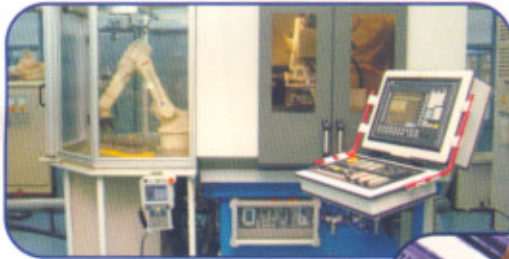




Since 1767, A tradition of excellence





DIRECTORS:	PALLONJI S. MISTRY	<i>Chairman Emeritus</i>
	SHAPOOR P. MISTRY	<i>Chairman</i>
	ASHOK BARAT	<i>Managing Director</i>
	CYRUS P. MISTRY	
	D. B. ENGINEER	
	D. S. SOMAN	
	N. D. KHURODY	
	R. N. JHA	
	S. L. GOKLANEY	
	T. R. DOONGAJI	
SECRETARY:	A. T. SHAH	<i>Company Secretary</i>
MANAGEMENT:	ASHOK BARAT	<i>Managing Director</i>
	AMIT MITTAL	<i>Director (Finance)</i>
	C. A. KARNIK	<i>Director (Human Resources)</i>
	DILIP SANGLE (<i>from 12.10.2009</i>)	<i>Director (Engineering)</i>
	SANJIV VAIDYA (<i>from 11.03.2010</i>)	<i>Director (Shipping & Logistics)</i>
AUDITORS:	MESSRS. DELOITTE HASKINS AND SELLS	
SOLICITORS AND ADVOCATES:	MESSRS. CRAWFORD BAYLEY & CO.	
BANKERS:	IDBI BANK LIMITED	
	PUNJAB NATIONAL BANK	
	STANDARD CHARTERED BANK	



**REGISTRARS AND SHARE
TRANSFER AGENTS:**

TSR DARASHAW LIMITED
UNIT: FORBES & COMPANY LIMITED
6-10, HAJI MOOSA PATRAWALA INDUSTRIAL ESTATE,
20, DR. E. MOSES ROAD, MAHALAXMI,
MUMBAI 400 011

FACTORIES:

MAHARASHTRA

AURANGABAD

A-7, M.I.D.C. AREA,
CHIKALTHANA,
AURANGABAD 431 210

MUMBAI

CHANDIVALI ESTATE,
SAKI POWAI ROAD,
MUMBAI 400 072

THANE

PLOT No. C - 17, ROAD No.16,
WAGLE INDUSTRIAL ESTATE,
THANE 400 604

CONTAINER FREIGHT STATIONS:

MAHARASHTRA

NHAVA SHEVA

VESHVI, POST – DIGHODE,
TALUKA – URAN,
DIST. RAIGAD

GUJARAT

MUNDRA

BHARAT CFS ZONE 1,
OLD PORT ROAD MP AND SEZ,
MUNDRA 370 421

REGISTERED OFFICE:

FORBES BUILDING,
CHARANJIT RAI MARG,
FORT,
MUMBAI 400 001

NINETY-FIRST ANNUAL REPORT 2009-2010

CONTENTS	Pages
Notice	4-7
Directors' Report and Annexures	8-14
Corporate Governance	15-25
Summarised Balance Sheets 1990-91 to 2009-2010	26
Summarised Profit and Loss Accounts 1990-91 to 2009-2010	27
Auditors' Report	28-31
Balance Sheet	32
Profit and Loss Account	33-34
Cash Flow Statement	35-36
Schedule 1 – Share Capital	37
Schedule 2 – Reserves and Surplus	38
Schedule 3 – Secured Loans	38-39
Schedule 4 – Unsecured Loans	39
Schedule 5 – Fixed Assets	40
Schedule 6 – Investments	41-42
Schedule 7 – Current Assets, Loans and Advances	43-44
Schedule 8 – Current Liabilities and Provisions	45
Schedule 9 – Voluntary Retirement Compensation	45
Schedule 10 – Manufacturing, Trading and other Expenses	46-47
Schedule 11 – Notes to the Accounts	48-78
Balance Sheet Abstract and Company's General Business Profile	79
Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies	80-81
Additional information on the Subsidiary Companies	82-83
Additional disclosure as required by the amended Clause 32 of the listing agreement with Stock Exchange	84
Consolidated Financial Statements for the year ended 31 March 2010	85-128

**Annual General Meeting will be held on Wednesday, 22nd September, 2010
at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building,
4th Floor, IMC Marg, Churchgate, Mumbai 400 020**



NOTICE

NOTICE is hereby given that the NINETY-FIRST ANNUAL GENERAL MEETING of the shareholders of FORBES & COMPANY LIMITED will be held at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4th floor, Churchgate, Mumbai 400020 on Wednesday, the 22nd September, 2010 at 4.00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Pallonji S. Mistry who retires by rotation and is eligible for re-appointment.
3. Mr. D. S. Soman who retires by rotation is not seeking re-appointment and the vacancy would be filled by the Board of Directors.
4. To appoint a Director in place of Mr. R. N. Jha who retires by rotation and is eligible for re-appointment.
5. To appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants, as Auditors and to authorise the Board of Directors to fix their remuneration.
6. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:
"RESOLVED that, pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors to create charges in order to secure the term loans, as per the details given below –

	Details of Loan and the Lender	Security
1.	Loan of Rs.23.75 crores from Bank of India.	Corporate Loan I – Rs. 12.50 crores Existing charge by way of Equitable Mortgage of 11 residential flats in 'Volkart House' on Bhulabhai Desai Road, Mumbai. Corporate Loan II – Rs. 11.25 crores Extension of the existing charge on residential flats in 'Volkart House'.
2.	Secured Loan of Rs. 15 crores from Export-Import Bank of India (Exim Bank).	Mortgage of plot of land admeasuring 5 acres, at Perungudi, Chennai.

on such terms and conditions as the Board of Directors may think fit, in order to secure the due repayment of term loans availed by the Company from the above lenders, together with the payment of interest thereon at the respective agreed rates, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to the lenders, in terms of the Loan Agreements entered into / executed by the Company, in respect of the above mentioned term loans.

RESOLVED FURTHER that the Board of Directors of the Company, be and is hereby authorised to finalise with the lenders all necessary documents for creating the mortgage and/or charge as aforesaid and to do all other acts, deeds, matters and things and to execute all such documents and writings as it may deem necessary, usual, requisite or proper for the purpose of giving effect to the aforesaid Resolution."

For and on behalf of the
Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, 13th August, 2010.

Registered Office:
Forbes Building,
Charanjit Rai Marg, Fort,
Mumbai 400 001

NOTES:

1. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A SHAREHOLDER.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of business at Item 6 is annexed hereto.
3. Pursuant to the exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956, the annual accounts of the subsidiary companies and the related detailed information are not attached to the Company's accounts for the year ended 31st March, 2010. The annual accounts of the subsidiary companies will be made available to the investors seeking such information as and when such request is received by the Company. Such information is also available for inspection by any investor at the Registered Office of the Company and of the subsidiary companies concerned.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 13th September, 2010 to Wednesday, 22nd September, 2010 (both days inclusive).
5. Shareholders are requested to immediately notify the REGISTRARS AND SHARE TRANSFER AGENTS or the DEPOSITORY PARTICIPANTS (in case of shares which have been dematerialised) of any change in their address.
6. (a) Please address all communications including lodging of Transfer Deeds to -

REGISTRARS AND SHARE TRANSFER AGENTS

TSR Darashaw Ltd.,
 UNIT: FORBES & COMPANY LIMITED
 6-10, Haji Moosa Patrawala Industrial Estate,
 20, Dr. E. Moses Road,
 Mahalaxmi, Mumbai 400 011
 Tel. : 91 22 66568484 Fax. :91 22 66568494
 Business Hours : 10.00 a.m. to 3.30 p.m. (Monday to Friday)
 Email : csg-unit@tsrdarashaw.com
 Website : www.tsrdarashaw.com

Branch Offices

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. TSR Darashaw Ltd.
503, Barton Centre, 5th floor,
84, Mahatma Gandhi Road,
Bangalore 560 001
Tel.:080 25320321 Fax:080 25580019
email: tsrdlbbang@tsrdarashaw.com | <ol style="list-style-type: none"> 3. TSR Darashaw Ltd.
Bungalow No.1, "E" Road,
Northern Town, Bistupur,
Jamshedpur 831 001
Tel.:0657 2426616 Fax:0657 2426937
email: tsrdljsr@tsrdarashaw.com |
| <ol style="list-style-type: none"> 2. TSR Darashaw Ltd.
Tata Centre, 1st floor,
43, Jawaharlal Nehru Road,
Kolkata 700 071
Tel.:033 22883087 Fax:033 22883062
email: tsrdlcal@tsrdarashaw.com | <ol style="list-style-type: none"> 4. TSR Darashaw Ltd.
Plot No.2/42, Sant Vihar,
Ansari Road, Daryaganj,
New Delhi 110 002
Tel.:011 23271805 Fax:011 23271802
email: tsrdldel@tsrdarashaw.com |

Agent

1. M/s. Shah Consultancy Services Ltd.
Sumatinath Complex,
Pritam Nagar, Akhada Road, Ellisbridge,
Ahmedabad 380 006
Telefax: 079 26576038
Email: shahconsultancy8154@gmail.com

- (b) Investors, if they so prefer, can send transfer request, correspondence and queries to the Company at the following address –

Company Secretary
Forbes & Company Ltd.
Forbes Building,
Charanjit Rai Marg,
Fort, Mumbai 400 001
Telephone: 022 40749117
Email: atshah@forbes.co.in

- (c) **Kindly quote your Ledger Folio No. in all correspondences with the Company or Registrars and Share Transfer Agents**

ANNEXURE TO NOTICE

Explanatory Statement under Section 173 of the Companies Act, 1956

Item 6:

For the purpose of augmenting the long-term resources, the Company has borrowed money from a bank and a financial institution.

The said term loans together with interest, premia, costs, expenses and all other monies payable by the Company to the lenders require to be secured by creation of charge, *inter alia*, on the fixed assets of the Company.

The details of term loans and the charge to be created are set out below:

	Details of Loan and the Lender	Security
1.	Loan of Rs.23.75 crores from Bank of India.	<p>Corporate Loan I – Rs.12.50 crores</p> <p>Existing charge by way of Equitable Mortgage of 11 residential flats in ‘Volkart House’ on Bhulabhai Desai Road, Mumbai.</p> <p>Corporate Loan II – Rs.11.25 crores</p> <p>Extension of the existing charge on residential flats in ‘Volkart House’.</p>
2.	Secured Loan of Rs.15 crores from Export-Import Bank of India (Exim Bank).	Mortgage of plot of land admeasuring 5 acres, at Perungudi, Chennai.

Section 293 (1) (a) of the Companies Act, 1956 provides that a public company, shall not, without the consent of its shareholders in General Meeting, sell lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. Hence the resolution at Item 6 of the Notice.

For and on behalf of the
Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, 13th August, 2010.

Registered Office:
Forbes Building,
Charanjit Rai Marg, Fort,
Mumbai 400 001

Note: The information in respect of the Directors to be appointed and re-appointed, as required pursuant to the provisions of Clause 49 IV (G)(i) of the Listing Agreement, is given in Annexure “AC” to the Report on Corporate Governance.

DIRECTORS' REPORT

To,

The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2010.

1. FINANCIAL RESULTS:

The results for the current year and those for the previous year are set out in this paragraph.

	For the year ended 31st March, 2010	<i>Rupees in Crores</i> <i>For the year ended 31st March, 2009</i>
Sales, Services and Other Income	217.06	211.95
Less: Expenditure	212.65	241.75
Profit/(Loss) after Interest and before Depreciation	4.41	(29.80)
Less: Depreciation	16.54	11.99
Profit/(Loss) after Depreciation	(12.13)	(41.79)
Less: Provision for Doubtful Loans & Advances and for diminution in value of investments	0.55	4.68
	(12.68)	(46.47)
Add: Profit for the year ended 31.3.2009 in respect of Shipping Agency Division of Volkart Fleming Shipping and Services Ltd., pursuant to Scheme of Demerger and transfer	2.46	—
Profit/(Loss) before taxation	(10.22)	(46.47)
Less: Provision for Taxation		
- (Reversal)/Provision relating to previous year	1.91	0.12
- for Fringe Benefit Tax	—	0.81
- for Wealth tax	0.13	0.15
- for Deferred tax	—	(0.06)
Profit/(Loss) after Taxation	(12.26)	(47.49)
Add: Balance brought forward	(31.68)	15.81
Balance Carried to Balance Sheet	(43.94)	(31.68)

2. MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS:

Comments are set out in the following paragraphs.

2.1 ENGINEERING:

The performance of Engineering Solutions Group was impacted, mainly due to downturn in Automobile industry during the second half of the year. However, the situation had improved towards end of the year. In response, the Engineering Division restructured its businesses into two main groups viz., Engineering Solutions Group and Energy Solutions Group (ESG) to bring synergy and offer value-added solutions to the customers.

Various initiatives are underway, these include, product augmentation, re-layout of production lines, closure of non-performing products and outsourced supplies of standard products. Initiative to enter non-auto sectors, like Defence and Aerospace, have also commenced.

Energy Solutions Group (ESG) changed its business model from representing Dresser-Rand, USA and Gardner Denver, USA to becoming Value Added Reseller (VAR) and has been successful in establishing its presence as a vendor for supply of Steam Turbine and Blower Packages for extremely demanding customers like BHEL, Ingersoll Rand, L&T, etc. ESG could also undertake the erection and commissioning activities for its major customers like HPCL, Vizag and IOCL, Panipat sites. Going forward, ESG has envisaged forays into hitherto uncharted territories like 'Engineering Procurement and Construction (EPC)' contracting for small and medium power projects, 'Refurbishing and Modernisation (R&M)' activities and putting up 'grid-connected biomass-based' power plants on BOOT basis. ESG has planned to put up a modern facility for turbine refurbishing at Waluj, Aurangabad and this facility will be ready by the end of 2010.

2.2 LOGISTICS SOLUTIONS AND SHIPPING RELATED ACTIVITY:

The impact of recession on the Shipping industry continued during FY 2009-10, which had an impact on the Container Freight Station (CFS) business. The year saw a huge decline in throughput of container volumes in JNPT (Nhava Sheva Port) as MLOs (Main Line Operators) curtailed / consolidated their services to JNPT. Our main customer NYK Line stopped their ICX service, which was nominated to our CFS. This had a direct adverse effect on our volumes at CFS-Veshvi, which saw more than 80% decline in import volumes. Even though NYK resumed operations in Veshvi from January, 2010 with a different service, our earnings in CFS - Veshvi were impacted due to reduced ground rent income and stiff cost pressures.

In Mundra, we succeeded in getting nominations from two reputed MLOs - Hapag Lloyd and CSAV, which started operations in August, 2009 and November, 2009 respectively. Even though import volumes increased, but here, too, like Veshvi, our earnings were strained due to lower operating margins. In CFS - Mundra large chunk of business comes from Cotton Exporters. Cotton export from Mundra did show signs of recovery initially but it was not sustained mid – season, since the cargo was diverted to the port of Pipavav. We, therefore, did not earn the expected revenue from exports.

In Logistics, we introduced end-to-end freight forwarding solution, with an outsourced model. During the year, we provided services to our Group companies, which created learning -base and the platform for us to expand aggressively in the market place in the year 2010-11.

In our Agency business, we faced severe pressures on our revenue and margins due to dropping freight rates. However, we managed to keep our Principals satisfied and met their expectations.

2.3 UPMARKET BRANDS:

After a review, the Company had decided to exit the business as it had no strategic fit. The Company was holding the licence from a foreign brand. Our efforts to sub-license it, were not successful. It was, therefore, decided to surrender it after a negotiated settlement with the licensor.

2.4 OTHERS:

The Company has a number of assets in the form of real estate in Mumbai, Chennai, Kolkata and Delhi. Regular efforts are being made to monetise their value or engage them gainfully in order to get long-term benefits.

At the same time, Branch offices at different locations are being consolidated in order to improve efficiency as well as minimise costs. Last year, operations in Chennai were consolidated. This year operations in Kolkata and Bangalore were consolidated.

2.5 FINANCE AND CORPORATE:

The Company continued to face liquidity crunch. Despite this, the Company was able to bring down its overall borrowings by Rs. 5422.71 lakhs and net interest cost by Rs. 46.51 lakhs. This was a result of continued monitoring and better working capital management, disposing off assets, which were not likely to be employed gainfully, curtailing the activities, which were not

remunerative or viable, transferring businesses within the group with strategic fit, replacing high-cost borrowings with low-cost borrowings, sale of non-core investments, etc.

Eureka Forbes Ltd., and Latham India Ltd. (now known as Forbes Campbell Finance Ltd.), the wholly-owned subsidiaries of the Company, decided to buy-back a portion of their share capital, which also helped improve liquidity and reduce borrowings.

2.6 OUTLOOK FOR FUTURE AND POST BALANCE SHEET EVENTS:

The restructuring of the business portfolio including exiting of non-core business verticals, segments and investing in selectively chosen ones will continue into 2010-2011; this is expected to lay the foundation and shape the organisation into a focussed one for the future. SAP was rolled out, enterprise-wide and information is now available on a real-time basis for effective decision making.

The company would continue its focus on Shipping, Logistics, Engineering and Energy. It will also invest in the Business and Financial Automation Business and Services through its wholly owned subsidiary Forbes Technosys Ltd. The shipping and offshore business as housed in SCI Forbes Ltd., and Forbes Bumi Armada Ltd., would continue to be in an investment mode for the next few years.

An exercise to rationalise the legal structure including investments and businesses of the Company and its subsidiaries was continued during the year. The highlights were:

- Completion of the merger of 5 group companies into another company w.e.f. 1st April, 2008.
- Completion of demerger of Business Automation Group in a subsidiary company.
- Disposal of the shareholding in Next Gen Publishing Ltd.
- Disposal of Optionally Convertible Preference Shares held in Forbes Infotainment Ltd.

3. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

3.1 Details of these companies are set out in the statement, pursuant to Section 212 of the Companies Act 1956. Full accounts of these subsidiaries are available to the shareholders of the holding company and other investors at any point of time on request. These are also available for inspection to any investor, at the registered office of the Company and that of the subsidiary company concerned.

3.2 Eureka Forbes Ltd., and its subsidiaries performed reasonably well even though their margins and performance, are under pressure due to changing nature of trade and with increasing competition from the well-established names in the industry. It introduced new models of water purifiers to face the competition. Its subsidiary company, which is engaged in industrial cleaning business, received contracts from Indian Railway.

During the year, Eureka Forbes Ltd., bought-back 3,05,000 shares i.e. 7.16 % of its share capital. During the year, Eureka Forbes Ltd., added two more subsidiaries, namely, Radiant Energy Systems Pvt. Ltd. and Waterwings Equipments Pvt. Ltd.

3.3 Forbes Technosys Ltd. (FTL) – The business related to the Business Automation Group (BAG) of Forbes & Company Ltd. was transferred to FTL, as a part of strategic transfer of

- businesses within the Group. As a result, there had been a significant increase in the turnover of FTL. There was also a significant reduction in loss compared to previous year due to higher revenues and changes in the product-mix. FTL secured a large contract from State Bank of India for deployment of kiosks. It is expanding its manufacturing operations, which got ISO 9001:2008 certification during the year. The Company has fully deployed and made operational its kiosks for payment collection for PSEB (Punjab State Electricity Board) and several other Electricity Boards, TATA Indicom, BSNL and TATA Power.
- The Company continues to invest in the development of new products and entry into new market segments. It has launched several new models of Kiosks and has a strong order book for deployment of kiosks on a transaction fee model.
- 3.4 Forbes Container Line Pte. Ltd., Singapore entered into its third year of operations. While the performance for the financial year saw a drop, both, in volume and freight earnings due to global recession, there are signs of revival and the Company expects improved performance in the current year.
- 3.5 SCI Forbes Ltd., is a joint venture of The Shipping Corporation of India Ltd., (SCI) and Shapoorji Pallonji Group. It acquired three vessels during the financial year 2009-2010.
- The first vessel MT. Asavari was delivered on 5th August, 2009. Subsequently MT. Bhairavi and MT. Neelambari were added to the Company's fleet on 30th October, 2009 and 17th March, 2010, respectively.
- All the three vessels are time-chartered to the promoters, of which, MT. Asavari and MT. Neelambari are time-chartered to The Shipping Corporation of India Ltd., and MT. Bhairavi is time-chartered to Forbes & Company Ltd.
- The promoters had sub-chartered the respective vessels to the Yamuna Pool Inc., which is a part of the WOMAR Pool.
- The WOMAR Pool specialises in chemical trade and markets the vessels in West Asia-Far East region.
- The Company has paid cash-collateral of about US\$ 26.21 Million to the Lenders, due to decrease in the asset values, to comply with the value maintenance clause of the loan agreement. The Company intends to utilise the cash collateral to procure one vessel, which will improve the cash position of the Company.
- 3.6 Forbes Bumi Armada Limited had a successful year. It, successfully, completed execution of the contract with British Gas for an offshore vessel. During the year, it signed a contract with Larsen & Toubro Limited for an offshore vessel for their prestigious Maersk Oil Qatar project. The Company is actively participating in tenders related to offshore projects.
- The company declared a maiden dividend of 8% for the year under review.
- 3.7 The Company has decided to curtail its exposure to Forbes Edumetry Ltd. and Edumetry Inc. U.S.A., and has fully impaired its investments in these companies. The future of the company is currently under review.
- 3.8 Forbes Infotainment Ltd., underwent financial restructuring and the future strategy for the company is under review.
- 3.9 Assets of the Svadeshi Mills Company Ltd. continue to be in the hands of the Official Liquidator, High Court, Bombay. The Company will do everything possible to realise loans of Rs. 44 crores advanced to this company (fully provided for in the Accounts of the Company).
- 3.10 The process of demerging Shipping Agency business of Volkart Fleming Shipping & Services Ltd., into the parent company was completed. This will enable consolidation of the Agency business under one legal entity.
- 4. DIRECTORS:**
- Mr. Pallonji S. Mistry and Mr. R. N. Jha retire by rotation. The Board of Directors commend their re-appointment as Directors of the Company.
- Mr. D. S. Soman also retires by rotation. In view of his advancing years, he has not offered himself for re-appointment. The Board of Directors has decided to accept his request with deep regret.
- Mr. Soman was invited, during 1988, to join the Board of Directors of the erstwhile, Forbes Forbes Campbell & Co. Ltd., as an Alternate Director to Mr. F. H. Kemple. In 1992, Mr. Soman was invited to join the newly-constituted Board of Directors of the Company after the amalgamation of Forbes Forbes Campbell & Co. Ltd., with the Company and has been a Director of the Company, since then. The Board of Directors places on record their sincere appreciation for the valuable services rendered by Mr. Soman to the Board and to the Company during his tenure as a Director of the Company.
- Board of Directors has decided, for the time being, not to make new appointment in the resultant vacancy on the Board of Directors.
- 5. INTERNAL CONTROLS AND SYSTEMS:**
- The Company has an internal control system which ensures that all transactions are satisfactorily recorded and reported and all assets are protected against loss from unauthorised use or otherwise. The Internal Control Systems are supplemented by an internal audit system carried out by independent firms of Chartered Accountants and a periodical review by the management. The Audit Committee of the Board meets at regular intervals and addresses significant issues raised by both the Internal Auditors and the Statutory Auditors. The process of internal control and systems, statutory compliance, risk analysis and its management and information technology are woven together, to provide a meaningful support to the managerial process.
- 6. CORPORATE GOVERNANCE:**
- The guiding principle of the Code of Corporate Governance is 'harmony' i.e. balancing the need for transparency with the need to protect the interest of the Company and balancing the need for empowerment at all levels with the need for accountability. A detailed report on Corporate Governance is attached; the 'Management Discussion and Analysis of Results of Operation' forms a part of this report and is not again repeated in the Corporate Governance Report.
- 7. DIRECTORS' RESPONSIBILITY STATEMENT:**
- Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representation received from the operating management, confirm -
- that in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
 - that they have selected such accounting policies and applied them consistently and made judgment and estimates that

are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

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

8. AUDITORS AND AUDIT REPORT:

You are requested to appoint Auditors for the current year and authorise the Board to fix their remuneration. It is proposed to re-appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of the forthcoming Annual General Meeting of the Company to the following Annual General Meeting of the Company.

9. CORPORATE SOCIAL RESPONSIBILITY:

The Company continued to support causes of public utility, both, directly and indirectly, in the field of education, medical relief, relief of poverty and promotion of sports and art.

10. CONCERNS AND RISK MANAGEMENT:

Risk management process includes identification of risk, its underlying dynamics, mitigation mechanism, prioritisation of risk, measurement of key indicators and monitoring system. A Company wide awareness of risk management policies and practices is being inculcated to minimise the adverse effect of risks on the operating results and the subject of management of risks is being approached in a planned and co-ordinated manner. Elucidation of role clarity, understanding of level of authority and reporting system are expected to help this process significantly. It is realised that this is a continuous process, requiring continued updating, based on changing business conditions and that, risk management and performance improvement will go hand in hand.

11. HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:

As a sequel to the theme of 'Fixing the Business', an exercise for becoming 'Bigger, Better, Faster' has been undertaken. In order to do this, two workshops were conducted with the help of Indian Institute of Management, Bangalore, (IIM- B) which has been engaged to carry out various Organisational Development initiatives.

In order to strengthen the businesses, few leadership positions have been filled by appointing professionals who bring in knowledge and skills from reputed companies.

On Industrial Relations front, after a prolonged negotiations, an orderly exit was worked out for Hosur Unit, which was into manufacturing of Motors, since the same was most unproductive and unviable.

12. PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT 1956:

Following statements are attached and form a part of this report–

- (a) The particulars of employees as required under Section 217(2A) read with the Companies (Particulars of Employees) Rules 1975, as amended, forms part of the Report. Having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders excluding the statement of particulars of employees under Section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.
- (b) Information relating to the Conservation of Energy, Technology Absorption as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.
- (c) Information relating to SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 – the information about the entities constituting "Group" is given in the statement annexed to this report.

13. ACKNOWLEDGEMENT:

Your Company continues to occupy a place of respect amongst the many stakeholders it is associated with, most of all our valued customers. The Directors commend the continued commitment and dedication of employees at all levels. The Directors also wish to acknowledge and thank all other stakeholders for their valuable sustained support and encouragement. Your Directors look forward to receiving similar support and encouragement from all stakeholders in the years ahead.

For and on behalf of the
Board of Directors
SHAPOOR P. MISTRY
Chairman

Mumbai, 13th August, 2010

Annexure to the Directors' Report:

Persons constituting group coming within the definition of "Group" as defined in The Monopolies and Restrictive Trade Practices Act, 1969 include the following:

1. Sterling Investment Corporation Private Limited (Holding Company)
2. Abhipreet Trading Co. Pvt. Ltd.
3. Afcon Infrastructure Ltd.
4. Afcons (Overseas) Constructions and Investments Pvt. Ltd.
5. Afcons Arethusa Offshore Services Ltd.
6. Alaya Properties Pvt. Ltd.
7. Archaic Properties Pvt. Ltd.
8. Bengal Shapoorji Business Parks Pvt. Ltd.
9. Bengal Shapoorji Infrastructure Development Pvt. Ltd.
10. Blue Riband Properties Pvt. Ltd.
11. Cama Properties Pvt. Ltd.
12. Chinsha Properties Pvt. Ltd.
13. Corporate Apparel USA, Inc
14. Cyrus Chemicals Pvt. Ltd.
15. Cyrus Engineers Pvt. Ltd.
16. Cyrus Investments Ltd.
17. Delna Finance & Investments Pvt. Ltd.
18. Delphi Properties Pvt. Ltd.
19. Devine Reality & Construction Pvt. Ltd.
20. Doris Properties Pvt. Ltd.
21. Drashti Developers Pvt. Ltd.
22. East View Estates Pvt. Ltd.
23. Empower Builder Pvt. Ltd.
24. Euphoria Properties Pvt. Ltd.
25. Firstrock Infrastructures Pvt. Ltd.
26. Flamboyant Developers Pvt. Ltd.
27. Flooraise Developers Pvt. Ltd.
28. Floral Finance Pvt. Ltd.
29. Floreat Investments Ltd.
30. Flotilla Finance Pvt. Ltd.
31. Forvol International Services Ltd.
32. Gallops Developers Pvt. Ltd.
33. Gokak Textiles Ltd.
34. Gossip Properties Pvt. Ltd.
35. Hazarat & Company Pvt. Ltd.
36. Hermes Commerce Ltd. (Formerly Afcons Dredging & Marine Services Ltd.)
37. Highstreet Developers Pvt. Ltd.
38. Khajrana Ganesh Properties Pvt. Ltd.
39. Lucrative Properties Pvt. Ltd.
40. Magpie Finance Pvt. Ltd.
41. Make Home Reality and Construction Pvt. Ltd.
42. Manjiri Horse Breeders Farm Pvt. Ltd.
43. Manjri Developers Pvt. Ltd.
44. Mazsons Builders & Developers Pvt. Ltd.
45. Meriland Estates Pvt. Ltd.
46. Mileage Properties Pvt. Ltd.
47. Miracle Touch Developers Pvt. Ltd.
48. My Dream Properties Pvt. Ltd.
49. Neil Properties Pvt. Ltd.
50. Next Gen Publishing Ltd. (from 15.2.2010)
51. Palchin Real Estates Pvt. Ltd.
52. Phenomenon Developers Pvt. Ltd.
53. Precaution Properties Pvt. Ltd.
54. Ramili Investments Pvt. Ltd.
55. Range Consulants Pvt. Ltd.
56. Relationship Properties Pvt. Ltd.
57. Renaissance Commerce Pvt. Ltd. (Formerly Afcons BOT Construction Pvt. Ltd.)
58. S.C. Impex Pvt. Ltd.
59. Shapoorji & Co. Pvt. Ltd.
60. Shapoorji Data Processing Pvt. Ltd.
61. Shapoorji Drilling Enterprises Pvt. Ltd.
62. Shapoorji Hotels Pvt. Ltd.
63. Shapoorji Pallonji Infrastructure Capital Co. Ltd.
64. Shapoorji Pallonji (Gwalior) Pvt. Ltd.
65. Shapoorji Pallonji Biotech Pvt. Ltd.
66. Shapoorji Pallonji Cement (Gujarat) Pvt. Ltd.
67. Shapoorji Pallonji Energy (Gujarat) Pvt. Ltd.
68. Shapoorji Pallonji Finance Ltd.
69. Shapoorji Pallonji Industrial Park Pvt. Ltd.
70. Shapoorji Pallonji Infrastructure (Gujarat) Pvt. Ltd.
71. Shapoorji Pallonji International, Dafza, UAE
72. Shapoorji Pallonji International, Jujairah, UAE
73. Shapoorji Pallonji Ports Pvt. Ltd.
74. Shapoorji Pallonji Power Co. Ltd.
75. Sharus Building Services Pvt. Ltd.
76. Shatranj Properties Pvt. Ltd.
77. Simar Energy (Gujarat) Pvt. Ltd.
78. Simar Port Pvt. Ltd.
79. SP Agri Management Services Pvt. Ltd.
80. SP Aluminium Systems Pvt. Ltd.
81. SP Architectural Coatings Ltd.
82. SP Biofuel Ventures Pvt. Ltd.
83. SP Bioscience Pvt. Ltd.
84. SP Fabricators Pvt. Ltd.
85. SP Infocity Developers Pvt. Ltd.
86. SP International Ltd.
87. SP Research Laboratories Pvt. Ltd.
88. SP Simar Infrastructure Zone Pvt. Ltd.
89. SSS Electricals (India) Ltd.
90. Steppe Developers Pvt. Ltd.
91. Sterling & Wilson International FZE
92. Sterling and Wilson Ltd.
93. Sterling and Wilson Powergen Pvt. Ltd.
94. Sterling Generators Pvt. Ltd.
95. Sterling Industries FZ LLC
96. Sunny View Estates Pvt. Ltd.
97. Think Ahead Properties Pvt. Ltd.
98. United Motors (India) Ltd.

Information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.**(A) Conservation of Energy:**

Measures taken during the year include the following:

(a) ENERGY CONSERVATION MEASURES TAKEN:

- 1 Energy Audit conducted for Thane and Aurangabad factories.
- 2 Modification in equipments like pumps & motors coupled with optimisations to reduce energy consumptions.
- 3 Electrical chokes replaced with electronic chokes to save energy in Tap Section.
- 4 Natural draft air circulation fans fitted to increase air changes and day light in factory.
- 5 Replacing machine group central motor by fractional HP motor.
- 6 Installation of capacitors to improve power factor.
- 7 Cycle Time Reduction of various manufacturing processes.
- 8 Modification of air handling ducts in plant to optimise use of Air Blower Power Consumption.

(b) ADDITIONAL INVESTMENTS PROPOSALS:

- 1 Explore application of efficient lighting.
- 2 Installation of Capacitors
- 3 Use of renewable energy (Solar & Wind)
- 4 Improvement in efficiency of Central Air Conditioning Units
- 5 Servo drives for Milling Machines

(c) Impact of measures taken at (a) and (b) above for reduction of energy consumption and impact on cost of goods:

- 1 The Company's operations involve low energy consumption. Efforts to conserve and optimise use of energy through operational methods will continue.
- 2 Saving of approx. Rs.50,000/- p.a. due to the measure taken at (a)(6) above.
- 3 Continuous savings on lightings and air-conditioners consumption due to the measure taken at (b)(1) & (4) above.

(B) Technology Absorption :

Required details are set out in Form 'B'

(C) Foreign Exchange earnings and outgo:**(Rs. in Lakhs)****(a) Foreign exchange earnings:**

1 Exports	1,070.62
2 Commission and other Services	644.17
3 Freight and Insurance recoveries	17.30
4 Total	1,732.09

(b) Foreign exchange outgo:

1 Imports calculated on CIF basis - raw material	386.84
2 Imports calculated on CIF basis - components	461.91
3 Imports calculated on CIF basis - stores, spares and tools	53.43
4 Imports calculated on CIF basis - purchase for re-sale	816.37
5 Commission to overseas agents	6.00
6 Foreign travel	21.35
7 Royalty	784.69
8 Others	979.61
9 Total	3,510.20



FORM B
(See Rule 2)

Form for disclosure of particulars with respect to Technology Absorption

(A) Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company : This includes development of new products and processes for Marking systems. Improvement and cost reduction of existing products and import substitution.
2. Benefits derived as a result of the above R & D: New products developed by R&D have been commercialised.
3. Future course of action:
 - (i) Expand range of products
 - (ii) To focus on development of new products to meet growing customer needs, regulatory requirements, competitive pressures and to prepare for the future.
 - (iii) Cost reduction and import substitution

(B) Technology Absorption, Adaptation and Innovation:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
 - a) MA Ford High performance drill technology transfer.
 - b) Flute milling retrofitting with Hydraulic and Servo drives.
 - c) As a result of technology adaptation and innovation, many of our products are fully indigenous and in other cases imports are gradually reduced.
 - d) All related cutting, checking and cutter assembly machines for producing tools are arranged in Close Loop System
 - e) Tools produced under MA Ford Technology have high accuracy levels
2. Benefits derived as result of the above.
 - a) Benefits accrue to the Company in terms of enhancements in capabilities to deliver high volume demand with enhancement of productivity, quality and consistency
 - b) End-products have delivered higher power and better fuel efficiency, thus delivering significant customer efficiency and competitive advantage to the company
3. In case of import of technology (imported during the last 5 years reckoned from the beginning of the financial year) the following information may be furnished.
 - a) Technology imported
 - b) Year of import
 - c) Has technology been fully absorbed
 - d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action.

} Nil and Not Applicable.

Annexure forming part of Directors' Report for the year ended 31st March, 2010Note : Position indicated is as at the end of the year i.e. 31st March, 2010, unless otherwise indicated.

Report on Corporate Governance

PARTICULARS	COMPLIANCE
1. Brief statement on company's philosophy on code of governance	The Company's philosophy on the Code of Governance is that the Company should follow contemporary corporate practices as followed by other companies similarly placed and the guiding principle of the Code of Governance of the Company is HARMONY i.e. – (a) Balancing need for transparency with the need to protect the interests of the Company. (b) Balancing the need for empowerment at all levels with the need for accountability and (c) Interaction with all stakeholders including shareholders, employees, lenders and regulatory authorities.
2. Board of Directors:	
a. Composition and Category of Directors i.e. break-up of the Directors into the following:	At the end of the year i.e. 31 st March, 2010 See Annexure AA
i. Promoter Directors	3
ii. Managing/Executive Director	1
iii. Non-Executive Directors	9 (including 3 included in (i) above).
iv. Independent Non-Executive Directors	5 (included in (iii) above).
v. Nominee Directors	None
vi. Institutional Director- in which capacity – Lender or equity investor	None and Not Applicable.
	Non-Executive Directors are more than 50% of total Directors. The Chairman is non-executive promoter and one half of the Board of the Company consists of Independent Directors.
b. Attendance of each director at the Board of Directors meeting and last Annual General Meeting	See Annexure AA
c. Mention about other Board of Directors or Board Committee in which each Director is a member or Chairperson.	See Annexure AB
d. Number of Board Meetings held – dates on which held	8 Board Meetings were held on the following dates – 26.05.2009 03.09.2009 19.06.2009 30.10.2009 30.06.2009 29.01.2010 30.07.2009 12.03.2010 The gap between two consecutive Board Meetings was not more than four months.
e. Details of Directors whose re-appointment/appointment is proposed at the forthcoming Annual General Meeting	See Annexure AC
Code of Conduct for Board of Directors and Senior Management : The Company has adopted a Code of Conduct for Board of Directors and Senior Management (the Code). The Code has been communicated to the Directors and the members of the Senior Management. The Code has also been posted on the Company's website www.forbes.co.in All Board members and senior management have confirmed compliance with the Code for the year ended 31 st March, 2010. The Annual Report contains a declaration to this effect signed by the Managing Director.	
CEO/CFO Certification : As required by the revised Clause 49 (V) of the Listing Agreement, the Certificate from Mr. Ashok Barat, Managing Director and Mr.Amit Mittal, Director (Finance) was placed before the Board of Directors at their meeting held on 13 th August, 2010.	

3. Audit Committee (AC): i. Brief description of terms of reference of Audit Committee	Terms of reference of the Audit Committee include – <ul style="list-style-type: none"> • Review of the Company’s financial reporting process, the financial statements and financial/risk management policies. • Review of the adequacy of the internal control systems and functioning of the Internal Audit team. • Discussions with the management and the external auditors, of the audit plan for the financial year and a joint post-audit review of the same. 		
ii. Composition, Name of & Members and Chairperson. iii. Meetings and attendance during the year.	Name	No. of AC Meetings held during his tenure	No.of AC Meetings attended by him.
	* Mr. D.S.Soman (Chairman)	6	6
	* Mr. D.B.Engineer	6	5
	* Mr. R.N.Jha	6	6
	** Mr. Ashok Barat	6	6
	* Mr.T.R.Doongaji	6	6
	* Non-Executive Independent Director ** Executive Director All members are financially literate and one member has Accounting expertise. The Chairman of the Audit Committee was present at the last Annual General Meeting. Mr.A.T.Shah, the Company Secretary, acts as the Secretary of the Committee.		
iv. Number of Audit Committee Meetings held – dates on which held	6 Audit Committee Meetings were held on the following dates – 23.04.2009 28.07.2009 17.06.2009 28.10.2009 30.06.2009 28.01.2010 The gap between two consecutive Audit Committee Meetings was not more than four months.		
4. Remuneration Committee: i. Brief description of terms of reference	The Remuneration Committee is responsible for determining the compensation payable to the Managing Director based on industry practice and performance of the individual.		
ii. Composition, Name of & Members and Chairperson. iii. Meetings and attendance during the year.	Name	No. of Meetings held during his tenure	No. of Meetings attended by him
	Mr. Pallonji S. Mistry (Chairman)	1	1
	Mr. D. S. Soman	1	1
	Mr. R. N. Jha	1	1
	Mr. Shapoor P. Mistry	1	-
	Mr. N. D. Khurody	1	-
	Mr. T. R. Doongaji (Appointed w.e.f. 30.7.2010)	-	-
iv. Remuneration Policy	The Remuneration Committee determines and recommends to the Board the compensation of the Managing Director. The Remuneration Committee makes regular appraisal of his performance. The compensation policy and strategy of the Company is to be competitive, by following bench-marking for determining performance and compensation structure. The Company does not have stock options. The other details of remuneration are as under :		

v.A. Details of remuneration to Wholetime Directors as per the format listing out the following :	Mr.Ashok Barat Rs.			
(a) Salary and allowance	57,74,551			
(b) Benefits and Perquisites	9,60,594			
(c) Bonus/Commission	-			
(d) Pension-Contribution to PF & Superannuation Fund	6,80,400			
Total	74,15,545			
Break-up of fixed components and performance linked incentives with performance criteria	Item (c) is Performance Linked, others are fixed. Performance criteria include level of the profits, reduction of costs, improvement of liquidity, steps taken for growth of business relating to, both, the Company and its subsidiaries.			
Service Contract	1.4.2008 to 31.3.2013 @ @ Subject to retirement policy of the Company			
Notice Period	Six months			
Severance fees	Nil			
Stock Options details (if any)	Nil			
v.B. Details of remuneration paid to Non-Wholetime Directors and number of shares held by them in the Company.	No. of shares	Directors' fees Rs.	Commission paid Rs.	Total Rs.
Mr. Pallonji S. Mistry	Nil	80,000	Nil	80,000
Mr. Shapoor P. Mistry	Nil	60,000	Nil	60,000
Mr. Cyrus P. Mistry	Nil	40,000	Nil	40,000
Mr. D. B. Engineer	385	1,10,000	Nil	1,10,000
Mr. D. S. Soman	Nil	1,50,000	Nil	1,50,000
Mr. N. D. Khuordy	Nil	30,000	Nil	30,000
Mr. R. N. Jha	Nil	1,50,000	Nil	1,50,000
Mr. S. L. Goklaney	Nil	50,000	Nil	50,000
Mr. T. R. Doongaji	Nil	1,30,000	Nil	1,30,000
<p>The remuneration by way of commission to the Non-wholetime Directors is decided by the Board of Directors and distributed to them based on their contribution and attendance at the Board and certain committee meetings as well as time spent on operational matters other than at the meetings. The Members had, at the Annual General Meeting held on 27.8.2008 approved the payment of remuneration by way of commission to the Non-wholetime Directors of the Company, of a sum not exceeding 1% p.a. of the net profits of the Company, calculated in accordance with the provisions of the Act, for a period of 5 years commencing 1.4.2008. The said commission is distributed amongst the said Directors in accordance with the directives given by the Board.</p>				

5. Shareholders Committee :			
i. Name of non-executive Director heading the committee	Mr. Pallonji S. Mistry (Chairman)		
ii. Name and designation of Compliance Officer	Mr. A. T. Shah Company Secretary		
iii. No. of Shareholders complaints received.		Total	Of which Court Cases
	Pending as on 1.4.2009 *	12	12
	Add: Received	-	-
		12	12
	Less: Solved to the satisfaction of the Shareholders	-	-
	Balance	12	12
iv. No. of complaints not solved to the satisfaction of the Shareholders.	* There are 12 pending Court cases (inclusive of 5 pending cases relating to erstwhile FAL Industries Ltd.), which remain pending as at 31 st March, 2010.		
v. No. of pending share transfers.	There is no pending share transfer for approval as on 31.3.2010.		
6. General Body Meetings:			
i. Location and time where last three AGMs were held	AGM on Friday, the 28 th September, 2007 at 4.00 p.m. at 'Centrum', 1 st Floor, World Trade Centre Complex, Centre 1 Building, Cuffe Parade, Mumbai 400005.	AGM on Wednesday, the 27 th August, 2008 at 4.00 p.m. at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4 th Floor, IMC Marg, Churchgate, Mumbai 400020.	AGM on Wednesday, the 3 rd September, 2009 at 4.00 p.m. at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4 th Floor, IMC Marg, Churchgate, Mumbai 400020.
(ii) Details of Special Resolutions passed in the previous 3 AGMs			
(1) AGM – 28th September, 2007 :			
Authority pursuant to Section 21 of the Companies Act, 1956, to change the name of the Company to “Forbes & Company Limited” or such other name as may be approved by the Central Government and accepted by the Board of Directors of the Company.			
(2) AGM – 27th August, 2008 :			
a) Payment of minimum remuneration from 1 st April, 2008 to 31 st March, 2011 to Mr. Ashok Barat calculated in the manner provided in Part II of the Schedule XIII of the Companies Act, 1956.			
b) Authority pursuant to Section 309(4) of the Companies Act, 1956, for payment and distribution of commission, not exceeding in aggregate, 1% per annum of the net profits of the Company for each of the five financial years of the Company, commencing from 1 st April, 2008, to such Directors of the Company, other than the Managing Director and the Wholetime Directors of the Company.			
c) Authority pursuant to Section 372A of the Companies Act, 1956, to give guarantee upto US \$ 4 million in favour of the consortium of lenders to SCI Forbes Ltd., in connection with a loan to be made available by them to SCI Forbes Ltd.			

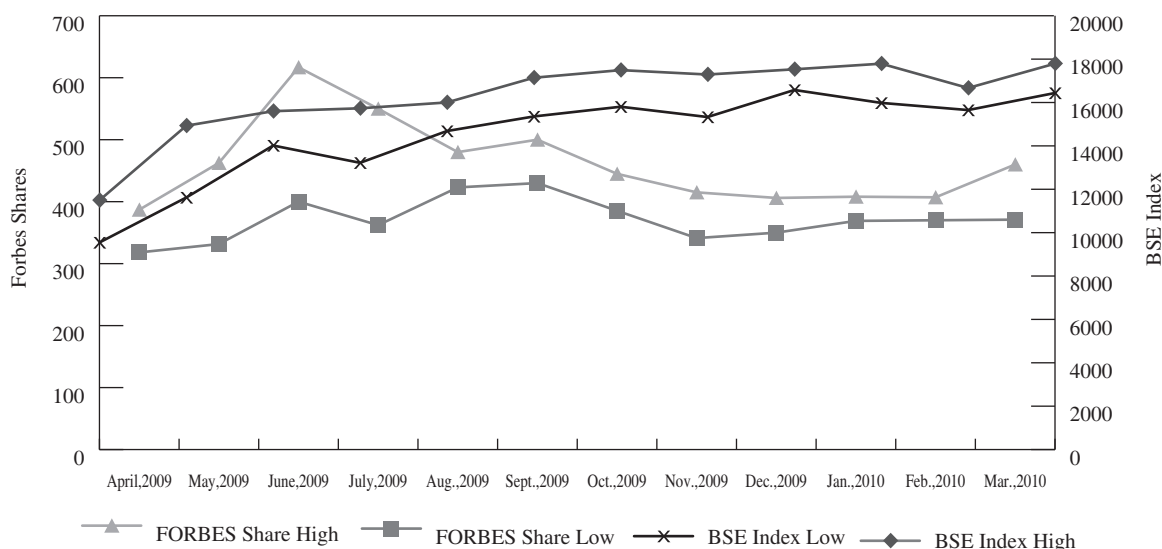
(3) AGM – 3rd September, 2009 :	
There was no Special Resolution passed at this Annual General Meeting.	
Note: In addition, at the Extra-ordinary General Meeting held on 26 th May, 2009, under the direction of the High Court of Judicature at Bombay, the Shareholders have approved the Scheme of Arrangement between Volkart Fleming Shipping & Services Limited in terms of Sections 391 to 394 of the Companies Act, 1956 for the demerger and transfer of Shipping Agency Division of Volkart Fleming Shipping & Services Limited into Forbes & Company Limited, effective from 7 th December, 2009.	
iii. Whether any special resolution passed last year through postal ballot, details of voting pattern.	No
iv. Persons who conducted the postal ballot exercise.	Not Applicable
v. Procedure for postal ballot	Not Applicable
vi. Whether any special resolution is proposed to be conducted through postal ballot.	No
7. Disclosures :	
i. Materially significant related party transactions that may have potential conflict with the interests of the Company at large.	Materially significant related party transactions are disclosed as a part of the Annual Accounts as required under the Accounting Standard 18 relating to Related Party Disclosure.
ii. Details of non-compliance by the company, penalties strictures imposed on the company by the Stock Exchange or SEBI or any authority on any matter related to capital market during the last 3 years.	The Company has ensured necessary compliance with the requirements of the Stock Exchange, SEBI and other authorities related to capital market and the details of non-compliance and penalties are not applicable.
iii. Whistle Blower policy affirmation that no person has been denied access to the Audit Committee.	No person has been denied access to the Audit Committee.
iv. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.	All mandatory requirements have been complied with on or before 31.12.2005. The Company will adopt any or all non-mandatory requirements as the Board deems necessary and advisable from time to time.
8. Means of Communication:	
i. Quarterly results.	The Quarterly results are published in newspapers.
ii. In which newspapers quarterly results are normally published.	Quarterly Results are normally published in Navshakti and The Free Press Journal.
iii. Any Website where results or Official news are displayed	Results are made available on the Website belonging to the Company being www.forbes.co.in and are made available to the Bombay Stock Exchange Ltd. in the form which would enable them to place them on their website i.e. www.bseindia.com
v. The presentation made to institutional investors or to the analysts.	The Company does not have a practice of making presentation to institutional investors and analysts.
vi. Whether Management Discussion and Analysis is a part of Annual Report or not.	Management Discussion and Analysis is a part of Annual Report.

9. General Shareholders Information :

<p>i. AGM – Date, time and venue</p> <p>ii. Financial Year</p> <p>iii. Book Closure Date</p> <p>iv. Dividend Payment date</p> <p>v. Listing on Stock Exchange</p> <p>vi. Stock Code</p> <p>vii. Market Price Data – High/Low during each month of the Financial Year.</p>	<p>Next AGM of the Company is scheduled on Wednesday, the 22nd September, 2010 at 4.00 p.m. at Indian Merchants’ Chambers, Walchand Hirachand Hall, IMC Building, 4th floor, IMC Marg, Churchgate, Mumbai 400020.</p> <p>Financial year of the Company ends on 31st March, each year and the last year has ended on 31st March, 2010.</p> <p>The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 13th September, 2010 to Wednesday, the 22nd September, 2010.</p> <p>No Dividend is proposed to be declared this year.</p> <p>Shares of the Company are listed on Bombay Stock Exchange Ltd., Mumbai.</p> <p>Stock Code of the Company, allotted by Bombay Stock Exchange Ltd., Mumbai is 502865 and ISIN allotted under the dematerialisation procedure is INE518A01013.</p> <p>Market price data for the share of face value Rs.10 each are as under:</p>
---	---

Month	Forbes Shares High	Forbes Shares Low	No. of shares	BSE Index High	BSE Index Low	BSE 500 High	BSE 500 Low
April,2009	387.00	318.10	9,770	11,492.10	9,546.29	4,219.20	3,482.58
May,2009	462.50	331.60	11,141	14,930.54	11,621.30	5,562.60	4,232.99
June,2009	618.80	400.00	36,093	15,600.30	14,016.95	5,886.88	5,281.42
July,2009	550.00	362.10	3,72,163	15,732.81	13,219.99	5,987.42	4,983.95
August,2009	479.95	423.00	8,698	16,002.46	14,684.45	6,107.39	5,600.61
September,2009	500.00	430.00	13,957	17,142.52	15,356.72	6,556.46	5,932.85
October,2009	444.90	385.30	11,139	17,493.17	15,805.20	6,779.19	6,126.03
November,2009	415.00	341.20	25,363	17,290.48	15,330.56	6,714.11	5,927.59
December,2009	406.00	350.00	80,470	17,530.94	16,577.78	6,872.18	6,529.80
January,2010	408.00	369.00	32,389	17,790.33	15,982.08	7,070.37	6,338.25
February,2010	407.00	370.00	61,381	16,669.25	15,651.99	6,639.59	6,280.99
March,2010	460.00	371.00	1,61,509	17,793.01	16,438.45	6,987.88	6,576.07

viii. Performance of Forbes Share Price in comparison to BSE Index



ix Registrars and Share Transfer Agents & Share Transfer System. x.	<p>(a) Shares of the Company held in physical form can be transferred by lodging Transfer Deeds and Share Certificates with Registrars and Share Transfer Agents, TSR Darashaw Ltd. 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr.E.Moses Road, Mahalaxmi, Mumbai 400011. Alternatively, these can be sent to the Company Secretary, Forbes & Company Ltd., Forbes Building, Charanjit Rai Marg, Mumbai 400001.</p> <p>(b) Shares sent for transfer in physical form are registered and returned within a maximum period of 30 days from the date of receipt of documents provided, all documents are valid and complete in all respects. The Company has constituted Share Transfer and Shareholders' Grievance Committee of the Board of Directors of the Company.</p> <p>Shares of the Company are traded compulsorily in dematerialised mode. The Shareholders have option of converting their holding in dematerialised form and effecting the transfer in dematerialised mode.</p>				
xi a. Distribution of Shareholding	- Distribution by category as on 31.3.2010				
	Category			No.of Shares	%
	Promoters			94,61,691	73.35
	Central/State Government Institutions			1,10,343	0.86
	Nationalised Banks			19,282	0.15
	Nationalised Insurance Companies & Mutual Fund			7,41,653	5.75
	FII & NRI/FBC			8,42,582	6.53
	Public			17,23,065	13.36
	Total			1,28,98,616	100.00
	- Distribution by size as on 31.3.2010				
	Holding	No. of Shareholders	No.of shares	%	
	1 to 25	3,270	40,191	0.31	
	26 to 50	3,077	1,27,381	0.99	
	51 to 100	3,285	2,43,587	1.89	
	101 to 500	1,776	4,21,238	3.27	
	501 to 1000	295	2,14,947	1.67	
	1001 to 5000	166	3,25,178	2.52	
	5001 to 10000	14	87,030	0.67	
	10001 & above	19	1,14,39,064	88.68	
	Total	11,902	1,28,98,616	100.00	
	Status of dematerialisation of shares and liquidity as on 31.3.2010				
	Details	No.of shares	% of Share Capital	No.of Accounts	
	National Securities Depository Ltd.	1,16,42,909	90.27	4,855	
	Central Depository Services (India) Ltd.	5,86,086	4.54	1,294	
	Total dematerialised	1,22,28,995	94.81	6,149	
	Physical	6,69,621	5.19	5,753	
	Total	1,28,98,616	100.00	11,902	

xii. Outstanding GDR/ADR/Warrants or any Convertible instruments, Conversion date and likely impact on equity.	The Company has not issued any of these instruments so far.
xiii. (a) Plant locations :	Factories: 1. Chandivali Estate, Saki Powai Road, Mumbai - 400 072, Maharashtra 2. A7, MIDC Area, Chikalthana, Aurangabad - 431 210, Maharashtra 3. Plot no C-17/18, Road No. 16, Wagle Industrial Estate, Thane - 400 604, Maharashtra.
(b) Container Freight Stations:	1. Veshvi, Post – Dighode, Taluka – Uran, Dist. Raigad, Maharashtra 2. Bharat CFS Zone 1, Old Port Road MP and SEZ, Mundra, Gujarat 370 421
xiv. Address for Correspondence	Investors are requested to please direct all transfer requests, correspondence, queries, to Registrars and Share Transfer Agents at the following address: TSR Darashaw Ltd. Tel. : 91 22 6656 8484 Unit: Forbes & Company Ltd. Fax : 91 22 6656 8494 6-10, Haji Moosa Patrawala Business Hours:10.00 a.m. to 3.30 p.m. Industrial Estate, (Monday to Friday) 20, Dr. E. Moses Road, E-mail: csg-unit@tsrdarashaw.com Mahalaxmi, Mumbai 400 011 Website : www.tsrdarashaw.com

For and on behalf of the
Board of Directors
SHAPOOR P. MISTRY
Chairman

Mumbai, 13th August, 2010

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for Board of Directors and Senior Management for the year ended 31st March, 2010.

For FORBES & COMPANY LIMITED
ASHOK BARAT
Managing Director

Mumbai, 13th August, 2010.

ANNEXURE ‘AA’

Annexure forming part of Directors’ Report for the year ended 31st March, 2010.

Attendance of each Director at the Board of Directors meetings and at the last Annual General Meeting.

Directors during the Year	Category	No. of Board Meetings held during his tenure	No. of Board Meetings attended	Attendance at the last Annual General Meeting
Mr. Pallonji S. Mistry	Non-Executive Promoter	8	7	Yes
Mr. Shapoor P. Mistry	Non-Executive Promoter	8	6	Yes
Mr. Ashok Barat	Managing Director	8	7	Yes
Mr. Cyrus P. Mistry	Non-Executive Promoter	8	4	No
Mr. D. B. Engineer	Non-Executive Independent	8	6	Yes
Mr. D. S. Soman	Non-Executive Independent	8	8	Yes
Mr. N. D. Khurody	Non-Executive Independent	8	3	No
Mr. R. N. Jha	Non-Executive Independent	8	8	Yes
Mr. S. L. Goklaney	Non-Executive Non-Independent	8	5	Yes
Mr. T. R. Doongaji	Non-Executive Independent	8	7	Yes

ANNEXURE ‘AB’

Details as at 31st March, 2010 of number of Directorships and Committee Memberships held by the Directors of the Company in other Companies (excluding private companies, foreign companies and companies registered under Section 25 of the Companies Act, 1956 and also excluding Committee positions other than Audit Committee and Shareholders’ Grievance Committee in accordance with Clause 49 (iv) (B) of the Listing Agreement) are as follows:

Name of the Director	No. of Directorships in other Boards	No. of other Committees (other than Forbes & Company Ltd.) in which Chairman/Member	
		Chairman	Member
Mr. Pallonji S. Mistry	9	Nil	Nil
Mr. Shapoor P. Mistry	12	Nil	2
Mr. Ashok Barat	5	Nil	1
Mr. Cyrus P. Mistry	6	Nil	Nil
Mr. D. B. Engineer	8	3	4
Mr. D. S. Soman	1	Nil	2
Mr. N. D. Khurody	8	1	2
Mr. R. N. Jha	3	1	1
Mr. S. L. Goklaney	6	Nil	1
Mr. T. R. Doongaji	3	Nil	1

The number of directorships and the positions held on Board Committees by the directors are in conformity with the limits on the number of Directorships and Board Committee positions as laid down in the Companies Act and the Listing Agreement.



ANNEXURE “AC”

Details of Directors whose re-appointment is proposed at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement).

Name of the Director	Mr. Pallonji S. Mistry	Mr. R. N. Jha
Date of Birth	1st June, 1929	2nd July, 1939
Date of first Appointment	20th February, 2002	6th July, 2004
Qualification	Inter Arts	B.A. (Hons.)
Relationships between Directors inter – se	Promoter Director. Related to Mr. Shapoor P. Mistry and Mr. Cyrus P. Mistry	No relation to any Director of the Company.
Expertise in specific functional areas	Mr. Pallonji S. Mistry is the Chairman of Shapoorji Pallonji Group. He is also a Director of several Public Limited Companies. His expertise includes formulation of business plans, risk evaluation, business investment strategy and property and infrastructure development.	Mr. Jha retired as Executive Director of LIC. His expertise includes funds management and resource mobilization, general management, formulation and implementation of compensation packages and development and administration of properties.
List of Companies in which Directorship held as on 31st March, 2010	PUBLIC COMPANIES 1. Afcons Infrastructure Ltd. 2. Cyrus Investments Ltd. 3. Forbes & Company Ltd. 4. Forvol International Services Ltd. 5. Gokak Textiles Ltd. 6. Shapoorji Pallonji Co.Ltd. 7. Shapoorji Pallonji Infrastructure Capital Co.Ltd. 8. Shapoorji Pallonji Finance Ltd. 9. Shapoorji Pallonji Power Co. Ltd. 10. United Motors (India) Ltd.	PUBLIC COMPANIES 1. Forbes & Company Ltd. 2. Gokak Textiles Ltd. 3. Next Gen Publishing Ltd. 4. S.Kumar Online Ltd.
Member of the Board Committees	Share Transfer and Investor Relations Committee: 1. Forbes & Company Ltd.	Audit Committee: 1. Forbes & Company Ltd. 2. Gokak Textiles Ltd. 3. Next Gen Publishing Ltd. 4. S. Kumar Online Ltd. Share Transfer and Investor Relations Committee: 1. Forbes & Company Ltd. (Appointed w.e.f. 14.5.2010)
No.of shares held	Nil	Nil

For and on behalf of the
 Board of Directors
SHAPOOR P. MISTRY
Chairman

Mumbai, 13th August, 2010.

Registered Office:
 Forbes Building,
 Charanjit Rai Marg, Fort,
 Mumbai 400 001

**CERTIFICATE OF COMPLIANCE OF CONDITIONS
OF CORPORATE GOVERNANCE**

TO
THE MEMBERS OF
FORBES & COMPANY LIMITED

I have examined the compliance of conditions of corporate governance by FORBES & COMPANY LIMITED for the year ended 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Ltd., Mumbai

The compliance of conditions of corporate governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the Directors and the Management, I certify that the Company has generally complied with the conditions of corporate governance as stipulated in the abovementioned Listing Agreement.

I have also to state that no investor grievance is pending for a period exceeding one month against the Company as per the information furnished by the Company's Registrars.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

A.D.GUPTE
COMPANY SECRETARY IN WHOLETIME PRACTICE
FCS 300 – Certificate of Practice No.1210

Mumbai, 13th August, 2010.



SUMMARISED BALANCE SHEET

Year/ Period	Subscribed Capital	Reserves and Surplus	Bank Borrowings, Acceptance and Loans	Current Liabilities and Provisions	Total	Gross Block	Less: Total Depre- ciation	Net Block	Invest- ments	Current Assets	Loans and Advances	Cash and Bank Balances	Miscel- laneous Expendi- ture to the extent not written off
1990-91	652.28	3691.06	4462.98	2814.90	11621.22	6715.03	2476.31	4238.72	1749.25	4309.52	1236.53	87.20	—
1991-92\$	822.27	7785.97	8134.93	4864.78	21607.95	12453.64	4350.81	8102.83	2677.51	8774.47	1548.80	504.34	—
1992-93	822.27	8604.31	10144.63	4156.44	23727.65	13833.61	5252.11	8581.50	2896.27	9232.66	2231.84	785.38	—
1993-94	1245.34	12198.11	8002.16	4965.38	26410.99	16298.28	6289.91	10008.37	3558.57	10119.34	2347.2	377.51	—
1994-95	1245.34	14234.61	10747.30	8299.22	34526.47	19630.64	7392.61	12238.03	3322.54	14824.15	3422.37	719.38	—
1995-96	1245.34	14462.84	10482.11	7656.38	33846.70	22221.95	8680.95	13541.00	3478.16	12444.80	3509.95	872.79	—
1996-97	1245.34	15329.20	8863.90	10320.65	35759.09	23855.79	10028.62	13827.17	3726.64	13282.05	3595.29	1327.94	—
1997-98	1245.34	16397.96	8621.49	12265.76	38530.55	24929.57	11521.00	13408.57	4000.08	16169.33	3959.15	894.03	99.39
1998-99	1245.34	16690.70	7578.63	10447.18	35961.85	25241.14	13027.4	12213.74	3776.47	13023.41	5197.88	766.75	983.60
1999-2000	1245.34	18419.05	9289.91	12276.65	41230.95	25376.00	14071.85	11304.15	7403.75	13885.41	6566.31	859.88	1211.45
2000-2001	1245.34	18720.32	11066.19	9718.86	40750.71	26803.39	14861.07	11942.32	7694.02	13040.12	6258.16	917.23	898.86
2001-2002	1245.34	17946.01	11695.39	10221.06	41107.80	27034.05	16274.65	10759.40	8226.02	13437.13	6669.07	696.34	1319.84
2002-2003	1245.34	18714.10	11145.45	10849.07	41953.96	27460.97	17582.43	10074.92	9245.13	15491.47	5292.31	835.72	1014.41
2003-2004\$\$	1245.34	17274.58	17518.26	15677.80	51715.98	36551.91	20543.87	16008.04	8482.28	29182.30	3888.37	1281.20	73.79
2004-2005	1245.34	19053.16	17575.94	19791.97	57666.41	39525.07	22191.80	17333.27	10072.88	20807.71	7343.00	1965.15	144.40
2005-2006\$\$\$	289.86	29069.25	26114.62	26606.47	83080.20	57164.99	26559.53	30605.46	12974.54	24750.55	11449.69	2666.68	633.32
2006-2007	1289.86	27914.69	31135.18	21528.17	81867.90	60175.79	*28322.54	31853.25	13224.03	21409.95	12791.73	2589.14	—
2007-2008	1289.86	18157.06	14863.16	13505.73	47815.81	21308.84	6928.99	14379.85	13365.49	9452.46	8557.98	2060.02	—
2008-2009	1289.86	13005.55	14891.97	12907.02	42094.40	21841.46	7510.21	14331.25	17893.46	5961.07	3022.76	763.00	122.86
2009-2010	1289.86	12019.35	9469.26	12889.57	35668.04	21913.77	8886.76	13027.01	13330.97	4713.66	3375.81	1220.59	—

\$ After amalgamation of Forbes Forbes Campbell & Company Limited with the Company

\$\$ After amalgamation of Bradma of India Ltd. And Campbell Knitwear Ltd. With the Company

\$\$\$ After amalgamation of FAL Industries Ltd. with the Company

* Includes impairment loss of Rs. 82.64 lakhs

SUMMARISED PROFIT AND LOSS ACCOUNT

Year Period	Raw Material Stores, Fuel and Power etc. after adjustment of Stocks	Payment to and Provisions for Employess including VRS	Other expenses	Interest	Depreceation	Taxation	Profit/ (Loss) after Taxation	Sales and other Income	Total (Gross) Dividend Amount	Dividend per share (Rupees)	Earning per share (Rupee)	Net Worth per share (Rupees)
1990-91	6744.94	1800.10	1130.46	322.87	483.58	520.00	1335.93	12337.88	241.35	3.70	20.48	66.59
1991-92\$	9577.30	2224.04	2072.38	703.89	698.69	920.00	1307.05	17503.35	319.03	4.50	15.90	104.69
1992-93	11970.50	3272.40	4688.87	1394.27	973.40	855.00	1188.37	24342.81	370.02	4.50	14.45	114.64
1993-94	13704.14	3510.54	4046.92	1007.86	1145.56	765.00	1145.11	25325.13	512.81	4.50	@10.05	@@107.95
1994-95	16194.42	3782.99	4549.35	949.30	1170.02	1550.00	2596.93	30793.01	560.40	4.50	20.86	124.30
1995-96	19727.32	4357.71	4444.71	1259.83	1338.29	10.00	539.59	31677.45	311.34	2.50	4.33	126.14
1996-97	20955.10	4770.45	5866.48	1515.71	1462.25	900.00	1277.34	36747.33	373.60	3.00	10.26	133.09
1997-98	22192.06	5572.23	6441.16	1404.68	1559.95	649.63	1479.72	39299.73	373.60	3.00	11.88	141.67
1998-99	25197.81	5556.06	5469.69	1266.64	1560.88	4.00	500.09	39555.17	186.60	1.50	4.02	14.03
1999-2000	22193.57	5472.17	11127.07	1110.24	1573.40	900.00	3110.67	45487.12	1245.34	10.00	24.98	157.90
2000-2001	20850.80	5443.69	6609.41	1132.25	1683.61	190.08	712.98	36622.82	373.60	3.00	5.73	160.32
2001-2002	18750.38	4842.65	5365.89	945.63	1515.12	(130.70)	958.03	32247.63	249.07	2.00	7.69	154.11
2002-2003	19266.79	4928.45	5202.47	565.87	1585.41	(165.00)	1119.32	32503.31	311.33	2.50	8.99	160.27
2003-2004\$\$	25394.74	5961.58	8173.57	752.70	1622.72	214.43	1575.04	43694.78	498.14	4.00	12.65	148.71
2004-2005	28343.67	5974.90	9009.00	1023.53	2101.84	145.47	2494.56	49092.97	622.67	5.00	20.03	163.00
2005-2006\$\$\$	36711.86	7262.42	11363.81	1263.66	2350.92	444.02	2160.09	61556.78	644.93	5.00	16.75	225.00
2006-2007	38680.58	7614.50	11976.23	1733.59	2710.14	375.15	911.95	64002.14	451.45	3.50	7.07	216.00
2007-2008	13145.53	4067.27	8309.97	1047.75	1125.54	119.67	242.65	28128.80	193.48	1.50	1.88	150.77
2008-2009	9807.75	4406.91	8961.81	1466.97	1199.12	102.32	(4749.11)	21195.77	-	-	(36.82)	109.88
2009-2010	6187.16	4243.74	9222.76	1420.46	1654.31	204.00	(1226.18)	21706.25	-	-	(9.51)	103.18

\$ After amalgamation of Forbes Forbes Campbell & Company Limited with the Company

\$\$ After amalgamation of Bradma of India Ltd. And Campbell Knitwear Ltd. With the Company

@ Calculated on the Weighted average Share Capital enhanced by Right Shares allotted on 1st July,1993

@@ After the right Issue

\$\$\$ After amalgamation of FAL Industries Ltd.with the Company



AUDITORS' REPORT

TO THE MEMBERS OF FORBES & COMPANY LIMITED

1. We have audited the attached Balance Sheet of FORBES & COMPANY LIMITED ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *Pursuant to standby charter agreements entered with SCI Forbes Limited (SFL), a joint venture entity, the Company and its joint venture partner, Shipping Corporation of India (SCI), together, Promoters, have committed to charter vessels from SFL, at charter-hire charges specified in the aforesaid agreements, in the event the vessels are not on charter with a lender approved third party, until SFL repays its borrowings which is spread over a period of twelve years. As represented to us by the Management, the prevailing charter markets being soft and as pooling arrangements do not technically constitute a charter, the Promoters of SFL, as a matter of commercial prudence, have for the time being, taken on the charter themselves. Further, SFL and its Promoters have proposed to the lenders of SFL a restructuring of the loan covenants and terms including suspension of enforcement of the aforesaid standby charter agreements, subject to fulfilment of certain conditions. The Company expects that their proposal would find favour with all the concerned parties (see Note 17 on Schedule 11 to the accounts). In the interim, in our opinion, as required under Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets', notified under the Companies Act, 1956, provision for the loss of Rs. 735.80 lakhs materialised subsequent to 31st March, 2010, should have been made by way of a charge to the Profit and Loss Account. This has resulted in the loss, before and after tax, and provisions being understated by Rs. 735.80 lakhs and reserves and surplus being overstated by the same amount.*
5. *Attention is invited to Note 16 on Schedule 11 to the accounts relating to loans given to The Svadeshi Mills Company Limited and Coromandel Garments Limited, aggregating Rs. 4,725.61 lakhs in respect of which full provision has been made, arising inter alia from our enquiry under Section 227(1A)(a) of the Companies Act, 1956. Our report on the financial statements for the year ended 31st March, 2009 contained a similar modification.*
6. Without qualifying our opinion, we invite attention to Note 20 on Schedule 11 to the accounts relating to managerial remuneration of Rs. 37.35 lakhs paid in excess of the limits specified in Schedule XIII of the Companies Act, 1956 and is subject to the approval of the Central Government. Our report on the financial statements for the year ended 31st March, 2009 contained a similar modification where approval of the Central Government has since been received by the Company.
7. Without qualifying our opinion, we report that transactions for sale of goods of a value aggregating Rs. 3.29 lakhs have been entered into, with two private limited companies in which one of the directors of this Company is also a director of those private limited companies, without obtaining previous approval of the Central Government. This is not in compliance with the provisions of Section 297 of the Companies Act, 1956.
8. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) *subject to the matter stated in paragraph 4 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;
 - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) *subject to the matter stated in paragraph 4 above*, in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) *subject to the matter stated in paragraph 4 above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
9. On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

Rajesh K Hiranandani
Partner
(Membership No. 36920)

MUMBAI, 13th August, 2010

ANNEXURE TO THE AUDITORS' REPORT

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

1. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of most of its fixed assets.
 - (b) According to the information and explanations given to us, the fixed assets have not been physically verified by the Management during the year. However, all the assets had been physically verified by the Management during the previous year in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and the nature of its assets. In view of the foregoing, the question of reporting in the current year on discrepancies noticed on physical verification does not arise.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
2. In respect of its inventories:
 - (a) As explained to us, the inventories (other than stocks lying with third parties, in respect of which, confirmations have been obtained in most cases) were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business except for stocks lying with third parties (in respect of which, confirmations have been obtained in most cases), which needs to be verified periodically by the Management.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system generally commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
5. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) According to the information and explanations given to us, each of such transaction is not exceeding the value of Rs. 5 Lakhs in respect of any party. Therefore, the question of reporting on Clause 4(v)(b) of CARO does not arise.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
8. *The Company has not maintained cost records in respect of its Motors Manufacturing segment which is covered by the Order made by the Central Government for the maintenance of the cost records under Section 209(1)(d) of the Companies Act, 1956.* To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
9. According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities though there have been slight delays in few cases.

- (b) There were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable except for the following:

Name of the Statute	Nature	Amount (Rs.in lakhs)	Due Date
The Companies Act, 1956	Investor Education & Protection Fund	1.29	May, 2006
The Bombay Labour Welfare Fund Act, 1953	Unpaid Wages & Bonus	3.94	Prior to 1st April, 2006

- (c) Details of dues of Income Tax, Sales Tax, Wealth Tax and Excise Duty which have not been deposited as on 31st March, 2010 on account of disputes are given below:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	Assessment Years: - 1989-90, 1997-98, 2003-04 to 2005-2006	520.68
		Commissioner of Income Tax (Appeals)	Assessment Years: - 1991-92, 1992-93, 1998-99, 2001-02, 2002-03, 2005-06 to 2007-08	667.55
Wealth Tax Act, 1957	Wealth Tax	Commissioner of Wealth Tax (Appeals)	Assessment Years:- 1996-97 to 2000-01	19.74
Sales Tax Laws	Sales Tax (including interest and penalty)	Commercial Tax Officer, Chennai	2004-05	3.95
		Madras High Court	1998-99, 1999-00	87.75
		Madras High Court	1989-90	386.63
		Sales Tax Appellate Tribunal, Cuttack	1992-93	3.76
		Sales Tax Appellate Tribunal, Patna	1990-91 to 1993-94	45.66
		Various Appellate Authorities	1994 to 2002	113.81
		Asst. Commissioner of (CT) Thiruvanniyar Assessment Circle.	2000-2001 to 2005-2006	222.92
The Central Excise Act, 1944	Excise Duty	Custom Excise & Service Tax Appellate Tribunal, Chennai	Nov 2002 to June 2003	20.44
		Additional Commissioner of Central Excise	2000 to 2003	54.99
		Custom Excise & Service Tax Appellate Tribunal, New Delhi	2003 to 2007	4,624.87
		Custom Excise & Service Tax Appellate Tribunal, Chennai	1995-96	9.38
		Assistant Commissioner of Central Excise	2000 to 2004	5.94
		Commissioner of Central Excise, Chennai	December 2003 to December 2004 and Nov 2006 to Feb 2007	28.42

10. The Company does not have any accumulated losses as at 31st March 2010, the debit balance in Profit and Loss Account being set-off against uncommitted reserves. The Company has not incurred cash losses during the financial year covered by our audit but has incurred cash losses in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, term loans have been applied for the purposes for which they were obtained.
17. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis amounting to Rs. 6,097.02 lakhs have, *prima facie*, been used during the year, for long-term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issues during the year.
21. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

Rajesh K Hiranandani
Partner
(Membership No. 36920)

Mumbai, 13th August, 2010



BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs	As at 31-Mar-09 Rs. in Lakhs
SOURCES OF FUNDS :				
1. SHARE CAPITAL	"1"	1,289.86		1,289.86
2. RESERVES AND SURPLUS	"2"	12,019.35		13,005.55
3. TOTAL SHAREHOLDERS' FUNDS			13,309.21	14,295.41
4. LOANS:				
(a) Secured	"3"	7,198.03		11,704.99
(b) Unsecured	"4"	2,271.23		3,186.98
			9,469.26	14,891.97
TOTAL			22,778.47	29,187.38
APPLICATION OF FUNDS:				
5. FIXED ASSETS:	"5"			
(a) Gross Block		21,864.30		21,644.10
(b) Less: Total Depreciation/Amortisation/Impairment		8,886.76		7,510.21
		12,977.54		14,133.89
(c) Capital work-in-progress including Advances for capital expenditure		49.47		197.36
			13,027.01	14,331.25
6. INVESTMENTS	"6"		13,330.97	17,893.46
7. CURRENT ASSETS, LOANS AND ADVANCES	"7"			
(a) Inventories		2,002.74		2,589.34
(b) Sundry Debtors		2,710.58		3,180.00
(c) Cash and Bank Balances		1,220.59		763.00
(d) Other Current Assets		0.34		191.73
(e) Loans and Advances		3,375.81		3,022.76
		9,310.06		9,746.83
8. Less: CURRENT LIABILITIES AND PROVISIONS	"8"			
(a) Liabilities		11,227.67		11,525.63
(b) Provisions		1,661.90		1,381.39
		12,889.57		12,907.02
NET CURRENT ASSETS			(3,579.51)	(3,160.19)
			22,778.47	29,064.52
9. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF				
Deferred Revenue Expenditure				
- Voluntary Retirement Compensation	"9"		-	122.86
TOTAL			22,778.47	29,187.38
Notes to the Accounts	"11"			

Schedules 1 to 11 form an integral part of the Financial Statements and should be read in conjunction therewith.

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Rajesh K Hiranandani
Partner
Mumbai, 13th August, 2010

AMIT MITTAL
Director (Finance)

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT

Chairman Emeritus
Chairman
Managing Director

CYRUS P. MISTRY
D.B. ENGINEER
D.S. SOMAN
N.D. KHURODY
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI

Directors

A.T. SHAH

Company Secretary

Mumbai, 13th August, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule		Year ended	Year ended
	No.	Rs. in Lakhs	31-Mar-10 Rs. in Lakhs	31-Mar-09 Rs. in Lakhs
1. INCOME:				
(a) Gross Sales			11,752.23	14,365.34
Less: Excise Duty			780.87	1,108.50
Net Sales			10,971.36	13,256.84
(b) Services and Other Income:				
(i) Income from Services rendered-(Gross) (Tax deducted at source Rs.106.88 Lakhs; <i>Previous Year</i> <i>Rs.115.24 Lakhs</i>)			4,957.91	5,666.62
(ii) Interest on Long Term Investments - Other than Trade		86.12		248.73
(iii) Dividend on Long Term Investments:				
- Other than Trade		0.07		11.02
- From Subsidiary Companies		1,278.00		752.56
			1,364.19	1,012.31
(iv) Rent			294.36	587.48
(v) Miscellaneous Income (including excess provisions written back Rs.86.63 Lakhs; <i>Previous year Rs.3.60 Lakhs</i> and credit balances written back <i>Rs.25.55 Lakhs; Previous year Rs.6.28 Lakhs</i>)			781.01	561.72
(vi) Profit on Sale of Fixed Assets (net of loss) (includes Capital Profit Rs.901.04 Lakhs; <i>Previous year Rs.Nil</i>) Add: Provision for impairment of fixed assets no longer required written back		892.54		-
		27.01		-
			919.55	-
(vii) Profit on transfer of business (See Note No.2 in Schedule 11) ...			171.05	-
(viii) Bad Debts / Advances previously written off now recovered			128.82	0.41
(ix) Provision for Doubtful Debts, no longer required written back ..			133.61	2.16
(x) Provision for Doubtful Advances, no longer required written back (See Note No.34 in Schedule 11)			340.42	-
(xi) Provision for diminution in the value of Investments, no longer required written back (See Note No.34 in Schedule 11)			109.92	19.79
(xii) Profit on sale / surrender for buy-back of Investments (net)				
- Current		293.32		-
- Long term		1,214.89		52.36
			1,508.21	52.36
(xiii) Gains arising on foreign currency translation (net)			25.84	36.08
			10,734.89	7,938.93
			21,706.25	21,195.77
2. EXPENDITURE:				
Manufacturing, Trading and Other Expenses	"10"		17,670.14	22,529.86
Depreciation, Amortisation and Impairment	"5"		1,654.31	1,199.12
Interest (net) (See Note No.5 in Schedule 11)			1,420.46	1,466.97
Voluntary Retirement Compensation amortised (See Note no. 1(s) in Schedule 11)	"9"		659.75	178.14
Investments written off			603.16	-
Less: Provision held			20.55	-
			582.61	-
Provision for Doubtful loans and advances			49.08	432.99
Provision for Diminution in the value of Investments			5.88	35.48
Provision for foreclosure of trademark license agreement			693.00	-
Settlement of disputed charter hire charges			239.29	-
			22,974.52	25,842.56



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

	Schedule		Year ended	Year ended
	No.	Rs. in Lakhs	31-Mar-10 Rs. in Lakhs	31-Mar-09 Rs. in Lakhs
3. PROFIT/(LOSS) BEFORE TAXATION FOR THE YEAR			(1,268.27)	(4,646.79)
Profit for the year ended 31st March, 2009 in respect of Shipping Agency Division of Volkart Fleming Shipping and Services Limited (See Note No.18 in Schedule 11)			246.09	-
4. PROFIT/(LOSS) BEFORE TAXATION			(1,022.18)	(4,646.79)
5. PROVISION FOR TAXATION				
- for Income-tax				
Current Year		-		-
Provision relating to earlier years (See Note No.33 in Schedule 11)...		191.00		12.38
Fringe Benefit Tax		-		81.28
Deferred Tax (See Note no. 10 on Schedule 11)		-		(6.34)
			191.00	87.32
- for Wealth-tax			13.00	15.00
			204.00	102.32
6. PROFIT/(LOSS) AFTER TAXATION			(1,226.18)	(4,749.11)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		774.98		(671.01)
Less: Provision for Taxation				
- for Income-tax				
Current Year		-		-
Provision relating to earlier years (See Note No.33 in Schedule 11)...		191.00		12.38
Fringe Benefit Tax		-		58.11
Deferred Tax (See Note no. 10 on Schedule 11)		-		(6.34)
		191.00		64.15
- for Wealth-tax		13.00		15.00
		204.00		79.15
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS		570.98		(750.16)
PROFIT/(LOSS) BEFORE TAX FROM DISCONTINUING OPERATIONS (See Note no.2 in Schedule 11)		(1,797.16)		(3,975.78)
Less: Provision for Taxation				
- for Income-tax				
Current Year		-		-
Fringe Benefit Tax		-		23.17
PROFIT/(LOSS) AFTER TAX FROM DISCONTINUING OPERATIONS		(1,797.16)		(3,998.95)
7. Add: BALANCE BROUGHT FORWARD FROM LAST YEAR			(3,168.43)	1,580.68
8. BALANCE CARRIED TO BALANCE SHEET			(4,394.61)	(3,168.43)
Basic and diluted earnings per share of face value of Rs.10 each (See Note no.12 in Schedule 11)			Rs.(9.51)	Rs.(36.82)
Notes to the Accounts			"11"	

Schedules 1 to 11 form an integral part of the Financial Statements and should be read in conjunction therewith.

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Rajesh K Hiranandani
Partner
Mumbai, 13th August, 2010

AMIT MITTAL
Director (Finance)

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT

CYRUS P. MISTRY
D.B. ENGINEER
D.S. SOMAN
N.D. KHURODY
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI

A.T. SHAH
Mumbai, 13th August, 2010

Chairman Emeritus
Chairman
Managing Director

Directors

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	31-Mar-10 Rs. In Lakhs	31-Mar-09 Rs. In Lakhs
PROFIT/(LOSS) BEFORE TAX	(1,022.18)	(4,646.79)
Adjusted for -		
Depreciation, amortisation and impairment	1,654.31	1,199.12
Provision for diminution in the value of Investments, no longer required written back	(109.92)	(19.79)
Provision for Doubtful Debts, no longer required written back	(133.61)	(2.16)
Provision for Doubtful Advances, no longer required written back	(340.42)	-
Profit on sale / surrender for buy-back of Investments (net)	(1,508.21)	(52.36)
Interest on Long Term Investments - Other than Trade	(86.12)	(248.73)
Dividend on Long Term Investments	(1,278.07)	(763.58)
(Profit)/Loss on Sale of Fixed Assets (net)	(919.55)	20.33
Interest (net)	1,420.46	1,466.97
Provision for Doubtful Debts	256.02	229.72
Provision for diminution in the value of Investments	5.88	35.48
Provision for Doubtful Loans and Advances	49.08	432.99
Voluntary Retirement Compensation Amortised	659.75	178.14
Bad Debts / Advances written off	88.05	124.93
Provision for reduction in value of inventory	10.11	297.43
Investments written off (net of provisions held)	582.61	-
Profit for the year ended 31st March, 2009 in respect of Shipping Agency Division of Volkart Fleming Shipping and Services Limited	(246.09)	-
Profit on transfer of business on demerger	(171.05)	-
Provision for foreclosure of trademark license agreement	693.00	-
Unrealised exchange gain (net)	(15.89)	(13.73)
	610.34	2,884.76
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	(411.84)	(1,762.03)
Changes in -		
Trade and Other Receivables	171.92	2,550.56
Inventories	328.46	1,037.57
Trade Payables and Others	(447.79)	(169.07)
	52.59	3,419.06
CASH (USED IN) / GENERATED FROM OPERATIONS	(359.24)	1,657.03
Voluntary Retirement Compensation Paid	(536.89)	(301.00)
Demerger Expenses Paid	-	(4.25)
Taxes Paid (including wealth tax)	(104.61)	(478.27)
(a) NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES	(1,000.75)	873.51
Net Cash (Used In) / Generated From Operating Activities From Continuing Operations	(766.40)	675.36
Net Cash (Used In) / Generated From Operating Activities From Discontinuing Operations	(234.35)	198.15
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including adjustments on account of Capital work-in-progress and capital advances)	(492.78)	(1,422.49)
Sale of Fixed Assets	1,179.95	251.64
Purchase / Subscription of Investments		
- in subsidiaries	(163.14)	(3,334.13)
- others	(2,760.00)	(3,938.00)
Sale/Surrender for buyback of Investments		
- in subsidiaries	2,305.75	171.20
- others	6,209.52	2,609.63
Consideration for transfer of Business	10.00	-
Inter Corporate Deposits Placed	(225.00)	(2,403.19)
Inter Corporate Deposits Refunded	583.42	6,500.74
Interest Received	312.82	301.58
Dividend Received	1,278.07	763.58
(b) NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	8,238.61	(499.44)
Net Cash Generated / (Used In) Investing Activities From Continuing Operations	8,125.47	(729.99)
Net Cash Generated From Investing Activities From Discontinuing Operations ..	113.14	230.55



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

	31-Mar-10 Rs. In Lakhs	31-Mar-09 Rs. In Lakhs
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Borrowings	9,949.18	7,878.46
Repayment of Borrowings	(12,510.68)	(6,856.78)
Increase/(Decrease) in Cash credit and Demand Loan	(2,826.12)	(1,004.40)
Interest Paid	(1,485.66)	(1,455.53)
Payment of Dividend and taxes thereon	(3.34)	(232.84)
(c) NET CASH USED IN FINANCING ACTIVITIES	(6,876.62)	(1,671.09)
Net Cash Used In Financing Activities From Continuing Operations	(6,875.81)	(1,349.79)
Net Cash Used In Financing Activities From Discontinuing Operations	(0.81)	(321.30)
(d) NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		
(a) + (b) + (c)	361.24	(1,297.02)
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:		
Cash, Cheques on hand and remittances in transit	181.82	10.08
Balances with scheduled banks	581.18	2,049.94
	763.00	2,060.02
Add: CASH AND CASH EQUIVALENTS RECEIVED ON ACCOUNT OF MERGER		
Cash, Cheques on hand and remittances in transit	0.58	-
Balances with scheduled banks	129.35	-
	129.93	-
Less: CASH AND CASH EQUIVALENTS TRANSFERRED ON ACCOUNT OF SLUMP SALE		
Cash, Cheques on hand and remittances in transit	-	-
Balances with scheduled banks	33.58	-
	33.58	-
	859.35	2,060.02
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		
Cash, Cheques on hand and remittances in transit	5.56	181.82
Balances with scheduled banks	1,215.03	581.18
	1,220.59	763.00
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	361.24	(1,297.02)
Cash and Cash equivalents at the end of the year include the following Deposits and Balances with Banks which are not available for immediate use by the Company		
Restricted Bank Balances	38.14	57.36
Margin Deposit accounts	0.50	0.50
	38.64	57.86

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Rajesh K Hiranandani
Partner
Mumbai, 13th August, 2010

AMIT MITTAL
Director (Finance)

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT

CYRUS P. MISTRY
D.B. ENGINEER
D.S. SOMAN
N.D. KHURODY
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI

A.T. SHAH

Mumbai, 13th August, 2010

Chairman Emeritus
Chairman
Managing Director

Directors

Company Secretary

SCHEDULE "1" TO "11" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE "1" - SHARE CAPITAL

	As at 31-Mar-10 Rs. in Lakhs	As at 31-Mar-09 Rs. in Lakhs
1. AUTHORISED:		
1,50,00,000 Shares of Rs.10 each	<u>1,500.00</u>	<u>1,500.00</u>
2. ISSUED, SUBSCRIBED AND PAID-UP:		
1,28,98,616 Equity Shares; (<i>Previous year 1,28,98,616</i>) of Rs.10 each fully paid-up	<u>1,289.86</u>	<u>1,289.86</u>
Of the above shares:-		
(a) 3,89,640 (<i>Previous year 3,89,640</i>) shares of Rs.10 each were allotted as fully paid-up, pursuant to a contract without payment being received in cash;		
(b) 51,22,860 (<i>Previous year 51,22,860</i>) shares of Rs.10 each were allotted as fully paid-up, by way of Bonus Shares by capitalisation of Reserves and Securities Premium Account;		
(c) 7,65,450 (<i>Previous year 7,65,450</i>) shares of Rs.10 each were allotted as fully paid-up shares to the Shareholders of erstwhile Patel Volkart Limited on amalgamation with the Company;		
(d) 16,99,861 (<i>Previous year 16,99,861</i>) shares of Rs.10 each were allotted as fully paid-up shares to the Shareholders of erstwhile Forbes Campbell & Company Limited on amalgamation with the Company; and		
(e) 4,45,214 (<i>Previous year 4,45,214</i>) shares of Rs.10 each were allotted as fully paid-up shares to the Shareholders of erstwhile FAL Industries Limited on amalgamation with the Company.		
TOTAL	<u>1,289.86</u>	<u>1,289.86</u>

Foot note

of the above

83,26,352 (*Previous year 83,26,352*) shares are held by the holding company, Sterling Investment Corporation Private Limited;

6,14,505 (*Previous year 6,14,505*) shares are held by the ultimate holding company, Shapoorji Pallonji & Company Limited;

3,54,436 (*Previous year 3,54,436*) shares are held by Cyrus Investments Limited (a subsidiary of the ultimate holding company);

1,66,398 shares are held by Forbes Campbell Finance Limited (formerly known as Latham India Limited) (a subsidiary of the Company)

[*Previous year 1,66,398* shares were held by Forbes Finance Limited (erstwhile subsidiary of the Company), which is amalgamated with Forbes Campbell Finance Limited pursuant to the scheme of amalgamation approved by the High Court Judicature at Mumbai on 11th September, 2009.]



SCHEDULE “2” - RESERVES AND SURPLUS

	Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs	As at 31-Mar-09 Rs. in Lakhs
1 EXPORT PROFIT RESERVE:			
Per last Balance Sheet		0.35	0.35
2 GENERAL RESERVE:			
Per last Balance Sheet	16,173.63		16,576.03
Add:			
Excess of recorded assets over liabilities of shipping agency division of Volkart Fleming Shipping and Services Limited demerged and transferred into the Company	239.98		-
Less:			
Reversal of deferred Tax assets	-		(398.15)
(See Note no. 10 in Schedule 11)			
Demerger Expenses	-		(4.25)
		16,413.61	16,173.63
3 DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		(4,394.61)	(3,168.43)
TOTAL		12,019.35	13,005.55

SCHEDULE “3” - SECURED LOANS

	Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs	As at 31-Mar-09 Rs. in Lakhs
1. FROM BANKS:			
a) Term Loans, secured by an exclusive first charge/hypothecation of the equipment and accessories acquired.			
i) New India Co-operative Bank Ltd. (Repayable within a year Rs.9.99 Lakhs; <i>Previous year Rs.39.95 Lakhs</i>)	9.99		49.94
ii) New India Co-operative Bank Ltd. (Repayable within a year Rs.272.00 Lakhs; <i>Previous year Rs.272.00 Lakhs</i>)	884.00		1,156.00
iii) State Bank of India (Repayable within a year Rs.120.00 Lakhs; <i>Previous year Rs.120.00 Lakhs</i>)	120.00		240.00
iv) Export Import Bank Of India (Repayable within a year Rs.285.71 Lakhs; <i>Previous year Rs.285.71 Lakhs</i>)	571.43		857.14
		1,585.42	2,303.08
b) Rupee Term Loans from Bank of India (Secured by equitable mortgage of 11 residential flats in “Volkart House”, Mumbai) (Repayable within a year Rs.750.00 Lakhs; <i>Previous year Rs.500.00 Lakhs</i>)		2,000.00	1,375.00
c) Cash Credit and Packing Credit from Banks against hypothecation of all stocks including raw material, stock-in-process, finished goods, stores and trade debtors. Cash Credit and Packing Credit from IDBI Bank amounting to Rs.0.23 Lakh; (<i>Previous year Rs.791.73 Lakhs</i>) is secured by way of equitable mortgage on current and movable fixed assets and land and building of Company’s Bradma Division located at Wagle Industrial Estate, Thane.			
(i) Cash Credit and Packing Credit	249.53		979.34
(ii) Demand Loan	-		2,100.00
		249.53	3,079.34
d) Rupee term loan from Federal Bank Ltd. for container freight station project (Secured by land at Veshvi & Mundra, hypothecated by exclusive charge on specific movable fixed assets acquired under the loan). (Repayable within a year Rs. 500.00 Lakhs; <i>Previous year Rs.500.00 Lakhs</i>)		1,375.00	1,875.00

SCHEDULE “3” - SECURED LOANS (Contd.)

	Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs	As at 31-Mar-09 Rs. in Lakhs
e) Rupee Term Loan from Federal Bank Ltd. , secured by way of mortgage of			
(i) Land with all building existing and / or to be constructed thereon situated at Chandivali, village, Mumbai (excluding the land already sold to Videocon Properties Ltd.)			
(ii) Leasehold rights on 25 acres of land leased to the Company by Gujarat Adani Port Ltd., Mundra with building constructed / to be constructed thereon.			
(iii) 15 acres of land at Veshvi, near JNPT, Mumbai in the name of the Company with buildings constructed / to be constructed and hypothecation of all other equipment and fixed assets acquired and to be acquired for the project. (Repayable within a year Rs 150.00 Lakhs; <i>Previous year Rs.150.00 Lakhs</i>)		412.50	562.50
f) Short Term Loan from IDBI Limited (Secured by first hypothecation charge over current assets and movable fixed assets and equitable mortgage on land and building of Company's Bradma Division located at Wagle Industrial Estate, Thane) (Repayable within a year Rs.Nil; <i>Previous year Rs.1,000.00 Lakhs</i>)		-	1,000.00
g) Term Loan from Development Credit Bank (Secured by equitable mortgage of Commercial Land admeasuring 5 acres situated at Perungudi, Chennai). (Repayable within a year Rs.Nil; <i>Previous year Rs.1,498.95 Lakhs</i>)		-	1,498.95
h) Working Capital Rupee Term Loan from Export Import Bank Of India (Secured by equitable mortgage on Commercial Land admeasuring 5 acres situated at Perungudi, Chennai. Creation of security is pending). (Repayable with in a year Rs.Nil; <i>Previous year Rs.Nil</i>)		1,500.00	-
		7,122.45	11,693.87
2. FROM OTHERS:			
a) Hire purchase liability in respect of plant and machinery acquired on hire purchase (Repayable within a year Rs.Nil; <i>Previous year Rs.5.93 Lakhs</i>)	-		5.93
b) Finance Lease (Secured by plant and machinery financed) [See Note no. 13(A) in Schedule 11] (Repayable within a year Rs.Nil ; <i>Previous year Rs.5.19 Lakhs</i>)	-		5.19
c) Finance Lease (Secured by Computer Server financed) [See Note no. 13(A) in Schedule 11] (Repayable within a year Rs.27.03 Lakhs; <i>Previous year Rs.Nil</i>)	75.58		-
		75.58	11.12
TOTAL		7,198.03	11,704.99

SCHEDULE “4” - UNSECURED LOANS

	Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs	As at 31-Mar-09 Rs. in Lakhs
1. FIXED DEPOSITS:			
(Repayable within a year Rs.3.23 Lakhs; <i>Previous year Rs.23.08 Lakhs</i>)		3.23	26.31
2. SHORT TERM LOANS FROM OTHERS:			
– from Subsidiary Companies		93.00	985.67
– from Ultimate Holding Company		2,175.00	1,175.00
3. SHORT TERM LOAN FROM A BANK:			
EXIM Bank		-	1,000.00
TOTAL		2,271.23	3,186.98

SCHEDULE "5" - FIXED ASSETS

(see Note no. 27 in Schedule 11)

Rs. in Lakhs

Description of Assets	GROSS BLOCK				DEPRECIATION / AMORTISATION				IMPAIRMENT		NET BLOCK	
	Total Cost (after deducting sale proceeds where the cost is not ascertainable as at 31st March, 2009)	Taken over on Scheme of merger (See Note no. 18 in Schedule 11)	Cost of additions during the year	Cost of Deduction during the year including slump sale (See Note no. 19 in Schedule 11)	Total Cost (after deducting sale proceeds where the cost is not ascertainable as at 31st March, 2010)	Balance added on Scheme of merger (See Note no. 18 in Schedule 11)	Depreciation/ Amortisation for the year	Cumulative Depreciation/ Amortisation upto 31st March, 2010	Total Depreciation/ Amortisation upto 31st March, 2010	Balance as at 31st March, 2010	Balance as at 31st March, 2009	Balance as at 31st March, 2010
TANGIBLE ASSETS												
1. Leasehold Land	861.52	—	—	—	861.52	—	118.74	152.16	—	—	709.36	742.78
2. Leasehold Improvement	2.58	—	—	2.58	180.81	—	1.14	—	—	1.44	—	—
3. Freehold Land	180.55	—	0.26	—	—	—	—	—	—	—	180.81	180.55
4. Buildings (See Footnote 1)	8,014.45	—	19.48	34.46	7,999.47	—	1,296.21	1,565.39	—	—	6,434.08	6,718.24
5. Plant and Machinery (Owned) See Footnotes 2.3 and 4	10,425.29	42.95	107.62	419.36	10,156.50	40.60	4,973.57	5,607.97	347.40	6.35	4,201.13	5,443.37
6. Plant and Machinery (Leased) (see Note 13 A in Schedule 11 and Footnote 4)	—	—	90.16	—	90.16	—	—	15.07	—	—	75.09	—
7. Furniture, Fixture and Office Equipment	1,330.01	102.82	31.56	93.36	1,371.03	24.75	508.92	555.80	14.61	17.20	800.62	803.89
8. Vehicles	333.19	—	—	76.90	256.29	—	257.98	226.86	0.35	—	29.08	75.21
Sub Total Tangible Assets	21,147.59	145.77	249.08	626.66	20,915.78	65.35	7,156.56	8,123.25	362.36	24.99	12,430.17	13,966.04
INTANGIBLE ASSETS												
9. Computer Software	496.51	—	467.17	15.16	948.52	—	326.64	400.88	0.27	2.02	547.37	167.85
TOTAL	21,644.10	145.77	716.25	641.82	21,863.30	65.35	7,483.20	8,524.13	362.63	27.01	12,977.54	14,133.89
Previous Year	20,895.73	—	1,638.24	889.87	21,644.10	—	6,928.99	7,483.20	—	27.01	14,133.89	—

Footnotes:

- Buildings (Cost) include: (i) Residential flats and office premises includes Rs.69.54 Lakhs; (Previous year Rs.69.54 Lakhs) in respect of which Co-operative societies are yet to be formed (ii) Shares in Co-operative Housing Societies, Association of apartment owners and in a company Rs.0.17 Lakhs; (Previous year Rs.0.17 lakh) (iii) Premises on freehold land where the Company is yet to be registered as the owner of a proportionate share in the land Rs.28.66 Lakhs; (Previous year Rs.28.66 Lakhs) (iv) Jointly owned Residential Premises Rs.28.39 Lakhs; (Previous year Rs.28.39 Lakhs).
- Plant and Machinery include jointly owned assets Rs.19.24 Lakhs; (Previous year Rs.19.24 Lakhs)
- Plant and Machinery includes equipment acquired on hire purchase costing Rs.Nil; (Previous year Rs.135.65 Lakhs) carried at the year end at Rs.Nil; (Previous year Rs.23.32 Lakhs).
- During the year, Plant and Machinery costing Rs.77.98 Lakhs, having written down value Rs.30.33 Lakhs as at 31st March, 2009 has been reclassified under owned assets subsequent to expiry of the lease term.
- Assets held for disposal included above are as under :

Description of Assets	Gross Block as at 31st March, 2010		Accumulated Depreciation/ Amortisation upto 31st March, 2010		Net Block as at 31st March, 2010	
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
1. Freehold Land	2.17	—	—	2.17	—	—
2. Buildings	102.44	57.58	—	44.86	3.26	3.26
3. Plant and Machinery	727.48	380.08	347.40	—	18.64	18.64
4. Furniture and Fixtures	83.89	69.28	14.61	—	1.86	1.86
5. Vehicles	30.83	30.83	0.35	—	0.64	0.64
6. Computer Software	54.45	54.45	—	—	—	—
Total	1,001.26	591.87	362.36	47.03	24.40	24.40
Previous Year	312.26	212.10	—	100.16	71.70	71.70

SCHEDULE "6" - INVESTMENTS [unquoted, fully paid-up unless otherwise stated]

	As at 31-Mar-10		As at 31-Mar-09	
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
A. LONG TERM (See Note no.1(e) in Schedule 11)				
1. INVESTMENT IN GOVERNMENT SECURITIES (Bonds):				
Nil Bonds (<i>Previous year 45,000 Bonds</i>) of Rs. 10,000 each in 5.5% Rural Electrification Corporation Limited [redeemed during the year]		-		4,500.00
2. INVESTMENT IN EQUITY SHARES OF SUBSIDIARY COMPANIES:				
(i) In India:				
(a) 60,000 Equity Shares of Rs. 100 each in Volkart Fleming Shipping and Services Limited (wholly owned)	8.12		8.12	
(b) 38,64,131 Equity Shares (<i>Previous year 12,80,000 Equity Shares</i>) of Rs. 10 each in Forbes Campbell Finance Limited (formerly known as Latham India Limited) (wholly owned) [33,34,131 Equity Shares allotted in pursuant to the scheme of amalgamation of Forbes Finance Limited with Forbes Campbell Finance Limited (formerly known as Latham India Limited) and 7,50,000 Equity Shares surrendered for Buy-back]	2,925.49		109.92	
(c) Nil Equity Shares (<i>Previous year 38,26,630 Equity Shares</i>) of Rs. 10 each in Forbes Finance Limited (wholly owned) cancelled pursuant to the scheme of amalgamation of Forbes Finance Limited with Forbes Campbell Finance Limited (formerly known as Latham India Limited)	-		3,383.38	
(d) 39,55,000 Equity Shares (<i>Previous year 42,60,000 Equity Shares</i>) of Rs. 10 each in Eureka Forbes Limited (wholly owned) [3,05,000 Equity Shares surrendered for Buy-back]	4,315.56		4,648.36	
(e) Nil Equity Shares (<i>Previous year 1,30,470 Equity Shares</i>) of Rs. 10 each in Forbes Doris and Naess Maritime Limited [written-off consequent to liquidation of subsidiary company]	-		13.05	
(f) Nil Equity Shares (<i>Previous year 75,000 Equity Shares</i>) of Rs. 10 each in Forbes Tinsley Company Limited [written-off consequent to liquidation of subsidiary company]	-		7.50	
		7,249.17		8,170.33
(ii) In another country:				
8,64,960 Equity Shares (<i>Previous year 3,80,000 Equity Shares</i>) of SGD 1 each in Forbes Container Lines Pte. Limited (wholly owned) [4,84,960 Equity Shares subscribed during the year]		271.26		108.12
3. TRADE INVESTMENTS:				
(A) In Equity Shares				
(a) 3,05,00,000 Equity Shares of Rs. 10 each in SCI Forbes Limited	3,050.00		3,050.00	
(b) 95,00,000 Equity Shares (<i>Previous year Nil Equity Shares</i>) of Rs. 10 each, Rs. 3 per share paid-up, in SCI Forbes Limited [subscribed during the year]. Uncalled liability on these partly paid-up shares aggregate Rs.665.00 Lakhs.	285.00		-	
		3,335.00		3,050.00
(B) In Preference Shares				
2,47,50,000 Preference Shares (<i>Previous year Nil Preference Shares</i>) of Rs.10 each in SCI Forbes Limited [subscribed during the year] ..		2,475.00		-



SCHEDULE "6" - INVESTMENTS [unquoted, fully paid-up unless otherwise stated] (Contd.)

	As at 31-Mar-10		As at 31-Mar-09	
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
4. OTHER THAN TRADE INVESTMENTS:				
(A) In Equity Shares				
(i) In India:				
(a) Nil Equity Shares (<i>Previous year 50,000 Equity Shares</i>) of Rs. 10 each in Gokak Textiles Limited [sold during the year] (Quoted Investments)	-		5.00	
(b) 10 Equity Shares of Rs. 10 each in Tuticorin Chamber of Commerce	-		-	
(c) 5,500 Equity Shares of Rs. 10 each in New India Co-operative Bank Limited	0.55		0.55	
(d) Nil Equity Shares (<i>Previous year 49,08,240 Equity Shares</i>) of Rs. 10 each in Next Gen Publishing Limited [29,33,170 Equity Shares purchased during the year and 78,41,410 Equity Shares sold during the year]	-		688.44	
(e) 58,849 Equity Shares (<i>Previous year 58,84,900 Equity Shares</i>) of Rs. 10 each in Forbes Infotainment Limited [58,26,051 Equity Shares cancelled pursuant to the scheme of Reduction of Capital approved by High Court, Bombay vide order dated 26th February, 2010 under section 100 of the Companies Act 1956]	5.88		588.49	
(f) 4,20,170 Equity Shares of Rs. 10 each in The Svadeshi Mills Company Limited	150.33		150.33	
		156.76		1,432.81
(ii) In another country:				
2,500 Equity Shares of USD 1 each in Edumetry Inc.USA		35.48		35.48
(B) In Preference Shares				
Nil Preference Shares (<i>Previous year 91,30,000 Preference Shares</i>) of Rs.10 each in Forbes Infotainment Limited [sold during the year]		-		913.00
		13,522.67		18,209.74
Less: Provision for diminution in the value of Investments		191.70		316.28
TOTAL		13,330.97		17,893.46
Quoted Investments		-		5.00
Unquoted Investments		13,330.97		17,888.46
(Cost less Provision for Diminution in the value of Investments)		13,330.97		17,893.46
Market Value of Quoted Investments		-		11.50

SCHEDULE "7" CURRENT ASSETS, LOANS AND ADVANCES

	Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs	As at 31-Mar-09 Rs. in Lakhs
CURRENT ASSETS:			
(a) INVENTORIES:			
(i) Raw Materials and Components		419.84	356.97
(ii) Stock-in-Process		574.44	514.49
(iii) Finished Goods (Including in transit Rs.Nil; Previous year Rs.7.33 Lakhs)		857.36	1,526.98
(iv) Stores, Spares and Loose Tools (Including in transit Rs.Nil; Previous year Rs.6.59 Lakhs)		151.10	190.90
		<u>2,002.74</u>	<u>2,589.34</u>
(b) SUNDRY DEBTORS:			
(See Note no. 9(a) in Schedule 11)			
(i) Debts Outstanding for a period exceeding six months:			
Secured, Considered Doubtful	20.15		20.15
Unsecured, Considered Good	122.52		219.29
Unsecured, Considered Doubtful	807.99		1,748.98
		<u>950.66</u>	<u>1,988.42</u>
(ii) Other Debts:			
Unsecured, Considered Good	2,588.06		2,960.71
Unsecured, Considered Doubtful	13.28		13.28
		<u>2,601.34</u>	<u>2,973.99</u>
		<u>3,552.00</u>	<u>4,962.41</u>
Less: Provision for Doubtful Debts		<u>841.42</u>	<u>1,782.41</u>
		<u>2,710.58</u>	<u>3,180.00</u>
(c) CASH AND BANK BALANCES:			
(i) Cash, cheques on hand and remittances in transit		5.56	181.82
(ii) With Scheduled Banks: (See Note no.26 in Schedule 11)			
Current Accounts		1,183.91	423.56
Margin Accounts		0.50	0.50
Deposit Accounts		30.62	157.12
		<u>1,220.59</u>	<u>763.00</u>
(d) OTHER CURRENT ASSETS:			
Interest and Dividend accrued on deposits with banks / investments		0.34	191.73
(e) LOANS AND ADVANCES:			
(See Note no.9(b) In Schedule 11)			
(i) Loans and Advances to Subsidiary Companies			
(a) Unsecured, Considered Good	243.47		39.64
(b) Unsecured, Considered Doubtful	-		340.42
	243.47		380.06
Less: Provision for Doubtful Loans and Advances	-		340.42
		<u>243.47</u>	<u>39.64</u>

SCHEDULE "7" CURRENT ASSETS, LOANS AND ADVANCES (Contd.)

	Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs	As at 31-Mar-09 Rs. in Lakhs
(ii) Loans to Others			
(a) Secured, Considered Doubtful (See Note no.16 in Schedule no.11)	4,716.78		4,716.78
(b) Unsecured, Considered Doubtful (See Note no.16 in Schedule no.11)	435.09		426.27
	<u>5,151.87</u>		<u>5,143.05</u>
Less: Provision for Doubtful Loans	5,151.87		5,143.05
		-	-
(iii) Advances recoverable in cash or in kind or for value to be received			
(a) Unsecured, Considered Good	813.59		750.43
(b) Unsecured, Considered Doubtful	158.83		106.33
	<u>972.42</u>		<u>856.76</u>
Less: Provision for Doubtful Advances	158.83		106.33
		813.59	750.43
(iv) Deposits		106.27	136.84
(v) Taxes paid less provisions including Fringe Benefit tax (other than deferred tax)		1,912.22	1,722.81
(vi) Balance with Central Excise, Customs, Port Trust and Sales tax Considered Good		300.26	373.04
		<u>3,375.81</u>	<u>3,022.76</u>

SCHEDULE “8” - CURRENT LIABILITIES AND PROVISIONS

	Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs	As at 31-Mar-09 Rs. in Lakhs
1. CURRENT LIABILITIES:			
(i) Sundry Creditors: (See Note no. 9(c) in Schedule 11)			
Due to Micro, Small & Medium Enterprises [includes interest of Rs. 0.71 Lakh including Rs. 0.47 Lakh for previous year] (See Note no. 8 in Schedule 11)		3.83	7.23
Others		4,796.04	4,034.17
(ii) Subsidiary Companies		3.25	381.74
(iii) Customers’/Security Deposits, credit balances and advances against supplies and services to be rendered		6,134.77	6,754.75
(iv) Liability towards Investors’ Education and Protection Fund under Section 205C of the Companies Act, 1956, not due:			
(1) Unpaid Dividends (See Note no. 11 and 26(ii) in Schedule 11)	31.43		34.77
(2) Unpaid Matured Deposits	6.71		14.71
(3) Interest accrued on (2) above	-		5.22
		38.14	54.70
(v) Other Liabilities		210.30	227.04
(vi) Interest accrued but not due on loans		41.33	66.00
		11,227.67	11,525.63
2. PROVISIONS:			
(i) Tax provisions less payments including Fringe Benefit tax (other than deferred tax)	576.22		290.70
(ii) Compensated absences	337.57		328.50
(iii) Gratuity and other post Retirement Benefits	748.11		762.19
		1,661.90	1,381.39

SCHEDULE “9” - VOLUNTARY RETIREMENT COMPENSATION

	As at 31-Mar-10 Rs. in Lakhs	As at 31-Mar-09 Rs. in Lakhs
Opening Balance	122.86	-
(i) Add: Paid / Provided during the year	536.89	301.00
	659.75	301.00
(ii) Less: Amortised during the year (See Note no. 1(s) in Schedule 11)	659.75	178.14
TOTAL	-	122.86

SCHEDULE "10" - MANUFACTURING, TRADING AND OTHER EXPENSES

	Rs. in Lakhs	Rs. in Lakhs	Year ended 31-Mar-10 Rs. in Lakhs	Year ended 31-Mar-09 Rs. in Lakhs
1. MATERIALS CONSUMED:				
Opening Stock		356.97		725.33
Add: Purchases		3,108.24		3,271.86
		3,465.21		3,997.19
Less: Provision for reduction in value of inventory		2.03		489.09
Less: Closing Stock		419.84		356.97
			3,043.34	3,151.13
2. PURCHASES OF TRADING STOCKS			883.04	3,709.23
3. STORES, SPARES AND TOOLS CONSUMED (After transferring Rs.124.50 Lakhs; Previous year Rs.171.18 Lakhs to other accounts)			510.67	543.90
4. PROCESSING CHARGES			757.23	803.74
5. POWER AND FUEL			615.71	665.13
6. OPERATING COSTS FOR SHIPPING DIVISION				
Transportation and Hiring Charges		2,048.76		764.72
Freight Forwarding and other operating expenses		1,573.35		1,577.26
			3,622.11	2,341.98
7. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:				
(a) Salaries, Wages, Bonus and Commission		2,963.46		3,423.99
(b) Gratuity		147.06		208.21
(c) Company's Contribution to Provident Fund and Other Funds		235.78		257.13
(d) Workmen and Staff Welfare Expenses		237.69		339.44
			3,583.99	4,228.77
8. DISTRIBUTION EXPENSES:				
(a) Commission to Dealers		35.45		245.83
(b) Brokerage, Discount and other selling expenses		324.84		154.10
(c) Freight and Forwarding Charges		284.08		307.89
			644.37	707.82
9. OTHER EXPENSES:				
(a) Repairs to				
(i) Plant and Machinery	169.62			196.15
(ii) Buildings	67.84			244.83
(iii) Others	229.21			295.19
			466.67	736.17
(b) Rent		324.61		440.94
(c) Rates and Taxes		157.07		178.75
(d) Stamps, Telegrams, Stationery, Printing and Telephones		197.67		270.86
(e) Advertisement		44.38		467.54
(f) Legal and Professional Charges		607.65		567.06
(g) Insurance Premium		53.28		95.91
(h) Travelling and Conveyance		283.30		495.28
(i) Bad Debts/Advances written off	1,023.22			124.93
Less: Provision held	935.16			-
			88.05	124.93
(j) Provision for Doubtful Debts		256.02		229.72
(k) Loss on Sale of Fixed Assets (Net)		-		20.33
Balance		2,478.70		3,627.49
Balance Carried forward			13,660.46	16,151.70

SCHEDULE "10" - MANUFACTURING, TRADING AND OTHER EXPENSES (Contd.)

	Rs. in Lakhs	Rs. in Lakhs	Year ended 31-Mar-10 Rs. in Lakhs	Year ended 31-Mar-09 Rs. in Lakhs
Balance		2,478.70		3,627.49
Balance Brought forward			13,660.46	16,151.70
(l) Auditors' Remuneration:				
(i) Audit Fees [including Rs. 1.00 Lakh (<i>Previous year Rs. 7.00 Lakhs</i>) in respect of an earlier years]	32.00			40.00
(ii) Other Audit Related Services	16.00			12.00
(iii) Company Law Matters	0.35			0.30
(iv) Taxation Matters	1.20			-
(v) Out of Pocket Expenses	0.89			0.79
		50.44		53.09
(m) Excise duty		(14.54)		20.39
(n) Provision for reduction in value of inventory		10.11		297.43
(o) Miscellaneous Charges		1,109.51		1,449.80
			3,634.22	5,448.20
			17,294.68	21,599.90
10. Less: Recoveries from Third Parties			1.71	4.66
			17,292.97	21,595.24
11. ADJUSTMENT OF STOCKS:				
Opening Stocks:				
Stock-in-Process	514.49			607.64
Finished Goods	1,526.98			2,438.34
		2,041.47		3,045.98
Less: Transferred on sale of "Business Automation" segment (See Note no.2 and 19 in Schedule 11)				
Finished Goods	248.03			-
		248.03		-
		1,793.44		3,045.98
Less:				
Closing Stocks:				
Stock-in-Process	574.44			514.49
Finished Goods	857.36			1,526.98
		1,431.80		2,041.47
Excise duty related to the difference between the closing stock and opening stock		15.53		(69.89)
			377.17	934.62
TOTAL			17,670.14	22,529.86

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

1. SIGNIFICANT ACCOUNTING POLICIES:-

a) Basis of Accounting

The financial statements are prepared as per historical cost convention and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 1956 and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All the income and expenditure having material bearing on the financial statements are recognised on accrual basis.

b) Use of Estimates

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

c) Fixed Assets and Depreciation / Amortisation

Tangible fixed assets and depreciation

Tangible fixed assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition value includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in the working condition for its intended use.

Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalised up to the date when the asset is ready for its intended use.

Depreciation is calculated on pro-rata basis. Items costing less than and up to Rs. 5,000 are fully depreciated.

The methods and the rates of depreciation applied are as under:

Sr.	Class of assets	Year of acquisition	Method of providing depreciation	Rate of depreciation
i)	All fixed assets	Up to 30 th June, 1986	Straight Line Method	At rates computed under Section 205(2)(b) of the Companies Act, 1956 pursuant to rates of depreciation prescribed in Income-tax Rules from time to time.
ii)	All fixed assets other than those specified in items (iii) to (vi) below	From 1 st July, 1986	Straight Line Method	Schedule XIV to the Companies Act, 1956
iii)	Vehicles	From 1 st July, 1986 to 31 st March, 1999	Written Down Value Method	Schedule XIV to the Companies Act, 1956
		From 1 st April, 1999	Written Down Value Method	At the rate of 40%
		From 1 st April, 2009	Straight Line Method applied retrospectively	At the rate of 25% retrospectively
iv)	Leasehold land and building thereon	From 1 st July, 1986	Straight Line Method	Amortised over the period of the lease.
v)	Leasehold improvement	From 1 st July, 1986	Straight Line Method	Amortised over the period of the lease.
vi)	Building constructed on land belonging to third party	From 1 st July, 1986	Straight Line Method	At the rate of 20%

Intangible assets and amortisation

Intangible assets are valued at cost less amortisation. These generally comprise of costs incurred to acquire computer software licences and implement the software for internal use (including software coding, installation, testing and certain data conversion).

Research costs are charged to earnings as they arise.

Intangible assets are reported at acquisition value with deductions for accumulated amortisation and any impairment losses.

Amortisation takes place on a straight line basis over the asset's anticipated useful life. The useful life is determined based on the period of the underlying contract and the period of time over which the intangible asset is expected to be used and generally does not exceed 10 years. Software is being amortised over a period of 5 years being the estimated useful life.

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

An impairment test of intangible assets is conducted annually or more often if there is an indication of a decrease in value. The impairment loss, if any, is reported in the Profit and Loss Account.

d) Impairment of assets

The carrying values of assets of the Company's cash-generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

e) Investments

Long term investments are valued at cost, less provision for diminution other than temporary, in value, if any. Current investments are valued at the lower of cost and fair value.

f) Inventory

Inventories are valued at the lower of the acquisition / production cost and the corresponding net realisable value. The principles of determining costs of various types of inventories are tabulated below:

Sl. No.	Type	Basis of determining costs
(i)	Stores, spare parts, components and loose tools	Continuous weighted average
(ii)	Raw and packing materials	Standard cost adjusted for variances based on weighted average purchase price
(iii)	Stock in process	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) upto stage of completion on standard cost adjusted for variances
(iv)	Finished goods	
	Produced	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) on standard cost adjusted for variances and excise duty
	Traded	Standard cost adjusted for variances based on weighted average purchase price

The net realisable value is calculated as the estimated sales price less estimated completion and selling costs. An assessment of obsolescence in inventories is conducted regularly during the year. The value of inventories is adjusted for the estimated decrease in value attributable to items that are no longer sold or slow moving or physically damaged. If the net realisable value is lower than the acquisition cost, the carrying values are reduced to the net realisable value determined as aforesaid.

g) Revenue Recognition

Sales include products and services, net of trade discounts and sales Returns and excludes sales tax, state value added tax and service tax.

With regard to sale of products, income is reported when practically all risks and rewards connected with ownership have been transferred to the buyer. This usually occurs upon dispatch, after the price has been determined and collection of the receivable is reasonably certain.

Income recognition for services takes place as and when the services are performed.

h) Financial Income and Borrowing Cost

Financial income and borrowing cost include interest income on bank deposits, Dividend income and interest expense on loans.

Interest income is accrued evenly over the period of the instruments.

Borrowing cost are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period.

Dividend income is accounted when the right to receive payments is established and known.

i) Foreign Currency Transactions

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognised as income or expenses in the Profit and Loss Account.

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are valued at closing-date rates, and unrealised translation differences are included in the Profit and Loss Account.

Investments in foreign currency (non monetary items) are reported using the exchange rate at the date of the transaction.

The Company's forward exchange contracts are not held for trading or speculation. The premium arising on entering into such contract is amortised over the life of such contracts and exchange differences arising on such contracts are recognised in the Profit and Loss Account.

j) Employee Benefits

Short term benefits

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid as an expense over the period of services rendered by the employees to the Company.

Long term benefits

The Company has both defined-contribution and defined-benefit plans, of which some have assets in special funds or similar securities. The funded plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

Defined-benefit plans

Expenses for defined-benefit gratuity, post retirement medical benefits and non compete fees are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of expected future payments, with consideration for calculated future salary increases, utilising a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of benefits after deducting amounts already paid. Where there are restrictions on availment or encashment of such accrued benefit or where availment or encashment is otherwise not expected to wholly accrue in next twelve months, the liability on account of benefit is actuarially determined using the projected unit credit method.

k) Discontinuing Operations

When a component of the Company is disposed off or decided to be disposed off, by way of sale, demerger or terminated through abandonment, it is reported as a "Discontinuing Operation", provided that certain criteria are met. A component is a reportable segment or a smaller unit which can be clearly distinguished, and for which separate financial information is available. Cash flows, results of operations and any gain or loss from disposal are excluded from "Continuing Operations" and reported separately. Prior period assets, liabilities, cash flows and results of operations are reclassified to be comparable. Disposal groups which are not material, are not classified as "Discontinued Operations"

l) Taxes on Income

The Company's income taxes include taxes on the Company's taxable profits, fringe benefits tax, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities/receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or in the case of deferred taxes, those that have been substantially enacted.

Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is reasonably certain that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, all deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer reasonably / virtually (as applicable) certain that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

m) Lease Accounting**i) Operating Leases**

Leasing of assets whereby the lessor essentially remains the owner of the asset is classified as operating leases. The payments made by the Company as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

ii) Finance Leases

Lease arrangements whereby the Company essentially assumes the same rights as for direct ownership of the asset are classified as finance leases.

Assets taken on finance lease after 1st April, 2001, are capitalised at fair value or net present value of the minimum lease payments, whichever is lower.

Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per the Company's accounting policy on depreciation as stated above. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged in accordance with the Company's depreciation policy as stated above or in a straight line basis over the lease period, whichever is shorter.

Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease.

n) Segment Reporting

The accounting policies adopted for segment reporting are in line with the accounting policy of the Company. Segment Revenue, Segment Expenses, Segment Assets and Segment Liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis, have been included under 'Unallocated Revenue/Expenses/Assets /Liabilities'.

o) Provisions and Contingencies

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Reimbursement against a provision is recognised as a separate asset based on virtual certainty of recovery. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

p) Cash Flow Statement

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

q) Cash and Cash Equivalents

Cash and bank balances and current investments that have insignificant risk of change in value, which have durations up to three months, are included in the Company's cash and cash equivalents in the Cash Flow Statement.

r) Earnings per Share

Basic Earnings per Share is 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 in issue during the year.

s) Deferred Revenue Expenditure:

Voluntary Retirement Compensation:

Expenditure incurred on voluntary retirement schemes is being amortised on a straight line basis over the estimated period of payback which does not exceed 5 years. The period of deferral does not extend beyond 31st March, 2010.

2. Discontinuing Operations

The figures for the current year are strictly not comparable with those of the previous year in view of:

- (i) sale of "Business Automation" segment to one of its subsidiaries, namely Forbes Technosys Limited with effect from 1st April 2009 for a net consideration of Rs. 10 Lakhs;
- (ii) discontinuation of "Personal Wear" Segment and

(iii) discontinuation of Motors Manufacturing Segment at Hosur.

In an earlier year, vacuum cleaner product line at Chennai and Bhimtal (classified under the “Motor Manufacturing” Segment) was discontinued with effect from 1st October, 2007.

The amount of total assets and liabilities of the “Business Automation” Segment, transferred to Forbes Technosys Limited, a Subsidiary Company, pursuant to slump sale was Rs. 581.10 Lakhs (net of Provision for Doubtful Debts of Rs. 128.23 Lakhs) and Rs. 742.15 Lakhs respectively as at 1st April, 2009.

The carrying amount, as at 31st March, 2010, of the total assets and liabilities of the Personal Wear Segment was Rs. 3.76 Lakhs (*Previous Year Rs. 367.10 Lakhs*) and Rs. 717.61 Lakhs (*Previous Year Rs. 228.98 Lakhs*) respectively and that of the Motor Manufacturing Segment was Rs. 222.33 Lakhs (*Previous Year Rs. 904.87 Lakhs*) [net of Provision for Impairment of Rs. 362.63 Lakhs (*Previous year Rs. Nil*)] and Rs.122.69 Lakhs (*Previous Year Rs. 376.83 Lakhs*) respectively.

The following table summarises the financial information relating to discontinuing operations of “Personal Wear”, “Motor Manufacturing” and “Business Automation” Segments in accordance with the Accounting Standard (AS)-24 on “Discontinuing Operation”.

Income Statement	Continuing Operations		Discontinuing Operations						Total	
			Personal Wear		Motor Manufacturing		Business Automation			
	Year ended 31 st March		Year ended 31 st March		Year ended 31 st March		Year ended 31 st March		Year ended 31 st March	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Operating revenues	17,606.43	16,529.26	215.74	126.34	254.75	866.85	-	2,574.47	18,076.92	20,096.92
Profit on transfer of business	-	-	-	-	-	-	171.05	-	171.05	-
Profit for the year ended 31st March, 2009 in respect of Shipping Agency Division of Volkart Fleming Shipping and Services Limited (See Note no. 18 in Schedule 11)	246.09	-	-	-	-	-	-	-	246.09	-
Non-Operating Income	3,458.28	1,098.86	-	-	-	-	-	-	3,458.28	1,098.86
Operating costs	17,169.75	15,746.49	409.84	2,381.85	369.84	1,637.68	-	2,763.85	17,949.43	22,529.87
Provision for foreclosure of trademark license agreement	-	-	693.00	-	-	-	-	-	693.00	-
Amortisation of voluntary retirement compensation	80.48	-	-	-	579.26	178.14	-	-	659.74	178.14
Non-Operating Expenses	597.58	468.47	-	-	-	-	-	-	597.58	468.47
Interest (net)	1,419.65	1,012.30	-	217.28	0.81	176.58	-	60.81	1,420.46	1,466.97
Depreciation/Impairment	1,268.36	1,071.87	-	56.01	385.95	64.76	-	6.48	1,654.31	1,199.12
Profit / (Loss) before tax	774.98	(671.01)	(887.10)	(2,528.80)	(1,081.11)	(1,190.31)	171.05	(256.67)	(1,022.18)	(4,646.79)
Income tax expense (including fringe benefit tax and Wealth tax)	204.00	79.15	-	13.99	-	-	-	9.18	204.00	102.32
Profit / (Loss) after tax	570.98	(750.16)	(887.10)	(2,542.79)	(1,081.11)	(1,190.31)	171.05	(265.85)	(1,226.18)	(4,749.11)

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

3. Contingent Liability and Provision for Contingencies:

- a) In the year 1994-95, the Company had entered in to a Memorandum of Understanding giving sole and exclusive right for developing a part of its land at Chandivali, Mumbai. The Developer had filed a suit against the Company for recession of the said Memorandum of Understanding and has claimed a sum of Rs.3,271.48 Lakhs and has asked interest at 21% per annum with effect from April, 1998. The Company has been advised that the aforesaid claim for Rs.3,271.48 Lakhs and interest at 21% per annum is unjustified and is legally untenable. The Company is contesting the aforesaid claim. The matter is sub-judice.

b) Other Contingent Liabilities not provided for:

	<i>(Rs. In Lakhs)</i>	
	<u>Current Year</u>	<u>Previous Year</u>
(A) Bills discounted	42.83	181.00
(B) Guarantees issued by bank	418.62	664.73
(C) Taxes in dispute :-		
(i) Excise demand [Advance paid against the demand Rs.15.29 Lakhs; (<i>Previous year Rs.15.29 Lakhs</i>)]	4,745.04	4,745.04
(ii) Sales Tax [Advance paid Rs.68.58 Lakhs; (<i>Previous year Rs.66.97 Lakhs</i>)]	873.54	1,144.51
(iii) Income-tax	1,440.32	1,119.22
(iv) Customs duty	17.10	-
(v) Wealth tax	36.12	36.12
(vi) Property Tax	409.81	409.81
(D) Labour matters in dispute	69.25	49.31
(E) Claim of Gujarat Electricity Board for alleged diversion of fraction of the power consumed and contested by the Company in the Court	188.69	188.69
(F) Guarantees given on behalf of Shipping Principals and Surety Bonds jointly executed with third parties in favour of customs and other parties	1,683.08	2,973.00
(G) Guarantees given in favour of customs authorities	6.00	6.00
(H) Guarantee Bonds on behalf of others	30.00	43.68
(I) Other demands contested by the Company :-		
(i) Customer claims against the Company not acknowledged as debts	137.71	136.52
(ii) Supplier claims against the Company not acknowledged as debts	15.00	15.00
(iii) Rent	-	3.00

The Company does not expect any liability to devolve on it on account of the above referred contingent liabilities and therefore no provision is held.

4. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.59.69 Lakhs; (*Previous year Rs.963.05 Lakhs*) (against which advances paid aggregate Rs.11.31 Lakhs; *Previous year Rs.6.23 Lakhs*).

5. Expenditure on interest of Rs.1,420.46 Lakhs; (*Previous year Rs.1,466.97 Lakhs*) is arrived at as under:

	31st March, 2010	<u>For the year ended 31st March, 2010</u>	<i>(Rs. In Lakhs)</i> <u>For the year ended 31st March, 2009</u>
1. Interest on Fixed Period Loans	329.31		652.20
2. Interest on Other Loans	1,126.46		993.69
		1,455.77	1,645.89
Less:			
(i) Interest received from customers and others - (Gross) [Tax deducted at source Rs.0.55 Lakh; (<i>Previous year Rs.2.23 Lakhs</i>)]	9.59		8.40
(ii) Interest on Bank Deposit/Inter Corporate Deposit (Gross) [Tax deducted at source Rs.2.79 Lakhs; (<i>Previous year Rs.36.11 Lakhs</i>)]	25.72		170.52
		35.31	178.92
		<u>1,420.46</u>	<u>1,466.97</u>

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

6. The Company has charged monthly amounts aggregating Rs.18.70 Lakhs; (*Previous year Rs.120.33 Lakhs*) to the profit and loss account based on actuarial valuation [Present value of future obligation as at 31st March, 2010 Rs.330.23 Lakhs; (*Previous year Rs.354.85 Lakhs*)], towards the post retirement arrangements to former Managing Director and other Directors.
7. The Company has incurred Rs.Nil; (*Previous year Rs.13.97 Lakhs*) on Research and Development. These amounts have been expensed out during the year.
8. The information as required under Micro, Small and Medium Enterprises Development Act, 2006 as received by the Company and relied upon by Auditors is as follows:-
- (a) The total amount of delayed payments during the year aggregated to Rs.3.84 Lakhs; (*Previous year Rs.26.53 Lakhs*) in respect of 4 parties; (*Previous year 3 parties*) with amounts ranging from Rs.0.01 Lakh to Rs.0.20 Lakh; (*Previous year Rs.0.01 Lakh to Rs.6.92 Lakhs*).
- (b) The amount of principal outstanding in respect of the above as at Balance Sheet date is Rs.3.12 Lakhs; (*Previous year Rs.6.76 Lakhs*) in respect of 4 parties; (*Previous year 3 parties*) with amount ranging from Rs.0.01 Lakh to Rs.0.20 Lakhs; (*Previous year Rs.0.02 Lakh to Rs.4.28 Lakhs*).
- (c) The total interest payable on account of delayed payment aggregates to Rs.0.71 Lakh; (*Previous year Rs.0.47 Lakh*) and this entire amount was outstanding as at the year end.

9. (a) Sundry Debtors include the following amounts due from a companies under the same management :

Name of the Company	As at 31st March, 2010		As at 31st March, 2009	
	Amount Due Rs. in Lakhs	Maximum balance outstanding during the year Rs. in Lakhs	Amount Due Rs. in Lakhs	Maximum balance outstanding during the year Rs. in Lakhs
1 Forvol International Services Limited	0.40	2.80	4.18	12.48
2 Gokak Textiles Limited	3.65	40.44	-	40.44
	4.05	43.24	4.18	52.92

- (b) Loans and Advances include the following amounts due from companies under same management :

Name of the Company	As at 31st March, 2010		As at 31st March, 2009	
	Amount Due Rs. in Lakhs	Maximum balance outstanding during the year Rs. in Lakhs	Amount Due Rs. in Lakhs	Maximum balance outstanding during the year Rs. in Lakhs
1 Forvol International Services Limited	-	3.97	4.04	4.04
2 Gokak Textiles Limited	18.82	20.83	-	-
	18.82	24.80	4.04	4.04

- (c) Sundry Creditors include the following amounts due to a company under the same management :

Name of the Company	As at 31st March, 2010		As at 31st March, 2009	
	Amount Due Rs. in Lakhs	Maximum balance outstanding during the year Rs. in Lakhs	Amount Due Rs. in Lakhs	Maximum balance outstanding during the year Rs. in Lakhs
Forvol International Services Limited	9.32	9.53	6.50	6.78
	9.32	9.53	6.50	6.78

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

10. The Components of deferred tax liabilities and assets are as under:-

Nature of Timing Difference	(Liabilities) / Assets	(Liabilities) / Assets
	As at 31st March, 2010 Rs. in Lakhs	As at 31st March, 2009 Rs. in Lakhs
Related to Fixed Assets	(1,911.28)	(1,684.33)
Voluntary Retirement Scheme	145.99	-
Inadmissible provisions and liabilities allowed on payment basis	825.67	981.00
Unabsorbed Depreciation	939.62	703.33
	-	-

During the previous year, the company had offset deferred tax assets aggregating Rs.398.15 Lakhs against General Reserve. These deferred tax assets were recognised in earlier years in respect of voluntary retirement compensation liabilities which were offset against General Reserve as at 31st March, 2007, in terms of scheme of demerger of the Textile Division into a separate company viz. Gokak Textiles Limited approved by the Honourable High Court of Judicature at Bombay and the Honourable High Court of Karnataka.

Deferred tax assets in respect of unabsorbed depreciation is recognised having regard to the deferred tax liability arising from timing differences in respect of depreciation charge on the fixed assets, the reversal of which is virtually certain.

11. Based on a legal opinion received, the Company has not deposited the dividend amount of Rs.1.29 Lakhs (*Previous year Rs.0.51 Lakh*) to Investor Education and Protection Fund even though amounts are outstanding for more than seven years.

12. Earnings Per Share is computed as under:

S.No.	Particulars	Remarks	For the year ended 31st March, 2010	For the year ended 31st March, 2009
1	Profit / (Loss) after Tax (Rs. In Lakhs)	A	(1,226.18)	(4,749.11)
2	Weighted average number of equity Shares outstanding during the year	B	12,898,616	12,898,616
3	Earning per share (Face value being Rs.10 per share)- (Basic & Diluted) (Rs.)	C=A/B	(9.51)	(36.82)

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

A. The Company has acquired Plant & Machinery under finance lease of four years. The particulars in respect of such leases are as follows:

- (a) (i) The gross carrying amount and the accumulated depreciation at the balance sheet date are Rs.90.16 Lakhs; (*Previous year Rs.77.95 Lakhs*) and Rs.15.07 Lakhs; (*Previous year Rs.47.65 Lakhs*) respectively.
(ii) Depreciation recognised in the profit and loss account is Rs.15.07 Lakhs; (*Previous year Rs.8.06 Lakhs*)
- (b) The minimum aggregate lease payments in respect of the lease are as follows:

Period	As at 31st March, 2010 Rs. In Lakhs	As at 31st March, 2009 Rs. In Lakhs
Not later than one year	27.03	5.25
Later than one year but not later than five years	63.07	-
Later than five years	-	-
Total	90.10	5.25

- (c) The present value of future lease payments, discounted at the interest rates implicit in the lease are as follows:

Period	As at 31st March, 2010 Rs. In Lakhs	As at 31st March, 2009 Rs. In Lakhs
Not later than one year	20.85	5.19
Later than one year but not later than five years	56.38	-
Later than five years	-	-
Total	77.23	5.19

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

B. (i) The Company has taken certain office premises on operating lease basis. Lease payments in respect of such leases recognised in Profit and Loss Account Rs.109.73 Lakhs; (*Previous Year Rs.231.63 Lakhs*).

(ii) Future minimum lease payments under non-cancellable operating lease (for lease entered into subsequent to 1st April, 2001) are as follows:

Period	As at 31st March, 2010 Rs. In Lakhs	As at 31st March, 2009 Rs. In Lakhs
Not later than one year	61.16	61.16
Later than one year but not later than five years	244.85	244.62
Later than five years	945.41	1,026.43
Total	1,251.42	1,332.21

(iii) Except for the escalation clauses contained in certain lease arrangements providing for increase in the lease payment by a specified percentages / amounts after completion of specified period, the lease agreements do not contain any renewal clause. Further, the lease terms do not contain any exceptional / restrictive covenants other than prior approval of the lessee before renewal of lease.

(iv) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is necessitated for further leasing.

(v) Other lease arrangements, in respect of which payments are made by the Company, are cancellable.

C. The Company has given certain office premises on operating lease basis, the details of which are as follows:

Class Of Asset:	Buildings (pro-rata)	
	As at 31st March, 2010 Rs. In Lakhs	As at 31st March, 2009 Rs. In Lakhs
Gross Carrying Amount	753.32	993.81
Accumulated Depreciation	204.04	262.51
Depreciation for the year	8.12	11.71

Future minimum lease receivable under non-cancellable operating leases is as follows:

Period	As at 31st March, 2010 Rs. In Lakhs	As at 31st March, 2009 Rs. In Lakhs
Not later than one year	-	83.78
Later than one year but not later than five years.	-	-
Later than five years	-	-
Total	-	83.78

The leasing arrangement entered into by the Company are in the nature of operating leases under which the Company leases out the surplus space in building to other companies. The normal tenure of the arrangement is upto three years.

14. The Company has the following Joint Ventures during the year and its proportionate share in the assets, liabilities, contingent liabilities, income and expenditure of the Joint Venture companies is given below:

Name of company	Percentage of Shareholding %	As at 31st March, 2010				For the year ended 31st March, 2010	
		Assets	Liabilities	Contingent Liabilities	Capital Commitment	Income	Expenditure
		Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Forbes Infotainment Limited (FIL)	49	49.40	670.95	14.76	-	149.62	321.77
	<i>49</i>	<i>223.69</i>	<i>673.03</i>	<i>14.76</i>	-	<i>672.18</i>	<i>1,020.78</i>
Edumetry INC	50	4.82	295.90	-	-	42.49	29.25
	<i>50</i>	<i>14.27</i>	<i>366.00</i>	-	-	<i>37.99</i>	<i>144.72</i>
SCI Forbes Ltd.	25	14,223.21	8,642.19	-	550.25	615.74	594.37
	<i>25</i>	<i>6,992.68</i>	<i>4,264.12</i>	-	<i>6,432.44</i>	<i>0.98</i>	<i>71.01</i>

Figures in italics relate to the previous year.

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

15. The Company had signed an undertaking for non-disposal of shares held by it in Nypro Forbes Moulds Pvt. Ltd. under the promoter's / borrowing agreement. However, in the previous year, the Company had transferred its share holding in Nypro Forbes Moulds Pvt. Ltd. to Forbes Finance Limited, an erstwhile wholly owned subsidiary Company which has merged with Forbes Campbell Finance Limited (formerly known as Latham India Limited), pursuant to the scheme of amalgamation. The novation and assignment of joint venture agreement is still under process.
16. The Company has granted interest free loans aggregating Rs.4,725.61 Lakhs (Secured Rs. 4,716.78 Lakhs) as at 31st March, 2010 [Previous year Rs.4,716.78 Lakhs (Secured Rs. 4,716.78)] to The Svadeshi Mills Company Limited and Coromandel Garments Limited. Such loans having been granted, free of interest, as financial support to the companies in which the Company has substantial interest, the terms and condition of such loans are, in the opinion of the management, not prejudicial to the interests of the Company.
17. The Company, as part of a condition imposed by the lenders to SCI Forbes Limited (SFL), a joint venture entity, had entered into a standby charter agreement under which the Company (as also its joint venture partner Shipping Corporation of India (SCI)) committed to charter vessels from SFL at a defined charter rate specified in the agreement in the event the vessels are not on a 'approved' charter with a third party, until SFL repays its borrowings. Given the global financial crisis which impacted freight rates and volumes adversely, the lenders did not 'approve' the proposals by SFL to put the vessels into a pooling arrangement (which was more profitable than putting on long term charter) and hence the standby charter agreement got triggered.

The Company and SCI have already signed a term sheet with the lenders of SFL under which the aforesaid standby charter agreement will be suspended; this term sheet is awaiting approval of the Korean Export Import Corporation, the loan guarantor, which approval is expected shortly. The loss materialised till date subsequent to 31st March, 2010 is Rs.735.80 Lakhs. This loss will be accounted in the period in which it materialises and the said stand by agreements are not to be treated as onerous contract as per AS-29 as the triggering of the agreement is dependant on the freight rate prevailing in the market and the discretion of the lenders.

18. On 6th November, 2009, the High Court, Mumbai has approved the demerger of the Shipping Agency Division of Volkart Fleming Shipping and Services Limited, a subsidiary company, into the company w.e.f. 1st April, 2008. The order has since been received and filed with the Registrar of Companies. Accordingly, the scheme has been given effect to in the accounts and the assets and liabilities of the Shipping Agency Division of Volkart Fleming Shipping and Services Limited, at their respective book values as appearing in the audited divisional balance sheet as at 31st March, 2009 have been transferred to and vested in the company alongwith the profit for the year ended 31st March, 2009 (the appointed date of the scheme being 1st April, 2008).

The condensed Profit and Loss Account relating to the Shipping Agency Division of Volkart Fleming Shipping and Services Limited for the period from 01.04.2008 to 31.03.2009 is as under:

	For the year ended 31st March, 2009
	(Rs. In Lakhs)
I. INCOME	
a) Income from Services rendered	938.54
b) Other Income	28.34
	966.88
II. EXPENDITURE	
a) Yard Related Expenses	535.66
b) Employee Cost	59.73
c) Other operating Expenses	113.80
	709.19
PROFIT BEFORE DEPRECIATION	257.69
DEPRECIATION	11.60
PROFIT BEFORE TAX	246.09



SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

19. The Company has sold its 'Business Automation' segment to one of its subsidiary, namely, Forbes Technosys Limited w.e.f. 1st April, 2009 on slump sale basis. The net assets of the segment were as under:

	<u>Rs. In Lakhs</u>	<u>Rs. In Lakhs</u>
Fixed Assets:		
Gross Block	52.43	
Less: Accumulated Depreciation	<u>14.11</u>	38.32
Current Assets:		
Stock of Finished Goods		248.03
Sundry Debtors (net of provision for doubtful debts Rs.128.23 Lakhs)		225.21
Cash and Bank		33.58
Other Current Assets		5.26
Loans and Advances		<u>30.70</u>
Total Assets		<u>581.10</u>
Current Liabilities and Provisions:		
Sundry Creditors		538.97
Customer Advances		181.19
Fringe Benefit Tax		3.27
Leave Encashment		<u>18.72</u>
Total Liabilities		<u>742.15</u>
Net Assets		<u>(161.05)</u>

20. Managerial Remuneration -

	<u>(Rs. In Lakhs)</u>	<u>(Rs. In Lakhs)</u>
	<u>For the year ended 31st March, 2010</u>	<u>For the year ended 31st March, 2009</u>
Managing Director and Wholetime Director		
Salary	57.75	152.66
Post Retirement Benefits	-	128.52
Contributions to Provident Fund and other Funds	6.80	9.40
Perquisites	<u>9.61</u>	<u>11.96</u>
	<u>74.16</u>	<u>302.54</u>

Notes:

- The above figures exclude contribution to Gratuity Fund and Provision for compensated absences provided on actuarial basis as separate figures are not available.
- The managerial remuneration of Rs.37.35 Lakhs paid during the year is in excess of the limits specified in Schedule XIII of the Companies Act, 1956 and is subject to the approval of the Central Government. During the year, the company has received approval of the Central Government in respect of managerial remuneration of Rs.7.51 Lakhs paid in excess of limits specified in the aforesaid Schedule XIII during the previous year.

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

21. Earnings in Foreign Exchange for:

	<i>(Rs. In Lakhs)</i>	
	For the year ended 31st March, 2010	<i>For the year ended 31st March, 2009</i>
(a) Export of goods calculated on F.O.B. basis	1,070.62	1,540.14
(b) Commission and other services	644.17	187.84
(c) Freight and insurance recoveries	17.30	18.33
(d) Dividend	-	200.56
	1,732.09	1,946.87
22. Amounts remitted in Foreign Currencies on account of dividends during the year:		
(a) Amounts remitted	-	0.03
(b) Number of Non-resident Shareholders to whom remittances were made	-	2
(c) Number of shares of Face Value of Rs.10 each on which, and the year for which, Dividend was remitted during the year	-	1,813
		<i>(2007-08)</i>
23. (i) Value of Imports calculated on C.I.F. basis (Excluding items in transit and value of items locally purchased):		
(a) Raw Materials	386.84	348.09
(b) Components	461.91	24.89
(c) Stores, Spares and Tools	53.43	118.29
(d) Capital Goods	-	1,041.52
(e) Purchases for resale	816.37	1,273.71
	1,718.55	2,806.50
(ii) Expenditure in Foreign Currencies for:		
(a) Commission to Overseas Agents (Net of tax)	6.00	22.04
(b) Foreign Travel	21.35	59.75
(c) Royalty	784.69	103.31
(d) Interest paid on loans	-	0.42
(e) Others	979.61	60.67
	1,791.65	246.19

24. (a) Raw Materials and Components consumed:

	For the year ended 31st March, 2010		<i>For the year ended 31st March, 2009</i>	
	Quantity	Value Rs. in Lakhs	<i>Quantity</i>	<i>Value Rs. in Lakhs</i>
(i) Raw Materials:				
Steel Bars M.T.	293	840.46	318	1,293.13
Wire Rods M.T.	1,384	774.84	1,186	609.33
Ferrous - Steel Strips (Qty.in Nos)	-	-	1,53,383	92.65
Non Ferrous - Aluminium Alloy (Qty. in Nos)	-	-	4,837	6.78
Others	-	305.50	-	278.44
(ii) Bought out Components:				
Carbide Blanks Nos.	3,61,638	630.14	3,68,618	540.65
Components	-	-	-	330.15
Steam Turbine	11	492.40	-	-
		3,043.34		3,151.13

Consumption is arrived at on the basis of opening stock plus purchases less closing stock and includes the adjustments of excess and shortage as ascertained on physical count.

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

(b) Raw Materials and Components consumed:

	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
	% to Total Consumption	Value Rs. in Lakhs	% to Total Consumption	Value Rs. in Lakhs
Raw Materials and Components:				
(i) Direct Imports at landed cost	26	792.42	9	290.17
(ii) Others - Including value of imported items locally purchased	74	2,250.92	91	2,860.96
	100	3,043.34	100	3,151.13

25. Stores, Spares and Tools consumed:

	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
	% to Total Consumption	Value Rs. in Lakhs	% to Total Consumption	Value Rs. in Lakhs
(i) Direct Imports at landed cost	10	64.71	21	148.41
(ii) Others - Including value of imported items locally purchased	90	570.46	79	566.67
	100	635.17	100	715.08

26. Bank balances with scheduled banks on deposit account includes:

- (i) Rs.Nil; (*Previous year Rs.7.88 Lakhs*) being amounts withheld as retention money against product warranties
- (ii) Rs.31.43 Lakhs; (*Previous year Rs.34.77 Lakhs*) representing funds towards the unpaid dividend and Rs. 6.71 Lakhs; (*Previous Year Rs. 14.71 Lakhs*) representing funds towards the unpaid mature deposits and
- (iii) Rs. 0.50 Lakh; (*Previous year Rs.0.50 Lakh*) representing margin deposits.

27. Details of expenses capitalised are as under

Sr. No.	Head of Accounts	Gross Expenses Amount	Less amount Capitalised Amount	Net Debit to P & L For the year ended 31st March, 2010
i)	Insurance Premium	53.28 <i>97.68</i>	- <i>1.77</i>	53.28 <i>95.91</i>
ii)	Travelling & Conveyance	283.30 <i>514.07</i>	- <i>18.79</i>	283.30 <i>495.28</i>
iii)	Miscellaneous Charges	1,109.51 <i>1,564.05</i>	- <i>114.25</i>	1,109.51 <i>1,449.80</i>
		1,446.09	-	1,446.09
		<i>2,175.80</i>	<i>134.81</i>	<i>2,040.99</i>

Figures in italics relate to the previous year.

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

28. Derivative Instruments

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

a) Amount receivable in foreign currency on account of the following:

	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
	Rs. in Lakhs	FC	Rs. in Lakhs	FC
Sundry Debtors	125.92	US\$ 2,76,199	123.72	US\$ 2,45,862
	24.95	GBP 35,956	42.12	GBP 58,860
	2.16	EUR 3,537	2.17	EUR 3,253
Interest receivable	-	-	9.69	US\$ 19,200

b) Amounts payable in foreign currency on account of the following:

Import of goods and services	1,334.56	US\$ 29,27,309	154.76	US\$ 2,99,802
	79.97	GBP 1,16,803	5.66	GBP 7,585
	1.72	EUR 2,810	11.77	EUR 17,112
	0.35	CHF 816	2.24	CHF 4,934
Loans Payable	-	-	11.12	US\$ 21,538

c) Advances Given

	2.24	US\$ 4,909	0.80	US\$ 1,559
	2.59	EUR 4,237	0.17	EUR 250

d) Advances Received

From Supplier	17.41	US\$ 38,180	5.12	US\$ 9,911
	-	-	0.05	GBP 60

e) Guarantee Given

Standard Chartered Bank	-	-	516.20	US\$ 10,00,000
-------------------------	---	---	--------	----------------

Note:

FC Foreign Currency

US \$ United States Dollar

GBP Great British Pound

CHF Swiss Franc

EUR Euro

29. Employee Benefit Obligations:-**Defined-Contribution Plans:**

The Company offers its employees defined contribution plan in the form of provident fund, family pension fund and superannuation fund. Provident fund and family pension fund cover substantially all regular employees while the superannuation fund covers certain executives. Contributions are paid during the year into separate funds under certain fiduciary-type arrangements. While both the employees and the Company pay predetermined contributions into the provident fund and family pension fund, the contribution into the superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

A sum of Rs.235.78 Lakhs (*Previous Year Rs.257.13 Lakhs*) has been charged to the revenue account in this respect.

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

Defined-Benefits Plans:

The Company offers its employees defined-benefits plans in the form of a gratuity scheme (a lump sum amount), compensated absences, post retirement medical benefits and non compete fees. Benefits under the defined benefit plans are typically based either on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees, while post retirement medical benefit covers certain executives. In the case of the gratuity scheme, the Company contributes funds to a Gratuity Trust, which is irrevocable, while the gratuity for one of the division, post retirement medical benefit and non compete fees are not funded. Commitments are actuarially determined at year end. On adoption of the revised Accounting Standard (AS-15) on "Employee Benefits", actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the profit and loss account.

The net value of the defined benefit commitment is detailed below:

(Rs. in Lakhs)

	31st March, 2010			31st March, 2009		
	Funded	Non funded		Funded	Non funded	
	Gratuity	Gratuity	Others (Post Retirement medical and non compete fees)	Gratuity	Gratuity	Others (Post Retirement medical and non compete fees)
Present Value of Commitments	952.65	-	367.21	971.78	-	390.57
Fair Value of Plan Assets	571.72	-	-	600.16	-	-
Net Liability in the balance sheet	380.93	-	367.21	371.62	-	390.57

Defined benefit commitments:						
Opening balance as at 1st April	971.78	-	390.57	884.24	0.21	325.82
Interest expenses	73.56	-	31.69	62.70	-	26.88
Current Service Cost	45.57	-	10.32	43.85	-	4.71
Paid benefits	(218.24)	-	(49.86)	(188.45)	-	(52.83)
Actuarial (gain) / loss	79.99	-	(15.52)	169.44	(0.21)	91.48
Transfer Received	-	-	-	-	-	(5.49)
Closing balance as at 31st March	952.65	-	367.21	971.78	-	390.57

Plan Assets						
Opening balance as at 1st April	600.16	-	-	589.39	-	-
Expected return on scheme assets	49.75	-	-	51.35	-	-
Contributions by the Company	137.19	-	-	153.38	-	-
Paid funds	(218.24)	-	-	(188.45)	-	-
Actuarial gain / (loss)	2.85	-	-	(5.51)	-	-
Transfer Received	-	-	-	-	-	-
Closing balance as at 31st March	571.72	-	-	600.16	-	-

Return on Plan Assets						
Expected return on plan assets	49.75	-	-	51.19	-	-
Actuarial gain / (loss)	2.85	-	-	(5.66)	-	-
Actual return on plan assets	52.52	-	-	45.53	-	-

Expenses on defined benefit plan:						
Current service costs	45.57	-	10.32	43.85	-	4.71
Interest expense	73.56	-	31.69	62.70	-	26.88
Expected return on investment	(49.75)	-	-	(51.19)	-	-
Net actuarial (gain) / loss	77.14	-	(15.52)	184.23	(0.21)	91.48
Plan amendment / curtailment / settlement	-	-	-	(31.17)	-	-
Expenses charged to the profit and loss account	147.06	-	26.49	208.42	(0.21)	123.07

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

Investment Details	31st March, 2010	31st March, 2009
Funds Managed by Insurer	64%	56%
Public Sector Unit Bonds	-	-
Private Sector Unit Bonds	26%	36%
State/Central Guaranteed Securities	-	-
Special Deposit Schemes	10%	8%
Others (excluding Bank Balances)	-	-
	100%	100%

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size, funding requirements and pension expense.

	31st March, 2010	31st March, 2009
Rate for discounting liabilities	8%	8%
Expected salary increase rate	6%	6%
Expected return on scheme assets	8%	8%
Mortality rates	LIC 94-96 Table	LIC 94-96 Table

Experience Adjustment:**Gratuity**

	2009-10	2008-09	2007-08	2006-07
Defined benefit obligator	952.65	971.78	884.24	2,249.45
Plan Asset	571.72	600.16	589.39	1,913.54
Deficit in Plan Asset	380.93	371.62	294.85	335.91
Experience adjustment on plan assets	59.77	(6.26)	*	*
Experience adjustment on plan liabilities	0.29	(3.82)	*	*

* Figures in respect of Financial Year 2007-08 and 2006-07 are not available.

The amounts of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets for the previous one annual period have not been furnished as the revised AS-15 was adopted by the Company in the financial year 2006-07.

The estimates of future salary increases, considered in the actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The contribution expected to be made by the Company during the financial year 2010-11 has not been ascertained.

30. (a) Related Party Disclosures**(i) Names of related parties and nature of related party relationship.****(A) Holding Company / Ultimate Holding Company:**

- 1 Shapoorji Pallonji & Company Limited (*Ultimate Holding Company*)
- 2 Sterling Investment Corporation Private Limited (*Holding Company*)

(B) Subsidiary Companies:

- 1 Aquamall Water Solutions Limited (*Subsidiary of Eureka Forbes Limited*)
- 2 Aquadiagnostics Water Research & Technology Centre Limited (*Subsidiary of Aquamall Water Solutions Limited*)
- 3 Eureka Forbes Limited
- 4 Euro Forbes International Pte. Limited (*Subsidiary of Eureka Forbes Limited*)
- 5 E4 Development & Coaching Limited (*Subsidiary of Eureka Forbes Limited*)
- 6 Forbes Aquamall Limited (*Subsidiary of Aquamall Water Solutions Limited*)
- 7 Forbes Bumi Armada Limited [*Subsidiary of Forbes Campbell Finance Limited (formerly known as Latham India Limited)*] *
- 8 Forbes Campbell Services Limited [*Subsidiary of Forbes Campbell Finance Limited (formerly known as Latham India Limited)*] *
- 9 Forbes Container Lines Pte. Limited
- 10 Forbes Doris and Naess Maritime Limited (*wound up on 29th April, 2009*)

SCHEDULE “11” - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

- 11 Forbes Edumetry Limited [Subsidiary of Forbes Campbell Finance Limited (*formerly known as Latham India Limited*)] *
- 12 Forbes Facility Services Pvt. Limited (*Subsidiary of Eureka Forbes Limited*)
- 13 Forbes Smart Data Limited [Subsidiary of Forbes Campbell Finance Limited (*formerly known as Latham India Limited*)] *
- 14 Forbes Technosys Limited [Subsidiary of Forbes Campbell Finance Limited (*formerly known as Latham India Limited*)] *
- 15 Forbes Tinsley Company Limited (*wound up on 23rd June, 2009*)
- 16 Forbes Enviro Solutions Limited (*Subsidiary of Eureka Forbes Limited*)
- 17 Forbes Campbell Finance Limited (*formerly known as Latham India Limited*)
- 18 Next Gen Publishing Limited (*from 26th May, 2009 to 14th February, 2010*)
- 19 Radiant Energy Systems Pvt. Limited (*Subsidiary of Eureka Forbes Limited*)
- 20 Waterwings Equipments Pvt. Limited (*Subsidiary of Eureka Forbes Limited*)
- 21 Volkart Fleming Shipping and Services Limited

(C) Fellow Subsidiaries:

- 1 Afcons Infrastructure Limited
- 2 Cyrus Investments Limited
- 3 Forvol International Services Limited
- 4 Gokak Textiles Limited
- 5 Shapoorji Pallonji Ports Pvt. Limited
- 6 SP Fabricators Pvt. Limited
- 7 United Motors (India) Limited

(D) Associate Companies:

- 1 Euro P2P Direct (Thailand) Co. Limited (*Associate of Eureka Forbes Limited*)
- 2 Forbes Lux Group AG, BAAR (*Associate of Eureka Forbes Limited*) (*w.e.f. 1st January, 2009*)
- 3 Forbes Lux FZE (*Subsidiary of Forbes Lux Group AG, BAAR*) (*w.e.f. 1st January, 2009*)
- 4 Next Gen Publishing Limited (*upto 25th May, 2009*)
- 5 P T Gokak Indonesia (*Associate of Forbes Campbell Finance Limited*) (*upto 27th May, 2009*) *
- 6 The Svadeshi Mills Company Limited

(E) Joint Ventures:

- 1 Edumetry Inc
- 2 Forbes Aquatech Limited (*Joint venture of Eureka Forbes Limited*)
- 3 Forbes Concept Hospitality Services Pvt. Limited (*Joint venture of Eureka Forbes Limited*)
- 4 Forbes Infotainment Limited
- 5 Forbes Lux Group AG, BAAR (*Joint venture of Eureka Forbes Limited*) (*upto 31st December, 2008*)
- 6 Forbes Lux FZE (*Subsidiary of Forbes Lux Group AG, BAAR*) (*upto 31st December, 2008*)
- 7 Infinite Water Solutions Pvt. Limited (*Joint venture of Eureka Forbes Limited*)
- 8 Nypro Forbes Moulds Pvt. Limited [Joint venture of Forbes Campbell Finance Limited (*formerly known as Latham India Limited*)] *
- 9 Nypro Forbes Products Pvt. Limited [Joint venture of Forbes Campbell Finance Limited (*formerly known as Latham India Limited*)] *
- 10 SCI Forbes Limited
- 11 Meadows Shipping Pvt. Limited (*wound up during the year*) [Joint Venture of Forbes Campbell Finance Limited (*formerly known as Latham India Limited*)] *

(F) Key Management Personnel:

- 1 Managing Director, Mr. Ashok Barat

* Pursuant to the scheme of amalgamation, approved by the High Court Judicature at Mumbai on 11th September, 2009, Forbes Finance Limited has amalgamated with Forbes Campbell Finance Limited (*formerly known as Latham India Limited*) (appointed date of scheme being 1st April, 2008).

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

30. (a) Related Party Disclosures

(ii) Transactions with related parties for the year ended 31st March, 2010:

(Rs. in Lakhs)

		Parties in A above	Parties in B above	Parties in C above	Parties in D above	Parties in E above	Parties in F above	Total
	Nature of Transaction							
	Purchases							
1	Goods and Materials	-	-	-	-	-	-	-
2	Services Rendered	-	-	-	-	918.43	-	918.43
3	Fixed Assets	-	1.00	-	-	-	-	1.00
4	Investment	-	163.14	-	-	2,760.00	-	2,923.14
	Sales							
5	Goods and Materials	-	15.98	-	-	3.30	-	19.28
6	Services Rendered	22.12	58.68	797.42	-	-	-	878.22
7	Fixed Assets	-	113.86	-	-	-	-	113.86
8	Investment	1,709.52	2,305.75	-	-	-	-	4,015.27
	Expenses							
9	Rent	-	111.12	2.82	-	-	-	113.94
10	Repairs & Other Expenses	-	52.36	100.45	-	0.05	-	152.86
11	Recovery of Expenses	0.15	-	1.93	-	-	-	2.08
12	Dim. in Value of Investment	-	-	-	-	5.88	-	5.88
13	Interest Paid	225.66	102.62	-	-	-	-	328.28
14	Dividend Paid	-	-	-	-	-	-	-
15	Provision /Write offs	-	-	-	-	582.61	-	582.61
16	Loss on sale of Investments	-	61.57	-	-	-	-	61.57
	Income							
17	Rent and Other Service Charges	12.16	76.19	26.54	-	5.54	-	120.43
18	Interest Received	-	20.30	-	-	-	-	20.30
19	Dividend Received	-	1,278.00	-	-	-	-	1,278.00
20	Profit on sale of Investment	103.08	1,466.69	-	-	-	-	1,569.77
21	Provision /Write backs	-	579.16	-	-	-	-	579.16
22	Misc. Income	-	-	0.87	-	-	-	0.87
	Other Receipts							
23	Other Reimbursements	-	14.06	-	-	86.91	-	100.97
	Finance							
24	Loans and Advances Given	-	471.64	-	-	-	-	471.64
25	Loans and Advances Taken	-	215.51	-	-	-	-	215.51
26	Deposits Given	-	296.19	-	-	-	-	296.19
27	Deposits Taken	4,200.00	968.00	-	-	-	-	5,168.00
28	Repayment of Deposits Taken	3,200.00	1,825.67	-	-	-	-	5,025.67
29	Repayment of Deposits Given	-	783.43	-	-	-	-	783.43
	Outstandings							
30	Sundry Creditors	-	35.82	9.32	-	3.03	-	48.17
31	Interest accrued but not due	-	-	-	-	-	-	-
32	Sundry Debtors	4.83	25.33	11.46	20.15	1.28	-	63.05
33	Loans and Advances	13.92	255.38	18.82	4,391.78	87.88	-	4,767.78
34	Advance for Capital Purchase	-	-	-	-	-	-	-
35	Prov. for Doubtful Loans and Adv.	-	356.00	-	4,391.78	71.38	-	4,819.16
36	Provision for Doubtful Debts	-	-	-	20.15	-	-	20.15
37	Deposits Payable	2,175.00	109.45	-	-	-	-	2,284.45
38	Deposits Receivable	-	356.00	-	-	70.27	-	426.27
	Remuneration							
39	Paid / Payable	-	-	-	-	-	74.16	74.16

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

30. (a) Related Party Disclosures - March, 2010

(iii) The above Transactions includes:-

		A	B	B	B	B	B	B	B	B	B
		Shapoorji Pallonji & Company Limited	Eureka Forbes Ltd.	Euro Forbes Internat- ional Pte. Ltd.	Forbes Aquamall Ltd.	Forbes Campbell Services Ltd.	Forbes Container Lines Pte. Ltd.	Forbes Doris & Naess Maritime Ltd.	Forbes Edumetry Ltd.	Forbes Technosys Ltd.	Forbes Campbell Finance Limited
	Nature of Transaction										
	Purchases										
1	Goods and Materials	-	-	-	-	-	-	-	-	-	-
2	Services Rendered	-	-	-	-	-	-	-	-	-	-
3	Fixed Assets	-	-	-	-	-	-	-	-	-	-
4	Investment (subscription)	-	-	-	-	-	-	-	-	-	-
	Sales										
5	Goods and Materials	-	9.27	-	-	-	-	-	-	6.71	-
6	Services Rendered	-	-	-	-	-	-	-	-	-	-
7	Fixed Assets	-	-	-	113.86	-	-	-	-	-	-
8	Investment (*surrendered for buyback)	1,697.14	*1,799.50	-	-	-	-	-	-	-	*506.25
	Expenses										
9	Rent	-	-	-	-	-	-	-	-	-	-
10	Repairs & Other Expenses	-	-	-	-	30.53	-	-	-	-	-
11	Recovery of Expenses	-	-	-	-	-	-	-	-	-	-
12	Dim. in Value of Investment	-	-	-	-	-	-	-	-	-	-
13	Interest Paid	225.66	-	-	-	-	-	-	-	-	92.73
14	Dividend Paid	-	-	-	-	-	-	-	-	-	-
15	Provision / Write offs	-	-	-	-	-	-	-	-	-	-
16	Loss on sale of Investments	-	-	-	-	-	-	-	-	-	61.56
	Income										
17	Rent and Other Service Charges	12.16	-	-	-	-	-	-	-	16.71	-
18	Interest Received	-	-	-	-	-	-	-	-	20.13	-
19	Dividend Received	-	1,278.00	-	-	-	-	-	-	-	-
20	Profit on sale of Investment	-	1,466.70	-	-	-	-	-	-	-	-
21	Provision /Write backs	-	-	-	-	-	-	-	-	-	579.16
22	Misc. Income	-	-	-	-	-	-	-	-	-	-
	Other Receipts										
23	Other Reimbursements	-	-	-	-	-	-	-	-	-	-
	Finance										
24	Loans and Advances Given	-	-	-	-	-	-	-	-	-	-
25	Loans and Advances Taken	-	-	-	-	-	-	-	-	-	-
26	Deposits Given	-	-	-	-	-	-	-	-	296.19	-
27	Deposits Taken	4,200.00	-	-	-	-	-	-	-	-	878.00
28	Repayment of Deposits Taken	3,200.00	-	-	-	-	-	-	-	-	1,825.67
29	Repayment of Deposits Given	-	-	-	-	-	-	-	-	296.19	469.24
	Outstandings										
30	Sundry Creditors	-	-	5.28	-	-	-	-	-	11.60	-
31	Interest accrued but not due	-	-	-	-	-	-	-	-	-	-
32	Sundry Debtors	-	-	-	-	-	-	-	-	22.69	-
33	Loans and Advances	-	-	-	-	-	-	-	-	-	-
34	Advance for Capital Purchase	-	-	-	-	-	-	-	-	-	-
35	Prov. for Doubtful Loans and Adv.	-	-	-	-	-	-	-	-	-	-
36	Provision for Doubtful Debts	-	-	-	-	-	-	-	-	-	-
37	Deposits Payable	2,175.00	-	-	-	-	-	-	-	-	-
38	Deposits Receivable	-	-	-	-	-	-	356.00	-	-	-
	Remuneration										
39	Paid / Payable	-	-	-	-	-	-	-	-	-	-

Acquired at written down value, subsequently sold at Rs.920.00 Lakhs.

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

(Rs. in Lakhs)

B	B	C	C	C	C	D	D	E	E	E	E	E	F	F
Next Gen Publishing Ltd.	Volkart Fleming Shipping & Services Ltd	Afcons Infrastructure Ltd.	Forvol International Services Ltd.	Gokak Textiles Ltd.	SP Fabricators Pvt. Ltd.	Next Gen Publishing Ltd.	The Svadeshi Mills Company Ltd.	Edumetry Inc	Forbes Infotainment Ltd.	Nypro Forbes Moulds Pvt. Ltd.	Nypro Forbes Products Pvt. Ltd.	SCI Forbes Ltd.	Managing Director, Mr. Ashok Barat.	Executive Director, Mr. C.G. Shah
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	# 0.90	-	-	-	-	-	-	-	-	-	-	918.43	-	-
-	-	-	-	-	-	-	-	-	-	-	-	2,760.00	-	-
-	-	738.04	-	-	-	-	-	-	-	2.58	-	-	-	-
-	110.91	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	100.18	-	-	-	-	-	-	-	-	-	-	-
-	-	-	1.93	-	-	-	-	-	-	5.88	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	582.61	-	-	-	-	-
-	48.68	-	22.98	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	0.87	-	-	-	-	-	-	-	-	-	-	-
-	14.06	-	-	-	-	-	-	-	-	-	-	86.91	-	-
-	471.64	-	-	-	-	-	-	-	-	-	-	-	-	-
-	215.51	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	16.65	-	9.32	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	20.15	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,391.78	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,391.78	-	-	-	-	-	-	-
-	-	-	-	-	-	-	20.15	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	70.27	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	74.16	-

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

30. (b) Related Party Disclosures

(i) *Names of related parties and nature of related party relationship for the year ended 31st March, 2009.*

(A) Holding Company / Ultimate Holding Company:

- 1 Shapoorji Pallonji & Company Limited (Ultimate Holding Company)
- 2 Sterling Investment Corporation Private Limited (Holding Company)

(B) Subsidiary Companies:

- 1 Aquamall Water Solutions Limited (Subsidiary of Eureka Forbes Limited)
- 2 Aquadiagnostics Water Research & Technology Centre Limited (Subsidiary of Aquamall Water Solutions Limited)
- 3 Eureka Forbes Limited
- 4 Euro Forbes International Pte. Limited (Subsidiary of Eureka Forbes Limited)
- 5 E4 Development & Coaching Limited (Subsidiary of Eureka Forbes Limited)
- 6 Forbes Aquamall Limited (Subsidiary of Aquamall Water Solutions Limited)
- 7 Forbes Bumi Armada Limited (Subsidiary of Forbes Finance Limited) *
- 8 Forbes Campbell Services Limited (Subsidiary of Forbes Finance Limited) *
- 9 Forbes Container Lines Pte. Limited
- 10 Forbes Doris & Naess Maritime Limited
- 11 Forbes Edumetry Limited (Subsidiary of Forbes Finance Limited) *
- 12 Forbes Facility Services Pvt. Limited (Subsidiary of Eureka Forbes Limited)
- 13 Forbes Finance Limited *
- 14 Forbes Smart Data Limited (Subsidiary of Forbes Finance Limited) *
- 15 Forbes Sterling Star Limited (upto 8th January, 2009)
- 16 Forbes Technosys Limited (Subsidiary of Forbes Finance Limited) *
- 17 Forbes Tinsley Co. Limited
- 18 Latham India Limited
- 19 Volkart Fleming Shipping & Services Limited
- 20 High Point Properties Limited (upto 3rd March, 2009)
- 21 Sea-Falcon Shipping Services Limited (Subsidiary of Latham India Limited)
- 22 Sea-Speed Shipping Agencies Limited (Subsidiary of Latham India Limited)
- 23 Trident Shipping Agencies Limited (Subsidiary of Latham India Limited)

(C) Fellow Subsidiaries:

- 1 Cyrus Investments Limited
- 2 Forvol International Services Limited
- 3 Gokak Textiles Limited
- 4 Shapoorji Pallonji Ports Pvt. Limited
- 5 SP Fabricators Pvt. Limited
- 6 United Motors (India) Limited

(D) Associate Companies:

- 1 Euro P2P Direct (Thailand) Co. Limited (Associate of Eureka Forbes Limited)
- 2 Next Gen Publishing Limited
- 3 P T Gokak Indonesia (Associate of Forbes Finance Limited)
- 4 The Svadeshi Mills Company Limited

(E) Joint Ventures:

- 1 Edumetry Inc
- 2 Forbes Aquatech Limited (Joint venture of Eureka Forbes Limited)
- 3 Forbes Concept Hospitality Services Pvt. Limited (Joint venture of Eureka Forbes Limited)
- 4 Forbes Infotainment Limited
- 5 Forbes Lux Group AG, BAAR (Joint venture of Eureka Forbes Limited)
- 6 Forbes Lux FZE (Subsidiary of Forbes Lux Group AG, BAAR)
- 7 Infinite Water Solutions Pvt. Limited (Joint venture of Eureka Forbes Limited)
- 8 Nypro Forbes Moulds Pvt. Limited (Joint venture of Forbes Finance Limited) *
- 9 Nypro Forbes Products Pvt. Limited (Joint venture of Forbes Finance Limited) *
- 10 SCI Forbes Limited
- 11 Meadows Shipping Pvt. Limited (Joint Venture of Sea-Speed Shipping Agencies Limited) *

(F) Key Management Personnel :

- 1 Managing Director, Mr. Ashok Barat.
- 2 Executive Director (Finance), Mr. C. G. Shah. (upto 30th September, 2008)

• Considering the effect of cross holding among these companies, these companies are covered under the meaning of Subsidiary Company, under Accounting Standard (AS) 18 Related Party Disclosures. These companies are not covered under the definition of Subsidiary Company as contained in Section 3 of the Companies Act, 1956.

* Pursuant to the scheme of amalgamation, approved by the High Court Judicature at Mumbai on 11th September, 2009, Forbes Finance Limited has amalgamated with Forbes Campbell Finance Limited (formerly known as Latham India Limited) (appointed date of scheme being 1st April, 2008).

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

30. (b) Related Party Disclosures

(ii) Transactions with related parties for the year ended 31st March, 2009:

(Rs. in Lakhs)

	Nature of Transactions	Parties in A above	Parties in B above	Parties in C above	Parties in D above	Parties in E above	Parties in F above	Total
	Purchases							
1	Goods and Materials	-	24.99	-	-	-	-	24.99
2	Services Rendered	-	184.51	-	-	-	-	184.51
3	Fixed Assets	-	0.47	-	-	-	-	0.47
4	Investment	-	3,334.13	-	-	3,938.00	-	7,272.13
	Sales							
5	Goods and Materials	-	19.89	-	-	0.83	-	20.72
6	Services Rendered	-	50.50	16.46	-	-	-	66.96
7	Fixed Assets	-	0.22	-	-	-	-	0.22
8	Investment	-	1,101.15	-	-	-	-	1,101.15
	Expenses							
9	Rent	-	193.19	-	-	-	-	193.19
10	Repairs & Other Expenses	-	56.79	89.17	-	-	-	145.96
11	Recovery of Expenses	-	6.46	43.61	-	0.01	-	50.08
12	Dim. in Value of Investment	-	1.68	-	-	35.48	-	37.16
13	Interest Paid	55.82	99.34	0.32	-	65.00	-	220.48
14	Dividend Paid	-	2.50	-	-	-	-	2.50
15	Provision /Write offs	-	4.86	0.56	0.75	-	-	6.17
16	Loss on sale of Investments	-	-	-	-	-	-	-
	Income							
17	Rent and Other Service Charges	-	91.59	50.81	-	0.64	-	143.04
18	Interest Received	-	71.38	-	-	68.94	-	140.32
19	Dividend Received	-	752.56	-	-	-	-	752.56
20	Profit on sale of Investment	-	-	-	-	-	-	-
21	Provision /Write backs	-	-	-	-	-	-	-
22	Miscellaneous Income	-	0.19	-	2.70	-	-	2.89
	Other Receipts							
23	Other Reimbursements	7.59	133.76	10.51	-	19.46	-	171.32
	Finance							
24	Loans and Advances Given	-	-	0.73	-	-	-	0.73
25	Loans and Advances Taken	-	300.00	-	-	10.00	-	310.00
26	Deposits Given	-	2,282.39	-	-	475.51	-	2,757.90
27	Deposits Taken	1,175.00	1,254.11	-	-	-	-	2,429.11
28	Repayment of Deposit Taken	-	1,726.38	-	-	-	-	1,726.38
29	Repayment of Deposit Given	-	3,113.19	-	-	3,487.55	-	6,600.74
	Outstandings							
30	Sundry Creditors	-	388.92	6.50	-	3.47	-	398.89
31	Interest accrued but not due	-	-	-	-	9.69	-	9.69
32	Sundry Debtors	-	-	6.86	20.15	2.75	-	29.76
33	Loans and Advances	16.05	380.06	4.04	4,391.78	3.89	0.24	4,796.06
34	Advance for Capital Purchase	-	100.00	-	-	-	-	100.00
35	Provision for Doubtful Loans and Adv.	-	340.42	-	4,391.78	409.25	-	5,141.45
36	Provision for Doubtful Debts	-	-	-	20.15	-	-	20.15
37	Deposits Payable	1,175.00	985.67	-	-	-	-	2,160.67
38	Deposits Receivable	-	354.51	-	-	60.58	-	415.09
	Remuneration							
39	Paid / Payable	-	-	-	-	-	302.54	302.54

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

30. (b) Related Party Disclosures - March, 2009

(iii) The above Transactions includes: -

	A	B	B	B	B	B	B	B	B	B	B	B
	Shapoorji Pallonji & Company Limited	Eureka Forbes Ltd.	Euro Forbes International Pte. Ltd	Forbes Aquamall Ltd.	Forbes Campbell Services Ltd.	Forbes Container Lines Pte. Ltd.	Forbes Doris & Naess Maritime Ltd.	Forbes Finance Ltd.	Forbes Technosys Ltd.	Forbes Campbell Finance Ltd. (Formerly known as Latham India Limited)	Volkart Fleming Shipping & Services Ltd.	Sea-Speed Shipping Agencies Ltd.
Nature of Transaction												
Purchases												
1 Goods and Materials	-	-	-	-	-	-	-	-	24.99	-	-	-
2 Services Rendered	-	-	-	-	-	-	-	-	-	-	184.51	-
3 Fixed Assets	-	-	-	-	-	-	-	-	-	-	0.47	-
4 Investment	-	-	-	-	-	-	-	3,334.13	-	-	-	-
Sales												
5 Goods and Materials	-	19.02	-	-	-	-	-	-	-	-	-	-
6 Services Rendered	-	-	-	-	-	-	-	-	-	-	50.50	-
7 Fixed Assets	-	-	-	-	-	-	0.22	-	-	-	-	-
8 Investment	-	-	-	-	-	-	-	1,100.70	-	-	-	-
Expenses												
9 Rent	-	-	-	-	-	-	-	-	-	-	192.89	-
10 Repairs & Other Expenses	-	14.64	-	-	29.58	-	-	-	-	-	-	-
11 Recovery of Expenses	-	-	-	-	-	-	-	-	-	-	-	-
12 Dim. in Value of Investment	-	-	-	-	-	-	-	-	-	-	-	-
13 Interest Paid	55.82	-	-	-	-	-	-	-	-	-	-	57.85
14 Dividend Paid	-	-	-	-	-	-	-	2.50	-	-	-	-
15 Provision /Write offs	-	-	-	-	-	-	-	-	-	4.86	-	-
16 Loss on sale of Investments	-	-	-	-	-	-	-	-	-	-	-	-
Income												
17 Rent and Other Service Charges	-	-	-	-	-	-	-	-	15.06	-	65.91	-
18 Interest Received	-	-	-	-	-	-	-	-	61.69	-	-	-
19 Dividend Received	-	426.00	-	-	-	146.54	-	-	-	-	126.00	-
20 Profit on sale of Investment	-	-	-	-	-	-	-	-	-	-	-	-
21 Provision /Write backs	-	-	-	-	-	-	-	-	-	-	-	-
22 Misc. Income	-	-	-	-	-	-	-	-	-	-	-	-
Other Receipts												
23 Other Reimbursements	-	-	-	-	-	-	-	-	-	-	95.52	37.79
Finance												
24 Loans and Advances Given	-	-	-	-	-	-	-	-	-	-	-	-
25 Loans and Advances Taken	-	100.00	-	-	-	-	-	-	200.00	-	-	-
26 Deposits Given	-	-	-	-	-	-	-	2,119.00	-	-	-	-
27 Deposits Taken	1,175.00	-	-	-	-	-	-	726.43	250.00	-	-	-
28 Repayment of Deposits Taken	-	-	-	-	-	-	-	953.76	250.00	-	452.65	-
29 Repayment of Deposits Given	-	-	-	-	-	-	-	2,119.00	912.00	-	-	-
Outstandings												
30 Sundry Creditors	-	-	-	-	-	-	-	-	200.00	-	159.77	-
31 Interest accrued but not due	-	-	-	-	-	-	-	-	-	-	-	-
32 Sundry Debtors	-	-	-	-	-	-	-	-	-	-	-	-
33 Loans and Advances	-	-	-	-	-	-	-	-	-	-	-	-
34 Advance for Capital Purchase	-	-	-	-	-	-	-	-	-	-	-	-
35 Prov. for Doubtful Loans and Adv.	-	-	-	-	-	-	-	-	-	-	-	-
36 Provision for Doubtful Debts	-	-	-	-	-	-	-	-	-	-	-	-
37 Deposits Payable	1,175.00	-	-	-	-	-	-	-	-	-	-	782.50
38 Deposits Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration												
39 Paid / Payable	-	-	-	-	-	-	-	-	-	-	-	-

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

(Rs. in Lakhs)

C	C	C	C	D	D	E	E	E	E	E	E	F	F
Afcons Infrastructure Ltd.	Forvol International Services Ltd.	Gokak Textiles Ltd.	SP Fabricators Pvt. Ltd.	Next Gen Publishing Ltd.	The Svadeshi Mills Company Ltd.	Edumetry Inc	Forbes Edumetry Ltd.	Forbes Infotainment Ltd.	Nypro Forbes Moulds Pvt. Ltd.	Nypro Forbes Products Pvt. Ltd.	SCI Forbes Ltd.	Managing Director, Mr. Ashok Barat.	Executive Director, Mr. C.G. Shah.
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	913.00	-	-	3,025.00	-	-
-	-	-	16.46	-	-	-	-	-	-	-	-	-	-
-	89.17	-	-	-	-	-	-	-	-	-	-	-	-
-	43.49	-	-	-	-	35.48	-	65.00	-	-	-	-	-
-	-	-	-	-	0.75	-	-	-	-	-	-	-	-
-	20.00	30.81	-	-	-	-	-	-	-	-	68.94	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	2.70	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	18.80	-	-	-
-	0.73	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	838.00	-	-	2,549.55	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	4.18	-	-	-	-	9.69	-	-	-	-	-	-	-
-	-	-	-	-	20.15	-	-	-	-	-	-	-	-
-	-	-	-	-	4,391.78	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	4,391.78	-	-	-	-	-	-	-	-
-	-	-	-	-	20.15	-	-	-	-	-	-	-	-
-	-	-	-	-	-	60.58	354.51	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	89.99	212.55



SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

31. (a) Information for each class of goods manufactured and traded during the year ended 31st March, 2010.

Product		Unit	Licensed Capacity (see Footnote 1)	Installed Capacity (see Footnote 3)	Actual Production
(Per Annum)					
1	Threading Tools	Nos.	1,22,00,000	75,60,000	47,36,325
2	Carbide Tools	Nos.	11,00,000	5,24,400	4,15,001
3	Spring Washers (see Footnote 4)	M.Tonnes	350	1,500	1,246
4	Cutting Tools	Nos.	-	-	-
5	Other Traded Tools Instruments (see Footnote 3)		-	-	-
6	Steam Turbine	Nos.	-	-	11
Printing and embossing machines:					
7	Hand	Nos.	No limit	20,000	202
8	Electric Motors	Nos.	6,00,000	6,00,000	26,254
Others:					
9	Plastic Cards	*	-	-	-
10	Precision interchangeable steel types sets along with rotary wheels, holding devices and fixtures for composite metal indentation	Nos.	12,000 sets	12,000 sets	2,87,362
11	Electronic Cash Register	*	Nos.	-	-
12	MICR (Magnetic Ink Character Recognition) Encoder	*	Nos.	-	-
13	Ink Jet Printers	Nos.	200	200	-
14	Note Counting Machines	*	Nos.	-	-
15	Components and Accessories (see Footnote 3)		-	-	722
16	Other Business Automation Products (see Footnote 3)	*	Nos.	-	-
17	Automated Impact Markers	Nos.	-	-	43
18	Hand Held Terminals	*	-	-	-
19	CTF	*	-	-	-
20	Paper Shredder	*	-	-	-
21	Other Textile Goods (see Footnote 3)	Nos.	-	-	-

TOTAL RUPEES

* Transferred on slump sale (See Note no.19 in Schedule 11).

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

Opening Stock		Purchases		Closing Stock		Sales	
Quantity	Value Rs. in Lakhs	Quantity	Value Rs. in Lakhs	Quantity	Value Rs. in Lakhs	Quantity	Value Rs. in Lakhs
8,14,652	408.32	,21,330	30.30	5,57,800	401.41	50,14,507	4,489.65
41,525	160.24	4,314	16.74	51,168	171.71	4,09,672	1,747.01
53	43.09	-	-	40	47.53	1,259	1,495.67
7,997	3.25	4,168	9.26	,185	0.31	11,980	13.23
-	71.40	-	37.48	-	42.03	-	85.91
-	-	2	113.12	-	-	13	1,029.93
14	1.05	-	-	4	0.61	212	57.92
3,610	14.90	-	-	1,017	0.64	28,847	237.43
1,182	0.02	-	-	-	-	-	-
1,25,700	51.39	-	-	1,10,705	38.41	3,02,357	461.03
297	64.64	-	-	-	-	-	-
49	61.54	-	-	-	-	-	-
19	28.79	44	40.06	2	4.82	61	124.03
565	35.02	-	-	-	-	-	-
-	140.16	1,152	238.76	900	54.30	974	340.80
17	81.01	-	-	-	-	-	-
51	130.36	198	397.33	40	95.60	252	683.98
17	1.80	-	-	-	-	-	-
5	3.35	-	-	-	-	-	-
20	0.65	-	-	-	-	-	-
-	226.00	-	-	-	-	-	204.75
	1,526.98		883.04		857.36		10,971.36

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

31. (b) Information for each class of goods manufactured and traded during the year ended 31st March, 2009.

Product	Unit	Licensed Capacity <i>(see Footnote 1)</i>	Installed Capacity <i>(see Footnote 3)</i>	Actual Production
		<i>(Per Annum)</i>		
1 Threading Tools	<i>Nos.</i>	1,22,00,000	75,60,000	56,57,203
2 Carbide Tools	<i>Nos.</i>	11,00,000	5,24,400	3,80,921
3 Spring Washers (see Footnote 4)	<i>M.Tonnes</i>	350	1,500	1,159
4 Cutting Tools	<i>Nos.</i>	-	-	-
5 Other Traded Tools Instruments (see Footnote 3)	-	-	-	-
6 Safety Valves for Steam Turbine	<i>Nos.</i>	-	-	-
Printing and embossing machines:				
7 Hand	<i>Nos.</i>	<i>No limit</i>	20,000	168
8 Electric Motors	<i>Nos.</i>	6,00,000	6,00,000	75,125
Others:				
9 Plates	<i>Nos.</i>	-	1,53,00,000	-
10 Plastic Cards			-	
11 Precision interchangeable steel types sets along with rotary wheels, holding devices and fixtures for composite metal indentation	<i>Nos.</i>	12,000 sets	12,000 sets	4,97,973
12 Electronic Cash Register	<i>Nos.</i>	3,000	3,000	-
13 MICR (Magnetic Ink Character Recognition) Encoder	<i>Nos.</i>	1,500	1,500	-
14 Ink Jet Printers	<i>Nos.</i>	200	200	-
15 Note Counting Machines	<i>Nos.</i>	-	10,000	-
16 Components and Accessories (see Footnote 3)		-	-	
17 Other Business Automation Products (see Footnote 3)	<i>Nos.</i>			-
18 Automated Impact Markers	<i>Nos.</i>			-
19 Hand Held Terminals			-	
20 CTF			-	
21 Paper Shredder			-	
22 Other Textile Goods (see Footnote 3)	<i>Nos.</i>	-	-	-

TOTAL RUPEES

Footnotes:

- 1 Installed capacity has been certified by the Management and accepted by Auditors without verification, this being a technical matter.
- 2 Production is derived after reducing the aggregate of opening stock and purchases from the aggregate of closing stock and sales.
- 3 Quantity whereof is not ascertainable. (comprise diverse products in respect of which quantities cannot be practicably aggregates.)
- 4 In arriving at the quantities disclosed in metric tonnes, standard conversion factors have been used.

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

<i>Opening Stock</i>		<i>Purchases</i>		<i>Closing Stock</i>		<i>Sales</i>	
<i>Quantity</i>	<i>Value Rs. in Lakhs</i>	<i>Quantity</i>	<i>Value Rs. in Lakhs</i>	<i>Quantity</i>	<i>Value Rs. in Lakhs</i>	<i>Quantity</i>	<i>Value Rs. in Lakhs</i>
8,41,206	390.08	1,66,511	121.19	8,14,652	408.32	58,50,268	5,196.11
50,841	222.32	4,014	16.06	41,525	160.24	3,94,251	1,829.61
61	50.60	-	-	53	43.09	1,167	1,290.99
14,464	6.12	6,230	17.19	7,997	3.25	12,697	20.92
-	90.67	-	200.41	-	71.40	-	309.29
-	-	1	46.53	-	-	1	83.52
128	11.92	-	-	14	1.05	282	50.48
1,967	12.24	-	-	3,610	14.90	73,482	525.69
500	0.01	-	-	-	-	500	-
23,262	1.08	3,24,299	24.44	1,182	0.02	3,46,379	35.05
1,19,170	79.96	1	0.06	1,25,700	51.39	4,91,444	524.74
347	108.39	2,188	475.82	297	64.64	2,238	569.53
22	28.54	170	236.84	49	61.54	143	169.11
26	47.59	98	218.59	19	28.79	105	202.78
557	73.99	4,990	573.98	565	35.02	4,982	686.91
-	246.36	-	591.56	-	140.16	-	772.78
18	10.48	19	16.80	17	14.22	20	13.84
55	104.16	236	721.67	51	130.36	240	834.33
9	0.98	225	19.05	17	1.80	217	25.57
5	3.35	-	-	5	3.35	-	-
22	0.89	-	-	20	0.65	2	-
-	948.61	-	429.04	-	292.79	-	115.59
	2,438.34		3,709.23		1,526.98		13,256.84

SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)

32. (a) Segment Reporting year ended 31st March, 2010

The Company has disclosed Business Segment as the primary segment. Segment have been identified taking into account the nature of the products, risks and returns, organisation structure and internal reporting system.

The Company's operations predominantly relate to manufacture of "Engineering", "Motors", "Logistics Services", "Personal Wear" and "Real Estate"

The company caters mainly to the needs of the Domestic and Export Markets.

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.

i) Information about Primary Business Segments:

Particulars	(Rs. in Lakhs)						
	Engineering	Motors	Logistic Services	Personal Wear	Real Estate	Unallocated	Total
External Segment Revenue	11,089.88	254.75	5,173.79	215.74	1,513.81	3,458.28	21,706.25
Add: Inter segment Revenue	-	-	-	-	-	-	-
Segment Revenue	11,089.88	254.75	5,173.79	215.74	1,513.81	3,458.28	21,706.25
Segment Results:							
Profit / (Loss) before Tax , Interest and Investment Income	1,306.03	(1,080.30)	(1,295.49)	(887.10)	1,337.44	-	(619.42)
Add: Other Income	-	-	-	-	-	3,458.28	3,458.28
Less: Unallocated Expenses	-	-	-	-	-	(2,686.67)	(2,686.67)
Add: Profit for the year ended 31st March, 2009 in respect of Shipping Agency Division of Volkart Fleming Shipping and Services Limited	-	-	-	-	-	246.09	246.09
Profit / (Loss) before Tax and Interest from each Segment	-	-	-	-	-	-	398.28
Less: Interest (Net)	-	-	-	-	-	-	1,420.46
Profit / (Loss) Before Tax	-	-	-	-	-	-	(1,022.18)
Provision for Taxation:							
Income-tax	-	-	-	-	-	-	191.00
Wealth Tax	-	-	-	-	-	-	13.00
Profit / (Loss) After Tax	-	-	-	-	-	-	(1,226.18)
Capital Employed							
Segment Assets	8,472.82	222.33	6,556.09	3.76	3,146.74	-	18,401.74
Unallocated Corporate Assets	-	-	-	-	-	17,266.30	17,266.30
Total Segment Assets	8,472.82	222.33	6,556.09	3.76	3,146.74	17,266.30	35,668.04
Segment Liabilities	2,152.40	122.69	1,789.73	717.61	5,858.21	-	10,640.64
Unallocated Corporate Liabilities	-	-	-	-	-	2,248.93	2,248.93
Total Segment Liabilities	2,152.40	122.69	1,789.73	717.61	5,858.21	2,248.93	12,889.57
Capital Employed	6,320.42	99.64	4,766.36	(713.85)	(2,711.47)	15,017.37	22,778.47
Capital Expenditure including Capital Work in Progress							
Segment Depreciation / Impairment	760.17	385.95	364.42	-	67.01	76.76	1,654.31
Non-Cash Expenses other than Depreciation	149.07	122.25	102.34	714.25	-	719.09	1,807.00

ii) Information about Geographical Business Segment:

Particulars	Within India	Outside India	Unallocated	Total
	Revenue	16,515.88	1,732.09	3,458.28
Assets	18,246.37	155.37	17,266.30	35,668.04
Cost of additions to Fixed Assets during the year	145.83	-	422.52	568.35

(b) Segment Reporting year ended 31st March, 2009

The Company has disclosed Business Segment as the primary segment. Segment have been identified taking into account the nature of the products, risks and returns, organisation structure and internal reporting system.

The Company's operations predominantly relate to manufacture of "Engineering", "Motors", "Logistics Services", "Personal Wear" and "Real Estate"

The company caters mainly to the needs of the Domestic and Export Markets.

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.

i) Information about Primary Business Segments:

Particulars	(Rs. in Lakhs)						Total
	Engineering	Motors	Logistic Services	Personal Wear	Real Estate	Unallocated	
External Segment Revenue	13,442.28	866.85	5,104.11	126.34	557.33	1,098.86	21,195.77
Add: Inter segment Revenue	-	-	-	-	-	-	-
Segment Revenue	13,442.28	866.85	5,104.11	126.34	557.33	1,098.86	21,195.77
Segment Results:							
Profit / (Loss) before Tax, Interest and Investment Income	383.97	(1,013.73)	505.63	(2,311.52)	220.15	-	(2,215.50)
Add: Other Income	-	-	-	-	-	1,098.86	1,098.86
Less: Unallocated Expenses	-	-	-	-	-	(2,063.18)	(2,063.18)
Profit / (Loss) before Tax and Interest from each Segment	-	-	-	-	-	-	(3,179.82)
Less: Interest (Net)	-	-	-	-	-	-	1,466.97
Profit / (Loss) Before Tax	-	-	-	-	-	-	(4,646.79)
Provision for Taxation:							
Income-tax	-	-	-	-	-	-	87.32
Wealth tax	-	-	-	-	-	-	15.00
Profit / (Loss) After Tax	-	-	-	-	-	-	(4,749.11)
Capital Employed							
Segment Assets	10,044.30	904.87	6,861.87	367.10	3,210.80	-	21,388.94
Unallocated Corporate Assets	-	-	-	-	-	20,305.66	20,305.66
Total Segment Assets	10,044.30	904.87	6,861.87	367.10	3,210.80	20,305.66	41,694.60
Segment Liabilities	2,623.10	376.83	1,718.52	228.98	6,001.67	-	10,949.10
Unallocated Corporate Liabilities	-	-	-	-	-	1,680.98	1,680.98
Total Segment Liabilities	2,623.10	376.83	1,718.52	228.98	6,001.67	1,680.98	12,630.08
Capital Employed	7,421.20	528.04	5,143.35	138.12	(2,790.87)	18,624.68	29,064.52
Capital Expenditure including Capital Work in Progress							
Segment Depreciation / Impairment	747.49	64.76	218.83	56.01	52.22	59.81	1,199.12
Non-Cash Expenses other than Depreciation	75.23	545.23	71.61	164.89	-	468.47	1,325.43
Information about Geographical Business Segment:							
				<i>Within India</i>	<i>Outside India</i>	<i>Unallocated</i>	<i>Total</i>
Revenue				18,350.60	1,746.31	1,098.86	21,195.77
Assets				21,224.28	164.66	20,305.66	41,694.60
Cost of additions to Fixed Assets during the year				1,359.41	-	248.00	1,607.41



SCHEDULE "11" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

33. Pursuant to the amendment to Section 115JB of the Income-tax Act, 1961, by the Finance Act, 2009 with retrospective effect from Assessment Years beginning 1st April, 2001, the Company has made an additional provision for taxation in respect of earlier years aggregating Rs.191.00 Lakhs.
34. In view of mergers of Forbes Finance Limited, Trident Shipping Agencies Limited, Sea Falcon Ship Limited and Sea Speed Shipping Agency Limited with Forbes Campbell Finance Limited (formerly known as Latham India Limited), the net worth of Forbes Campbell Finance Limited (formerly known as Latham India Limited) is now positive. This has resulted in the write back of provision for loans and advances and diminution in value of Investment worth Rs.450.34 Lakhs.
35. Figures of previous years have been regrouped wherever necessary.

AMIT MITTAL
Director (Finance)

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT

CYRUS P. MISTRY
D.B. ENGINEER
D.S. SOMAN
N.D. KHURODY
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI

A.T. SHAH

*Chairman Emeritus
Chairman
Managing Director*

Directors

Company Secretary

Mumbai, 13th August, 2010

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956,
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details

Registration No.	11-00628	State Code	11
Balance Sheet Date	31.03.2010		

II. Capital raised during the year (Amount in Rs.Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total liabilities	22,77,847	Total Assets	22,77,847*
Source of Funds		Application of Funds	
Paid-up Capital	1,28,986	Net Fixed Assets	13,02,701
Reserves and Surplus	12,01,935	Investments	13,33,097
Secured Loans	7,19,803	Net Current Assets	(3,57,951)
Unsecured Loans	2,27,123	Miscellaneous Expenditure	-

* Net of Current Liabilities and Provisions

IV. Performance of the Company (Amount in Rs.Thousands)

Turnover	21,70,625
Total Expenditure	22,97,452
Profit before tax	(1,02,218)
Profit after tax	(122,618)
Earning per share in Rs.	
Dividend Rate %	

V. Generic names of three principal products/services of Company (as per monetary terms)

Item Code No.(ITC Code)	820790	Products Description	Carbide Tools
Item Code No.(ITC Code)	N.A.	Products Description	Shipping Agencies
Item Code No.(ITC Code)	820740	Products Description	Threading Tools

AMIT MITTAL
Director (Finance)

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT

CYRUS P. MISTRY
D.B. ENGINEER
D.S. SOMAN
N.D. KHURODY
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI

A.T. SHAH

Chairman Emeritus
Chairman
Managing Director

Directors

Company Secretary

Mumbai, 13th August, 2010



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES

	Aquadiagnostic Water Reserch & Technology Centre Limited	Aquamall Water Solutions Limited	E4 Development & coaching Limited	Eureka Forbes Limited	Euro Forbes International Pte.Limited	Forbes Aquamall Limited	Forbes Bumi Armada Limited	Forbes Container Lines Pte. Limited	
1. Financial Year of the Subsidiary Company	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	
2. (a) Number of Shares held in a Subsidiary Company				39,55,000 Shares of Rs.10 each				3,80,000 Shares of SGD 1 each	
(b) Percentage of the Shareholding in a Subsidiary Company				100%				100%	
3. Subscribed Share Capital(No of Shares) of the Subsidiary Company	*80,000 Shares of Rs.10 each	*20,00,080 Shares of Rs.10 each	*10,00,000 Shares of Rs.10 each	42,60,000 Shares of Rs.10 each	*35,00,000 Shares of Singapore \$ 1 each	*5,00,000 Shares of Rs.10 each	*5,00,000 Shares of Rs.10 each	3,80,000 Shares of SGD 1 each	
4. The net aggregate amount of the profits of the Subsidiary Company for the financial year so far as it concerns the members of Forbes & Company Limited which have not been dealt with in the accounts of Forbes & Company Limited upto 31st March, 2010 is as follows:									
For the year	Rupees	-	-	-	1,917.30	-	-	-	(340.99)
For the previous years	Rupees	-	-	-	7,110.51	-	-	-	40.54
5. The net aggregate amounts of profits of the Subsidiary Company which have been dealt with in the accounts of Forbes & Company Limited upto 31st March, 2010 being the dividend received are as under									
For the year	Rupees	-	-	-	1,278.00	-	-	-	-
For the previous years	Rupees	-	-	-	6,567.13	-	-	-	146.54

* Held by Eureka Forbes Limited, a Subsidiary of the Company.

+ Held by Forbes Campbell Finance Limited (Formerly known as Latham India Limited) a Subsidiary of the Company.

Mumbai : 13th August, 2010

(Rs. In Lakhs)

ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Forbes Facility Services Pvt.Limited	Forbes Campbell Services Limited	Forbes Edumetry Limited	Forbes Enviro Solutions Limited	Forbes Smart Data Limited	Forbes Technosys Limited	Forbes Campbell Finance Limited (Formerly Known as Latham India Limited)	Radiant Energy Systems Private Limited	Volkart Fleming Shipping & Services Limited	Waterwings Equipment Private Limited
31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010
						12,80,000 Shares of Rs.10 each		60,000 Shares of Rs.100 each	
						100%		100%	
*10,00,000 Shares of Rs.10 each	*50,000 Shares of Rs.10 each	*2880,000 Shares of Rs.10 each	*50,000 Shares of Rs.10 each	*50,000 Shares of Rs.10 each	*210,00,000 Shares of Rs.10 each	12,80,000 Shares of Rs.10 each	*7,250 Shares of Rs.10 each	60,000 Shares of Rs.100 each	*50,000 Shares of Rs.10 each
-	-	-	-	-	-	(953.79)	-	27.52	-
-	-	-	-	-	-	(852.51)	-	1,004.22	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	52.48	-	491.40	-

AMIT MITTAL
Director (Finance)

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT

CYRUS P. MISTRY
D.B. ENGINEER
D.S. SOMAN
N.D. KHURODY
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI

A.T. SHAH

Chairman Emeritus
Chairman
Managing Director

Directors

Company Secretary



Additional information on the Subsidiary Companies

	Aquadiagnostic Water Research & Technology Centre Limited	Aquamall Water Solutions Limited	Eureka Forbes Limited	E4 Development & Coaching Limited	Euro Forbes International Pte. Limited	Forbes Aquamall Limited	Forbes Bumi Armada		
					in S \$	Rate (Avg.)	Rs.In Lacs		
(a) Capital	8.00	200.01	395.50	100.00	35.00	26.82	938.85	50.00	125.00
(b) Reserves	*(82.61)	9,309.77	10,161.81	*(88.95)	3.15	90.97	286.24	1,867.82	*47.30
(c) Total Assets ▲	93.84	13,904.58	48,207.14	30.73	73.44	32.12	2,358.94	3,165.59	1,006.21
(d) Total Liabilities	168.45	4,394.81	37,649.83	19.68	35.29	32.13	1,133.86	1,247.77	833.91
(e) Details of Investment									
Long Term	–	0.07	23.03	–	0.85	31.44	26.68	–	–
Current	–	–	22.35	–	–	–	–	3.95	–
Subsidiary	–	57.00	2,299.85	–	–	–	–	1.00	–
Sub Total	–	57.07	2,345.23	–	0.85	–	26.68	4.95	–
(f) Turnover	33.07	28,214.39	96,107.64	42.90	–	–	–	7,284.58	2,121.07
(g) Profit before Taxation	(46.81)	3,090.28	2,586.10	0.74	(1.40)	33.24	(46.53)	488.41	187.51
(h) Provision for Taxation	–	525.20	668.81	(0.11)	(1.99)	–	65.96	83.01	60.92
Income Tax	–	525.20	676.17	–	(1.99)	(33.21)	65.96	83.01	36.50
Deferred Tax	–	–	(7.36)	(0.11)	–	–	–	–	24.42
Fringe Benefit Tax	–	–	–	–	–	–	–	–	–
(I) Profit After Taxation	(46.81)	2,565.08	1,917.30	0.85	(3.39)	33.22	(112.49)	405.40	126.59
(j) Proposed Dividend	–	–	–	–	–	–	–	–	9.57

* Net of Debit balance of Profit & Loss Accounts.

▲ Includes Investments

Mumbai : 13th August, 2010

Rs. In Lacs

Forbes Container Line PTE Ltd			Forbes Campbell Services Limited. (formerly Forbes Services Limited.)	Forbes Edumetry Limited	Forbes Enviro Solutions Limited	Forbes Facility Services	Forbes Smart Data Limited	Forbes Technosys Ltd.	Forbes Campbell Finance Limited Formerly Known as Latham India Limited	Radiant Energy Systems Pvt. Limited	Volkart Fleming Shipping & Services Limited.	Water wings equipments Pvt. Limited
in S \$	Rate (Avg.)	Rs.In Lacs										
8.65	32.20	278.50	5.00	288.00	5.00	100.00	5.00	689.72	386.41	7.25	60.00	5.00
*(8.57)	32.20	*(276.03)	*0.61	*(604.61)	*(1.03)	86.70	*(0.65)	*(586.81)	*2,382.68	51.38	375.60	72.09
29.77	32.20	958.44	9.55	125.57	5.00	1,136.21	4.50	1,853.17	2,797.94	213.04	762.25	338.00
29.69	32.20	955.97	3.94	442.18	1.03	949.51	0.15	1,750.26	28.84	154.41	326.66	260.91
-	-	-	-	-	-	-	-	-	1,640.58	0.99	3.91	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	896.39	-	-	-
-	-	-	-	-	-	-	-	-	2,536.97	0.99	3.91	-
91.03	33.45	3,044.59	-	33.61	-	2,199.01	-	2,952.55	-	271.26	15.11	705.81
(10.73)	33.45	(358.72)	(0.02)	(31.93)	(1.03)	80.13	(0.15)	(586.81)	(953.79)	50.96	36.49	81.80
(0.53)		(17.74)	-	-	-	22.15	0.16	-	-	17.27	8.98	24.46
(0.53)	33.45	(17.74)	-	-	-	25.00	-	-	-	19.07	(2.46)	24.55
-	-	-	-	-	-	(2.85)	0.16	-	-	(1.80)	11.44	(0.09)
-	-	-	-	-	-	-	-	-	-	-	-	-
(10.19)	33.45	(340.98)	(0.02)	(31.93)	(1.03)	57.98	(0.31)	(586.81)	(953.79)	33.69	27.52	57.34
-	-	-	-	-	-	-	-	-	-	21.75	-	41.25

AMIT MITTAL
Director (Finance)

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT

CYRUS P. MISTRY
D.B. ENGINEER
D.S. SOMAN
N.D. KHURODY
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI

A.T. SHAH

Chairman Emeritus
Chairman
Managing Director

Directors

Company Secretary



**Additional disclosure as required by the amended clause 32 of the listing agreement
with relevant Stock Exchanges:**

Rs. In Lacs

(i) Current year :-

Sr. No.	Name	Balance as at 31st March, 2010 Rupees	Maximum amount outstanding during the year Rupees	No. of shares of the Company held by the loanees as at 31st March, 2010
(A)	Loans and advances in the nature of loans to Subsidiaries, Associates and companies in which Directors are interested:			
1.	Svadeshi Mills Company Limited - Associate Company (carrying no interest) * Provided as doubtful.	*4,391.78	4,391.78	-
2.	Edumetry Inc - Joint Venture (carrying no interest) + Provided as doubtful.	*70.27	70.27	
3.	Forbes Edumetry Limited - Subsidiary (carrying no interest) ♦ Provided as doubtful	♦356.00	356.00	
(B)	Loans and advances in the nature of loans to where there is no repayment schedule and also no interest, other than referred in A 1, A 2 and A 3 above:-			
	Coromondal Garments Limited ▲ Provided as doubtful	▲ 333.82	333.82	-

Note: The above excludes loans to employees.

(ii) Previous year :-

Sr. No.	Name	Balance as at 31st March, 2009 Rupees	Maximum amount outstanding during the year Rupees	No. of shares of the Company held by the loanees as at 31st March, 2009
(A)	Loans and advances in the nature of loans to Subsidiaries, Associates and companies in which Directors are interested:			
1.	Forbes Campbell Finance Limited - Subsidiary Company (Formerly known as Latham India Limited) @ Provided as doubtful	@340.42	340.42	-
2.	Svadeshi Mills Company Limited - Associate Company (carrying no interest) * Provided as doubtful.	*4,391.78	4,391.78	-
3.	Edumetry Inc - Joint Venture (carrying no interest) + Provided as doubtful.	+ 70.27	70.27	
4.	Forbes Edumetry Limited - Subsidiary (carrying no interest) ♦ Provided as doubtful	♦ 356.00	356.00	
(B)	Loans and advances in the nature of loans to where there is no repayment schedule and also no interest, other than referred in A 1, A 2, A 3 and A 4 above:-			
	▲ Coromondal Garments Limited Provided as doubtful	▲ 325.00	325.00	-

Note: The above excludes loans to employees.

AMIT MITTAL
Director (Finance)

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT

CYRUS P. MISTRY
D.B. ENGINEER
D.S. SOMAN
N.D. KHURODY
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI

A.T. SHAH

Chairman Emeritus
Chairman
Managing Director

Directors

Company Secretary

Mumbai, 13th August, 2010

**CONSOLIDATED FINANCIAL STATEMENTS
FORMING PART OF ANNUAL REPORT OF
FORBES & COMPANY LIMITED FOR THE
YEAR ENDED 31ST MARCH, 2010**

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF FORBES & COMPANY LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the attached Consolidated Balance Sheet of **FORBES & COMPANY LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and investments in jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements, including consolidated financial statements of one subsidiary group, namely, Eureka Forbes Limited Group, and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the following entities:
 - a. Seven subsidiaries (including one subsidiary group namely, Eureka Forbes Limited Group, along with its jointly controlled entities and associates) whose financial statements reflect total assets of Rs. 31,617.34 Lakhs as at 31st March, 2010, total revenues of Rs.107,885.50 Lakhs and net cash inflows amounting to Rs. 1079.62 Lakhs for the year ended on that date as considered in the Consolidated Financial Statements; and
 - b. Five jointly controlled entities, in which the Group's proportionate share in the total assets as at 31st March, 2010 aggregated Rs.16,595.82 Lakhs, Group's proportionate share in the total revenues aggregated Rs. 1,626.96 Lakhs and the Group's proportionate share in the net cash inflows aggregated Rs. 2,460.17 Lakhs for the year ended on that date as considered in the Consolidated Financial Statements.

These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries, joint ventures and associates is based solely on the reports of the other auditors.

4. Pursuant to standby charter agreements entered with SCI Forbes Limited (SFL), a joint venture entity, the Company (having 25% equity interest in SFL) and its joint venture partner, Shipping Corporation of India (SCI), together, Promoters, have committed to charter vessels from SFL, at charter-hire charges specified in the aforesaid agreements, in the event the vessels are not on charter with a lender approved third party, until SFL repays its borrowings which is spread over a period of twelve years. As represented to us by the Management, the prevailing charter markets being soft and as pooling arrangements do not technically constitute a charter, the Promoters of SFL, as a matter of commercial prudence, have for the time being, taken on the charter themselves. Further, SFL and its Promoters have proposed to the lenders of SFL a restructuring of the loan covenants and terms including suspension of enforcement of the aforesaid standby charter agreements, subject to fulfilment of certain conditions. The Company expects that their proposal would find favour with all the concerned parties (see Note 9B on Schedule 11 to the accounts). In the interim, in our view, as required under Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets', notified under the Companies Act, 1956, provision for the loss of Rs. 367.90 Lakhs, in excess of the Company's 25% interest in SFL, materialised subsequent to 31st March, 2010, should have been made by way of a charge to the Profit and Loss Account. This has resulted in the profit before and after tax, and reserves and surplus being overstated by Rs. 367.90 Lakhs and provisions being understated by the same amount.

5. The Consolidated Financial Statements do not include the effect, if any, of equity accounting for one of the Company's investment of Rs. 177.75 Lakhs in an associate, namely, The Svadeshi Mills Company Limited, in respect of which full provision has been made, in the absence of the financial statements being made available.
6. In respect of one subsidiary group namely, Eureka Forbes Limited Group, the auditors have qualified their report stating:
 - a. "The consolidated financial statements do not include the financial results of the subsidiaries of the Associate Company registered outside India as the audited statement of accounts for the year ended March, 2010 / December, 2009 (as applicable) in respect of those entities are not available. Consequently, we are unable to comment on the impact of the above on the consolidated financial statements for the year ended 31st March, 2010.
 - b. An overseas subsidiary, namely, Euro Forbes International Pte. Limited, has made an investment of USD 84,851 (equivalent to Rs. 38.20 Lakhs) in another company for which no allowance for impairment has been made. The auditors of this overseas subsidiary have not received sufficient evidence to enable them to determine whether the investment is impaired. Accordingly, they are unable to satisfy themselves on the carrying value of such investment."
7. In respect of one subsidiary group, namely, Eureka Forbes Limited Group, the auditors have without qualifying their opinion drawn an attention to Note 13 on Schedule 11 relating to the loan of Rs. 6,857.00 Lakhs granted to Forbes Lux FZE, Dubai which does not require provision in the opinion of the Management.
8. Subject to matters referred to in paragraphs 4 to 6 above:
 - a. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
 - b. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, and its aforesaid subsidiaries including consolidated financial statements of one subsidiary group, namely Eureka Forbes Limited Group, joint ventures and associates and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117366W)

Rajesh K Hiranandani
Partner
(Membership No. 36920)

MUMBAI, 13th August, 2010



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs	As at 31st March, 2009 Rs. in Lakhs
FUNDS EMPLOYED:				
1. SHARE CAPITAL	"1"	1,273.22		1,273.22
2. RESERVES AND SURPLUS	"2"	25,150.96		21,317.30
3. TOTAL SHAREHOLDERS' FUNDS			26,424.18	22,590.52
4. MINORITY INTEREST			142.09	2.52
5. LOANS:				
(a) Secured	"3"	26,919.88		23,746.36
(b) Unsecured	"4"	4,674.16		8,414.22
			31,594.04	32,160.58
6. DEFERRED TAX LIABILITY (See Note No.6 in Schedule 11) ...			27.80	28.41
TOTAL			58,188.11	54,782.03
APPLICATION OF FUNDS:				
7. GOODWILL ON CONSOLIDATION			140.53	-
8. FIXED ASSETS:	"5"			
(a) Gross Block		58,052.72		44,716.32
(b) Less: Accumulated Depreciation/Amortisation/Impairment ...		20,694.70		19,966.30
(c) Net Block		37,358.02		24,750.02
(d) Capital work-in-progress including Advances for capital expenditure		2,886.78		7,570.80
			40,244.80	32,320.82
9. INVESTMENTS	"6"		54.86	6,308.35
10. DEFERRED TAX ASSET (See Note No.6 in Schedule 11)			356.10	379.67
11. CURRENT ASSETS, LOANS AND ADVANCES	"7"			
(a) Inventories		16,813.75		18,156.49
(b) Sundry Debtors		14,025.95		16,464.95
(c) Cash and Bank Balances		10,945.01		7,060.43
(d) Other Current Assets		8.24		255.28
(e) Loans and Advances		23,220.91		16,931.64
			65,013.86	58,868.79
12. Less: CURRENT LIABILITIES AND PROVISIONS	"8"			
(a) Liabilities		44,995.11		40,656.54
(b) Provisions		2,626.93		2,563.39
			47,622.04	43,219.93
13. NET CURRENT ASSETS			17,391.82	15,648.86
			58,188.11	54,657.70
14. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED				
Deferred Revenue Expenditure				
- Voluntary Retirement Compensation	"9"		-	124.33
TOTAL			58,188.11	54,782.03
Notes to the Consolidated Financial Statements	"11"			

Schedules 1 to 11 form an integral part of the Consolidated Financial Statements.

In terms of our report attached

For DELOITTE HASKINS & SELLS

Chartered Accountants

Rajesh K Hiranandani
Partner

AMIT MITTAL
Director (Finance)

Mumbai, 13th August, 2010

For and on behalf of the Board

SHAPOOR P. MISTRY

Chairman

ASHOK BARAT

Managing Director

A. T. SHAH

Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST March, 2010

	Schedule No.	Rs. in Lakhs	For the year ended 31st March, 2010 Rs. in Lakhs	For the year ended 31st March, 2009 Rs. in Lakhs
1. INCOME:				
(a) GROSS SALES (Other than lottery tickets)				
[See Note No. 9(A)(i) in Schedule 11]			93,118.87	86,242.41
Less: Excise Duty			898.79	1,219.40
Net Sales			92,220.08	85,023.01
Lottery Tickets			109.97	647.73
			92,330.05	85,670.74
(b) SERVICES AND OTHER INCOME:				
(i) Income from Services rendered - (Gross)			33,172.18	30,499.91
(ii) Interest on Investments - Other than Trade			86.12	248.76
(iii) Dividend on Investments - Other than Trade				
- Current		0.04		-
- Long Term		58.72		58.03
			58.76	58.03
(iv) Rent			676.99	723.26
(v) Profit on Sale of Fixed Assets (net of loss)		1,022.86		41.22
Add: Provision for Impairment of Fixed Assets no longer required		27.01		-
			1,049.87	41.22
(vi) Bad Debts previously written off now recovered			0.12	6.44
(vii) Provision for Doubtful Debts / Advances, no longer required written back			178.26	140.13
(viii) Provision for diminution in value of Investment, no longer required written back			14.82	-
(ix) Profit on cessation of relationship with Subsidiaries, Jointly controlled entities and Associates			2,870.11	-
(x) Profit on sale of Investments (net) - Other than Trade.				
-Current		293.32		-
-Long term		18.63		81.71
			311.95	81.71
(xi) Gains arising on foreign currency translation (Net)			637.80	1,017.80
(xii) Miscellaneous Income			1,672.55	1,163.56
			40,729.53	33,980.82
			133,059.58	119,651.56
2. EXPENDITURE:				
Manufacturing, Trading and Other Expenses	"10"		122,096.06	116,709.33
Depreciation, Amortisation and Impairment	"5"		4,346.51	3,656.97
Interest (Net) [see Note Nos. 4 and 9(A)(i) in Schedule 11]			890.88	2,376.67
Voluntary Retirement Compensation amortised [See Note No. 1 (T) in Schedule 11]	"9"		661.22	178.82
Provision for Doubtful Loans and Advances			47.98	262.39
Provision for Diminution in the value of Investments / Assets			-	7.83
Provision for foreclosure of trademark license agreement			693.00	-
Settlement of disputed charter hire charges			239.29	-
Impairment of Goodwill on Consolidation			-	237.34
			128,974.94	123,429.35
PROFIT/ (LOSS) BEFORE PRIOR PERIOD ITEMS			4,084.64	(3,777.79)
PRIOR PERIOD ITEMS (See Note No. 7 (A) in schedule 11)			426.92	1,007.13
PROFIT/(LOSS) BEFORE TAXATION			4,511.56	(2,770.66)
4. PROVISION FOR TAXATION				
- for Income-Tax				
Current Year		1,391.61		1,646.47
Provision relating to earlier years		163.36		12.38
Fringe Benefit Tax		-		405.61
Deferred Tax		23.27		(89.27)
		1,578.24		1,975.19
- for Wealth Tax		13.00		16.04
			1,591.24	1,991.23
5. PROFIT/(LOSS) AFTER TAXATION			2,920.32	(4,761.89)



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST March, 2010 (Contd.)

	Schedule No.	Rs. in Lakhs	For the year ended 31st March, 2010 Rs. in Lakhs	For the year ended 31st March, 2009 Rs. in Lakhs
PROFIT/(LOSS) AFTER TAXATION (brought forward)			2,920.32	(4,761.89)
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS		6,479.77		948.45
Less: Provision for Taxation				
- for Income-Tax				
Current Year		1,391.61		1,646.47
Provision relating to earlier years		163.36		12.38
Fringe Benefit Tax		-		391.62
Deferred Tax		23.27		(89.27)
		1,578.24		1,961.20
- for Wealth-Tax		13.00		16.04
		1,591.24		1,977.24
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS		4,888.53		(1,028.79)
PROFIT/(LOSS) BEFORE TAXATION FROM DISCONTINUING OPERATIONS		(1,968.21)		(3,719.11)
Less: Provision for Taxation				
- for Income-Tax				
Fringe Benefit Tax		-		13.99
		-		13.99
PROFIT/(LOSS) AFTER TAX FROM DISCONTINUING OPERATIONS		(1,968.21)		(3,733.10)
6. NET SHARE OF LOSS IN ASSOCIATES (Equity Method)			(33.28)	(379.21)
7. NET MINORITY INTEREST IN LOSS / (PROFIT) OF SUBSIDIARIES			(60.83)	31.34
8. PROFIT/(LOSS) AFTER SHARE OF ASSOCIATES AND MINORITY INTEREST			2,826.21	(5,109.76)
9. BALANCE BROUGHT FORWARD FROM LAST YEAR				
[net of Rs. 2,124.51 Lakhs (Previous year Rs Nil) on account of adjustment for preference share capital issued by a jointly controlled entity, [See Note No. 7 (B) in Schedule 11]]			(13,568.94)	(7,939.45)
10. TOTAL AMOUNT AVAILABLE FOR APPROPRIATION			(10,742.73)	(13,049.21)
11. Less: APPROPRIATIONS:				
(a) Tax on Dividend (including on Intra Group Dividends)		88.81		300.47
(b) Tonnage Tax Reserve under Section 115VT of the Income Tax Act, 1961		4.13		-
(c) General Reserve		2,347.71		2,343.77
			2,440.65	2,644.24
12. BALANCE CARRIED TO BALANCE SHEET			(13,183.38)	(15,693.45)
Basic and diluted earnings per share of face value of Rs.10 each (see Note no. 5 in Schedule 11)			22.20	(40.13)
Notes to the Consolidated Financial Statements				"11"

Schedules 1 to 11 form an integral part of the Consolidated Financial Statements.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

Rajesh K Hiranandani
Partner

AMIT MITTAL
Director (Finance)

Mumbai, 13th August, 2010

For and on behalf of the Board

SHAPOOR P. MISTRY

ASHOK BARAT

A. T. SHAH

Chairman

Managing Director

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10 Rs. in Lakhs	2008-09 Rs. in Lakhs
PROFIT / (LOSS) BEFORE TAXATION	4,511.56	(2,770.66)
Adjusted for -		
Depreciation, Amortisation and Impairment	4,346.51	3,636.97
Prior Period Items	(426.92)	(984.58)
Provision for Diminution in the value of Investments	-	7.83
Profit on sale of Investments (net) - Other than Trade	(311.95)	(81.71)
Interest on Investments - Other than Trade	(86.12)	(248.76)
Dividend on Investments - Other than Trade	(58.76)	(58.03)
Profit on Sale of Fixed Assets(Net)	(1,049.87)	(41.22)
Interest (net)	890.88	2,376.67
Provision for Doubtful Debts, Advances and Bad Debts Written off	627.04	837.79
Impairment of Goodwill	-	237.34
Provision for reduction in value of Inventory	10.11	374.27
Provision for diminution in value of Investment, no longer required written back	(14.82)	-
Provision for Doubtful Debts / Advances, no longer required written back	(178.26)	(140.13)
Provision for foreclosure of trademark license agreement	693.00	-
Voluntary Retirement Compensation Amortised	661.22	178.82
Deferred Revenue Expenses Amortised	-	11.27
Profit on Cessation of relationship with Subsidiaries, Jointly controlled Entities and Associates	(2,870.11)	-
Unrealised Exchange (gain) / loss (net)	(236.40)	(640.77)
	<u>1,995.55</u>	<u>5,485.76</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	6,507.11	2,715.10
Changes in -		
Trade and Other Receivables	(4,706.26)	1,285.33
Inventories	1,363.10	3,369.37
Trade Payables and Others	3,828.97	(3,161.14)
	<u>485.81</u>	<u>1,493.56</u>
Other Adjustments		
Amalgamation/ Demerger Expenses Paid	-	(4.25)
Voluntary Retirement Compensation Paid	(536.89)	(302.48)
Taxes Paid (including wealth tax and net of refund)	(2,328.28)	(3,051.68)
	<u>(2,865.17)</u>	<u>(3,358.41)</u>
(a) NET CASH GENERATED FROM OPERATING ACTIVITIES	4,127.75	850.25
Net Cash Generated From Operating Activities From Continuing Operations	4,362.11	388.79
Net Cash (Used In) / Generated From Operating Activities From Discontinuing Operations	(234.36)	461.46
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets(including adjustments on accountof capital work-in-progress and capital advances)	(12,800.72)	(8,517.55)
Sale of Fixed Assets	1,877.81	628.24
Purchase of Long Term Investments	(1.00)	(349.84)
Sale/Redemption of Long Term Investments	6,861.78	1,925.01
Sale of Current Investments	313.87	-
Inter Corporate Deposits Placed	-	(72.45)
Inter Corporate Deposits Refunded	-	1,048.01
Proceeds from minority Shareholders	36.75	-
Purchase of interest in Subsidiaries	(230.51)	(200.00)
Sale of interest in Joint Ventures	302.50	-
Sale of interest in Associates	1,143.06	-
Interest Received	1,864.14	1,723.95
Dividend Received	58.76	58.03
(b) NET CASH USED IN INVESTING ACTIVITIES	(573.56)	(3,756.60)



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

	2009-10 Rs. in Lakhs	2008-09 Rs. in Lakhs
(b) NET CASH USED IN INVESTING ACTIVITIES (brought forward)	(573.56)	(3,756.60)
Net Cash Used In Investing Activities From Continuing Operations	(577.07)	(4,022.57)
Net Cash Generated From Investing Activities From Discontinuing Operations	3.51	265.97
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Borrowings	16,675.50	15,585.73
Repayment of Long Term Borrowings	(15,023.38)	(9,821.29)
Increase/(Decrease) in Cash credit and Demand Loan	1,364.80	(1,822.94)
Preference Shares issued outside group by Jointly controlled Entity	-	2,124.51
Interest Paid	(2,409.46)	(3,684.94)
Dividend Paid(Including Corporate Dividend Tax on intra-group dividends)	(348.00)	(345.40)
(c) NET CASH GENERATED FROM FINANCING ACTIVITIES	259.46	2,035.67
Net Cash Generated From Financing Activities From Continuing Operations	260.27	2,796.22
Net Cash Used In Financing Activities From Discontinuing Operations	(0.81)	(760.55)
(d) NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (a) + (b) + (c)	<u>3,813.65</u>	<u>(870.68)</u>
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:		
Cash, Cheques on hand and remittances in transit	1,188.06	958.16
Balances with Banks	5,872.37	6,791.50
	<u>7,060.43</u>	<u>7,749.66</u>
Cash and Cash Equivalents received on account of Consolidation of newly acquired Subsidiaries and Jointly Controlled Entities, comprising:		
Cash, Cheques on hand and remittances in transit	0.51	0.86
Balances with Banks	86.01	180.59
	<u>86.52</u>	<u>181.45</u>
Cash and Cash Equivalents transferred on account of sale of interests in Subsidiaries and Jointly controlled entities, comprising:		
Cash, Cheques on hand and remittances in transit	5.70	-
Balances with Banks	9.89	-
	<u>15.59</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:		
Cash, Cheques on hand and remittances in transit	1,088.43	1,188.06
Balances with Banks	9,856.58	5,872.37
	<u>10,945.01</u>	<u>7,060.43</u>
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>3,813.65</u>	<u>(870.68)</u>
Cash and Cash equivalents at the end of the year include the following Deposits and Balances with Banks which are not available for immediate use by the company		
Balances in Statutory Restricted Accounts	38.14	57.36
Margin & Other Deposit accounts	265.74	162.17
Total	<u>303.88</u>	<u>219.53</u>

Notes to the Consolidated Financial Statements per Schedule "11"
Schedules 1 to 11 form an integral part of the Consolidated Financial Statements
In terms of our report attached

For DELOITTE HASKINS & SELLS

Chartered Accountants

Rajesh K Hiranandani
Partner

AMIT MITTAL
Director (Finance)

Mumbai, 13th August, 2010

For and on behalf of the Board

SHAPOOR P. MISTRY

Chairman

ASHOK BARAT

Managing Director

A. T. SHAH

Company Secretary

SCHEDULE “1” TO “11” ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE “1” - SHARE CAPITAL

	As at 31st March, 2010 Rs. in Lakhs	As at 31st March, 2009 Rs. in Lakhs
AUTHORISED		
1,50,00,000 Shares of Rs.10 each	1,500.00	<i>1,500.00</i>
ISSUED AND SUBSCRIBED:		
1,27,32,218 (<i>Previous year 1,27,32,218</i>) Equity Shares of Rs.10 each fully paid-up	1,273.22	<i>1,273.22</i>
TOTAL	1,273.22	<i>1,273.22</i>

83,26,352 (*Previous year 83,26,352*) shares are held by the holding company, Sterling Investment Corporation Private Limited;

6,14,505; (*Previous year 6,14,505*) Shares are held by the ultimate holding company, Shapoorji Pallonji & Company Limited and

3,54,436; (*Previous year 3,54,436*) Shares are held by Cyrus Investments Limited (a subsidiary of the ultimate holding company)

The above excludes 1,66,398 (*Previous year 1,66,398*) Shares are held by a subsidiary, which have been eliminated on consolidation

SCHEDULE "2" - RESERVES AND SURPLUS

	Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs	As at 31st March, 2009 Rs. in Lakhs
1. TRANSLATION RESERVE:			
Per last Balance Sheet	65.64		28.52
Less: Amount transferred to Profit and Loss on Cessation of relationship with Jointly Controlled Entity	(233.89)		-
Add: Amount transferred on account of resulting exchange difference on translation of non integral foreign subsidiaries/ jointly controlled entity	(50.63)		37.12
		248.90	65.64
2. EXPORT PROFIT RESERVE:			
Per last Balance Sheet		0.35	0.35
3. CAPITAL RESERVE:			
Per last Balance Sheet		158.25	158.25
4. RESERVE ON CONSOLIDATION:			
Per last Balance Sheet		1,253.76	1,253.76
5. SECURITIES PREMIUM:			
Per last Balance Sheet		161.76	161.76
6. TONNAGE TAX RESERVE			
Per last Balance Sheet	-		-
Add: Transferred from Profit and Loss Account	4.13		-
		4.13	-
7. INVESTMENT ALLOWANCE RESERVE			
Per last Balance Sheet	-		1.38
Less: Utilised and transferred to General Reserve	-		(1.38)
		-	-
8. FOREIGN PROJECTS RESERVE:			
Per last Balance Sheet	-		2.86
Less: Utilised and transferred to General Reserve	-		(2.86)
		-	-
9. GENERAL RESERVE:			
Per last Balance Sheet	33,246.48		31,300.87
Less: Transferred to deferred tax liability [See Note No.6 (2) in Schedule 11]	-		(398.15)
Less: Demerger Expenses	-		(4.25)
	33,246.48		30,898.47
Add: Investment Allowance Reserve	-		1.38
Add: Transferred from Foreign Project Reserve	-		2.86
Add: Transferred from Profit and Loss Account	2,347.71		2,343.77
		35,594.19	33,246.48
10. DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT	(13,183.38)		(15,693.45)
Adjustment on account of Preference Share Capital in a jointly controlled entity	913.00		2,124.51
[See Note No. 7(B) in schedule 11]		(12,270.38)	(13,568.94)
TOTAL		25,150.96	21,317.30

SCHEDULE "3" - SECURED LOANS

	As at 31st March, 2010	As at 31st March, 2009
Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
1. TERM LOANS FROM BANKS:		
A. Rupee Loans from		
1. New India Co-op. Bank Limited	893.99	1,205.94
2. Export - Import Bank of India	2,071.43	857.14
3. The Federal Bank Limited	1,787.50	2,437.50
4. State Bank of India	672.02	940.63
5. Industrial Development Bank of India Limited	-	1,000.00
6. Axis Bank	2,055.48	-
7. Bank of India	2,000.00	1,375.00
8. Development Credit Bank	166.63	1,653.37
B. Foreign Currency Loans from		
Consortium of NATIXIS Bank and HSBC Bank	8,540.57	4,247.88
2. TERM LOANS FROM OTHERS:		
1. Finance Lease	75.58	5.19
2. Hire purchase liability	-	5.93
3. SHORT TERM LOANS FROM BANKS:		
1. Deferred Credit	431.83	628.42
2. Cash Credit and Packing Credit	4,475.29	6,328.62
3. Demand Loan	3,749.56	3,058.76
4. Overdraft	-	1.98
	8,656.68	10,017.78
TOTAL	26,919.88	23,746.36

SCHEDULE "4" - UNSECURED LOANS

	As at 31st March, 2010	As at 31st March, 2009
Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
1. FIXED DEPOSITS (Repayable within a year Rs 3.23 Lakhs; <i>Previous Year Rs 23.08 Lakhs</i>)	3.23	26.31
2. SHORT TERM LOANS		
(A) From Banks -		
1. Short Term and call loans from banks	1,011.23	1,207.84
2. Deferred Credit	-	4.96
	1,011.23	1,212.80
(B) From Others -		
1. Inter-corporate deposits	3,612.94	7,167.97
[Net of Minority Interest Rs 134.56 Lakhs (<i>Previous Year Rs Nil</i>)]		
2. Interest accrued and due	46.76	7.14
	3,659.70	7,175.11
TOTAL	4,674.16	8,414.22

SCHEDULE "5" - FIXED ASSETS

(Rs.in Lakhs)

Description of Assets	GROSS BLOCK			DEPRECIATION / AMORTISATION			IMPAIRMENT		NET BLOCK			
	Total Cost (after deducting sale proceeds where the cost is not ascertainable) as at 1st April 2009	Opening Adjustments [Refer Note IC (c) of Schedule III]	Cost of additions during the year	Cost of deductions during the year	Total Cost (after deducting sale proceeds where the cost is not ascertainable) as at 31st March, 2010	Cumulative Depreciation/Amortisation upto 31st March, 2009	Opening Adjustments [Refer Note IC (c) of Schedule III]	Depreciation/Amortisation for the year	Cumulative Depreciation/Amortisation on deductions for the year	Total Depreciation/Amortisation upto 31st March, 2010	Balance upto 31st March, 2010	Balance upto 31st March, 2009
TANGIBLE ASSETS												
1. Leasehold Land	913.24	-	-	-	913.24	121.92	-	33.75	-	155.67	757.57	791.32
2. Leasehold Improvement	46.30	-	2.58	-	43.72	15.69	-	4.37	1.14	18.92	24.80	29.17
3. Freehold Land	593.62	-	0.26	-	593.88	-	-	-	-	-	593.88	593.62
4. Buildings (see Footnote 1)	13,284.17	1.00	4,285.72	38.40	17,532.49	2,697.75	1.00	659.95	2.51	3,356.19	14,176.30	10,386.42
5. Plant and Machinery (Owned) (see Footnotes 2, 4 and 5)	17,497.84	21.88	1,347.29	2,979.81	15,887.20	9,235.65	9.45	1,338.60	2,564.75	8,018.95	7,520.85	8,255.84
6. Plant and Machinery (Leased) (see Footnote 5)	-	-	90.16	-	90.16	-	-	15.07	-	15.07	75.09	-
7. Furniture, Fixtures and Office Equipment	5,470.41	15.69	969.96	663.41	5,792.65	3,438.19	5.52	612.66	503.03	3,533.34	2,224.70	2,015.02
8. Shipping Vessels	-	-	9,330.55	-	9,330.55	-	-	174.42	-	174.42	9,156.13	-
9. Vehicles	3,214.92	16.79	732.34	620.15	3,343.90	1,620.18	5.89	475.34	389.50	1,711.91	1,631.64	1,594.74
Sub Total Tangible Assets	41,020.50	55.36	16,756.28	4,304.35	53,527.79	17,129.38	21.86	3,314.16	3,460.93	17,004.47	36,160.96	23,866.13
INTANGIBLE ASSETS												
10. Computer Software	782.45	(1.56)	845.13	15.16	1,610.86	607.02	(1.44)	124.34	3.64	726.28	884.31	173.43
11. Brands, Patents and License fees	2,395.67	-	-	-	2,395.67	1,739.23	-	389.68	-	2,128.91	266.76	656.44
12. Intellectual Property / Distribution Rights	517.70	-	6.71	6.01	518.40	336.32	-	14.74	6.01	345.05	45.99	54.02
Sub Total Intangible Assets	3,695.82	(1.56)	851.84	21.17	4,524.93	2,682.57	(1.44)	528.76	9.65	3,200.24	1,197.06	883.89
TOTAL	44,716.32	53.80	17,608.12	4,325.52	58,052.72	19,811.95	20.42	3,842.92	3,470.58	20,204.71	37,358.02	24,750.02
<i>Previous Year</i>	<i>41,591.10</i>	<i>149.42</i>	<i>4,555.69</i>	<i>1,579.89</i>	<i>44,716.32</i>	<i>17,211.83</i>	<i>90.36</i>	<i>3,302.62</i>	<i>992.86</i>	<i>19,811.95</i>	<i>24,750.02</i>	<i>-</i>

Footnotes:

- Buildings (Cost) include: (i) Residential flats and office premises Rs.69.54 lakhs; (Previous year Rs.69.54 lakhs) in respect of which Co-operative societies are yet to be formed (ii) Shares in Co-operative Housing Societies, Association of apartment owners and in a company Rs.0.17 lakh; (Previous year Rs.0.17 lakh) (iii) Premises on freehold land where the Company is yet to be registered as the owner of a proportionate share in the land Rs.28.65 lakhs; (Previous year Rs.28.65 lakhs) (iv) Jointly owned Residential Premises Rs.28.39 lakhs; (Previous year Rs.28.39 lakhs).
- Plant and Machinery include a jointly owned asset Rs.19.24 lakhs; (Previous year Rs. 19.24 lakhs)
- The charge for depreciation in the Profit and Loss Account includes depreciation amounting to Rs. 4.64 lakhs (Previous Year Rs. Nil) in respect of jointly controlled entity which has been converted into subsidiary during the previous year.
- Plant and Machinery includes equipment acquired on hire purchase costing Rs. Nil; (Previous year Rs.135.65 Lakhs) carried at the year end at Rs.Nil; (Previous year Rs.23.32 Lakhs).
- During the year, Plant and Machinery costing Rs.77.98 Lakhs, having written down value Rs.30.33 Lakhs as at 31st March, 2009 has been reclassified under owned assets subsequent to expiry of the lease term.
- Assets held for disposal included above are as under

Description of Assets	Gross Block as at 31st March 2010		Accumulated Depreciation/Amortisation upto 31st March 2010		Impairment as at 31st March, 2010		Net Block as at 31st March 2010	
	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs
1. Freehold Land	2.17	-	-	2.17	-	-	-	-
2. Building	102.44	57.58	-	44.86	-	-	3.26	-
3. Plant and Machinery	727.48	380.08	347.40	18.64	-	-	18.64	-
4. Furniture & Fixtures	83.89	69.28	14.61	1.86	-	-	1.86	-
5. Vehicle	30.83	30.48	0.35	0.64	-	-	0.64	-
6. Computer Software	54.45	54.45	-	-	-	-	-	-
	1,001.26	591.87	362.36	47.03	-	-	24.40	-
<i>Previous Year</i>	<i>109.11</i>	<i>109.11</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>63.55</i>	<i>-</i>

SCHEDULE "6" - INVESTMENTS [fully paid-up unless otherwise stated]

	Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs	As at 31st March, 2009 Rs. in Lakhs
A. LONG TERM			
1. INVESTMENT IN GOVERNMENT SECURITIES:		-	
Unquoted			
(i) National Savings Certificate (Deposit with third parties)		0.07	0.08
(ii) 5.5% Rural Electrification Corporation Limited - Bonds		-	4,500.00
2. INVESTMENT IN ASSOCIATES:			
Cost of Investment (including Rs. Nil ; Previous year Rs.302.36 lakhs as Capital Reserve)	189.73		991.05
Add: Adjustments for post-acquisition share of profit/ (loss) of associates (Equity Method)	(189.73)		(957.77)
Net Carrying Value		-	33.28
3. TRADE INVESTMENTS:			
Unquoted Equity Shares		-	314.28
4. OTHER THAN TRADE INVESTMENTS:			
(i) Quoted Equity Shares	25.07		73.93
(ii) Unquoted Equity Shares	0.58		2.91
(iii) Debentures	3.89		3.89
		29.54	80.73
5. INVESTMENT IN MUTUAL FUNDS		1.00	1,350.00
B. CURRENT			
OTHER THAN TRADE INVESTMENTS:			
Quoted Equity Shares		26.30	46.85
		56.91	6,325.22
Less: PROVISION FOR DIMINUTION IN THE VALUE OF INVESTMENTS		2.05	16.87
		54.86	6,308.35
Book value of			
Quoted Investments		51.37	120.78
Unquoted Investments		3.49	6,187.57
(Cost less Provision for Diminution)		54.86	6,308.35
Market Value of Quoted Investments		45.07	72.90



SCHEDULE "7" — CURRENT ASSETS, LOANS AND ADVANCES

	Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs	As at 31st March, 2009 Rs. in Lakhs
CURRENT ASSETS:			
(a) INVENTORIES:			
(i) Raw Materials and Components		4,613.03	4,288.66
(ii) Stock-in-Process		581.55	554.07
(iii) Finished Goods		10,591.02	12,970.12
(iv) Stores, Spares and Loose Tools		1,028.15	343.64
		<u>16,813.75</u>	<u>18,156.49</u>
(b) SUNDRY DEBTORS:			
(i) Debts Outstanding for a period exceeding six months:			
(a) Secured, Considered Good	-		13.27
(b) Secured, Considered Doubtful	25.30		20.84
(c) Unsecured, Considered Good	2,270.81		1,400.85
(d) Unsecured, Considered Doubtful	961.37		1,765.36
		<u>3,257.48</u>	<u>3,200.32</u>
(ii) Other Debts:			
(a) Unsecured, Considered Good	11,755.14		15,050.83
(b) Considered Doubtful	16.67		13.28
		<u>11,771.81</u>	<u>15,064.11</u>
		<u>15,029.29</u>	<u>18,264.43</u>
Less: Provision for Doubtful Debts		<u>1,003.34</u>	<u>1,799.48</u>
		<u>14,025.95</u>	<u>16,464.95</u>
(c) CASH AND BANK BALANCES:			
(i) Cash, cheques on hand and remittances in transit		1,088.43	1,188.06
(ii) Bank Balances (Refer note no. 8 in schedule 11):			
A. With Scheduled Banks:			
On Current Accounts		6,258.88	5,329.72
On Margin Accounts		50.51	29.62
On Deposit Accounts		478.39	409.95
B. With Others:			
		<u>3,068.80</u>	<u>103.08</u>
		<u>10,945.01</u>	<u>7,060.43</u>
(d) OTHER CURRENT ASSETS:			
Interest accrued on Investments and Deposits		<u>8.24</u>	<u>255.28</u>
(e) LOANS AND ADVANCES: (Unsecured, considered good unless otherwise stated)			
(i) Loans			
(a) Unsecured, Considered Good	7,375.86		5,977.01
(b) Secured, Considered Doubtful	4,660.33		4,716.03
(c) Unsecured, Considered Doubtful	22.44		239.91
	<u>12,058.63</u>		<u>10,932.95</u>
Less: Provision for Doubtful Loans	4,682.77		4,955.94
		<u>7,375.86</u>	<u>5,977.01</u>
(ii) Advances recoverable in cash or in kind or for value to be received:			
(a) Unsecured, Considered Good	8,564.55		5,374.46
(b) Unsecured, Considered Doubtful	171.48		122.25
	<u>8,736.03</u>		<u>5,496.71</u>
Less: Provision for Doubtful Advances	171.48		122.25
		<u>8,564.55</u>	<u>5,374.46</u>
(iii) Taxes paid less provisions including Fringe Benefit Tax (other than deferred tax)			
		<u>3,899.35</u>	<u>2,903.82</u>
(iv) Balance with Central Excise, Custom, Port Trust and Sales Tax			
		<u>1,285.84</u>	<u>851.37</u>
(v) Other Deposits			
		<u>2,095.31</u>	<u>1,824.98</u>
TOTAL		<u>23,220.91</u>	<u>16,931.64</u>

SCHEDULE “8” - CURRENT LIABILITIES AND PROVISIONS

	Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs	As at 31st March, 2009 Rs. in Lakhs
1. CURRENT LIABILITIES:			
(i) Acceptances		696.87	115.54
(ii) Sundry Creditors			
Due to Micro, Small and Medium Enterprises		7.18	7.23
(includes interest Rs 0.71 Lakh including Rs 0.47 Lakh for previous year)			
Others		13,716.54	10,666.14
(iii) Customers'/Security Deposits, credit balances and advances against supplies and services to be rendered		19,347.26	18,870.76
(iv) Liability towards Investors' Education and Protection Fund under section 205C of the Companies Act, 1956, not due			
(1) Unpaid Dividends	31.43		34.77
(2) Unpaid Matured Deposits	6.71		14.71
(3) Interest accrued on (2) above	-		5.22
		<u>38.14</u>	<u>54.70</u>
(v) Other Liabilities		11,138.65	10,864.47
(vi) Interest accrued but not due on loans		50.47	77.70
		<u>44,995.11</u>	<u>40,656.54</u>
2. PROVISIONS:			
(i) Employee Benefits		1,164.73	1,150.20
(ii) Provision for Warranties		470.84	412.75
(iii) Tax provisions less payments including Fringe Benefit Tax (other than deferred tax)		979.03	732.26
(iv) Corporate Dividend tax		12.33	268.18
TOTAL		<u>2,626.93</u>	<u>2,563.39</u>

SCHEDULE “9” - VOLUNTARY RETIREMENT COMPENSATION

	Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs	As at 31st March, 2009 Rs. in Lakhs
Opening Balance		124.33	0.67
Add: Paid / Provided during the year		536.89	302.48
		<u>661.22</u>	<u>303.15</u>
Less: Amortised [See Note No. 1 (T) in Schedule 11]		661.22	178.82
TOTAL		<u>-</u>	<u>124.33</u>



SCHEDULE "10" - MANUFACTURING, TRADING AND OTHER EXPENSES

	Rs. in Lakhs	Rs. in Lakhs	For the year ended 31st March, 2010 Rs. in Lakhs	For the year ended 31st March, 2009 Rs. in Lakhs
1. MATERIALS CONSUMED:				
Raw Materials and Components:				
Opening Stock		4,288.66		5,285.38
Less: Capitalised during the year		-		(8.28)
Add: Purchases		32,635.43		31,324.45
		<u>36,924.09</u>		<u>36,601.55</u>
Less: Provision for reduction in the value of inventory		(2.03)		(489.09)
Less: Closing Stock		<u>(4,613.03)</u>		<u>(4,288.66)</u>
			32,309.03	31,823.80
2. PURCHASES OF TRADING STOCKS			15,297.25	10,416.39
3. DIRECT LOTTERY EXPENSES			102.67	575.53
4. STORES, SPARES AND TOOLS CONSUMED			2,398.37	2,195.00
5. PROCESSING CHARGES			775.93	820.89
6. POWER AND FUEL			1,168.47	1,206.20
7. OPERATING COSTS RELATING TO SHIPPING BUSINESS				
(a) Inchartering Costs			4,303.62	7,085.88
(b) Transportation and Hiring Charges			2,448.95	764.72
(c) Freight Forwarding and other operating expenses			1,573.35	1,577.26
8. CREW AND OTHER RELATED EXPENSES			139.96	-
9. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:				
(a) Salaries, Wages, Bonus and Commission		18,887.71		18,476.14
(b) Gratuity		302.71		333.36
(c) Ex-Gratia Payments		-		66.82
(d) Company's Contribution to Provident Fund and Other Funds		1,150.24		857.91
(e) Workmen and Staff Welfare Expenses		827.16		1,224.53
			21,167.82	20,958.76
10. SELLING AND DISTRIBUTION EXPENSES:				
(a) Commission to Dealers		227.35		256.63
(b) Brokerage and Discount		324.84		154.10
(c) Freight and Forwarding Charges		2,325.38		2,464.19
(d) Advertisement Expenses		5,032.82		4,673.08
(e) Selling & Sales Promotion Expenses		<u>4,517.88</u>		<u>2,896.99</u>
			12,428.27	10,444.99
11. OTHER EXPENSES:				
(a) Repairs to				
(i) Plant and Machinery	194.93			248.06
(ii) Buildings	106.34			266.63
(iii) Others	<u>786.39</u>			<u>854.31</u>
		1,087.66		1,369.00
(b) Rent		1,451.78		1,455.13
(c) Rates and Taxes		1,037.99		854.18
(d) Stamps, Telegrams, Stationery, Printing, Telephones and Other Communication		1,714.21		1,950.94
(e) Legal and Professional Charges (including commission to other than wholtime directors of subsidiary companies Rs 59.00 Lakhs (Previous year Rs 150.15 Lakhs))		1,794.05		1,570.84
(f) Bad Debts/Advances written off	1,241.59			
Less: Provision held	<u>935.17</u>			
		306.42		330.72
(g) Provision for Doubtful Debts		272.64		244.68
Balance		7,664.75		77,775.49
Balance Carried forward			94,113.69	87,869.42

SCHEDULE "10" - MANUFACTURING, TRADING AND OTHER EXPENSES

	Rs. in Lakhs	Rs. in Lakhs	For the year ended 31st March, 2010 Rs. in Lakhs	For the year ended 31st March, 2009 Rs. in Lakhs
Balance		7664.75		7775.49
Balance brought forward			94113.69	87869.42
(h) Auditors' Remuneration:				
(i) Audit Fees [includes Rs 1.00 Lakh (<i>Previous Year Rs 7.00 Lakhs</i>) in respect of an earlier year]	80.11			76.03
(ii) Tax Audit Fees	5.40			3.01
(iii) Company Law Matters	0.39			0.74
(iv) Other Matters	21.87			15.31
(v) Service Tax	0.21			0.17
(vi) Out of Pocket Expenses	4.09			4.65
		112.07		99.91
(i) Deferred Revenue Expenditure written off - others		-		16.36
(j) Excise duty		(14.54)		20.39
(k) Vehicle Expenses		1,652.96		1,888.75
(l) Travel and Conveyance		1,959.33		2,153.79
(m) Insurance Premium		608.93		612.37
(n) Service Charges		7,765.80		7,351.08
(o) Provision for reduction in value of inventory		10.11		374.27
(p) Miscellaneous Charges		5,856.18		5,818.19
			25,615.59	26,110.60
			119,729.28	113,980.02
12. Less: RECOVERIES FROM THIRD PARTIES			0.37	4.66
			119,728.91	113,975.36
13. ADJUSTMENT OF STOCKS:				
Opening Stocks:				
Stock-in-Process	554.07			666.17
Finished Goods	12,970.12			15,661.88
		13,524.19		16,328.05
Less: Closing Stocks:				
Stock-in-Process	581.55			554.07
Finished Goods	10,591.02			12,970.12
		11,172.57		13,524.19
Excise duty related to the difference between the closing stock and opening stock		15.53		(69.89)
(Increase) / Decrease in stocks			2,367.15	2,733.97
TOTAL			122,096.06	116,709.33

SCHEDULE "11"

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010

1. SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF ACCOUNTING AND USE OF ESTIMATES

- (i) The financial statements are prepared as per historical cost convention and in accordance with the generally accepted accounting principles in India and the applicable Accounting Standards referred to in section 211(3C) of the Companies Act, 1956. All the income and expenditure having material bearing on the financial statements are recognised on accrual basis.
- (ii) The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

B. PRINCIPLES OF CONSOLIDATION

- (i) The Consolidated Financial Statements relate to Forbes and Company Limited (the "Company") and its subsidiaries, (the Company and its subsidiaries constitute the "Group") which have been prepared in accordance with the Accounting Standards on Consolidated Financial Statements (AS) 21 and Financial Reporting of Interests in Joint Ventures (AS) 27 prescribed under section 211(3C) of the Companies Act, 1956. Further the Consolidated Financial Statements include investments in associates accounted for using equity method in accordance with the Accounting Standard on Accounting for Investments in Associates in Consolidated Financial Statements (AS) 23 prescribed under section 211 (3C) of the Companies Act, 1956.
- (ii) The financial statements of the Company and its subsidiaries have been consolidated on line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra -group transactions and resulting unrealised profits or losses. Interests in joint ventures are aggregated in the consolidated financial statements by using the proportionate consolidation method, which means that the Group's share in book values of like items of assets, liabilities, income and expenses are aggregated after eliminating the intra-group balances and transactions to the extent of the proportionate share of the Group in the joint venture.
- (iii) The excess cost of investment in the subsidiary / jointly controlled entity over the Company's portion of equity of the subsidiary / jointly controlled entity, at the date on which investment is made, is recognised in the financial statements as Goodwill on Consolidation.
- (iv) The excess of Company's portion of equity of the subsidiary / jointly controlled entity over the cost of the investments by the Company, at the date on which investments is made, is treated as a Capital Reserve on Consolidation.
- (v) Minority Interests in the net assets of the subsidiaries consist of :
 - (1) the amount of equity attributable to minorities at the date on which investment is made.
 - (2) the minorities' share of movements in the equity since the date the parent-subsidiary relationship came into existence. The losses applicable to the minority in a consolidated subsidiary may exceed the minority interest in the equity of subsidiary. The excess, and any further losses applicable to the minority, are adjusted against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses.
- (vi) The financial statements of the Company, its subsidiaries, jointly controlled entities and associates used in the consolidation are drawn upto the same reporting date i.e. 31st March 2010, other than Forbes Lux Group AG, BAAR an associate (previous year: jointly controlled entity) for which the reporting date is 31st December 2009.
- (vii) Figures pertaining to the subsidiaries and the interests in jointly controlled entities have been reclassified wherever necessary to bring them in line with the Company's financial statements.

(viii) Subsidiaries:

The Group's financial statements comprise figures aggregated for the Company, its subsidiaries and its interest in jointly controlled entities. Subsidiaries are entities in which the Company owns, either directly or indirectly, more than half of the shares with voting rights or where the Company has a controlling influence on the basis of agreements.

Subsidiaries are included in the consolidated financial statements from the point in time at which the control is transferred to the Group and are no longer included in the consolidated financial statements from the point in time at which the control ceases.

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

The list of subsidiary companies which are included in the consolidation and the Group's holdings therein are as under:

Sr No	Name of the Company	Incorporated In	Percentage Holding (%)	
			For the year ended 31st March, 2010	For the year ended 31st March, 2009
1	Eureka Forbes Limited and its subsidiaries:	India	100.00	100.00
	(a) Aquamall Water Solutions Limited and its subsidiaries:	India	100.00	100.00
	(i) Aquadiagnostics Water Research & Technology Center Limited	India	99.94	99.94
	(ii) Forbes Aquamall Limited	India	100.00	100.00
	(b) Euro Forbes International Pte. Limited	Singapore	100.00	100.00
	(c) Forbes Facility Services Private Limited	India	100.00	100.00
	(d) E4 Development & Coaching Limited	India	75.00	75.00
	(e) Forbes Enviro Solutions Limited (w.e.f 01.04.2009)	India	100.00	-
	(f) Waterwings Equipment Private Limited (w.e.f 19.06.2009)	India	76.00	-
	(g) Radiant Energy Systems Private Limited (w.e.f 19.06.2009)	India	76.00	-
2	Forbes Campbell Finance Limited (Formerly known as Latham India Limited) and its subsidiaries:	India	100.00	100.00
	Forbes Bumi Armada Limited	India	51.00	51.00
	Forbes Technosys Limited	India	100.00	100.00
	Forbes Smart Data Limited	India	100.00	100.00
	Forbes Campbell Services Limited	India	98.00	98.00
	Forbes Edumetry Limited (w.e.f 20.05.2008)	India	57.50	57.50
3	Sea-Falcon Shipping Services Limited	India	-	100.00
4	Seaspeed Agencies Limited	India	-	100.00
5	Trident Shipping Agencies Limited	India	-	100.00
6	Forbes Finance Limited	India	-	100.00
7	Volkart Fleming Shipping & Services Limited	India	100.00	100.00
8	Forbes Doris & Naess Maritime Limited (wound up w.e.f 29.04.2009)	India	-	60.00
9	Forbes Tinsley Company Limited (wound up w.e.f 29.04.2009)	India	-	60.00
10	Forbes Container Line Pte. Limited	Singapore	100.00	100.00
11	High Point Properties Limited (upto 03.03.2009)	India	-	100.00

Footnotes:-

- During the year, Sea-Falcon Shipping Services Limited (SFSSL), Seaspeed Agencies Limited (SAL), Trident Shipping Agencies Limited (TSAL) and Forbes Finance Limited (FFL) were amalgamated with Forbes Campbell Finance Limited (Formerly known as Latham India Limited) w.e.f. 1st April, 2008 ("appointed date") in terms of the Scheme of amalgamation ("the Scheme") sanctioned by the Honourable High Court of Madras on 30th June, 2009 and by the Honourable High Court of Bombay for SSAL, SFSSL and TSAL on 7th August, 2009 and for FFL on 11th September, 2009.
- Became subsidiaries of Forbes Campbell Finance Limited (Formerly known as Latham India Limited) subsequent to amalgamation of Forbes Finance Limited into Forbes Campbell Finance Limited as stated in footnote no. 1 above.
- During the year, the group consolidated Forbes Edumetry Limited as a subsidiary which in the previous year had been consolidated as 50% Joint Venture. As a result of the change, net debit of Rs. 21.35 Lakhs recognised as prior period item in the profit and loss account, in respect of past losses not recorded to the extent of 7.5%.

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

The financial position and results (post acquisition/ pre disposal but prior to elimination of intra-group transactions and balances), goodwill or capital reserve recognised on acquisition, capital commitments and contingent liabilities in respect of the subsidiaries where controlling interests were acquired/disposed off during the year are given below:

(Rs. in Lakhs)

Particulars	Forbes Edumetry Limited		Radiant Energy Systems Private Limited	Waterwings Equipment Private Limited	Forbes Enviro Solutions Limited
	31st March, 2010	31st March, 2009	31st March, 2010	31st March, 2010	31st March, 2010
Net block of tangible fixed assets	15.05	20.25	8.80	7.29	-
Intangible assets	-	-	-	1.36	-
Capital work-in-progress	95.12	95.12	-	-	-
Investments	-	-	0.99	-	-
Current assets, loans and advances	15.40	42.41	203.25	328.89	5.00
Current liabilities and provisions	49.45	71.71	153.62	260.91	1.03
Secured loans	-	-	-	-	-
Unsecured Loans	392.73	370.76	-	-	-
Net Deferred Tax Liabilities	-	-	0.79	(0.45)	-
Net Assets	(316.61)	(284.69)	58.63	77.08	3.97
Minority Interests' share	(134.56)	(120.99)	14.07	18.50	-
Group's share in Net Assets	(182.05)	(163.70)	44.56	58.58	3.97
Net Profit or (Loss)	(31.93)	(96.16)	33.69	57.34	(1.03)
Minority Interests' share	(13.57)	(40.87)	8.09	13.76	-
Group's share	(18.36)	(55.29)	25.60	43.58	(1.03)
Goodwill	-	-	37.93	102.60	-
Capital Commitments	-	-	-	-	-
Contingent Liabilities	-	-	-	1.75	-

(ix) **Foreign Subsidiaries:**

The consolidated financial statements includes two subsidiaries incorporated outside India whose financial statements have been drawn up in accordance with the generally accepted accounting practices (GAAP) as applicable locally. These financial statements has been re-stated in Indian Rupees considering them as non-integral part of the Group's operations and the resultant exchange gain / loss on conversion has been carried forward as Translation Reserve. In the opinion of the Management, based on the analysis of the significant transactions at subsidiaries, no material adjustments are required to be made to comply with group accounting policies / Indian GAAP.

(x) **Jointly Controlled Entities:**

Interests in jointly controlled entities comprise of the share of the Group's interest in a company in which the Group has acquired joint control over its economic activities by contractual agreement.

Interests in jointly controlled entities are included in the consolidated financial statements of the Group from the point in time at which the joint control is transferred to the Group and are no longer included in the consolidated financial statements from the point in time at which the joint control ceases. Interests in joint ventures are aggregated in the consolidated financial statements by using the proportionate consolidation

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

method, which means that the Group's share in book values of like items of assets, liabilities, income and expenses are aggregated after eliminating the intra-group balances and transactions to the extent of the proportionate share of the Group in the joint venture. If the acquisition values of the shares in the joint ventures exceed the share in the net assets, the difference is assigned to Goodwill. If the acquisition cost falls below the share in the acquired joint ventures net assets, the difference is treated as a Capital Reserve.

The financial statements of the following companies which are in the nature of jointly controlled entities have been consolidated as aforesaid.

Sr No.	Name of the Company	See Footnote No.	Incorporated In	Percentage Holding (%)	
				For the year ended 31st March, 2010	<i>For the year ended 31st March, 2009</i>
1	Forbes Aquatech Limited	1	India	50.00	50.00
2	Forbes Concept Hospitality Services Private Limited	1	India	50.00	50.00
3	Infinite Water Solutions Pvt. Ltd.	1	India	50.00	50.00
4	Forbes Lux Group AG, BAAR (upto 31.12.2008)	4	Switzerland	-	50.00
5	Nypro Forbes Moulds Private Limited	2	India	50.00	50.00
6	Nypro Forbes Products Private Limited	2	India	50.00	50.00
7	Forbes Infotainment Limited	3	India	49.00	49.00
8	Edumetry Inc.		USA	50.00	50.00
9	SCI Forbes Limited		India	25.00	25.00
10	Meadows Shipping Private Limited (wound up w.e.f 17.02.2010)	2	India	-	50.00

Footnote:-

- 1 Jointly controlled entities of Eureka Forbes Limited.
- 2 Jointly controlled entities of Forbes Campbell Finance Limited (Formerly known as Latham India Limited).
- 3 The business operations of Forbes Infotainment, a jointly controlled entity are temporarily held in abeyance. Hence, the accounts are prepared on a net realisable value basis.
- 4 During the year, Forbes Lux AG, BAAR (Switzerland), a 50% Jointly Controlled Entity of Eureka Forbes Limited (EFL) underwent restructuring in terms of which EFL divested 50% of its shareholding in the said Company w.e.f. 1st January, 2009. Consequently, the Joint Venture agreement was terminated and accordingly it is classified as an Associate Company.

The movement in the Group's share of the post acquisition reserves of jointly controlled entities are as follows:

	Year ended 31st March, 2010	<i>Year ended 31st March, 2009</i>
	(Rs. In Lakhs)	<i>(Rs. in Lakhs)</i>
Proportionate Reserves and Surplus as at the beginning of the year	(5,087.42)	<i>(2,682.38)</i>
Proportionate Translation Reserves	52.93	<i>(283.28)</i>
Proportionate Tonnage Tax Reserve	4.13	<i>-</i>
Proportionate profit/(deficit) in Profit and Loss Account (net of dividend)	192.30	<i>(2,121.76)</i>
Proportionate reversal in respect of investments disposed off	2,150.82	<i>-</i>
Proportionate Reserves and Surplus as at the end of the year	<u>(2,687.24)</u>	<i><u>(5,087.42)</u></i>



SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

The proportionate share of assets, liabilities, income and expenditure of the above jointly controlled entities included in these consolidated financial statements are given below :

	2009-10	2008-09
	Rs. in Lakhs	<i>Rs. in Lakhs</i>
ASSETS		
Net Block (including Capital Work in Progress and Capital Advances)	14,028.49	8,806.79
Investments	-	314.29
Deferred Tax Asset	4.09	0.24
Current Assets, Loans and Advances	4,868.99	4,015.69
	18,901.57	13,137.01
LIABILITIES		
Reserves and Surplus	(2,687.24)	(5,087.42)
Secured Loans	10,095.66	6,064.57
Unsecured Loans	1,004.26	4,297.07
Deferred Tax Liability	24.62	21.30
Current Liabilities and Provisions	1,536.69	3,990.30
	9,973.99	9,285.82
INCOME		
Sales	4,773.58	4,805.76
Services and Other Income	1,361.79	423.26
	6,135.37	5,229.02
EXPENSES		
Manufacturing, Trading and Other expenses	5,300.79	6,103.67
Interest	242.20	996.19
Depreciation	534.87	257.90
Prior Period Items	(156.01)	(57.41)
Taxes -Wealth Tax	-	1.04
- Income Tax - Current	21.75	42.45
- Fringe Benefits Tax	-	5.34
- Income Tax - Deferred	(0.53)	1.60
	5,943.07	7,350.78

Name of the Joint Venture Company	2009-10		2008-09	
	Contingent Liabilities	Capital Commitment	Contingent Liabilities	Capital Commitment
	(Rs. in Lakhs)	(Rs. in Lakhs)	Rs. in Lakhs	Rs. in Lakhs
Forbes Infotainment Limited	14.76	-	14.76	-
Nypro Forbes Moulds Private Limited	130.56	-	128.59	-
Nypro Forbes Products Private Limited	311.75	-	311.75	34.77
SCI Forbes Limited	-	550.25	-	6,432.44

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

(xi) Associate Companies:

Entities are consolidated as associates when the Group, either directly or indirectly, has a long-term holding usually corresponding to at least 20% but not more than 50% of the voting rights and on the basis of which the Parent Company has had a significant influence (but not control or joint control) during the year, unless it can be clearly proven otherwise.

Holdings in associate companies are reported in accordance with the equity method, meaning that shares in a company are reported at acquisition value at the date of acquisition and subsequently adjusted with the Group's share of earnings in associate companies. The Group's share of the associate companies' net profit/loss after tax is included in the Consolidated Profit and Loss Account.

The Group's holdings in associate companies are reported in the Consolidated Balance Sheet at an amount corresponding to the Group's share of the associate companies' net assets including goodwill / capital reserve on consolidation and any impairment.

When the Group's shares of any accumulated losses exceed the acquisition value of an investment, the book value is set to zero and the reporting of future losses ceases, unless the Group is committed on the basis of guarantees or other obligations to the company in question.

The portion of unrealised profits and losses corresponding to the Group's participation in the associate company is eliminated in conjunction with transactions between the Group and the associate companies; however unrealised losses are not eliminated if the cost of the transferred asset cannot be recovered. The corresponding adjustment is made to the value of investments in the associate companies.

The Group's investment in the following Associates are accounted in accordance with (AS) 23.

Name of the Company	See Note No.	Nature of Business	Percentage Holding (%)	
			For the year ended 31st March, 2010	For the year ended 31st March, 2009
The Svadeshi Mills Company Limited	1	Textile industry - under liquidation	23.00	23.00
P. T. Gokak Indonesia (upto 27.05.2009)		Textile industry	-	22.00
Next Gen Publishing Ltd.	3	Publication and Media	-	40.90
Forbes Lux Group AG, BAAR (w.e.f 01.01.2009)	Refer note No. 1B (x) (4)	Home Appliances	25.00	-
Euro P2P Direct (Thailand) Co. Ltd.	2	Home Appliances	49.00	49.00

Footnotes :-

- In the absence of the financial statements being available, these consolidated financial statements do not include the effect, if any, of equity accounting for investment in this associate; the investments in this associate have been fully provided for.
- The entity is an associate of Eureka Forbes Limited (a wholly owned subsidiary of the Company)
- The Company acquired controlling interest (65.35%) on acquisition of 24.44% stake in Nextgen Publishing Limited on 27.07.2009. However, since the control is intended to be temporary as the further stake is acquired and held exclusively with a view to its subsequent disposal in the near future, the company is not consolidated as a subsidiary on line by line basis. The entire stake of 65.35% was subsequently disposed off on 08.03.2010.

(Rs. In Lakhs)

The details of investment in associates are as under: -

Particulars	The Svadeshi Mills Company Limited	Euro P2P Direct (Thailand) Co. Ltd.	Forbes Lux Group AG, BAAR (See Footnote)	Total
No of equity shares	1,769,430	4,802	250	
Cost of investments in equity	177.75	11.98	-	189.73
Post acquisition share in profits / (Losses)	(177.75)	(11.98)	-	(189.73)
Carrying cost of equity	-	-	-	-

Footnote:

In view of accumulated losses exceeding the acquisition value of investment in this erstwhile jointly controlled entity, the cost has been recorded as Rs. Nil on cessation of relationship as Jointly controlled entity

C. FIXED ASSETS AND DEPRECIATION / AMORTISATION

(a) Tangible Fixed assets.

Tangible fixed assets acquired by the Group are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any. The acquisition value includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in the working condition for its intended use. Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalised up to the date when the asset is ready for its intended use. Depreciation is calculated on pro-rata basis. Items costing less than and up to Rs. 5,000 are fully depreciated.

(b) Intangible assets and amortisations.

Intangible assets are valued at cost less amortisation. These generally comprise of costs incurred to acquire computer software licenses and implement the software for internal use (including software coding, installation, testing and certain data conversion). Research costs are charged to earnings as they arise. Costs incurred for applying research results or other knowledge to develop new products, are capitalised to the extent that these products are expected to generate future financial benefits. Other development costs are expensed as and when they arise.

Intangible assets are reported at acquisition value with deductions for accumulated amortisation and any impairment losses.

Amortisation takes place on a straight line basis over the asset's anticipated useful life. The useful life is determined based on the period of the underlying contract and the period of time over which the intangible asset is expected to be used and generally does not exceed 10 years. Software is being amortised over a period of 5 years being the estimated useful life.

An impairment test of intangible assets is conducted annually or more often if there is an indication of a decrease in value. The impairment loss, if any, is reported in the Profit and Loss Account.

(c) Opening Adjustments

The column "Opening Adjustments" in Schedule 5 represents additions/ deletions pertaining to the opening block of Fixed Assets of the subsidiaries and jointly controlled entities acquired / sold during the year, adjustment on account of Foreign Exchange translation and revaluation of opening block of fixed assets.

DEPRECIATION AND AMORTISATION :

I THE COMPANY : (38.06% of Total Depreciation)

The methods and the rates of depreciation are as under :

Class of Assets	Year Acquisition	Method of Providing Depreciation	Rate of Depreciation
(i) All fixed assets	Upto 30th June, 1986	Straight Line Method	At rates computed under Section 205(2)(b) of the Companies Act, 1956 pursuant to rates of depreciation prescribed in Income-tax Rules from time to time.
(ii) All fixed assets other than those specified in items (iii) to (vi) below	From 1 st July, 1986	Straight Line Method	Schedule XIV to the Companies Act, 1956
(iii) Vehicles	From 1 st July, 1986 to 31 st March, 1999	Written Down Value Method	Schedule XIV to the Companies Act, 1956
	From 1 st April, 1999	Written Down Value Method	At the Rate of 40%
	From 1 st April, 2009	Straight Line Method applied retrospectively	At the Rate of 25% retrospectively
(iv) Leasehold land and building thereon	From 1 st July, 1986	Straight Line Method	Amortised over the period of the lease.
(v) Leasehold improvements	From 1 st July, 1986	Straight Line Method	Amortised over the period of the lease.
(vi) Building constructed on land belonging to third party	From 1 st July, 1986	Straight Line Method	At the rate of 20%

SCHEDULE "I" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

II SUBSIDIARIES / JOINTLY CONTROLLED ENTITIES:

- (i) Depreciation has been provided on written down value method and at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 by Eureka Forbes Limited and all its subsidiaries and jointly controlled entities and Volkart Flemming Shipping & Services Limited (49.10% of total depreciation).
- (ii) Depreciation has been provided on straight line method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956 by Forbes Technosys Limited, Forbes Campbell Finance Limited (Formerly known as Latham India Limited), Forbes Infotainment Limited, Nypro Forbes Moulds Private Limited, Nypro Forbes Products Private Limited, Forbes Edumetry Limited, SCI Forbes and Forbes Bumi Armada Limited. (12.63 % of total depreciation).
- (iii) Depreciation has been provided based on estimated useful life of Fixed Assets by, Forbes Container Line Pte. Ltd, Euro Forbes International Pte Ltd and Edumetry Inc (0.21% of total depreciation).
- (iv) Leasehold improvement are amortised on straight line basis over the period of the lease.
- (v) Depreciation has been provided on intellectual property/ distribution rights by Forbes Technosys Limited over the period of 20 quarters.

D. FINANCIAL INCOME AND BORROWING COSTS:

Financial income and borrowing cost include interest income on bank deposits, dividend income and interest expense on loans. Interest income is accrued over the period of instruments

Borrowing cost are recognised in the period to which they relate, regardless of how the funds have been utilised, except where it relates to financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalised up to the date when the asset is ready for its intended use. The amount of interest capitalised (gross of tax) for the period is determined by applying the interest rate applicable to appropriate borrowings outstanding during the period to the average amount of accumulated expenditure for the assets during the period.

Dividend income is accounted when the right to receive payments is established and known.

E. INVESTMENTS:

Long term investments are valued at cost, less provision for diminution other than temporary, in value, if any. Current investments are valued at the lower of cost and fair value

F. INVENTORIES:**I The Company :- (11.91% of Total Inventory).**

Inventories are valued at the lower of the acquisition / production cost and the corresponding net realisable value. The principles of determining costs of various types of inventories are tabulated below:

Sr. No.	Type	Basis of determining costs
1	Stores, spare parts, components and loose tools	Continuous weighted average method
2	Raw and packing materials	Standard cost adjusted for variances based on weighted average purchase price
3	Stock-in-Process	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) upto stage of completion on standard cost adjusted for variances
4	Finished goods	
	(i) Produced	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) on standard cost adjusted for variances and excise duty
	(ii) Traded	Standard cost adjusted for variances based on weighted average purchase price

The net realisable value is calculated as the estimated sales price less estimated completion and selling costs. An assessment of obsolescence in inventories is conducted regularly during the year. The value of inventories is adjusted for the estimated decrease in value attributable to items that are no longer sold or slow moving or physically damaged. If the net realisable value is lower than the acquisition cost, the carrying values are reduced to the net realisable value determined as aforesaid.

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

II. Subsidiaries / Jointly Controlled Entities:

Inventories of Eureka Forbes Limited with its subsidiaries and Jointly Controlled Entities (except two subsidiaries mentioned below), Forbes Infotainment Limited and Forbes Technosys Limited are valued at lower of cost or net realisable value. Cost is determined using first-in-first-out method. (57.18% of total Inventory). Provision is made for obsolete / slow moving inventories.

Inventories of Aquamall Water Solutions Limited, Forbes Aquamall Limited, Nypro Forbes Moulds Private Limited and Nypro Forbes Products Private Limited are valued at lower of cost or net realisable value. Cost is determined using Weighted Average Method.(30.91% of total Inventory).

G. REVENUE RECOGNITION:

Sales include products and services, net of trade discounts and sales Returns and excludes sales tax, state value added tax and service tax. With regard to sale of products, income is reported when practically all risks and rewards connected with ownership have been transferred to the buyer. This usually occurs upon dispatch, after the price has been determined and collection of the receivable is reasonably certain. Income recognition for services takes place as and when the services are performed

H. FOREIGN CURRENCY TRANSACTIONS:

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognised as income or expenses in the Profit and Loss Account.

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are valued at closing date rates, and unrealised translation differences are included in the Profit and Loss Account.

Investments in foreign currency (non monetary items) are reported using the exchange rate at the date of the transaction

The forward exchange contracts are not held for trading or speculation. The premium arising on entering into such contract is amortised over the life of such contracts and exchange differences arising on such contracts are recognised in the Profit and Loss Account.

The foreign subsidiaries are accounted as non-integral part of the Group and the resultant exchange difference on translation is accounted as Translation Reserve.

I. Taxes on Income:

The Group's income taxes include taxes on the Group's taxable profits, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities/receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or in the case of deferred taxes, those that have been substantially enacted.

Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is reasonably certain that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, all deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer reasonably/virtually (as applicable) certain that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised

J. SEGMENT REPORTING:

The accounting policies adopted for segment reporting are in line with the accounting policy of the Group. Segment Revenue, Segment Expenses, Segment Assets and Segment Liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis, have been included under 'Unallocated Revenue/Expenses/Assets /Liabilities'

K. IMPAIRMENT OF ASSETS:

The carrying values of assets of each cash-generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

L. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

A provision is recognised when the Group has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Reimbursement against a provision is recognised as a separate asset based on virtual certainty of recovery. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

M. EMPLOYEE BENEFITS:

(i) Long term benefits

The Group has both defined-contribution and defined-benefit plans, of which some have assets in special funds or similar securities. The funded plans are financed by the Group and in the case of some defined contribution plans by the Group along with its employees

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

(ii) **Defined-contribution plans**

These are plans in which the Group pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Group's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

(iii) **Defined-benefit plans**

Expenses for defined-benefit gratuity, post retirement medical benefits and non-compete fees are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of expected future payments, with consideration for calculated future salary increases, utilising a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

(iv) **Short term benefits**

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid as an expense over the period of services rendered by the employees to the Group.

(v) **Other Employee Benefits**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of benefits after deducting amounts already paid. Where there are restrictions on avilment or encashment of such accrued benefit or where avilment or encashment is otherwise not expected to wholly accrue in next twelve months, the liability on account of benefit is actuarially determined using the projected unit credit method.

N. DISCONTINUING OPERATIONS:

When a component of the Group is disposed off or decided to be disposed off, by way of sale, demerger or terminated through abandonment, it is reported as a "Discontinuing Operation", provided that certain criteria are met. A component can be a reportable segment or a smaller unit which can be clearly distinguished, and for which separate financial information is available. Cash flows, results of operations and any gain or loss from disposal are excluded from "Continuing Operations" and reported separately. Prior period assets, liabilities, cash flows and results of operations are reclassified to be comparable. Disposal groups which are not material, are not classified as "Discontinued Operations".

O. EARNINGS PER SHARE:

Basic Earnings per Share is calculated by dividing the net profit/(loss) after tax for the year attributable to equity shareholders of the Group by the weighted average number of equity shares in issue during the year.

P. CASH FLOW STATEMENTS:

Cash-flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Cash Flow Statements (AS) 3 as notified under the Companies (Accounting Standards) Rules, 2006.

Q. CASH AND CASH EQUIVALENTS:

Cash and bank balances and current investments that have insignificant risk of change in value, which have durations up to three months, are included in the Group's cash and cash equivalents in the Cash Flow Statement.

R. LEASE ACCOUNTING:(i) **Operating Leases**

Leasing of an asset whereby the lessor essentially remains the owner of the asset are classified as operating leases. The payments made by the Group as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

(ii) **Finance Leases**

Lease arrangements whereby the Group essentially assumes the same rights as for direct ownership of the asset are classified as finance leases. Assets taken on finance lease after 1st April, 2001, are capitalised at fair value or net present value of the minimum lease payments, whichever is lower.

Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per the Group's accounting policy on depreciation as stated above. If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged in accordance with the Group's depreciation policy as stated above or in a straight line basis over the lease period, whichever is shorter.

Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease

S. GOODWILL ON CONSOLIDATION

Goodwill comprises the portion of a purchase price for an acquisition that exceeds the Group's share of the identifiable assets, with deductions for liabilities, calculated on the date of acquisition.

Goodwill arising from the acquisition of associate companies is included in the value of the holdings in the associate company.

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

Goodwill is deemed to have an indefinite useful life and is reported at acquisition value with deduction for accumulated impairments. An impairment test of goodwill is conducted once every year or more often if there is an indication of a decrease in value. The impairment loss on goodwill is reported in the consolidated profit and loss account.

T. DEFERRED REVENUE EXPENDITURE:

Voluntary Retirement Compensation:

Expenditure incurred on voluntary retirement schemes is being amortised on a straight line basis over the estimated period of payback which does not exceed 5 years. The period of deferral does not extend beyond 31st March, 2010.

2 Contingent liability, provision for warranties and other contingencies

- a) In the year 1994-95, the Company had entered in to a Memorandum of Understanding giving sole and exclusive right for developing a part of its land at Chandivali, Mumbai. The Developer had filed a suit against the Company for recession of the said Memorandum of Understanding and has claimed a sum of Rs. 3,271.48 Lakhs and has asked interest at 21% per annum with effect from April, 1998. The Company has been advised that the aforesaid claim for Rs. 3,271.48 Lakhs and interest at 21% per annum is unjustified and is legally untenable. The Company is contesting the aforesaid claim. The matter is sub-judice.

b) **Other Contingent Liabilities not provided for:**

	For the year ended 31st March, 2010 (Rs. in Lakhs)	<i>For the year ended 31st March, 2009 (Rs. in Lakhs)</i>
(A) Bills discounted	201.34	181.00
(B) Guarantees issued by bank	2,086.65	2,148.84
(C) Taxes in dispute :-		
(i) Sales Tax [Advance paid Rs 68.59 lakhs; (Previous year Rs. 66.97 lakhs)]	6,913.69	7,244.67
(ii) Property Tax	409.81	409.81
(iii) Customs Duty	17.10	-
(iv) Income-tax	2,459.69	1,525.15
(v) Wealth-tax	36.12	36.12
(vi) Excise demand [Advance paid against the demand Rs. 15.29 Lakhs; (Previous year Rs.15.29 Lakhs)]	5,674.99	5,690.39
(vii) Consumption Tax in West Bengal	8.82	8.82
(viii) Professional Tax in Karnataka	3.85	3.85
(D) Labour matters in dispute	69.25	49.31
(E) Gujarat Electricity Board has raised a claim for alleged diversion of fraction of the power consumed and the same has been contested by the Company in the Court	188.69	188.69
(F) In respect of guarantees given on behalf of Shipping Principals and Surety Bonds jointly executed with third parties in favour of customs and other parties	1,683.08	2,973.00
(G) In respect of guarantees given in favour of customs authorities	6.00	6.00
(H) The Company has given Guarantee Bonds on behalf of others	30.00	43.68
(I) The Company has given Bonds in favour of Excise/Customs Authorities	-	695.00
(J) Guarantee given in respect of EPCG scheme for Import	79.32	23.26
(K) Bank Guarantee for which the Company has given counter guarantees	2,317.09	2,117.09
(L) Other demands contested by the Company :-		
(i) Rent	-	3.00
(ii) Creditors Claim	15.00	164.00
(iii) Other	216.34	228.82

The Group does not expect any liability to devolve on it on account of the above referred contingent liabilities and therefore no provision is held.

- c) Provision for warranty Rs 470.84 Lakhs (Previous year Rs 412.75 Lakhs). The Eureka Forbes Limited Group gives warranty on certain home appliances, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Warranty provisions are made for expected future outflows and determined based on past experience where no reimbursements are expected. Due to the volume and spread of the business, the actual utilisation of product warranty provision during the year is not determinable.
- 3 Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 974.60 Lakhs (Previous year Rs.7,542.42 Lakhs) net of advances Rs.11.31 Lakhs (Previous year Rs.6.22 Lakhs).

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

4 Expenditure on interest of Rs.890.88 Lakhs(*Previous year Rs.2,376.67 Lakhs*) is arrived at as under:

	(Rs. in Lakhs)	For the year ended 31st March, 2010 (Rs. in Lakhs)	<i>For the year ended 31st March, 2009 Rs. in Lakhs</i>
(i) Interest on Fixed Loans		613.64	906.29
(ii) Other Interest		1,808.22	2,944.27
		2,421.86	3,850.56
Less:			
(i) Interest Capitalised	115.44		288.51
(ii) Interest received from customers and others	22.53		8.40
(iii) Interest on Bank Deposit/Inter Corporate Deposit	1,392.62		1,054.85
(iv) Others	0.39		122.13
		1,530.98	1,473.89
		890.88	2,376.67

5 **Earnings Per Share**

S. No.	Particulars	Remarks	For the year ended 31st March, 2010	<i>For the year ended 31st March, 2009</i>
1	Profit / (Loss) after adjustment of share in Associates and Minority Interest (Rs. In Lakhs)	A	2,826.21	<i>(5,109.76)</i>
2	Total No. of Equity shares outstanding during the year.	B	1,27,32,218	<i>1,27,32,218</i>
3	Earning per share (Face value being Rs.10 per share)- (Basic & Diluted)	C=A/B	22.20	<i>(40.13)</i>

6 The break-up of deferred tax assets and liabilities.

	As At 31st March, 2010 Deferred Tax Assets (Rs. in Lakhs)	As At 31st March, 2010 Deferred Tax Liabilities (Rs. in Lakhs)	<i>As At 31st March, 2009 Deferred Tax Assets Rs. in Lakhs</i>	<i>As At 31st March, 2009 Deferred Tax Liabilities Rs. in Lakhs</i>
— Depreciation	(12.43)	63.17	52.07	61.49
— Inadmissible provisions and liabilities allowed on payment basis	349.24	(23.82)	306.31	(16.31)
— Unabsorbed Depreciation (See foot note 1)	19.29	(11.55)	21.29	(16.77)
	356.10	27.80	379.67	28.41

Footnotes:-

- The Group offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing tax laws.
- During the previous year, the Group had offset deferred tax assets aggregating Rs.398.15 Lakhs against General Reserve. These deferred tax assets were recognised in earlier years in respect of voluntary retirement compensation liabilities which were offset against General Reserve as at 31st March, 2007, in terms of scheme of demerger of the Textile Division into a separate company viz. Gokak Textiles Limited approved by the Honourable High Court of Judicature at Bombay and the Honourable High Court of Karnataka.



SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

7 (A) Prior Period income/(expenses) include:

	See Footnote No.	For the year ended 31st March, 2010 (Rs. in Lakhs)	For the year ended 31st March, 2009 (Rs. in Lakhs)
Reversal of Provision for Doubtful Advances	1	227.26	-
Reversal of Bad Debts / Advances	1	65.00	-
Reversal of provision for impairment of Fixed Assets	2	140.94	-
Share in Opening Reserves of subsidiary consolidated as jointly controlled entity in the previous year	3	(21.35)	-
Share in Opening reserves of entities consolidated as subsidiaries as against equity accounting followed in earlier years		-	984.58
Others		15.07	22.55
Prior Period Income as per Profit and loss account		426.92	1,007.13

Footnote:

- Provision for doubtful loans and advances made and Advances written off in standalone financial statements relating to loans given to subsidiary company, not eliminated in earlier years, for which effect has been given in the current year.
- While preparing consolidated financial statements for the year ended 31st March, 2009, unaudited financial statements of "Forbes Infotainment Limited", a jointly controlled entity, was considered in which the effect of reversal of provision for impairment of Fixed Assets was not given. Accordingly, such reversal is shown as Prior Period Item based on audited Financial Statements received for Forbes Infotainment Limited for the years ended 31st March, 2009 and 31st March, 2010.
- During the year, the Company has consolidated Forbes Edumetry Limited as its subsidiary which was consolidated as jointly controlled entity during the previous year ended 31st March, 2009. However, the Company holds 57.50% stake in the said company on acquisition of additional stake of 7.50% on 20th May, 2008 by another subsidiary company. The effect has been considered as prior period item in the current year as under:

Particulars	(Rs. In lakhs)
Goodwill on acquisition impaired	(14.14)
Share of losses for the year after adjusting Minority Interest's share	(7.21)
Net Debit	(21.35)

- (B) During the previous year, the Ultimate Holding Company, Holding Company and a fellow-subsiary of the group in one of the jointly controlled entities, namely, Forbes Infotainment Limited (FIL) had contributed Rs 2,124.51 Lakhs by way of subscription to the preference share capital in FIL. This had resulted in reduction in the group's share of accumulated losses in FIL. Therefore, this sum was shown as an adjustment to the Profit and Loss Account in Schedule 2 to the Financial Statements. During the year, the Group has sold its investments of Rs 913.00 Lakhs in Preference Share Capital of FIL to Shapoorji Pallonji and Company Limited, the ultimate holding company at cost. Subsequently, FIL had undergone internal reconstruction in the form of capital reduction pursuant to the order of the high court of judicature at Mumbai on 26.02.2010, inter alia, adjusting entire preference share capital of FIL against debit balance in Profit and Loss Account. Accordingly, a further amount of Rs 913.00 Lakhs has been adjusted to Profit and Loss Account Schedule 2 to the Financial Statements.

8 Bank balances on deposit account includes:

(a) with scheduled banks:

- Rs.Nil; (Previous year Rs.7.88 Lakhs) being amounts withheld as retention money against product warranties; and
- Rs.31.43 Lakhs; (Previous year Rs.34.77 Lakhs) representing funds towards the unpaid dividend and Rs. 6.71 lakhs; (Previous Year Rs. 14.71 lakhs) representing funds towards the unpaid matured deposits; and
- Rs. 0.50 Lakhs; (Previous Year Rs. 0.50 Lakhs) representing margin deposits.

(b) with others:

- Rs 296.36 lakhs (Previous Year Rs 161.67 lakhs) held as lien with the bank.

9 (A) (i) Eureka Forbes Limited group's wholly owned subsidiary Euroforbes International Pte Limited (EFIPL) Singapore has transferred its net assets at book value to Forbes Lux FZE (FLFZE) Dubai which is 100% subsidiary of Forbes Lux Group AG (FLG AG) Switzerland. Consequently, the group's term loan to EFIPL of Rs. 6,858.00 Lakhs for business operation in ASEAN countries have been transferred to FLFZE. Although the term for repayment of loan is not specified, considering the long term prospects of the growth in business in the ASEAN region, no provision for impairment of loans so given is necessary in the opinion of the management. EFIPL is in the process of

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

acquiring 75% share of FLFZE with retrospective effect of 1st January, 2009. The transaction is likely to get completed in ensuing financial year. Had the transaction been completed in current year, interest charge would have been higher by Rs 340.25 Lakhs, sales and profit would have been higher by Rs. 2,134.50 Lakhs and Rs. 71.64 Lakhs respectively, based on unaudited financial statements of FLFZE for the year ended 31st December, 2009.

(ii) The Eureka Forbes Limited Group had entered into a binding Sale and Purchase Agreement (SPA) on 12th November 2008 for slump sale of its Security Systems Projects Division (SSD) with another party. The transaction has been completed during the year ended 31st March, 2010 and profit on slump sale of SSD of Rs 384.00 Lakhs determined on net worth basis as on cut-off date i.e. 30th June, 2008 has been recognised in the profit and loss account.

(B) The Group, as part of a condition imposed by the lenders to SCI Forbes Limited (SFL), a jointly controlled entity, had entered into a standby charter agreement under which the Group (as also the joint venture partner Shipping Corporation of India (SCI)) committed to charter vessels from SFL at a defined charter rate specified in the agreement in the event the vessels are not on a 'approved' charter with a third party, until SFL repays its borrowings. Given the global financial crisis which impacted freight rates and volumes adversely, the lenders did not 'approve' the proposals by SFL to put the vessels into a pooling arrangement (which was more profitable than putting on long term charter) and hence the standby charter agreement got triggered.

The Group and SCI have already signed a term sheet with the lenders of SFL under which the aforesaid standby charter agreement will be suspended; this term sheet is awaiting approval of the Korean Export Import Corporation, the loan guarantor, which approval is expected shortly. The group's share of loss materialised till date subsequent to 31st March, 2010 is Rs.367.90 Lakhs in excess of the group's interest of 25% in SFL. This loss will be accounted in the period in which it materialises and the said stand by agreements are not to be treated as onerous contract as per AS-29 as the triggering of the agreement is dependant on the freight rate prevailing in the market and the discretion of the lenders.

10 Employee Benefit Obligations:-**Defined-Contribution Plans:**

The Group offers its employees defined contribution plan in the form of provident fund, family pension fund and superannuation fund. Provident fund and family pension fund cover substantially all regular employees while the superannuation fund covers certain executives. Contributions are paid during the year into separate funds under certain fiduciary-type arrangements. While both the employees and the Group pay predetermined contributions into the provident fund and family pension fund, the contribution into the superannuation fund except in some cases, contribution to superannuation fund are made only by the Group. The contributions are normally based on a certain proportion of the employee's salary. A sum of Rs. 1,150.24 Lakhs (*Previous Year Rs. 857.91 Lakhs*) has been charged to the revenue account in respect of the same.

Defined-Benefits Plans:

The Group offers its employees defined-benefits plans in the form of a gratuity scheme (a lump sum amount), compensated absences, post retirement medical benefits and non compete fees. Benefits under the defined benefit plans are typically based either on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees, while post retirement medical benefit covers certain executives. In the case of the gratuity scheme, the Group contributes funds to a Gratuity Trust, which is irrevocable, while the gratuity for one of the division, post retirement medical benefit and non compete fees are not funded. Commitments are actuarially determined at year end. On adoption of the revised Accounting Standard (AS) 15 on "Employee Benefits", actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the profit and loss account.

The net value of the defined benefit commitment is detailed below:

	For the year ended 31st March, 2010			For the year ended 31st March, 2009		
	Funded	Non funded		Funded	Non Funded	
	Gratuity	Gratuity	Others (Post retirement medical and non compete fees)	Gratuity	Gratuity	Others (Post retirement medical and compete fees)
Present Value of Commitments	1,819.24	59.62	726.66	1,808.44	23.03	739.78
Fair Value of Plans	1,440.79	-	-	1,421.05	-	-
Net Liability in the balance sheet	378.45	59.62	726.66	387.39	23.03	739.78
Defined benefit commitments:						
Opening balance as at 1 st April	1,808.44	23.03	739.78	1,690.69	18.28	636.86
Current Service Cost	161.09	17.58	92.38	158.67	4.81	70.36
Interest expenses	138.93	1.04	59.28	130.07	0.73	54.35
Paid benefits	(408.45)	(3.29)	(126.19)	(323.64)	-	(110.32)
Actuarial (gain) / loss	119.23	6.38	(34.27)	152.65	(0.79)	94.02
Transfer to other divisions	-	14.88	(4.32)	-	-	(5.49)

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

(Rs. in Lakhs)

	For the year ended 31st March, 2010			For the year ended 31st March, 2009		
	Funded	Non funded		Funded	Non Funded	
	Gratuity	Gratuity	Others (Post retirement medical and non compete fees)	Gratuity	Gratuity	Others (Post retirement medical and compete fees)
Closing balance as at 31st March	1,819.24	59.62	726.66	1,808.44	23.03	739.78
Plan Assets						
Opening balance as at 1 st April	1,421.05	-	-	1,330.64	-	-
Expected return on scheme assets	119.81	-	-	118.39	-	-
Contributions by the Group	286.65	-	-	322.99	-	-
Paid funds	(408.45)	-	-	(323.64)	-	-
Actuarial gain / (loss)	21.73	-	-	(27.33)	-	-
Closing balance as at 31st March	1,440.79	-	-	1,421.05	-	-
Return on Plan Assets						
Expected return on plan assets	119.81	-	-	118.39	-	-
Actuarial gain / (loss)	21.73	-	-	(27.33)	-	-
Actual return on plan assets	141.54	-	-	91.06	-	-
Expenses on defined benefit plan:						
Current service costs	161.09	17.58	92.38	158.67	4.81	70.36
Interest expense	138.93	1.04	59.28	130.07	0.73	54.35
Expected return on investment	(119.81)	-	-	(118.23)	-	-
Net actuarial (gain) / loss	97.50	6.38	(34.27)	189.27	(0.79)	94.02
Plan amendment / curtailment / settlement	-	-	-	(31.17)	-	-
Expenses charged to the profit and loss account	277.71	25.00	117.39	328.61	4.75	218.73
Investments Details				% invested	% invested	
				31st March 2010	31st March 2009	
Funds Managed by Insurer				26	25	
Public Sector Unit Bonds				-	-	
Private Sector Bonds				10	15	
State/Central Guaranteed securities				24	27	
Special deposit schemes				7	6	
Other (excluding bank balances)				33	27	
				100	100	

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size, funding requirements and pension expense.

	Weighted Average 31st March 2010	Weighted Average 31st March 2009
Rate for discounting liabilities	8% to 8.25% p.a.	8.00%
Expected salary increase rate	4% to 6%	6.00%
Expected return on scheme assets	8% to 9%	8.00%
Mortality rates	LIC 94-96 Table	LIC 94-96 Table

The expected return on plan assets is based on asset allocation and the market expectation, at the beginning of the period for returns over the entire life of the related obligation. These include changes in the fair value of the plan assets held during the period.

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

The estimates of future salary increases, considered in the actuarial valuation, taken into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

Experience Adjustment:

Gratuity	(Rs in Lakhs)			
	2009-10	2008-09	2007-08	2006-07
Total obligation	1,819.24	1,808.44	1,690.70	2,233.76
Plan Asset	1,440.79	1,421.05	1,330.64	1,913.54
Deficit	378.45	387.39	360.06	320.22
Experience adjustment on plan assets**	59.77	(6.26)	*	*
Experience adjustment on plan liabilities**	0.29	(3.82)	*	*

* The figures in respect of previous three period is not available.

** Experience adjustments on plan assets and plan liabilities are restricted to the Company as the information in respect of subsidiaries and jointly controlled entities is not available.

The contributions expected to be made by the Group during the financial year 2010-11 have not been ascertained.

11 In accordance with the Accounting Standard on Leases (AS) 19 disclosures in respect of leases are made below :

A. The Group has acquired Plant & Machinery under finance lease of four years. The particulars in respect of such leases are as follows:

(a) (i) The gross carrying amount and the accumulated depreciation at the balance sheet date are Rs.90.16 Lakhs; (*Previous year Rs.77.95 Lakhs*) and Rs.15.07 Lakhs (*Previous year Rs.47.65 Lakhs*) respectively.

(ii) Depreciation recognised in the profit and loss account is Rs.15.07 Lakhs; (*Previous year Rs.8.06 Lakhs*)

(b) The minimum aggregate lease payments in respect of the lease are as follows:

Period	As at 31st March, 2010 Rs. In Lakhs	As at 31st March, 2009 Rs. In Lakhs
Not later than one year	27.03	5.25
Later than one year but not later than five years	63.07	-
Later than five years	-	-
Total	90.10	5.25

(c) The present value of future lease payments, discounted at the interest rates implicit in the lease are as follows:

Period	As at 31st March, 2010 Rs. In Lakhs	As at 31st March, 2009 Rs. In Lakhs
Not later than one year	20.85	5.19
Later than one year but not later than five years	56.38	-
Later than five years	-	-
Total	77.23	5.19

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

- B. (i) 'The Group has taken certain office premises on operating lease. Lease payments in respect of such leases recognised in Profit & Loss Account Rs.1,368.11 Lakhs ; (*Previous Year Rs.1,455.12 Lakhs*).
- (ii) Future minimum lease payments under non-cancellable operating lease (for lease entered into subsequent to 1st April,2001) are as follows:

Period	As at 31st March, 2010 Rs. In Lakhs	As at 31st March, 2009 Rs. In Lakhs
Not later than one year.	78.06	91.80
Later than one year but not later than five years.	251.68	254.83
Later than five years .	945.41	1,026.43
Total	1,275.15	1,373.06

- (iii) Except for the escalation clauses contained in certain lease arrangements providing to increase in the lease payment by a specified percentages / amounts after completion of specified period, the lease agreements do not contain any renewal clause. Further, the lease terms do not contain any exceptional / restrictive covenants other than prior approval of the lessee before renewal of lease.
- (iv) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is necessitated for further leasing.
- (v) Other lease arrangements, in respect of which payments are made by the Group, are cancellable.

- C. The Group has given certain office premises on operating lease basis. The details of which are as follows:

Class of Asset:	Buildings (pro-rata)	
	As at 31st March, 2010 Rs. In Lakhs	As at 31st March, 2009 Rs. In Lakhs
Gross Carrying Amount	1,924.75	2,250.93
Accumulated Depreciation	630.73	721.99
Depreciation for the year	47.32	52.67

Future minimum lease receivable under non-cancellable operating leases is as follows:

Period	As at 31st March, 2010 Rs. In Lakhs	As at 31st March, 2009 Rs. In Lakhs
Not later than one year	-	83.78
Later than one year but not later than five years	-	-
Later than five years	-	-
Total	-	83.78

The leasing arrangement entered into by the Group are in the nature of operating leases under which the Group leases out the surplus space in building to the other entities. The normal tenure of the arrangement is upto three years.

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

12 Derivative Instruments

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
	Rs .in Lakhs	FC	Rs .in Lakhs	FC
(a) Amount receivable in foreign currency on account of the following:				
Export of goods	125.92	USD 276,199	123.72	USD 245,093
	24.95	GBP 35,956	42.12	GBP 58,860
	2.16	EUR 3,537	2.17	EUR 3,253
Commission Receivable	-	-	0.39	USD 769
Interest Receivable	-	-	4.85	USD 9,600
(b) Amounts payable in foreign currency on account of the following:				
Import of goods and services	1,461.04	USD 3,208,186	211.21	USD 415,136
	79.97	GBP 116,803	6.03	GBP 12,519
	7.71	EUR 12,699	16.32	EUR 23,729
	0.35	CHF 816.00	-	-
Loans Payable	8,540.57	USD 18,966,398	17,226.08	USD 32,928,092
(c) Advances Given				
For Capital Goods	2.24	USD 4,909	0.79	USD 1,559
	2.59	EUR 4,237	0.17	EUR 250
(d) Advances Received				
From Supplier	17.41	USD 38,180	5.12	USD 9,911
			0.05	GBP 60
(e) Cash & Bank Balances	2,452.12	USD 5,445,518	-	-
(f) Guarantees given				
Standard Chartered Bank	-	-	516.20	USD 1,000,000

Note:-

FC Foreign Currency
 USD United States Dollar
 GBP Great British Pound
 CHF Swiss Franc
 EUR Euro

13 Discontinuing Operations:

The figures for the current year are strictly not comparable with those of the previous year in view of:

- discontinuation of "Personal Wear" Segment;
- discontinuation of "Motors Manufacturing" Segment at Hosur

In an earlier year, vacuum cleaner product line at Chennai and Bhimtal (classified under the "Motor Manufacturing" Segment) was discontinued with effect from 1st October, 2007.

The carrying amount, as at 31st March, 2010, of the total assets and liabilities of the Personal Wear Segment was Rs. 3.76 Lakhs (Previous Year Rs. 367.10 Lakhs) and Rs. 717.61 Lakhs (Previous Year Rs. 228.98 Lakhs) respectively and that of the Motor Manufacturing Segment was Rs. 222.33 Lakhs (Previous Year Rs. 904.87 Lakhs) [net of Provision for Impairment of Rs. 362.63 Lakhs (Previous year Rs. Nil)] and Rs.122.69 Lakhs (Previous Year Rs. 376.83 Lakhs) respectively.

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

The following table summarises the financial information relating to discontinuing operations of "Personal Wear" and "Motor Manufacturing" Segments in accordance with the Accounting Standard (AS)-24 on "Discontinuing Operation":

	Continuing Operations		Discontinuing Operations				Total	
			Personal Wear		Motor Manufacturing			
	Year ended 31 st March	Year ended 31 st March	Year ended 31 st March	Year ended 31 st March	Year ended 31 st March	Year ended 31 st March	Year ended 31 st March	Year ended 31 st March
Income Statement	2010	2009	2010	2009	2010	2009	2010	2009
Operating revenues	128,019.07	118,044.28	215.74	126.34	254.75	866.85	128,489.56	119,037.47
Non-Operating Income	4,570.02	614.09	-	-	-	-	4,570.02	614.09
Operating costs	121,555.67	112,689.80	409.84	2,381.85	369.84	1,637.68	122,335.35	116,709.33
Provision for foreclosure of trademark license agreement	-	-	693.00	-	-	-	693.00	-
Amortisation of voluntary retirement compensation	81.96	0.68	-	-	579.26	178.14	661.22	178.82
Non-Operating Expenses	47.98	507.56	-	-	-	-	47.98	507.56
Interest (net)	890.07	1,982.81	-	217.28	0.81	176.58	890.88	2,376.67
Depreciation/Impairment	3,960.56	3,536.20	-	56.01	385.95	64.76	4,346.51	3,656.97
Profit / (Loss) before tax and prior period items	6,052.85	(58.68)	(887.10)	(2,528.80)	(1,081.11)	(1,190.31)	4,084.64	(3,777.79)
Prior Period Items	426.92	1,007.13	-	-	-	-	426.92	1,007.13
Profit / (Loss) before tax	6,479.77	948.45	(887.10)	(2,528.80)	(1,081.11)	(1,190.31)	4,511.56	(2,770.66)
Income tax expense (including fringe benefit tax and Wealth tax)	1,591.24	1,977.24	-	13.99	-	-	1,591.24	1,991.23
Profit / (Loss) after tax	4,888.53	(1,028.79)	(887.10)	(2,542.79)	(1,081.11)	(1,190.31)	2,920.32	(4,761.89)

14 (a) Related Party Disclosures for the year ended 31st March, 2010

(i) Names of related parties and nature of related party relationship for the year ended 31st March 2010.

(A) Holding Company / Ultimate Holding Company

- 1 Shapoorji Pallonji & Company Limited (Ultimate Holding Company)
- 2 Sterling Investment Corporation Private Limited (Holding Company)

(B) Fellow Subsidiaries : (with whom transactions have taken place during the year)

- 1 Afcons Infrastructure Limited.
- 2 Forvol International Services Limited.
- 3 Gokak Textiles Limited.
- 4 SP Fabricators Pvt. Limited.

(C) Jointly Controlled Entities:*

- 1 Edumetry Inc
- 2 Forbes Aquatech Limited
- 3 Forbes Concept Hospitality Services Private Limited
- 4 Forbes Infotainment Limited
- 5 Forbes Lux Group AG, BAAR (upto 31.12.2008)
- 6 Meadows Shipping Private Limited (wound up w.e.f 17.02.2010)
- 7 Infinite Water Solutions Private Limited
- 8 Nypro Forbes Moulds Private Limited
- 9 Nypro Forbes Products Private Limited
- 10 SCI Forbes Limited

(D) Associate Companies:

- 1 Euro P2P Direct (Thailand) Co. Limited
- 2 Next Gen Publishing Limited. (upto 08.03.2010)
- 3 The Svadeshi Mills Company Limited.
- 4 Forbes Lux Group AG, BAAR

(E) Key Management Personnel :

- 1 Managing Director, Mr. Ashok Barat. - Forbes & Company Ltd.
- 2 Managing Director of Eureka Forbes Ltd., Mr. S.L. Goklaney.

* Transactions with Joint Venture has been disclosed excluding group's share

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

(ii) Transactions with related parties for the year ended 31st March, 2010: (Rs. in Lakhs)

Nature of Transactions	Related Party					Total
	Referred to in A above	Referred to in B above	Referred to in C above	Referred to in D above	Referred to in E above	
Purchases						
1 Goods and Materials	-	-	-	-	-	-
2 Services Rendered	-	2.85	688.82	-	-	691.67
3 Fixed Assets	294.60	-	-	-	-	294.60
4 Investment	-	-	2,070.00	-	-	2,070.00
Sales						
5 Goods and Materials	-	-	1.65	-	-	1.65
6 Services Rendered	37.43	801.09	-	-	-	838.52
7 Fixed Assets	-	-	-	-	-	-
8 Investment	1,730.11	-	-	-	-	1,730.11
Expenses						
9 Rent	10.79	2.82	-	-	-	13.61
10 Repairs and other Expenses	2.48	109.33	16.83	-	-	128.64
11 Recovery of Expenses	0.15	1.93	-	-	-	2.08
12 Diminution in Value of Investment	-	-	3.00	-	-	3.00
13 Interest Paid	277.61	-	-	-	-	277.61
14 Provision /Write offs	-	-	-	-	-	-
Income						
15 Rent and Other Service Charges	15.01	26.54	5.05	-	-	46.60
16 Interest Received	-	6.12	-	-	-	6.12
17 Profit on sale of Investment	103.08	-	-	-	-	103.08
18 Adjustment of Preference Share Capital in Profit and Loss Account	913.00	-	-	-	-	913.00
19 Misc. Income	-	1.41	-	-	-	1.41
Other Receipts						
20 Other Reimbursements	-	-	65.18	-	-	65.18
Finance						
21 Loans and Advances Given	-	-	-	-	-	-
22 Loans and Advances Taken	706.34	-	-	-	-	706.34
23 Deposits Given	-	-	-	-	-	-
24 Deposits Taken	4,200.00	-	-	-	-	4,200.00
25 Repayment of Deposits Taken	3,200.00	-	-	-	-	3,200.00
26 Repayment of Deposits Given	-	-	-	-	-	-
Outstandings						
27 Sundry Creditors	50.68	9.69	1.52	-	-	61.89
28 Interest accrued and due	46.76	-	-	-	-	46.76
29 Sundry Debtors	13.68	11.46	0.64	20.15	-	45.93
30 Loans and Advances	13.92	19.66	65.64	4,391.78	-	4,491.00
31 Provision for Doubtful Loans and Advances	-	-	35.70	4,391.78	-	4,427.48
32 Provision for Doubtful Debts	-	-	-	20.15	-	20.15
33 Deposits Payable	2,649.57	-	-	-	-	2,649.57
34 Deposits Receivable	-	-	35.13	-	-	35.13
Remuneration						
35 Paid / Payable	-	-	-	-	295.94	295.94

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

14 (a) Related Party Disclosures
(iii) Transactions with related parties for the year ended 31st March, 2010:

	A	A	B	B	B	B	C	C	C	C	D	E	E
Nature of Transactions	Shapoorji Pallonji & Company Limited	Sterling Investment Corporation Private Limited	Alcons Infrastructure Limited	Forval International Services Limited	Gokak Textiles Limited	Edumetry Inc	Forbes Infotainment Limited	Nyropro Forbes Moulds Private Limited	Nyropro Forbes Products Private Limited	SCI Forbes Limited	The Svadeshi Mills Company Limited	Managing Director, Mr. Ashok Barat	Managing Director of Eureka Forbes Limited, Mr. S.L.Goklamey.
Purchases													
1 Goods and Materials	-	-	-	-	-	-	-	-	-	688.82	-	-	-
2 Services Rendered	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Fixed Assets	294.60	-	-	-	-	-	-	-	-	-	-	-	-
4 Investment	-	-	-	-	-	-	-	-	-	2,070.00	-	-	-
Sales													
5 Goods and Materials	-	-	-	-	-	-	-	1.29	0.36	-	-	-	-
6 Services Rendered	-	-	738.04	-	-	-	-	-	-	-	-	-	-
7 Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Investment	1,697.14	-	-	-	-	-	-	-	-	-	-	-	-
Expenses													
9 Rent	10.79	-	-	2.82	-	16.80	-	-	-	-	-	-	-
10 Repairs and other Expenses	-	-	-	109.06	-	-	-	-	-	-	-	-	-
11 Recovery of Expenses	-	-	-	1.93	-	-	-	-	-	-	-	-	-
12 Diminution in Value of Investment	-	-	-	-	-	-	3.00	-	-	-	-	-	-
13 Interest Paid	230.66	46.95	-	-	-	-	-	-	-	-	-	-	-
14 Provision /Write offs	-	-	-	-	-	-	-	-	-	-	-	-	-
Income													
15 Rent and Other Service Charges	15.01	-	-	22.98	-	-	-	-	-	5.04	-	-	-
16 Interest Received	-	-	-	-	6.12	-	-	-	-	-	-	-	-
17 Profit on sale of Investment	95.70	-	-	-	-	-	-	-	-	-	-	-	-
18 Adjustment of Preference Share Capital in Profit and Loss Account	913.00	-	-	-	-	-	-	-	-	-	-	-	-
19 Misc. Income	-	-	-	0.87	0.54	-	-	-	-	-	-	-	-
Other Receipts													
20 Other Reimbursements	-	-	-	-	-	-	-	-	-	65.18	-	-	-
Finance													
21 Loans and Advances Given	-	-	-	-	-	-	-	-	-	-	-	-	-
22 Loans and Advances Taken	-	690.00	-	-	-	-	-	-	-	-	-	-	-
23 Deposits Given	-	-	-	-	-	-	-	-	-	-	-	-	-
24 Deposits Taken	4,200.00	-	-	-	-	-	-	-	-	-	-	-	-
25 Repayment of Deposits Taken	3,200.00	-	-	-	-	-	-	-	-	-	-	-	-
26 Repayment of Deposits Given	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstandings													
27 Sundry Creditors	50.68	-	-	9.69	-	-	-	-	-	-	-	-	-
28 Interest accrued but not due	42.26	-	-	-	-	-	-	-	-	-	-	-	-
29 Sundry Debtors	13.68	-	5.11	-	-	-	-	-	-	-	20.15	-	-
30 Loans and Advances	-	-	-	-	-	-	-	-	-	-	4,391.78	-	-
31 Provision for Doubtful Loans and Advances	-	-	-	-	-	-	-	-	-	-	4,391.78	-	-
32 Provision for Doubtful Debts	-	-	-	-	-	-	-	-	-	-	20.15	-	-
33 Deposits Payable	-	-	-	-	-	-	-	-	-	-	-	-	-
34 Deposits Receivable	2,590.77	-	-	-	-	35.13	-	-	-	-	-	-	-
Remuneration													
35 Paid / Payable	-	-	-	-	-	-	-	-	-	-	-	74.16	221.78

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

14 (b) Related Party Disclosures for the year ended 31st March, 2009.

(i) Names of related parties and nature of related party relationship for the year ended 31st March 2009.

(A) Holding Company / Ultimate Holding Company

- 1 Shapoorji Pallonji & Company Limited (Ultimate Holding Company)
- 2 Sterling Investment Corporation Private Limited (Holding Company)

(B) Fellow Subsidiaries (with whom transactions have taken place during the year):

- 1 Forvol International Services Limited.
- 2 Gokak Textiles Limited.
- 3 SP Fabricators Pvt. Limited.
- 4 United Motors (India) Limited.

(C) JOINTLY CONTROLLED ENTITIES:*

- 1 Edumetry Inc
- 2 Forbes Aquatech Limited
- 3 Forbes Concept Hospitality Services Private Limited
- 4 Forbes Infotainment Limited
- 5 Forbes Lux Group AG, BAAR
- 6 Meadows Shipping Private Limited
- 7 Infinite Water Solutions Private Limited
- 8 Nypro Forbes Moulds Private Limited
- 9 Nypro Forbes Products Private Limited
- 10 SCI Forbes Limited

(D) Associate Companies

- 1 Euro P2P Direct (Thailand) Company Limited
- 2 Next Gen Publishing Limited
- 3 P T Gokak Indonesia
- 4 The Svadeshi Mills Company Limited

(E) Key Management Personnel :

- 1 Managing Director, Mr. Ashok Barat - Forbes & Company Limited
- 2 Executive Director (Finance), Mr. C. G. Shah (upto 30.09.2008)
- 3 Managing Director of Eureka Forbes Limited., Mr. S.L. Goklaney

* Transactions with Joint Venture has been disclosed excluding group's share

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

(ii) Transactions with related parties for the year ended 31st March, 2009:

(Rs. in Lakhs)

Nature of Transactions	Related Party					Total
	Referred to in A above	Referred to in B above	Referred to in C above	Referred to in D above	Referred to in E above	
Purchases						
1 Goods and Materials	-	50.61	-	-	-	50.61
2 Services Rendered	-	-	-	-	-	-
3 Fixed Assets	-	-	-	-	-	-
4 Investment	200.00	-	2,268.75	-	-	2,468.75
Sales						
5 Goods and Materials	2.05	-	0.42	-	-	2.47
6 Services Rendered	-	18.10	-	-	-	18.10
7 Fixed Assets	0.22	-	-	-	-	0.22
8 Investment	3,099.76	151.41	-	-	-	3,251.17
Expenses						
9 Rent	28.98	0.78	-	-	-	29.76
10 Repairs and other Expenses	41.62	102.26	-	-	-	143.88
11 Recovery of Expenses	-	49.47	0.01	-	-	49.48
12 Diminution in Value of Investment	-	-	17.74	-	-	17.74
13 Interest Paid	265.96	0.32	-	-	-	266.28
14 Provision /Write offs	-	0.56	-	0.75	-	1.31
Income						
15 Rent and Other Service Charges	-	50.81	0.47	-	-	51.28
16 Interest Received	-	-	51.71	-	-	51.71
17 Profit on sale of Investment	-	-	-	-	-	-
18 Adjustment of Preference Share Capital in Profit and Loss Account	2,018.61	105.90	-	-	-	2,124.51
19 Misc. Income	13.01	0.36	-	2.70	-	16.07
Other Receipts						
20 Other Reimbursements	7.59	10.51	9.90	-	-	28.00
Finance						
21 Loans and Advances Given	-	0.73	-	-	-	0.73
22 Loans and Advances Taken	835.52	-	-	-	-	835.52
23 Deposits Given	-	-	252.68	-	-	252.68
24 Deposits Taken	1,175.00	-	-	-	-	1,175.00
25 Repayment of Deposits Taken	3,293.34	151.56	-	-	-	3,444.90
26 Repayment of Deposits Given	-	-	2,394.50	-	-	-
Outstandings						
27 Sundry Creditors	-	8.02	1.73	-	-	9.75
28 Interest accrued and due	3.75	-	-	-	-	3.75
29 Sundry Debtors	3.50	7.30	1.38	20.15	-	32.33
30 Loans and Advances	327.20	4.04	1.21	4,391.78	0.24	4,724.47
31 Provision for Doubtful Loans and Advances.	-	-	35.41	4,391.78	-	4,427.19
32 Provision for Doubtful Debts	-	-	-	20.15	-	20.15
33 Deposits Payable	1,175.00	-	-	-	-	1,175.00
34 Deposits Receivable	-	-	27.65	-	-	27.65
Remuneration						
35 Paid / Payable	-	-	-	-	562.63	562.63

SCHEDULE "11" - ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010
14 (b) Related Party Disclosures
(iii) Transactions with related parties for the year ended 31st March, 2009:

Nature of Transactions	(Rs in Lakhs)														
	A	A	B	B	B	B	C	C	C	C	D	D	E	E	
	Shapoorji Pallonji & Company Limited	Sterling Investment Corporation Private Limited	Forval International Services Limited	Gokak Textiles Limited	SP Fabricators Private Limited	Edamery Inc Limited	Forbes Infainment Limited	Nyro Forbes Products Private Limited	Nyro Forbes Moulds Private Limited	SCI Forbes Limited	Next Gen Publishing Limited	The Svadeshi Mills Company Limited	Executive Director (Finance), Mr.C.G. Shah	Managing Director, Eureka Forbes Limited, Mr. S.L. Goklany.	
Purchases															
1 Goods and Materials	-	-	-	50.61	-	-	-	-	-	-	-	-	-	-	-
2 Services Rendered	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Investment	200.00	-	-	-	-	-	-	-	-	2,268.75	-	-	-	-	-
Sales															
5 Goods and Materials	2.05	-	-	-	16.46	-	-	-	0.42	-	-	-	-	-	-
6 Services Rendered	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Fixed Assets	0.22	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Investment	2.78	3,096.98	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses															
9 Rent	28.98	-	0.75	-	-	-	-	-	-	-	-	-	-	-	-
10 Repairs and other Expenses	-	41.62	102.26	-	-	-	-	-	-	-	-	-	-	-	-
11 Recovery of Expenses	-	-	47.85	1.62	-	-	-	-	-	-	-	-	-	-	-
12 Diminution in the value of Investments	-	-	-	-	-	17.74	-	-	-	-	-	-	-	-	-
13 Interest Paid	80.94	185.02	0.32	-	-	-	-	-	-	-	-	0.75	-	-	-
14 Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Provision /Write offs	-	-	0.56	-	-	-	-	-	-	-	-	-	-	-	-
Income															
16 Rent and Other Service Charges	-	-	20.00	30.81	-	-	-	-	-	0.47	-	-	-	-	-
17 Interest Received	-	-	-	-	-	-	-	-	-	51.71	-	-	-	-	-
18 Profit on sale of Investment	-	-	-	-	-	-	-	-	-	-	2.70	-	-	-	-
19 Adjustment of Preference Share Capital in Profit and Loss Account	381.45	1,637.16	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Misc. Income	13.01	-	-	0.36	-	-	-	-	-	-	-	-	-	-	-
Other Receipts															
21 Other Reimbursements	7.59	-	10.07	0.23	-	-	-	9.39	-	0.50	-	-	-	-	-
Finance															
22 Loans and Advances Given	-	-	0.73	-	-	-	-	-	-	-	-	-	-	-	-
23 Loans and Advances Taken	308.70	526.82	-	-	-	-	-	-	-	-	-	-	-	-	-
24 Deposits Given	-	-	-	-	-	8.93	-	45.00	-	198.75	-	-	-	-	-
25 Deposits Taken	1,175.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26 Repayment of Deposits Taken	256.35	3,036.99	-	-	-	4.96	-	50.00	-	1,912.16	-	-	-	-	-
27 Repayment of Deposits Given	-	-	-	-	-	4.96	427.38	-	-	-	-	-	-	-	-
Outstandings															
28 Sundry Creditors	-	-	6.50	1.52	-	-	-	1.73	-	-	-	-	-	-	-
29 Interest accrued but not due	1.67	2.08	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Sundry Debtors	3.50	-	4.18	-	-	-	-	0.91	0.47	-	-	20.15	-	-	-
31 Loans and Advances	268.39	58.80	4.04	0.45	-	35.41	0.57	0.64	-	-	-	4,391.78	-	-	-
32 Provision for Doubtful Loans and Advances.	-	-	-	-	-	-	-	-	-	-	-	4,391.78	-	-	-
33 Provision for Doubtful Debts	-	-	-	-	-	-	-	-	-	-	-	20.15	-	-	-
34 Deposits Payable	1,175.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35 Deposits Receivable	-	-	-	-	-	27.65	-	-	-	-	-	-	-	-	-
36 Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration															
37 Paid / Payable	-	-	-	-	-	-	-	-	-	-	-	-	212.54	260.10	89.99



SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

15 (A) Segment Reporting year ended 31st March 2010

The Group has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, risks and returns, organisation structure and internal reporting system.

The Group's operations predominantly relate to "Home appliances", "Engineering", "Logistics Solutions", "Online Lottery business", "Personal wear", "Motors", "Real Estate" and Others which comprises of Education Auxillary Services and other services.

The Group caters mainly to the needs of the Domestic and Export Markets.

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.

i) Information about Primary Business Segments :

(Rs. In Lakhs)

	Home Appliances	Engineering	Logistics Solutions	Online Lottery	Personal Wear	Motors	Real Estate	Others	Unallocated	Elimination	Total
Segment Revenue	100,937.11	15,374.21	11,247.59	153.22	215.74	254.75	1,436.83	65.89	3,374.24	-	133,059.58
Add: Inter-segment Revenue	-	-	-	-	-	-	-	-	-	-	-
Gross Segment Revenue :	100,937.11	15,374.21	11,247.59	153.22	215.74	254.75	1,436.83	65.89	3,374.24	-	133,059.58
Segment Results :											
Profit / (Loss) before Tax , Interest, Investment Income and Prior period items from each Segment	4,729.60	453.41	(700.16)	(118.21)	(887.10)	(1,080.30)	1,271.50	(51.49)	-	-	3,617.25
Add: Other Income	-	-	-	-	-	-	-	-	3,374.24	-	3,374.24
Less : Unallocated Expenses	-	-	-	-	-	-	-	-	(2,015.97)	-	(2,015.97)
Add / (Less) Prior Period items	-	-	-	-	-	-	-	-	426.92	-	426.92
Profit before Tax and Interest	-	-	-	-	-	-	-	-	-	-	5,402.44
Less : Interest (Net)	-	-	-	-	-	-	-	-	-	-	(890.88)
Profit Before Tax	-	-	-	-	-	-	-	-	-	-	4,511.56
Provision for Taxation											
Current (including Wealth Tax)	-	-	-	-	-	-	-	-	-	-	(1,404.61)
In respect of Earlier Years	-	-	-	-	-	-	-	-	-	-	(163.36)
Deferred	-	-	-	-	-	-	-	-	-	-	(23.27)
Profit after Tax	-	-	-	-	-	-	-	-	-	-	2,920.32
Capital Employed											
Segment Assets	59,547.86	12,882.75	22,573.87	48.93	3.76	222.33	3,583.29	135.12	-	-	98,997.91
Unallocated Corporate Assets	-	-	-	-	-	-	-	-	6,812.24	-	6,812.24
Total Segment Assets	59,547.86	12,882.75	22,573.87	48.93	3.76	222.33	3,583.29	135.12	6,812.24	-	105,810.15
Segment Liabilities	31,214.81	4,004.54	2,723.95	149.07	717.61	122.69	5,918.81	65.40	-	-	44,916.88
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	2,732.96	-	2,732.96
Total Segment Liabilities	31,214.81	4,004.54	2,723.95	149.07	717.61	122.69	5,918.81	65.40	2,732.96	-	47,649.84
Net Segment Assets	28,333.05	8,878.21	19,849.92	(100.14)	(713.85)	99.64	(2,335.52)	69.72	4,079.28	-	58,160.31
Capital Expenditure including Capital Work in Progress											
	6,504.24	229.32	5,601.06	-	-	99.62	19.48	47.71	422.73	-	12,924.16
Segment Depreciation, Impairment and Amortisation											
	2,132.04	1,034.04	548.06	94.97	-	385.95	69.31	4.87	77.27	-	4,346.51
Non-Cash Expenses other than depreciation											
	362.66	280.25	420.62	6.78	714.25	-	-	0.74	136.48	-	1,921.78

ii) Information about Geographical Business Segments :

	With in India	Outside India	Unallocated	Total
Revenue	124,876.63	4,808.71	3,374.24	133,059.58
Assets	95,547.02	3,450.89	6,812.24	105,810.15
Cost of additions to Fixed Assets during the year	12,479.99	21.44	422.73	12,924.16

SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

15 (B) Segment Reporting year ended 31st March 2009

The Group has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, risks and returns, organisation structure and internal reporting system.

The Group's operations predominantly relate to "Home appliances", "Engineering", "Logistics Solutions", "Online Lottery business", "Personal wear", "Motors", "Real Estate" and Others which comprises of Education Auxillary Services and other services.

The Group caters mainly to the needs of the Domestic and Export Markets.

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.

i) Information about Primary (Business) Segments :

(Rs. in Lakhs)

	Home Appliances	Engineering	Logistics Solutions	Online Lottery	Personal Wear	Motors	Real Estate	Others	Unallocated	Elimination	Total
Segment Revenue :	88,679.50	14,784.74	13,488.02	647.73	126.34	866.85	392.40	51.89	614.09	-	119,651.56
Add : Intersegment Revenue	6.51	45.10	354.95	-	-	-	164.93	-	-	(571.49)	-
Gross Segment Revenue :	88,686.01	14,829.84	13,842.97	647.73	126.34	866.85	557.33	51.89	614.09	(571.49)	119,651.56
Segment Results :											
Profit / (Loss) before Tax , Interest, Investment Income and Prior period items from each Segment	4,045.69	(708.34)	50.76	(149.89)	(2,311.52)	(1,013.73)	55.22	(197.99)	-	-	(229.80)
Add: Other Income	-	-	-	-	-	-	-	-	614.09	-	614.09
Less : Unallocated Expenses	-	-	-	-	-	-	-	-	(1,785.41)	-	(1,785.41)
Add / (Less) Prior Period items	-	-	-	-	-	-	-	-	-	-	1,007.13
Profit / (Loss) before Tax and Interest											(393.99)
Less : Interest (Net)	-	-	-	-	-	-	-	-	-	-	(2,376.67)
Profit Before Tax											(2,770.66)
Provision for Taxation											
Current (including Wealth Tax)	-	-	-	-	-	-	-	-	-	-	(2,068.12)
In respect of earlier years	-	-	-	-	-	-	-	-	-	-	(12.38)
Deferred	-	-	-	-	-	-	-	-	-	-	89.27
Profit after Tax	-	-	-	-	-	-	-	-	-	-	(4,761.89)
Capital Employed											
Segment Assets	54,070.50	13,728.48	15,183.59	80.29	367.10	904.87	3,210.80	240.25	-	-	87,785.88
Unallocated Corporate Assets	-	-	-	-	-	-	-	-	10,091.75	-	10,091.75
Total Assets	54,070.50	13,728.48	15,183.59	80.29	367.10	904.87	3,210.80	240.25	10,091.75	-	97,877.63
Segment Liabilities	27,923.03	3,111.74	2,226.42	348.36	228.98	376.83	6,001.67	277.44	-	-	40,494.47
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	2,753.87	-	2,753.87
Total Liabilities	27,923.03	3,111.74	2,226.42	348.36	228.98	376.83	6,001.67	277.44	2,753.87	-	43,248.34
Net Segment Assets	26,147.47	10,616.74	12,957.17	(268.07)	138.12	528.04	(2,790.87)	(37.19)	7,337.88	-	54,629.29
Capital Expenditure including Capital Work in Progress											
	2,354.20	1,834.01	4,002.81	1.27	-	3.76	62.10	11.40	248.00	-	8,517.55
Segment Depreciation, Impairment and Amortisation											
	1,893.93	1,166.58	257.38	34.10	56.01	64.76	52.22	72.18	59.81	-	3,656.97
Non-Cash Expenses other than depreciation											
	638.47	75.76	162.60	10.95	164.89	545.23	-	-	495.39	-	2,093.29

ii) Information about Secondary (Geographical) Business Segments :

	With in India	Outside India	Unallocated	Total
Revenue	109,828.55	9,208.92	614.09	119,651.56
Assets	74,420.33	13,365.55	10,091.75	97,877.63
Cost of additions to Fixed Assets during the year	8,268.45	1.10	248.00	8,517.55



SCHEDULE "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2010 (Contd.)

16. Figures of previous years have been regrouped wherever necessary.

AMIT MITTAL
Director (Finance)

For and on behalf of the Board

SHAPOOR P. MISTRY

Chairman

ASHOK BARAT

Managing Director

A. T. SHAH

Company Secretary

Mumbai, 13th August, 2010