the balance sheet as at 31 December 2017, which shows total assets of THUF 533,071 and loss after tax for the year of THUF 56,443, and the income statement for the year then ended, and supplementary notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the potential effects on the simplified annual financial statements of the matters referred to in the Basis for Qualified Opinion paragraph, the accompanying simplified annual financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, 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 Qualified Opinion*

On 31 December 2015 the Company acquired the Aqua division and recorded THUF 149,189 goodwill arising from the transaction. In the simplified annual financial statements the carrying amount of the goodwill less ordinary depreciation as of 31 December 2017 totals THUF 119,351. For lack of documentation serving as audit evidence appropriately supporting the recovery of goodwill, no audit procedures could be performed which would have ensured obtaining sufficient appropriate audit evidence as to the valuation of the goodwill. Consequently, we were not able to determine whether any adjustments might be necessary to the amounts of Intangible assets and Other expenses in the income statement as of 31 December 2017.

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 for the purposes of our audit of the simplified annual financial statements, as provided in applicable laws in force in Hungary, "The Policy on Rules of Conduct (Ethics) of the Audit Profession and on Disciplinary Procedures" of the Chamber of Hungarian Auditors, as well as with respect to issues not covered by these, in the "Code of Ethics for Professional Accountants" issued by the International Ethics Standards Board for Accountants (the IESBA Code), 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 qualified opinion.

*Responsibilities of Management and Those Charged with Governance for the Simplified Annual Financial Statements*

Management is responsible for the preparation and fair presentation of the simplified 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 simplified annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the simplified annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern; and, management is responsible for preparing the simplified annual financial statements on a going concern basis. Valuation made by management shall be based on the principle of going concern, unless the use of this principle is precluded by any provision, or if any fact or circumstance prevails, which precludes the Company to continue as a going concern.

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 reasonably be expected to influence the economic decisions of users taken on the basis of these simplified 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 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 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 for the preparation of the simplified annual financial statements 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. 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 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 that we identify during our audit.

Budapest, 30 April 2018

KPMG Hungária Kft.

Registration number: 000202

Zoltán Varga
*Partner, Professional Accountant*
Registration number: 007320

**LUX AQUA HUNGARIA KFT.**

**Simplified Annual Report**
**Simplified Balance Sheet**

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | 31-12-2016 | 31-12-2016 | 31-12-2015 | 31-12-2015 |
| | HUF | INR Lakhs | HUF | INR Lakhs |
| **ASSETS** | | | | |
| **FIXED ASSETS** | **419,775,000** | **1,031.39** | **329,422,000** | **758.36** |
| Intangible Assets | 119,382,000 | 293.32 | 134,270,000 | 309.10 |
| Tangible Assets | 300,393,000 | 738.07 | 195,152,000 | 449.26 |
| Long Term Financial assets | - | - | - | - |
| **CURRENT ASSETS** | **112,876,000** | **277.34** | **128,757,000** | **296.41** |
| Stocks | 71,483,000 | 175.63 | 95,000,000 | 218.70 |
| Receivables | 21,590,000 | 53.05 | 23,354,000 | 53.76 |
| Securities | - | - | - | - |
| Cash and Bank | 19,803,000 | 48.66 | 10,403,000 | 23.95 |
| **PREPAYMENTS** | 420,000 | 1.03 | 409,000 | 0.94 |
| **TOTAL ASSETS** | **533,071,000** | **1,309.76** | **458,588,000** | **1,055.72** |
| **LIABILITIES** | | | | |
| **EQUITY** | **13,986,000** | **42.78** | **20,429,000** | **42.09** |
| Share Capital | 60,000,000 | 138.47 | 60,000,000 | 138.47 |
| Unpaid Share Capital | - | - | - | - |
| Capital Reserve | - | - | - | - |
| Retained earnings | (89,571,000) | -206.54 | (7,736,000) | -17.75 |
| Allocated Reserves | 100,000,000 | 245.70 | 50,000,000 | 115.11 |
| Valuation Reserve | - | - | - | - |
| Profit Per Balance Sheet | (56,443,000) | -134.84 | (81,835,000) | -193.74 |
| **FOREIGN TRANSLATION RESERVE** | - | **-8.42** | - | **4.94** |
| **PROVISIONS** | **297,000** | **0.73** | **327,000** | **0.75** |
| **LIABILITIES** | **501,073,000** | **1,231.14** | **426,389,000** | **981.59** |
| Differed Liabilities | - | - | - | - |
| Long Term Liabilities | 410,000,000 | 1,007.37 | 320,000,000 | 736.67 |
| Short Term Liabilities | 91,073,000 | 223.77 | 106,389,000 | 244.92 |
| **ACCRUALS** | **17,715,000** | **43.53** | **11,443,000** | **26.34** |
| **TOTAL LIABILITIES** | **533,071,000** | **1,309.76** | **458,588,000** | **1,055.72** |
| | - | - | - | - |

**LUX AQUA HUNGARIA KFT.**

**Simplified Annual Report**
**Profit and Loss Statement**

| | 2017 | | 2016 | |
|---|---|---|---|---|
| | **HUF** | **INR Lakhs** | **HUF** | **INR Lakhs** |
| **Total Net Sales** | 352,173,000 | 841.34 | 181,415,000 | 429.48 |
| **Capit. Val. Of own perf.** | - | - | - | - |
| **Other Income** | 12,969,000 | 30.98 | 10,330,000 | 24.46 |
| of which: reversed loss of value | - | - | - | - |
| **Material type expenditures** | 231,640,000 | 553.39 | 137,477,000 | 325.46 |
| **Payments to Personnel** | 83,886,000 | 200.40 | 65,546,000 | 155.17 |
| **Depreciation** | 79,996,000 | 191.11 | 49,336,000 | 116.80 |
| **Other Expenditures** | 8,496,000 | 20.30 | 8,701,000 | 20.60 |
| of which: loss of value | 1,758,000 | 4.20 | 3,330,000 | 7.88 |
| **Operating Result** | **(38,876,000)** | **-92.87** | **(69,315,000)** | **-164.10** |
| Financial Incomes | 5,370,000 | 12.83 | 1,025,000 | 2.43 |
| Financial Expenses | 22,937,000 | 54.80 | 13,545,000 | 32.07 |
| **FINANCIAL RESULT** | **(17,567,000)** | **-41.97** | **(12,520,000)** | **-29.64** |
| **PROFIT BEFORE TAX** | **(56,443,000)** | **-134.84** | **(81,835,000)** | **-193.74** |
| Tax Liabilities | - | - | - | - |
| **PROFIT AFTER TAX** | **(56,443,000)** | **-134.84** | **(81,835,000)** | **-193.74** |

Lux Aqua Paraguay SA

(a wholly owned Subsidiary Company of Lux Professional International GmbH)

Financial Statements

For the year ended March 31, 2018

# AMARAL & ASOCIADOS

**REVIEW REPORT OF THE INDEPENDENT AUDITOR**

TO THE BOARD OF DIRECTORS OF
LUX AQUA PARAGUAY S.A.
ASUNCIÓN – PARAGUAY

*Introduction*

We have been engaged to review the accompanying balance sheet of LUX AQUA PARAGUAY S.A. as at 31 December 2017 and the related income statement for the year ending 31 December 2017. The Board of Directors is responsible for the preparation and presentation of this financial statements 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 Review*

We conducted our review in accordance with the International Standard on Review Engagements 2400, *Engagements to review financial statements.* A review of 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 Standards on Auditing and consequently does not enable 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 31 December 2017 and the related income statement for the year ending 31 December 2017 is not prepared, in all material respects, in accordance with Management Information Manual of Lux Group (Version 2011).

Exposure of balance VAT tax credit

At 31 December 2017 the balance of VAT tax credit amounting to Gs. 247 million is disclosed in the liabilitics account "Value added tax (VAT) payable". This classification was made by the Company based on instructions received from Lux Aqua International GmbH.

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Agustín Pio Barrios c/ Augusto Roa Bastos. Paraná Country Club. Hernandarias - Paraguay
(595-61) 579 134
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Differences of comparative amounts

There are differences between the prior year amounts exposed in the comparative figures of the balance sheet and the income statement for the year ended ot 31 December 2017 and the respective amounts included in the financial statements as at 31 December 2016, issued on March 31, 2017. The net difference of the amount of total assets and liabilities is Gs. 23 million, which was adjusted as a debit in the "Prior period adjustment" account of the income statement for the year ended 31 December 2017.

Amaral & Asociados

Carlos Amaral
Socio

31, January 2018

*Enclosure:*

Financial Information: Balance Sheet and Income Statement (Profit & Loss Statement).

LUX AQUA PARAGUAY S.A.

BALANCE SHEET

| | December, 31 | | | |
|---|---|---|---|---|
| **ASSETS** | **2017 (PYG)** | **2017 (INR Lakhs)** | **2016 (PYG)** | **2016 (INR Lakhs)** |
| **Current Assets** | | | | |
| Cash Balance | 2,279,800 | 0.26 | 2,688,516 | 0.31 |
| Balance With Banks | 37,343,527 | 4.18 | - | - |
| Investments - Temporary | - | - | - | - |
| Debtors | 61,104,555 | 6.84 | 21,415,580 | 2.48 |
| Less: Doubtful Debts | -1,300,901 | -0.15 | - | - |
| Advances | 287,416,696 | 32.19 | 236,979,370 | 27.44 |
| Inventories | 1,394,987,055 | 156.24 | 416,899,272 | 48.28 |
| Pre-Paid Expenses | 802,446 | 0.09 | 280,624 | 0.03 |
| **Total Current assets** | **1,782,633,178** | **199.65** | **678,263,362** | **78.54** |
| **Non current assets** | | | | |
| Accounts receivables - Net | - | - | - | - |
| Property, Plant and Equipment - Net | 813,298,343 | 91.09 | 240,581,513 | 27.86 |
| Intangible assets | - | - | - | - |
| Other assets | | | | |
| **Total Non current assets** | **813,298,343** | **91.09** | **240,581,513** | **27.86** |
| **Total Assets** | **2,595,931,521** | **290.74** | **918,844,875** | **106.40** |
| **Liabilities** | | | | |
| Trade Creditors | 582,957,176 | 65.29 | 1,022,456,430 | 118.40 |
| Other Creditors | - | - | - | - |
| Financial Debts | - | - | - | - |
| Tax, salaries and social security | 41,941,770 | 4.70 | 4,355,583 | 0.50 |
| Labour Obligations and social charges | - | - | - | - |
| Accumulated Expenses to pay | - | - | - | - |
| **Total Current liabilities** | **624,898,946** | **69.99** | **1,026,812,013** | **118.90** |
| Long Term Debts from related parties | 2,660,465,500 | 297.97 | - | - |
| Other Payables | - | - | - | - |
| Provision for Long term obligations | - | - | - | - |
| **Total Non current liabilities** | **2,660,465,500** | **297.97** | **-** | **-** |
| **Total Liabilities** | **3,285,364,446** | **367.96** | **1,026,812,013** | **118.90** |
| **EQUITY** | | | | |
| **Capital** | | | | |
| Capital | 100,000,000 | 11.58 | 100,000,000 | 11.58 |
| Reserves | | | | |
| Revaluation reserve | 9,249,981 | 1.04 | 555 | 0.00 |
| | **9,249,981** | **1.04** | **555** | **0.00** |
| Results | -207,967,693 | -24.08 | - | - |
| Result of the year | -590,715,213 | -66.16 | -207,967,693 | -24.13 |
| Foreign Currency Translation Reserve | - | 0.41 | - | 0.05 |
| | **-798,682,906** | **-89.83** | **-207,967,693** | **-24.08** |
| **Total Equity** | **-689,432,925** | **-77.22** | **-107,967,138** | **-12.50** |
| **Total Liabilities and Equity** | **2,595,931,521** | **290.74** | **918,844,875** | **106.40** |
| | - | - | - | - |

**Legal Representative**
**Lic.Jorge Luis Ramirez Diaz**
**C.I. 805.1.443.462.8**

**Shareholder**
**Ricardo R Ramallo G**

**Accountant**
**C P Olga C Preido**
**Caceres**
**Ruc 3.762.311**

**LUX AQUA PARAGUAY S.A.**

**INCOME STATEMENT**

| | | December, 31 | | | |
|---|---|---|---|---|---|
| | | **2017 (PYG)** | **2017 (INR Lakhs)** | **2016 (PYG)** | **2016 (INR Lakhs)** |
| Operating Income | 1 | 416,290,745 | 46.62 | 83,954,044 | 9.74 |
| Operating Costs | 2 | -41,458,448 | -4.64 | -9,947,569 | -1.15 |
| Other Income | 3 | - | - | - | - |
| **Gross result** | | **374,832,297** | **41.98** | **74,006,475** | **8.59** |
| Sales or Commercialisation Expenses | 4 | -478,619,768 | -53.61 | -101,206,903 | -11.74 |
| Administration Expenses | 5 | -388,421,032 | -43.50 | -180,765,359 | -20.97 |
| **Total Operating expenses** | | **-867,040,800** | **-97.11** | **-281,972,262** | **-32.72** |
| **Net operating income** | | **-492,208,503** | **-55.13** | **-207,965,787** | **-24.13** |
| Bank and Financial Expenses | 6 | -72,595,782 | -8.13 | - | - |
| Depreciation & Amortisation | 7 | -25,337,645 | -2.84 | -1,906 | -0.00 |
| Other Non Operating Income | 8 | -573,283 | -0.06 | - | - |
| **Result before income tax** | | **-590,715,213** | **-66.16** | **-207,967,693** | **-24.13** |
| Income tax | | | #REF! | | #REF! |
| **Net result** | | **-590,715,213** | **#REF!** | **-207,967,693** | **#REF!** |

**Legal Representative**
**Lic.Jorge Luis Ramirez Diaz**
**C.L 805.1.443.462.8**

**Shareholder**
**Ricardo R Ramallo G**

**Accountant**
**C P Olga C Preido**
**Caceres**
**Ruc 3.762.311**

| | December, 31 | | | |
|---|---|---|---|---|
| | **2017 (PYG)** | **2017 (INR Lakhs)** | **2016 (PYG)** | **2016 (INR Lakhs)** |
| **1. Operating Income** | | | | |
| **Sales of Merchandise -** | | | | |
| Sales of Merchandise Taxed by VAT | 68,945,662 | 7.72 | 39,103,720 | 4.54 |
| Sales of Merchandise exempt by VAT | - | - | - | - |
| Sales of Taxed Services | 36,364 | 0.00 | - | - |
| Rental Products | 354,700,171 | 39.73 | 44,850,324 | 5.20 |
| Sale of Spares and accessories | 2,247,274 | 0.25 | - | - |
| (-) Granted Discounts | -9,638,726 | -1.08 | - | - |
| (-) Returns | - | - | - | - |
| **Total Operating Income** | **416,290,745** | **46.62** | **83,954,044** | **9.74** |
| **2. Operative Costs** | | | | |
| Cost of Merchandise Taxed by VAT | - | - | - | - |
| Cost of Merchandise Exempt by VAT | -40,501,278 | -4.54 | -9,947,569 | -1.15 |
| Other Cost of Spare Parts | -957,170 | -0.11 | - | - |
| **Total Operative Costs** | **-41,458,448** | **-4.64** | **-9,947,569** | **-1.15** |
| **3. Other Income** | | | | |
| Earned Interests | - | - | - | - |
| Other Income on Sales | - | - | - | - |
| **Total Other Income** | **-** | **-** | **-** | **-** |
| **4. Sales or Commercialisation Expenses** | | | | |
| Salaries | -177,766,000 | -19.91 | -15,623,742 | -1.81 |
| Employee Contribution | -33,411,136 | -3.74 | -2,818,318 | -0.33 |
| Other Benefits to Staff | -26,184,900 | -2.93 | -1,423,393 | -0.17 |
| Prizes and Motivations to Staff | - | - | - | - |
| Vacations | - | - | - | - |
| Bonus | - | - | - | - |
| Paid Commission on Sales | -58,379,774 | -6.54 | -1,456,974 | -0.17 |
| Bonus Payment to Salesmen | - | - | - | - |
| Publicity and Propaganda | -26,012,926 | -2.91 | -8,823,636 | -1.02 |
| Paid Freight | - | - | - | - |
| Sales Vehicle Fuel | - | - | - | - |
| Sales Vehicle Repair | - | - | - | - |
| Other costs of sales vehicles | - | - | - | - |
| Training , Coaching | - | - | - | - |
| Other non deductible sales Expenses | - | - | - | - |
| Other Sales Expenses | -156,865,032 | -17.57 | -71,060,840 | -8.24 |
| **Total Sales or Commercialisation Expenses** | **-478,619,768** | **-53.61** | **-101,206,903** | **-11.74** |
| **5. Administration Expenses** | | | | |
| Wages & Salaries | -19,446,200 | -2.18 | - | - |
| Employer Contribution | -8,065,200 | -0.90 | - | - |
| Vacations - Administration | - | - | - | - |
| Bonus Administration | -1,321,667 | -0.15 | - | - |
| Family Bonus Administration | - | - | - | - |
| Paid Commissions | - | - | - | - |
| Other Benefits | - | - | - | - |
| Total Salaries and Other Remunaration | -28,833,067 | -3.23 | - | - |
| Superior Remuneration | -158,400,000 | -17.74 | - | - |
| Professional Fees | -132,856,956 | -14.88 | -153,690,400 | -17.83 |
| Rentals | -27,217,145 | -3.05 | - | - |
| Water, Electricity, Telephone & Internet | -3,485,801 | -0.39 | -6,685,911 | -0.78 |
| Mobility | - | - | - | - |
| Fuel and Lubricants | - | - | -30,000 | -0.00 |
| Repairs and Maintenance | -5,042,729 | -0.56 | -10,714,000 | -1.24 |
| Paid Insurance | -1,652,099 | -0.19 | - | - |
| Office Supplies | -4,342,938 | -0.49 | -9,188,821 | -1.07 |
| Expenses Paid Abroad | - | - | - | - |
| Judgements and Judicial Expenses | - | - | - | - |
| Collection Expenses | -1,300,900 | -0.15 | - | - |
| Low Inventories | - | - | - | - |
| General Expenses | - | - | - | - |
| External Audit Fees | - | - | - | - |
| Representation Expenses | -10,107,218 | -1.13 | - | - |
| Commercial Patents | - | - | - | - |
| Real Estate Tax | - | - | - | - |

| | | | | |
|---|---|---|---|---|
| VAT Deductible Cost | - | - | - | - |
| Fines and Recharges | - | - | - | - |
| Reserve of the Exercise | - | - | - | - |
| Tax on royalties,interests,freight and Insurance | - | - | - | - |
| Computing Expenses | - | - | - | - |
| Other Taxes | -15,182,179 | -1.70 | -456,227 | -0.05 |
| **Total Administration Expenses** | **-388,421,032** | **-43.50** | **-180,765,359** | **-20.97** |

| | December, 31 | | | |
|---|---|---|---|---|
| | **2017 (PYG)** | **2017 (INR Lakhs)** | **2016 (PYG)** | **2016 (INR lakhs)** |
| **6. Bank and Financial Expenses** | | | | |
| Interests to Bank and Financial Entities | -72,279,135 | -8.10 | - | - |
| Other Paid Interest | -2,873,056 | -0.32 | - | - |
| Result of Exchange Rate Difference | 2,556,409 | 0.29 | - | - |
| Royalties | - | - | - | - |
| **Total Bank and Financial Expenses** | **-72,595,782** | **-8.13** | **-** | **-** |
| **7. Depreciation and Amortisation of Assets** | | | | |
| Depreciations of the Exercise | -23,541,772 | -2.64 | -1,906 | -0.00 |
| Amortisations of the Exercise | -1,795,873 | -0.20 | - | - |
| **Total Depreciation and Amortisation** | **-25,337,645** | **-2.84** | **-1,906** | **-0.00** |
| **8. Other Non Operating Income** | | | | |
| Profit / Loss for Sale of Fixed Assets | -573,283 | -0.06 | - | - |
| Profit / Loss for Sale of Investment Sale | - | - | - | - |
| Other Income | - | - | - | - |
| **Total Other Non operating Income** | **-573,283** | **-0.06** | **-** | **-** |

# Lux Del Paraguay

(a Subsidiary Company of Forbes Lux International AG)

## Financial Statements

For the year ended December 31, 2017

AMARAL & ASOCIADOS

CONSULTORÍA DE NEGOCIOS Y AUDITORÍA

## C.05N Audit Report

**Independent Auditors' Report on Special Purpose Financial Information Prepared for Consolidation Purposes to KPMG, Zurich**

As requested in your instructions of Lux Group, we have audited, for purposes of your audit of the consolidated financial statements of Lux International AG, the accompanying special purpose financial information of Lux del Paraguay SA as of 31 December 2017 and for the year then ended of the accompanying financial reporting package of Lux International AG. This special purpose financial information has been prepared solely to enable Lux International AG to prepare its consolidated financial statements.

**Management's Responsibility for the Special Purpose Financial Information**

Management is responsible for the preparation of this special purpose financial information in accordance with policies and instructions contained in Lux International's accounting manual and for such internal control as management determines is necessary to enable the preparation of special purpose financial information that is free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on this special purpose financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial information is free from material misstatement. ***As requested by you, we planned and performed our audit using the materiality level specified in your instructions, which is different than the materiality level that we would have used had we been designing the audit to express an opinion on the special purpose financial information of the component alone.***

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the special purpose financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose financial information.

25 de mayo 1894 esq. Gral. Aquino. Asunción - Paraguay
(595-21) 202 760
Agustín Pio Barrios c/ Augusto Roa Bastos. Paraná Country Club. Hernandarias - Paraguay
(595-61) 579 134
www.amaral.com.py

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. ***The conclusions reached in forming our opinion are based on the component materiality level specified by you in the context of the audit of the consolidated financial statements of the group.***

**Opinion**

In our opinion, the accompanying special purpose financial information for Lux del Paraguay S.A. as of 31 December 2017 and for the year then ended has been prepared, in all material respects, in accordance with the policies and instructions contained in Lux International's accounting manual.

**Restriction on Use and Distribution**

This special purpose financial information has been prepared for purposes of providing information to Lux International AG to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial information is not a complete set of financial statements of Lux del Paraguay S.A. in accordance with Swiss GAAP FER and its not intended to present fairly, in all material respects the financial positions of de Lux del Paraguay S.A. as of 31 December 2017, and of its financial performance, and its cash flows for the year then ended in accordance with Swiss GAAP FER. The special purpose financial information may, therefore, not be suitable for another purpose.

This report is intended solely for KPMG, Zurich and should not be used by (or distributed to) other parties.

Name of responsible auditor: Carlos Amaral

Signature: ........................

Asunción, January 31, 2018

*Enclosure:*

- Financial information (Forms: balance sheet, income statement, statement of changes in equity, cash flow statement, ageing overview, intercompany specification, specification for related parties and notes)

LUX DEL PARAGUAY S.A.

BALANCE SHEET

| | December, 31 | | | |
|---|---|---|---|---|
| **ASSETS** | **2017 (PYG)** | **2017 (INR)** | **2016 (PYG)** | **2016 (INR)** |
| **Current Assets** | | | | |
| Cash Balance | 527,969,360 | 59.13 | 857,949,571 | 99.35 |
| Balance With Banks | 904,926,917 | 101.35 | 196,672,485 | 22.77 |
| Investments - Temporary | 103,524,850 | 11.59 | 1,524,437,265 | 176.53 |
| Debtors | 20,340,273,122 | 2,278.11 | 23,116,876,864 | 2,676.93 |
| Less: Doubtful Debts | -1,190,863,220 | -133.38 | -965,349,825 | -111.79 |
| Advances | 1,374,218,874 | 153.91 | 1,201,620,626 | 139.15 |
| Inventories | 8,328,994,681 | 932.85 | 7,894,109,242 | 914.14 |
| Pre-Paid Expenses | 229,050,208 | 25.65 | 570,368,727 | 66.05 |
| **Total Current assets** | **30,618,094,792** | **3,429.23** | **34,396,684,955** | **3,983.14** |
| **Non current assets** | | | | |
| Accounts receivables - Net | 366,094,322 | 41.00 | - | - |
| Property, Plant and Equipment - Net | 1,746,726,242 | 195.63 | 1,739,072,790 | 201.38 |
| Intangible assets | 2,500,000 | 0.28 | 2,500,000 | 0.29 |
| Other assets | | | | |
| **Total Non current assets** | **2,115,320,564** | **236.92** | **1,741,572,790** | **201.67** |
| **Total Assets** | **32,733,415,356** | **3,666.14** | **36,138,257,745** | **4,184.81** |
| **Liabilities** | | | | |
| Trade Creditors | 5,437,680,896 | 609.02 | 4,598,697,689 | 532.53 |
| Other Creditors | 261,723,620 | 29.31 | 188,612,426 | 21.84 |
| Financial Debts | 3,554,186,927 | 398.07 | 8,640,701,226 | 1,000.59 |
| Tax, salaries and social security | 594,757,458 | 66.61 | 1,257,052,326 | 145.57 |
| Labour Obligations and social charges | 726,062,375 | 81.32 | 1,212,036,052 | 140.35 |
| Accumulated Expenses to pay | 33,993,318 | 3.81 | 843,816,018 | 97.71 |
| **Total Current liabilities** | **10,608,404,594** | **1,188.14** | **16,740,915,737** | **1,938.60** |
| Long Term Debts from related parties | 16,969,568,000 | 1,900.59 | 12,679,563,236 | 1,468.29 |
| Other Payables | 8,737,435 | 0.98 | - | - |
| Provision for Long term obligations | 2,034,533 | 0.23 | 2,034,533 | 0.24 |
| **Total Non current liabilities** | **16,980,339,968** | **1,901.80** | **12,681,597,769** | **1,468.53** |
| **Total Liabilities** | **27,588,744,562** | **3,089.94** | **29,422,513,506** | **3,407.13** |
| **EQUITY** | | | | |
| **Capital** | | | | |
| Capital | 5,000,000,000 | 558.50 | 5,000,000,000 | 558.50 |
| Reserves | 643,470,823 | 71.88 | 636,635,104 | 71.11 |
| Revaluation reserve | 398,529,881 | 44.81 | 326,349,151 | 36.73 |
| | **1,042,000,704** | **116.69** | **962,984,255** | **107.84** |
| Results | 745,924,265 | 110.58 | 616,045,601 | 68.81 |
| Result of the year | -1,643,254,175 | -184.04 | 136,714,383 | 15.86 |
| Foreign Currency Translation Reserve | | -25.52 | | 26.67 |
| | **-897,329,910** | **-98.98** | **752,759,984** | **111.35** |
| **Total Equity** | **5,144,670,794** | **576.20** | **6,715,744,239** | **777.68** |
| **Total Liabilities and Equity** | **32,733,415,356** | **3,666.14** | **36,138,257,745** | **4,184.81** |
| | - | - | - | - |

**Manuel de Jesus Coronel Molina Legal Representative**

| **Shareholder pf Lux International AG** | **Shareholder Ruben G Ramallo E** | **Shareholder Ricardo R Ramallo G** | **Miguel Angel Gaona Toledo Accountant** |
|---|---|---|---|

LUX DEL PARAGUAY S.A.

INCOME STATEMENT

| | | December, 31 | | | |
|---|---|---|---|---|---|
| | | 2017 (PYG) | 2017 (INR) | 2016 (PYG) | 2016 (INR) |
| Operating Income | 1 | 28,056,519,169 | 3,142.33 | 31,030,635,928 | 3,600.33 |
| Operating Costs | 2 | -9,644,895,223 | -1,080.23 | -9,979,666,116 | -1,157.89 |
| Other Income | 3 | 6,851,221,239 | 767.34 | 7,865,429,730 | 912.59 |
| **Gross result** | | **25,262,845,185** | **2,829.44** | **28,916,399,542** | **3,355.03** |
| Sales or Commercialisation Expenses | 4 | -11,924,731,687 | -1,335.57 | -13,467,121,005 | -1,562.52 |
| Administration Expenses | 5 | -11,404,804,166 | -1,277.34 | -11,752,600,502 | -1,363.60 |
| **Total Operating expenses** | | **-23,329,535,853** | **-2,612.91** | **-25,219,721,507** | **-2,926.12** |
| **Net operating income** | | **1,933,309,332** | **216.53** | **3,696,678,035** | **428.91** |
| Bank and Financial Expenses | 6 | -3,106,958,140 | -347.98 | -2,686,934,352 | -311.75 |
| Depreciation & Amortisation | 7 | -469,314,520 | -52.56 | -471,850,199 | -54.75 |
| Other Non Operating Income | 8 | 36,654,597 | 4.11 | - | - |
| **Result before income tax** | | **-1,606,308,731** | **-179.91** | **537,893,484** | **62.41** |
| Income tax | | -36,945,444 | -4.14 | -401,179,101 | -46.55 |
| **Net result** | | **-1,643,254,175** | **-184.04** | **136,714,383** | **15.86** |

**Manuel de Jesus Coronel Molina Legal Representative**

**Shareholder**
**pf Lux International AG**

**Shareholder**
**Ruben G Ramallo E**

**Shareholder**
**Ricardo R Ramallo G**

**Miguel Angel**
**Gaona Toledo**
**Accountant**

| | December, 31 | | | |
|---|---|---|---|---|
| | 2017 (PYG) | 2017 (INR) | 2016 (PYG) | 2016 (INR) |
| **1. Operating Income** | | | | |
| **Sales of Merchandise -** | | | | |
| Sales of Merchandise Taxed by VAT | 31,716,671,643 | 3,552.27 | 34,179,842,414 | 3,965.72 |
| Sales of Merchandise exempt by VAT | 1,365,452 | 0.15 | 50,515,870 | 5.86 |
| Sales of Taxed Services | 493,827,646 | 55.31 | 518,896,122 | 60.20 |
| (-) Granted Discounts | -1,041,569,267 | -116.66 | -1,022,308,969 | -118.61 |
| (-) Returns | -3,113,776,305 | -348.74 | -2,696,309,509 | -312.84 |
| **Total Operating Income** | **28,056,519,169** | **3,142.33** | **31,030,635,928** | **3,600.33** |
| **2. Operative Costs** | | | | |
| Cost of Merchandise Taxed by VAT | -9,644,528,900 | -1,080.19 | -9,973,962,206 | -1,157.23 |
| Cost of Merchandise Exempt by VAT | -366,323 | -0.04 | -5,703,910 | -0.66 |
| **Total Operative Costs** | **-9,644,895,223** | **-1,080.23** | **-9,979,666,116** | **-1,157.89** |
| **3. Other Income** | | | | |
| Earned Interests | 6,039,391,879 | 676.41 | 6,787,451,374 | 787.51 |
| Other Income on Sales | 811,829,360 | 90.92 | 1,077,978,356 | 125.07 |
| **Total Other Income** | **6,851,221,239** | **767.34** | **7,865,429,730** | **912.59** |
| **4. Sales or Commercialisation Expenses** | | | | |
| Salaries and Jornals | -154,300,000 | -17.28 | -173,860,000 | -20.17 |
| Patronal Contribution | -1,144,078,512 | -128.14 | -1,303,103,539 | -151.19 |
| Other Benefits to Staff | -149,346,084 | -16.73 | -152,473,288 | -17.69 |
| Prizes and Motivations to Staff | -894,071,999 | -100.14 | -1,159,098,052 | -134.48 |
| Vacations | -446,939,382 | -50.06 | -421,734,653 | -48.93 |
| Bonus | -609,000,033 | -68.21 | -665,247,483 | -77.19 |
| Paid Commission on Sales | -5,826,458,569 | -652.56 | -6,333,268,500 | -734.82 |
| Bonus Payment to Salesmen | -684,335,000 | -76.65 | -813,670,000 | -94.41 |
| Publicity and Propaganda | -130,525,911 | -14.62 | -475,929,558 | -55.22 |
| Paid Freight | -60,606,211 | -6.79 | -58,840,671 | -6.83 |
| Sales Vehicle Fuel | -289,683,195 | -32.44 | -306,740,724 | -35.59 |
| Sales Vehicle Repair | -279,077,775 | -31.26 | -355,366,282 | -41.23 |
| Other costs of sales vehicles | -44,372,337 | -4.97 | -30,085,081 | -3.49 |
| Training , Coaching | -126,379,399 | -14.15 | -156,561,328 | -18.17 |
| Other non deductible sales Expenses | -362,718,892 | -40.62 | -571,743,814 | -66.34 |
| Other Sales Expenses | -722,838,388 | -80.96 | -489,398,032 | -56.78 |
| **Total Sales or Commercialisation Expenses** | **-11,924,731,687** | **-1,335.57** | **-13,467,121,005** | **-1,562.52** |
| **5. Administration Expenses** | | | | |
| Salaries and Jornals | -2,075,454,167 | -232.45 | -1,786,205,122 | -207.24 |
| Patronal Contribution | -777,766,532 | -87.11 | -706,391,162 | -81.96 |
| Vacations - Administration | -130,227,671 | -14.59 | -119,931,141 | -13.92 |
| Bonus Administration | -416,596,216 | -46.66 | -364,270,171 | -42.26 |
| Family Bonus Administration | -62,165,000 | -6.96 | -53,288,800 | -6.18 |
| Paid Commissions | -2,424,716,997 | -271.57 | -2,269,073,719 | -263.27 |
| Other Benefits | -91,089,343 | -10.20 | -115,513,920 | -13.40 |
| Total Salaries and Other Remunaration | -5,978,015,926 | -669.54 | -5,414,674,035 | -628.24 |
| Superior Remuneration | -1,154,399,994 | -129.29 | -1,301,624,991 | -151.02 |
| Professional Fees | -99,221,831 | -11.11 | -339,487,242 | -39.39 |
| Rentals | -510,711,161 | -57.20 | -569,857,230 | -66.12 |
| Water, Electricity, Telephone & Internet | -288,860,073 | -32.35 | -301,153,518 | -34.94 |
| Mobility | -631,425,449 | -70.72 | -857,122,925 | -99.45 |
| Fuel and Lubricants | -119,892,375 | -13.43 | -114,466,408 | -13.28 |
| Repairs and Maintenance | -101,788,625 | -11.40 | -132,866,499 | -15.42 |
| Paid Insurance | -154,030,210 | -17.25 | -170,395,488 | -19.77 |
| Office Supplies | -209,509,815 | -23.47 | -224,197,755 | -26.01 |
| Expenses Paid Abroad | -115,084,899 | -12.89 | -78,423,969 | -9.10 |
| Judgements and Judicial Expenses | - | - | -1,474,801 | -0.17 |
| Collection Expenses | -557,718,187 | -62.46 | -984,916,243 | -114.27 |
| Low Inventories | -130,801,528 | -14.65 | -234,619,107 | -27.22 |
| General Expenses | -331,330,377 | -37.11 | -351,751,870 | -40.81 |
| External Audit Fees | -68,865,315 | -7.71 | -43,303,577 | -5.02 |
| Uncorruptible Credits | -223,029,346 | -24.98 | -383,480,451 | -44.49 |
| Commercial Patents | -26,230,711 | -2.94 | -25,900,196 | -3.01 |
| Real Estate Tax | -4,940,700 | -0.55 | -4,769,100 | -0.55 |
| VAT Deductible Cost | -1,169,640 | -0.13 | -478,355 | -0.06 |
| Fines and Recharges | -155,663,443 | -17.43 | -658,702,492 | -76.43 |
| Reserve of the Exercise | -247,363,195 | -27.70 | 1,170,049,503 | 135.75 |
| Tax on royalties,interests,freight and Insurance | -46,840,538 | -5.25 | -468,950,025 | -54.41 |
| Computing Expenses | -247,910,828 | -27.77 | -260,033,728 | -30.17 |
| **Total Administration Expenses** | **-11,404,804,166** | **-1,277.34** | **-11,752,600,502** | **-1,363.60** |

| | December, 31 | | | |
|---|---|---|---|---|
| | 2017 (PYG) | 2017 (INR) | 2016 (PYG) | 2016 (INR) |
| **6. Bank and Financial Expenses** | | | | |
| Interests to Bank and Financial Entities | -2,015,994,442 | -225.79 | -2,048,560,939 | -237.68 |
| Result of Exchange Rate Difference | -587,959,815 | -65.85 | 327,521,153 | 38.00 |
| Royalties | -503,003,883 | -56.34 | -965,894,566 | -112.07 |
| **Total Bank and Financial Expenses** | **-3,106,958,140** | **-347.98** | **-2,686,934,352** | **-311.75** |
| **7. Depreciation and Amortisation of Assets** | | | | |
| Depreciations of the Exercise | -346,630,408 | -38.82 | -349,166,085 | -40.51 |
| Amortisations of the Exercise | -122,684,112 | -13.74 | -122,684,114 | -14.23 |
| **Total Depreciation and Amortisation** | **-469,314,520** | **-52.56** | **-471,850,199** | **-54.75** |
| **8. Other Non Operating Income** | | | | |
| Profit / Loss for Sale of Fixed Assets | 930,264 | 0.10 | - | - |
| Profit / Loss for Sale of Investment Sale | 641,637 | 0.07 | - | - |
| Other Income | 35,082,696 | 3.93 | - | - |
| **Total Other Non operating Income** | **36,654,597** | **4.11** | **-** | **-** |

**Cash Flow Statement**

| | December, 31 | | | |
|---|---|---|---|---|
| | 2017 (PYG) | 2017 (INR) | 2016 (PYG) | 2016 (INR) |
| **Cash Flow from Operarive Activities** | | | | |
| Net Sales ( Net Collections) | 40,253,782,699 | 4,508.42 | 33,824,144,839 | 3,788.30 |
| Payment to outside Providers (Net Payment) | -5,707,597,533 | -639.25 | -9,979,666,116 | -1,117.72 |
| Payment to Local Providers (Net Payment) | 59,399,544 | 6.65 | 982,349,982 | 110.02 |
| Cash paid to employees | -15,478,447,183 | -1,733.59 | -14,580,927,731 | -1,633.06 |
| Cash Generated (Used) for other operative activities | -12,276,179,575 | -1,374.93 | -15,899,883,522 | -1,780.79 |
| Tax Payment | -981,382,190 | -109.91 | 310,366,803 | 34.76 |
| **Net Cash for Operative activities** | **5,869,575,762** | **657.39** | **-5,343,615,745** | **-598.48** |
| **Cash Flow from Investment Activities** | | | | |
| Increase / ( Net Decrease) of Property plant and equipments | -404,787,242 | -45.34 | 862,762,379 | 96.63 |
| **Net Cash from Investment Activities** | **-404,787,242** | **-45.34** | **862,762,379** | **96.63** |
| **Cash Flow From Financing Activities** | | | | |
| Increase / ( Net Decrease) of Loans | -5,086,514,299 | -569.69 | 2,765,326,800 | 309.72 |
| **Net Cash from Financing Activities** | **-5,086,514,299** | **-569.69** | **2,765,326,800** | **309.72** |
| Effect of Profit or losses from Forex rates and Translation Reserves | - | -4.01 | - | 4.01 |
| Increase / Net Decrease of cash ans its equivalents | 378,274,221 | 38.36 | -1,715,526,566 | -188.13 |
| Cash and Cash Equivalents at the beginning of the period | 1,054,622,056 | 122.13 | 2,770,148,622 | 310.26 |
| **Cash and Cash Equivalents at the closure of the period** | **1,432,896,277** | **160.48** | **1,054,622,056** | **122.13** |

| | | | | |
|---|---|---|---|---|
| **Manuel de Jesus Coronel Molina Legal Representative** | **Shareholder**<br>**pf Lux International AG** | **Shareholder**<br>**Ruben G Ramallo E** | **Shareholder**<br>**Ricardo R Ramallo G** | **Miguel Angel**<br>**Gaona Toledo**<br>**Accountant** |

**Statement of Networth Change**

| Accounts | Capital Integrated PYG | Reserves - PYG | | | Results | | Networth |
|---|---|---|---|---|---|---|---|
| | | Legal | Of Revalue | Others | Accumulated | Of the Exercise | |
| Balance at the start of the year 2016 | 5,000,000,000 | 636,635,104 | 259,866,071 | - | 1,688,445,534 | -1,072,399,933 | 6,512,546,776 |
| Transfer to accumulated Reserves | - | - | - | - | -1,072,399,933 | 1,072,399,933 | - |
| Revalue Reserve | - | - | 66,483,080 | - | - | - | 66,483,080 |
| Exercise Result | - | - | - | - | - | 136,714,383 | 136,714,383 |
| Balance at the closing of the year 2016 and start of the year 2017 | 5,000,000,000 | 636,635,104 | 326,349,151 | - | 616,045,601 | 136,714,383 | 6,715,744,239 |
| Transfer to accumulated Reserves | - | - | - | - | 136,714,383 | -136,714,383 | - |
| Legal Reserve | - | 6,835,719 | - | - | -6,835,719 | - | - |
| Revalue Reserve | - | - | 72,180,730 | - | - | - | 72,180,730 |
| Exercise Result | - | - | - | - | - | -1,643,254,175 | -1,643,254,175 |
| Balance at the closing of the year 2017 | 5,000,000,000 | 643,470,823 | 398,529,881 | - | 745,924,265 | -1,643,254,175 | 5,144,670,794 |
| INR Lakhs | 558.50 | 71.88 | 44.81 | | 110.58 | -184.04 | 576.20 |

**Manuel de Jesus Coronel Molina Legal Representative**

**Shareholder**
**pf Lux International AG**

**Shareholder**
**Ruben G Ramallo E**

**Shareholder**
**Ricardo R Ramallo G**

**Miguel Angel**
**Gaona Toledo**
**Accountant**

Lux (Deutschland) GmbH

(a wholly owned Subsidiary Company of Lux International AG)

Financial Statements

For the year ended December 31, 2017

*The English language text below is a translation of the Auditors' Report on the 2017 statutory financial statements of Lux Deutschland GmbH provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation. This translation has been prepared solely for the information of the Member of Lux Deutschland GmbH and must not be distributed to any other party.*

# Auditor's report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Lux Deutschland GmbH, Fulda, for the financial year from 1 January to 31 December 2017. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code [HGB] and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a 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, complies with the German statutory requirements and, as a whole, provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Mainz, 23 April 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

| | |
|---|---|
| Zoller | Schröder |
| Wirtschaftsprüfer | Wirtschaftsprüfer |
| [German Public Auditor] | [German Public Auditor] |

**Lux Deutschland GmbH**
**Fulda**
**Balance Sheet at 31 December 2017**

**ASSETS**

| | 31-12-2017 | | 31-12-2016 | |
|---|---|---|---|---|
| | EUR | INR Lakhs | EUR | INR Lakhs |
| **A. Non-current assets** | | | | |
| I. Intangible assets | | | | |
| 1. Industrial protection rights and similar rights and assets purchased for consideration | 10,547 | 8.05 | 32,980 | 23.52 |
| II. Property, plant and equipment | | | | |
| 1. Other operational and office equipment | 197,675 | 150.87 | 104,394 | 74.44 |
| III. Financial assets | | | | |
| 1. Shares in affiliated entities | - | - | - | - |
| 2. Loans to affiliated entities | - | - | 2,000,000 | 1,426.07 |
| | 208,222 | 158.92 | 2,137,374 | 1,524.02 |
| **B. Current assets** | | | | |
| I. Inventories | | | | |
| 1. Trading stock | 308,558 | 235.50 | 287,989 | 205.35 |
| II. Receivables and other assets | | | | |
| 1. Trade accounts receivable | 2,401,471 | 1,832.84 | 3,020,344 | 2,153.61 |
| 2. Accounts receivable from affiliated entities | 1,737,154 | 1,325.82 | 1,344,797 | 958.89 |
| 3. Receivable from shareholder | 3,776,016 | 2,881.92 | 3,884,622 | 2,769.87 |
| 4. Other assets | 186,831 | 142.59 | 187,332 | 133.57 |
| | 8,101,472 | 6,183.17 | 8,437,095 | 6,015.94 |
| III. Cash on hand and and bank balances | 550,087 | 419.84 | 210,881 | 150.37 |
| | 8,960,117 | 6,838.50 | 8,935,965 | 6,371.66 |
| **C. Prepaid expenses and deferred charges** | 63,666 | 48.59 | 75,494 | 53.83 |
| **D. Deferred Tax Assets** | 4,440 | 3.39 | 4,980 | 3.55 |
| **TOTAL** | 9,236,445 | 7,049.40 | 11,153,813 | 7,953.06 |

**Shareholder equity and liabilities**

| | 31-12-2017 | | 31-12-2016 | |
|---|---|---|---|---|
| | EUR | INR Lakhs | EUR | INR Lakhs |
| **A. Shareholder equity** | | | | |
| I. Subscribed capital | 7,153,000 | 6,077.19 | 7,153,000 | 6,077.19 |
| II. Capital reserve | 23,470,000 | 19,423.57 | 19,470,000 | 16,370.70 |
| III. Earnings reserves | - | - | - | - |
| Other earnings reserves | 92,054 | 78.21 | 92,054 | 78.21 |
| IV. Accumulated net loss | (24,845,979) | (20,901.66) | (25,188,127) | (21,154.80) |
| V. Loss for the period | (4,786,591) | (3,547.39) | 342,148 | 253.14 |
| Foreign Currency Translation Reserve | | (303.75) | | (291.73) |
| | 1,082,485 | 826.17 | 1,869,075 | 1,332.72 |
| 1. Tax provisions | 94,525 | 72.14 | 94,525 | 67.40 |
| 2. Other provisions and accrued liabilities | 781,200 | 596.22 | 796,800 | 568.15 |
| | 875,725 | 668.37 | 891,325 | 635.55 |
| 1. Trade accounts payable | 56,174 | 42.87 | 187,152 | 133.45 |
| 2. Accounts payable to affiliated entities | 50,825 | 38.79 | 1,725 | 1.23 |
| 3. Accounts payable to shareholder | - | - | - | - |
| 4. Other liabilities | 6,935,147 | 5,293.02 | 7,955,441 | 5,672.51 |
| | 7,042,146 | 5,374.68 | 8,144,318 | 5,807.18 |
| **D. Deferred income** | 236,089 | 180.19 | 249,095 | 177.61 |
| **TOTAL** | 9,236,445 | 7,049.40 | 11,153,813 | 7,953.06 |

**Lux Deutschland GmbH**
**Fulda**
**Income statement for the year ended 31 December 2017**

| | | 31-12-2017 | | 31-12-2016 | |
|---|---|---|---|---|---|
| | | EUR | INR Lakhs | EUR | INR Lakhs |
| 1. | Sales revenue | 14,434,002 | 10,697.18 | 16,364,802 | 12,107.70 |
| 2 | Other operating income | 195,781 | 145.10 | 2,168,824 | 1,604.63 |
| 3. | Cost of materials | | | | |
| | a) Cost of purchased trading stock | 3,426,302 | 2,539.27 | 4,017,591 | 2,972.46 |
| 4. | Personnel expenses | | | | |
| | a) Wages and salaries | 3,612,699 | 2,677.41 | 3,931,392 | 2,908.69 |
| | b) Social security costs and expenses for retirement and support benefits -of which for retirement benefits: EUR 6,879.58, prior year: EUR 10,722.90) | 696,829 | 516.43 | 832,349 | 615.82 |
| 5. | Amortisation of intangible assets and depreciation of property, plant and equipment | 83,867 | 62.15 | 102,020 | 75.48 |
| 6. | Other operating expenses | 11,736,885 | 8,698.32 | 8,914,613 | 6,595.59 |
| 7. | Income from participatory interests –of which, from affiliated entities: EUR Nil (prior year: EUR 114,701.17)- | - | - | 114,701 | 84.86 |
| 8. | Income (prior year: loss) from a profit or loss transfer agreement | - | - | 1,609 | 1.19 |
| 9. | Other interest and similar income –of which, from affiliated entities: EUR190,742.51(prior year: EUR 66,280.84)-- | 580,924 | 430.53 | 536,100 | 396.64 |
| 10. | Interest and similar expenses –of which, from affiliated entities EUR 4,551.12 (prior year: EUR 1,311.49)- | 438,846 | 325.23 | 789,857 | 584.39 |
| 11 | Taxes on income | (540) | (0.40) | (254,000) | (187.93) |
| 12 | Profit after tax | (4,785,261) | (3,546.40) | 344,214 | 254.67 |
| 13 | Other taxes | (1,330) | (0.99) | (2,066) | (1.53) |
| 14 | Gain (prior year: Loss) for the period | (4,786,591) | (3,547.39) | 342,148 | 253.14 |

Lux Hungaria Kereskedelmi. Kft

(a wholly owned Subsidiary Company of Lux (Deutschland) GmbH)

Financial Statements

For the year ended December 31, 2017

KPMG Hungária Kft.
Váci út 31.
H-1134 Budapest
Hungary

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## Independent Auditors' Report

To the member of Lux Hungária Kft.

*Opinion*

We have audited the 2017 annual financial statements of Lux Hungária Kft. (hereinafter referred to as "the Company"), which comprise the balance sheet as at 31 December 2017, which shows total assets of THUF 2,369,012 and profit after tax for the year of THUF 16,322, 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 2017, 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 for the purposes of our audit of the annual financial statements, as provided in applicable laws in force in Hungary, "The Policy on Rules of Conduct (Ethics) of the Audit Profession and on Disciplinary Procedures" of the Chamber of Hungarian Auditors, as well as with respect to issues not covered by these, in the "Code of Ethics for Professional Accountants" issued by the International Ethics Standards Board for Accountants (the IESBA Code), 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 2017 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, if any.
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.

Based on the Act on Accounting, 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.

In our opinion the 2017 business report of the Company is consistent, in all material respects, with the 2017 annual financial statements of the Company and the applicable provisions of the Act on Accounting.

There are no other legal requirements that are applicable to the business report of the Company, therefore, we do not express an opinion in this respects.

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 and disclosing, as applicable, matters related to going concern; and, management is responsible for preparing the annual financial statements on a going concern basis. Valuation made by management shall be based on the principle of going concern, unless the use of this principle is precluded by any provision, or if any fact or circumstance prevails, which precludes the Company to continue as a going concern.

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 economic 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 for the preparation of the annual financial statements 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, 24 April 2018

KPMG Hungária Kft.

Registration number: 000202

Zoltán Varga
*Partner, Professional Accountant*
Registration number: 007320

This is an English translation of the Independent Auditors' Report on the 2017 annual financial statements of Lux Hungária Kft. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete set of annual financial statements it refers to.

LUX HUNGÁRIA KFT.

BALANCE SHEET AS AT 31.12.2017

**ASSETS**

| | 31ST DEC 2017 HUF | 31ST DEC 2017 INR Lakhs | 31ST DEC 2016 HUF | 31ST DEC 2016 INR Lakhs |
|---|---|---|---|---|
| A. FIXED ASSETS AND INVESTMENTS | **422,475,000** | **1,038.02** | **431,344,000** | **993.00** |
| I. Intangible assets | 3,381,000 | 8.31 | - | - |
| 1 Capitalised costs of foundation and restructuring | - | - | - | - |
| 2 Capitalised costs of research and development | - | - | - | - |
| 3 Rights representing money | - | - | - | - |
| 4 Intellectual property | 3,381,000 | 8.31 | - | - |
| 5 Goodwill | - | - | - | - |
| 6 Advances on intangible assets | - | - | - | - |
| 7 Value adjustment of intangible assets | - | - | - | - |
| II. Tangible assets | **419,094,000** | **1,029.71** | **431,344,000** | **993.00** |
| 1 Land and buildings | 341,889,000 | 840.02 | 342,120,000 | 787.59 |
| 2 Technical equipment, machinery and vehicles | - | - | - | - |
| 3 Other equipment and fittings | 73,033,000 | 179.44 | 84,097,000 | 193.60 |
| 4 Breeders | - | - | - | - |
| 5 Construction-in-progress | 4,172,000 | 10.25 | 5,127,000 | 11.80 |
| 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 | **1,926,422,000** | **4,733.22** | **1,864,060,000** | **4,291.25** |
| I. Inventories | **545,822,000** | **1,341.08** | **549,383,000** | **1,264.73** |
| 1 Raw materials | 1,925,000 | 4.73 | 2,225,000 | 5.12 |
| 2 Semi-finished goods and work in progress | - | - | - | - |
| 3 Livestock | - | - | - | - |
| 4 Finished products | - | - | - | - |
| 5 Purchased goods | 543,897,000 | 1,336.35 | 547,158,000 | 1,259.61 |
| 6 Advances on inventories | - | - | - | - |
| II. Receivables | **1,369,859,000** | **3,365.74** | **1,301,123,000** | **2,995.32** |
| 1 Accounts receivable | 1,274,464,000 | 3,131.36 | 1,104,677,000 | 2,543.08 |
| 2 Receivables from related companies | 60,267,000 | 148.08 | 165,068,000 | 380.00 |
| 3 Receivables from other holding companies | - | - | - | - |
| 4 Bills receivable | - | - | - | - |
| 5 Other receivables | 35,128,000 | 86.31 | 31,378,000 | 72.24 |
| 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 | **10,741,000** | **26.39** | **13,554,000** | **31.20** |
| 1 Cash and cheques | 7,545,000 | 18.54 | 11,350,000 | 26.13 |
| 2 Bank deposits | 3,196,000 | 7.85 | 2,204,000 | 5.07 |
| C. PREPAYMENTS | **20,115,000** | **49.42** | **9,917,000** | **22.83** |
| 1 Prepayments on revenues | 19,210,000 | 47.20 | 8,525,000 | 19.63 |
| 2 Prepayments on costs and expenses | 905,000 | 2.22 | 1,392,000 | 3.20 |
| 3 Deferred expenses | - | - | - | - |
| TOTAL ASSETS | **2,369,012,000** | **5,820.66** | **2,305,321,000** | **5,307.08** |

**LIABILITIES**

| | 31ST DEC 2017 HUF | 31ST DEC 2017 INR | 31ST DEC 2016 HUF | 31ST DEC 2016 INR |
|---|---|---|---|---|
| D. EQUITY | 1,126,216,000 | 2,767.11 | 1,109,894,000 | 2,555.09 |
| I. Issued capital of which : repurchased own shares at nominal value | 30,000,000 | 85.96 | 30,000,000 | 85.96 |
| II. Issued unpaid capital (-) | - | - | - | - |
| III. Share premium | 123,496,000 | 353.87 | 123,496,000 | 353.87 |
| IV. Retained earnings | 956,398,000 | 2,823.56 | 1,039,968,000 | 3,021.40 |
| V. Tied-up reserves | - | - | - | - |
| VI. Valuation reserve | - | - | - | - |
| VII Net profit (loss) | 16,322,000 | 38.99 | (83,570,000) | (197.84) |
| Foreign Currency Translation Reserve | - | (535.27) | - | (708.30) |
| E. PROVISIONS | 10,325,000 | 25.37 | 10,678,000 | 24.58 |
| 1 Provision for contingent liabilities | 10,325,000 | 25.37 | 10,678,000 | 24.58 |
| 2 Provision for future liabilities | - | - | - | - |
| 3 Other provisions | - | - | - | - |
| F. LIABILITIES | 1,153,032,000 | 2,833.00 | 1,123,593,000 | 2,586.62 |
| 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 | 73,278,000 | 180.04 | 54,858,000 | 126.29 |
| 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 | 55,000,000 | 135.14 | 30,000,000 | 69.06 |
| 7 Long-term liabilities to other holding companies | - | - | - | - |
| 8 Other long-term liabilities | 18,278,000 | 44.91 | 24,858,000 | 57.23 |
| II Current liabilities | 1,079,754,000 | 2,652.96 | 1,068,735,000 | 2,460.33 |
| 1 Short-term borrowings | - | - | - | - |
| out of this: convertible bonds | - | - | - | - |
| 2 Short-term credits | 835,564,000 | 2,052.98 | 805,647,000 | 1,854.68 |
| 3 Advances from customers | - | - | - | - |
| 4 Accounts payable | 83,020,000 | 203.98 | 75,597,000 | 174.03 |
| 5 Bills payable | - | - | - | - |
| 6 Short-term liabilities to related companies | 19,341,000 | 47.52 | 42,523,000 | 97.89 |
| 7 Short-term liabilities to other holding companies | - | - | - | - |
| 8 Other short-term liabilities | 141,829,000 | 348.47 | 144,968,000 | 333.73 |
| G. ACCRUALS | 79,439,000 | 195.18 | 61,156,000 | 140.79 |
| 1 Accrued income | - | - | - | - |
| 2 Accrued expenses | 79,439,000 | 195.18 | 61,156,000 | 140.79 |
| 3 Deferred income | - | - | - | - |
| TOTAL EQUITY AND LIABILITIES | 2,369,012,000 | 5,820.66 | 2,305,321,000 | 5,307.08 |

Budapest, 24 April 2018

| | | | |
|---|---|---|---|
| - | - | - | - |

LUX HUNGÁRIA KFT.

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

| | | | 2017 | | 2016 | |
|---|---|---|---|---|---|---|
| | | | HUF | INR Lakhs | HUF | INR Lakhs |
| | | 1. Domestic sales | 3,427,303,000 | 8,187.83 | 2,960,617,000 | 7,008.96 |
| | | 2. Export sales | 54,594,000 | 130.43 | 76,064,000 | 180.07 |
| | I. | Total sales | 3,481,897,000 | 8,318.25 | 3,036,681,000 | 7,189.04 |
| | | 3. Changes in self-manufactured inventories | - | - | - | - |
| | | 4. Capitalised value of self-manufactured assets | - | - | - | - |
| | II. | Capitalised value of own production | - | - | - | - |
| | III. | Other income | 23,370,000 | 55.83 | 12,687,000 | 30.04 |
| | | out of this: value loss recovered | 1,505,000 | 3.60 | 3,573,000 | 8.46 |
| | | 5. Costs of raw material | 152,132,000 | 363.44 | 140,436,000 | 332.47 |
| | | 6. Value of material-type services used | 1,167,894,000 | 2,790.10 | 835,073,000 | 1,976.95 |
| | | 7. Value of other service | 47,482,000 | 113.43 | 44,162,000 | 104.55 |
| | | 8. Costs of goods sold | 1,081,310,000 | 2,583.25 | 991,237,000 | 2,346.65 |
| | | 9. Value of services sold (intermediated) | 50,421,000 | 120.46 | 25,030,000 | 59.26 |
| | IV. | Material-type expenditures | 2,499,239,000 | 5,970.68 | 2,035,938,000 | 4,819.88 |
| | | 10. Wages and salaries | 568,801,000 | 1,358.87 | 612,934,000 | 1,451.06 |
| | | 11. Other payroll related costs | 123,902,000 | 296.00 | 150,051,000 | 355.23 |
| | | 12. Social security contribution | 145,785,000 | 348.28 | 185,080,000 | 438.16 |
| | V. | Payroll and related expenditures | 838,488,000 | 2,003.15 | 948,065,000 | 2,244.45 |
| | VI. | Depreciation | 25,427,000 | 60.75 | 24,297,000 | 57.52 |
| | VII. | Other expenses | 108,511,000 | 259.23 | 106,018,000 | 250.99 |
| | | out of this: value loss | 4,677,000 | 11.17 | 5,559,000 | 13.16 |
| A. | | **OPERATING RESULT** | **33,602,000** | **80.28** | **(64,950,000)** | **(153.76)** |
| | | 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) | 427,000 | 1.02 | 429,000 | 1.02 |
| | | out of this: from related companies | - | - | - | - |
| | | 17. Other revenues of financial transactions | 5,650,000 | 13.50 | 7,431,000 | 17.59 |
| | | out of this: revaluation difference | - | - | - | - |
| | VIII. | Revenues from financial activities | 6,077,000 | 14.52 | 7,860,000 | 18.61 |
| | | 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 | 18,787,000 | 44.88 | 22,894,000 | 54.20 |
| | | out of this: given to related companies | - | - | - | - |
| | | 21. Value loss of business shares, securities and bank deposits | - | - | - | - |
| | | 21. Other expenses of financial transactions | 4,570,000 | 10.92 | 3,586,000 | 8.49 |
| | | out of this: revaluation difference | - | - | - | - |
| | IX. | Total expenses of financial transactions | 23,357,000 | 55.80 | 26,480,000 | 62.69 |
| B. | | **INCOME (LOSS) ON FINANCIAL ACTIVITIES** | (17,280,000) | (41.28) | (18,620,000) | (44.08) |
| C | | **PROFIT BEFORE TAX** | **16,322,000** | **38.99** | **(83,570,000)** | **(197.84)** |
| | XII. | Tax liability | - | - | - | - |
| D | | **NET PROFIT (LOSS) FOR PERIOD** | **16,322,000** | **38.99** | **(83,570,000)** | **(197.84)** |

Budapest, 24 April 2018

Lux International Services & Logistics GmbH (Formerly: Lux Service GmbH)

(a Subsidiary of Lux International AG)

Financial Statements

For the year ended December 31, 2017

KPMG AG
Audit
Badenerstrasse 172
CH-8004 Zurich

P.O. Box
CH-8036 Zurich

Telephone +41 58 249 31 31
Fax +41 58 249 44 06
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Independent practitioner's review report to the Board of Directors of

**Lux International Services & Logistics GmbH, Fulda (Germany)**

---

We have reviewed the accompanying financial information of Lux International Services & Logistics GmbH, which comprise the balance sheet as at 31 December 2017, 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 2017 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 International Services & Logistics 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 2017, 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).

KPMG AG

Roman Wenk

Yvonne Lingg

Zurich, 7 March 2018

*Enclosure:*
- Financial information (balance sheet, income statement and a summary of significant accounting policies and other explanatory information (on pages 1 to 4))

**Lux International Services & Logistics GmbH, Fulda (Germany)**
Balance Sheet

| PARTICULARS | 2017 TEUR | 2017 INR Lakhs | 2016 TEUR | 2016 INR Lakhs |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and bank balances | 7 | 5.34 | 38 | 27.10 |
| Cash in transit | - | - | - | - |
| Restricted Cash in general | - | - | - | - |
| Marketable securities (short-term) | - | - | - | - |
| Restricted marketable securities in general | - | - | - | - |
| Short-term deposits (< 90 days) | - | - | - | - |
| TOTAL CASH & - EQUIVALENT | 7 | 5.34 | 38 | 27.10 |
| Total Trade receivables gross | 194 | 148.06 | 497 | 354.38 |
| Total Other receivables TP gross | - | - | 4 | 2.85 |
| *Less bad debts allowances* | (22) | (16.79) | - | - |
| Total Other receivables TP net | 172 | 131.27 | 501 | 357.23 |
| Receivables RP gross | - | - | - | - |
| *Less bad debts allowances RP* | - | - | - | - |
| TOTAL RECEIV. NET RP | - | - | - | - |
| Receivables IC gross | 436 | 332.76 | 256 | 182.54 |
| *Less bad debts allowances IC* | - | - | - | - |
| TOTAL RECEIV. NET IC | 436 | 332.76 | 256 | 182.54 |
| 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 | 608 | 464.04 | 757 | 539.77 |
| Raw Materials | - | - | - | - |
| Semi finished products | - | - | - | - |
| Finished products gross | 1,919 | 1,464.61 | 2,403 | 1,713.42 |
| *Less inventory allowances finished products* | (318) | (242.70) | (209) | (149.02) |
| Demo Units | - | - | - | - |
| Aeroguard | 431 | 328.95 | 814 | 580.41 |
| *Less inventory allowances Aeroguard* | (45) | (34.34) | (15) | (10.70) |
| Goods in transit | 335 | 255.68 | - | - |
| *Less inventory allowances Others* | - | - | - | - |
| TOTAL INVENTORIES NET | 2,322 | 1,772.19 | 2,993 | 2,134.11 |
| Accrued income & Prepaym. TP | 20 | 15.26 | 31 | 22.10 |
| Accrued income & Prepaym. RP | - | - | - | - |
| Accrued income & Prepaym. IC | - | - | - | - |
| TOTAL ACCR. INCOME & PREPAYM. | 20 | 15.26 | 31 | 22.10 |
| TOTAL CURRENT ASSETS | 2,957 | 2,256.83 | 3,819 | 2,723.08 |
| 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 con* | - | - | - | - |
| TOTAL INVESTMENTS IN COMPANIES IC & RP | - | - | - | - |
| TOTAL FINANCIAL ASSETS | - | - | - | - |
| TREASURY SHARES | - | - | - | - |
| Furniture, fixtures & office equipm. | 18 | 13.74 | 20 | 14.26 |
| Plant & Machinery | - | - | - | - |
| Plant & Machinery (finance lease) | - | - | - | - |
| Motor vehicles | - | - | - | - |
| Land and Buildings | - | - | - | - |
| Improvements | - | - | - | - |
| Leasehold improvements | - | - | - | - |
| Other equipment | 66 | 50.37 | 48 | 34.23 |
| TOTAL FIXED TANGIBLE ASSETS | 84 | 64.11 | 68 | 48.49 |
| Patents, labels and licences | 1 | 0.76 | 238 | 169.70 |
| Goodwill / Badwill | - | - | - | - |
| Other intangible assets | - | - | - | - |
| TOTAL INTANGIBLE ASSETS | 1 | 0.76 | 238 | 169.70 |
| Deferred tax assets | - | - | - | - |
| TOTAL NON-CURRENT ASSETS | 85 | 64.87 | 306 | 218.19 |

**Lux International Services & Logistics GmbH, Fulda (Germany)**

Balance Sheet

| PARTICULARS | 2017 TEUR | 2017 INR Lakhs | 2016 TEUR | 2016 INR Lakhs |
|---|---|---|---|---|
| TOTAL | 3,042 | 2,321.70 | 4,125 | 2,941.27 |
| **Liabilities & Equity** | | | | |
| Bank overdrafts | - | - | - | - |
| Bank liabilities - due within 1 year | - | - | - | - |
| Cash in transit | 5 | 3.82 | - | - |
| BANK OVERDRAFTS | 5 | 3.82 | - | - |
| Current liabilities from refinancing | - | - | - | - |
| Current liabilities accounts external | 473 | 361.00 | 818 | 583.26 |
| Cur. liab. against public instit./ health insura | 100 | 76.32 | 29 | 20.68 |
| Value added tax (VAT) payable | 59 | 45.03 | - | - |
| Withholding tax payable | 41 | 31.29 | 29 | 20.68 |
| Social security premiums | - | - | - | - |
| Income tax liabilities | - | - | - | - |
| Current liabilities against employees / salesf | - | - | - | - |
| Commissions for agents | - | - | - | - |
| Personnel | - | - | - | - |
| Other current liabilities TP | 44 | 33.58 | 288 | 205.35 |
| Advances from customer | - | - | - | - |
| Current liabilities accounts RP | - | - | - | - |
| Current liabilities accounts IC | 1,989 | 1,518.04 | 1,457 | 1,038.89 |
| CURRENT LIABILITIES | 2,606 | 1,988.94 | 2,592 | 1,848.19 |
| 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) | 309 | 235.83 | 135 | 96.26 |
| Provision for taxes (short-term) | | - | - | - |
| Other provision (short-term) | 69 | 52.66 | 51 | 36.36 |
| TOTAL PROVISIONS (short-term) | 378 | 288.50 | 186 | 132.62 |
| TOTAL CURRENT LIABILITIES | 2,989 | 2,281.25 | 2,778 | 1,980.81 |
| 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 | 247.42 |
| Other long-term liabilities | - | - | - | - |
| OTHER NON-CURRENT LIABILITIES | - | - | 347 | 247.42 |
| Deferred tax liabilities | | - | | - |
| TOTAL NON-CURRENT LIABILITIES | - | - | 347 | 247.42 |
| Share capital | 25 | 18.45 | 25 | 18.45 |
| Capital reserves | 975 | 744.14 | 975 | 695.21 |
| Revenue Reserves | | - | | - |
| Equity Bond | | - | | - |
| Reserves for own shares | | - | | - |
| Revaluation reserves | | - | | - |
| Untaxed reserves | | - | | - |
| Minority interests: equity ./. result | | - | | - |
| Minority interests: result current period | | - | | - |
| Retained earnings | | - | | - |
| FCTR | | (20.30) | | (0.62) |
| Profit (Loss) | (947) | (701.83) | - | - |
| rounding difference / CTA | | - | | - |
| Total equity | 53 | 40.45 | 1,000 | 713.04 |
| TOTAL | 3,042 | 2,321.70 | 4,125 | 2,941.27 |
| | - | - | - | - |

**Lux International Services & Logistics GmbH, Fulda (Germany)**

Profit & Loss Statement

| PARTICULARS | 2017 | | 2016 | |
|---|---|---|---|---|
| | TEUR | INR - lakhs | TEUR | INR - Lakhs |
| Gross Sales Products, external | 2,294 | 1,700.11 | 1,689 | 1,249.63 |
| 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** | **2,294** | **1,700.11** | **1,689** | **1,249.63** |
| - Net Sales, Sales to Group -> AC03-A | 7,095 | 5,258.18 | 6,934 | 5,130.20 |
| - Net Sales, Sales to Related parties -> AC03-A | - | - | - | - |
| - Returns from Group -> AC03-A | - | - | - | - |
| - Returns from Related parties -> AC03-A | - | - | - | - |
| **Net Sales,Total** | **9,389** | **6,958.28** | **8,623** | **6,379.83** |
| Landed Cost | (8,722) | (6,463.96) | (8,133) | (6,017.30) |
| Cost Direct Sales ex Factory | - | - | - | - |
| Cost After Sales Filter/Dustbags ex Factory | - | - | - | - |
| Cost AMC ex Factory | - | - | - | - |
| Freight & transportation, demurrage | - | - | - | - |
| Duties | - | - | - | - |
| **Gross Profit,External** | **667** | **494.32** | **490** | **362.53** |
| Landed Cost Sales to Group -> AC03-A | | - | | - |
| Landed Cost Sales to Related parties -> AC03-A | - | - | - | - |
| **Gross Profit,Internal** | **667** | **494.32** | **490** | **362.53** |
| Other revenue | 1,733 | 1,284.34 | 1,628 | 1,204.50 |
| 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** | **2,400** | **1,778.66** | **2,118** | **1,567.03** |
| Salesmen, remuneration variable to sales | - | - | - | - |
| Salesmen, remuneration non-variable to sales | - | - | - | - |
| Salesmen, vehicles and transport exp | - | - | - | - |
| **TOTAL SALESMEN** | **-** | **-** | **-** | **-** |
| Sales management, variable to sales | - | - | - | - |
| Sales management, non-variable to sales | - | - | - | - |
| Sales management, vehicle and transport exp | - | - | - | - |
| Sales management, travel exp | - | - | - | - |
| **TOTAL SALES MANAGEMENT** | **-** | **-** | **-** | **-** |
| Telemarketing Staff | - | - | - | - |
| Telemarketing Management | - | - | - | - |
| Telemarketing Telephone exp | - | - | - | - |
| Telemarketing Income from Salesmen | - | - | - | - |
| **TOTAL TELEMARKETING** | **-** | **-** | **-** | **-** |
| Sales Administration Staff Branch Offices | - | - | - | - |
| Premises Branch Offices | - | - | - | - |
| Trade fair Expenses | - | - | - | - |
| Incentive/SP for Salesmen & Management | - | - | - | - |
| Postage, Telephone | - | - | - | - |
| Advertising and PR | 1 | 0.74 | - | - |
| Demo and other Sales Expenses | (49) | (36.31) | - | - |
| Recruitment / training | (5) | (3.71) | - | - |
| Delivery exp to customers | (84) | (62.25) | - | - |
| **Guarantee result** | | - | - | - |
| Guarantee costs - spareparts | - | - | - | - |
| Guarantee costs - other | (14) | (10.38) | - | - |
| Guarantee income - allowance from supplier | 35 | 25.94 | - | - |
| **TOTAL OTHER SALES EXPENSES** | **(116)** | **(85.97)** | **-** | **-** |
| **TOTAL SALES EXPENSES** | **(116)** | **(85.97)** | **-** | **-** |

**Lux International Services & Logistics GmbH, Fulda (Germany)**

Profit & Loss Statement

| PARTICULARS | 2017 TEUR | 2017 INR - lakhs | 2016 TEUR | 2016 INR - Lakhs |
|---|---|---|---|---|
| Administration Staff | (958) | (709.98) | (887) | (656.26) |
| Administration, travel exp | (3) | (2.22) | (2) | (1.48) |
| **TOTAL ADMIN STAFF** | **(961)** | **(712.21)** | **(889)** | **(657.74)** |
| Premises | (77) | (57.07) | (75) | (55.49) |
| Machinery and equipment | (67) | (49.65) | (64) | (47.35) |
| Postage, Telephone | (16) | (11.86) | (12) | (8.88) |
| Consultancy | (9) | (6.67) | (2) | (1.48) |
| Audit fees | - | - | - | - |
| Insurance | (7) | (5.19) | (7) | (5.18) |
| Other Administration expenses | (18) | (13.34) | (24) | (17.76) |
| Pension Expenses | - | - | - | - |
| **TOTAL ADMIN OTHERS** | **(194)** | **(143.78)** | **(184)** | **(136.13)** |
| Technical Customer Service exp | (385) | (285.33) | (269) | (199.02) |
| Technical Customer Service Income | - | - | - | - |
| TECH CUSTOMER SERVICE NET | **(385)** | **(285.33)** | **(269)** | **(199.02)** |
| LOGISTIC | (376) | (278.66) | (328) | (242.67) |
| Inventory differences/Stock adjustm | (339) | (251.24) | (54) | (39.95) |
| IT | (341) | (252.72) | (349) | (258.21) |
| **TOTAL ADMIN EXPENSES** | **(2,596)** | **(1,923.92)** | **(2,073)** | **(1,533.73)** |
| Expenses for Services - Group -> AC03-A | - | - | - | - |
| Expenses for Services - Rel. Parties -> AC03-A | - | - | - | - |
| **LUX OPERATING RESULT BEFORE CDS** | **(312)** | **(231.23)** | **45** | **33.29** |
| 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 | (22) | (16.30) | - | - |
| Bad debts / real loss charge-off | - | - | - | - |
| Bad debts / release of reserves | - | - | - | - |
| Collection expenses / legal fees | (85) | (62.99) | - | - |
| Collector expenses | - | - | - | - |
| Cash to factoring comp | - | - | - | - |
| Other CDS income | - | - | - | - |
| Other CDS expense | - | - | - | - |
| CDS Result | **(107)** | **(79.30)** | - | - |
| Less : Calculated interest average AR CDS Netresult | | - | | - |
| **LUX OPERATING RESULT I** | **(419)** | **(310.53)** | **45** | **33.29** |
| EXTRAORD. OPERATING EXPENSE / INCOME | | | | |
| Exchange diff. real. | - | - | - | - |
| Exchange diff. unreal. | - | - | - | - |
| Prior period adjustment | (1) | (0.74) | (2) | (1.48) |
| Restructuring reserves / expenses | (4) | (2.96) | (28) | (20.72) |
| 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 | (520) | (385.38) | - | - |
| Release of provisions | 21 | 15.56 | 4 | 2.96 |
| Extraordinary Expenses | - | - | - | - |
| Extraordinary Income | - | - | - | - |
| TOT. EXTRAORD. OPER. EXP./ INC | **(504)** | **(373.52)** | **(26)** | **(19.24)** |
| **LUX OPERATING RESULT II** | **(923)** | **(684.04)** | **19** | **14.06** |
| Depreciations fixed assets | (19) | (14.08) | (11) | (8.14) |
| Amortizations intang assets | - | - | (1) | (0.74) |
| **LUX OPERATING RESULT III** | **(942)** | **(698.13)** | **7** | **5.18** |
| Interest income Group -> AC03-A | - | - | - | - |
| Interest expenses Group -> AC03-A | - | - | - | - |
| Interest income related parties -> AC03-A | - | - | - | - |
| Interest expenses related parties -> AC03-A | - | - | - | - |
| Interest income, external | - | - | - | - |
| Interest expenses, external | - | - | - | - |
| Bank fees | (5) | (3.71) | (7) | (5.18) |

## Lux International Services & Logistics GmbH, Fulda (Germany)

Profit & Loss Statement

| PARTICULARS | 2017 | | 2016 | |
|---|---|---|---|---|
| | TEUR | INR - lakhs | TEUR | INR - Lakhs |
| TOTAL FINANCIAL RESULT | (5) | (3.71) | (7) | (5.18) |
| LUX RESULT PRE TAX | (947) | (701.83) | - | - |
| Total Taxes | - | - | - | - |
| Income taxes | - | - | - | - |
| Local Sales tax | - | - | - | - |
| Witholding tax (interest, royalties) | - | - | - | - |
| Deferred taxes | - | - | - | - |
| Changes tax provisions | - | - | - | - |
| LUX NET RESULT | (947) | (701.83) | - | - |

## Significant accounting policies of Lux Group and other explanatory information of Lux International Services & Logistics GmbH, Fulda (Germany)

### Basis of preparation and explanatory information

The financial information of Lux International Services & Logistics GmbH, Fulda (Germany) 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 Lux International Services & Logistics GmbH, Fulda (Germany) 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 2017, and its financial performances. The financial information may, therefore not be suitable for another purposes.

### 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 course of 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 recoverable amount.

**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 International Services Kft

(a wholly owned Subsidiary Company of Lux International AG)

Financial Statements

For the year ended December 31, 2017

KPMG

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**Independent practitioner's review report**

To the Board of Directors of Lux international Services Kft.

We have reviewed the accompanying financial information of Lux International Kft., which comprises the balance sheet as at 31 December 2017 ("Balance Sheet column December") and the income statement for the year then ended ("Profit and Loss Statement column accumulated1-12 2017") of Lux Group.

*Management's Responsibility for the financial information*

Management is responsible for the preparation of this financial information in accordance with the accounting instructions of Lux Group, 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 accordance with the applicable accounting instructions of Lux Group. This standard also requires us to comply with relevant ethical requirements. A review of financial information in accordance with ISRE2400 (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 financial information as at and for the year ended 31 December 2017 is not prepared, in all material respects, in conformity with the accounting instructions of Lux Group.

*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 and for submission to Eureka Forbes Limited (India). As a result, the financial information is not a complete set of financial statements of Lux international Kft. in accordance with Swiss GAAP FER and is not intended to give a true and fair view of the financial position of Lux International Kft. as at 31 December 2017, and of its financial performance, and its cash flows for the year then ended in accordance with Swiss GAAP FER. The financial information may, therefore not be suitable for another purpose.
This report is intended solely for the Board of Directors of Lux International Kft for submission to Lux International AG (Switzerland) and Eureka Forbes Limited (India) and should not be used by (or distributed to) other parties.

Budapest, 2 February 2018
KPMG Hungária Kft.

Zoltán Varga
*Partner*

**Lux International Services Kft**
**Balance Sheet As on 31-12-2017**

| PARTICULARS | 2017 HUF | 2017 INR - Lakhs |
|---|---|---|
| **Assets** | | |
| Cash and bank balances | 3,681,000 | 9.04 |
| Cash in transit | | - |
| Restricted Cash in general | | - |
| Marketable securities (short-term) | | - |
| Restricted marketable securities in general | | - |
| Short-term deposits (< 90 days) | | - |
| **TOTAL CASH & - EQUIVALENT** | **3,681,000** | **9.04** |
| Total Trade receivables gross | | - |
| Total Other receivables TP gross | 5,378,000 | 13.21 |
| *Less bad debts allowances* | | - |
| Total Other receivables TP net | **5,378,000** | **13.21** |
| Receivables RP gross | | - |
| *Less bad debts allowances RP* | | - |
| TOTAL RECEIV. NET RP | - | - |
| Receivables IC gross | 19,952,000 | 49.02 |
| *Less bad debts allowances IC* | | - |
| TOTAL RECEIV. NET IC | **19,952,000** | **49.02** |
| 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** | **25,330,000** | **62.24** |
| Raw Materials | | - |
| Semi finished products | | - |
| Finished products gross | | - |
| *Less inventory allowances finished products* | | - |
| Demo Units | | - |
| Aeroguard | | - |
| *Less inventory allowances Aeroguard* | | - |
| Goods in transit | | - |
| *Less inventory allowances Others* | | - |
| **TOTAL INVENTORIES NET** | - | - |
| Accrued income & Prepaym. TP | | - |
| Accrued income & Prepaym. RP | | - |
| Accrued income & Prepaym. IC | | - |
| **TOTAL ACCR. INCOME & PREPAYM.** | - | - |
| **TOTAL CURRENT ASSETS** | **29,011,000** | **71.28** |
| 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 | | - |

Lux International Services Kft
Balance Sheet As on 31-12-2017

| PARTICULARS | 2017 HUF | 2017 INR - Lakhs |
|---|---|---|
| *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. | | - |
| Plant & Machinery | | - |
| Plant & Machinery (finance lease) | | - |
| Motor vehicles | | - |
| Land and Buildings | | - |
| Improvements | | - |
| Leasehold improvements | | - |
| Other equipment | | - |
| **TOTAL FIXED TANGIBLE ASSETS** | - | - |
| Patents, labels and licences | | - |
| Goodwill / Badwill | | - |
| Other intangible assets | | - |
| **TOTAL INTANGIBLE ASSETS** | - | - |
| Deferred tax assets | | - |
| **TOTAL NON-CURRENT ASSETS** | - | - |
| **TOTAL** | **29,011,000** | **71.28** |
| **Liabilities & Equity** | | |
| Bank overdrafts | | - |
| Bank liabilities - due within 1 year | | - |
| Cash in transit | | - |
| **BANK OVERDRAFTS** | - | - |
| Current liabilities from refinancing | | - |
| Current liabilities accounts external | 7,725,000 | 18.98 |
| Cur. liab. against public instit./ health insurance | 195,000 | 0.48 |
| Value added tax (VAT) payable | | - |
| Withholding tax payable | | - |
| Social security premiums | | - |
| Income tax liabilities | | - |
| Current liabilities against employees / salesforce | | - |
| Commissions for agents | | - |
| Personnel | | - |
| Other current liabilities TP | 353,000 | 0.87 |
| Advances from customer | | - |
| Current liabilities accounts RP | | - |
| Current liabilities accounts IC | | - |
| **CURRENT LIABILITIES** | **8,273,000** | **20.33** |
| Accrued exp. and prepaid income TP | 1,717,000 | 4.22 |
| Accrued exp. and prepaid income RP | | - |
| Accrued exp. and prepaid income IC | 417,000 | 1.02 |
| **TOTAL ACCRUED EXP. AND PREP. INCOME** | **2,134,000** | **5.24** |
| Provision for restructuring (short-term) | | - |
| Provision for human resource (short-term) | | - |
| Provision for taxes (short-term) | | - |
| Other provision (short-term) | | - |
| **TOTAL PROVISIONS (short-term)** | - | - |

**Lux International Services Kft**
**Balance Sheet As on 31-12-2017**

| PARTICULARS | | 2017 HUF | 2017 INR - Lakhs |
|---|---|---|---|
| **TOTAL CURRENT LIABILITIES** | | **10,407,000** | **25.57** |
| 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 | | | - |
| Other long-term liabilities | | | - |
| **OTHER NON-CURRENT LIABILITIES** | | - | - |
| Deferred tax liabilities | | | - |
| **TOTAL NON-CURRENT LIABILITIES** | | - | - |
| Share capital | | 15,000,000 | 36.86 |
| Capital reserves | | | - |
| Revenue Reserves | | | - |
| Equity Bond | | | - |
| Reserves for own shares | | | - |
| Revaluation reserves | | | - |
| Untaxed reserves | | | - |
| Minority interests: equity ./. result | | | - |
| Minority interests: result current period | | | - |
| Retained earnings | | | - |
| FCTR | | | 0.25 |
| Profit (Loss) | | 3,604,000 | 8.61 |
| rounding difference / CTA | | | - |
| **Total equity** | | **18,604,000** | **45.71** |
| | **TOTAL** | **29,011,000** | **71.28** |
| | | - | - |

**Lux International Services Kft**
**Profit & Loss Statement for the year ended 31.12.2017**

| PARTICULARS | 2017 HUF | 2017 INR - Lakhs |
|---|---|---|
| Gross Sales Products, external | | - |
| 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 | | - |
| Rental income | | - |
| Returns Products, external | | - |
| Reserve for bad debts - TP (not CDS) | | - |
| Loss on receivables - TP | | - |
| **Net Sales,External** | - | - |
| - 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** | - | - |
| Landed Cost - external | | - |
| Cost Direct Sales ex Factory | | - |
| Cost After Sales Filter/Dustbags ex Factory | | - |
| Cost AMC ex Factory | | - |
| Freight & transportation, demurrage | | - |
| Duties | | - |
| Landes Cost of rented unites | | - |
| **Gross Profit,External** | - | - |
| Landed Cost Sales to Group -> AC03-A | | - |
| Landed Cost Sales to Related parties -> AC03-A | | - |
| **Gross Profit,Internal** | - | - |
| Other revenue | | - |
| 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** | - | - |
| SALES | | |
| Salesmen, remuneration variable to sales | | - |
| Salesmen, remuneration non-variable to sales | | - |
| Salesmen, vehicles and transport exp | | - |
| **TOTAL SALESMEN** | - | - |
| Sales management, variable to sales | | - |
| Sales management, non-variable to sales | | - |
| Sales management, vehicle and transport exp | | - |
| Sales management, travel exp | | - |
| **TOTAL SALES MANAGEMENT** | - | - |
| Telemarketing Staff | | - |
| Telemarketing Management | | - |
| Telemarketing Telephone exp | | - |
| Telemarketing Income from Salesmen | | - |
| **TOTAL TELEMARKETING** | - | - |
| Lead Staff | | - |
| Other Lead expenses | | - |

**Lux International Services Kft**
**Profit & Loss Statement for the year ended 31.12.2017**

| PARTICULARS | 2017 HUF | 2017 INR - Lakhs |
|---|---|---|
| **TOTAL LEAD EXPENSES** | - | - |
| Sales Administration Staff Branch Offices | | - |
| Premises Branch Offices | | - |
| Trade fair Expenses | | - |
| Incentive/SP for Salesmen & Management | | - |
| Postage, Telephone | | - |
| Advertising and PR | | - |
| Demo and other Sales Expenses | (19,640,000) | (46.92) |
| Recruitment / training | | - |
| Delivery exp to customers | | - |
| Guarantee result | | - |
| Guarantee costs - spareparts | | - |
| Guarantee costs - other | | - |
| Guarantee income - allowance from supplier | | - |
| **TOTAL OTHER SALES EXPENSES** | **(19,640,000)** | **(46.92)** |
| **TOTAL SALES EXPENSES** | **(19,640,000)** | **(46.92)** |
| Administration Staff | (91,378,000) | (218.30) |
| Administration, travel exp | (9,880,000) | (23.60) |
| **TOTAL ADMIN STAFF** | **(101,258,000)** | **(241.91)** |
| Premises | (5,867,000) | (14.02) |
| Machinery and equipment | (801,000) | (1.91) |
| Postage, Telephone | (1,919,000) | (4.58) |
| Consultancy | (1,359,000) | (3.25) |
| Audit fees | (956,000) | (2.28) |
| Insurance | (138,000) | (0.33) |
| Other Administration expenses | (5,408,000) | (12.92) |
| Pension Expenses | | - |
| **TOTAL ADMIN OTHERS** | **(16,448,000)** | **(39.29)** |
| Technical Customer Service exp | | - |
| Technical Customer Service Income | | - |
| TECH CUSTOMER SERVICE NET | - | - |
| LOGISTIC | | - |
| Inventory differences/Stock adjustm | | - |
| IT | (3,245,000) | (7.75) |
| **TOTAL ADMIN EXPENSES** | **(120,951,000)** | **(288.95)** |
| Expenses for Services - Group -> AC03-A | 148,260,000 | 354.19 |
| Expenses for Services - Rel. Parties -> AC03-A | | - |
| **LUX OPERATING RESULT BEFORE CDS** | **7,669,000** | **18.32** |
| 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 International Services Kft
Profit & Loss Statement for the year ended 31.12.2017

| PARTICULARS | 2017 HUF | 2017 INR - Lakhs |
|---|---|---|
| **LUX OPERATING RESULT I** | **7,669,000** | **18.32** |
| EXTRAORD. OPERATING EXPENSE / INCOME | | |
| Exchange diff. real. | (20,000) | (0.05) |
| Exchange diff. unreal. | | - |
| Prior period adjustment | | - |
| Restructuring reserves / expenses | | - |
| 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 | | - |
| Extraordinary Expenses | | - |
| Extraordinary Income | | - |
| TOT. EXTRAORD. OPER. EXP./ INC | **(20,000)** | **(0.05)** |
| **LUX OPERATING RESULT II** | **7,649,000** | **18.27** |
| Depreciations fixed assets | | - |
| Amortizations intang assets | | - |
| **LUX OPERATING RESULT III** | **7,649,000** | **18.27** |
| Interest income Group -> AC03-A | | - |
| Interest expenses Group -> AC03-A | | - |
| Interest income related parties -> AC03-A | | - |
| Interest expenses related parties -> AC03-A | | - |
| Interest income, external | | - |
| Interest expenses, external | | - |
| Bank fees | (665,000) | (1.59) |
| **TOTAL FINANCIAL RESULT** | **(665,000)** | **(1.59)** |
| **LUX RESULT PRE TAX** | **6,984,000** | **16.68** |
| Total Taxes | | - |
| Income taxes | (356,000) | (0.85) |
| Local Sales tax | (3,024,000) | (7.22) |
| Witholding tax (interest, royalties) | | - |
| Deferred taxes | | - |
| Changes tax provisions | | - |
| **LUX NET RESULT** | **3,604,000** | **8.61** |

**Lux International Ltd., Küsnacht**

# Report of the Statutory Auditor on the Limited Statutory Examination to the General Meeting of Shareholders

Financial Statements 2017

KPMG AG
*Zurich, 7 March 2018*

**KPMG AG**
**Audit**
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Report of the Statutory Auditor on the Limited Statutory Examination to the General Meeting of Shareholders of

**Lux International Ltd., Küsnacht**

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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 2017.

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 do not comply with Swiss law and the company's articles of incorporation.

Without qualifying our examination conclusion, we draw attention to note 3.3 in the financial statements describing the liquidity difficulties of Lux International Ltd. This fact together with other matters disclosed in note 3.3 indicate the existence of a material uncertainty that may cast significant doubt about the ability of Lux International Ltd. to continue as a going concern. Should Lux International Ltd. be unable to continue as a going concern, the financial statements would have to be prepared on the basis of liquidation values.

KPMG AG

Roman Wenk
*Licensed Audit Expert*
*Auditor in Charge*

Yvonne Lingg
*Licensed Audit Expert*

Zurich, 7 March 2018

*Enclosures:*
- Financial statements (balance sheet, income statement and notes)

LUX INTERNATIONAL LTD, BAAR
BALANCE SHEET AS OF 31 December 2017

| | Note | 31.12.2017 CHF | 31.12.2017 INR Lakhs | 31.12.2016 CHF | 31.12.2016 INR Lakhs |
|---|---|---|---|---|---|
| **ASSETS Current assets** | | | | | |
| Cash and cash equivalents | | 345,111 | 225.22 | 8,895,874 | 5,916.73 |
| Trade accounts receivables | 2.1 | 1,352,776 | 882.81 | 1,749,577 | 1,163.66 |
| Other current receivables | 2.2 | 1,698,558 | 1,108.46 | 895,460 | 595.58 |
| Current financial assets | 2.3 | 1,455,642 | 949.93 | 18,789 | 12.50 |
| Prepaid expenses and accrued income | | 171,617 | 112.00 | 70,814 | 47.10 |
| **Total current assets** | | 5,023,704 | 3,278.42 | 11,630,514 | 7,735.57 |
| **Non current assets** | | | | | |
| Financial assets | 2.4 | 8,162,105 | 5,326.49 | 4,839,832 | 3,219.02 |
| Investments | 2.5 | 32,804,039 | 21,407.52 | 26,297,835 | 17,490.95 |
| Property, plant and equipment | | 192,655 | 125.72 | 412,285 | 274.21 |
| Intangible assets | | 1,803,782 | 1,177.13 | 2,676,387 | 1,780.09 |
| **Total non current assets** | | 42,962,581 | 28,036.86 | 34,226,339 | 22,764.27 |
| **TOTAL ASSETS** | | 47,986,285 | 31,315.28 | 45,856,853 | 30,499.84 |

| LIABILITIES AND SHAREHOLDERS' EQUITY Liabilities | Note | 31.12.2017 CHF | 31.12.2017 INR | 31.12.2016 CHF | 31.12.2016 INR |
|---|---|---|---|---|---|
| **Current liabilities** | | | | | |
| Trade accounts payables | 2.6 | 1,043,437 | 680.95 | 1,252,267 | 832.87 |
| Other current payables to shareholder | 2.7 | 4,240,500 | 2,767.30 | 654,920 | 435.59 |
| Current interest-bearing liabilities | 2.8 | 2,901,930 | 1,893.76 | 1,073,640 | 714.09 |
| Current provisions | | 9,100 | 5.94 | 16,000 | 10.64 |
| Accrued expenses and deferred income | 2.10 | 467,866 | 305.32 | 2,511,896 | 1,670.69 |
| **Total current liabilities** | | 8,662,833 | 5,653.27 | 5,508,723 | 3,663.88 |
| **Non-current liabilities** | | | | | |
| Interest-bearing loans | 2.9 | 21,217,755 | 13,846.45 | 31,173,337 | 20,733.70 |
| Non Current Provisions | 2.10 | 694,550 | 453.25 | 560,000 | 372.46 |
| Provisons for unrealized exchange gains | | 490,765 | 320.27 | 112,638 | 74.92 |
| **Total non-current liabilities** | | 22,403,070 | 14,619.97 | 31,845,975 | 21,181.08 |
| **Total liabilities** | | 31,065,903 | 20,273.24 | 37,354,698 | 24,844.96 |
| **Shareholders' equity** | | | | | |
| Share capital | | 19,500,000 | 13,033.78 | 7,500,000 | 5,202.73 |
| Legal capital reserves | | 1,500,000 | 1,040.55 | 1,500,000 | 1,040.55 |
| Voluntary retained earnings | | - | - | - | - |
| - Results carried forward | | (497,843) | (283.86) | 9,924,924 | 6,825.73 |
| - Loss for the year | | (3,581,773) | (2,367.95) | (10,422,767) | (7,109.59) |
| FCTR | | - | (380.48) | - | (304.54) |
| **Total shareholders' equity** | | 16,920,384 | 11,042.04 | 8,502,157 | 5,654.88 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | 47,986,285 | 31,315.28 | 45,856,853 | 30,499.84 |
| | | - | - | - | - |

LUX INTERNATIONAL AG, BAAR
STATEMENT OF INCOME 2017

| | Note | 2017 CHF | 2017 INR lakhs | 2016 CHF | 2016 INR Lakhs |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Dividend income | | 1,580,739 | 1,045.05 | 848,346 | 578.67 |
| Income from Royalties | 2.11 | 602,449 | 398.29 | 657,346 | 448.39 |
| Income from Factory Participation | | 4,214,360 | 2,786.16 | 5,681,272 | 3,875.32 |
| Financial income | 2.12 | 340,237 | 224.93 | 69,277 | 47.26 |
| Extraordinary income | 2.14 | 137,635 | 90.99 | 119,980 | 81.84 |
| Other operating income | 2.16 | 94,277 | 62.33 | 150,572 | 102.71 |
| **Total income** | | 6,969,697 | 4,607.75 | 7,526,793 | 5,134.19 |
| **EXPENSES** | | | | | |
| Financial expense | 2.13 | (2,590,678) | (1,712.72) | (1,379,271) | (940.83) |
| Personnel expenses | | (2,857,514) | (1,889.14) | (4,135,005) | (2,820.57) |
| Other operating expenses | 2.17 | (3,628,264) | (2,398.69) | (6,241,071) | (4,257.17) |
| Depreciation on property, plant and equipment | | (219,934) | (145.40) | (77,176) | (52.64) |
| Amortization on intangible assets | | (951,457) | (629.02) | (842,402) | (574.62) |
| Impairment loss on investment | 2.5 | - | - | (5,105,760) | (3,482.75) |
| Impairment loss on Intercompany Loan | | - | - | (105,299) | (71.83) |
| Extraordinary expense | 2.15 | (302,690) | (200.11) | (59,867) | (40.84) |
| Direct taxes | | (933) | (0.62) | (3,709) | (2.53) |
| **Total expenses** | | (10,551,470) | (6,975.70) | (17,949,560) | (12,243.78) |
| **Loss for the year** | | (3,581,773) | (2,367.95) | (10,422,767) | (7,109.59) |

## LUX INTERNATIONAL AG, KUESNACHT ZH

## NOTES

### 1. Principles

### 1.1 General aspects

The financial statement 2017 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 repayment, 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 received 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

| | 31.12.2017 CHF | 31.12.2017 INR Lakhs | 31.12.2016 CHF | 31.12.2016 INR Lakhs |
|---|---|---|---|---|
| Receivables from third parties | 785,164 | 512.39 | 1,537,637 | 1,022.70 |
| Receivables from companies in which the entity holds an investment | 567,612 | 370.42 | 211,940 | 140.96 |
| Receivables from other group companies | - | - | - | - |
| Total | 1,352,776 | 882.81 | 1,749,577 | 1,163.66 |

### 2.2 Other current receivables

| | 31.12.2017 CHF | 31.12.2017 INR Lakhs | 31.12.2016 CHF | 31.12.2016 INR Lakhs |
|---|---|---|---|---|
| Receivables from third parties | 322,365 | 210.37 | 69,884 | 46.48 |
| Receivables from companies in which the entity holds an investment | 1,337,313 | 872.71 | 737,926 | 490.80 |
| Receivables from shareholders | 38,880 | 25.37 | 87,650 | 58.30 |
| Total | 1,698,558 | 1,108.45 | 895,460 | 595.58 |

### 2.3 Current Financial Assets

| | 31.12.2017 CHF | 31.12.2017 INR Lakhs | 31.12.2016 CHF | 31.12.2016 INR Lakhs |
|---|---|---|---|---|
| Loans to third parties | 187,703 | 122.49 | 18,789 | 12.50 |
| Loans to companies in which entity holds an investment | 1,267,939 | 827.44 | 0 | - |
| Total | 1,455,642 | 949.93 | 18,789 | 12.50 |

### 2.4 Non-Current Financial Assets

| CHF | 31.12.2017 CHF | 31.12.2017 INR Lakhs | 31.12.2016 CHF | 31.12.2016 INR Lakhs |
|---|---|---|---|---|
| Loans to third parties | 569,077 | 371.37 | 357,203 | 237.58 |
| Loan to companies in which entity holds an investment | 7,593,028 | 4,955.12 | 4,482,629 | 2,981.44 |
| Total | 8,162,105 | 5,326.49 | 4,839,832 | 3,219.02 |

The loans to 3rd parties contain among other positions portions of long-term loan receivables to Aspire Sano and Lux Czech s.r.o. The increase in intercompany loan receivables for 2017 mainly consists of an assignment of a claim (USD 1,775,000) to Lux International AG regarding the loan between Forbes International and Lux del Paraguay as a result of the transfer of Lux del Paraguay shares from Forbes International to Lux International AG. Furthermore, the loan provided to Lux International Professional GmbH has been increased during the period (CHF 2,146,625) due to increased financing need of the Aqua businesses. The loan to Lux Norway was increased from CHF 288,203 (EUR 268,435) to CHF 577,492 (EUR 495,000). Subsequently, CHF 355,828 (EUR 305,000) has been converted into equity by the end of 2017.

### 2.5 Investments

| Company | Domicile | Share Capital 31.12.2017 | Share Capital 31.12.2016 | Share in Capital and voting rights in % 31.12.2017 | Share in Capital and voting rights in % 31.12.2016 |
|---|---|---|---|---|---|
| Lux (Schweiz) AG<br>Direct Sales Company | Switzerland | CHF 100,000<br>INR 69.36 Lakhs | CHF 100,000<br>INR 69.36 Lakhs | 100% | 100% |
| Lux Deutschland GmbH<br>Direct Sales Company | Germany | EUR 7,153,000<br>INR 6077.,19 Lakh: | EUR 7,153,000<br>INR 6077.,19 Lakhs | 100% | 100% |
| Forbes International AG<br>(former Forbes Lux Group AG) Holding Company | Switzerland | CHF 1,000,000<br>INR 693.70 Lakhs | CHF 1,000,000<br>INR 693.70 Lakhs | 100% | 100% |
| AMC Cookware PTY Ltd.<br>Direct Sales Company & Local production | South Africa | ZAR 100<br>INR 0.00258 Lakhs | ZAR 100<br>INR 0.00258 Lakhs | 50% | 50% |
| Lux Italia s.r.l<br>Direct Sales Company | Italia | EUR 110,000<br>INR 93.45 Lakhs | EUR 110,000<br>INR 93.45 Lakhs | 100% | 100% |
| Lux (CZ), s.r.o. ***<br>Direct Sales Company | Czech Republi | -<br>- | CZK 20,000,000<br>INR 557.52 Lakhs | | 100% |
| LIAG Trading & Investments Limited<br>Trading and Logistics Company | UAE | AED 100,000<br>INR 18.18 Lakhs | AED 100,000<br>INR 18.18 Lakhs | 100% | 100% |
| Lux Norway A/S<br>Direct Sales Company | Norway | NOK 16,000,000<br>INR 1315.29 Lakhs | NOK 16,000,000<br>INR 1315.29 Lakhs | 100% | 100% |
| Lux Professional Internation GmBH<br>(former Lux Aqua GmbH ) Holding Company | Switzerland | CHF 20,000<br>INR 13.32 Lakhs | CHF 20,000<br>INR 13.32 Lakhs | 100% | 100% |
| Lux Service GmbH<br>Logistics and services Company | Germany | EUR 25'000<br>INR 18.44 Lakhs | EUR 25'000<br>INR 18.44 Lakhs | 100% | 100% |
| Lux Oesterreich GmbH<br>Direct Sales Company | Austria | EUR 500'000<br>INR 424.80 Lakhs | EUR 500'000<br>INR 424.80 Lakhs | 100% | 100% |
| Lux Hungary Kereskedelmi Kft.<br>Direct Sales Company | Hungary | HUF 30'000'000<br>INR 85.96 Lakhs | HUF 30'000'000<br>INR 85.96 Lakhs | 100% | 100% |
| Lux Aqua Hungaria Kft.<br>B2B Water Business Company | Hungary | HUF 30'000'000<br>INR 69.23 Lakhs | HUF 60'000'000<br>INR 69.23 Lakhs | 100% | 100% |
| Lux /SK/ s.r.o. ***<br>Direct Sales Company | Slovakia | -<br>- | EUR 563'000<br>INR 416.92 Lakhs | | 100% |
| Lux del Paraguay S.A. * | Paraguay | PYG 5'000'000'000 | PYG 5'000'000'0C | 50% | 50% |

| | | | | | |
|---|---|---|---|---|---|
| Direct Sales Company | | INR 558.50 Lakhs | INR 558.50 Lakhs | | |
| **Lux Waterline GmbH ****<br>Direct Sales Company | Germany | -<br>- | EUR 25'000<br>INR 17.82 Lakhs | | 100% |
| **Lux Aqua Czech s.r.o**<br>Rental Company | Czech Republi | CZK 1'000'000<br>INR 26.44 Lakhs | CZK 1'000'000<br>INR 26.44 Lakhs | 100% | 100% |
| **Lux Aqua Paraguay SA ***<br>Rental Company | Paraguay | PYG 100'000'000<br>INR 11.58 Lakhs | PYG 100'000'000<br>INR 11.58 Lakhs | 100% | 100% |
| **Brightyclean (Spain) SL *****<br>Direct Sales Company | Spain | -<br>- | EUR 3'500<br>INR 2.49 Lakhs | | 100% |
| **Lux Professional GmbH ****<br>Direct Sales Company | Germany | -<br>- | EUR 25'000<br>INR 17.82 Lakhs | | 100% |
| **Lux Osterreich Professional GmbH**<br>Direct Sales Company | Austria | EUR 35'000<br>INR 24.95 Lakhs | EUR 35'000<br>INR 24.95 Lakhs | 100% | - |

In 2015, Investment in AMC Cookware PTY Ltd. has been impaired by CHF 1,141,618.
* Indirect participations by Lux International AG.
** liquidation as of 31st December 2017
*** merged with other Group companies as of 31st December 2017

### 2.6 Trade accounts payables

| | 31.12.2017 CHF | 31.12.2017 INR Lakhs | 31.12.2016 CHF | 31.12.2016 INR Lakhs |
|---|---|---|---|---|
| Accounts payable due to third parties | 437,722 | 285.65 | 779,261 | 518.29 |
| Accounts payable due to companies in which the entity holds an investment | 605,715 | 395.28 | 473,006 | 314.60 |
| Total | 1,043,437 | 680.93 | 1,252,267 | 832.89 |

### 2.7 Other Current Payables

| | 31.12.2017 CHF | 31.12.2017 INR Lakhs | 31.12.2016 CHF | 31.12.2016 INR Lakhs |
|---|---|---|---|---|
| Other Payable due to third parties | 131,684 | 85.94 | - | - |
| Other payable due to companies in which the entity holds an investment | 2,426,618 | 1,583.58 | 654,920.00 | 435.59 |
| Other payable due to related parties | 1,682,198 | 1,097.78 | - | - |
| Total | 4,240,500 | 2,767.30 | 654,920 | 435.59 |

### 2.8 Current Interest-bearing liabilities

| | 31.12.2017 CHF | 31.12.2017 INR Lakhs | 31.12.2016 CHF | 31.12.2016 INR Lakhs |
|---|---|---|---|---|
| Loss due to third parties | - | - | - | - |
| Loans from companies in which the entity holds an investment | 2,901,930 | 1,893.76 | 1,073,640 | 714.09 |
| Total | 2,901,930 | 1,893.76 | 1,073,640 | 714.09 |

### 2.9 Non-Current Interest-bearing liabilities

| | 31.12.2017 CHF | 31.12.2017 INR Lakhs | 31.12.2016 CHF | 31.12.2016 INR Lakhs |
|---|---|---|---|---|
| Loan from third parties | 17,539,200 | 11,445.87 | 16,104,600 | 10,711.33 |
| Loan from companies in which the entity holds an investment | 3,678,555 | 2,400.58 | 3,458,194 | 2,300.08 |
| Loan from related parties | - | - | 11,610,543 | 7,722.29 |
| Total | 21,217,755 | 13,846.45 | 31,173,337 | 20,733.70 |

The loan from shareholder of TCHF 11,611 (INR 7577.20 Lakhs) and accured interests were converted into "Participation of Capital" of TCHF 12,000 ( Rs.7831.06 Lakhs) in 2017.
As result, share capital of Lux International increased from TCHF 7,500 (31.12.2016) (INR. 5202.73 Lakhs) to TCHF 19,500 (31.12.2017) (INR 13033.78 Lakhs).

### 2.10 Current and Non-Current Provisions

Current accrued expenses in the amount of CHF 467,866,00 (INR 305.32 Lakhs) include short-term restructuring provisions in the amount of CHF 87,245 (INR 56.93 Lakhs).Long-term restructuring provisions in the amount of CHF 694,550,00 (INR 453.25 Lakhs) have been seperately disclosed as non-current liabilities.

### 2.11 Income from Royalties

| | 31.12.2017 CHF | 31.12.2017 INR Lakhs | 31.12.2016 CHF | 31.12.2016 INR Lakhs |
|---|---|---|---|---|
| Income from third parties | 87,611 | 57.92 | 90,259 | 61.57 |
| Income from companies which the entity holds an investment | 514,838 | 340.37 | 567,087 | 386.82 |
| Total | 602,449 | 398.29 | 657,346 | 448.39 |

The income of royalties is based on turnover with an agreed percentage of generated sales charged to the companies. The royalties of Norway for the years 2016 and 2017 and those of Italy for the year 2017 were waived in order to improve their liquidity.

### 2.12 Financial Income

| | 31.12.2017 CHF | 31.12.2017 INR Lakhs | 31.12.2016 CHF | 31.12.2016 INR Lakhs |
|---|---|---|---|---|
| Interest income from third parties | 29,461 | 19.48 | 6,092 | 4.16 |
| Interest income from companies in which the entity holds an investment | 310,776 | 205.46 | 37,045 | 25.27 |
| Interest income from other group companies | - | - | 26,140 | 17.83 |
| Total | 340,237 | 224.94 | 69,277 | 47.26 |

**2.13 Financial Expenses**

| | 31.12.2017 CHF | 31.12.2017 INR Lakhs | 31.12.2016 CHF | 31.12.2016 INR Lakhs |
|---|---|---|---|---|
| Interest expense and charges to third parties | (433,478) | (286.58) | (434,787) | (296.58) |
| Interest expense to companies in which the entity holds an investment | (116,377) | (76.94) | (79,911) | (54.51) |
| Interest expense to shareholders | (590,201) | (390.19) | (516,531) | (352.34) |
| Net exchange losses realized and unrealized as well as gains realized | (1,450,622) | (959.02) | (348,042) | (237.41) |
| Total | (2,590,678) | (1,712.73) | (1,379,271) | (940.84) |

**2.14 Extraordinary Income**

Extraordinary income includes mostly the reimbursement from Lux (CZ) s.r.o. for not needed liquidation costs (CHF 91,550,00) (INR 60.52 Lakhs) as the company was sold to a third party. Furthermore the position includes the reversal of unused accruals for specific provision (CHF 11,200,00) (INR 7.40 Lakhs), unused accruals for sickness insurance (CHF 19,707,00) (INR 13.03 Lakhs) and received foreign VAT Refund (CHF 7,345,00) (INR 4.86 Lakhs) which were related to the financial year 2016.

**2.15 Extraordinary Expenses**

Extraordinary expenses include mainly credit to Lux Norway for the remission of the royalties of 2016 (CHF 140,412,00) (INR 92.81 Lakhs) and various consulting fees in relation to the loan from ICICI Bank (CHF 95,152,00) ( INR 62.91 Lakhs), besides others.

**2.16 Other operating income**

| | 31.12.2017 CHF | 31.12.2017 INR Lakhs | 31.12.2016 CHF | 31.12.2016 INR Lakhs |
|---|---|---|---|---|
| Other income from third parties | (30,923) | (20.44) | 25,217 | 17.20 |
| Other income from group companies which entity holds an investment | 89,200 | 58.97 | 89,355 | 60.95 |
| Other income from shareholders | 36,000 | 23.80 | 36,000 | 24.56 |
| Total | 94,277 | 62.33 | 150,572 | 102.71 |

**2.17 Other operating expenses**

| | 31.12.2017 CHF | 31.12.2017 INR Lakhs | 31.12.2016 CHF | 31.12.2016 INR Lakhs |
|---|---|---|---|---|
| Production Expenses | (204,766) | (135.37) | (329,963) | (225.07) |
| Swiss Stamp Duty in relation with the capital increase | (120,000) | (79.33) | - | - |
| Restructuring Expenses | (380,949) | (251.85) | (3,074,341) | (2,097.07) |
| Office and Administration expenses | (2,932,549) | (1,938.74) | (2,836,767) | (1,935.02) |
| Total | (3,638,264) | (2,405.29) | (6,241,071) | (4,257.16) |

## 3 Other Information

### 3.1 Full-time equivalents

| | 31.12.2017 | 31.12.2016 |
|---|---|---|
| Number of Full-time Employees (average over the year) | 10 | 13 |

### 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:

| | 31.12.2017 | 31.12.2016 |
|---|---|---|
| Up to 1 year (CHF ) | 377,833 | 380,359 |
| 1-5 years (CHF) | 417,077 | 742,830 |
| More than 5 years (CHF) | - | - |
| Total | 794,910 | 1,123,189 |
| INR Lakhs | 518.75 | 766.15 |

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 | 31.12.2017 CHF | 31.12.2017 INR | 31.12.2016 CHF | 31.12.2016 INR |
|---|---|---|---|---|
| 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 175'327,35 (PY: EUR 157'060,92) has been used from the credit facility. | 233,856 | 152.61 | 214,728 | 142.82 |
| 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 2017 (BPM: EUR 83'067, PY: EUR 83'498; Carige: EUR 0,00 PY: EUR 89'784). | 269,059 | 175.58 | 365,038 | 242.79 |
| 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 2017 (EUR 60'721, PY: EUR 60'721). | 292,320 | 190.76 | 268,410 | 178.52 |
| 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 835'565'000 (PY: HUF 805'637'000). | 3,355,300 | 2,189.63 | 3,082,960 | 2,050.51 |

### 3.4 Going Concern : Financial Difficulties

Lux International Ltd. and its direct and indirect subsidiaries (Lux Group) faced financial difficulties during the financial year ended December 31, 2017. The Lux International Ltd.'s ability to continue as a going concern depends on the continuing financial support of its ultimate parent company, Eureka Forbes Limited located India (EFL). The Board of Directors of Lux International AG are taking necessary steps to revive and stabilize the business of Lux Group. Further, the ultimate parent company, EFL, issued a financial support letter dated 19 February 2018, that they undertake financial support to the extend needed to keep Lux Group adequately capitalized. In the event of continuing loss and financial needs, EFL will provide necessary liquid funds support or equity to continue its operations. This undertaking is valid until 30 June 2019.

If Lux International Ltd. is not able to continue as a going concern, assets may have to be written down and provisions set up and fixed assets and non-current liabilities reclassified as current. The impact of these adjustments could be material and the necessary provisions would have to be followed by the Board of Directors.

### 3.4 Significant events after the balance sheet date

No significant events occurred

Lux Italia s.r.l

(a wholly owned Subsidiary Company of Lux International AG)

Financial Statements

For the year ended December 31, 2017

[logo] CHAMBER OF
BRESCIA BOOKKEEPERS AND
ACCOUNTING SPECIALISTS

DOTT.
BELLERI
PAOLO
BOOKKEEPER
STATUTORY AUDITOR
VIA RODI N. 65/25124 BRESCIA

**INDEPENDENT AUDITOR'S REPORT**
**PURSUANT TO SECTION 14 OF THE LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010**

To the member of
Lux Italia S.r.l. unipersonale

**Report on the financial statements**

We have audited the accompanying financial statements of Lux Italia S.r.l. unipersonale, which comprise the balance sheet as at 31 December 2017, the related income statement for the year then ended and the notes to the financial statements.

*Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Italian legislation laying down the criteria to be applied in drawing up the financial statements.

*Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on the audit. We have conducted our audit in accordance with the international auditing standards (ISA Italia) prepared pursuant to Section 11 (3) of Legislative Decree No. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or unintentional behaviour or events. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements of the company 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 internal control of the company. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as an evaluation of the overall presentation of the financial statements.

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[logo] BRESCIA

CHAMBER OF BOOKKEEPERS AND ACCOUNTING SPECIALISTS

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the equity and financial position of Lux Italia S.r.L unipersonal as at 31 December 2017, and of the results of its operations and its cash flows for the year then ended, in compliance with the Italian legislation laying down the criteria to be applied in drawing up the financial statements.

Brescia, 20 March 2018

*[stamp]*

Dott. Paolo Belleri

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Via Rodi n. 65 – 25124 Brescia

Financial statements as at 31/12/2017
Condensed balance sheet

| | 31.12.17 Euro | 31.12.17 INR Lakhs | 31.12.16 Euro | 31.12.16 INR Lakhs |
|---|---|---|---|---|
| **Assets** | | | | |
| **B) Fixed Assets** | | | | |
| I - Intangible fixed assets | 14,211 | 10.85 | 15,536 | 11.08 |
| II - Tangible fixed assets | 6,387 | 4.87 | 9,670 | 6.90 |
| **Total fixed assets (B)** | **20,598** | **15.72** | **25,206** | **17.97** |
| **C) Current assets** | | | | |
| I - Inventories | 12,793 | 9.76 | 43,025 | 30.68 |
| II - Receivables | 448,577 | 342.36 | 564,349 | 402.40 |
| due within the following year | 448,577 | 342.36 | 564,349 | 402.40 |
| IV - Liquid funds | 61,308 | 46.79 | 13,760 | 9.81 |
| ***Total current assets (C)*** | ***522,678*** | ***398.92*** | ***621,134*** | ***442.89*** |
| **D) Accrued income and prepayments** | **4,995** | 3.81 | **4,074** | **2.90** |
| ***Total assets*** | ***548,271*** | ***418.45*** | ***650,414*** | ***463.77*** |
| **Liabilities and shareholders' equity** | | | | |
| **A) Shareholders' equity** | | | | |
| I - Share capital | 110,000 | 93.46 | 110,000 | 93.46 |
| VI - Other reserves | 640,670 | 488.97 | 229,336 | 163.52 |
| VIII - Retained earnings (accumulated losses) | -110,051 | -83.99 | -93,333 | -66.55 |
| IX - Profit (loss) for the year | -545,362 | -404.17 | -151,133 | -111.82 |
| ***Total Shareholders' Equity*** | ***95,257*** | ***94.26*** | ***94,870*** | ***78.61*** |
| ***Foreign Currency Translation Reserve (FCTR)*** | - | **-21.56** | - | **-10.97** |
| **B) Reserves for contingencies and other charges** | 80,242 | 61.24 | - | - |
| **C) Total reserve for severance indemnities (TFR)** | **48,143** | **36.74** | 67,328 | 48.01 |
| **D) Payables** | **324,629** | **247.76** | **463,216** | **330.29** |
| due within the following year | 324,629 | 247.76 | 463,216 | 330.29 |
| **E) Accrued liabilities and deferred income** | - | - | **25,000** | **17.83** |
| ***Total liabilities and shareholders' equity*** | ***548,271*** | ***418.45*** | ***650,414*** | ***463.77*** |

**Condensed P&L account**

| | 31.12.17 Euro | 31.12.17 INR Lakhs | 31.12.16 Euro | 31.12.16 INR Lakhs |
|---|---|---|---|---|
| **A) Value of production** | | | | |
| 1) Revenues from sales and services | 1,541,771 | 1,142.62 | 1,504,101 | 1,112.83 |
| 5) Other income and revenues | | | | |
| other | 48,602 | 36.02 | 158,378 | 117.18 |
| *Total Other income and revenues* | *48,602* | *36.02* | *158,378* | *117.18* |
| *Total value of production* | *1,590,373* | *1,178.64* | *1,662,479* | *1,230.01* |
| **B) Cost of production** | | | | |
| 6) Raw, ancillary and consumable materials and goods for resale | 984,156 | 729.37 | 947,711 | 701.18 |
| 7) Services | 376,264 | 278.85 | 381,907 | 282.56 |
| 8) Use of third party assets | 97,128 | 71.98 | 100,589 | 74.42 |
| 9) Payroll and related costs | | | | |
| a) wages and salaries | 284,504 | 210.85 | 264,414 | 195.63 |
| b) related salaries | 76,468 | 56.67 | 65,085 | 48.15 |
| c/d/e) severance, pensions and similar commitments and other costs | 42,942 | 31.82 | 12,928 | 9.56 |
| c) severance | 14,872 | 11.02 | 12,928 | 9.56 |
| e) other costs | 28,070 | 20.80 | - | - |
| *Total payroll and related costs* | 403,914 | 299.34 | 342,427 | 253.35 |
| 10) Amortisation, depreciation and writedowns | | | | |
| a/b/c) amortisation of intangible fixed assets, depreciation of tangible fixed assets and other amounts written off fixed assets | 8,006 | 5.93 | 4,462 | 3.30 |
| a) amortisation of intangible fixed assets | 5,856 | 4.34 | 2,067 | 1.53 |
| b) depreciation of tangible fixed assets | 2,150 | 1.59 | 2,395 | 1.77 |
| *Total Amortisation, depreciation and writedowns* | 8,006 | 5.93 | 4,462 | 3.30 |
| 11) Changes in inventories of raw, ancillary and consumable materials and goods for Sale | 30,232 | 22.41 | 19,060 | 14.10 |
| 12) Provisions for contingencies and other charges | 74,500 | 55.21 | - | - |
| 14) Other operating expenses | 146,315 | 108.44 | 5,332 | 3.94 |
| *Total cost of production* | 2,120,515 | 1,571.53 | 1,801,488 | 1,332.85 |
| **Difference between value and cost of production (A - B)** | -530,142 | -392.89 | -139,009 | -102.85 |
| **C) Financial income and expense** | | | | |
| 16) Other financial income | | | | |
| d) income other than the above | | | | |
| other | 3,836 | 2.84 | 9,089 | 6.72 |
| *Total income other than the above* | 3,836 | 2.84 | 9,089 | 6.72 |
| Total other financial income | 3,836 | 2.84 | 9,089 | 6.72 |
| 17) Interest and other financial expense | | | | |
| other | 19,156 | 14.20 | 21,213 | 15.69 |
| Total interest and other financial expense | 19,156 | 14.20 | 21,213 | 15.69 |
| 17-bis) Currency gains and losses | 100 | 0.07 | - | - |
| Total financial income and expense (15 + 16 - 17 + - 17-bis) | -15,220 | -11.28 | -12,124 | -8.97 |
| **Profit before taxes (A - B + - C + - D)** | **-545,362** | **-404.17** | **-151,133** | **-111.82** |
| **21) Net profit (loss) for the year** | **-545,362** | **-404.17** | **-151,133** | **-111.82** |

## Introduction

Dear Shareholders: these explanatory notes to the financial statements are integral part of the financial

The financial statements are written in abbreviated form because the limits provided by art. 2435-bis of the Italian Civil Code were not exceeded for two consecutive years.

The financial statements comply with the requirements of articles 2423 and following of the Italian Civil Code and with the national accounting standards published by the Italian Accounting Board; therefore, they describe, clearly, truthfully, and accurately the assets and financial situation of the company and the economic outcome for the fiscal year.
The contents of the balance sheet and income statement are those required by articles 2424 and 2425 of the Italian Civil Code.

The explanatory notes to the financial statements, prepared as per art. 2427 of the Italian Civil Code, also contain all information useful to provide a correct interpretation of the financial statements.

In addition, this document shall provide the information requested by numbers 3 and 4 of art. 2428 of the Italian Civil Code because, as allowed by art. 2435-bis of the Italian Civil Code, the management report was not prepared.

These financial statements for the fiscal year ended on 31/12/2017 show fiscal loss of EUR 545.362.

### Basis of preparation

### Financial Statement preparation

The information contained in this document is reported based on the order of the items in the balance sheet and P&L account.
In reference to the indications in the introduction to these Explanatory Notes, we declare that, in accordance with article 2423, 3rd paragraph of the Italian Civil Code, if the disclosures required by specific legal provisions are not sufficient for giving a truthful and fair representation of the company's situation, additional disclosures are provided considered necessary for this purpose.
There were no exceptional cases that made it necessary to utilize the exceptions as per art. 2423, paragraphs 4 and 5 and as per art. 2423-bis, paragraph 2 of the Italian Civil Code.

The financial statements, as well as these explanatory notes to the financial statements were written in units of Euros.

### Financial statement preparation policies

The financial statements items were valuated in accordance with the principle of prudence and on a going concern. In accordance with art. 2423-bis, par.1, point 1-bis of the Italian Civil Code, the items are recognized and presented taking into account the substance of the transaction and contract.
When preparing the financial statements, the charges and incomes were entered according to an accrual basis of accounting, independently of the time collection or payment. Moreover, the risks and losses accruing during the fiscal year were taken into account even if they became known after the fiscal year's closing date.

### Structure and contents of the financial statement

The balance sheet, income statement, and accounting information found in these explanatory notes are consistent with the accounting entries, from which they were directly derived.

The Balance Sheet and P&L Account do not contain groupings of items preceded by Arabic numeral, as instead optionally allowed by article 2423 ter of the Italian Civil Code.

In accordance with article 2423 ter of the Italian Civil Code, it should be noted that all financial statement items are comparable with the previous fiscal year; thus it was not necessary to adjust any items of the previous fiscal year.

In accordance with article 2424 of the Italian Civil Code, it should be noted that there are no asset and liability elements which are under more than one item in the financial statement schedule.

The criteria applied to measure the financial statement items and in value adjustments comply with the provisions of the Italian Civii Code and instructions contained in the accounting standards issued by the Italian Accounting Board. They have not changed compared to the previous fiscal year.

In accordance with article 2427, paragraph 1, n° 1 of the Italian Civil Code, the most significant valuation criteria adopted in observance of the provisions of art. 2426 of the Italian Civil Code are shown, with special reference to the balance sheet items for which the law allows several valuation and adjustment criteria or for which no specific criteria are provided.

Other information

**Assessment of foreign currency items**

The accounting values expressed in foreign currencies have been recorded, after conversion into euro at the exchange rate prevailing at the time of their recognition, or at the exchange rate at the end of the financial year according to the indications of accounting standard OIC26

**Transactions with grant back obligation**

In accordance with art. 2427, n° 6-ter, the company certifies that, during the fiscal year, the company did not perform any transaction subject to the grant back obligation.

**Explanatory notes, assets**

**Introduction**

The values entered as assets in the balance sheet were valuated as required by article 2426 of the Italian Civil Code and in accordance with the national accounting standards. The criteria applied in each case are indicated in the sections concerning the individual entries.

**Fixed assets**

Introduction

**Intangible fixed assets**

As the prerequisites indicated by the accounting principles are satisfied, the intangible assets are entered as assets in the balance sheet, at the acquisition and/or production cost and are depreciated in constant amounts depending on their future usefulness.

Pursuant to art.10 of Law n° 72 of March 19, 1983, as also recalled by the later monetary revaluation laws, it is specified that no monetary revaluation was ever carried out on the intangible assets still in the assets.

It is pointed out that it was not necessary to apply writedown on said noncurrent charges due as per art. 2426, paragraph 1, n° 3 of the Italian Civil Code because, as provided by the accounting standard OIC n° 9, no indicators of long-term losses of the value of the intangible assets were identified.

Any alienations of intangible assets that took place during the fiscal year involved the elimination of their residual value.

The depreciation was carried out in accordance with the following pre-established plan, which is believed to ensure a correct allocation of the cost incurred during the useful life of the asset in question:

| Intangible assets items | Period |
|---|---|
| Costs for start-up and extension | 5 Year |
| software fees | 5 Year |
| advertising expenses | 5 Year |
| TOTAL | |

The depreciation criterion for intangible assets was applied systematically and in every fiscal year, in relation to the remaining possibility of economic use of each asset or expense.

*Costs for start-up and extension*

Installation and expansion costs were entered among the balance sheet assets, as their usefulness extends over several years; these costs were depreciated within a period no longer than five years.

*Intangible assets*

**Tangible fixed assets**

The assets in the category of property, plant and equipment, recognized on the date on which the risks and benefits linked to the acquired asset are transferred, are entered in the financial statements at the acquisition cost, incremented by any accessory charges incurred up to the moment at which the assets are ready for use and, in any case, within the limits of the recoverable value.

Pursuant to art.10 of Law n° 72 of March 19, 1983, as also recalled by the monetary revaluation laws, it is specified that no monetary revaluation was ever carried out on the tangible assets still in the assets.

It is pointed out that it was not necessary to apply writedowns as per art. 2426, paragraph 1, n° 3 of the Italian Civil Code because, as provided by the accounting standard OIC n° 9, no indicators of long-term losses of the value of property, apparatus and equipment were identified.

Any disposals of assets (sales, scrapping, etc.) that took place during the fiscal year involved the elimination of their residual value. Any difference between the accounting amount and the disposal value was imputed to the income statement.

The accounting amount of the assets, grouped in homogeneous classes by nature and year of acquisition, is allocated among the fiscal years during which they will presumably be used. The procedure is implemented by systematically imputing to the financial statement the depreciation quotas corresponding to the pre-established plans, defined at the time that the asset is available and ready for use, also taking into account their presumed possible residual utilization. Said plans, audited yearly, are prepared on the basis of the gross value of the assets, assuming that their realization value at the end of the process is zero.

The depreciations of property, plant and equipment whose utilization is limited in time were done in accordance with the following pre-established schedule.

| **Property, plant and equipment items** | **Rate** |
|---|---|
| Electronic machines, computers, telephones | 20 % |
| Electrical system | 20 % |
| **TOTAL** | |

The above mentioned rates were reduced to half for the assets acquired in the course of the fiscal year, as the depreciation share thus obtained does not differ significantly from the share calculated starting at the time that the asset is available and ready for use.

The depreciation criteria for property, plant and equipment did not change compared to those applied the previous fiscal year.

**Introduction**

This paragraph of the Explanatory Notes analyses the movements regarding intangible assets, property, plant and equipment and financial assets.

The following is specified for each item of the fixed assets:

- the historical cost;
- previous revaluations, write-downs and depreciation of the fixed assets existing at the beginning of the fiscal year;
- acquisitions, movements from one item to another, disposals and eliminations occurring during the fiscal year;
- revaluations, writedowns and depreciation performed during the fiscal year;
- the final value of fixed assets.

**Abbreviated analysis of assets**

| | Intangible fixed assets | Tangible fixed assets | Total assets |
|---|---|---|---|
| **Year opening balance** | | | |
| Cost | 52,729 | 125,378 | 178,107 |
| Amortisation (amortisation fund) | -37,192 | -115,708 | -152,900 |
| Balance sheet value | 15,537 | 9,670 | 25,207 |
| **Changes during the year** | | | |
| Increases by acquisition | 5,550 | | 5,650 |
| Amortisation (amortisation fund) | -5,856 | -2,150 | -8,006 |
| Other changes | -1,120 | -1,133 | -2,253 |
| Total changes | -1,326 | -3,283 | -4,609 |
| **Year closing balance** | | | |
| Cost | 57,259 | 124,245 | 181,504 |
| Amortisation (amortisation fund) | -43,048 | -117,858 | -160,906 |
| Balance sheet value | 14,211 | 6,387 | 20,598 |
| | | | |
| **INR values Lakhs** | 10.65 | 4.87 | 15.72 |

**Comment**

The tables below show the movements relating to the individual items that make up the balances of intangible and tangible fixed assets.

**Intangible assets**

| Description | Details | Opening Balance | Acquisitions | Shift in Item | Cessation | Depreciation | Final Balance |
|---|---|---|---|---|---|---|---|
| *Intangible assets* | | | | | | | |
| | Costs for Start up and extension | 7,434 | | 3,085 | | | 10,519 |
| | software fees | 40,815 | 5,650 | | | | 46,465 |
| | Advertising Expenses | 4,480 | | 1,120 | | | 5,600 |
| | depreciation fund costs for start-up and extension | | | -2,240 | | -1.120 | -3,360 |
| | Depreciation fund software fees | | | -3,085 | | -2,104 | -5,189 |
| | Depreciation Fund Advertising Expenses | -37,192 | | | | -2,632 | -39,824 |
| **Totale** | | 15,537 | 5,650 | -1,120 | - | -5,856 | 14,211 |
| **INR Lakhs** | | 11.08 | | | | | 10.85 |

**Tangible fixes assets**

| Description | Details | Opening Balance | Acquisitions | Shift in Item | Cessation | Depreciation | Final Balance |
|---|---|---|---|---|---|---|---|
| *tangible fixed assets* | | | | | | | |
| | light constructions | 1,167 | | | -1,167 | | - |
| | work equipment | 8,776 | | | -8,776 | | - |
| | Electrical system | 11,601 | | | -3,601 | | 8,000 |
| | intercom system | 1,380 | | | -1,380 | | - |
| | Furniture | 55,946 | | | -55,946 | | - |
| | Ordinary Office Furniture & Machines | 2,932 | | | -2,932 | | - |
| | Electronic machines, Computers, Telephones | 43,577 | | | -34,791 | | 8,786 |
| | depreciation fund light constructions | -892 | | | 992 | | - |
| | depreciation fund work equipment | -8,776 | | | 8,776 | | - |
| | depreciation fund Electrical system | -4,357 | | | 3,557 | -1,800 | -2,400 |
| | depreciation fund intercom system | -1,380 | | | 1,380 | | - |
| | depreciation fund Furniture | -55,562 | | | 55,562 | | - |
| | depreciation fund Ordinary Office Furniture & Machines | -2,932 | | | 2,932 | | - |
| | depreciation fund Electronic machines, Computers, Telephones | -41,709 | | | 34,261 | -550 | -7,998 |
| | Rounding | | | | -1 | | -1 |
| **Totale** | | 9,671 | - | - | -1,134 | -2,150 | 6,387 |
| **INR Lakhs** | | 6.90 | | | | | 4.87 |

Finance leases operations

**Introduction**

At the end of the year, the company has no financial leasing contract in progress.

**Current assets**

Introduction

The elements of the current assets are valuated as required by numbers 8 to 11-bis of article 2426 of the Italian Civil Code. The criteria utilized are indicated in the sections of the respective financial statements' items

Inventory

**Introduction**

The goods inventories were entered at the lesser of the acquisition and/or production cost and of the realization value inferable from the market trend.

The acquisition cost includes any directly attributable accessory charges.

The production cost does not include the indirectly attributable costs as the latter were found not to be attributable according to an objective method.

Raw and subsidiary materials and consumables

The cost of the inventories of raw, auxiliary, and consumable materials having heterogeneous characteristics and not interchangeable with each other was calculated at specific costs, that is by assigning to the individual goods the costs specifically incurred for them. The value thus determined was appropriately compared, as required by art. 2426, n° 9 of the Italian Civil Code, to the realization value inferable from the market trend.

The comparison between acquisition/production cost and realizable value inferable from the market trend did not reveal, for any of the goods in the warehouse, the prerequisites for valuation on the basis of the lower market value.

**Receivables included among current assets**

**Introduction**

The credits entered among the current assets were valuated at their presumable realization value, exercising the right provided by art. 2435-bis of the Italian Civil Code.

**Capitalized financial assets**

Introduction

All of the interests and other financial expenses have been entirely expensed during the fiscal year. We declare that no capitalization of financial expenses exists for the purposes of article 2427, paragraph 1 of the Italian Civil Code.

**Explanatory notes, liabilities and shareholders' equity**

**Introduction**

The entries of the equity investment and the liabilities of the balance sheet were entered in accordance with the national accounting standards; the criteria specifically applied are indicated in the sections concerning the individual entries.

**Shareholders' equity**

Introduction

The items are entered in the financial statements at their accounting amount based on the indications contained in OIC accounting standard no. 28.

Comment

The following table shows the changes during the year in progress of the items that make up the shareholders' equity.

| Description | Details | Opening balance | Increases | Shift in the item | Decreases | Final Balance | Absolute Variation | Variation % |
|---|---|---|---|---|---|---|---|---|
| *Capital* | | | | | | | | |
| | Share capital | 110,000 | - | - | - | 110,000 | - | |
| | Totale | 110,000 | - | - | - | 110,000 | - | |
| INR Values Lakhs | | 93.46 | | | | 93.46 | | |
| *Capital Reserve* | | | | | | | | |
| | Loss coverage reserve | 227,749 | - | - | -134,416 | 93,333 | -134,416 | -59% |
| | Reserve for capital account payments | | 545,750 | | | 545,750 | 545,750 | |
| | Reserve for reduction of share capital | 1,588 | | | | 1,588 | - | |
| | Reserve by difference of rounding to the unit | - | - | - | - | - | - | |
| | Rounding | | | | | -1 | -1 | |
| | Totale | 229,337 | 545,750 | - | -134,416 | 640,670 | 411,333 | |
| INR Values Lakhs | | 163.52 | | | | 488.67 | | |
| *Profits or losses carried forward* | | | | | | | | |
| | Losses Carried Forward | -93,333 | -16,718 | | | -110,051 | -16,718 | 18% |
| | Totale | -93,333 | -16,718 | - | - | -110,051 | -16,718 | |
| *Profit or loss for the year* | | | | | | | | |
| | Loss for the year | -151,333 | -545,362 | | 151,333 | -545,362 | -394,029 | 260% |
| | Totale | -151,333 | -545,362 | - | 151,333 | -545,362 | -394,029 | |
| INR Values Lakhs | | -111.82 | | | | -404.17 | | |

| | Share Capital | Reserves | Profits or Losses Carried Forward | Profit or loss for the year | Total |
|---|---|---|---|---|---|
| Opening balance 1/01/2017 | 110,000 | 229,336 | -93,333 | -151,133 | 94,870 |
| *Destination profit or loss:* | | | | | |
| - Dividends | | | | | |
| - Other destinations | | | | | |
| *Other variations:* | | | | | |
| - Loss coverage | | | | | |
| - Capital operations | | -134,415 | -16,718 | 151,133 | - |
| - Dividends | | | | | |
| - Other destinations | | 545,749 | | | |
| Profit or loss 2017 | | | | | 545,749 |
| | | | | -545,362 | -545,362 |
| Final balance 31/12/2017 | 110,000 | 640,670 | -110,051 | -545,362 | 95,257 |
| INR values Lakhs | 93.46 | 488.97 | -83.99 | -404.17 | 94.26 |

**Payables**

Introduction

The debts were recorded in the financial statements at the nominal value, exercising the right provided by art. 2435-bis of the Italian Civil Code

Payables covered by real guarantees on social assets

**Introduction**

Pursuant to Article 2427, paragraph 1, number 6 of the Italian Civil Code, we certify that there are no debts with a duration of more than five years and payables secured by collateral on social assets.'

**Explanatory notes, P&L account**

**Introduction**

The income statement shows the economic outcome for the fiscal year.

It shows the operating activities through a summary of the revenue and cost components of the income that contributed to the economic outcome. The revenue and cost components of the income, entered in the financial statements as required by article 2425-bis of the Italian Civil Code, are grouped in a way that provides meaningful intermediate results and are distinguished depending on the various operations to which they belong, ordinary, accessory, and financial.

The ordinary activity identifies the income components generated by operations that are performed continuously and in the sector pertinent to the performance of the operation, which identify and qualify the specific and distinctive part of the economic activity carried out by the company and which is the company's business purpose.

The financial activity consists of transactions that generate revenues and expenses of financial nature.

Finally, the accessory activity consists of the operations that generate income components that are part of the ongoing activity, but do not fall into the ordinary and financial activity

**VALUE OF PRODUCTION**

Introduction

Revenues are entered in the financial statements on accrual basis of accounting, net of returns, allowances, discounts, and bonuses, as well as of the taxes directly linked to them

Revenues generated by the sale of goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits.

Revenues generated by providing services are entered when the service is provided, that is when the service is performed; in the specific case of ongoing services, the related revenues are entered for the portion accrued.

**Cost of production**

Comment

The costs and charges are attributed on accrual basis of accounting and according to their nature, net of returns, allowances, discounts, and premiums, in compliance with the principle of correlation with the revenues; they are entered in the respective items as required by accounting standard OIC 12. The costs incurred to purchase goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits. When services are purchased, the related costs are entered when the service is received, that is when the service has been performed; in the case of ongoing services, the related costs are entered for the portion accrued.

**Financial income and charges**

Introduction

Financial income and charges are entered on accrual basis of accounting based on the portion accrued during the fiscal year.

Comment

**Gains/losses on foreign exchange**

The information concerning exchange rate gains or losses is shown below, distinguishing the portion realized from that derived from the valuations of assets and liabilities denominated in foreign currency entered at the end of the fiscal year.

| Description | Amount Shown in the Balance Sheet | Valuation Portion | Realized Portion |
|---|---|---|---|
| *Currency gains and losses* | *100* | | |
| Gain on foreign exchange | | - | 100 |
| Loss on foreign exchange | | - | - |
| **Total entry** | | | **100** |

**Amount and nature of the individual revenue/expense items of exceptional magnitude or impact**

Introduction

During the current year, revenues or other positive components were recorded deriving from exceptional events or incidence deriving from accounting arrangements of suppliers' lists of previous years.

Introduction

During the current year, costs or other negative components were recorded deriving from exceptional events or incidence deriving from the accounting arrangements of pension funds, assets, sureties and sundry items.

**Income taxes for the fiscal year, current, deferred, and prepaid**

Introduction

The company proceeded to allocate taxes for the year on the basis of the application of the current tax regulations. Current taxes refer to taxes for the year as shown in the tax declarations; the taxes relating to previous years include the direct taxes of previous years, inclusive of interest and penalties and also refer to the positive (or negative) difference between the amount due following the definition of a dispute or an assessment with respect to the value of the fund set aside in previous years. Lastly, deferred taxes and deferred taxes relate to positive or negative income components respectively subject to taxation or deduction in financial years other than those for statutory accounting.

**Deferred tax assets and liabilities**

No provision was established in the income statement for deferred tax assets or liabilities, as there are no temporary differences between tax charges from the financial statements and theoretical tax charges.

**Explanatory notes, other information**

Introduction

The other information requested by the Italian Civil Code is shown below.

**Employment data**

Introduction

The schedule below shows the average number of employees, broken down by category and calculated considering the daily average.

Average number of employees broken down by category

| | Executives | Corporate Management | Employees | Total Employees |
|---|---|---|---|---|
| Average number | 1 | 1 | 4 | 6 |

**Remunerations, advances, and credits granted to directors and statutory auditors, as well as commitments assumed on their behalf**

Introduction

The company did not decide to grant any compensation to the administrative body, nor are there advances or credits towards said body. In addition, the company did not assume commitments on behalf of said body as a result of providing any type of guarantee.

**Commitments, guarantees, and potential liabilities that do not appear in the balance sheet**

Introduction

There are not any commitments, guarantees, or potential liabilities that do not appear in the balance sheet

**Information on transactions with related parties**

Comment

Transactions with related parties were conducted during the fiscal year. These transactions were concluded at market conditions; therefore, in accordance with the legislation in effect, no additional information is provided.

**Information on agreements that do not appear in the balance sheet**

Comment

No agreements not entered on the Balance Sheet were undertaken during the fiscal year

**Information on significant events that occurred after the fiscal year's end**

Comment

With regard to point 22-quater of art. 2427 of the Italian Civil Code, no significant events occurred after the fiscal year's closing date that significantly impacted on the balance sheet, financial position, and income statement

**Companies that prepare the consolidated financial statements of the narrower group of companies of which the company is part as a subsidiary**

Introduction

There is no case such as that mentioned at art. 2427, n° 22-sexies of the Italian Civil Code.

**Information concerning the derivative financial instruments as per art. 2427-bis of the Italian Civil Code**

Comment

It is certified that no derivative financial instruments were subscribed.

**Summary of balance sheet of the company exercising management and coordination activities**

Introduction

LUX and is subject to the activity of management and coordination by the company LUX INTERNATIONAL AG.

The following summary summaries provide the essential data of the last approved financial statements of the aforementioned company exercising the direction and coordination.

**LUX INTERNATIONAL LTD, BAAR**
**BALANCE SHEET AS OF 31 December 2017**

| | Note | 31.12.2017 CHF | 31.12.2017 INR Lakhs | 31.12.2016 CHF | 31.12.2016 INR Lakhs |
|---|---|---|---|---|---|
| **ASSETS Current assets** | | | | | |
| Cash and cash equivalents | | 345,111 | 225.22 | 8,895,874 | 5,916.73 |
| Trade accounts receivables | 2.1 | 1,352,776 | 882.81 | 1,749,577 | 1,163.66 |
| Other current receivables | 2.2 | 1,698,558 | 1,108.46 | 895,460 | 595.58 |
| Current financial assets | 2.3 | 1,455,642 | 949.93 | 18,789 | 12.50 |
| Prepaid expenses and accrued income | | 171,617 | 112.00 | 70,814 | 47.10 |
| Total current assets | | 5,023,704 | 3,278.41 | 11,630,514 | 7,735.57 |
| Non current assets | | | | | |
| Financial assets | 2.4 | 8,162,105 | 5,326.49 | 4,839,832 | 3,219.02 |
| Investments | 2.5 | 32,804,039 | 21,407.52 | 26,297,835 | 17,490.95 |
| Property, plant and equipment | | 192,655 | 125.72 | 412,285 | 274.21 |
| Intangible assets | | 1,803,782 | 1,177.13 | 2,676,387 | 1,780.09 |
| Total non current assets | | 42,962,581 | 28,036.86 | 34,226,339 | 22,764.28 |
| TOTAL ASSETS | | 47,986,285 | 31,315.27 | 45,856,853 | 30,499.85 |

| LIABILITIES AND SHAREHOLDERS' EQUITY | Note | 31.12.2017 CHF | 31.12.2017 INR | 31.12.2016 CHF | 31.12.2017 INR |
|---|---|---|---|---|---|
| Liabilities | | | | | |
| Trade accounts payables | 2.6 | 1,043,437 | 680.93 | 1,252,266 | 832.90 |
| Other current payables to shareholder | 2.7 | 4,240,500 | 2,767.30 | 654,920 | 435.59 |
| Current interest-bearing liabilities | 2.8 | 2,901,930 | 1,893.76 | 1,073,640 | 714.09 |
| Current provisions | | 9,100 | 5.94 | 16,000 | 10.64 |
| Accrued expenses and deferred income | 2.10 | 467,866 | 305.32 | 2,511,896 | 1,670.69 |
| Total current liabilities | | 8,662,833 | 5,653.26 | 5,508,722 | 3,663.91 |
| Non-current liabilities | | | | | |
| Interest-bearing loans | 2.9 | 21,217,755 | 13,846.45 | 31,173,337 | 20,733.70 |
| Non Current Provisions | 2.10 | 694,550 | 453.25 | 560,000 | 372.46 |
| Provisons for unrealized exchange gains | | 490,765 | 320.27 | 112,638 | 74.92 |
| Total non-current liabilities | | 22,403,070 | 14,619.97 | 31,845,975 | 21,181.08 |
| Total liabilities | | 31,065,903 | 20,273.24 | 37,354,697 | 24,844.98 |
| Shareholders' equity | | | | | |
| Share capital | | 19,500,000 | 13,033.78 | 7,500,000 | 5,202.73 |
| Legal capital reserves | | 1,500,000 | 1,040.55 | 1,500,000 | 1,040.55 |
| Voluntary retained earnings | | | - | | - |
| - Results carried forward | | (497,843) | -283.86 | 9,924,924 | 6,825.73 |
| - Loss for the year | | (3,581,773) | -2,367.95 | (10,422,767) | -7,109.59 |
| FCTR | | | -380.48 | | -304.54 |
| Total shareholders' equity | | 16,920,384 | 11,042.04 | 8,502,157 | 5,654.87 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 47,986,285 | 31,315.27 | 45,856,853 | 30,499.85 |

**LUX INTERNATIONAL AG, BAAR**
**STATEMENT OF INCOME 2017**

| | Note | 2017 CHF | 2017 INR | 2016 CHF | 2016 INR |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Dividend income | | 1,380,739 | 1,045.05 | 848,346 | 578.67 |
| Income from Royalties | 2.11 | 602,449 | 398.29 | 657,346 | 448.39 |
| Income from Factory Participation | | 4,214,360 | 2,786.16 | 5,681,272 | 3,875.32 |
| Financial income | 2.12 | 340,237 | 224.93 | 69,277 | 47.26 |
| Extraordinary income | 2.14 | 137,635 | 90.99 | 119,980 | 81.84 |
| Other operating income | 2.16 | 94,277 | 62.33 | 150,572 | 102.71 |
| Total income | | 6,969,697 | 4,607.75 | 7,526,793 | 5,134.19 |
| **EXPENSES** | | | | | |
| Financial expense | 2.13 | (2,590,678) | -1,712.73 | (1,379,271) | -940.83 |
| Personnel expenses | | (2,857,514) | -1,889.14 | (4,135,005) | -2,820.57 |
| Other operating expenses | 2.17 | (3,628,264) | -2,398.69 | (6,241,071) | -4,257.17 |
| Depreciation on property, plant and equipment | | (219,934) | -145.40 | (77,176) | -52.64 |
| Amortization on intangible assets | | (951,457) | -629.02 | (842,402) | -574.62 |
| Impairment loss on investment | 2.5 | - | - | (5,105,760) | -3,482.75 |
| Impairment loss on Intercompany Loan | | - | - | (105,299) | -71.83 |
| Extraordinary expense | 2.15 | (302,690) | -200.11 | (59,867) | -40.84 |
| Direct taxes | | (933) | -0.62 | (3,709) | -2.53 |
| Total expenses | | (10,551,470) | -6,975.70 | (17,949,560) | -12,243.78 |
| Loss for the year | | (3,581,773) | -2,367.95 | (10,422,767) | -7,109.59 |

**Treasury shares and parent companies**

Introduction

In accordance with art. 2435-bis and art. 2428, paragraph 3, numbers 3 and 4 of the Italian Civil Code, it is specified that, during the fiscal year, the company did not hold shares or shareholdings in the parent company.

**Proposed destination of profit or coverage of losses**

Comment

Dear Shareholders, in the light of the foregoing, the administrative body is equal to Euro 545,361.78 through the reserve from shareholder contributions to cover losses.

**Explanatory notes, final part**

Comment

Dear Shareholders: we confirm that these financial statements, consisting of the balance sheet, income statement, and explanatory notes describe truthfully and accurately the balance sheet and financial position of the company, as well as the economic outcome for the fiscal year and that said financial statements correspond to the accounting records. Therefore, we ask you to approve the draft financial statements to 31/12/2017 together with the proposed destination of the fiscal year income/loss, as set forth by the administrative body.

The financial statements are true and real and correspond to accounting records Agrate Brianza, 5 March 2018 ,

Domenico Murdaca, chairman of the
board of directors

Lux Osterreich GmbH

(a wholly owned Subsidiary of Lux (Deutschland) GmbH)

Financial Statements

For the year ended December 31, 2017

# Auditor's Report

## Report on the Financial Statements

### Audit Opinion

We have audited the financial statements of

Lux Österreich GmbH,
Schwechat, Austria,

which comprise the Balance Sheet as of 31 December 2017, 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 2017 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 (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the Company, in accordance with Austrian Generally Accepted Accounting Principles and professional regulations, and we 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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also 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 .

### Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, are free from material misstatements – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in 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 Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

— We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misprepresentations or the override of internal control.

— We 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 entity's internal control.

— We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— We 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 audit report to the respective note in the financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— We evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Vienna, 7. März 2018

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:
Mag. Thomas Smrekar
Wirtschaftsprüfer
(Austrian Chartered Accountant)

**This report is a translation of the original report in German, which is solely valid.**

## LIABILITIES AND SHAREHOLDERS EQUITY

| | 31-12-2017 | | | | 31-12-2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | EUR | | INR - Lakhs | | EUR | | INR - Lakhs | |
| A. Shareholder's equity | | | | | | | | |
| I. Share capital | | 500,000 | | 424.80 | | 500,000 | | 424.80 |
| II. Additional Paid in Capital | | | | | | | | |
| 1. Unappropriated | | 400,000 | | 305.29 | | | | - |
| III. Net profit/loss<br>thereof profit carryforward 0,00 (INR Nil)<br>(PY: TEUR 0) (INR Nil) | | (522,232) | | (387.03) | | 211,822 | | 156.72 |
| | | 377,768 | | 343.06 | | 711,822 | | 581.52 |
| Foreign Currency Translation Reserve | | | | (54.74) | | | | (73.97) |
| B. Accruals | | | | | | | | |
| 1. Accrued severance payments | 100,000 | | 76.32 | | 98,000 | | 69.88 | |
| 2. Accrued pensions | 55,470 | | 42.34 | | 56,366 | | 40.19 | |
| 3. Accrued income taxes | - | | - | | 10,000 | | 7.13 | |
| 4. Other accruals | 268,162 | 423,632 | 204.67 | 323.32 | 138,800 | 303,166 | 98.97 | 216.17 |
| C. Liabilities | | | | | | | | |
| 1. Bank loans and overdrafts | 1,000,086 | | 763.28 | | 1,046,763 | | 746.38 | |
| 2. Accounts payable from trade | 26,233 | | 20.02 | | 14,939 | | 10.65 | |
| 3. Accounts payable to affiliated companies | 18,660 | | 14.24 | | 123,600 | | 88.13 | |
| 4. Other liabilities<br>thereof due to taxes: EUR 95,511,06 (INR 7,289,557)<br>(PY: TEUR115.551,70); (INR 82,39,241)<br>thereof due to social security: EUR 29,043,76 (INR 22,16,666)<br>(PY: 34.335,96 (INR 24,48,274) | 373,808 | 1,418,787 | 285.30 | 1,082.84 | 408,745 | 1,594,047 | 291.45 | 1,136.61 |
| | | | | - | | | | - |
| | | 2,220,187 | | 1,694.48 | | 2,609,036 | | 1,860.33 |

| | | | | |
|---|---|---|---|---|
| Contingencies | 60,721 | 46.34 | 60,721 | 43.30 |
| | - | - | - | - |

**Lux Österreich GmbH**
**Schwechat**

Statement of Financial Position as of 31 December 2017

## ASSETS

| | 31-12-2017 | | | | 31-12-2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | EUR | | INR - Lakhs | | EUR | | INR - Lakhs | |
| A. Fixed Assets | | | | | | | | |
| I. Intangible Assets | | | | | | | | |
| 1. Licences | | 875 | | 0.67 | | 1,625 | | 1.16 |
| II. Tangible Assets | | | | | | | | |
| 1. Other plants, furniture and fixtures | | 11,906 | | 9.09 | | 27,578 | | 19.66 |
| III. Financial assets | | | | | | | | |
| 1. Securities | | 56,745 | | 43.31 | | 58,103 | | 41.43 |
| | | 69,526 | | 53.06 | | 87,306 | | 62.25 |
| B. Current assets | | | | | | | | |
| I. Inventories | | | | | | | | |
| 1. Finished goods and merchandise | | 167,038 | | 127.49 | | 267,380 | | 190.65 |
| II. Accounts receivable | | | | | | | | |
| 1. Accounts receivable from trade | 1,506,303 | | 1,149.63 | | 1,561,091 | | 1,113.11 | |
| 2. Accounts receivable from affiliated companies | 419,297 | | 320.01 | | 593,413 | | 423.12 | |
| # Other receivables and assets | 16,581 | 1,942,181 | 12.65 | 1,482.30 | 5,452 | 2,159,956 | 3.89 | 1,540.12 |
| III. Cash on hand and in banks | | 27,919 | | 21.31 | | 81,732 | | 58.28 |
| | | 2,137,138 | | 1,631.10 | | 2,509,069 | | 1,789.05 |
| C Prepaid expenses | | 13,523 | | 10.32 | | 12,661 | | 9.03 |
| | | 2,220,187 | | 1,694.48 | | 2,609,036 | | 1,860.33 |

**Lux Österreich GmbH**
**Schwechat**
Income Statement for the year ended 31 December 2017

| PARTICULARS | INCOME STATEMENT FOR FY 2017 EUR | | INR - Lakhs | | INCOME STATEMENT FOR FY 2016 EUR | | INR - Lakhs | |
|---|---|---|---|---|---|---|---|---|
| 1. Net sales | | 3,989,847 | | 2,956.92 | | 4,847,343 | | 3,586.37 |
| 2. Other operating income<br>Income from Disposal and revaluation of fixed assets excluding | | | | | | | | |
| a) Financial Assets | 40,866 | | 30.29 | | | | - | |
| b) Income from the reversal of accruals | 14,489 | | 10.74 | | 4,517 | | 3.34 | |
| c ) Sundry | 14,839 | 70,194 | 11.00 | 52.02 | 25,516 | 30,034 | 18.88 | 22.22 |
| 3. Cost of materials and other purchased production services | | | | | | | | |
| a) Cost of materials | | (1,016,185) | | (753.10) | | (1,155,007) | | (854.55) |
| 4. Personnel expenses | | | | | | | | |
| a) Wages and Salaries | (1,802,302) | | (1,335.70) | | (1,956,634) | | (1,447.64) | |
| b) Expenses for severance payments | | | | | | | | |
| c) Expenses for pensions | | | | | | | | |
| d) Expenses for statutory social security and payroll related taxes and contributions | (401,536) | (2,203,838) | (297.58) | (1,633.29) | (393,211) | (2,349,845) | (290.92) | (1,738.56) |
| 5. Amortization and depreciation | | (214,826) | | (159.21) | | (18,444) | | (13.65) |
| 6. Other operating expenses | | | | | | | | |
| a) Sundry | | (1,485,279) | | (1,100.76) | | (1,278,211) | | (945.70) |
| **7. Subtotal from line 1 to 6 (EBIT)** | | **(860,087)** | | **(637.42)** | | **75,871** | | **56.13** |
| 8. Income from other long-term securities | | 970 | | 0.72 | | 1,067 | | 0.79 |
| 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) | | 160,998 | | 119.32 | | 178,748 | | 132.25 |
| 10. Income from disposal and revaluation of financial assets and short-term securities | | - | | - | | 873 | | 0.65 |
| 11 Expenses for financial assets<br>thereof depreciation: EUR 0,00 (INR Nil)<br>(PY: TEUR -2) (INR 142) | | (1,358) | | (1.01) | | - | | - |
| 12. Interest and similar expenses<br>thereof for affiliated companies: EUR 0,00 (INR Nil)<br>(PY: TEUR 0)(INR Nil) | | (34,539) | | (25.60) | | (30,174) | | (22.32) |
| **13. Subtotal from line 8 to 11 (Financial result)** | | **126,071** | | **93.43** | | **150,513** | | **111.36** |
| **14. Result before Tax** | | **(734,016)** | | **(543.99)** | | **226,384** | | **167.49** |
| 15. Taxes on income | | - | | - | | (14,562) | | (10.77) |
| **16. Net loss for the year / Net Income** | | **(734,016)** | | **(543.99)** | | **211,822** | | **156.72** |
| 17. Merger Loss | | (38) | | (0.03) | | | | |
| **18. Loss for the year / Profit** | | **(734,054)** | | **(544.01)** | | | | |
| 19. Profit carried forward from prior year | | 211,822 | | 156.98 | | - | | - |
| **20. Net profit** | | **(522,232)** | | **(387.03)** | | **211,822** | | **-** |

Lux Norge AS

(a wholly owned Subsidiary of Lux (Deutschland) GmbH)

Financial Statements

For the year ended December 31, 2017

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Postboks 7000 Majorstuen
0306 Oslo

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Internet www.kpmg.no
Enterprise 935 174 627 MVA

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 5 601 563. The financial statements comprise the balance sheet as at 31 December 2017, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### 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 evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### 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 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.

### 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 expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing, 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. 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, 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 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 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 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 identify during our audit.

## Report on Other Legal and Regulatory Requirements

### Qualified opinion on Registration and Documentation

The company does not have satisfactory routines to secure completeness and accuracy of booked information through their implemented internal controls.

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, except for the effects of the matter described in section above, 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 standards and practices generally accepted in Norway.

Other Matter

The company has failed to deposit employees' tax deductions in accordance with the Norwegian Tax Payment Act section 5-12.

Oslo, 23 March 2018

KPMG AS

Svein Wiig

State Authorized Public Accountant

# ANNUAL REPORT FOR 2017
# LUX NORGE AS

**Nature of the business and where these are conducted**
LUX NORGE AS sells cleaning devices, air cleaners, mattress and equipment to the private and professional market as well as to the public sector. The company has it's headquarter and management in Asker and sales representatives in most of the country.

**Analysis of the annual accounting**
The company had a turnover of 30.4 MNOK, a decrease of 14 % from 2016. The operating result was -5.6 MNOK. At YE 2016 the company had a deferred tax asset booked, this was expensed in 2017 and is included in the operating result.

One new product line was started in Q2 in 2017. Luna Dreams, mattresses etc. to private marked. New priority area from Q1 was "Business to business. Our main focus of products going forward will still be Cleaning and Air.

During December a part of the loan from Lux International AS was converted to equity, 3 MNOK, 15 000 shares of 200 NOK each.

The company has an equity ratio of 15 %. The Board believes that the accounts give a true and fair view of the company's assets and liabilities, financial position and result.

The company is continuously working to get better margins, and have focus on decreasing costs.

**Going concern**
The board of directors confirm that the going concern assumption has been applied in preparing the annual accounts.

**The working environment**
862 days of sick were registered in 2017. This represents about 9.8 % of the total working days over the financial year. No serious occupational accidents are incidents have been experienced over the year.

The board of Directors are of the view that the working environment is satisfactory, but considers the need of implementing improvement measures on a continual basis

**Equal opportunities**
The company aims to be a workplace where is full equality between man and women, and has as its policy that no discrimination based on gender in matters of salary, promotion and recruitment.

He company has traditionally recruited from environments where men and woman are equally represented, but is had been difficult to recruit female sellers. Of the company's 39 employees are 10 women. Corporate board consists of 3 men.

**Environmental**

The company does not pollute the environment.

**Research and development activities**

The company currently has no ongoing research or development activities.

**Proposal for the Net Result:**

The board recommends that the result, - 5.6 MNOK is transferred from retained earnings.

Asker, 23.3.2018

Urs Meier
Chairman of the Board

Dan Sharoni
Member of the board/Managing director

Frank Gustavsson
Member of the borad

**BALANCE SHEET**
**LUX NORGE AS**

| | 2017 | | 2016 | |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES RESTRICTED EQUITY** | **NOK** | **INR** | **NOK** | **INR** |
| Share capital | 8.500.000 | 725.28 | 8.500.000 | 725.28 |
| Other paid-in equity | 10,500,000 | 813.90 | 7,500,000 | 581.36 |
| **Total restricted equity** | **19,000,000** | **1,539.18** | **16,000,000** | **1,306.64** |
| **RETAINED EARNINGS** | | | | |
| Other equity | (17,630,432) | (1,377.47) | (12,025,495) | (940.51) |
| FCTR | - | (55.55) | - | (58.05) |
| **Total retained earnings** | **(17,630,432)** | **(1,433.02)** | **(12,025,495)** | **(998.56)** |
| **Total equity** | **1,369,568** | **106.16** | **3,974,505** | **308.08** |
| **LIABILITIES** | | | | |
| **PROVISIONS** | | | | |
| Pension liabilities | - | - | 1,511,573 | 117.17 |
| **OTHER LONG-TERM LIABILITIES** | | | | |
| Other long term liabilities | 1,869,326 | 144.90 | 2,435,702 | 188.80 |
| Subordinated loans | - | - | - | - |
| **Total of other long term liabilities** | **1,869,326** | **144.90** | **2,435,702** | **188.80** |
| **CURRENT LIABILITIES** | | | | |
| Liabilities to financial institutions | - | - | - | - |
| Trade creditors | 1,601,980 | 124.18 | 3,203,055 | 248.28 |
| Public duties payable | 1,106,589 | 85.78 | 1,663,394 | 128.94 |
| Other short term liabilities | 3,156,109 | 244.64 | 3,124,237 | 242.17 |
| **Total short term liabilities** | **5,864,678** | **454.59** | **7,990,686** | **619.39** |
| **Total liabilities** | **7,734,004** | **599.49** | **11,937,961** | **925.36** |
| **Total equity and liabilities** | **9,103,572** | **705.65** | **15,912,466** | **1,233.44** |
| | - | - | - | - |

BALANCE SHEET

**LUX NORGE AS**

| | 2017 | | 2016 | |
|---|---|---|---|---|
| **ASSETS** | **NOK** | **INR Lakhs** | **NOK** | **INR Lakhs** |
| **FIXED ASSETS** | | | | |
| **INTANGIBLE FIXED ASSETS** | | | | |
| Concessions, Patents, Licenses, Trademarks and similar rights | 100,000 | 7.75 | - | - |
| Deferred tax asset | - | - | 4,490,082 | 348.04 |
| **Total intangible assets** | **100,000** | **7.75** | **4,490,082** | **348.04** |
| **TANGIBLE FIXED ASSETS** | | | | |
| Equipment and other movables | 263,938 | 20.46 | 390,013 | 30.23 |
| **Total tangible fixed assets** | **263,938** | **20.46** | **390,013** | **30.23** |
| **FINANCIAL FIXED ASSETS** | | | | |
| Investments in shares | 20,000 | 1.55 | 20,000 | 1.55 |
| Other receivables | 75,600 | 5.86 | 53,781 | 4.17 |
| **Total financial fixed assets** | **95,600** | **7.41** | **73,781** | **5.72** |
| **Total fixed assets** | **459,538** | **35.62** | **4,953,876** | **383.99** |
| **CURRENT ASSETS** | | | | |
| Inventories | 2,310,438 | 179.09 | 3,358,398 | 260.32 |
| **DEBTORS** | | | | |
| Accounts receivables | 3,933,999 | 304.94 | 6,613,844 | 512.67 |
| Other receivables | 315,523 | 24.46 | 16,785 | 1.30 |
| **Total debtors** | **4,249,522** | **329.40** | **6,630,629** | **513.97** |
| **INVESTMENTS** | | | | |
| Cash and bank deposits | 2,084,075 | 161.54 | 969,565 | 75.15 |
| **Total current assets** | **8,644,035** | **670.03** | **10,958,592** | **849.44** |
| **Total assets** | **9,103,572** | **705.65** | **15,912,466** | **1,233.44** |

**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.luxinternationai.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.

**-ension liabilities - Defined-benefit scheme**

The Company has entered into a pension contract with its employees according to the Norwegian Law on required occupational pension ("Lov om obligatorisk tjenestepensjon") . The arrangement is a deposit based arrangement. The Company has no further payment obligations after the deposits have been paid. The deposits are recorded as payroll expences when due

**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 23 % 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**

| Salary costs | 2017<br>NOK | 2017<br>INR Lakhs | 2016<br>NOK | 2016<br>INR Lakhs |
|---|---|---|---|---|
| Salaries | 10,985,841 | 856.97 | 9,643,304 | 773.27 |
| Employment tax | 1,533,830 | 119.65 | 1,455,464 | 116.71 |
| Pension costs | (1,306,073) | (101.88) | (409,007) | (32.80) |
| Other benefits | 347,512 | 27.11 | 327,120 | 26.23 |
| **Total** | **11,561,110** | **901.85** | **11,016,881** | **883.41** |
| Number of employees | 33 | | 40 | |
| Benefits (in NOK) | **Managing director** | | **Board of directors** | |
| Fixed salary | 1,080,000 | 84.25 | - | - |
| Other remuneration | 72,779 | 5.68 | - | - |
| Pension | - | - | - | - |
| **Total** | **1,152,779** | **89.92** | - | - |

General manager has a bonus agreement.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.

| Audit fees | 2017<br>NOK | 2017<br>INR Lakhs |
|---|---|---|
| Audit | 233,075 | 18.18 |
| Technical assistance for annual report | 25,500 | 1.99 |
| Technical assistance for tax papers | 25,500 | 1.99 |
| Other services | 85,000 | 6.63 |
| Authorization services | 30,000 | 2.34 |
| **Total** | **399,075** | 31.13 |

**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.

**NOTE 4 TAX**

| This year's tax expense | 2017<br>NOK | 2017<br>INR Lakhs | 2016<br>NOK | 2016<br>INR Lakhs |
|---|---|---|---|---|
| Entered tax on ordinary profit/ loss: Payable tax | - | - | - | - |
| Changes in deferred tax advantage | 4,490,082 | 350 | - | - |
| Tax expense on ordinary profit/ loss | 4,490,082 | 350 | - | - |
| Taxable income: Ordinary profit/ loss before tax | (1,111,484) | (87) | (6,946,533) | (557) |
| Permanent differences | 59,622 | 5 | 79,011 | 6 |
| Changes temporary differences | (7,123,998) | (556) | 3,936,750 | 316 |
| Taxable income | (8,175,860) | (638) | (2,930,772) | (235) |
| 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:

| | 2017<br>NOK | 2017<br>INR Lakhs | 2016<br>NOK | 2016<br>INR Lakhs |
|---|---|---|---|---|
| Tangible fixed assets | (157,222) | (12.19) | (142,571) | (11.22) |
| Stock | (200,000) | (15.50) | (73,000) | (5.74) |
| Accounts receivable | (1,349,768) | (104.63) | (6,901,849) | (542.96) |
| Allocations and more | (582,746) | (45.17) | (565,422) | (44.48) |

| | | | | |
|---|---|---|---|---|
| Pension premium / liabilities | 21,819 | 1.69 | (1,511,573) | (118.91) |
| Total | (2,267,917) | (175.80) | (9,194,415) | (723.31) |
| Accumulated loss to be brought forward | (20,809,296) | (1,623.27) | (15,633,437) | (1,253.60) |
| Not included in the deferred tax calculation | 23,077,213 | 1,800.18 | 6,119,176 | 490.68 |
| Basis for calculation of deferred tax | - | - | (18,708,676) | (1,486.23) |
| Deferred tax (24 % / 25 %) | - | - | (4,490,082) | (350.26) |

**NOTE 5 FIXED ASSETS**

| | Inventory/ machines | Vehicles | Other fixed | Total plant and equipment | INR Lakhs |
|---|---|---|---|---|---|
| Assets | | | | | |
| Acquisition cost 01.01.2017 | 1,357,655 | 512,205 | - | 1,869,860 | 144.94 |
| Addition purchased | - | - | 17,268 | 17,268 | 1.34 |
| Disposal of sold | - | - | - | - | - |
| Acquisition cost 31.12.2017 | 1,357,655 | 512,205 | 17,268 | 1,887,128 | 146.28 |
| | | | | | |
| Accumulated depreciation 31.12.17 | 1,259,979 | 357,455 | 5,756 | 1,623,190 | 126.62 |
| | | | | | |
| Accumulated write-downs 31.12.17 | - | - | - | - | - |
| Reversed write-downs 31.12.17 | - | - | - | - | - |
| Book value as at 31.12.2017 | 97,676 | 154,750 | 11,512 | 263,938 | 20.46 |
| | | | | | |
| The year's depreciation | 88,750 | 48,837 | 5,756 | 143,343 | 11.18 |
| 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 lakhs |
|---|---|---|---|---|
| Ordinary shares | 95,000 | 200 | 19,000,000 | 1,539.18 |
| Total | | | 19,000,000 | 1,539.18 |

| Shareholders | Number of shares | shareholding |
|---|---|---|
| Lux International AG | 95,000 | 1 |
| Total | 95,000 | 1 |

**NOTE 7 EQUITY**

| | Share Capital | Other equity capital | Total equity capital | FCTR | Total equity capital |
|---|---|---|---|---|---|
| Equity capital 01.01.2016 | 16,000,000 | (12,025,495) | 3,974,505 | - | 3,974,505 |
| Capital increase, not registered | 3,000,000 | - | 3,000,000 | - | 3,000,000 |
| Changes in Previous year | | (3,371) | (3,371) | | (3,371) |
| Result for the year | | (5,601,566) | (5,601,566) | - | (5,601,566) |
| Equity capital 31.12.2016 | 19,000,000 | (17,630,432) | 1,369,568 | - | 1,369,568 |
| | | | | | |
| INR Lakhs | 1,539.18 | (1,377.47) | 161.71 | (55.55) | 106.16 |

**NOTE 8 CASH AND CASH EQUIVALENTS**

The company restricted bank deposits pr 31.12 are NOK 476,882. ( INR 3,696,503 ) Tax deductions payable pr 31.12 are NOK - 464,857. INR ( 3,603,292 )

The company has kept tax deduction funds in accordance with the Tax Payment Act.

**NOTE 9 RECEIVABLES AND PAYABLES**

| Trade Receivables | 2017 NOK | 2017 INR Lakhs | 2016 NOK | 2016 INR Lakhs |
|---|---|---|---|---|
| Receivables | 5,797,887 | 449.42 | 3,255,493 | 256.10 |
| Other receivables | 315,523 | 24.46 | 9,836,621 | 773.83 |
| Loss account receivables | (1,863,889) | (144.48) | (6,478,270) | (509.63) |
| **Total** | 4,249,521 | 329.40 | 6,613,844 | 520.30 |
| **Other short-term receivable** | | | | |
| Other receivables (payroll) | 162,558 | 12.60 | 230,917 | 18.17 |
| Other receivables | 220,051 | 17.06 | 328,296 | 25.83 |
| **Total** | 382,609 | 29.66 | 559,213 | 43.99 |
| **Trade Payables** | | | | |
| Payables | 1,601,980 | 124.18 | 3,203,056 | 251.98 |
| **Total** | 1,601,980 | 124.18 | 3,203,056 | 251.98 |

**NOTE 10 TRANSACTIONS BETWEEN RELATED PARTIES**

| Intercompany | 2017 | 2017 | 2016 | 2016 |
|---|---|---|---|---|
| | NOK | INR Lakhs | NOK | INR Lakhs |
| Loan from Lux International AG, Sveits | 1,869,326 | 144.90 | 2,435,702 | 191.61 |
| Total | 1,869,326 | 144.90 | 2,435,702 | 191.61 |

**NOTE 11 GUARANTEE**

As collateral for bank overdraft, the company has pledged collateral in inventory with NOK 3 500 000 INR ( 271.30 Lakhs ) as well as the entire business with NOK 3 500 000. INR ( 271.30 )
The bank overdraft was NOK 0 at the end of the year.

Lux Professional International GmbH

(a Subsidiary of Lux International AG)

Financial Statements

For the year ended December 31, 2017

KPMG

**KPMG AG**
**Audit**
Badenerstrasse 172
CH-8004 Zurich

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CH-8036 Zurich

Telephone +41 58 249 31 31
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Independent practitioner's review report to the Board of Directors of

**Lux Professional International GmbH, Küsnacht (Switzerland)**

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We have reviewed the accompanying financial information of Lux Professional International GmbH, which comprise the balance sheet as at 31 December 2017, 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 2017 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 2017, 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).

KPMG AG

Roman Wenk

Roman Wenk　　　　Yvonne Lingg

Zurich, 7 March 2018

*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 | 2017 TCHF | 2017 INR - in Lakhs | 2016 TCHF | 2016 INR - in Lakhs |
|---|---|---|---|---|---|
| | **Assets** | | | | |
| 11100 | Cash and bank balances | 28 | 18.27 | 32 | 21.28 |
| 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** | **28** | **18.27** | **32** | **21.28** |
| 12149.9 | Total Trade receivables gross | 39 | 25.45 | - | - |
| 12149 | Total Other receivables TP gross | - | - | - | - |
| 12150 | *Less bad debts allowances* | - | - | - | - |
| 12199 | Total Other receivables TP net | **39** | **25.45** | - | - |
| 12200 | Receivables RP gross | - | - | - | - |
| 12250 | *Less bad debts allowances RP* | - | - | - | - |
| 12299 | TOTAL RECEIV. NET RP | - | - | - | - |
| 12300 | Receivables IC gross | 148 | 96.58 | 19 | 12.64 |
| 12350 | *Less bad debts allowances IC* | - | - | - | - |
| 12399 | TOTAL RECEIV. NET IC | **148** | **96.58** | **19** | **12.64** |
| 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 | - | - | 1 | 0.67 |
| | TOTAL RECEIVABLES NET | - | - | 1 | 0.67 |
| 12999 | **TOTAL RECEIVABLES** | **187** | **122.03** | **20** | **13.30** |
| 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** | **215** | **140.31** | **52** | **34.59** |
| 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 | 2,130 | 1,390.01 | 1,262 | 839.37 |
| 17235 | *Less value adj long-term loans IC* | (600) | (391.55) | - | - |
| 17239 | TOTAL LONG-TERM LOANS IC NET | **1,530** | **998.46** | **1,262** | **839.37** |
| 18100 | Investments in companies - IC & RP gross | 1,868 | 1,219.03 | 722 | 480.21 |
| 18150 | *Less value-adjustments - Investments in companie* | - | - | - | - |
| 18199 | TOTAL INVESTMENTS IN COMPANIES IC & RP NET | **1,868** | **1,219.03** | **722** | **480.21** |
| 18999 | **TOTAL FINANCIAL ASSETS** | **3,398** | **2,217.49** | **1,984** | **1,319.58** |
| 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** | **3,398** | **2,217.49** | **1,984** | **1,319.58** |
| | **TOTAL** | **3,613** | **2,357.80** | **2,036** | **1,354.16** |
| | **Liabilities & Equity** | | | | |
| 21100 | Bank overdrafts | - | - | - | - |
| 21105 | Bank liabilities - due within 1 year | - | - | - | - |
| 21110 | Cash in transit | - | - | - | - |
| 21999 | **BANK OVERDRAFTS** | - | - | - | - |
| 22100 | Current liabilities from refinancing | - | - | - | - |

Lux Professional International GmBH
Balance Sheet

| | PARTICULARS | 2017 TCHF | 2017 INR - in Lakhs | 2016 TCHF | 2016 INR - in Lakhs |
|---|---|---|---|---|---|
| 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 | 167 | 108.98 | 17 | 11.31 |
| 22999 | **CURRENT LIABILITIES** | **167** | **108.98** | **17** | **11.31** |
| 24900 | Accrued exp. and prepaid income TP | 25 | 16.63 | 6 | 3.99 |
| 24910 | Accrued exp. and prepaid income RP | - | - | - | - |
| 24920 | Accrued exp. and prepaid income IC | - | - | - | - |
| 24999 | **TOTAL ACCRUED EXP. AND PREP. INCOME** | **25** | **16.63** | **6** | **3.99** |
| 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** | **192** | **125.61** | **23** | **15.30** |
| 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 | 4,202 | 2,742.17 | 2,060 | 1,370.13 |
| 27250 | Other long-term liabilities | - | - | - | - |
| 27299 | **OTHER NON-CURRENT LIABILITIES** | **4,202** | **2,742.17** | **2,060** | **1,370.13** |
| 29099 | Deferred tax liabilities | - | - | - | - |
| 26999 | **TOTAL NON-CURRENT LIABILITIES** | **4,202** | **2,742.17** | **2,060** | **1,370.13** |
| 28100 | Share capital | 20 | 13.32 | 20 | 13.32 |
| 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 | (66) | (45.16) | (5) | (3.55) |
| | FCTR | - | 7.77 | - | 0.57 |
| 28500 | Profit (Loss) | (735) | (485.92) | (61) | (41.61) |
| 28998 | rounding difference / CTA | - | - | - | - |
| 28999 | **Total equity** | **(781)** | **(509.98)** | **(46)** | **(31.26)** |
| | **TOTAL** | **3,613** | **2,357.80** | **2,036** | **1,354.16** |
| | | - | - | - | - |

**Lux Professional International GmBH**
**Profit & Loss Statement**

| | | 2017 | | 2016 | |
|---|---|---|---|---|---|
| | | TCHF | INR - Lakhs | TCHF | INR - Lakhs |
| 30502 | Income from license/patents - third parties | - | - | - | - |
| 30503 | Income from license/patens - Group -> ACC | 56 | 37.02 | 19 | 12.96 |
| 30501 | Factory Participations | 11 | 7.27 | - | - |
| 30504 | Income from services - Group -> AC03 | - | - | - | - |
| 30505 | Income from services - Related parties -> A | - | - | - | - |
| 30550 | Other income | 3 | 1.98 | - | - |
| 30150 | Reserve for bad debts - TP (not CDS) | - | - | - | - |
| 30110 | Loss on receivables - TP | - | - | - | - |
| | OPERATING REVENUE | 70 | 46.28 | 19 | 12.96 |
| 32700 | Research and Development Costs | - | - | (2) | (1.36) |
| 32710 | Patents + Trademarks | - | - | - | - |
| | TOTAL PRODUCTION EXPENSES | - | - | (2) | (1.36) |
| 32100 | Administration Staff | - | - | - | - |
| 32101 | Fees Board of Directors | - | - | - | - |
| 32102 | Social Security Expenses | - | - | - | - |
| 32180 | Management Benefit Trust | - | - | - | - |
| 32190 | Other Personnel costs | - | - | (6) | (4.09) |
| | TOTAL PERSONNEL EXPENSES | - | - | (6) | (4.09) |
| 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 | (17) | (11.24) | (1) | (0.68) |
| 32206 | Audit fees | - | - | - | - |
| 32506 | Events | - | - | - | - |
| 31450 | Advertising and PR | - | - | (1) | (0.68) |
| 32800 | LUX Academy | - | - | - | - |
| 33100 | Costs for Exec Mgmt Trainee Program | - | - | - | - |
| 32204 | Other Administration expenses | - | - | - | - |
| 31491 | Guarantee costs - other | - | - | - | - |
| | TOTAL OTHER OPERATING EXPENSES | (17) | (11.24) | (2) | (1.36) |
| | TOTAL OPERATING EXPENSES | (17) | (11.24) | (10) | (6.82) |
| 33504 | Expenses for Services - Group -> AC03 | (18) | (11.90) | (18) | (12.28) |
| 33505 | Expenses for Services - related Parties -> A | - | - | - | - |
| | OPERATING REVENUE | - | - | - | - |
| 33200 | Support Expenses Germany Direct Agencie | - | - | - | - |
| 33210 | Support Expenses Germany Consulting fee: | - | - | - | - |
| 33220 | Support Expenses Germany Incentives & ot | - | - | - | - |
| 33301 | Support Expenses Spain | - | - | - | - |
| 33302 | Support Expenses Norway | - | - | - | - |
| 33303 | Support Expenses Czech | (46) | (30.41) | - | - |
| 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 | (46) | (30.41) | (45) | (30.70) |
| 33310 | Support Expenses Aqua GmbH | - | - | - | - |
| 33311 | Support Expenses Dubai Trading | - | - | - | - |
| 33312 | Support Expenses Aquamall | - | - | - | - |
| 33999 | TOTAL SPECIAL ADJUSTMENTS (LIAG) | (92) | (60.82) | (45) | (30.70) |
| | EBITDA | (57) | (37.68) | (54) | (36.83) |

**Lux Professional International GmBH**
**Profit & Loss Statement**

| | | 2017 | | 2016 | |
|---|---|---|---|---|---|
| | | TCHF | INR - Lakhs | TCHF | INR - Lakhs |
| 36100 | Depreciation fixed assets | - | - | - | - |
| 36110 | Amortisation intangible assets | - | - | - | - |
| 36120 | Depreciation Research and Development | - | - | - | - |
| | EBIT | (57) | (37.68) | (54) | (36.83) |
| | FINANCIAL INCOME & EXPENSES | | | | |
| 35100 | Exchange diff. real. | (2) | (1.32) | (4) | (2.73) |
| 35101 | Exchange diff. unreal. | (69) | (45.62) | (19) | (12.96) |
| 37100 | Interest income IC -> AC03 | 109 | 72.06 | 40 | 27.28 |
| 37120 | Interest income related Parties -> AC03 | - | - | - | - |
| 37110 | Interest expenses IC -> AC03 | (80) | (52.89) | (26) | (17.74) |
| 37130 | Interest expenses related Parties -> AC03 | - | - | - | - |
| 35310 | Royalties related parties -> AC03-A | - | - | - | - |
| 35400 | Dividends IC/RP -> AC03 | - | - | - | - |
| 37200 | Interest income, external | - | - | 5 | 3.41 |
| 37250 | Interest expenses, external | (1) | (0.66) | (1) | (0.68) |
| 37500 | Bank fees | (1) | (0.66) | (2) | (1.36) |
| | FINANCIAL INCOME & EXPENSES | (44) | (29.09) | (7) | (4.77) |
| 35200 | Prior period adjustment | (5) | (3.31) | - | - |
| 35250 | Restructuring expense | (29) | (19.17) | - | - |
| 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 | (600) | (396.67) | - | - |
| 35903 | Value adj. investments (Group) -> AC03 | - | - | - | - |
| 35909 | IC-Transactions -> AC03 | - | - | - | - |
| 35950 | Extraordinary Income | - | - | - | - |
| | TOT. EXTRAORD. OPER. EXP | (634) | (419.15) | - | - |
| | LUX RESULT PRE TAX | (735) | (485.92) | (61) | (41.61) |
| 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 | (735) | (485.92) | (61) | (41.61) |

## Significant accounting policies of Lux Group and other explanatory information of Lux Professional International GmbH

### 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 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 2017, and its financial performances. The financial information may, therefore not be suitable for another purposes.

### 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 course of 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 recoverable amount.

**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 of Lux International AG)

Financial Statements

For the year ended December 31, 2017

**KPMG AG**
**Audit**
Badenerstrasse 172
CH-8004 Zurich

P.O. Box
CH-8036 Zurich

Telephone +41 58 249 31 31
Fax +41 58 249 44 06
www.kpmg.ch

Independent practitioner's review report to the Board of Directors of

**Lux Switzerland Ltd, Küsnacht (Switzerland)**

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We have reviewed the accompanying financial information of Lux Switzerland Ltd, which comprise the balance sheet as at 31 December 2017, 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 2017 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 2017, 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).

KPMG AG

Roman Wenk | Yvonne Lingg

Roman Wenk    Yvonne Lingg

Zurich, 7 March 2018

*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**

## Statement of Financial Position as of 31st December 2017

| ASSETS | 31.12.2017 | | 31.12.2016 | |
|---|---|---|---|---|
| | CHF | INR Lakhs | CHF | INR Lakhs |
| **A. FIXED ASSETS** | | | | |
| I Intangible Assets | - | - | - | - |
| II Tangible Assets | - | - | - | - |
| 1. Motor vehicles | - | - | - | - |
| III Financial Investments | | | | |
| 1. Long term accounts receivable from trade | - | - | - | - |
| 1. Long term loans third parties | 82,000 | 53.51 | 89,000 | 59.19 |
| | 82,000 | 53.51 | 89,000 | 59.19 |
| **B. CURRENT ASSETS** | | | | |
| I. Inventories | | | | |
| 1. Finished goods and merchandise | 94,000 | 61.34 | 131,000 | 87.13 |
| II. Receivables | | | | |
| 1. Accounts receivable from trade | 405,000 | 264.30 | 369,000 | 245.43 |
| 2. Receivables intercompany | 1,000 | 0.65 | 4,000 | 2.66 |
| 3. Other receivables third parties | 7,000 | 4.57 | 7,000 | 4.66 |
| | 413,000 | 269.52 | 380,000 | 252.74 |
| III. Cash on hand and in banks, checkes | 232,000 | 151.40 | 104,000 | 69.17 |
| | 739,000 | 482.26 | 615,000 | 409.04 |
| **C. PREPAYMENTS** | | | | |
| 1. Prepaid expenses | 6,000 | 3.92 | 4,000 | 2.66 |
| TOTAL ASSETS | **827,000** | **539.69** | **708,000** | **470.90** |

| LIABILITIES AND SHAREHOLDER'S EQUITY | 31.12.2017 | | 31.12.2016 | |
|---|---|---|---|---|
| | CHF | INR Lakhs | CHF | INR Lakhs |
| **A. SHAREHOLDER'S EQUITY** | | | | |
| I Share capital | 100,000 | 69.37 | 100,000 | 69.37 |
| II Capital reserves | 12,000 | 7.23 | 12,000 | 7.23 |
| III Retained earnings | 255,000 | 168.70 | 157,000 | 100.49 |
| IV Dividend | -165,000 | -107.68 | -80,000 | -53.21 |
| V Net profit | 294,000 | 194.37 | 178,000 | 121.42 |
| FCTR | | -8.31 | | -1.21 |
| | 496,000 | 323.68 | 367,000 | 244.10 |
| **B. PROVISIONS** | | | | |
| I Provision for guarantees (long term) | 9,000 | 5.87 | 8,000 | 5.32 |
| II Provision for restructuring (short term) | - | - | - | - |
| III Other provision (short term) | 47,000 | 30.67 | 34,000 | 22.61 |
| | 56,000 | 36.54 | 42,000 | 27.93 |
| **C. LIABILITIES** | | | | |
| I Current liabilities | | | | |
| 1. Current liabilities accounts external | 57,000 | 37.20 | 88,000 | 58.53 |
| 2. Current liabilities accounts intercompany | 27,000 | 17.62 | 17,000 | 11.31 |
| 3. Current liabilities against public institutions | 11,000 | 7.18 | 4,000 | 2.66 |
| 3. Other current liabilities third parties | 179,000 | 116.81 | 181,000 | 120.38 |
| | 274,000 | 178.81 | 290,000 | 192.88 |
| II Bank overdrafts | | | | |
| 1. Cash in transit | 1,000 | 0.65 | 9,000 | 5.99 |
| TOTAL EQUITY AND LIABILITIES | **827,000** | **539.69** | **708,000** | **470.90** |
| | | | - | - |

**Lux Switzerland Ltd**

## Income Statement for the year ended 31st December 2017

| | 31.12.2017 | | | 31.12.2016 | | |
|---|---|---|---|---|---|---|
| | TCHF | CHF | INR - Lakhs | TCHF | CHF | INR - Lakhs |
| 1 Net Sales | 2.686 | 2.686.000 | 1.775.75 | 2.321 | 2.321.000 | 1.583.20 |
| 2 Other operating Income | - | - | - | 15 | 15.000 | 10.23 |
| 3 Cost of Materials and other purchased production services | -510 | -510,000 | -337.17 | -407 | -407,000 | -277.62 |
| 4 Personnel expenses | -1.596 | -1.596.000 | -1.055.13 | -1.398 | -1.398.000 | -953.61 |
| 5 Amortization and depreciation of tangible and intangible assets | - | - | - | -1 | -1,000 | -0.68 |
| 6 Other operating expenses | -237 | -237.000 | -156.68 | -332 | -332.000 | -226.46 |
| 7 Subtotal from line 1 to 5 (EBIT) | **343** | **343.000** | **226.76** | **198** | **198.000** | **135.06** |
| 8 Exchange difference | -26 | -26.000 | -17.19 | -20 | -20.000 | -13.64 |
| 9 Financial result | **-26** | **-26.000** | **-17.19** | **-20** | **-20.000** | **-13.64** |
| 10 Result before tax | **317** | **317.000** | **209.57** | **178** | **178.000** | **121.42** |
| 11 Taxes on income | 23 | 23.000 | 15.21 | - | - | - |
| 12 Profit for the year | **294** | **294.000** | **194.37** | **178** | **178.000** | **121.42** |
| 13 Profit carried forward from prior year | - | - | - | - | - | - |
| 14 Net profit | **294** | **294,000** | **194.37** | **178** | **178,000** | **121.42** |

## Significant accounting policies of Lux Group and other explanatory information of Lux Switzerland Ltd

### Basis of preparation and explanatory information

The financial information of Lux Switzerland 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.

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### 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 course of 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*

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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 recoverable amount.

**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.

LIAG Trading & Investment Limited

(a wholly owned Subsidiary of Lux International AG)

Financial Statements

For the year ended December 31, 2017

KPMG

**KPMG AG**
**Audit**
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Independent practitioner's review report to the Board of Directors of

**LIAG Trading and Investments Ltd, Dubai**

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We have reviewed the accompanying financial information of LIAG Trading and Investments Ltd (Dubai), which comprise the balance sheet as at 31 December 2017, 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 2017 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 and 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 2017, 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 and Investments Ltd (Dubai), Lux International AG (Switzerland) and Eureka Forbes Limited (India).

KPMG AG

Roman Wenk

Yvonne Lingg

Zurich, 7 March 2018

_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 | 2017 USD | 2017 INR Lakhs | 2016 USD | 2016 INR Lakhs |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and bank balances | 77,000 | 49.06 | 114,000 | 77.30 |
| Cash in transit | - | - | - | - |
| Restricted Cash in general | - | - | - | - |
| Marketable securities (short-term) | - | - | - | - |
| Restricted marketable securities in general | - | - | - | - |
| Short-term deposits (< 90 days) | - | - | - | - |
| TOTAL CASH & - EQUIVALENT | 77,000 | 49.06 | 114,000 | 77.30 |
| Total Trade receivables gross | 230,000 | 146.54 | - | - |
| Total Other receivables TP gross | 111,000 | 70.72 | - | - |
| *Less bad debts allowances* | - | - | - | - |
| Total Other receivables TP net | 341,000 | 217.27 | - | - |
| Receivables RP gross | - | - | - | - |
| *Less bad debts allowances RP* | - | - | - | - |
| TOTAL RECEIV. NET RP | - | - | - | - |
| Receivables IC gross | 2,803,000 | 1,785.93 | 1,413,000 | 958.13 |
| *Less bad debts allowances IC* | - | - | - | - |
| TOTAL RECEIV. NET IC | 2,803,000 | 1,785.93 | 1,413,000 | 958.13 |
| 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 | 3,144,000 | 2,003.19 | 1,413,000 | 958.13 |
| Raw Materials | - | - | - | - |
| Semi finished products | - | - | - | - |
| Finished products gross | - | - | - | - |
| *Less inventory allowances finished products* | - | - | - | - |
| Demo Units | - | - | - | - |
| Aeroguard | - | - | - | - |
| *Less inventory allowances Aeroguard* | - | - | - | - |
| Goods in transit | - | - | - | - |
| *Less inventory allowances Others* | - | - | - | - |
| TOTAL INVENTORIES NET | - | - | - | - |
| Accrued income & Prepaym. TP | 4,000 | 2.55 | 10,000 | 6.78 |
| Accrued income & Prepaym. RP | - | - | - | - |
| Accrued income & Prepaym. IC | - | - | - | - |
| TOTAL ACCR. INCOME & PREPAYM. | 4,000 | 2.55 | 10,000 | 6.78 |
| TOTAL CURRENT ASSETS | 3,225,000 | 2,054.80 | 1,537,000 | 1,042.21 |
| 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. | - | - | - | - |
| Plant & Machinery | - | - | - | - |
| Plant & Machinery (finance lease) | - | - | - | - |
| Motor vehicles | - | - | - | - |
| Land and Buildings | - | - | - | - |
| Improvements | - | - | - | - |
| Leasehold improvements | - | - | - | - |
| Other equipment | - | - | - | - |
| TOTAL FIXED TANGIBLE ASSETS | - | - | - | - |
| Patents, labels and licences | - | - | - | - |
| Goodwill / Badwill | - | - | - | - |
| Other intangible assets | - | - | - | - |
| TOTAL INTANGIBLE ASSETS | - | - | - | - |
| Deferred tax assets | - | - | - | - |
| TOTAL NON-CURRENT ASSETS | - | - | - | - |
| TOTAL | 3,225,000 | 2,054.80 | 1,537,000 | 1,042.21 |

**LIAG Trading & Investments Ltd**
**Balance Sheet**

| PARTICULARS | 2017 USD | 2017 INR Lakhs | 2016 USD | 2016 INR Lakhs |
|---|---|---|---|---|
| **Liability & Equity** | | | | |
| Bank overdrafts | - | - | - | - |
| Bank liabilities - due within 1 year | - | - | - | - |
| Cash in transit | - | - | - | - |
| **BANK OVERDRAFTS** | - | - | - | - |
| Current liabilities from refinancing | - | - | - | - |
| Current liabilities accounts external | 32,000 | 20.39 | - | - |
| Cur. liab. against public instit./ health insurance | - | - | - | - |
| Value added tax (VAT) payable | - | - | - | - |
| Withholding tax payable | - | - | - | - |
| Social security premiums | - | - | - | - |
| Income tax liabilities | - | - | - | - |
| Current liabilities against employees / salesforce | - | - | - | - |
| Commissions for agents | - | - | - | - |
| Personnel | - | - | - | - |
| Other current liabilities TP | - | - | 27,000 | 18.31 |
| Advances from customer | - | - | - | - |
| Current liabilities accounts RP | 1,562,000 | 995.23 | 689,000 | 467.20 |
| Current liabilities accounts IC | 1,454,000 | 926.41 | 728,000 | 493.64 |
| **CURRENT LIABILITIES** | 3,048,000 | 1,942.03 | 1,444,000 | 979.15 |
| 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) | - | - | - | - |
| Provision for taxes (short-term) | - | - | - | - |
| Other provision (short-term) | - | - | - | - |
| **TOTAL PROVISIONS (short-term)** | - | - | - | - |
| **TOTAL CURRENT LIABILITIES** | 3,048,000 | 1,942.03 | 1,444,000 | 979.15 |
| 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 | - | - | - | - |
| Other long-term liabilities | - | - | - | - |
| **OTHER NON-CURRENT LIABILITIES** | - | - | - | - |
| Deferred tax liabilities | - | - | - | - |
| **TOTAL NON-CURRENT LIABILITIES** | - | - | - | - |
| Share capital | 28,000 | 18.18 | 28,000 | 18.18 |
| Capital reserves | | | | |
| Revenue Reserves | - | - | - | - |
| Equity Bond | - | - | - | - |
| Reserves for own shares | - | - | - | - |
| Revaluation reserves | - | - | - | - |
| Untaxed reserves | - | - | - | - |
| Minority interests: equity ./. result | - | - | - | - |
| Minority interests: result current period | - | - | - | - |
| Retained earnings | 65,000 | 44.22 | (1,000) | (0.82) |
| Dividend Paid to Parent Co | (1,300,000) | (839.77) | (650,000) | (435.47) |
| FCTR | - | (3.89) | - | 1.48 |
| Profit (Loss) | 1,384,000 | 894.03 | 716,000 | 479.69 |
| rounding difference / CTA | - | - | - | - |
| **Total equity** | 177,000 | 112.78 | 93,000 | 63.06 |
| **TOTAL** | 3,225,000 | 2,054.80 | 1,537,000 | 1,042.21 |
| | - | - | - | - |

LIAG Trading & Investments Ltd
Profit & Loss Statement

| | PARTICULARS | 2017 USD | 2017 INR Lakhs | 2016 USD | 2016 INR Lakhs |
|---|---|---|---|---|---|
| 30099 | Gross Sales Products, external | 508,000 | 328.16 | 141,000 | 94.46 |
| 30011 | Sales - Direct Sales - Invoice/short credit - to TP | 508,000 | 328.16 | 141,000 | 94.46 |
| 30199 | **Net Sales,External** | **508,000** | **328.16** | **141,000** | **94.46** |
| 30300 | - Net Sales, Sales to Group -> AC03-A | 4,052,000 | 2,617.49 | 2,505,000 | 1,678.23 |
| | Net Sales,Total | 4,560,000 | 2,945.65 | 2,646,000 | 1,772.69 |
| 30299 | Landed Cost - external | (1,479,000) | (955.40) | (745,000) | (499.11) |
| 30201 | Cost Direct Sales ex Factory | (1,479,000) | (955.40) | (745,000) | (499.11) |
| | Gross Profit,External | (971,000) | (627.24) | (604,000) | (404.65) |
| 30400 | Landed Cost Sales to Group | (1,848,000) | (1,193.76) | (1,053,000) | (705.46) |
| 30401 | Landed Cost Sales to Related parties -> AC03-A | (1,848,000) | (1,193.76) | (1,053,000) | (705.46) |
| | Gross Profit,Internal | 2,204,000 | 1,423.73 | 1,452,000 | 972.77 |
| | Gross Profit | 1,233,000 | 796.49 | 848,000 | 568.12 |
| ADMINISTRATION | | | | | |
| 32100 | Administration Staff | - | - | (43,000) | (28.81) |
| 32120 | Administration, travel exp | - | - | (1,000) | (0.67) |
| 32199 | **TOTAL ADMIN STAFF** | - | - | **(44,000)** | **(29.48)** |
| 32203 | Consultancy | (1,000) | (0.65) | (11,000) | (7.37) |
| 32204 | Other Administration expenses | - | - | - | - |
| 32299 | **TOTAL ADMIN OTHERS** | **(1,000)** | **(0.65)** | **(11,000)** | **(7.37)** |
| 32999 | TOTAL ADMIN EXPENSES | (1,000) | (0.65) | (55,000) | (36.85) |
| 33504 | Expenses for Services - Group | (102,000) | (65.89) | (36,000) | (24.12) |
| 33505 | Expenses for Services - Rel. Parties -> AC03-A | - | - | (36,000) | (24.12) |
| | LUX OPERATING RESULT BEFORE CDS | 1,130,000 | 729.95 | 757,000 | 507.15 |
| | CREDIT DIRECT SALES (CDS) | | | | |
| 0 | EXTRAORD. OPERATING EXPENSE / INCOME | | | | |
| 35100 | Exchange diff. real. | 131,000 | 84.62 | 2,000 | 1.34 |
| 35101 | Exchange diff. unreal. | 104,000 | 67.18 | (59,000) | (39.53) |
| 35200 | Prior period adjustment | 24,000 | 15.50 | 19,000 | 12.73 |
| 35999 | TOT. EXTRAORD. OPER. EXP./ INC | 259,000 | 167.31 | (38,000) | (25.46) |
| | LUX OPERATING RESULT II | 1,389,000 | 897.26 | 719,000 | 481.70 |
| 37500 | Bank fees | (5,000) | (3.23) | (3,000) | (2.01) |
| 37999 | TOTAL FINANCIAL RESULT | (5,000) | (3.23) | (3,000) | (2.01) |
| | LUX RESULT PRE TAX | 1,384,000 | 894.03 | 716,000 | 479.69 |
| | LUX NET RESULT | 1,384,000 | 894.03 | 716,000 | 479.69 |

## Significant accounting policies of Lux Group and other explanatory information of LIAG TRADING AND INVESTMENTS LTD (DUBAI)

### Basis of preparation and explanatory information

The financial information of LIAG TRADING AND INVESTMENTS LTD (DUBAI) 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 LIAG TRADING AND INVESTMENTS LTD (DUBAI) 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 2017, and its financial performances. The financial information may, therefore not be suitable for another purposes.

### 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 course of 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 recoverable amount.

**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, 2018

**Independent Auditor's Report**
**To the Members of Shapoorji Pallonji Forbes Shipping Limited**

## Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Shapoorji Pallonji Forbes Shipping Limited ('the Company'), which comprise the balance sheet as at 31st March 2018, 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 31st March 2018 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.

BATLIBOI & PUROHIT
MUMBAI

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 31st March 2018, 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 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

BATLIBOI & PUROHIT MUMBAI

(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 29 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; and

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

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

**Janak Mehta**
Partner
Membership No: 116976

Place : Mumbai
Date : 25th April 2018

**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 31st March 2018, we report that:

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

(b) Fixed assets have been physically verified by the management during the year; no material discrepancies were noticed on such verification.

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

(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) 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, service tax, goods and service tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company 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, goods and service tax, cess and other material statutory dues were in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

BATLIBOI & PUROHIT MUMBAI

(b) There are no dues of sales-tax, wealth tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute. According to the records of the Company, income-tax and service tax dues outstanding on account of dispute are as follows:

| Name of the Statute | Nature of dues | Amount | Period to which it relates | Forum where the Dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income tax dues | 18,16,200 | A.Y. 2010-11 | Income Tax Appellate Tribunal, Mumbai |
| | | 70,79,947 | A.Y. 2011-12 | Income Tax Appellate Tribunal, Mumbai |
| | | 8,75,210 | A.Y. 2012-13 | Commissioner of Income Tax (Appeals), Mumbai |
| | | 2,55,090 | A.Y. 2013-14 | Commissioner of Income Tax (Appeals), Mumbai |
| Finance Act, 1994 | Service Tax | 62,18,589 | 2011-12 to 2015-16 | Assistant Commissioner Service Tax - Audit |

(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. Accordingly, 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.

BATLIBOI & PUROHIT MUMBAI

(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

**Janak Mehta**
Partner
Membership No: 116976

Place : Mumbai
Date : 25th April 2018

**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 Shapoorji Pallonji Forbes Shipping Limited ("the Company") as of 31st March 2018 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.

BATLIBOI & PUROHIT MUMBAI

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.

BATLIBOI & PUROHIT
MUMBAI
CHARTERED ACCOUNTANTS

**Opinion**

In our opinion, the Company has, in all material respects ,an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, 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 : 25th April 2018

# Shapoorji Pallonji Forbes Shipping Limited

CIN: U61100MH2006PLC163149

## Twelfth Annual Report

Period ended as on 31st March 2018

### Registered Office Address

A-113, Mittal Court, Nariman Point, Mumbai – 400021. 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

S. KUPPUSWAMY DIN No. 00058836

RUPPA VIJAY TARKHAD DIN No. 07879587

**Auditor**

Batliboi & Purohit (Chartered Accountants) Firm Reg. No. 101048W

**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 AS AT 31ST MARCH, 2018**

| Particulars | Note No. | | | As at 31st Mar., 2018 | *As at 31st Mar., 2017* |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **1 Non-current assets** | | | | | |
| a) Property, plant and equipment | 4 | | | 3,921,082,472 | *3,198,015,764* |
| b) Other Intangible assets | 5 | | | 21,833 | *61,323* |
| c) Other Financial Assets: | 6A | | | 191,080,576 | *159,436,547* |
| d) Other non-current assets | 7A | | | 78,424,561 | *21,981,076* |
| **Total Non-current assets** | | | | *4,190,609,442* | *3,379,494,710* |
| **2 Current assets** | | | | | |
| a) Financial Assets: | | | | | |
| i) Trade receivables | 8 | | 68,779,698 | | *75,847,152* |
| ii) Cash and cash equivalents | 9A | | 44,138,063 | | *153,465,471* |
| iii) Bank balances other than (ii) above | 9B | | - | | *292,239,276* |
| v) Other financial assets | 6B | | 58,609,447 | | *19,279,514* |
| | | | | 171,527,208 | *540,831,413* |
| b) Other current assets | 7B | | | 7,530,756 | *6,331,155* |
| **Total Current assets** | | | | *179,057,964* | *547,162,568* |
| **Total Assets** | | | | *4,369,667,406* | *3,926,657,278* |
| **Equity and Liabilities** | | | | | |
| **Equity** | | | | | |
| a) Equity share capital | 10 | | 820,000,000 | | *820,000,000* |
| b) Other equity | 11 | | 743,713,406 | | *901,658,147* |
| **Total Equity** | | | | 1,563,713,406 | *1,721,658,147* |
| **Liabilities** | | | | | |
| **1 Non-current liabilities** | | | | | |
| a) Financial liabilities: | | | | | |
| i) Borrowings | 12 | | 2,482,156,169 | | *2,023,034,503* |
| b) Provisions | 13A | | 620,524 | | *471,139* |
| **Total Non-current liabilities** | | | | 2,482,776,693 | *2,023,505,642* |
| **2 Current liabilities** | | | | | |
| a) Financial liabilities: | | | | | |
| ii) Trade payables | 14 | 43,360,876 | | | *16,400,443* |
| iii) Other financial liabilities | 15 | 279,627,819 | | | *164,567,734* |
| | | | 322,988,695 | | *180,968,177* |
| b) Provisions | 13B | | 58,646 | | *42,452* |
| c) Current tax liabilities (net) | 16 | | 18,345 | | *18,345* |
| d) Other current liabilities | 17 | | 111,621 | | *464,515* |
| | | | | 323,177,307 | *181,493,489* |
| **Total Current Liabilities** | | | | 323,177,307 | *181,493,489* |
| **Total Liabilities** | | | | 2,805,954,000 | *2,204,999,131* |
| **Total Equity and Liabilities** | | | | 4,369,667,406 | *3,926,657,278* |

See accompanying notes forming part of the financial statements — **1 to 34**

In terms of our report attached
**For Batliboi & Purohit**
Chartered Accountants
Firm Registration No.101048W

**Janak Mehta**
*Partner*
*Membership No.116976*
*Mumbai, 25th Apr, 2018*

Mahesh C. Tahilyani
Director DIN:01423084

Umesh Khanna
Director DIN:03634361

Dhiraj Pahuja
*Chief Excecutive Officer*

Nirmal Jagawat
*Chief Financial Officer*

Deepti Kulkarni
*Company Secretary*

*Mumbai, 25th Apr, 2018*

Batliboi & Purohit Mumbai Chartered Accountants

Shapoorji Pallonji Forbes Shipping Limited

## Shapoorji Pallonji Forbes Shipping Limited
### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

| | Particulars | Note No. | | Year Ended 31st Mar., 2018 | *Year Ended 31st Mar., 2017* |
|---|---|---|---|---|---|
| I | Revenue from operations | 18 | 810,249,058 | | *972,990,155* |
| II | Other income | 19 | 12,491,616 | | *(11,035,165)* |
| III | **Total Income (I + II)** | | | 822,740,674 | *961,954,990* |
| IV | **Expenses:** | | | | |
| | Employee benefits expense | 20 | 305,135,437 | | *294,206,976* |
| | Finance costs | 21 | 129,473,575 | | *120,927,022* |
| | Depreciation and amortisation expense | 22 | 248,698,984 | | *248,809,382* |
| | Operating and Other expenses | 23 | 293,512,811 | | *231,008,946* |
| | **Total expenses (IV)** | | | 976,820,807 | *894,952,326* |
| V | **Profit/(Loss) before tax (III - IV)** | | | (154,080,133) | *67,002,664* |
| VI | **Tax expense:** | 24 | | | |
| | (a) Current tax | | 3,038,000 | | *2,094,000* |
| | (b) Income tax of prior year | | 856,000 | | *(490,057)* |
| | | | | 3,894,000 | *1,603,943* |
| VII | **Profit/(Loss) after tax for the year (V - VI)** | | | (157,974,133) | *65,398,721* |
| | **Earning per equity share :** | | | | |
| | Basic and diluted earnings per equity share | 25 | | ₹ (1.93) | *₹ 0.43* |
| | See accompanying notes forming part of the financial statements | **1 to 34** | | | |

In terms of our report attached
**For Batliboi & Purohit**
Chartered Accountants
Firm Registration No.101048W

**Janak Mehta**
*Partner*
Membership No.116976
*Mumbai, 25th Apr, 2018*

Mahesh C. Tahilyani
*Director DIN:01423084*

Umesh Khanna
*Director DIN:03634361*

Dhiraj Pahuja
*Chief Excecutive Officer*

Nirmal Jagawat
Chief Financial Officer

Deepti Kulkarni
Company Secretary

*Mumbai, 25th Apr, 2018*

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED

# Shapoorji Pallonji Forbes Shipping Limited

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

| | Note No. | Year Ended 31st Mar., 2018 | | Year Ended 31st Mar., 2017 | |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| **Profit/(Loss) for the year** | | | (154,080,133) | | 67,002,664 |
| **Adjustments for -** | | | | | |
| Finance costs recognised in profit or loss | | 129,473,575 | | 120,927,022 | |
| Interest income recognised in profit or loss | | (6,266,614) | | (5,948,509) | |
| Depreciation and amortisation of property, plant and equipment | | 248,698,984 | | 248,809,382 | |
| Net unrealised exchange loss | | 13,391,405 | | 12,406,275 | |
| | | | 385,297,350 | | 376,194,171 |
| | | | - | | - |
| **Operating profit before working capital changes** | | | 385,297,350 | | 376,194,171 |
| **Changes in working capital:** | | | 231,217,217 | | 443,196,835 |
| Movements in working capital: | | | | | |
| (Increase) / Decrease in trade receivables | | 7,164,735 | | 9,274,852 | |
| (Increase) / Decrease in other financial assets | | (60,140,303) | | 18,442,325 | |
| (Increase) / Decrease in other current assets | | (2,459,506) | | 1,149,324 | |
| (Increase) / Decrease in other non - current assets | | (56,443,485) | | (5,767,447) | |
| (Increase) / Decrease in Inventory | | - | | - | |
| Increase / (Decrease) in trade payables | | 26,876,089 | | 8,493,178 | |
| Increase / (Decrease) in other current financial liabilities | | (2,790,753) | | 4,945,359 | |
| Increase / (Decrease) in provisions | | 165,579 | | 270,990 | |
| Increase / (Decrease) in current liabilities | | (352,894) | | 364,167 | |
| **Cash (used in) / generated from operations** | | | (87,980,539) | | 37,172,748 |
| | | | 143,236,678 | | 480,369,583 |
| Income taxes paid (net of refunds) | | | (3,894,000) | | (2,094,000) |
| **(a) Net cash flow (used in)/generated from operating activities** | | | 139,342,678 | | 478,275,583 |
| **Cash flows from investing activities:** | | | | | |
| Movements in deposit placed as security with lender bank | | (10,180,686) | | (13,013,708) | |
| Interest received | | 6,266,614 | | 5,948,509 | |
| Payments for property, plant and equipment (Includes Drydock expenses) | | (969,636,647) | | (772,172) | |
| Proceeds from disposal of property, plant and equipment | | | | | |
| Fixed Deposits with bank not consider as part of cash equivalents. | | | | - | |
| - Placed | | - | | - | |
| - Matured | | 292,239,276 | | (199,442,888) | |
| **(b) Net cash flow generated from/ (used in) investing activities** | | | (681,311,443) | | (207,280,259) |
| **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) | |
| Deemed Equity Contribution from Parent Company | | 29,392 | | | |
| Proceeds from long-term borrowings | | 659,063,160 | | - | |
| Repayment of borrowings | | (142,531,311) | | (94,196,884) | |
| Interest paid | | (84,455,487) | | (84,637,207) | |
| **(c) Net cash flow from /(used in) financing activities** | | | 432,105,754 | | (187,167,392) |
| **(d) Net increase in cash and cash equivalents (a + b + c)** | | | (109,863,011) | | 83,827,933 |
| **(e) Cash and cash equivalents as at the commencement of the year** | | | 153,465,471 | | 72,136,276 |
| Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies | | | 535,602 | | (2,498,737) |
| **(f) Cash and cash equivalents as at the end of the year (d + e) (Refer Note 9A)** | | | 44,138,062 | | 153,465,471 |
| Non-cash financing activity: Reduction of share capital under court sanctioned scheme of capital reduction | | | - | | 772,600,000 |
| See accompanying notes forming part of the financial statements | 1 to 34 | | | | |

In terms of our report attached
**For Batliboi & Purohit**
Chartered Accountants
Firm Registration No.101048W

**Janak Mehta**
*Partner*
Membership No.116976
*Mumbai, 25th Apr, 2018*

Mahesh C. Tahilyani
*Director DIN:01423084*

Umesh Khanna
*Director DIN:03634361*

Dhiraj Pahuja
Chief Excecutive Officer

Nirmal Jagawat
Chief Financial Officer

Deepti Kulkarni
Company Secretary

*Mumbai, 25th Apr, 2018*

BATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED

## Shapoorji Pallonji Forbes Shipping Limited

### Statement of changes in Equity for the year ended 31st March, 2018

| a. Equity share capital | Amount |
|---|---|
| **Balance as at 31st March, 2016** | 1,600,000,000 |
| Changes in equity share capital during the year | |
| Less: Capital Reduction | (780,000,000) |
| **Balance as at 31st March, 2017** | **820,000,000** |
| Changes in equity share capital during the year | - |
| **Balance as at 31st March, 2018** | **820,000,000** |

| b. Other equity | Reserves and surplus | | | | Total Other Equity |
|---|---|---|---|---|---|
| | Equity component of Preference Shares | Tonnage Tax Reserve | Retained earnings | Deemed Equity Contribution from Parent Company | |
| Balance at 31st March, 2016 | 1,108,066,642 | 75,350,000 | (1,118,823,916) | - | 64,592,726 |
| Movements | | | | | |
| Profit for the year | | | 65,398,721 | - | 65,398,721 |
| **Total comprehensive income for the year** | **1,108,066,642** | **75,350,000** | **(1,053,425,195)** | - | **129,991,447** |
| Adjustment of losses on equity capital reduction | - | - | 772,600,000 | - | 772,600,000 |
| Capital reduction cost | - | - | (933,300) | - | (933,300) |
| Transfer from retained earnings to Tonnage Tax Reserve | - | 13,100,000 | (13,100,000) | - | - |
| Balance at 31st March, 2017 | 1,108,066,642 | 88,450,000 | (294,858,495) | - | 901,658,147 |
| Movements | | | | 29,392 | 29,392 |
| Profit/(Loss) for the year | - | - | (157,974,133) | - | (157,974,133) |
| **Total comprehensive income for the year** | - | - | **(157,974,133)** | **29,392** | (157,944,741) |
| Transfer from retained earnings to Tonnage Tax Reserve | - | - | - | - | - |
| Transfer from Tonnage Tax Reserve on account of utilisation to Retained earnings | - | (88,450,000) | 88,450,000 | - | - |
| | - | - | - | - | - |
| **Balance at 31st March, 2018** | **1,108,066,642** | - | **(364,382,628)** | **29,392** | **743,713,406** |

In terms of our report attached
**For Batliboi & Purohit**
Chartered Accountants
Firm Registration No.101048W

**Janak Mehta**
*Partner*
Membership No.116976
*Mumbai, 25th Apr, 2018*

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Mahesh C. Tahilyani
*Director DIN:01423084*

Umesh Khanna
*Director DIN:03634361*

Dhiraj Pahuja
Chief Excecutive Officer

Nirmal Jagawat
Chief Financial Officer

Deepti Kulkarni
Company Secretary

*Mumbai, 25th Apr, 2018*

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED

SHAPOORJI PALLONJI FORBES SHIPPING LIMITED

Notes to the financial statements for the year ended March 31, 2018

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 five chemical tankers currently which are deployed on time charter basis under a pooling arrangement.

**Note:-2. Significant accounting policies**

**1. 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.

**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 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 .

**3. 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.

**4. 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.

**5. 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 the ships are taken on the bases of Lightship Displacement Tonnage of ships and rate per lightship displacement tonnage.

Drydock expenses incurred for vessel at specified intervals are capitalised and are amortised over economic benefit of the such expenses i.e drydock expenses incurred at the time of Intermediate survey are amortised over 2.5 years and drydock expenses incurred at the time of Special survey are amortised over 5 years

The Estimated Useful Life is as under :

| **Assets** | **Useful life** |
|---|---|
| Vessels | 20 years |
| Drydock - Intermediate Survey | 2.5 years |
| Drydock - Special Survey | 5 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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**6. 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.

| Assets | Useful life |
|---|---|
| Software | 3 years |

**7. 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 intented 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.

**8. 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.

**9. 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 betwwen 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.

**10. 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.

**11. Inventories**

The Company does not carry any inventory on its books. Inventories of fuel, Lubricants, oil, stores and spares delivered on board the ship are charged to statement of profit and loss.

**12. 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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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.

**13. 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 recoginsed 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.

**14. 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 recoginised 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.

**15. 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 recogniŝed 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.

**16. 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.

**17. 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.

**18. Operating Lease**

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.

**19. 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

**Recent accounting pronouncements**

**Foreign currency transactions and advance consideration**

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Appendix B to Ind AS 21. On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Revenue from Contract with Customers, following pronouncements are not applicable to company.

Ind AS 115 on March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition: • Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors • Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

**Note :- 3. 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.

## 4. Property, plant and equipment

| Current Year | Computers - Data processing equipments | Office equipments | Furniture and fixtures | Ships (refer note 1.) | Total |
|---|---|---|---|---|---|
| Cost or Deemed cost | | | | | |
| Balance as at 31st March, 2017 | 515,554 | 140,410 | 432,989 | 3,683,751,568 | 3,684,840,521 |
| Additions | 45,080 | 12,123 | 6,810 | 969,572,634 | 969,636,647 |
| Disposals | - | - | - | - | - |
| Effect of foreign currency exchange differences (refer note b) | - | - | - | 2,089,556 | 2,089,556 |
| Balance as at 31st March, 2018 | 560,634 | 152,533 | 439,799 | 4,655,413,758 | 4,656,566,724 |
| | | | | | |
| Accumulated depreciation and impairment | | | | | |
| Balance as at 31st March, 2017 | 175,861.00 | 51,646 | 5,926 | 486,591,324 | 486,824,757 |
| Depreciation expense | 156,555.00 | 26,224 | 47,715 | 248,429,000 | 248,659,494 |
| Balance as at 31st March, 2018 | 332,416.00 | 77,870 | 53,641 | 735,020,324 | 735,484,251 |
| | | | | | |
| Carrying Amount | | | | | |
| Balance as at 31st March, 2017 | 339,693.00 | 88,764 | 427,063 | 3,197,160,244 | 3,198,015,764 |
| Balance as at 31st March, 2018 | 228,218.00 | 74,663 | 386,158 | 3,920,393,433 | 3,921,082,472 |

| Previous Year | Computers - Data processing equipments | Office equipments | Furniture and fixtures | Ships (refer note 1.) | Total |
|---|---|---|---|---|---|
| Cost or Deemed cost | | | | | |
| Balance as at 31st March, 2016 | 220,454 | 64,990 | 31,337 | 3,719,220,072 | 3,719,536,853 |
| Additions | 295,100 | 75,420 | 401,652 | | 772,172 |
| Disposals | | | | | - |
| Effect of foreign currency exchange differences (refer note b) | | | | (35,468,504) | (35,468,504) |
| Balance as at 31st March, 2017 | 515,554 | 140,410 | 432,989 | 3,683,751,568 | 3,684,840,521 |
| | | | | | |
| Accumulated depreciation and impairment | | | | | |
| Balance as at 31st March, 2016 | 63,929.00 | 17,333.00 | 5,926.00 | 237,989,682 | 238,076,870 |
| Eliminated on disposals of assets | | | | | |
| Depreciation expense | 111,932.00 | 16,079.00 | 18,234.00 | 248,601,642 | 248,747,887 |
| Others | | | | | |
| Balance as at 31st March, 2017 | 175,861.00 | 33,412.00 | 24,160.00 | 486,591,324 | 486,824,757 |
| | | | | | |
| Carrying Amount | | | | | |
| Balance as at 31st March, 2016 | 156,525.00 | 47,657.00 | 25,411.00 | 3,481,230,390 | 3,481,459,983 |
| Balance as at 31st March, 2017 | 339,693.00 | 106,998.00 | 408,829.00 | 3,197,160,244 | 3,198,015,764 |

Footnotes:

1. Ships are mortgaged to a financial institution for banking loan facility (refer note 12.1.b ).

2. 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.

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## Notes to the financial statements for the year ended March 31, 2018

### 5. Other intangible assets

| Current Year | Software / Licences acquired |
|---|---|
| Cost or Deemed cost | |
| Balance as at 31st March, 2017 | 173,149.00 |
| Additions | - |
| Disposals | - |
| Balance as at 31st March, 2018 | 173,149.00 |
| | |
| Accumulated depreciation and impairment | |
| Balance as at 31st March, 2017 | 111,826.00 |
| Depreciation expense | 39,490.00 |
| Balance as at 31st March, 2018 | 151,316.00 |
| | |
| Carrying Amount | |
| Balance as at 31st March, 2017 | 61,323.00 |
| Balance as at 31st March, 2018 | 21,833.00 |

| Previous Year | Software / Licences acquired |
|---|---|
| Cost or Deemed cost | |
| Balance as at 31st March, 2016 | 173,149.00 |
| Additions | - |
| Disposals | - |
| Balance as at 31st March, 2017 | 173,149.00 |
| | |
| Accumulated depreciation and impairment | |
| Balance as at 31st March, 2016 | 50,331.00 |
| Depreciation expense | 61,495.00 |
| Balance as at 31st March, 2017 | 111,826.00 |
| | |
| Carrying Amount | |
| Balance as at 31st March, 2016 | 122,818.00 |
| Balance as at 31st March, 2017 | 61,323.00 |

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**6. Other financial assets**

**6A. Non current**

| | Particulars | As at 31st Mar., 2018 | *As at 31st Mar., 2017* |
|---|---|---|---|
| a) | **Security deposits** | | |
| | - Unsecured, considered good | *66,723,199* | *45,619,649* |
| | sub total (a) | *66,723,199* | *45,619,649* |
| b) | Balance held as margin money deposit with banks with remaining maturity period of more than 12 months | | |
| | - Unsecured, considered good | *124,357,377* | *113,816,898* |
| | sub total (b) | 124,357,377 | *113,816,898* |
| | Total (a+b) | 191,080,576 | *159,436,547* |

(a) Security deposit represents deposit given to Marida Tankers Inc and Stainless Tanker Inc (the pool) in the form of bunker as well as deposit and in USD provided by the Company, on its four vessels at the time of their entry in the Marida Tankers Inc pool and on its one vessels at time of entry in the Stainless Tankers Inc towards working capital funds for vessels operation.

(b) 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.

**6B. Current**

| | Particulars | As at 31st Mar., 2018 | *As at 31st Mar., 2017* |
|---|---|---|---|
| a) | **Accruals:** | | |
| | i) Interest accrued on deposits with bank | *649,075* | *1,625,408* |
| | ii) Contractually reimbursable expenses from related parties | *17,654,106* | *17,654,106* |
| | iii) Other Current Assets (refer below note 'a') | *40,306,266* | |
| | Total | *58,609,447* | *19,279,514* |

(a) Other current assets includes the insurance claim receivable from the insurance company towards vessel break down repair cost.

**7. Other assets**

**7A. Non Current**

| | Particulars | As at 31st Mar., 2018 | *As at 31st Mar., 2017* |
|---|---|---|---|
| a) | Balances with statutory / government authorities | | |
| | - Unsecured, considered good | | |
| | Service tax refund | *17,944,078* | *16,663,741* |
| | GST refund | *55,163,147* | |
| b) | Advance Income tax | *5,317,336* | *5,317,335* |
| | Total | *78,424,561* | *21,981,076* |

**7B. Current**

| | Particulars | As at 31st Mar., 2018 | *As at 31st Mar., 2017* |
|---|---|---|---|
| a) | Advances to related parties | - | *107,406* |
| b) | Advances for supply of goods and services | | |
| | - Unsecured, considered good | *14,449* | *76,020* |
| c) | Prepaid expenses | *7,516,307* | *6,147,729* |
| | Total | *7,530,756* | *6,331,155* |

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# Shapoorji Pallonji Forbes Shipping Limited
Notes to the financial statements for the year ended March 31, 2018

## 8. Trade receivables

| Particulars | As at 31st Mar., 2018 | As at 31st Mar., 2017 |
|---|---|---|
| **Trade receivables** | | |
| a) Unsecured, considered good | 68,779,698 | 75,847,152 |
| **Total** | 68,779,698 | 75,847,152 |

### 8. 1 Trade receivables

The average credit period for receipt of charter hire income is approximately one month. 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 31st Mar., 2018 | As at 31st Mar., 2017 |
|---|---|---|
| Within the credit period | 68,779,698 | 75,847,152 |
| **Total** | 68,779,698 | 75,847,152 |
| Average age (days) | 31 | 29 |

## 9. 9A. Cash and cash equivalents

| Particulars | As at 31st Mar., 2018 | As at 31st Mar., 2017 |
|---|---|---|
| Balances with Banks | | |
| a) In current accounts | 44,125,579 | 52,514,682 |
| b) In EEFC Accounts | 325 | 323 |
| b) In deposit accounts (with original maturity upto 3 months) | - | 100,949,333 |
| | 44,125,904 | 153,464,338 |
| Cash on hand | 12,159 | 1,133 |
| **Total** | 44,138,063 | 153,465,471 |
| Cash and cash equivalents as per statement of cash flows | 44,138,063 | 153,465,471 |

## 9B. Other Bank balances

| | | |
|---|---|---|
| a) In deposit accounts with original maturity of more than 3 months but less than 12 months | - | 292,239,276 |
| **Total** | - | 292,239,276 |

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# Shapoorji Pallonji Forbes Shipping Limited

## Notes to the financial statements for the year ended March 31, 2018

### 10. Equity share capital

| Particulars | As at 31st Mar., 2018 | *As at 31st Mar., 2017* |
|---|---|---|
| **Authorised Share capital :** | | |
| 160,000,000 Equity shares of ` 10 each | *1,600,000,000* | *1,600,000,000* |
| 175,000,000 0% Preference shares of ` 10 each | *1,750,000,000* | *1,750,000,000* |
| | 3,350,000,000 | 3,350,000,000 |
| **Issued, subscribed and paid-up share capital:** | | |
| 82,000,000 fully paid equity shares of ` 10 each *(as at 31st March, 2017: 82,000,000)* | 820,000,000 | *820,000,000* |
| | 820,000,000 | *820,000,000* |

### 10. 1 Fully paid equity shares

| Particulars | Number of shares | Share Capital in ` |
|---|---|---|
| Balance as at 31st March, 2016 | 160,000,000 | **1,600,000,000** |
| Less: Capital Reduction | (78,000,000) | (780,000,000) |
| Balance as at 31st March, 2017 | 82,000,000 | **820,000,000** |
| Movements | - | - |
| **Balance as at 31st March, 2018** | 82,000,000 | **820,000,000** |

**Rights, preferences and restrictions attached to equity shares**

The Company has only one class of shares referred to as equity shares having a par value of ` 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 10. 2 Details of shares held by the holding company, its subsidiaries and associates

| Particulars | Fully paid ordinary shar | |
|---|---|---|
| | As at 31st Mar., 2018 | *As at 31st Mar., 2017* |
| **Balance at the beginning of the period :** | | |
| Forbes and Company Limited, the holding company | 20,500,000 | 20,500,000 |
| **Total** | 20,500,000 | *20,500,000* |

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

### 10. 3 Details of shares held by each shareholder holding more than 5% shares

| Particulars | As at 31st Mar., 2018 | |
|---|---|---|
| | Number of shares held | % holding in the class of shares |
| <u>Fully paid equity shares</u> | | |
| 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%** |
| Sterling Investment Corporation Private Limited | 20,500,000 | **25%** |
| Forbes and Company Limited, the holding company | 20,500,000 | **25%** |
| Total | 82,000,000 | **100%** |

10. 4 The Company has not alloted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.



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**11. Other equity**

| | Particulars | As at 31st Mar., 2018 | *As at 31st Mar., 2017* |
|---|---|---|---|
| a) | **Tonnage Tax Reserve (Refer Note 1 below)** | | |
| | Balance at beginning of the year | *88,450,000* | *75,350,000* |
| | Movements | (88,450,000) | *13,100,000* |
| | **Balance at end of the year** | - | *88,450,000* |
| b) | **Equity Component of Preference shares** | | |
| | Balance at beginning of the year | *1,108,066,642* | *1,108,066,642* |
| | Movements | - | - |
| | **Balance at end of the year** | 1,108,066,642 | *1,108,066,642* |
| c) | **Deemed Equity Contribution from Parent Company** | | |
| | Equity Component of Financial Guarantee | 29,392 | - |
| d) | **Retained earnings** | | |
| | Balance at beginning of year | *(294,858,495)* | *(1,118,823,916)* |
| | Adjustment of loss on equity share capital reduction | - | *772,600,000* |
| | Expenses related to capital reduction | | *(933,300)* |
| | Profit/(Loss) for the year | *(157,974,133)* | *65,398,721* |
| | Transfer from Tonnage Tax Reserve on account of utilisation to Retained earnings | *88,450,000* | *(13,100,000)* |
| | **Balance at end of the year** | (364,382,628) | *(294,858,495)* |
| | **Total** | *743,713,406* | *901,658,147* |

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.

As required under section 115 VT and sub-section (3) of Income Tax Act, 1961. The amount credited to Tonnage Tax Reserve Account under sub-section (1) shall be utilised by the company before the expiry of a period of eight years following the previous year in which the amount was credited. Company had utilised the amount kept under Tonnage Tax Reserve Account by way of acquisition of Ship and thus the reserve amounting to Rs.88,450,000 from Tonnage Tax Reserve to Retained Earnings is transferred.

Note 2: Equity component of preference shares

The reserve represents the Equity 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: Deemed Equity Contribution from Parent Company

The deemed equity contribution from parent company represents notional guarantee commission for the guarantee issued by Forbes And Company Limited towards Debt Service Reserve Account required under the facility agreement for ECB loan from Axis Bank, DIFC, Dubai.

Note 4: 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, 2017 and the directors do not propose any distribution of dividend for the year ended 31st March, 2018 in view of the accumulated losses.

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## 12. Non-current Borrowings

| Particulars | Non-current portion | |
|---|---|---|
| | *As at 31st Mar., 2018* | *As at 31st Mar., 2017* |
| **Secured – at amortised cost** | | |
| (a) **Term loans** | | |
| **From banks** | *2,158,186,116* | *1,733,775,531* |
| **Unsecured – at amortised cost** | 2,158,186,116 | *1,733,775,531* |
| (b) Liability component of compound financial instruments | *323,970,053* | *289,258,972* |
| **Total Non-current borrowings** | 2,482,156,169 | *2,023,034,503* |

### 12. 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, 2016and further revised to 3.00% with effect from 1st April, 2017. 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.
Company has obtained another ECB loan from Axis Bank, DIFC Branch, Dubai in Jan 2018 at Libor plus a Margin of 2.76%. The loan is repayable in 12 equal semi- annual installments starting at the end of 1 year from the initial uitlisation date i.e Jan 10, 2018. The repayment of installment follow an constant pattern culminating in a bullet repayment installment of USD 4,316,000 on Jan 10, 2025.

(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 second ECB term loan is secured by first charge on the stainless steel vessel acquired in Jan, 2018 and pari passu charge on one marinline coated vessel, furhter first charge over designated earnings account, receivables, earnings, claims against thirs parties, revenues of the stainless steel vessel.

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.

(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 |
| **Equity Component of preference shares recognised in Other Equity** | **1,108,066,642** |
| **Liability component (included in "Non-current borrowings" (note 12))** | |
| 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 |
| Interest charged calculated at an effective interest rate of 12% for 31/3/18 | 34,711,081 |
| | **323,970,054** |



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### 13. Provisions

#### 13A. Non current

| | As at 31st Mar., 2018 | As at 31st Mar., 2017 |
|---|---|---|
| a) **Employee benefits** | | |
| Compensated absences | 620,524.00 | 471,139.00 |
| Other post retirement benefits | - | |
| **Total** | 620,524.00 | 471,139.00 |

#### 13B. Current

| Particulars | As at 31st Mar., 2018 | As at 31st Mar., 2017 |
|---|---|---|
| a) **Employee benefits** | | |
| Compensated absences | 58,646.00 | 42,452.00 |
| **Total** | 58,646.00 | 42,452.00 |

Disclosure under Ind AS 19 for employee benefits, compensated absences are valued on basis of projected unit credit method.

| Assumption for the valuation are as under:- | | |
|---|---|---|
| Discount Rate | 7.86% p.a | 7.34% p.a |
| Salary Escalation Rate | 6% p.a | 6% p.a |
| Mortality Rate | IALM (2006-08) | IALM (2006-08) |

### 14. Trade payables
Current

| Particulars | As at 31st Mar., 2018 | As at 31st Mar., 2017 |
|---|---|---|
| Trade payables | 43,360,876 | 16,400,443 |
| **Total** | 43,360,876 | 16,400,443 |

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.

### 15. Other financial liabilities

#### 15A. Current

| | As at 31st Mar., 2018 | As at 31st Mar., 2017 |
|---|---|---|
| a) Current maturities of long term borrowings | 247,235,643 | 134,907,748 |
| b) Interest accrued but not due on borrowings | 27,923,287 | 22,400,343 |
| c) Others :- | | |
| - Accured Service Liabilities | 929,090 | 1,042,212 |
| - Payable to Related Parties | 1,207,749 | 4,241,500 |
| - Employee benefits payable | 2,332,050 | 1,975,930 |
| **Total** | 279,627,819 | 164,567,733 |

### 16. Current tax assets and liabilities

| Particulars | As at 31st Mar., 2018 | As at 31st Mar., 2017 |
|---|---|---|
| Income tax payable | 18,345 | 18,345 |
| | 18,345 | 18,345 |

### 17. Other liabilities

#### 17A. Current

| Particulars | As at 31st Mar., 2018 | As at 31st Mar., 2017 |
|---|---|---|
| a) Statutory dues payable | 111,621 | 464,515 |
| **Total** | 111,621 | 464,515 |

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### 18. Revenue from operations

The following is an analysis of the Company's revenue for the year from continuing operations.

| Particulars | Year ended 31st Mar., 2018 | Year ended 31st Mar., 2017 |
|---|---|---|
| **Sale of services** | | |
| i) Charter hire income | 810,249,058 | 972,990,155 |
| **Total** | 810,249,058 | 972,990,155 |

### 19. Other Income

| Particulars | Year ended 31st Mar., 2018 | Year ended 31st Mar., 2017 |
|---|---|---|
| **a) Interest Income** | | |
| i) Bank deposits | 6,266,614 | 5,948,509 |
| **Total (a )** | 6,266,614 | 5,948,509 |
| **b) Other Non-Operating Income** | | |
| i) Miscellaneous income (refer note 'a' below) | 27,641,809 | - |
| **Total (b )** | 27,641,809 | - |

a. Miscellaneous income includes The Company's claim towards insurance for repair work on account of break down for one vessel. The claim is covered under the "Hull and Machinery Insurance Policy". The claim has been acknowledged by the insurance company, and is pending approval. The management of the Company is confident regarding recoverability of the claim and hence has recorded the same under Miscellaneous Income.

Further The Company had entered into a joint lease agreement (50: 50) with Womar Logistics Pte.Ltd. for a tenure of 13 months for chartering on hire of one vessel and placing the vessel in the pool for charter hire period of 13 months.
Revenue share of the Company under the joint lease amounts to Rs.10.74 crores and expenses' share of the Company under the joint lease amounts to Rs.11.48 crores. Net amount of Rs. 0.74 crores (excess of expenses over revenue share) has been disclosed under Miscellaneous Income

| Particulars | Year ended 31st Mar., 2018 | Year ended 31st Mar., 2017 |
|---|---|---|
| **c) Other gains and losses** | | |
| i) Net foreign exchange gains / (losses) | (21,416,807) | (16,983,674) |
| **Total (c)** | (21,416,807) | (16,983,674) |
| **Total (a+b+c)** | 12,491,616 | (11,035,165) |

### 20. Employee benefits expense

| Particulars | Year ended 31st Mar., 2018 | Year ended 31st Mar., 2017 |
|---|---|---|
| i) Staff Salaries, Allowances and Bonus | 22,104,963 | 19,623,896 |
| ii) Crew Wages and allowances | 260,654,928 | 252,816,909 |
| iii) Crew provident fund and other funds - contridution | 5,052,329 | 4,679,653 |
| iv) Crew Victualling Expenses | 17,150,765 | 16,981,275 |
| v) Staff Welfare Expenses | 172,452 | 105,243 |
| **Total** | 305,135,437 | 294,206,975 |

### 21. Finance costs

| Particulars | Year ended 31st Mar., 2018 | Year ended 31st Mar., 2017 |
|---|---|---|
| (a) **Interest costs :-** | | |
| i) Interest on bank loans | 94,395,848 | 92,292,560 |
| ii) Interest on Redeemable Pref. shares reclassified as borrowings | 34,711,081 | 30,992,033 |
| iii) Other interest expense | 35,337 | 1,800 |
| Total interest expenses | 129,142,266 | 123,286,393 |
| (b) Exchange differences to the extent considered as on adjustment to borrowing costs | 159,196 | (2,702,219) |
| (c) Bank and Finance charges | 172,113 | 342,848 |
| **Total** | 129,473,575 | 120,927,022 |

### 22. Depreciation and amortisation expense

| Particulars | Year ended 31st Mar., 2018 | Year ended 31st Mar., 2017 |
|---|---|---|
| i) Depreciation on property, plant and equipment (Refer Note 4) | 248,659,494 | 248,747,887 |
| iii) Amortisation of intangible assets (Refer Note 5) | 39,490 | 61,495 |
| **Total** | 248,698,984 | 248,809,382 |



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## 23. Operating and Other expenses

| Particulars | Year ended 31st Mar., 2018 | *Year ended 31st Mar., 2017* |
|---|---|---|
| Consumption of stores and spare parts | - | - |
| Fuel, Oil and Lubricants | *26,186,191* | *10,372,384* |
| Repairs and maintenance expenses | *25,408,682* | *26,431,448* |
| Stores and spares | *82,252,304* | *75,139,430* |
| Crew Repatriation expenses, etc. | *18,377,135* | *16,075,764* |
| Vessel Operating expenses | *50,377,439* | *11,247,812* |
| Insurance & Proctection Club Fees | *17,136,606* | *19,760,719* |
| Management Fees | *33,630,171* | *33,018,879* |
| Communication charges | *6,389,028* | *5,952,888* |
| Survey Expenses | *5,737,574* | *4,420,409* |
| Testing Expenses | *1,176,332* | *1,148,040* |
| Certification Expeses | *4,455,786* | *4,056,581* |
| Boat and Launch Hire Charges | *2,917,901* | *4,092,216* |
| Rent | *1,786,717* | *1,609,277* |
| Legal & Professional expenses | *6,287,808* | *5,112,267* |
| Support services expenses | *5,038,460* | *5,113,362* |
| Auditor Remuneration | *400,000* | *553,309* |
| Director Sitting Fees | *1,950,000* | *3,100,000* |
| Travelling and conveyance | *1,848,613* | *1,173,889* |
| Miscellaneous expenses | *2,156,064* | *2,630,272* |
| **Total** | *293,512,811* | *231,008,947* |

## 24. Income taxes

### 1. Income tax recognised in profit or loss

**Reconciliation of tax expense and the accounting profit multiplied by the domestic tax rate for the**

| Particulars | | Year ended 31st Mar., 2018 | | *Year ended 31st Mar., 2017* |
|---|---|---|---|---|
| Accounting profit / (loss) before tax | | -154,080,133 | | 67,002,664 |
| Tonnage Income as per sec 115V | | 3,540,294 | | 3,266,020 |
| Tax at Domestic rate (FY 2017-18: 30.9%; FY 2016-17: 30.9%) (A) | | 1,093,951 | | 1,009,200 |
| Other Income taxable | | 6,291,422 | | 3,510,680 |
| Tax at Domestic rate (FY 2017-18: 30.9%; FY 2016-17: 30.9%) (B) | | 1,944,049 | | 1,084,800 |
| Total Tax Provision for Current Year (A+B) | | 3,038,000 | | 2,094,000 |
| Tax provision for earlier years | | 856,000 | | *(490,057)* |
| Total Income Tax Expense | | **3,894,000** | | **1,603,943** |

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**25. Earnings per share**

| Particulars | Year Ended 31st Mar., 2018 | *Year Ended 31st Mar., 2017* |
|---|---|---|
| | per share | *per share* |
| Basic earnings per share | (1.93) | *0.43* |
| Diluted earnings per share | (1.93) | *0.43* |

**25.1 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 Mar., 2018 | *Year Ended 31st Mar., 2017* |
|---|---|---|
| Profit/(loss) for the year from operations | (157,974,133) | *65,398,721* |
| **Profit/(loss) for the year attributable to owners of the Company** | (157,974,133) | *65,398,721* |
| Weighted average number of equity shares for the purposes of basic earnings per share (B) | 82,000,000 | *153,161,644* |
| Basic Earnings per equity share for continuing operation (A/D) (`) | (1.93) | *0.43* |
| Basic Earnings per equity share for discontinued operation (B/D) (`) | - | - |
| **Basic Earnings per share (C/D) (`)** | (1.93) | *0.43* |

**25.2 Diluted earnings per share**

The earnings and weighted average number of equity shares used in the calculation of diluted earnings per share are as follows.

| Particulars | Year Ended 31st Mar., 2018 | *Year Ended 31st Mar., 2017* |
|---|---|---|
| Earnings used in the calculation of basic earnings per share | (157,974,133) | *65,398,721* |
| Adjustments | - | - |
| **Earnings used in the calculation of diluted earnings per share (A)** | *(157,974,133)* | *65,398,721* |
| Weighted average number of equity shares used in the calculation of basic earnings per share | 82,000,000 | *153,161,644* |
| Adjustments | - | - |
| **Weighted average number of equity shares used in the calculation of diluted earnings per share (B)** | 82,000,000 | *153,161,644* |
| **Diluted earnings per share (A/B)** | (1.93) | *0.43* |

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**26. Operating lease arrangements**

**26. 1 The Company as lessee**
26. 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 and Forbes And Company 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.

26. 1.2 Payments recognised as an expense

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Minimum lease payments | 1,786,717 | 1,609,277 |
| **Total** | 1,786,717 | **1,609,277** |

26. 1.3 Future minimum lease rentals payable as per the lease agreements

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Not later than 1 year | 1,859,520 | 1,739,520 |
| Later than 1 year and not later than 5 years | 5,360,576 | 6,900,096 |
| Later than 5 years | | |
| **Total** | 7,220,096 | 8,639,616 |

**27. Contingent liabilities**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| (a) Claims against the Company not acknowledged as debt | | |
| Income Tax Demands under dispute | 10,026,447 | 10,552,299 |
| Service Tax demand & Interest thereon | 6,218,589 | 6,218,589 |
| Service Tax Refund under dispute | 13,495,863 | 13,495,863 |
| Capital Commitment | - | - |
| | 29,740,899 | 30,266,751 |

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### 28 .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 28.1.1 offset by cash and bank balances) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity as detailed in notes 10 to 11).

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 164% at the end of the reporting period.

### 28 1.1 Gearing ratio

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

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Debt (i) | | |
| Non Current Borrowing | 2,482,156,169 | 2,035,530,569 |
| Current maturities of long-term debt | 247,235,643 | 134,907,748 |
| Cash and bank balances ( Including Long term deposits with bank) | 168,495,439 | 406,056,174 |
| Net debt | 2,560,896,372 | 1,764,382,143 |
| Equity (ii) | 1,563,713,406 | 1,721,658,147 |
| Net debt to equity ratio (i)/(ii) | 164% | 102% |

Debt is defined as long- and short-term borrowings, as described in notes 12 and 15.

Equity includes all capital and reserves of the Company that are managed as capital.

### 28 .2 Categories of financial instruments

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| **Financial assets** | | |
| Cash and bank balances | 44,138,063 | 292,239,276 |
| **Financial Assets measured at amortised cost** | | |
| Trade receivables | 68,779,698 | 75,847,152 |
| Long Term bapk deposits and Security Deposit | 191,080,576 | 159,436,547 |
| Other financial assets Current | 58,609,447 | 19,279,514 |
| **Financial liabilities** | | |
| Borrowings - Non current | 2,482,156,169 | 2,035,530,569 |
| Other financial liabilities Current | 279,627,819 | 164,567,733 |
| Trade payables | 43,360,876 | 16,400,443 |

### 28 .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.

### 28 .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.

### 28 .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

| Particulars | Assets as at | | | |
|---|---|---|---|---|
| | As at March 31, 2018 | | As at March 31, 2017 | |
| Currency | US $ | INR | US $ | INR |
| | 64.948 | | 64.8020 | |
| Receivables | 1,058,996 | 68,779,698 | 1,170,445 | 75,847,152 |
| Advances given | | | 419,164 | 27,162,644 |
| Bank Balances and Fixed Deposits | 2,557,578 | 166,109,560 | 8,303,416 | 538,077,942 |
| Interest on DSRA Fixed Deposits | 9,994 | 649,075 | 9,345 | 605,597 |
| Interest on Other Fixed Deposits | - | - | 15,737 | 1,019,811 |
| Security Deposit furnished | 1,027,316 | 66,722,149 | 703,969 | 45,618,599 |
| Total | 4,653,884 | 302,260,481 | 10,622,076 | 688,331,745 |

| Particulars | Liabilities as at | | | |
|---|---|---|---|---|
| | As at March 31, 2018 | | As at March 31, 2017 | |
| Currency | US $ | INR | US $ | INR |
| Foreign currency borrowings | 37,297,804 | 2,422,417,777 | 29,029,649 | 1,881,179,346 |
| Interest Accrued on Borrowings | 429,933 | 27,923,287 | 345,674 | 22,400,367 |
| Payables | 159,522 | 10,360,615 | 20,446 | 1,324,929 |
| Total | 37,887,259 | 2,460,701,679 | 29,395,769 | 1,904,904,642 |

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, 2018

| 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% | 4,653,884 | 37,887,259 | 3.25 | (107,922,060) |
| USD | Decrease by 5% | 4,653,884 | 37,887,259 | -3.25 | 107,922,060 |

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 |

**28 .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, 2018 would decrease/increase by Rs 98.50 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, 2017 would decrease/increase by Rs.95.94 Lakhs. This is mainly attributable to the Company's exposure to borrowings based on LIBOR.

**28 .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, 2018 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Borrowings - Loans | 247,235,643 | 1,678,167,536 | 140,157,784 | 356,856,786 |
| Borrowings - Preference share | | | | 323,970,053 |
| Trade Payables | 43,360,876 | | | |
| Other Financial Liabilities | 32,392,176 | | | |
| | 322,988,695 | 1,678,167,536 | 140,157,784 | 680,826,839 |

**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 | | | |
| | 180,968,177 | 532,650,821 | 1,213,620,776 | 289,258,972 |
| | | | | |
| | 614,763,293 | 113,816,898 | - | - |

**28 .8 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.

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## 29 Related Party Disclosures

### Current Year

(a) Name of the Related Parties and Description of Relationship:

| Nature of Relationship | Name of Entity |
|---|---|
| Ultimate Controlling Company | Shapoorji Pallonji and Company Private Limited |
| Holding Company | Forbes and Company Limited |
| Venturers in respect of which the Company is a joint venture | G.S. Enterprises<br>Sterling Investment Corporation Private Limited. |
| Enterprises under common control of Venturers | 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 Eureka Forbes Limited) |
| | Eureka Forbes 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<br>Ms. Vijayalakshmi Kumar - Company Secretary (upto 14.08.2017)<br>Ms. Deepti Kulkarni - Company Secretary (w.e.f 15.09.2017) |

### Previous Year

(a) Name of the Related Parties and Description of Relationship:

| Nature of Relationship | Name of Entity |
|---|---|
| Ultimate Controlling Company | Shapoorji Pallonji and Company Private Limited |
| Holding Company | Forbes and Company Limited |
| Venturers in respect of which the Company is a joint venture | G.S. Enterprises<br>Sterling Investment Corporation Private Limited. |
| Enterprises under common control of Venturers | 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 Eureka Forbes 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<br>Ms. Vijayalakshmi Kumar - Company Secretary |

Note: Transactions with related parties are conducted at arm's length on market terms.

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29 **Related Party Disclosures (contd.)**

**Current Year**

**(b) transactions/ balances with above mentioned related parties (mentioned in note 29(a) above)**

| Particulars | Ultimate Controlling Company | Holding Company | Joint Venturer | Enterprises Under Common Control | Key Management personnel and relatives | Total |
|---|---|---|---|---|---|---|
| **Balances outstanding as on March 31, 2018** | | | | | | |
| Payables | | | | | | |
| Shapoorji Pallonji and Company Private Limited | 1,050,829 | | | | | 1,050,829 |
| Forbes and Company Limited | | 1635 | | | | 1,635 |
| Forbes Facility Services Private Limited | | | | 40,546 | | 40,546 |
| Forvol International Services Limited | | | | 114,739 | | 114,739 |
| Mr.Dhiraj Pahuja | | | | | 1,629,181 | 1,629,181 |
| Ms. Vijayalakshmi Kumar | | | | | 15,766 | 15,766 |
| Receivables | | | | | | - |
| G.S.Eeterprises | | | | | | - |
| Forbes and Company Limited | | | 17,654,106 | | | 17,654,106 |
| | | | | | | - |
| **Transactions** | | | | | | |
| | | | | | | - |
| Reimbursement of expenditure and purchase of capital assets incurred on behalf of the Company | | | | | | - |
| Mr.Dhiraj Pahuja | | | | | 2,302,912 | 2,302,912 |
| Ms. Vijayalakshmi Kumar | | | | | 4,278 | 4,278 |
| Receiving of services | | | | | | |
| Shapoorji Pallonji and Company Private Limited | 3,891,961 | | | | | 3,891,961 |
| Forvol International Services Limited | | - | | 558,211 | | 558,211 |
| Forbes Facility Services Private Limited | | | | 415,377 | | 415,377 |
| Forbes and Company Limited | | 1,146,500 | | | | 1,146,500 |
| Eureka Forbes Limited | | | | 4424 | | 4,424 |
| Rent Paid | | | | | | |
| Volkart Fleming Shipping & Services | | | | 1739520 | | 1,739,520 |
| Forbes and Company Limited | | 40000 | | | | 40,000 |
| Purchase of Capital Asset | | | | | | |
| | | | | | | - |
| Remuneration | | | | | | |
| Mr.Dhiraj Pahuja | | | | | 10,502,089 | 10,502,089 |
| Ms. Vijayalakshmi Kumar | | | | | 413,787 | 413,787 |
| MS. Deepti Kulkarni | | | | | 97,500 | 97,500 |
| Received during the year | | | | | | |
| | | | | | | |
| Deposit received and refunded during the year on account of nomination of a Director | | | | | | - |
| Forbes and Company Limited - Received during the year | | 200,000 | | | | 200,000 |
| Forbes and Company Limited - Refunded during the year | | 200,000 | | | | 200,000 |

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29 Related Party Disclosures (contd.)

Previous Year

(b) transactions/ balances with above mentioned related parties (mentioned in note 29(a) above)

| Particulars | Ultimate Controlling Company | Holding Company | Joint Venturer | Enterprises Under Common Control | 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 |
| **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 | | | | 1012024 | | 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 |
| 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. Segment reporting

The Company is only engaged in Shipping business and there are no reportable segments as per IND AS 108 'Operating Segments

### 31. 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.

### 32. Payment to Auditors

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| | Rs. | Rs. |
| As Auditor: | | |
| - Audit Fees | 220,000 | 250,000 |
| - Tax Audit Fees | 80,000 | 100,000 |
| - Taxation Matters | - | 150,000 |
| - Other Services | 100,000 | 50,000 |
| - Out of Pocket Expenses | - | 3,309 |
| | **400,000** | **553,309** |

### 33. Estimates

During the year the Company has changed its estimate for determining the residual value for ships from 5% of original cost to scrap rate per light displacement tonnage of the ships. The change in estimate has been made to ensure realistic reflection of residual value based on market and industry specific conditions. On account of this change, depreciation on ships is lower for the year by Rs.1.90 crore. Further, this change would also have an impact in future years

### 34. Previous year figures

Previous year's figures have been regrouped wherever necessary to confirm to current years classifications. Further, previous year's figures have been audited by another firm of Chartered Accountants

RATLIBOI & PUROHIT Mumbai CHARTERED ACCOUNTANTS

Volkart Fleming Shipping and Services Limited

(a wholly owned Subsidiary Company)

Financial Statements

For the year ended March 31, 2018

**Independent Auditor's Report**
**To the Members of Volkart Fleming Shipping & Services Limited**

## Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Volkart Fleming Shipping & Services Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, 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.

BATLIBOI & PUROHIT ★ Mumbai ★ CHARTERED ACCOUNTANTS

National Insurance Building, 2nd floor, 204, Dr D. N. Road, Fort, Mumbai - 400 001.
Tel : +91 -22- 22077942 / 22014930 • E-mail : auditteam@bnpindia.in

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, 2018, 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 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

(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 24 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.

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

**Janak Mehta**
Partner
Membership No: 116976

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

Place : Mumbai
Date : April 19, 2018

**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 2018, 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, goods and 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, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

BATLIBOI & PUROHIT
Mumbai
CHARTERED ACCOUNTANTS

(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 |
| Income Tax Act | Income Tax Demands | 999,382 | 999,382 | A.Y. 2015-16 | CIT (Appeals) |

**Demands adjusted by income tax dept. from refunds due to the Company; appeal filed by Company.

(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 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.

BATLIBOI & PUROHIT * Mumbai * CHARTERED ACCOUNTANTS

(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 19, 2018

**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 2018 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.

BATLIBOI & PUROHIT ★ Mumbai ★ 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 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 2018, 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 19, 2018

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2018

| Particulars | Note No. | As at 31st March, 2018 ₹ | *As at 31st March, 2017 ₹* |
|---|---|---|---|
| **ASSETS** | | | |
| **1 Non-current assets** | | | |
| a Property, Plant and Equipment | **4** | 3,24,773 | - |
| b Investment Property | **5** | - | - |
| c **Financial Assets:** | | | |
| i) **Investments** | | | |
| a) Other Investments | **6A** | 2,03,91,451 | *2,03,91,451* |
| | | **2,03,91,451** | *2,03,91,451* |
| ii) Other financial assets | **7A** | 1,58,40,801 | 1,53,36,178 |
| | | **3,62,32,252** | *3,57,27,629* |
| d **Tax assets** | | | |
| i) Deferred tax assets (net) | **13** | 1,72,770 | - |
| i) Current tax assets (net) | **16** | 2,00,56,849 | *1,92,55,179* |
| | | **2,02,29,619** | *1,92,55,179* |
| **Total Non-current assets** | | **5,67,86,644** | *5,49,82,808* |
| **2 Current assets** | | | |
| a **Financial Assets:** | | | |
| i) Cash and cash equivalents | **8A** | 33,94,803 | *15,24,219* |
| ii) Other financial assets | **7B** | 1,781 | *1,781* |
| | | **33,96,584** | *15,26,000* |
| b Other current assets | **9A** | 3,75,253 | *87,869* |
| **Total Current assets** | | **37,71,837** | *16,13,869* |
| **Total Assets** | | **6,05,58,481** | *5,65,96,677* |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| a Equity share capital | **10** | 50,38,500 | *50,38,500* |
| b Other equity | **11** | 4,89,02,176 | *4,49,05,283* |
| **Total Equity** | | **5,39,40,676** | *4,99,43,783* |
| **Liabilities** | | | |
| **1 Current liabilities** | | | |
| a **Financial liabilities:** | | | |
| i) Trade and other payables | **15 A** | 14,73,725 | *19,06,331* |
| ii) Other financial liabilities | **12A.** | 22,99,840 | *22,70,656* |
| | | **37,73,565** | *41,76,987* |
| b Current tax liabilities (net) | **16** | 21,88,158 | *18,13,326* |
| c Other current liabilities | **14A** | 6,56,082 | *6,62,581* |
| | | 66,17,805 | *66,52,894* |
| **Total Current Liabilities** | | **66,17,805** | *66,52,894* |
| **Total Liabilities** | | **66,17,805** | *66,52,894* |
| **Total Equity and Liabilities** | | **6,05,58,481** | *5,65,96,677* |

**See accompanying notes forming part of the financial statements 1 to 31**

**As per** our report **of even date**
**For Batliboi & Purohit**
*Chartered Accountants*
Firm Reg No.-101048W

SHRIKRISHNA BHAVE ______________________

NIRMAL JAGAWAT ______________________

**Janak Mehta**
Partner
Membership No.: 116976
*Mumbai, 19th April, 2018*

SANDEEP KADAKIA ______________________
*Mumbai, 19th April, 2018*

## VOLKART FLEMING SHIPPING & SERVICES LIMITED
### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

| | Particulars | Note No. | Year Ended 31st March, 2018 ₹ | *Year Ended 31st March, 2017 ₹* |
|---|---|---|---|---|
| I | Revenue from operations | 17 | 1,31,76,317 | *1,70,61,656* |
| II | Other income | 18 | 24,214 | *7,33,945* |
| III | **Total Income (I + II)** | | **1,32,00,531** | *1,77,95,601* |
| IV | **Expenses:** | | | |
| | Employee benefits expense | 19 | 38,71,880 | *92,28,417* |
| | Finance cost | 20 | 29,184 | *39,730* |
| | Depreciation and amortisation expense | 21 | 10,019 | - |
| | Other expenses | 22 | 45,64,325 | *34,25,541* |
| | **Total expenses** | | **84,75,408** | *1,26,93,688* |
| V | **Profit / (loss) before exceptional items and tax (III - IV)** | | **47,25,123** | *51,01,913* |
| VI | Exceptional items | | - | - |
| VII | **Profit / (Loss) before tax (V + VI)** | | **47,25,123** | *51,01,913* |
| VIII | **Tax expense / (credit):** | | | |
| | Current tax | 23 | **9,01,000** | *10,75,486* |
| | Deferred tax | 23 | **(1,72,770)** | - |
| | | | **7,28,230** | *10,75,486* |
| IX | **Profit for the period (VII - VIII)** | | **39,96,893** | *40,26,427* |
| X | **Other Comprehensive Income** | | | |
| | **Total Other Comprehensive Income** | | - | - |
| XI | **Total Comprehensive Income for the period (IX + X)** | | **39,96,893** | *40,26,427* |
| XII | **Earning per equity share :** | | | |
| | Basic and diluted earnings per equity share | 25 | **₹ 79.33** | *₹ 79.91* |

**See accompanying notes forming part of the financial statements 1 to 31**

As per our report of even date
**For Batliboi & Purohit**
*Chartered Accountants*
Firm Reg No.-101048W

SHRIKRISHNA BHAVE ________________________ *Chairperson*

NIRMAL JAGAWAT ________________________

SANDEEP KADAKIA ________________________ *Directors*

**Janak Mehta**
Partner
Membership No.: 116976
*Mumbai, 19th April, 2018*

*Mumbai, 19th April, 2018*

## VOLKART FLEMING SHIPPING & SERVICES LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued**

| | Year Ended 31st March, 2018 ₹ | | *Year Ended 31st March, 2017 ₹* | |
|---|---|---|---|---|
| Cash flows from operating activities | | | | |
| **Profit for the year** | | **39,96,893** | | *40,26,427* |
| **Adjustments for -** | | | | |
| Income tax expense recognised in profit or loss | 7,28,230 | | *10,75,486* | |
| Finance costs recognised in profit or loss | 29,184 | | *39,730* | |
| Depreciation and amortisation of non-current assets (continuing operations) | 10,019 | | - | |
| Interest Income | (7,712) | | *(7,33,945)* | |
| | | 7,59,721 | | *3,81,271* |
| **Operating profit / (loss) before working capital changes** | | **47,56,614** | | *44,07,698* |
| Movements in working capital: | | | | |
| Decrease / (increase) in trade receivables and other receivables | - | | *(60,392)* | |
| (Increase)/decrease in other assets | (2,87,387) | | *32,361* | |
| Increase / (decrease) in trade payables and other payables | (4,32,603) | | *3,96,136* | |
| Increase / (decrease) in other liabilities | (6,499) | | *75,321* | |
| | | (7,26,489) | | *4,43,426* |
| **Cash generated from / (used in) operations** | | **40,30,125** | | *48,51,124* |
| Income taxes paid (net of refunds) | | (13,27,838) | | *(10,83,904)* |
| **(a) Net cash generated from / (used in) operating activities** | | *27,02,287* | | *37,67,220* |
| **Cash flows from investing activities:** | | | | |
| Purchase of fixed assets (including adjustments on account of capital work-in-progress and capital advances) | (3,34,792) | | | |
| Purchase / subscription of long-term investments | | | | |
| -in fellow subsidiaries | - | | *(2,00,00,000)* | |
| Investments in bank deposits (having original maturity of more than twelve months) | (5,00,000) | | | |
| Interest received | 3,089 | | *7,33,945* | |
| **(b) Net cash generated from / (used in) investing activities** | | **(8,31,703)** | | *(1,92,66,055)* |
| **Cash flows from financing activities:** | | | | |
| Repayment of borrowings | - | | - | |
| Interest paid | - | | - | |
| **(c) Net cash generated from / (used in) financing activities** | | - | | - |
| **(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)** | | **18,70,584** | | *(1,54,98,835)* |
| **(e) Cash and cash equivalents as at the commencement of the year** | | 15,24,219 | | *1,70,23,054* |
| **(f) Cash and cash equivalents as at the end of the year** | | 33,94,803 | | *15,24,219* |
| | | - | | - |

**See accompanying notes forming part of the financial statements 1 to 31**

In terms of our report attached
**For Batliboi and Purohit**
*Chartered Accountants*
Firm Reg No.- 10404800

SHRIKRISHNA BHAVE ________________________ *Chairperson*

NIRMAL JAGAWAT __________________________ *Directors*

**Janak Mehta**
Partner
Membership No.: 116976
*Mumbai, 19th April, 2018*

SANDEEP KADAKIA ___________________________ *Directors*

*Mumbai, 19th April, 2018*

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued

### Statement of changes in equity for the year ended March 31, 2018

| a. Equity share capital | No.of Shares | Amount<br>₹ |
|---|---|---|
| **Balance at April 1, 2016** | 50,385 | 50,38,500 |
| Changes in equity share capital during the year | - | - |
| **Balance at March 31, 2017** | **50,385** | **50,38,500** |
| Changes in equity share capital during the year | - | - |
| **Balance at March 31, 2018** | **50,385** | **50,38,500** |

**B. Other Equity**

| | Reserves and surplus | | | Total Other Equity |
|---|---|---|---|---|
| | General reserve | Retained earnings | Capital Redemption Reserve | |
| | ₹ | ₹ | ₹ | ₹ |
| **Balance as at 31.03.2017** | **70,04,807** | **3,49,38,976** | **29,61,500** | **4,49,05,283** |
| Profit for the year | | 39,96,893 | | 39,96,893 |
| **Balance as at 31.03.2018** | **70,04,807** | **3,89,35,869** | **29,61,500** | **4,89,02,176** |

**See accompanying notes forming part of the financial statements 1 to 31**

**As per our report of even date**
**For Batliboi & Purohit**
*Chartered Accountants*
Firm Reg No.-101048W

**Janak Mehta**
Partner
Membership No.: 116976
*Mumbai, 19th April, 2018*

SHRIKRISHNA BHAVE ________________ *Chairperson*

NIRMAL JAGAWAT ____________________

*Directors*

SANDEEP KADAKIA ____________________

*Mumbai, 19th April, 2018*

## 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 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].

### 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).

New standards and interpretations effective as from 1 April 2017:

Amendment to Ind AS 7, Statement of Cash Flows vide Companies (Indian Accounting Standards) (Amendment) Rules, 2017

Ministry of Corporate Affairs vide notification dated 17 March 2017 introduced narrow scope amendments including additional disclosures to Statement of Cash

- cash flows, such as drawdowns and repayments of borrowings; and
- non-cash changes, such as acquisitions, disposals and unrealised exchange differences.

The adoption of this standard did not have a significant impact on the financial statements.

### 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 |

### 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.

### 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) 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.

**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**

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.

**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.

**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:
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).

**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.

**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. Other borrowing costs are recognised as an expense 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.

**3. STANDARDS ISSUED BUT NOT EFFECTIVE**

**Ind AS 115 – Revenue from Contracts from Customers**
On March 28, 2018, the Ministry of Corporate Affairs issued Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 – Revenue from Contracts with Customers. The accounting standard is not applicable to the Company.

**Appendix B to Ind AS 21 - Foreign currency transactions and advance consideration**
The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

The management is in process of assessing the impact of above amendment, though it is expected that impact from the amendment would not be significant. The Company intends to adopt the amendments prospectively from April 1, 2018.

**Ind AS 40 - Investment property - Transfers of investment property**
The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence.

The management is in process of assessing the impact of above amendment. The Company intends to adopt the amendments prospectively from April 1, 2018.

**Ind AS 12 - Income taxes regarding recognition of deferred tax assets on unrealised losses**
The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base.

The management is in process of assessing the impact of above amendment, though it is expected that impact from the amendment would not be significant. The Company will adopt the amendments from April 1, 2018.

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued**

**4. Property, plant and equipment**

₹

| | 31st March-2018 | *31st March-2017* |
|---|---|---|
| | **Office equipments** | *Office equipments* |
| **Cost or Deemed cost** | | |
| **Balance at Beginning of the year** | - | - |
| Additions | 3,34,792 | - |
| Disposal | - | - |
| **Balance at End of the year** | 3,34,792 | - |
| | | |
| **Accumulated depreciation and impairment** | | - |
| **Balance at Beginning of the year** | - | - |
| Eliminated on disposals of assets | - | - |
| Depreciation expense | 10,019 | - |
| **Balance at End of the year** | 10,019 | - |
| | | |
| **Carrying Amount** | | - |
| **Balance at Beginning of the year** | - | - |
| Addition | 3,34,792 | - |
| Disposal | - | - |
| Depreciation expense | 10,019 | - |
| **Balance at End of the year** | 3,24,773 | - |

## 5. Investment property

₹

| | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Completed investment properties (Refer Note 1 below) | - | - |
| | | |
| **Total** | **-** | **-** |

₹

| **Cost or Deemed Cost** | **Year ended March 31, 2018** | **Year ended March 31, 2017** |
|---|---|---|
| Balance at beginning of year | 3,113 | 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 | 3,113 |

₹

| **Accumulated depreciation and impairment** | **Year ended March 31, 2018** | **Year ended March 31, 2017** |
|---|---|---|
| Balance at beginning of year | 3,113 | 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 | 3,113 |

**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** |

**5.1 Fair value measurement of the Company's investment properties**

The fair value of the Company’s investment properties as at 31st March, 2018 and 31st March, 2017 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, 2018 and 31st March, 2017 are as follows:

**As at 31.03.2018**
₹

| **Particulars** | **Level 3** |
|---|---|
| New Delhi - Building | 8,29,50,000 |
| Karnataka - Building | 1,55,00,000 |
| Maharashtra - Building | 12,85,03,000 |
| | |
| Total | 22,69,53,000 |

**As at 31.03.2017**
₹

| **Particulars** | **Level 3** |
|---|---|
| New Delhi - Building | 7,98,00,000 |
| Karnataka - Building | 1,40,00,000 |
| Maharashtra - Building | 12,28,59,000 |
| | |
| Total | 21,66,59,000 |

**5.2** Note on Investment property direct expenses included in other expenses:-

| | **Year ended March 31, 2018** | **Year ended March 31, 2017** |
|---|---|---|
| Direct operating expenses arising from investment property that generated rental income during the year | 15,12,477 | 14,27,375 |
| Direct operating expenses arising from investment property that did not generate rental income during the year | 2,28,321 | - |
| **Total** | **17,40,798** | **14,27,375** |

**6. Other investments**

**6A. Other Non Current Investments**

| particulars | As at March 31, 2018 Qty | As at March 31, 2018 Amount | *As at March 31, 2017 Qty* | *As at March 31, 2017 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* |
| (b) Irredeemable debentures of Rs. 100 each | 3,089 | 3,88,951 | *3,089* | *3,88,951* |
| **Total (i)** | 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* |
| **(iii) Investments in Forbes Technosys Limited (at cost ) (refer note no.2 below)** | | | | |
| (a) 10% Optionally Redeemable compulsorily Convertible, Non cumulative Preference share of Rs. 10 each in Forbes Technosys Limited | 20,00,000 | 2,00,00,000 | - | - |
| **Total (iii)** | 20,00,000 | 2,00,00,000 | - | - |
| **TOTAL AGGREGATE UNQUOTED INVESTMENTS (A)** | **20,04,214** | **2,03,91,451** | ***20,04,214*** | ***2,03,91,451*** |
| **TOTAL INVESTMENTS** | **20,04,214** | **2,03,91,451** | ***20,04,214*** | ***2,03,91,451*** |
| **Less : Aggregate amount of impairment in value of investments (B)** | - | - | - | - |
| **TOTAL INVESTMENTS CARRYING VALUE (A) - (B)** | | **2,03,91,451** | | ***2,03,91,451*** |
| **Aggregate market value of quoted investments** | | - | | - |

**Note 1:-**Carmel property is a residential flat at Mumbai, market value as at 31.03.2018 is Rs. 10,42,65,000/- , 31.03.2017 is Rs. 10,26,10,000/- as per valuation report issued by V.S.Modi Associates, Chartered Engineer, Govt. Approved Valuers, Mumbai.

**Note 2** :- 20,00,000, 10% Preference Shares investment in Forbes Technosys Limited, a subsidiary of Forbes & Company Limited (Holding Company), is valued as cost.

**6.1A. Category-wise other investments – as per Ind AS 109 classification**

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| | | ₹ |
| **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 |
| Preference Instruments | 2,00,00,000 | - |
| Debentures | 3,88,951 | 3,88,951 |
| Sub Total | **2,03,91,451** | **3,91,451** |
| Total | **2,03,91,451** | **2,03,91,451** |

## 7. Other financial assets

### 7A. Other financial assets - Non current

₹

| | Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|---|
| **a)** | **Security deposits** | | |
| | - Secured, considered good | - | *-* |
| | - Unsecured, considered good | 1,53,36,178 | *1,53,36,178* |
| | - Doubtful | - | *-* |
| | Less : Allowance for bad and doubtful loans | - | *-* |
| | **sub total (a)** | **1,53,36,178** | *1,53,36,178* |
| **b)** | Balance held as Deposits with banks with remaining maturity period of more than 12 months | **5,00,000** | *-* |
| **c)** | i) Interest Accrued on Deposits with Banks | **4,623** | *-* |
| | **Total** | **1,58,40,801** | *1,53,36,178* |

### 7B. Other financial assets - Current

₹

| | Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|---|
| **a)** | **Accruals:** | | |
| | i) Interest accrued on investments | 1,781 | *1,781* |
| | **sub total (a)** | **1,781** | *1,781* |

## 8. 8A. 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, 2018 | *As at March 31, 2017* |
|---|---|---|
| **Balances with Banks** | | |
| a) In current accounts | 33,90,560 | *15,13,119* |
| | **33,90,560** | *15,13,119* |
| **Cash on hand** | 4,243 | *11,100* |
| **Cash and cash equivalents as per balance sheet** | **33,94,803** | *15,24,219* |

## 9. Other assets

₹

| | | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|---|
| **9A** | **Other assets - Current** | | |
| a) | Balances with statutory / government authorities | | |
| | - Unsecured, considered good | 3,75,253 | *87,869* |
| | **Total** | **3,75,253** | *87,869* |

**10. Equity Share Capital**

₹

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| Equity shares of ₹ 10 each | 50,38,500 | *50,38,500* |
| **Total** | **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* |
| | | |
| **Issued and subscribed capital comprises:** | | |
| 50,385 fully paid equity shares of ₹ 100 each | 50,38,500 | *50,38,500* |
| | 50,38,500 | *50,38,500* |

**10.1 Fully paid equity shares**

| Particulars | Number of shares | Share capital (Amount) |
|---|---|---|
| Balance at April 1, 2016 | 50,385 | 50,38,500 |
| Movements | - | - |
| Balance at March 31, 2017 | 50,385 | 50,38,500 |
| Movements | - | - |
| **Balance at March 31, 2018** | **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.

**10.2 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, 2018 | *As at March 31, 2017* |
| **Balance at the beginning of the period** | 50,385 | *50,385* |
| The holding company | - | - |
| **Total** | 50,385 | *50,385* |

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

| | As at March 31, 2018 | | *As at March 31, 2017* | |
|---|---|---|---|---|
| Particulars | 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 | 50,385 | 100.00 | *50,385* | *100.00* |
| **Total** | 50,385 | 100.00 | *50,385* | *100.00* |

**11. Other equity**

₹

| Particulars | | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|---|
| a) | General reserve | 70,04,807 | *70,04,807* |
| b) | Retained earnings | 3,89,35,869 | *3,49,38,976* |
| c) | Capital redemption reserve | 29,61,500 | *29,61,500* |
| | **Total** | 4,89,02,176 | *4,49,05,283* |

₹

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| **11.1 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* |

<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.

₹

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| **11.2 Retained earnings** | | |
| Balance at beginning of year | 3,49,38,976 | *3,09,12,549* |
| Profit attributable to owners of the Company | 39,96,893 | *40,26,427* |
| **Balance at end of the year** | 3,89,35,869 | *3,49,38,976* |

₹

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| **11.3 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** | 4,89,02,176 | *4,49,05,283* |
| | - | - |

## 12. Other financial liabilities

### 12A. Other financial liabilities - Current

₹

| Particulars | As at March 31, 2018 | *As at March 31, 2017* |
|---|---|---|
| a) Others :- | | |
| - Security deposits | **22,99,840** | *22,70,656* |
| **Total** | **22,99,840** | *22,70,656* |

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund

## 13. 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* |
|---|---|---|
| Deferred tax assets | **1,72,770** | - |
| Deferred tax liabilities | - | - |
| **Net** | **1,72,770** | - |

**Current Year ( 2017-2018)**

₹

| Particulars | Opening balance | Recognised in profit or loss | Closing balance |
|---|---|---|---|
| **Deferred tax (liabilities)/assets in relation to:** | | | |
| a) Property, plant and equipment | - | (1,103) | **(1,103)** |
| **Total (A) ...** | - | (1,103) | **(1,103)** |
| b) Others (MAT Credit) | - | 1,73,873 | **1,73,873** |
| **Total (B) ...** | - | 1,73,873 | **1,73,873** |
| **Total (A+B) ...** | - | 1,72,770 | **1,72,770** |

**14. Other non-current liabilities**

**14A Other current liabilities** ₹

| | Particulars | **As at March 31, 2018** | *As at March 31, 2017* |
|---|---|---|---|
| a) | Advances | **5,68,669** | *4,66,666* |
| b) | Statutory remittances | **87,413** | *1,95,915* |
| | **Total** | **6,56,082** | *6,62,581* |

**15. Trade payables**

₹

**15 A Trade payables - Current**

| Particulars | **As at March 31, 2018** | *As at March 31, 2017* |
|---|---|---|
| Trade payables | **14,73,725** | *19,06,331* |
| **Total** | **14,73,725** | *19,06,331* |

The Company ensures that all payables are paid within the agreed terms.

**16. Current tax assets and liabilities** ₹

| Particulars | **As at March 31, 2018** | *As at March 31, 2017* |
|---|---|---|
| **Current tax assets** | | |
| Tax refund receivable | **2,00,56,849** | *1,92,55,179* |
| | **2,00,56,849** | *1,92,55,179* |
| **Current tax liabilities** | | |
| Income tax payable | **21,88,158** | *18,13,326* |
| | **21,88,158** | *18,13,326* |
| Current Tax Assets (current portion) | **-** | - |
| Current Tax Assets (non-current portion) | **2,00,56,849** | *1,92,55,179* |

**17. Revenue from operations**

₹

| Particulars | Year ended March 31, 2018 | *Year ended March 31, 2017* |
|---|---|---|
| a) **Service Charges** | | |
| i) Professional Services | 49,50,000 | *99,00,000* |
| | **49,50,000** | *99,00,000* |
| b) **Other operating revenues** | | |
| i) Rent and amenities | 82,26,317 | *71,61,656* |
| | **82,26,317** | *71,61,656* |
| **Total** | **1,31,76,317** | *1,70,61,656* |

**18. Other Income**

**a) Interest Income**

₹

| Particulars | Year ended March 31, 2018 | *Year ended March 31, 2017* |
|---|---|---|
| i) Income Tax refund | - | *2,11,397* |
| ii) Long Term Investments | 3,089 | *3,089* |
| iii) Bank deposits | 4,623 | *5,19,459* |
| **Total (a)** | **7,712** | *7,33,945* |

**b) Other Non-Operating Income (Net of expenses directly attributable to such income)**

| | | |
|---|---|---|
| Miscellaneous income | 16,502 | - |
| **Total (b )** | **16,502** | - |
| **Total** | **24,214** | *7,33,945* |

**19. Employee benefits expense**

₹

| Particulars | Year ended March 31, 2018 | *Year ended March 31, 2017* |
|---|---|---|
| i) Salaries and Wages | 38,70,853 | *91,86,284* |
| ii) Staff Welfare Expenses | 1,027 | *42,133* |
| **Total** | **38,71,880** | *92,28,417* |

**20. Finance costs**

₹

| Particulars | Year ended March 31, 2018 | *Year ended March 31, 2017* |
|---|---|---|
| (a) **Interest costs :-** | | ₹ |
| i) Notional Interest on Security Deposits | 29,184 | *39,730* |
| **Total (a)** | **29,184** | *39,730* |

The weighted average capitalisation rate on funds borrowed generally is 10 % per annum (2016-2017: 10% per annum).

**21. Depreciation and amortisation expense**

₹

| Particulars | Year ended March 31, 2018 | *Year ended March 31, 2017* |
|---|---|---|
| i) Depreciation of Property Plant & Equipment | 10,019 | - |
| **Total depreciation and amortisation pertaining to continuing operations** | **10,019** | - |

**22. A. Other expenses** ₹

| | Particulars | Year ended March 31, 2018 | *Year ended March 31, 2017* |
|---|---|---|---|
| a) | Power and fuel | 2,75,235 | *3,10,851* |
| b) | Rent and hire charges | 68,880 | *68,880* |
| c) | **Repairs to :** | | |
| | i) Buildings | 6,86,287 | *2,04,738* |
| | iii) Others | 93,957 | *92,965* |
| | | 7,80,244 | *2,97,703* |
| d) | Rates and taxes (excluding taxes on income) | 11,68,433 | *14,23,878* |
| e) | Printing & Stationery | - | *791* |
| f) | Communication | 29,961 | *85,655* |
| g) | Legal and professional charges | 11,39,500 | *3,21,306* |
| h) | Travelling and conveyance | 38,424 | *32,144* |
| i) | Housekeeping Charges | 3,03,427 | *3,27,264* |
| j) | Security Charges | 6,00,750 | *4,58,280* |
| k) | Miscellaneous expenses | 78,621 | *31,630* |
| | **Total (A)** | **44,83,475** | *33,58,382* |
| **B.** | **To Statutory auditors** | | |
| | i) For audit | 40,000 | *30,150* |
| | ii) For tax audit | 20,000 | *15,075* |
| | iv) For other services | 20,000 | *20,703* |
| | v) For reimbursement of expenses | 850 | *1,231* |
| | **Total (B)** | **80,850** | *67,159* |
| | **Total (A) + (B)** | **45,64,325** | **34,25,541** |

**23. Income taxes relating to continuing operations**

**23.1 Income tax recognised in profit or loss** ₹

| Particulars | Year ended March 31, 2018 | *Year ended March 31, 2017* |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | 9,01,000 | *11,54,000* |
| In respect of prior years | - | *(78,514)* |
| | **9,01,000** | *10,75,486* |
| **Deferred tax** | | |
| In respect of the current year | (1,72,770) | - |
| | **(1,72,770)** | - |
| **Total income tax expense recognised in the current year relating to continuing Operations** | **7,28,230** | *10,75,486* |

The income tax expense for the year can be reconciled to the accounting profit as follows:

₹

| Particulars | Year ended March 31, 2018 | *Year ended March 31, 2017* |
|---|---|---|
| **Profit before tax from continuing operations** | **47,25,123** | *51,01,913* |
| Income tax expense calculated at 25.75% (2016-2017: 29.87%) | 12,16,719 | 15,23,941 |
| Effect of expense that is non deductible in determining taxable profit | 7,515 | 1,67,513 |
| Effect of tax incentives and concession | (4,92,227) | (5,38,336) |
| Effect of Fixed Asset related Deferred Tax Liability recognized during this year | (4,405) | - |
| Rounding off of tax provision | 628 | 882 |
| Income tax expense recognised in profit or loss (relating to continuing operations) | **7,28,230** | **11,54,000** |

The tax rate used for the 2017-2018 and 2016-2017 reconciliations above is the corporate tax rate of 25.75% and 29.87% respectively payable by corporate entities in India on taxable profits under the Indian tax law.

## 24. Contingent liabilities

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| (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 |
| (iii)Income Tax Matters | 3767060 | 2767678 |

## 25. Earnings per share

| Particulars | Year ended March 31, 2018 | *Year ended March 31, 2017* |
|---|---|---|
| **From Continuing operations** | **₹. per share** | *₹. per share* |
| Basic earnings per share | **79.33** | *79.91* |
| Diluted earnings per share | **79.33** | *79.91* |

### 25.1. 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, 2018 | *Year ended March 31, 2017* |
|---|---|---|
| Profit for the year attributable to owners of the Company (A) ₹ | **39,96,893** | *40,26,427* |
| 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) ₹** | **79.33** | *79.91* |

### 25.2. Diluted earnings per share

There is no dilution of equity shares.

## 26. 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, 2018 | 31st March, 2017 | 31st March, 2018 | 31st March, 2017 | 31st March, 2018 | 31st March, 2017 |
| External segment revenue | 49,50,000 | 99,00,000 | 82,45,908 | 71,64,745 | 1,31,95,908 | 1,70,64,745 |
| Add: Inter segment revenue | - | - | - | - | - | - |
| **Revenue from operations** | 49,50,000 | 99,00,000 | 82,45,908 | 71,64,745 | 1,31,95,908 | 1,70,64,745 |
| **Segment Results - Profit / (Loss)** | (2,11,508) | (5,10,386) | 52,01,028 | 52,34,742 | 49,89,520 | 47,24,356 |
| Add: Unallocated income | | | | | 4,623 | 7,30,856 |
| Less: Unallocated expenses | | | | | (2,39,836) | (3,13,569) |
| Less: Exceptional items other than related to segments (net) | | | | | - | - |
| **Profit / (Loss) before tax and finance costs** | | | | | 47,54,307 | 51,41,643 |
| Less: Finance costs | | | | | (29,184) | (39,730) |
| **Profit / (Loss) before tax** | | | | | 47,25,123 | 51,01,913 |
| **Provision for taxation:** | | | | | | |
| Current tax expense | | | | | (9,01,000) | (10,75,486) |
| Deferred tax | | | | | 1,72,770 | - |
| **Profit / (Loss) after tax** | | | | | 39,96,893 | 40,26,427 |
| **Capital employed** | | | | | | |
| **Segment assets** | 13,300 | 21,940 | 1,60,40,883 | 1,56,59,788 | 1,60,54,183 | 1,56,81,728 |
| Unallocated corporate assets | | | | | 4,45,04,298 | 4,09,14,949 |
| **Total assets** | 13,300 | 21,940 | 1,60,40,883 | 1,56,59,788 | 6,05,58,481 | 5,65,96,677 |
| **Segment liabilities** | (53,802) | (2,70,445) | (42,26,470) | (40,28,194) | (42,80,272) | (42,98,639) |
| Unallocated corporate liabilities | | | | | (23,37,533) | (23,54,255) |
| **Total liabilities** | (53,802) | (2,70,445) | (42,26,470) | (40,28,194) | (66,17,805) | (66,52,894) |
| **Capital employed** | (40,502) | (2,48,505) | 1,18,14,413 | 1,16,31,594 | 5,39,40,676 | 4,99,43,783 |
| | | | | | - | - |
| **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** | - | - | 63,382 | 3,113 | - | 3,113 |
| Unallocated corporate depreciation / amortisation | | | | | - | - |
| **Total depreciation / amortisation** | | | 63,382 | 3,113 | - | 3,113 |
| **Non-cash segment expenses other than depreciation** | | | - | - | - | - |
| Unallocated non-cash expenses other than depreciation | | | | | - | - |
| **Total non-cash expenses other than depreciation** | | | | | - | - |

## 27. Financial instruments

### 27.1. 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 31.03.2018 there are no borrowings and currently Company didn't intend to borrow and there is no line of credit. with bank, hence no gearing ratio.

### 27.2 Categories of financial instruments

₹

| Particulars | | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| **Financial assets** | | | |
| **Measured at Amortised Cost** | | | |
| Cash and bank balances | | 33,94,803 | 15,24,219 |
| Other Financial Assets | | 1,58,42,582 | 1,53,37,959 |
| Investments in Equity Instuments | | 2,500 | 2,500 |
| Investments in Preference Shares | | 2,00,00,000 | - |
| Investments in Debentures | | 3,88,951 | 3,88,951 |
| | | 3,96,28,836 | 1,72,53,629 |
| **Measured at FVTPL** | | | |
| Investments in Preference Shares | | - | 2,00,00,000 |
| | | **3,96,28,836** | **3,72,53,629** |
| **Financial liabilities** | | | |
| **Measured at Amortised Cost** | | | |
| Trade and Other payables | | 14,73,725 | 19,06,331 |
| Other Financial Liabilities | | 22,99,840 | 22,70,656 |
| | | **37,73,565** | **41,76,987** |

### 27.3 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.

**23.9 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.

**Maturities of Financial Liabilities** — **March 31, 2018** ₹

| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
|---|---|---|---|---|
| Trade Payables | 14,73,725 | | | |
| Other Financial Liabilities | 22,99,840 | | | |
| | 37,73,565 | - | - | - |

**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 | - | - | - |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued**

**28. 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<br>(where there are transactions) | Shapoorji Pallonji Forbes Shipping Limited (Formerly known as SCI Forbes Limited)<br>Forbes Facility Services Pvt. Ltd.<br>Forbes Campbell Services Ltd.<br>Campbell Properties & Hospitality Services Ltd. | SPFSL<br>FFSPL<br>FCSL<br>CP&HSL |

**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<br>(where there are transactions) | Shapoorji Pallonji Forbes Shipping Limited (Formerly known as SCI Forbes Limited)<br>Forbes Facility Services Pvt. Ltd.<br>Forbes Technosys Limited<br>Forbes Campbell Services Ltd. | SPFSL<br>FFSPL<br>FTL<br>FCSL |

## VOLKART FLEMING SHIPPING & SERVICES LIMITED

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 - Continued**

### 28. Related party disclosures (contd.)

₹

**(b) Details of related party transactions during the year ended 31st March, 2018 and balances outstanding as at 31st March, 2018:**

| | | Ultimate Holding Company | Holding Company | | Fellow Subsidiaries | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Shapoorji Pallonji and Company Private Limited | Forbes & Company Limited | **Parties in A above** | Shapoorji Pallonji Forbes Shipping Limited | Campbell Properties & Hospitality | Forbes Facility Services Limited | Forbes Campbell Services Ltd. | **Parties in B above** | **Total** |
| | **Outstandings** | | | | | | | | | |
| 1 | Trade Payables | - | 59,869 | **59,869** | - | 1,04,400 | - | - | **1,04,400** | **1,64,269** |
| | **Nature of Transaction** | | | | | | | | | |
| | **Sales / Services** | | | | | | | | | |
| 1 | Services Rendered | - | 49,50,000 | **49,50,000** | - | - | - | - | **-** | **49,50,000** |
| | **Expenses** | | | | | | | | | |
| 2 | Miscellaneous expenses | 23,076.00 | 12 | **23,088** | - | 90,000 | 1,86,553 | 6,00,000 | **8,76,553** | **8,99,641** |
| | **Income** | | | | | | | | | |
| 3 | Rent and Other Service Charges | - | 90,000 | **90,000** | 17,39,520 | - | - | - | **17,39,520** | **18,29,520** |
| | | | | | | | | | | |
| 4 | **Other Reimbursements** | - | 39,49,501 | **39,49,501** | - | - | - | - | **-** | **39,49,501** |
| | **Finance** | | | | | | | | | |
| 5 | **Investment in Preference shares** | | - | **-** | - | - | - | - | **-** | **-** |

## 28. 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** |

**29 Leases**

**(a)** The company has taken certain office premises on operating lease basis(cancellable). Lease payments in respect of such leases recognised in the statement of profit and Loss Rs 0.69 Lacs *(previous year Rs 0.69 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 31.03.2018 | As at 31.03.2017 |
|---|---|---|
| Gross carrying Amount | **3,113** | **3,113** |
| Accumulated Depreciation | **3,113** | **3,113** |
| Depreciation for the year | - | - |

(ii) The company has entered into non cancellable operating lease arrangement. The details of the premises leased are as follows:

₹

| **Non - Current Investments** | **Buildings** | |
|---|---|---|
| | **As at 31st March, 2018 Rs.** | **As at 31st March, 2017 Rs.** |
| 1125 Equity shares of Rs. 10 each in | **2,500** | **2,500** |
| 3089 irredeemable debentures of Rs. | **3,88,951** | **3,88,951** |
| | **3,91,451** | **3,91,451** |

Future minimum lease receivable under non-cancellable operating leases is as follow:

₹

| **Period** | **31st March, 2018 Rs.** | **31st March, 2017 Rs.** |
|---|---|---|
| Not later than one year | - | **9,33,333** |
| Later than one year but not later than five | - | - |
| Later than five years | - | - |
| **TOTAL** | - | **9,33,333** |

**Micro, Small and Medium Enterprises**

**30.** 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.** Previous year's figures have been regrouped wherever necessary.

| | | |
|---|---|---|
| In terms of our report attached | | |
| **For Batliboi & Purohit** | SHRIKRISHNA BHAVE ____________________ | *Chairperson* |
| *Chartered Accountants* | | |
| Firm Reg No.-101048W | | |
| | NIRMAL JAGAWAT ______________________ | *Directors* |
| **Janak Mehta** | | |
| Partner | SANDEEP KADAKIA ______________________ | |
| Membership No.: 116976 | | |
| *Mumbai, 19th April, 2018* | *Mumbai, 19th April, 2018* | |