



Advanced laser Marking systems



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	
	N. D. KHURODY	
	R. N. JHA	
	S. L. GOKLANEY	
	T. R. DOONGAJI	
	KAIWAN D. KALYANIWALLA <i>(from 29.10.2010)</i>	
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>Director (Engineering)</i>
	A. NAGENDRA	<i>Chief Operating Officer – Shipping & Logistics</i>
AUDITORS:	MESSRS. DELOITTE HASKINS AND SELLS	
SOLICITORS AND ADVOCATES:	MESSRS. CRAWFORD BAYLEY & CO.	
BANKERS:	PUNJAB NATIONAL BANK	
	STANDARD CHARTERED BANK	
	IDBI BANK LIMITED	
	HDFC BANK LIMITED	



**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:

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 410 206.

MUNDRA

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

GUJARAT

REGISTERED OFFICE:

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

NINETY-SECOND ANNUAL REPORT 2010-2011

CONTENTS	Pages
Notice	4-9
Directors' Report and Annexures	10-18
Corporate Governance	19-29
Summarised Balance Sheets 1991-92 to 2010-2011	30
Summarised Profit and Loss Accounts 1991-92 to 2010-2011	31
Auditors' Report	32-37
Balance Sheet	38
Profit and Loss Account	39
Cash Flow Statement	40-41
Schedule 1 – Share Capital	42
Schedule 2 – Reserves and Surplus	42
Schedule 3 – Secured Loans	43
Schedule 4 – Unsecured Loans	43
Schedule 5 – Fixed Assets	44
Schedule 6 – Investments	45-46
Schedule 7 – Current Assets, Loans and Advances	46-47
Schedule 8 – Current Liabilities and Provisions	48
Schedule 9 – Voluntary Retirement Compensation	48
Schedule 10 – Income from Other Operations	49
Schedule 11 – Other Income	49
Schedule 12 – Manufacturing, Trading and other Expenses	50-51
Schedule 13 – Notes to the Accounts	52-80
Balance Sheet Abstract and Company's General Business Profile	81
Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies	82-83
Additional information on the Subsidiary Companies	84-85
Additional disclosure as required by the amended Clause 32 of the listing agreement with Stock Exchange	86
Consolidated Financial Statements for the year ended 31 st March 2011	87-131

Annual General Meeting will be held on Wednesday, 24th August, 2011 at 4.00 p.m. 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- SECOND 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 24th August, 2011 at 4.00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, 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. Kaiwan D. Kalyaniwalla, who was appointed as an Additional Director of the Company pursuant to Article 112 of the Articles of Association of the Company, and who holds office under Section 260 and other applicable provisions, if any, of the Companies Act, 1956, upto the date of this Annual General Meeting but being eligible, offers himself for appointment and in respect of whom the Company has received a notice in writing from a shareholder under Section 257 of the Companies Act, 1956 signifying his intention to propose his candidature for the office of Director.
3. To appoint a Director in place of Mr. Shapoor P. Mistry who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. D. B. Engineer who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. Cyrus P. Mistry who retires by rotation and is eligible for re-appointment.
6. To appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants, as Auditors and to authorise the Board of Directors to fix their remuneration.
7. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:
 "RESOLVED that, pursuant to Schedule XIII of the Companies Act, 1956, where in any financial year during a period of 3 years from 1st April, 2011 to 31st March, 2014, or during the tenure of Mr. Ashok Barat, as the Managing Director, whichever period is less, the Company has no profit or its profits are inadequate, it shall pay remuneration to Mr. Ashok Barat by way of salary, dearness allowance, perquisites and other allowances, as per the Agreement dated 3rd December, 2008 entered into between the Company and Mr. Ashok Barat, pursuant to the authority granted by the Shareholders at their meeting held on 27th August, 2008."
8. 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 charge in order to secure the term loan, as per the details given below :

	Details of Loan and the Lender		Security
1.	Corporate Loan of Rs.30 crores from The Federal Bank Ltd.	:	Equitable Mortgage of immovable properties- Volkart House, 63 Westfield Estate Lane, Breach Candy, Bhulabhai Desai Road, Mumbai 400 026 (Flat Nos. 11, 12 & 14 Ground floor, Flat Nos. 15 & 16 First Floor, Flat No. 18 Second Floor, Flat Nos. 19 & 20 Third Floor, Flat Nos. 21 & 22 Fourth Floor, Flat Nos. 11 & 23 Fifth Floor, Part Basement & Garages) with first pari passu sharing with Bank of India.

on such terms and conditions as the Board of Directors may think fit, in order to secure the due repayment of term loan(s) availed by the Company from the above lender, 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 its Loan Agreement entered into / executed by the Company, in respect of the above mentioned term loan.

RESOLVED FURTHER that the Board of Directors of the Company, be and is hereby authorized to finalise with the lenders all necessary documents for creating the mortgage and/or charge and / or hypothecation 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, 19th July, 2011.

Registered Office:
Forbes Building,
Charanjit Rai Marg,
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 businesses at items 2, 7 and 8 are annexed hereto.
3. Corporate members are requested to send to the Company a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
4. Pursuant to the direction under Section 212(8) of the Companies Act, 1956 exemption granted by the Central Government vide their Circular No.2/2011 dated 8th February, 2011, 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, 2011. 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.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 17th August, 2011 to Wednesday, 24th August, 2011 (both days inclusive).
6. 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.
7. **The Ministry of Corporate Affairs ("MCA"), Government of India has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies. MCA has issued a Circular No.17/2011 dated 21st April, 2011 stating that the service of notice / document by a company to its Members may now be made through electronic mode, after giving an advance opportunity to the Member to register his e-mail address and changes therein from time to time with the Company or with the concerned depository. Keeping this in view, your Company had vide its circular dated 13th May, 2011 and 7th June, 2011 requested you to advise your email address in case you wish to receive documents such as the Notice of the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, Balance Sheet, Profit & Loss Account, Explanatory Statement etc., henceforth in electronic mode. We are confident that you would appreciate the "Green Initiative" taken by MCA and co-operate in helping the Company to implement the e-governance initiatives of the Government.**
8. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
9. 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: tsrdlbg@tsrdarashaw.com 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"> 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 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 |
|--|---|

Agents

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

2. 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: ashok.shah@forbes.co.in

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 2:

At a meeting of the Board of Directors held on 29th October, 2010, Mr. Kaiwan D Kalyaniwalla was appointed an Additional Director of the Company. Pursuant to Section 260 of the Companies Act, 1956 (hereinafter referred to as "the Act") read with Article 112 of the Articles of Association of the Company (hereinafter referred to as "the Articles") Mr. Kaiwan D Kalyaniwalla holds office upto the date of the forthcoming Annual General Meeting of the Company.

A notice, in writing, has been received from a shareholder under Section 257 of the Act alongwith a deposit of Rs.500, signifying his intention to propose Mr. Kaiwan D Kalyaniwalla as a candidate for appointment as a Director.

Mr. Kaiwan D Kalyaniwalla, aged 46 years, is a Solicitor and Advocate of the Bombay High Court and a Partner of the law firm of Maneksha & Sethna in Mumbai. He has been in practice for over 20 years. Mr. Kalyaniwalla is enrolled as a Solicitor of the Supreme Court of England and Wales. He is on the Board of various Indian and foreign companies and advises private sector corporate, multinational banks, logistics and shipping companies and some of India's largest property development companies and business houses. His practice is predominantly in the field of corporate laws, property laws and general commercial laws, Mr. Kalyaniwalla has been an active member of the Managing Committee of the Bombay Incorporated Law Society.

The Directors consider that the services of Mr. Kaiwan D Kalyaniwalla will be useful to the Company having regard to his knowledge and experience and recommend that he be appointed as a Director of the Company.

Mr. Kaiwan D Kalyaniwalla is interested in the Resolution at Item 2 of the Notice since it relates to his appointment.

Item No.7:

Pursuant to Schedule XIII of the Companies Act, 1956, where in any financial year during the currency of tenure of Mr. Ashok Barat, the Company has no profits or its profits are inadequate, it may, subject to approval of the shareholders of the Company by a special resolution, pay remuneration to Mr. Ashok Barat by way of salary, dearness allowance perquisites and any other allowances, not exceeding the ceiling limit of Rs.48,00,000 per annum or Rs.4,00,000 per month without Central Government approval and exceeding Rs.48,00,000 per annum or Rs.4,00,000 per month with the Central Government approval, on the scale related to the effective capital of the Company. The shareholders can approve payment of remuneration for a period not exceeding three years.

Accordingly, the resolution at Item 7 is proposed as a Special Resolution to enable the Company to pay remuneration to Mr. Ashok Barat for the period 1st April, 2011 to 31st March, 2014 as per the Agreement dated 3rd December, 2008 entered into between the Company and Mr. Ashok Barat, pursuant to the authority granted by the Shareholders at their meeting held on 27th August, 2008. The Company has not made any default in payment of any of its debts (including public deposits) or debentures or any interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment of Mr. Ashok Barat.

Statement containing information required to be given to the shareholders pursuant to Paragraph 1 of Section II in Part II of Schedule XIII to the Companies Act, 1956 as amended is attached and forms part of this Notice.

Mr. Barat is interested in the Special Resolution at Item 7 of the Notice since it relates to his remuneration.

Item No. 8:

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

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

The details of term loan and the charge to be created is set out below:

Details of Loan and the Lender	Security
1. Corporate Loan of Rs.30 crores from The Federal Bank Ltd.	: Equitable Mortgage of immovable properties- Volkart House, 63 Westfield Estate Lane, Breach Candy, Bhulabhai Desai Road, Mumbai 400 026 (Flat Nos. 11, 12 & 14 Ground floor, Flat Nos. 15 & 16 First Floor, Flat No. 18 Second Floor, Flat Nos. 19 & 20 Third Floor, Flat Nos. 21 & 22 Fourth Floor, Flat Nos. 11 & 23 Fifth Floor, Part Basement & Garages) with first pari passu sharing with Bank of India.

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 8 of the Notice.

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

Mumbai, 19th July, 2011.
Registered Office:
Forbes Building,
Charanjit Rai Marg,
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.

1. Statement containing the information required to be furnished pursuant to paragraph 1 (B) (iv) of Section II in Part II of Schedule XIII to the Companies Act, 1956 as amended by notification dated 16th January, 2002 is given hereunder.

I. General Information

<p>(1) Nature of Industry</p> <p>(2) Date or expected date of commencement of commercial production.</p> <p>(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.</p> <p>(4) Financial Performance based on given indicators.</p> <p>(5) Export Performance & net foreign exchange earning.</p>	<p>Light Engineering including threading and other tools, Shipping and Logistic Services, Business Automation and Equipments and through subsidiaries clean water, air and hygiene products and transaction solutions systems.</p> <p>The Company is in commercial production since the year 1919.</p> <p>Not Applicable.</p> <p style="text-align: right;">(Rs. in Crores)</p> <table border="1" data-bbox="750 652 1476 942"> <thead> <tr> <th></th> <th>Y.E. 31.3.2011</th> <th>Y.E. 31.3.2010</th> <th>Y.E. 31.3.2009</th> </tr> </thead> <tbody> <tr> <td>Gross Income</td> <td>264.24</td> <td>219.91</td> <td>211.96</td> </tr> <tr> <td>PBT</td> <td>0.60</td> <td>(10.22)</td> <td>(46.47)</td> </tr> <tr> <td>Net Worth</td> <td>133.67</td> <td>133.09</td> <td>142.95</td> </tr> <tr> <td>Dividend %</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Dividend</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p style="text-align: right;">(Rs. in Crores)</p> <table border="1" data-bbox="750 1004 1476 1253"> <thead> <tr> <th></th> <th>Y.E. 31.3.2011</th> <th>Y.E. 31.3.2010</th> <th>Y.E. 31.3.2009</th> </tr> </thead> <tbody> <tr> <td>Foreign Exchange Earning</td> <td>32.86</td> <td>16.62</td> <td>19.47</td> </tr> <tr> <td>Less: Foreign Exchange Outgo</td> <td>63.42</td> <td>35.10</td> <td>30.53</td> </tr> <tr> <td>Net Position</td> <td>(30.56)</td> <td>(18.48)</td> <td>(11.06)</td> </tr> </tbody> </table>		Y.E. 31.3.2011	Y.E. 31.3.2010	Y.E. 31.3.2009	Gross Income	264.24	219.91	211.96	PBT	0.60	(10.22)	(46.47)	Net Worth	133.67	133.09	142.95	Dividend %	-	-	-	Dividend	-	-	-		Y.E. 31.3.2011	Y.E. 31.3.2010	Y.E. 31.3.2009	Foreign Exchange Earning	32.86	16.62	19.47	Less: Foreign Exchange Outgo	63.42	35.10	30.53	Net Position	(30.56)	(18.48)	(11.06)
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<p>(6) Foreign Investor or Collaborators, if any.</p>	<p>There is no direct foreign investment in the Company.</p>																																								

1. Statement containing the information required to be furnished pursuant to paragraph 1 (B) (iv) of Section II in Part II of Schedule XIII to the Companies Act, 1956 as amended by notification dated 16th January, 2002 is given hereunder. (Continued)

II. A. Information of the remuneration package of Mr. Ashok Barat (Managing Director)

<p>(1) Background details.</p> <p>(2) Past Remuneration.</p> <p>(3) Recognition or Awards.</p> <p>(4) Job profile and his suitability.</p> <p>(5) Remuneration proposed.</p>	<p>Mr. Ashok Barat aged 51 years is a Commerce Graduate (Gold Medalist) from Allahabad University and a Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.</p> <p>Remuneration comprises monthly salary, perquisites, contribution towards retiral benefits and commission on net profits, the details of which are –</p> <table align="right"> <thead> <tr> <th></th> <th><u>Lakh Rs.</u></th> </tr> </thead> <tbody> <tr> <td>Y.E. 31.3.2009</td> <td>61.99</td> </tr> <tr> <td>Y.E. 31.3.2010</td> <td>74.15</td> </tr> <tr> <td>Y.E. 31.3.2011</td> <td>93.62</td> </tr> </tbody> </table> <p>Mr. Ashok Barat is a Member of several Committees of Trade Association.</p> <p>Mr. Ashok Barat has worked in India and abroad with leading FMCG companies and has a rich experience in the corporate world including MNC, in different fields. At the present, he is a Director of other several Companies.</p> <p>Remuneration includes –</p> <p>(a) Monthly salary in the range of Rs.200000 to Rs.400000.</p> <p>(b) Housing, Vehicle, Medical and Leave Travel and other perquisites subject to a ceiling of 125% of salary.</p> <p>(c) Such commission as may be approved by the Board of Directors of the Company having regard to the net Profits of the Company and provisions of Section 198 and other sections of the Companies Act, 1956. Contribution to the Provident Fund, Superannuation Fund and Gratuity Fund, as per the Rules of the Company.</p>		<u>Lakh Rs.</u>	Y.E. 31.3.2009	61.99	Y.E. 31.3.2010	74.15	Y.E. 31.3.2011	93.62				
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<p>(6) Comparative remuneration profile with respect of industry, size of Company, profile of the position and person (in case of expatriates the relevant details would be with reference to the country of his origin.)</p>	<p>The remuneration proposed is more or less in line with the general pattern for comparable responsibility/job profile. Some illustrations:</p> <table border="1"> <thead> <tr> <th>Company</th> <th>Position</th> <th>Total Remuneration</th> </tr> </thead> <tbody> <tr> <td>KEC International Ltd.</td> <td>Managing Director</td> <td>For the year ended 31.3.2010 Rs.203.01 lakhs.</td> </tr> <tr> <td>Elecon Engineering Company Ltd.</td> <td>Managing Director</td> <td>For the year ended 31.3.2010 Rs.287.43 lakhs.</td> </tr> <tr> <td>McNally Bharat Engineering Company Ltd.</td> <td>Managing Director</td> <td>For the year ended 31.3.2010 Rs.202.26 lakhs.</td> </tr> </tbody> </table>	Company	Position	Total Remuneration	KEC International Ltd.	Managing Director	For the year ended 31.3.2010 Rs.203.01 lakhs.	Elecon Engineering Company Ltd.	Managing Director	For the year ended 31.3.2010 Rs.287.43 lakhs.	McNally Bharat Engineering Company Ltd.	Managing Director	For the year ended 31.3.2010 Rs.202.26 lakhs.
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McNally Bharat Engineering Company Ltd.	Managing Director	For the year ended 31.3.2010 Rs.202.26 lakhs.											
<p>(7) Pecuniary relationship directly or indirectly with the Company or the relationship with the Managerial Personnel, if any.</p>	<p>Mr. Ashok Barat is not holding any shares of the Company. There is no other pecuniary relationship with the Company or the Managerial Personnel.</p>												

DIRECTORS' REPORT

To,
The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2011.

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, 2011	<i>Rupees in Crores</i> <i>For the year ended 31st March, 2010</i>
Sales, Services and Other Income	264.24	219.91
Less: Expenditure	250.00	216.05
Profit/(Loss) after Interest and before Depreciation	14.24	3.86
Less: Depreciation	13.64	16.54
Profit/(Loss) after Depreciation	0.60	(12.68)
Add: Profit for the year ended 31.3.2009 in respect of Shipping Agency Division of Volkart Fleming Shipping & Services Ltd., pursuant to Scheme of Arrangement for Demerger and transfer	—	2.46
Profit/(Loss) before taxation	0.60	(10.22)
Less: Provision for Taxation		
- (Reversal)/Provision relating to previous year for Taxation (Net)	(0.10)	1.91
- for Wealth tax	0.12	0.13
Profit/(Loss) after Taxation	0.58	(12.26)
Add: Balance brought forward	(43.95)	(31.69)
Balance Carried to Balance Sheet	(43.37)	(43.95)

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

2.1. ENGINEERING:

Precision Tools: During the year, the Precision Tools business has shown a significant improvement in its performance. Despite recessionary conditions prevailing in major international markets, exports increased substantially. International sourcing of some high growth products started during the year, which will help your Company to address demand and grow its market share. Various initiatives are currently underway to improve the entire supply chain, that include, strategic sourcing, expanding current product portfolios, re-layout of production lines, discontinuance of non-performing products/SKU's, implementing a replenishment based ordering for the channel trade. The

initiatives to reduce the dependence on the automobile sector (a sector adversely impacted by the global financial crisis with a consequent impact on this product group) by also developing customers in select non-auto sectors like Defence and Aerospace have shown good progress.

Energy Solutions Group – The business model was changed from being an agent of an overseas principal for Drive Turbines to becoming Value Added Resellers (VAR). Other Steam and Drive Turbines were added to the product portfolio. The Company was successful in establishing its presence as a vendor for supply of Steam Turbines and Blower Packages bagging orders from extremely demanding customers. During the year a new team (with many experienced engineers from the Power sector) was set up with a focus on building own capability for servicing of turbines and turnkey execution of projects; these efforts have borne fruit. As on date, the Company has a confirmed

order book aggregating Rs. 75 crores of which a significant portion will be executed during the current year. During the year, the Company successfully completed erection and commissioning at 7 sites which included prestigious clients like Bharat Petroleum, Bharat Oman Refinery and Saurashtra Chemicals.

The Company secured three orders valued at Rs. 34 crores for execution on a turnkey basis.

The turbine refurbishing facility being set up at Waluj, Aurangabad is expected to be ready by July, 2011, post which the Company will have the capability to service turbines upto 30 MW capacity in-house.

2.2. LOGISTICS, CONTAINER FREIGHT STATIONS AND SHIPPING RELATED ACTIVITY:

During the year, the division consolidated its position within the industry and restructured its operations according to the market requirement by developing full-fledged Freight Forwarding and Door- to-Door Logistics capabilities instead of just being a liner agent. With this the division is now engaged in three activities viz. Container Freight Stations, Freight Forwarding and in a limited way as agents of shipping lines.

Container Freight Stations: The Company's Station at Mundra witnessed an upsurge in volumes due to focused marketing efforts; new customers were added at the Veshvi Station (near JNPT). The thrust remains on aggressive marketing, profitable customer acquisition and improvement of operational efficiencies. Downturn in the US and European economies, increased number of CFS competing for a nearly stagnant business and poor infrastructure in and around the ports continue to hamper growth.

Freight Forwarding: The Company expanded its capabilities to provide all types of logistics and supply chain services like Export-Import, Sea Freight, Air Freight, Cross Trade, Custom Clearance and Transportation etc. on all India basis and will soon be providing Warehousing and Distribution services also. Tie-ups with freight forwarders in 175 countries worldwide would enable the Company to provide door-to-door services to customers. The Company is now registered with the Federal Maritime Commission (FMC), USA that enables handling of exports to USA.

Along with major ports and cities the Company is now targeting select hinterland locations. In order to expand the client base and reach, the Company regularly participates in Trade Fairs and Exhibitions and organizes customer meets at various locations. Some of the esteemed clients include the Aditya Birla Group, L& T, Bombay Dyeing etc.

Overall whilst the Shipping and Logistics division has shown a tremendous growth this year compared to last year; the focus on

increasing margins, getting operational excellence and delivering excellent service at a competitive cost continues.

Post implementation of a new Enterprise Resource Planning software in April 2010, issues were noted in the divisional accounts in terms of balances reflecting in various accounts. Appropriate measures to reconcile the accounts have commenced; whilst sizeable progress has been made, the task is not yet complete.

2.3. OTHERS:

The Company continues its efforts to monetise the value of its real estate (through rentals and otherwise) in order to get long-term benefits.

Last 2 years has seen the Company making substantial investments in IT infrastructure & applications to support business. These investments have significantly helped the management in having a better control over its operations through online availability of real time information. They have also resulted in significant savings in the cost of executive time and travel.

2.4. FINANCE AND CORPORATE:

Over the past three years, the business portfolio, financial, fiscal and legal restructuring undertaken at the Company has resulted in a situation where the Company has reduced its losses from Rs. 46.47 crores in FY2008-2009 to Rs. 10.22 crores in FY 2009-2010 and this year has been a small but significant milestone in terms of a profit of Rs. 0.60 crores. This has been achieved despite, over the past 3 years, the Company having to bear cash losses of Rs. 28.40 crores incurred on a standby charter arrangement which devolved on the Company as a part of a debt covenant in SCI Forbes (a JV company) and the infusion of funds in various JV's and subsidiaries.

The Company has also through a mix of measures like relentless focus on working capital, liquidation of investments, disposal of real estate holdings (not required for business) generated cash which has been used to, apart from funding the investments as above, also been used to bring down its debt level significantly from Rs. 148.94 crores in March 2009 to Rs. 105.05 crores in March 2011 which resulted in a reduction in interest costs, despite a period of increasing interest rates, from Rs. 14.67 crores in 2009 to Rs. 11.93 crores in 2011.

Consequently, the Company's credit rating from both CRISIL and ICRA has steadily improved every year from A+ (Stable) in 2009, to AA- (Stable) in 2010 by CRISIL and equivalent by ICRA; it is expected that the current review will improve it further.

A share buy back was done by two of the Company's 100% subsidiaries, namely Eureka Forbes Ltd (Value Rs. 17.98 crores, previous year – Rs. 18 crores) and Volkart Fleming Shipping & Services Limited (Value Rs. 0.75 crores) which helped to bolster your Company's profits and finances.

2.5. OUTLOOK FOR FUTURE AND POST BALANCE SHEET EVENTS:

The company's businesses continue to grow with the engineering division, on a standalone basis, making profits whilst the shipping division is nearing break even for the first few months of the current financial year. It is expected that this momentum will continue though with the continued inflation and RBI's expected rate hikes will have some impact on the automobile sector and consequently on the Company's performance. The management is working actively to contain the same. Several initiatives are underway to also bolster the performance and profitability of the CFS and Freight Forwarding business.

The Standby Charter covenant of SCI Forbes (SCIF) has been negotiated with the banks who have agreed to keep the same suspended – this has been implemented w.e.f. 1st July 2011; consequently the cash losses through the Company's P&L (Rs 5.5 crores in JQ 2011 and Rs 22 crores per year on an annualized basis) stop from that date. The lenders to SCIF have been informed that a partial pre-payment of the loan will be made to them with the August instalment; this will be done using the cash collateral currently lying in a dollar fixed deposit; this will help to reduce the interest and debt repayment burden of SCIF, which in turn will ease the quantum of burden on the promoters of SCIF, including the Company, for making good any cash deficits in SCIF to meet all its obligations to the lenders and others.

An application has been made by the Company as the Promoter Shareholder of the Svadeshi Mills Company Limited (Svadeshi Mills) currently under liquidation to the Hon'ble High Court, Bombay seeking permission to get Svadeshi Mills out of liquidation. Your Company had advanced loans, as a promoter shareholder under the BIFR directions, aggregating Rs. 43.71 crores to Svadeshi Mills and is a secured creditor. The dues from Svadeshi Mills till 27th February, 2006 were adjudicated by the Liquidator at Rs. 57.39 crores. The Company is hopeful to receive the amount finally settled, the timing of which will be depending on receiving the permission from Hon'ble High Court, Bombay.

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 Limited**, a wholly-owned subsidiary of the Company, has performed commendably well with a growth in revenue by 10% over previous year in spite of inflation at highest level in recent times though the increased competition with many new aggressive players has resulted in a significant pressure on

its margins. Its Subsidiaries, Joint ventures and Associate companies have also reported satisfactory results.

During the year, Aquamall Water Solutions Ltd., a wholly-owned subsidiary of Eureka Forbes Ltd., has developed and added various new models of Water Purifier to the company's range of models. This year saw the introduction of a new generation product for water purification in storage water category. This new product used an innovative technology that does not use any chemicals in the disinfection process.

Eureka Forbes Ltd. and its products received awards and recognition, as in previous years, in the current year also.

As mentioned earlier, Eureka Forbes Ltd. bought-back 2,27,000 shares i.e. 5.74 % of its share capital. During the year, Eureka Forbes Ltd. added one more wholly owned subsidiary, namely, EFL Mauritius Ltd. and alongwith that company, has executed a Share Purchase Agreement with the promoters of Lux International AG for acquiring 25% stake in Lux International AG, Switzerland.

Eureka Forbes Ltd. is also in the process of consolidating various business entities operating as its Subsidiaries, Joint ventures and Associate companies to have a leaner business structure and give related benefits in terms of cash flows, financial structure and fiscal optimisation

- 3.3 **Forbes Technosys Ltd. (FTL)**, a wholly-owned subsidiary of the Company, posted a significant increase in turnover (48.86%) over the previous year, which resulted in a better operating performance (there was a 5.13% reduction on a percentage basis in loss compared with the previous year on account of higher revenues and changes in the product mix).

FTL has successfully executed a large contract for deployment of kiosks at a value of over Rs. 5 crores. It also secured an order of over Rs. 3 crores per annum from a leading nationalized bank for providing Managed Services for Kiosks and has established a state-of-the-art NNOCC (National Network Operations and Control Centre) that will serve as a backend for Transaction Kiosks and ATMs. FTL also got and executed its first order from Indonesia marking its foray into international markets, which will be developed further in the years ahead.

The Company is rapidly expanding its manufacturing operations and there has been a multi-fold increase in the production, deployment and sale of kiosks over the previous year.

FTL continues to invest in the development of new products, developing its own IP and Patents in the process, for an entry into related but new markets segments.

Cheque Truncation – FTL is the first company in India to get an ISO 9001:2008 certification from Image Service Bureau for its Cheque Truncation system. Apart from the centre in New Delhi, it has already established a new CTS Centre in Chennai (to capture the market from the next pilot of Reserve Bank of

India) and has moved into a leadership position signing contracts with 28 banks in Chennai. These include both outright solution sales and also multi-year contracts for cheque processing.

Payment Systems - The payment systems landscape in the country is expected to undergo radical changes in the next 3-4 years and FTL is well positioned to take advantage of these changes by providing a variety of solutions including Kiosks, ATMs, Solutions for Financial Inclusion and Cheque Truncation Systems. FTL has developed its own innovative products and services suitable to the Indian context that can enable it to become a market leader in each of these product categories.

Transaction Automation - FTL has developed a range of solutions for enterprise mobility, Point of Sale devices, UID Kits, Any Time Payment Systems, ATMs and Kiosks to address existing and emerging opportunities in Transaction Automation.

Services - During the year, FTL recorded growth in its Kiosk based transaction network and also launched the franchisee based services network in Chennai. The transaction network will see a rapid geographical expansion in the coming years along with new electronic delivery services, which will be added to the portfolio.

3.4 Forbes Container Line Pte. Limited, Singapore, a wholly-owned subsidiary of the Company, entered into its fourth year of operation. The performance for the financial year saw an improvement with it posting a marginal profit after having been affected by the global financial meltdown, which affected adversely the fortunes of shipping companies.

3.5 SCI Forbes Limited, a joint venture company with The Shipping Corporation of India Limited (SCI) and Sterling Investment Corporation Pvt. Ltd. had acquired three chemical tankers during the financial year 2009-2010. The fourth ship added to its fleet during the year. During the year under review, all the four ships were fully operational.

Of the four tankers, 2 vessels were on charter to The Shipping Corporation of India Limited whilst the other 2 were time-chartered to Forbes & Company Ltd till 30th June 2011 under a standby charter agreement (exercise of a debt covenant by the lenders to SCI Forbes Ltd.). This agreement, as mentioned earlier, has been suspended w.e.f. 1st July 2011 and the vessels are now being operated by SCI Forbes Ltd. itself.

These vessels are deployed through a Pooling arrangement (specializing in the chemical tanker trade) which markets the tankers in West Asia-& Far East regions.

In 2010-11, the chemical trade passed through difficult times as it had not fully recovered from the financial crisis in the West. Further, the market was affected by an oversupply of tonnage, which kept the freight rates at lower levels. The market did show some signs of improvement in the beginning of 2010. But the improvement did not sustain due to shut down of chemical

plants for maintenance in West Asia Gulf (WAG) and China during April & May, 2010 and lack of demand. Overall the effect of excess tonnage and a negative trade bias in the EU region has kept earnings low. The earnings and profitability were also affected due to rising fuel prices as also the costs associated with increasing piracy in the Arabian Sea and Indian Ocean.

3.6 Forbes Bumi Armada Limited, a joint venture company with Bumi Armada Berhad, Malaysia, did not have any significant operations during the year.

3.7 Forbes Bumi Armada Offshore Limited, another joint venture Company with Bumi Armada Berhad, Malaysia was incorporated on 29th October, 2010, with the specific objective of meeting bidding criteria of oil production companies like ONGC. The Company is pleased to inform the shareholders that this company has been awarded a 7-year contract by ONGC for providing and operating a Floating, Production Storage and Off-loading vessel (FPSO) to ONGC.

3.8 Assets of the Svadeshi Mills Company Limited continue to be in the hands of the Official Liquidator, High Court, Bombay. As mentioned earlier, an application to get the company out of liquidation has been filed with the Hon'ble High Court, Bombay.

4. DIRECTORS:

- i) Mr. Shapoor P. Mistry, Mr. D. B. Engineer and Mr. Cyrus P. Mistry are due to retire by rotation and the Board of Directors commend their reappointment as Directors of the Company.
- ii) Mr. Kaiwan D. Kalyaniwalla was appointed as an Additional Director of the Company on 29th October, 2010. He holds office upto the date of the ensuing Annual General Meeting and an item regarding his appointment is included in the Notice convening the Annual General Meeting. The Board of Directors commends his appointment as Director of the Company.

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 unauthorized use or otherwise. The Internal Control Systems are supplemented by an internal audit system carried out by a team under the direct supervision of the Head of Internal Audit. The findings of such internal audits are periodically reviewed by the management and suitable actions taken to address the gaps, if any, noted arising from such audits. 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, information technology, risk analysis and risk management are woven together, to provide a meaningful support to the management of the business.

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. The Company voluntarily replaced its earlier "Code of Ethics" and adopted the more comprehensive "Code of Ethics" which was adopted by the Bombay Chamber of Commerce and Industry. The Company has also voluntarily put in place a "Whistle Blower" policy, which enables any stakeholder to raise issues of any concern in a safe and secure manner without any fear of repercussion on them.

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 -

- a. that in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b. 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. The Audit Report forms a part of the Annual Report.

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, prioritization of risk, measurement of key indicators and monitoring system. A Company wide awareness of risk management policies and practices are being inculcated to minimize 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 is expected to help this process significantly. It is realized 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:

i) Human Resource Development

- a) Learnings - An exercise on the theme Bigger, Better, Faster, and Organization Development Initiative continued during the entire year covering all the management employees. A total of 5 workshops were conducted during 1st April, 2010 and 31st March, 2011. These workshops were conducted by faculty from Indian Institute of Management, Bangalore (IIMB) who undertook this exercise.
- b) Recruitment - In order to bridge the gap between knowledge and skill and thus to strengthen the businesses, a number of professionals were hired from leading Companies.

ii. Industrial Relations

Cordial relationship which has helped in boosting productivity continues to be maintained with various Unions and there has been no loss of man hours due to industrial unrest.

iii. General

In order to ensure uniform functioning and smooth administration a Shared Services in respect of Accounts function have been created.

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 and under Section 217(2A) 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.

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

13. ACKNOWLEDGEMENT:

Your Company continues to occupy a place of respect amongst the many stakeholders it is associated with, most of all our

Mumbai, 19th July, 2011

SHAPOOR P. MISTRY
CHAIRMAN

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	Abhipreet Trading Pvt. Ltd.	57	Range Consultants Pvt. Ltd.
2	Afcons (Overseas) Constructions & Investments Pvt Ltd	58	Relationship Properties Pvt. Ltd
3	Afcons Construction Mideast LLC Dubai, UAE	59	Renaissance Commerce Pvt. Ltd.
4	Afcons Gulf International Projects Services FZE	60	S P International
5	Afcons Infrastructure International Ltd. Mauritius	61	S. C. Impex Pvt. Ltd.
6	Afcons Infrastructure Ltd.	62	S. P. Aluminium Systems Pvt. Ltd.
7	Afcons Madagascar Overseas SARL Madagascar	63	S. P. Architectural Coatings Pvt. Ltd
8	Afcons Offshore and Marine Services Pvt. Ltd	64	Samalpatti Power Co Pvt Ltd
9	Alaya Properties Pvt. Ltd	65	Shachin Real Estates Pvt. Ltd.
10	Archaic Properties Pvt. Ltd.	66	Shapoorji & Co. Pvt. Ltd.
11	Bengal Shapoorji Business Parks Pvt. Ltd	67	Shapoorji Data Processing Pvt. Ltd.
12	Bengal Shapoorji Infrastructure Development Pvt. Ltd	68	Shapoorji Drilling Enterprise Pvt. Ltd.
13	Blue Riband Properties Pvt. Ltd	69	Shapoorji Hotels Pvt. Ltd.
14	Cama Properties Pvt. Ltd.	70	Shapoorji Pallonji (Gwalior) Pvt. Ltd.
15	Chinsha Property Pvt. Ltd.	71	Shapoorji Pallonji Cement (Gujarat) Pvt. Ltd.
16	Corporate Apparel USA, Inc	72	Shapoorji Pallonji Energy (Gujarat) Pvt. Ltd
17	Cyrus Engineers Pvt. Ltd.	73	Shapoorji Pallonji Finance Ltd.
18	Delna Finance & Investments Pvt. Ltd.	74	Shapoorji Pallonji Industrial Park Pvt. Ltd.
19	Delphi Properties Pvt. Ltd	75	Shapoorji Pallonji Infrastructure (Gujarat) Pvt. Ltd.
20	Devine Realty and Construction Pvt. Ltd	76	Shapoorji Pallonji Infrastructure Capital Co.Ltd.
21	Doris Properties Pvt. Ltd	77	Shapoorji Pallonji International, Dafza, UAE
22	Drashti Developers Pvt. Ltd.	78	Shapoorji Pallonji International, Fujairah, UAE
23	East View Estates Pvt. Ltd	79	Shapoorji Pallonji Investment Advisors Pvt. Ltd.
24	Empower Builder Pvt. Ltd	80	Shapoorji Pallonji Pipelines & Engineering Company Pvt. Ltd
25	Fayland Estates Pvt. Ltd	81	Shapoorji Pallonji Ports Pvt. Ltd.
26	Firstrock Infrastructures Pvt. Ltd	82	Shapoorji Pallonji Power Co. Pvt. Ltd.
27	Flamboyant Developers Pvt. Ltd	83	Shapoorji Pallonji Power Projects Pvt. Ltd.
28	Flooraise Developers Pvt Ltd	84	Shapoorji Pallonji Roads Pvt. Ltd.
29	Floral Finance Pvt. Ltd.	85	Shapoorji Pallonji Samalpatti Operator Services Pvt Ltd
30	Floreat Investments Ltd.	86	Shapoorji Pallonji Solar PV Pvt. Ltd.
31	Flotilla Finance Pvt. Ltd.	87	Shapoorji Pallonji Solar Thermal Pvt. Ltd.
32	Forvol International Services Ltd.	88	Sharus Building Services Pvt. Ltd.
33	Gallops Developers Pvt. Ltd	89	Shatranj Properties Pvt. Ltd
34	Gokak Textiles Ltd.	90	Simar Energy (Gujarat) Pvt. Ltd.
35	Gossip Properties Pvt. Ltd	91	Simar Port Pvt Ltd
36	Hazarat & Company Pvt. Ltd.	92	SP Agri Management Services Pvt. Ltd.
37	Hermes Commerce Ltd.	93	S. P. Aluminium Systems Pvt. Ltd.
38	High Point Properties Pvt. Ltd	94	S. P. Architectural Coatings Pvt. Ltd.
39	Joy Car Care Pvt. Ltd	95	SP Bio Sciences Pvt. Ltd
40	Khvafar Investments Pvt. Ltd	96	SP BioFuel Ventures Pvt. Ltd
41	Lucrative Properties Pvt. Ltd	97	SP Fabricators Pvt. Ltd.
42	Magpie Finance Pvt. Ltd.	98	SP Infocity Developers Pvt. Ltd
43	Make Home Realty & Conruction Pvt. Ltd	99	SP Jammu Udhampur Highway Pvt. Ltd.
44	Manjri Developers Pvt. Ltd	100	SP Ports Pvt. Ltd.
45	Manjri Horse Breeders Farm Pvt. Ltd.	101	SP Simar Infrastructure Zone Pvt. Ltd.
46	Mazsons Builders & Developers Pvt. Ltd.	102	Afcons Corrosion Protection Pvt. Ltd
47	Meriland Estates Pvt. Ltd.	103	Steppe Developers Pvt. Ltd.
48	Mileage Properties Pvt. Ltd	104	Sterling & Wilson Ltd.
49	Miracle Touch Developers Pvt. Ltd	105	Sterling & Wilson International FZE
50	Mydream Properties Pvt. Ltd	106	Sterling & Wilson Power Gen Pvt. Ltd.
51	Neil Properties Pvt. Ltd	107	Sterling Generators Pvt. Ltd.
52	NextGen Publishing Ltd	108	Sterling Industries FZ LLC
53	Palchin Real Estates Pvt. Ltd.	109	Sunny View Estates Pvt. Ltd.
54	Phenomenon Developers Pvt. Ltd	110	Think Ahead Properties Pvt. Ltd
55	Precaution Properties Pvt. Ltd	111	United Motors (India) Ltd.
56	PSC Engineers Private Limited	112	Universal Mine Developers And Service Providers Pvt. 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 Chandivali Factory.
2. ESCO project for Centralized Air conditioning plant is under evaluation.
3. Electrical transformer optimization achieved for Chandivali Factory.
4. Natural draft air circulation fans fitted to increase air changes and day light in Chandivali Factory.
5. Servo drives for Milling Machines
6. Modification in filtration system for lower power consumption for MA ford Plant
7. Changeover of service provider

(b) ADDITIONAL INVESTMENTS PROPOSALS:

1. Explore application of efficient lighting.
2. Improvement in efficiency of Central Air Conditioning Units

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

- a. The Company's operations involve low energy consumption. Efforts to conserve and optimize use of energy through operational methods will continue.
- b. Saving of approx. Rs.1,00,000/- p.a. due to the measure taken at (a)(5) above
- c. Saving of approx. Rs.1,00,000/- p.a. due to the measure taken at (a)(6) above
- d. Saving of approx. Rs.65,00,000/- p.a. due to the measure taken at (a)(7) 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 of goods calculated on F.O.B. basis	1,320.91
2 Charter Hire Income	1,896.41
3 Commission and other Services	46.38
4 Freight and Insurance recoveries	22.05
Total	3,285.75

(b) Foreign exchange outgo:

1 Imports calculated on CIF basis – raw materials	918.88
2 Imports calculated on CIF basis – components	271.65
3 Imports calculated on CIF basis – stores, spares and tools	138.78
4 Imports calculated on CIF basis – purchase for re-sale	607.61
5 Imports calculated on CIF basis – Capital Goods	276.38
6 Charter Hire Charges	3,987.51
7 Commission to overseas agents (net of tax)	21.68
8 Foreign travel	21.99
9 Royalty	32.37
10 Others	65.47
Total	6,342.32

**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 | <ul style="list-style-type: none"> a) Development of Application specific tool geometries for High performance taps b) Custom tools in Solid Carbide Tools c) Initiation for technical collaboration in laser technology with Italian company d) O.E.E. improvement program implementation e) Entry in to aerospace component manufacturing |
| 2. Benefits derived as a result of the above R&D: | <ul style="list-style-type: none"> a) New products developed by R&D have been commercialized. b) Opening of new market segments for business growth c) Improvement of product basket offering in market place |
| 3. Future course of action: | <ul style="list-style-type: none"> a) New products – HSS drills b) Launch program for new products c) Branding exercise to further strengthen brands in market place |

(B) Technology Absorption, Adaptation and Innovation:

- | | |
|--|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | <ul style="list-style-type: none"> a) High performance drill geometries adopted for custom Tools in solid carbide tools product segment. b) Automation in marking solutions business c) Manufacturing of aerospace components requiring high degree of accuracy & reliability |
| 2. Benefits derived as result of the above | <ul style="list-style-type: none"> a) Benefits accrued to the Company in terms of increased realization per tool resulting into higher profitability b) Higher tool reliability in market place c) Business increase derived from cost benefit to the customers |
| 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. | |
| <ul style="list-style-type: none"> a) Technology imported b) Year of import c) Has technology been fully absorbed d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action. | } Nil and Not Applicable |

Annexure forming part of Directors' Report for the year ended 31st March, 2011Note: Position indicated is as at the end of the year i.e. 31st March, 2011, 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, 2011 See Annexure AA
i. Promoter Directors	3
ii. Managing/Executive Directors	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	7 Board Meetings were held on the following dates – 14.05.2010 29.10.2010 30.07.2010 08.12.2010 13.08.2010 28.01.2011 22.09.2010 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 Ethics for Board of Directors and Senior Management : The Company has adopted a Code of Ethics 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, 2011. 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 19 th July, 2011.	

3. Audit Committee (AC):

i. Brief description of terms of reference of Audit Committee	<p>Terms of reference of the Audit Committee include –</p> <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, 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@	5	2
	* Mr. D.B.Engineer (Chairman)	5	2
	* Mr. R.N.Jha	5	5
	** Mr. Ashok Barat	5	5
	* Mr.T.R.Doongaji	5	5
	<p>* Non-Executive Independent Director ** Executive Director</p> <p>@ Mr. D. S. Soman, the Chairman of the Audit Committee, had retired as a Director of the Company and, consequently, he ceased to be a member and the Chairman of the Audit Committee of the Company, with effect from 22nd September, 2010. Mr. D. B. Engineer was appointed the Chairman of the Committee, at the meeting held on 29th October, 2010.</p> <p>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.</p> <p>Mr.A.T.Shah, the Company Secretary, acts as the Secretary of the Committee.</p>		
iv. Number of Audit Committee Meetings held – dates on which held	<p>5 Audit Committee Meetings were held on the following dates -</p> <p>12.05.2010 29.10.2010</p> <p>29.07.2010 27.01.2011</p> <p>13.08.2010</p> <p>The gap between two consecutive Audit Committee Meetings was not more than four months.</p>		

4. Remuneration Committee:

i. Brief description of terms of reference	<p>The Remuneration Committee is responsible for determining the compensation payable to the Managing Director and Wholetime Directors based on industry practice and performance of the individuals.</p>		
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. Shapoor P. Mistry	1	1
	Mr. D. S. Soman (Retired w.e.f 22.9.2010)	1	1
	Mr. R. N. Jha	1	1
	Mr. N. D. Khurody	1	1
	Mr. T. R. Doongaji	1	1

iv. Remuneration Policy	The Remuneration Committee determines and recommends to the Board the compensation of the Managing Director and Wholetime Directors. The Remuneration Committee makes regular appraisal of their 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 are as under :			
v. A. Details of remuneration to Wholetime Directors as per format listing out the following:	Mr. Ashok Barat Rs.			
(a) Salary and allowance	73,67,477			
(b) Benefits and Perquisites	12,65,313			
(c) Bonus/Commission	-			
(d) Pension-Contribution to PF & Superannuation Fund	7,29,000			
Total	93,61,790			
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	60,000	Nil	60,000
Mr. Shapoor P. Mistry	Nil	70,000	Nil	70,000
Mr. Cyrus P. Mistry	Nil	30,000	Nil	30,000
Mr. D. S. Soman	Nil	60,000	Nil	60,000
Mr. D. B. Engineer	150	70,000	Nil	70,000
Mr. N. D. Khurody	Nil	70,000	Nil	70,000
Mr. R. N. Jha	Nil	1,20,000	Nil	1,20,000
Mr. S. L. Goklaney	Nil	60,000	Nil	60,000
Mr. T. R. Doongaji	Nil	1,30,000	Nil	1,30,000
Mr. Kaiwan D. Kalyaniwalla	Nil	30,000	Nil	30,000
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.				

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 1.4.2010 *	12	12
	Add: Received	3	-
		<u>15</u>	<u>12</u>
	Less: Solved to the satisfaction of the Shareholders	3	-
	Balance	<u>12</u>	<u>12</u>
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, 2011.		
v. No. of pending share transfers	There is no pending share transfer for approval as on 31.3.2011.		
6. General Body Meetings:			
i. Location and time where last three AGMs were held	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.	AGM on Wednesday, the 22 nd September, 2010 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) <u>AGM – 27th August, 2008 :</u>			
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 Wholtime 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.			
(2) <u>AGM – 3rd September, 2009 :</u>			
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 Section 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.			

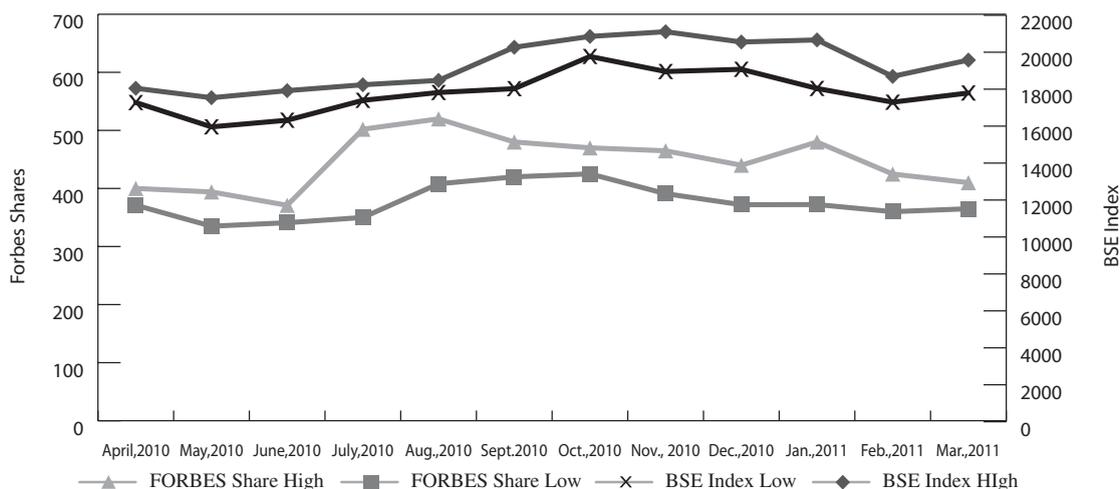
(3) AGM – 22nd September, 2010 :	
There was no Special Resolution passed at this Annual General Meeting.	
iii. Whether any special resolution passed last year through postal ballot, details of voting pattern.	No
iv. Persons who conducted the postal ballot exercise.	Not Applicable
v. Procedure for postal 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 statutory authority on any matter related to capital markets 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 and 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.
GREEN INITIATIVE IN CORPORATE GOVERNANCE:	
Pursuant to Circular No.17/2011 dated 21 st April, 2011, Ministry of Corporate Affairs has undertaken a Green Initiative in Corporate Governance whereby the shareholders desirous of receiving notices, documents and other communication from the Company through electronic mode, can register their e-mail addresses with the Company.	
Your Company encourages the shareholders to register their e-mail addresses with the Company or its Registrar & Share Transfer Agent, TSR Darashaw Ltd., Unit : Forbes & Company Ltd., 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr.E.Moses Road, Mahalaxmi, Mumbai 400 011 by sending a letter signed by the shareholders and intimate changes in the e-mail ids from time to time.	

9. General Shareholder Information:

i. AGM – Date, time and venue	Next AGM of the Company is scheduled on Wednesday, the 24 th August, 2011 at 4.00 p.m. at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, IMC Marg, Churchgate, Mumbai 400020.
ii. Financial Year	Financial year of the Company ends on 31 st March, each year and the last year has ended on 31 st March, 2011.
iii. Book Closure Date	The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 17 th August, 2011 to Wednesday, the 24 th August, 2011.
iv. Dividend Payment date	No Dividend is proposed to be declared this year.
v. Listing on Stock Exchange	Shares of the Company are listed on Bombay Stock Exchange Ltd., Mumbai.
vi. Stock Code	Stock Code of the Company, allotted by Bombay Stock Exchange Ltd., Mumbai is 502865 and ISIN allotted under the dematerialisation procedure is INE518A01013.
vii. Market Price Data – High/Low during each month of the Financial Year.	Market price data for the share of face value Rs.10 each are as under:

Month	Forbes Shares High	Forbes Shares Low	No.of shares	BSE Index High	BSE Index Low	BSE 500 High	BSE 500 Low
April,2010	400.00	371.10	1,13,120	18,047.86	17,276.80	7,140.21	6,863.81
May,2010	394.00	335.00	3,51,939	17,536.86	15,960.15	7,028.13	6,396.74
June,2010	371.00	341.00	19,003	17,919.62	16,318.39	7,119.58	6,634.30
July,2010	502.00	350.00	1,08,759	18,237.56	17,395.58	7,321.41	7,009.83
August,2010	519.80	408.00	71,411	18,475.27	17,819.99	7,514.63	7,227.39
September,2010	480.00	420.00	35,191	20,267.98	18,027.12	8,064.87	7,322.52
October,2010	469.95	425.10	1,00,008	20,854.55	19,768.96	8,344.12	7,950.12
November,2010	464.85	391.00	55,342	21,108.64	18,954.82	8,434.05	7,411.68
December,2010	440.00	372.00	24,235	20,552.03	19,074.57	7,975.22	7,421.12
January,2011	479.95	372.25	11,969	20,664.80	18,038.48	8,038.74	6,999.44
February,2011	424.80	360.00	37,309	18,690.97	17,295.62	7,222.02	6,647.92
March,2011	410.00	365.05	1,65,652	19,575.16	17,792.17	7,471.35	6,888.55

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



<p>ix. Registrars and Share & Transfer Agents and x. Share Transfer System.</p>	<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, they 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. Shares of the Company are traded compulsorily in dematerialised form and effecting the transfer in dematerialised mode.</p>			
<p>xi a. Distribution of Shareholding.</p>	<p>- Distribution by category as on 31.3.2011</p>			
	<p>Category</p>		<p>No.of Shares</p>	<p>%</p>
	<p>Promoters</p>		<p>94,61,691</p>	<p>73.35</p>
	<p>Central/State Government Institutions</p>		<p>1,10,343</p>	<p>0.86</p>
	<p>Nationalised Banks</p>		<p>19,082</p>	<p>0.15</p>
	<p>Nationalised Insurance Companies & Mutual Fund</p>		<p>5,97,921</p>	<p>4.64</p>
	<p>FII & NRI/FBC</p>		<p>12,28,164</p>	<p>9.52</p>
	<p>Public</p>		<p>14,81,415</p>	<p>11.48</p>
	<p>Total</p>		<p>1,28,98,616</p>	<p>100.00</p>
	<p>- Distribution by size as on 31.3.2011</p>			
	<p>Holding</p>	<p>No. of Shareholders</p>	<p>No.of shares</p>	<p>%</p>
	<p>1 to 25</p>	<p>3,136</p>	<p>38,433</p>	<p>0.30</p>
	<p>26 to 50</p>	<p>2,985</p>	<p>1,23,581</p>	<p>0.96</p>
	<p>51 to 100</p>	<p>3,150</p>	<p>2,34,284</p>	<p>1.82</p>
	<p>101 to 500</p>	<p>1,698</p>	<p>4,04,465</p>	<p>3.13</p>
	<p>501 to 1000</p>	<p>278</p>	<p>2,03,786</p>	<p>1.58</p>
	<p>1001 to 5000</p>	<p>175</p>	<p>3,46,685</p>	<p>2.69</p>
	<p>5001 to 10000</p>	<p>14</p>	<p>85,875</p>	<p>0.66</p>
	<p>10001 & above</p>	<p>16</p>	<p>11,461,507</p>	<p>88.86</p>
	<p>Total</p>	<p>11,452</p>	<p>1,28,98,616</p>	<p>100.00</p>
<p>xi b. Dematerialisation of shares & liquidity</p>	<p>Status of dematerialisation of shares and liquidity as on 31.3.2011</p>			
	<p>Details</p>	<p>No.of shares</p>	<p>% of Share Capital</p>	<p>No.of Accounts</p>
	<p>National Securities Depository Ltd.</p>	<p>1,18,90,968</p>	<p>92.19</p>	<p>4,601</p>
	<p>Central Depository Services (India) Ltd.</p>	<p>3,66,592</p>	<p>2.84</p>	<p>1,292</p>
	<p>Total dematerialized</p>	<p>1,22,57,560</p>	<p>95.03</p>	<p>5,893</p>
	<p>Physical</p>	<p>6,41,056</p>	<p>4.97</p>	<p>5,559</p>
	<p>Total</p>	<p>1,28,98,616</p>	<p>100.00</p>	<p>11,452</p>

ANNEXURE 'AA'

Annexure forming part of Directors' Report for the year ended 31st March, 2011.

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	No. of Board Meetings attended	Attendance at the last Annual General Meeting
Mr. Pallonji S. Mistry	Non-Executive Promoter	7	5	Yes
Mr. Shapoor P. Mistry	Non-Executive Promoter	7	6	Yes
Mr. Ashok Barat	Executive	7	7	Yes
Mr. Cyrus P. Mistry	Non-Executive Promoter	7	3	No
Mr. D. B. Engineer	Non-Executive Independent	7	5	Yes
Mr. D. S. Soman *	Non-Executive Independent	4 till his ceasing to be a Director.	3	Yes
Mr. N. D. Khurody	Non-Executive Independent	7	6	No
Mr. R. N. Jha	Non-Executive Independent	7	6	Yes
Mr. S. L. Goklaney	Non-Executive Non-Independent	7	6	Yes
Mr. T. R. Doongaji	Non-Executive Independent	7	7	Yes
Mr. Kaiwan D. Kalyaniwalla **	Non-Executive Independent	3 after his appointment as a Director	3	No

* Mr. D.S.Soman has ceased to be a Director of the Company w.e.f. close of business hours on 22.9.2010.

** Appointed a Director on the Board of Directors of the Company w.e.f. 29.10.2010.

ANNEXURE 'AB'

Members of the other Boards of Directors or Board Committees in which the Director being a Director as at 31st March, 2011 is Chairman / a Member (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) is 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	1
Mr. Shapoor P. Mistry	11	Nil	2
Mr. Ashok Barat	8	Nil	1
Mr. Cyrus P. Mistry	6	Nil	1
Mr. D. B. Engineer	8	3	4
Mr. N. D. Khurody	8	1	1
Mr. R. N. Jha	3	1	1
Mr. S. L. Goklaney	6	Nil	Nil
Mr. T. R. Doongaji	1	Nil	1
Mr. Kaiwan D. Kalyaniwalla	4	Nil	2

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/appointment is proposed at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Mr. Shapoor P. Mistry	Mr. D.B.Engineer	Mr. Cyrus P. Mistry	Mr. Kaiwan D. Kalyaniwalla
Date of Birth	6 th September, 1964	2 nd May, 1933	4 th July, 1968	13 th August, 1964
Date of first Appointment	3 rd September, 2001	28 th September, 1992	23 rd June, 2003	29 th October, 2010
Qualification	B.A. (England)–Business & Economics	Solicitor	Fellow of the Institution of Civil Engineers, Master of Science in Management – London, B.E. Civil – Imperial College, London	Solicitor and Advocate
Relationships between Directors inter-se	Promoter Director Related to Mr. Pallonji S. Mistry and Mr. Cyrus P. Mistry	Not related to any directors of the Company.	Promoter Director Related to Mr. Pallonji S. Mistry and Mr. Shapoor P. Mistry	Not related to any Director of the Company.
Expertise in specific functional areas	Mr. Shapoor P. Mistry is the Chairman of Eureka Forbes Ltd. and Managing Director of Shapoorji Pallonji & Co.Ltd..He is also a Director of several Public Limited companies. His expertise includes formulation of business plans, risk evaluation, business investment strategy and funds management and property development.	Mr.D.B.Engineer is a Senior Partner of Crawford Bayley & Co., Solicitors and Advocates. Mr.Engineer is also a Director of many public limited companies.	Mr. Cyrus P. Mistry is the Managing Director of Shapoorji Pallonji & Co.Ltd. since April,1994 and is also a Director of several Public Limited Companies. His expertise includes formation of business plans, risk evaluation, business investment strategy and property and infrastructure development.	Mr. Kaiwan D. Kalyaniwalla is a Solicitor and Advocate of the Bombay High Court and a Partner of the law firm of Maneksha & Sethna in Mumbai. Mr. Kalyaniwalla is also a Director of many public limited companies.
List of Companies in which Directorship held as on 31 st March, 2011	<u>PUBLIC COMPANIES</u> 1. Afcons Infrastructure Ltd. 2. Cyrus Investments Ltd. 3. Eureka Forbes Ltd. 4. Forbes & Company Ltd. 5. Forvol International Services Ltd. 6. Gokak Textiles Ltd. 7. Shapoorji Pallonji & Co.Ltd. 8. Shapoorji Pallonji Infra- structure Capital Co.Ltd. 9. Shapoorji Pallonji Finance Ltd. 10. Shapoorji Pallonji Power Co.Ltd. 11. The Indian Hotels Co Ltd. 12. United Motors (India) Ltd.	<u>PUBLIC COMPANIES</u> 1. Atlas Copco Ltd. 2. Fiora Services Ltd. 3. Forvol International Services Ltd. 4. Foods & Inns Ltd. 5. Forbes & Company Ltd. 6. Nilkamal Ltd. 7. PCS Technology Ltd. 8. Welspun India Ltd. 9. Zuari Industries Ltd.	<u>PUBLIC COMPANIES</u> 1. Afcons Infrastructure Ltd. 2. Forbes & Company Ltd. 3. Cyrus Investments Ltd. 4. Institute for Lean Construction Excellence 5. Shapoorji Pallonji & Co.Ltd. 6. Shapoorji Pallonji Infrastructure Capital Co.Ltd. 7. Tata Sons Ltd.	<u>PUBLIC COMPANIES</u> 1. Allcargo Global Logistics Ltd. 2. Forbes & Company Ltd. 3. Hindustan Cargo Ltd. 4. Great Offshore Ltd. 5. Raheja Universal Ltd. 6. Gokak Textiles Ltd.
Member of the Board Committees	<u>Share Transfer & Investor Relations Committee</u> 1 United Motors (India) Ltd. <u>Audit Committee</u> 1. United Motors (India) Ltd.	<u>Share Transfer & Investor Relations Committee</u> 1 Atlas Copco Ltd. 2 Tata Tea Ltd. 3 Zuari Industries Ltd. <u>Audit Committee</u> 1 Atlas Copco Ltd. 2 Forbes & Company Ltd 3 Nilkamal Ltd. 4 Welspun India Ltd. 5 Zuari Industries Ltd. <u>Remuneration Committee</u> 1 Atlas Copco Ltd. 2 Tata Tea Ltd. 3 Welspun India Ltd.	<u>Audit Committee</u> 1. Tata Sons Ltd. <u>Remuneration Committee</u> 1. Tata Sons Ltd.	<u>Audit Committee</u> 1. Allcargo Global Logistics Ltd. 2. Raheja Universal Ltd. <u>Share Transfer & Investor Relations Committee</u> 1. Allcargo Global Logistics Ltd. 2. Raheja Universal Ltd. <u>Remuneration Committee</u> 1. Allcargo Global Logistics Ltd. 2. Hindustan Cargo Ltd. 3. Raheja Universal Ltd.
No. of shares held	Nil	150	Nil	Nil

**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 on 31st March, 2011 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 has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of corporate governance as stipulated in the said clause. 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 Clause 49 of the abovementioned Listing Agreement.

I have also to state that no investor grievance was 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, 19th July, 2011.

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
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	—
2010-2011	1289.86	12077.19	10504.86	12376.78	36248.69	20301.01	8143.31	12157.70	13922.99	5091.85	3507.55	1568.68	—

\$ 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)
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
2010-2011	6610.93	3662.92	13533.18	1193.05	1363.86	2.39	57.84	26424.17	-	-	0.45	103.63

\$ 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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH, 2011**

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, 2011, 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. *Attention is invited to Note 16 on Schedule 13 to the accounts relating to loans given to The Svadeshi Mills Company Limited and its subsidiary, Coromandel Garments Limited, aggregating Rs. 4,742.44 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, 2010 contained a similar modification.*
4. Without qualifying our opinion, we invite attention to Note 19(2) on Schedule 13 to the accounts relating to managerial remuneration of Rs. 50.33 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, 2010 contained a similar modification where approval of the Central Government has since been received by the Company.
5. Without qualifying our opinion, we report that transactions for sale of goods and services of a value aggregating Rs. 2.44 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. Our report on the financial statements for the year ended 31st March, 2010 contained a similar modification.
6. 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.
7. *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 Limited (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, subsequent to the year end, with effect from 1st July, 2011, the aforesaid standby charter agreements have been suspended. 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. 515.97 lakhs materialised during the period 1st April, 2011 to 30th June, 2011, should have been made by way of a charge to the Profit and Loss Account. Our audit report dated 13th August, 2010 on the accounts for the year ended 31st March, 2010 contained a similar qualification wherein we had opined that provision for the loss of Rs. 735.80 lakhs materialised subsequent to 31st March, 2010 and until the date of approval of the accounts by the Board of Directors on the said date should have been made by way of charge to the profit and loss account. Had the provision, as aforesaid, been made in both the years, the profit, before and after tax, would have been higher by Rs. 219.83 lakhs, (2010: the loss, before and after tax, would have been higher by Rs. 735.80 lakhs) and the reserves and surplus would have been lower by Rs. 515.97 lakhs (2010: Rs. 735.80 lakhs) [See Note 17(a) on Schedule 13 to the accounts].*
8. *The financial statements are subject to adjustments that may arise on completion of detailed review and reconciliation, by the Management, of account balances of sundry creditors / customers' credit balances / advances aggregating Rs. 1,781.67 lakhs; sundry debtors aggregating Rs. 838.62 lakhs and loans and advances aggregating Rs. 953.88 lakhs relating to the Company's Shipping and Logistics segment, the effect of which could not be determined on the profit for the year and the reserves and surplus as at the year end [See Note 17(b) on Schedule 13 to the accounts].*

9. Further to our comments in the Annexure referred to in paragraph 6 above and read with paragraphs 3 to 5 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 matters stated in paragraphs 7 and 8 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 7 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) 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 *subject to the matters stated in paragraphs 7 and 8 above*, 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, 2011;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
10. On the basis of the written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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, 19th July, 2011

ANNEXURE TO THE AUDITORS' REPORT**(Referred to in paragraph 6 of our report of even date)**

- (i) Having regard to the nature of the Company's business/activities/result, clauses viii, xii, xiii, xiv, xv, xviii, xix and xx of CARO are not applicable.
- (ii) 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) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. As explained to us, the discrepancies noticed on verification between the physical assets and book records were material and appropriately dealt with in the books of account.
- (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.
- (iii) In respect of its inventory:
- (a) As explained to us, the inventories 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.
- (c) In our opinion, the Company has generally maintained proper records of its inventories and the discrepancies noticed on physical verification, as identified by the management and according to the information and explanations given to us, are not considered to be material taking into account the nature of the Company's business.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, the internal control system is 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.
- (vi) 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) Such transactions in excess of Rs. 5 lakhs are only in respect of professional fees, where, having regard to the explanations that such service is of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, we are unable to comment whether the transaction was made at the prevailing market price at the relevant time.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- (viii) 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
- (ix) 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, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities except in case of Tax Deducted at Source relating to the Company's shipping and logistics segment, wherein the Company is generally not regular in depositing dues with the appropriate authorities and there have been substantial delays; arrears of such dues as at the year end aggregate Rs. 7.52 lakhs [See Note 17(c) on Schedule 13 to the accounts].

- (b) There were no undisputed amounts payable in respect of Income-Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 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 Bombay Labour Welfare Fund Act, 1953	Unpaid Wages & Bonus	5.21	Prior to 1st April, 2006

* Rs. 1.27 lakhs paid subsequently

- (c) Details of dues of Income Tax, Sales Tax, Wealth Tax, and Excise Duty which have not been deposited as at 31st March, 2011 on account of disputes, are given below:

Statute	Nature of Dues	Forum disputeis pending	Period to which where 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 2008-09	753.06
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	1989-90, 1998-99, 1999-00	474.38
		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	110.15
		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	6.95
		Commission of Central Excise, Chennai	December 2003 to December 2004 and November 2006 to February 2007	28.42

The aforesaid disputed dues exclude property tax of Rs. 934.07 lakhs not deposited pending resolution of the representation made by the Company to the Assistant Assessor & Collector, Municipal Corporation of Greater Mumbai against the enhanced ratable value assessed by the said authority.

- (x) The Company does not have any accumulated losses as at 31st March 2011, the debit balance in Profit and Loss Account being set-off against uncommitted reserves. The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- (xii) 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.
- (xiii) 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. 4,873.85lakhs have, *prima facie*, been used for long-term investments.
- (xiv) According to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year except an instance of fraud on the Company during the year in the nature of payments being made against fictitious invoices at one of the locations of the shipping and logistics segment of the Company. The Company has terminated the employment of the concerned employee. The Management has estimated the amount involved at Rs. 33.00 lakhs and recovered the same from the perpetrators of the fraud.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 117366W)

Rajesh K Hiranandani

Partner
(Membership No. 36920)

MUMBAI, 19th July, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	Rs. in Lakhs	As at 31-Mar-11 Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs
SOURCES OF FUNDS :				
1. SHARE CAPITAL	"1"	1,289.86		1,289.86
2. RESERVES AND SURPLUS	"2"	12,077.19		12,019.35
3. TOTAL SHAREHOLDERS' FUNDS			13,367.05	13,309.21
4. LOANS:				
(a) Secured	"3"	9,004.86		7,198.03
(b) Unsecured	"4"	1,500.00		2,271.23
			10,504.86	9,469.26
TOTAL			23,871.91	22,778.47
APPLICATION OF FUNDS:				
5. FIXED ASSETS:	"5"			
(a) Gross Block		20,087.53		21,864.30
(b) Less: Cumulative Depreciation/Amortisation/Impairment		8,143.31		8,886.76
		11,944.22		12,977.54
(c) Capital work-in-progress including Advances for capital expenditure		213.48		49.47
			12,157.70	13,027.01
6. INVESTMENTS	"6"		13,922.99	13,330.97
7. CURRENT ASSETS, LOANS AND ADVANCES	"7"			
(a) Inventories		1,889.52		2,002.74
(b) Sundry Debtors		3,201.35		2,710.58
(c) Cash and Bank Balances		1,568.60		1,281.38
(d) Other Current Assets		0.98		0.81
(e) Loans and Advances		3,507.55		3,468.31
		10,168.00		9,463.82
8. Less: CURRENT LIABILITIES AND PROVISIONS	"8"			
(a) Liabilities		10,877.23		11,381.43
(b) Provisions		1,499.55		1,661.90
		12,376.78		13,043.33
NET CURRENT ASSETS			(2,208.78)	(3,579.51)
			23,871.91	22,778.47
9. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF				
Deferred Revenue Expenditure				
- Voluntary Retirement Compensation	"9"		-	-
TOTAL			23,871.91	22,778.47
Notes to the Accounts	"13"			

Schedules 1 to 13 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, 19th July, 2011

AMIT MITTAL
 Director (Finance)

A.T. SHAH
 Company Secretary

PALLONJI S. MISTRY
 SHAPOOR P. MISTRY
 ASHOK BARAT

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

Chairman Emeritus
 Chairman
 Managing Director

Directors

Mumbai, 19th July, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule No.	Rs. in Lakhs	Year ended 31-Mar-11 Rs. in Lakhs	Year ended 31-Mar-10 Rs. in Lakhs
1. INCOME:				
Gross Sales		13,583.82		11,752.23
Less: Excise Duty		1,103.30		780.87
Net Sales		12,480.52		10,971.36
Income from Other Operations	"10"	10,197.16		6,147.33
Other Income	"11"		22,677.68	17,118.69
			3,746.49	4,872.65
			26,424.17	21,991.34
2. EXPENDITURE:				
Manufacturing, Trading and Other Expenses	"12"		23,797.41	19,525.09
Depreciation, Amortisation and Impairment	"5"		1,363.86	1,654.31
Interest (net) (See Note No.5 in Schedule 13)			1,193.05	1,420.46
Voluntary Retirement Compensation paid / amortised (See Note No. 1(s) in Schedule 13)	"9"		9.62	659.75
			26,363.94	23,259.61
3. PROFIT / (LOSS) BEFORE TAXATION FOR THE YEAR			60.23	(1,268.27)
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 13)			-	246.09
4. PROFIT / (LOSS) BEFORE TAXATION			60.23	(1,022.18)
5. PROVISION FOR TAXATION				
- for Income-tax				
Provision relating to earlier years		(9.61)		191.00
- for Wealth-tax		12.00		13.00
			2.39	204.00
6. PROFIT / (LOSS) AFTER TAXATION			57.84	(1,226.18)
PROFIT / (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		(238.47)		774.17
Less: Provision for Taxation				
- for Income-tax				
Provision relating to earlier years		(9.61)		191.00
- for Wealth-tax		12.00		13.00
			2.39	204.00
PROFIT / (LOSS) AFTER TAX FROM CONTINUING OPERATIONS		(240.86)		570.17
PROFIT / (LOSS) BEFORE AND AFTER TAX FROM DISCONTINUING OPERATIONS (See Note No.2 in Schedule 13)				
- from ordinary activities		(155.30)		(336.02)
- on disposal of assets / settlement of liabilities		454.00		(1,460.33)
		298.70		(1,796.35)
7. Add: BALANCE BROUGHT FORWARD FROM LAST YEAR			(4,394.61)	(3,168.43)
8. BALANCE CARRIED TO BALANCE SHEET			(4,336.77)	(4,394.61)
Basic and diluted earnings per share of face value of Rs.10 each (See Note No.12 in Schedule 13)			Rs. 0.45	Rs.(9.51)
Notes to the Accounts	"13"			

Schedules 1 to 13 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, 19th July, 2011

AMIT MITTAL
Director (Finance)

A.T. SHAH
Company Secretary

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT

CYRUS P. MISTRY
D.B. ENGINEER
N.D. KHURDY
R.N. JHA
S.L. GOKLANEY
T.R. DOONGAJI
KAIWAN KALYANIWALA

Chairman Emeritus
Chairman
Managing Director

Directors

Mumbai, 19th July, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	31-Mar-11 Rs. in Lakhs	31-Mar-10 Rs. in Lakhs
PROFIT / (LOSS) BEFORE TAX	60.23	(1,022.18)
Adjusted for -		
Depreciation, amortisation and impairment	1,363.86	1,654.31
Provision for diminution in the value of Investments, no longer required written back	-	(109.92)
Provision for Doubtful Debts, no longer required written back	-	(133.61)
Provision for Doubtful Advances, no longer required written back	-	(340.42)
Profit on sale / surrender for buy-back of Investments (net)	(1,623.84)	(1,508.21)
Interest on Long Term Investments - Other than Trade	(0.17)	(86.12)
Dividend on Long Term Investments	(0.07)	(1,278.07)
Profit on Sale of Fixed Assets (net)	(1,943.60)	(919.55)
Interest (net)	1,193.05	1,420.46
Provision for Doubtful Debts	124.52	256.02
Provision for diminution in the value of Investments	156.39	5.88
Provision for Doubtful Loans and Advances	95.53	49.08
Voluntary Retirement Compensation Amortised	-	659.75
Bad Debts / Advances written off	151.64	88.06
Provision for reduction in value of inventory	388.19	68.57
Investments written off (net of provisions held)	917.59	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
Credit Balances / Excess Provision Written Back	(116.95)	(112.18)
Unrealised exchange (gain) / loss [net]	1.11	(15.91)
	707.25	556.61
OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES	767.48	(465.57)
Changes in -		
Trade and Other Receivables	(484.96)	171.91
Inventories	(274.97)	270.00
Trade Payables and Others	(553.97)	(274.82)
	(1,313.90)	167.09
CASH USED IN OPERATIONS	(546.62)	(298.48)
Voluntary Retirement Compensation Paid	-	(536.89)
Taxes Paid (including wealth tax) (net of refunds)	(266.03)	(104.61)
(a) NET CASH USED IN OPERATING ACTIVITIES	(812.45)	(939.98)
Net Cash Used In Operating Activities From Continuing Operations	(24.21)	(705.62)
Net Cash Used In Operating Activities From Discontinuing Operations	(788.24)	(234.36)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including adjustments on account of Capital work-in-progress and capital advances)	(646.10)	(492.79)
Sale of Fixed Assets	1,938.80	1,179.95
Purchase / Subscription of Investments		
- in subsidiaries	(635.00)	(163.14)
- others	(1,280.00)	(2,760.00)
Sale/Surrender for buyback of Investments		
- in subsidiaries	1,872.84	2,305.75
- others	-	6,209.52
Consideration for transfer of Business	-	10.00
Inter Corporate Deposits Placed	(412.00)	(225.00)
Inter Corporate Deposits Refunded	412.00	583.42
Interest Received	20.18	312.82
Dividend Received	0.07	1,278.07
(b) NET CASH GENERATED FROM INVESTING ACTIVITIES	1,270.79	8,238.60
Net Cash Generated from Investing Activities From Continuing Operations	816.31	8,125.47
Net Cash Generated From Investing Activities From Discontinuing Operations ..	454.48	113.13

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

	31-Mar-11 Rs. in Lakhs	31-Mar-10 Rs. in Lakhs	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from Borrowings	18,650.00	9,949.20	
Repayment of Borrowings	(17,532.23)	(12,510.68)	
Decrease in Cash credit and Packing Credit	(84.47)	(2,826.12)	
Interest Paid	(1,198.26)	(1,485.66)	
Payment of Dividend	(6.16)	(3.33)	
(c) NET CASH USED IN FINANCING ACTIVITIES	(171.12)	(6,876.59)	(6,876.59)
Net Cash Used In Financing Activities From Continuing Operations	(171.12)	(6,876.59)	
Net Cash Used In Financing Activities From Discontinuing Operations	-	-	
(d) NET INCREASE IN CASH AND CASH EQUIVALENTS (a) + (b) + (c)	287.22	422.03	
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:			
Cash, Cheques on hand and remittances in transit	5.56	181.82	
Balances with scheduled banks	1,275.82	581.18	
	1,281.38	763.00	
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	
	1,281.38	859.35	
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR			
Cash, Cheques on hand and remittances in transit	5.96	5.56	
Balances with scheduled banks	1,562.64	1,275.82	
	1,568.60	1,281.38	
INCREASE IN CASH AND CASH EQUIVALENTS	287.22	422.03	
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	29.17	35.50	
Margin Deposit accounts	71.60	71.14	
	100.77	106.64	

Schedules 1 to 13 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, 19th July, 2011

AMIT MITTAL
Director (Finance)

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Chairman Emeritus
Chairman
Managing Director

Directors

Mumbai, 19th July, 2011

SCHEDULE "1" TO "12" ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE "1" - SHARE CAPITAL

	As at 31-Mar-11 Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs
1. AUTHORISED:		
1,50,00,000 (<i>Previous year 1,50,00,000</i>) Equity Shares of Rs.10 each	1,500.00	<i>1,500.00</i>
2. ISSUED, SUBSCRIBED AND PAID-UP:		
1,28,98,616 (<i>Previous year 1,28,98,616</i>) Equity Shares of Rs.10 each fully paid-up	1,289.86	<i>1,289.86</i>
Of the above shares:-		
(a) 3,89,640 (<i>Previous year 3,89,640</i>) Equity 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>) Equity 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>) Equity Shares of Rs.10 each were allotted as fully paid-up to the Shareholders of erstwhile Patel Volkart Limited on amalgamation with the Company;		
(d) 16,99,861 (<i>Previous year 16,99,861</i>) Equity Shares of Rs.10 each were allotted as fully paid-up to the Shareholders of erstwhile Forbes Forbes Campbell & Company Limited on amalgamation with the Company; and		
(e) 4,45,214 (<i>Previous year 4,45,214</i>) Equity Shares of Rs.10 each were allotted as fully paid-up to the Shareholders of erstwhile FAL Industries Limited on amalgamation with the Company.		
TOTAL	1,289.86	<i>1,289.86</i>

Foot note

of the above

Nil (*Previous year 83,26,352*) Equity Shares are held by the erstwhile holding company, Sterling Investment Corporation Private Limited, which is amalgamated with Shapoorji Pallonji & Company Limited with effect from 15th October, 2010;

92,95,293 (*Previous year 6,14,505*) Equity Shares are held by the holding company (ultimate holding company up to 14th October, 2010), Shapoorji Pallonji & Company Limited;

Nil (*Previous year 3,54,436*) Equity Shares are held by Cyrus Investments Limited (a subsidiary of the holding company), which is amalgamated with Shapoorji Pallonji & Company Limited with effect from 15th October, 2010;

1,66,398 (*Previous year 1,66,398*) Equity Shares held by Forbes Campbell Finance Limited (a subsidiary of the Company)

SCHEDULE "2" - RESERVES AND SURPLUS

	Rs. in Lakhs	As at 31-Mar-11 Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs
1. EXPORT PROFIT RESERVE:			
Per last Balance Sheet		0.35	<i>0.35</i>
2. GENERAL RESERVE:			
Per last Balance Sheet	16,413.61		<i>16,173.63</i>
Add:			
Excess of recorded assets over liabilities of shipping agency division of Volkart Fleming Shipping and Services Limited demerged and transferred into the Company (See Note No.18 in Schedule 13)	-		<i>239.98</i>
		16,413.61	<i>16,413.61</i>
3. DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		(4,336.77)	<i>(4,394.61)</i>
TOTAL		12,077.19	<i>12,019.35</i>

SCHEDULE "3" - SECURED LOANS

	Rs. in Lakhs	Rs. in Lakhs	As at 31-Mar-11 Rs. in Lakhs	As at 31-Mar-10 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.Nil; <i>Previous year Rs.9.99 Lakhs</i>)	-			9.99
ii) New India Co-operative Bank Ltd. (Repayable within a year Rs.272.00 Lakhs; <i>Previous year Rs.272.00 Lakhs</i>)	612.00			884.00
iii) State Bank of India (Repayable within a year Rs.Nil; <i>Previous year Rs.120.00 Lakhs</i>)	-			120.00
iv) Export Import Bank Of India (Repayable within a year Rs.285.71 Lakhs; <i>Previous year Rs.285.71 Lakhs</i>)	285.71			571.42
		897.71		1,585.41
b) Rupee Term Loans from Bank of India (Secured by joint pari passu charge with Federal Bank Ltd. on 11 residential flats in "Volkart House", Mumbai) (Repayable within a year Rs.875.00 Lakhs; <i>Previous year Rs.750.00 Lakhs</i>)		1,250.00		2,000.00
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 of Rs.Nil; (<i>Previous year Rs. 0.23 Lakh</i>) from IDBI Bank Ltd. was secured by way of equitable mortgage on current and moveable fixed assets and land and building of the Company's Bradma Division located at Wagle Industrial Estate, Thane.		165.07		249.54
d) Rupee term loans from Federal Bank Ltd. for container freight station project, 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				
(iv) hypothecation of all other equipment and fixed assets acquired and to be acquired for the project. (Repayable within a year Rs 650.00 Lakhs; <i>Previous year Rs.650.00 Lakhs</i>)		1,137.50		1,787.50
e) Rupee term loan from Federal Bank Ltd. (Secured by joint pari passu charge with Bank of India over the 11 residential flats in "Volkart House", Mumbai)		3,000.00		-
f) Short Term Loan from IDBI Ltd. (Secured by first hypothecation charge over moveable fixed assets both present and future and equitable mortgage on land and building situated at Wagle Industrial Estate, Thane. Creation of security in relation to land and building is pending).		1,000.00		-
g) 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). (Repayable with in a year Rs.1,500.00 Lakhs; <i>Previous year Rs.Nil</i>)		1,500.00		1,500.00
			8,950.28	7,122.45
2. FROM OTHERS:				
Finance Lease (Secured by Computer Server financed) [See Note No.13(A) in Schedule 13] (Repayable within a year Rs.22.93 Lakhs; <i>Previous year Rs.21.00 Lakhs</i>)			54.58	75.58
TOTAL			9,004.86	7,198.03

SCHEDULE "4" - UNSECURED LOANS

	As at 31-Mar-11 Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs
1. FIXED DEPOSITS: (Repayable within a year Rs.Nil; <i>Previous year Rs.3.23 Lakhs</i>)	-	3.23
2. SHORT TERM LOANS FROM OTHERS:		
- from subsidiaries	-	93.00
- from holding company	-	2,175.00
3. COMMERCIAL PAPER: [Repayable within a year Rs.1,500.00 Lakhs; (<i>Previous year Rs.Nil</i>) maximum amount outstanding during the year Rs.1,500.00 Lakhs; (<i>Previous year Rs.Nil</i>)].	1,500.00	-
TOTAL	1,500.00	2,271.23

SCHEDULE "5" - FIXED ASSETS

(Rs. in Lakhs)

Description of Assets	GROSS BLOCK			DEPRECIATION / AMORTISATION				IMPAIRMENT		NET BLOCK	
	Cost as at 31st March, 2010	Taken over on Scheme of merger (See Note no. 18 in Schedule 13)	Cost of additions during the year	Cost of Deduction during the year	Cost as at 31st March, 2011	Cumulative Depreciation/ Amortisation upto 31st March, 2010	Balance added on Scheme of merger (See Note no. 18 in Schedule 13)	Depreciation/ Amortisation for the year	Cumulative Depreciation/ Amortisation upto 31st March, 2011	Balance as at 31st March, 2011	Balance as at 31st March, 2010
TANGIBLE ASSETS											
1. Leasehold Land	861.52	-	-	-	861.52	-	33.42	-	185.58	675.94	709.36
2. Freehold Land	180.81	-	-	8.85	171.96	-	-	-	-	171.96	180.81
3. Buildings (See Footnote 1)	7,999.47	-	27.98	145.20	7,882.25	-	345.49	76.72	1,834.16	6,048.09	6,434.08
4. Plant and Machinery (Owned) (See Footnote 2)	9,982.34	-	311.03	1,726.13	8,567.24	-	713.12	1,355.60	4,900.85	3,666.39	4,091.61
5. Plant and Machinery (Leased) (see Note 13A in Schedule 13)	90.16	-	-	-	90.16	-	22.54	-	37.61	52.55	75.09
6. Furniture, Fixtures and Office Equipment	1,547.63	-	25.38	202.71	1,370.30	-	88.68	149.09	560.03	810.27	912.58
7. Vehicles	256.29	-	-	75.33	180.96	-	15.43	72.34	169.95	11.01	29.08
Sub Total Tangible Assets	20,918.22	-	364.39	2,158.22	19,124.39	-	1,218.68	1,653.75	7,688.18	11,436.21	12,432.61
INTANGIBLE ASSETS											
8. Computer Software	946.08	-	117.70	100.64	963.14	-	145.18	90.93	455.13	508.01	544.93
TOTAL	21,864.30	-	482.09	2,258.86	20,087.53	-	1,363.86	1,744.68	8,143.31	11,944.22	12,977.54
<i>Previous year</i>	<i>21,644.10</i>	<i>145.77</i>	<i>716.25</i>	<i>641.82</i>	<i>21,864.30</i>	<i>65.35</i>	<i>1,291.68</i>	<i>316.10</i>	<i>8,524.13</i>	<i>12,977.54</i>	<i>12,977.54</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.28.66 Lakhs; (Previous year Rs.28.66 Lakhs); and (iv) Jointly owned Residential Premises Rs.28.39 Lakhs;(Previous year Rs.28.39 Lakhs).
- Plant and Machinery include jointly owned assets Rs.10.25 Lakhs; (Previous year Rs. 10.25 Lakhs)
- Assets held for disposal included above are as under:

Description of Assets	Accumulated Depreciation/ Amortisation upto 31st March, 2011		Impairment as at 31st March, 2011	Net Block as at 31st March, 2011	
	Rs. in Lakhs	Rs. in Lakhs		Rs. in Lakhs	Rs. in Lakhs
Freehold Land	3.96	-	-	3.96	-
Total	3.96	-	-	3.96	-
Freehold Land	2.17	-	-	2.17	-
Buildings	102.44	57.58	-	44.86	3.26
Plant and Machinery	727.48	380.08	347.40	-	18.64
Furniture and Fixtures	83.89	69.28	14.61	-	1.86
Vehicles	30.83	30.48	0.35	-	0.64
Computer Software	54.45	54.45	-	-	-
Previous Year	1,001.26	591.87	362.36	47.03	24.40

SCHEDULE “6” - INVESTMENTS (unquoted) [fully paid-up unless otherwise stated]

LONG TERM (See Note No.1(e) in Schedule 13)	Rs. in Lakhs	As at 31-Mar-11 Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs
1. INVESTMENT IN SUBSIDIARY COMPANIES:			
(A) In Equity Shares			
(i) In India:			
(a) 50,385 Equity Shares (<i>Previous year 60,000 Equity Shares</i>) of Rs. 100 each in Volkart Fleming Shipping and Services Limited (wholly owned) [9,615 Equity Shares surrendered for Buy-back during the year]	6.82		8.12
(b) 38,64,131 Equity Shares of Rs. 10 each in Forbes Campbell Finance Limited (wholly owned) [Rs.917.59 Lakhs has been written off consequent to write off of investments held by Forbes Campbell Finance Limited in its joint venture companies]	2,007.90		2,925.49
(c) 37,28,000 Equity Shares (<i>Previous year 39,55,000 Equity Shares</i>) of Rs. 10 each in Eureka Forbes Limited (wholly owned) [2,27,000 Equity Shares surrendered for Buy-back during the year]	4,067.86		4,315.56
(d) 50,001 Equity Shares (<i>Previous year Nil</i>) of Rs. 10 each in Forbes Bumi Armada Offshore Limited [subscribed during the year]	5.00		-
		6,087.58	7,249.17
(ii) In another country:			
8,64,960 Equity Shares of SGD 1 each in Forbes Container Lines Pte. Limited (wholly owned)		271.26	271.26
(B) In Preference Shares			
20,00,000 8% Cumulative Optionally Convertible Preference Shares (<i>Previous year Nil</i>) of Rs.10 each in Forbes Technosys Limited [subscribed during the year]		200.00	-
(C) In Debentures			
43,00,000 0.1% Optionally Convertible Redeemable Debentures (<i>Previous year Nil</i>) of Rs.10 each in Forbes Campbell Finance Limited [subscribed during the year]		430.00	-
2. 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 of Rs. 10 each fully paid-up in SCI Forbes Limited (<i>Previous year Rs.3 per share paid-up, uncalled liability on these partly paid-up shares aggregated Rs.665.00 Lakhs</i>)	950.00		285.00
		4,000.00	3,335.00
(B) In Preference Shares			
3,09,00,000 Zero percent Redeemable Preference Shares (<i>Previous year 2,47,50,000 Preference Shares</i>) of Rs.10 each in SCI Forbes Limited [61,50,000 Preference Shares subscribed during the year]		3,090.00	2,475.00

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

	Rs. in Lakhs	As at 31-Mar-11 Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs
3. OTHER THAN TRADE INVESTMENTS IN EQUITY SHARES:			
(i) In India:			
(a) 10 Equity Shares of Rs. 10 each in Tuticorin Chamber of Commerce	-		-
(b) 5,500 Equity Shares of Rs. 10 each in New India Co-operative Bank Limited	0.55		0.55
(c) 58,849 Equity Shares of Rs. 10 each in Forbes Infotainment Limited	5.88		5.88
(d) 4,20,170 Equity Shares of Rs. 10 each in The Svadeshi Mills Company Limited	150.33		150.33
		156.76	156.76
(ii) In another country:			
2,500 Equity Shares of USD 1 each in Edumetry Inc.USA		35.48	35.48
		14,271.08	13,522.67
Less: Provision for diminution in the value of Investments		348.09	191.70
TOTAL		13,922.99	13,330.97

SCHEDULE “7” CURRENT ASSETS, LOANS AND ADVANCES

	Rs. in Lakhs	As at 31-Mar-11 Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs
CURRENT ASSETS:			
(a) INVENTORIES:			
(i) Raw Materials and Components		297.83	419.84
(ii) Stock-in-Process		528.83	574.44
(iii) Finished Goods		809.12	857.36
(iv) Stores, Spares and Loose Tools		253.74	151.10
		1,889.52	2,002.74
(b) SUNDRY DEBTORS:			
(See Note Nos. 8(a) and 9(a) in Schedule 13)			
(i) Debts Outstanding for a period exceeding six months:			
(a) Unsecured, Considered Good	252.39		122.52
(b) Considered Doubtful	965.94		841.42
		1,218.33	963.94
(ii) Other Debts:			
Unsecured, Considered Good		2,948.96	2,588.06
		4,167.29	3,552.00
Less: Provision for Doubtful Debts		965.94	841.42
		3,201.35	2,710.58

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

	Rs. in Lakhs	As at 31-Mar-11 Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs
(c) CASH AND BANK BALANCES:			
(i) Cash, cheques on hand and remittances in transit		5.96	5.56
(ii) With Scheduled Banks on: (See Note No.24 in Schedule 13)			
Current Accounts		533.68	1,183.91
Margin Accounts		71.60	71.14
Deposit Accounts		957.36	20.77
		<u>1,568.60</u>	<u>1,281.38</u>
(d) OTHER CURRENT ASSETS:			
Interest and Dividend accrued on deposits with banks / investments		<u>0.98</u>	<u>0.81</u>
(e) LOANS AND ADVANCES:			
(See Note Nos.8(b) and 9(b) in Schedule 13)			
(i) Loans and Advances to Subsidiary Companies			
Unsecured, Considered Good	-	-	243.47
(ii) Loans to Others			
Considered Doubtful (See Note No.16 in Schedule 13)	5,168.71		5,151.87
Less:Provision for Doubtful Loans	5,168.71		5,151.87
		-	-
(iii) Advances recoverable in cash or in kind or for value to be received			
(a) Unsecured, Considered Good	998.81		833.61
(b) Considered Doubtful	174.25		158.83
	1,173.06		992.44
Less:Provision for Doubtful Advances	174.25		158.83
		<u>998.81</u>	<u>833.61</u>
(iv) Deposits Considered Good	161.78		178.75
Deposits Considered Doubtful	13.00		-
	174.78		178.75
Less:Provision for Doubtful Deposits	13.00		-
		<u>161.78</u>	<u>178.75</u>
(v) Taxes paid less provisions including Fringe Benefit tax (other than deferred tax)		2,172.01	1,912.22
(vi) Balance with Central Excise, Customs, Port Trust and Sales tax Considered Good		174.95	300.26
		<u>3,507.55</u>	<u>3,468.31</u>

SCHEDULE “8” - CURRENT LIABILITIES AND PROVISIONS

	Rs. in Lakhs	As at 31-Mar-11 Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs
1. CURRENT LIABILITIES:			
(i) Sundry Creditors: (See Note No. 8(c) in Schedule 13)			
Due to Micro, Small & Medium Enterprises (includes interest Rs.0.83 Lakh; <i>Previous year Rs.0.71 Lakh</i>) [See Note No.7 in Schedule 13]		137.94	3.83
Others		3,617.39	4,876.87
(ii) Subsidiary Companies		500.57	3.25
(iii) Customers' / Security Deposits, credit balances and advances against supplies and services to be rendered		6,344.88	6,134.77
(iv) Liability towards Investors' Education and Protection Fund under Section 205C of the Companies Act, 1956, not due:			
(1) Unpaid Dividends (See Note Nos. 11 and 24(i) in Schedule 13)	25.27		31.43
(2) Unpaid Matured Deposits	4.41		6.71
(3) Interest accrued on (2) above (See Note No. 24(i) in Schedule 13)	3.90		4.07
		33.58	42.21
(v) Other Liabilities		186.79	279.56
(vi) Interest accrued but not due on loans		56.08	40.94
		10,877.23	11,381.43
2. PROVISIONS:			
(i) Tax provisions less payments including Fringe Benefit tax (other than deferred tax)		572.37	576.22
(ii) Compensated absences		286.12	337.53
(iii) Gratuity and other post Retirement Benefits		641.06	748.15
		1,499.55	1,661.90

SCHEDULE “9” - VOLUNTARY RETIREMENT COMPENSATION

	As at 31-Mar-11 Rs. in Lakhs	As at 31-Mar-10 Rs. in Lakhs
Opening Balance	-	122.86
(i) Add: Paid / Provided during the year	-	536.89
	-	659.75
(ii) Less: Amortised during the year (See Note No.1(s) in Schedule 13)	-	659.75
TOTAL	-	-

SCHEDULE “10” - INCOME FROM OTHER OPERATIONS

	Rs. in Lakhs	Year ended 31-Mar-11 Rs. in Lakhs	Year ended 31-Mar-10 Rs. in Lakhs
Charter Hire Income		1,896.41	455.17
Ground Rent from Container Freight Stations maintained by the Company		1,008.62	505.58
Multimodal Transport Operations and Allied Services		5,388.27	4,342.03
Rent and Amenity Charges		1,720.94	682.61
Others		182.92	161.94
TOTAL		10,197.16	6,147.33

SCHEDULE “11” - OTHER INCOME

Interest on Long Term Investments - Other than Trade		0.17	86.12
Dividend on Long Term Investments:			
- Other than Trade	0.07		0.07
- From Subsidiary Companies	-		1,278.00
		0.07	1,278.07
Profit on Sale of Fixed Assets (net of loss) (includes Capital Profit Rs.1,791.68 Lakhs ; Previous year Rs.901.04 Lakhs)	1,580.97		892.54
Add: Provision for impairment of fixed assets no longer required written back	362.63		27.01
		1,943.60	919.55
Profit on transfer of business (See Note No.2 in Schedule 13)		-	171.05
Bad Debts / Advances previously written off now recovered		-	128.82
Provision for Doubtful Debts, no longer required written back		-	133.61
Provision for Doubtful Advances, no longer required written back		-	340.42
Provision for diminution in the value of Investments, no longer required written back		-	109.92
Profit on sale / surrender for buy-back of Investments (net)			
- Current		-	293.32
- Long term	1,623.84		1,214.89
		1,623.84	1,508.21
Gains arising on foreign currency translation (net)		3.29	25.84
Credit balances / Excess provision written back		116.95	112.18
Miscellaneous Income		58.57	58.86
TOTAL		3,746.49	4,872.65

SCHEDULE "12" - MANUFACTURING, TRADING AND OTHER EXPENSES

	Rs. in Lakhs	Rs. in Lakhs	Year ended 31-Mar-11 Rs. in Lakhs	Year ended 31-Mar-10 Rs. in Lakhs
1. MATERIALS CONSUMED:				
Opening Stock		419.84		356.97
Add: Purchases		3,697.77		3,108.24
.....		4,117.61		3,465.21
Less: Provision for reduction in value of inventory		46.86		2.03
Less: Closing Stock		297.83		419.84
			3,772.92	3,043.34
2. PURCHASES OF TRADING STOCKS			845.40	883.04
3. STORES, SPARES AND TOOLS CONSUMED (After transferring Rs.153.52 Lakhs; <i>Previous</i> <i>year Rs.124.50 Lakhs</i> to other accounts).....			518.32	510.67
4. PROCESSING CHARGES			1,067.25	757.23
5. POWER AND FUEL			634.69	615.71
6. OPERATING COSTS FOR SHIPPING DIVISION				
(a) Charter Hire Charges		4,061.47		1,116.95
(b) Equipment Hire Charges		318.41		319.35
(c) Transportation, Freight, Handling and other charges		2,647.64		2,496.00
			7,027.52	3,932.30
7. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:				
(a) Salaries, Wages, Bonus and Commission		3,094.41		2,963.46
(b) Gratuity		19.43		147.06
(c) Company's Contribution to Provident Fund and Other Funds		269.89		235.78
(d) Workmen and Staff Welfare Expenses		269.57		244.09
			3,653.30	3,590.39
8. DISTRIBUTION EXPENSES:				
(a) Commission to Dealers		62.29		35.45
(b) Brokerage, Discount and other selling expenses		570.87		270.51
(c) Freight and Forwarding Charges		212.93		284.08
			846.09	590.04
9. OTHER EXPENSES:				
(a) Repairs to				
(i) Plant and Machinery	229.05			169.62
(ii) Buildings	84.63			67.84
(iii) Others	330.55			229.21
		644.23		466.67
(b) Rent		355.15		324.61
(c) Rates and Taxes		103.03		156.21
(d) Stamps, Telegrams, Stationery, Printing and Telephones		222.04		197.67
(e) Advertisement		23.38		61.06
(f) Legal and Professional Charges		582.94		607.65
(g) Insurance Premium		75.87		53.28
(h) Travelling and Conveyance		308.66		283.30
(i) Bad Debts / Advances written off	201.91			1,023.22
Less: Provision held	50.27			935.16
		151.64		88.06
(j) Provision for Doubtful Debts		124.52		256.02
Balance		2,591.46		2,494.53
Balance Carried forward			18,365.49	13,922.72

SCHEDULE "12" - MANUFACTURING, TRADING AND OTHER EXPENSES (Contd.)

	Rs. in Lakhs	Rs. in Lakhs	Year ended 31-Mar-11 Rs. in Lakhs	Year ended 31-Mar-10 Rs. in Lakhs
Balance		2,591.46		2,494.53
Balance Brought forward			18,365.49	13,922.72
(k) Auditors' Remuneration (excluding service tax):				
(i) Audit Fees [including Rs.Nil; (Previous year Rs.1.00 Lakh) in respect of an earlier year]	34.00			32.00
(ii) Company Law Matters	0.35			0.35
(iii) Taxation Matters	4.17			1.20
(iv) Other Services	17.23			16.00
(v) Out of Pocket Expenses	0.65			0.89
		56.40		50.44
(l) Excise duty		-		(14.54)
(m) Provision for reduction in value of inventory		388.19		68.57
(n) Miscellaneous Charges		1,454.01		1,124.59
			4,490.06	3,723.59
			22,855.55	17,646.31
10. Less: Recoveries from Third Parties			-	1.71
			22,855.55	17,644.60
11. Investments written off		917.59		603.16
Less: Provision held		-		20.55
			917.59	582.61
12. Provision for Doubtful loans and advances			95.53	49.08
13. Provision for Diminution in the value of Investments			156.39	5.88
14. Provision for foreclosure of trademark license agreement			-	693.00
15. Settlement of disputed charter hire charges			-	239.29
16. ADJUSTMENT OF STOCKS:				
Opening Stocks:				
Stock-in-Process	574.44			514.49
Finished Goods	857.36			1,526.98
		1,431.80		2,041.47
Less: Transferred on sale of "Business Automation" segment (See Note No.2 in Schedule 13)				
Finished Goods	-			248.03
		1,431.80		1,793.44
Less:				
Closing Stocks:				
Stock-in-Process	528.83			574.44
Finished Goods	809.12			857.36
		1,337.95		1,431.80
Less: Provision for reduction in value of inventory		341.33		66.54
Excise duty related to the difference between the closing stock and opening stock		19.83		15.53
			(227.65)	310.63
TOTAL			23,797.41	19,525.09

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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 on straight line method. Items costing less than and up to Rs. 5,000 are fully depreciated, in the year of acquisition.

The rates of depreciation applied are as under:

Sr.	Class of assets	Estimated useful life
i)	All fixed assets other than those specified in items (ii) to (iv) below	Schedule XIV to the Companies Act, 1956
ii)	Vehicles	4 Years
iii)	Leasehold land, building thereon and Leasehold improvement	Lower of period of lease and useful life based on Schedule XIV rates
iv)	Building constructed on land belonging to third party	5 Years

Intangible assets and amortisation

Intangible assets are valued at cost less amortisation and impairment losses, if any. 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 the profit and loss account as they are incurred.

Software is being amortised over a period of 5 years being the estimated useful life.

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.

If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at lower of the carrying amount that would have been determined had no impairment loss been recognised or recoverable amount.

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.

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

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.

Multimodal transport income and expenses in case of export handling activities is recognised at the date of bill of lading / airway bill and in case of import handling activities, when the relevant documents (i.e. delivery orders) are delivered to the customers.

Charter hire income and Container Freight Station ground rent income is recognised on an accrual basis.

Income recognition for services other than above 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 costs 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 payment 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.

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.

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.

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

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' 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

In respect of contribution to the Provident Fund trust set up by the Company, since the Company is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan is classified as Defined Benefit Plan in accordance with the Guidance on implementing Accounting Standard (AS) 15 (Revised) issued by the Accounting Standard Board of the Institute of Chartered Accountants of India on Employee Benefits. According to the Management, actuarial valuation cannot be applied to reliably measure provident fund liabilities in respect of funds managed by the trust, set up by the Company. Accordingly, short fall in the interest is provided in the year in which it is determined.

Expenses for defined-benefit gratuity, post retirement medical benefits and non-compete fees are calculated as at the balance sheet date by an independent actuary 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 estimated 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 "Discontinuing Operations".

l) Taxes on Income

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

Deferred tax 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 future 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 future taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

m) Lease Accounting

i) Operating Leases

Leasing of assets whereby the lessor essentially remains the owner of the asset is classified as operating leases. Lease payments / income in accordance with non-cancellable operational leasing agreements are recognised as expenses / income proportionally during the lease term. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is recognised 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.

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

Assets taken on finance lease 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 policies of the Company. Segment Revenue, Segment Expenses, Segment Assets and Segment Liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis, have been included under 'Unallocated Revenue/Expenses/Assets /Liabilities'.

o) Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources 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 accounts. 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 outstanding 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. Expenditure incurred subsequent to 31st March, 2010 is expensed out immediately to the profit and loss account.

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 during the previous year to Forbes Technosys Limited, wholly owned subsidiary of the Company with effect from 1st April 2009 for a net consideration of Rs. 10 Lakhs;
- (ii) discontinuation of "Personal Wear" Segment during the previous year;
- (iii) discontinuation of Motors Manufacturing Segment at Hosur during the previous year and;
- (iv) discontinuation of Vacuum Cleaner product line at Chennai and Bhimtal (classified under the "Motor Manufacturing" Segment) in an earlier year.

During the year, the Company has disposed off Fixed Assets relating to "Motor Manufacturing" Segment at Hosur, having written down value of Rs.44.77 Lakhs (Net of provision for impairment of Rs.362.63 Lakhs), as at the date of sale, for a consideration of Rs.470.55 Lakhs and disposed of inventory of a carrying value of Rs.128.14 Lakhs at a scrap value of Rs.37.50 Lakhs.

The amount of total assets and liabilities of the "Business Automation" Segment, transferred during the previous year to Forbes Technosys Limited, a wholly owned 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, 2011, of the total assets and liabilities of the Personal Wear Segment was Rs.43.69 Lakhs (*Previous Year Rs.47.45 Lakhs*) and Rs.11.58 Lakhs (*Previous Year Rs.761.30 Lakhs*) respectively and that of the Motor Manufacturing Segment was Rs.33.75 Lakhs (*Previous Year Rs. 211.34 Lakhs*) [net of Provision for Impairment of Rs. Nil (*Previous year Rs.362.63 Lakhs*)] and Rs.116.58 Lakhs (*Previous Year Rs.182.93 Lakhs*) respectively.

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

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 Operations".

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	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Operating revenues	22,677.68	16,676.50	-	204.76	-	237.43	-	-	22,677.68	17,118.69
Profit / (Loss) on sale of Fixed Assets	1,515.37	916.04	-	-	428.23	3.51	-	-	1,943.60	919.55
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
Other Income	1,769.50	3,757.26	(18.32)	10.98	51.71	13.81	-	-	1,802.89	3,782.05
Operating expenses	22,562.30	17,463.92	0.43	409.84	160.70	369.84	-	-	22,723.43	18,243.60
Provision for foreclosure of trademark license agreement	-	-	-	693.00	-	-	-	-	-	693.00
Amortisation of voluntary retirement compensation	9.62	80.49	-	-	-	579.26	-	-	9.62	659.75
Write off / Provision for diminution in the value of investments	1,073.98	588.49	-	-	-	-	-	-	1,073.98	588.49
Interest (net)	1,193.05	1,420.46	-	-	-	-	-	-	1,193.05	1,420.46
Depreciation, Amortisation and Impairment	1,362.07	1,268.36	-	-	1.79	385.95	-	-	1,363.86	1,654.31
Profit / (Loss) before tax	(238.47)	774.17	(18.75)	(887.10)	317.45	(1,080.30)	-	171.05	60.23	(1,022.18)
Income tax expense (including Wealth tax)	2.39	204.00	-	-	-	-	-	-	2.39	204.00
Profit / (Loss) after tax	(240.86)	570.17	(18.75)	(887.10)	317.45	(1,080.30)	-	171.05	57.84	(1,226.18)

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (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 legally 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. Both parties are also in active discussion to reach an out of court settlement in the matter which will enable joint development of the property.

b) Other Contingent Liabilities not provided for:

	<i>(Rs. in Lakhs)</i>	
	<u>Current Year</u>	<u>Previous Year</u>
(A) Bills discounted	101.21	42.83
(B) Guarantees issued by bank	506.88	448.62
(C) Taxes in dispute :-		
(i) Excise demand	4,745.04	4,745.04
(ii) Sales Tax	809.61	873.54
(iii) Income-tax	1,525.83	1,440.32
(iv) Customs duty	17.10	17.10
(v) Wealth tax	36.12	36.12
(vi) Property Tax	934.07	671.60
(D) Labour matters in dispute	68.50	63.25
(E) Claim of Gujarat Electricity Board for alleged diversion of fraction of the power consumed and contested by the Company in the Court	188.29	188.29
(F) Guarantees given on behalf of Shipping Principals and Surety Bonds jointly executed with third parties in favour of customs and other parties	3,577.50	3,593.58
(G) Guarantee on behalf of a subsidiary company	200.00	-
(H) Other demands contested by the Company :-		
(i) Customer claims against the Company not acknowledged as debts	136.52	137.71
(ii) Supplier claims against the Company not acknowledged as debts	15.00	15.00
4. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.582.48 Lakhs; (<i>Previous year Rs.59.69 Lakhs</i>) (against which advances paid aggregate Rs.209.28 Lakhs; <i>Previous year Rs.11.31 Lakhs</i>).		
5. Expenditure on interest of Rs.1193.05 Lakhs; (<i>Previous year Rs.1,420.46 Lakhs</i>) is arrived at as under:		

	31st March, 2011	<u>For the year ended 31st March, 2011</u>	<i>For the year ended 31st March, 2010</i>
1. Interest on Fixed Period Loans	989.85		1,054.83
2. Interest on Other Loans	232.34		400.94
		<u>1,222.19</u>	<u>1,455.77</u>
Less:			
(i) Interest received from customers and others - (Gross) [Tax deducted at source Rs.Nil; (<i>Previous year Rs.0.55 Lakh</i>)]	6.56		9.59
(ii) Interest on Bank Deposit/Inter Corporate Deposit (Gross) [Tax deducted at source Rs.1.87 Lakhs; (<i>Previous year Rs.2.79 Lakhs</i>)]	22.58		25.72
		<u>29.14</u>	<u>35.31</u>
		<u>1,193.05</u>	<u>1,420.46</u>

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

6. The Company has charged amounts aggregating Rs.46.72 Lakhs; (*Previous year Rs.18.70 Lakhs*) to the profit and loss account based on actuarial valuation [Present value of future obligation as at 31st March, 2011 Rs.315.90 Lakhs; (*Previous year Rs.330.23 Lakhs*)] and paid Rs.61.06 Lakhs (*Previous year Rs.48.81 Lakhs*), towards the post retirement arrangements to former Managing Directors and other Directors.
7. The information as required under Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by Auditors, is as follows:-
- (a) The total amount of delayed payments during the year aggregated to Rs.137.94 Lakhs; (*Previous year Rs.3.83 Lakhs*) in respect of 40 parties; (*Previous year 4 parties*) with amounts ranging from Rs.0.03 Lakh to Rs.61.80 Lakhs; (*Previous year Rs.0.01 Lakh to Rs.0.20 Lakh*).
- (b) The amount of principal outstanding in respect of the above as at Balance Sheet date is Rs.137.11 Lakhs; (*Previous year Rs.3.12 Lakhs*) in respect of 40 parties; (*Previous year 4 parties*) with amount ranging from Rs.0.03 Lakh to Rs.61.42 Lakhs; (*Previous year Rs.0.01 Lakh to Rs.0.20 Lakh*).
- (c) The total interest payable on account of delayed payment aggregates to Rs.0.83 Lakh; (*Previous year Rs.0.71 Lakh*) and this entire amount was outstanding as at the year end.
8. (a) Sundry Debtors include the following amounts due from companies under same management :

Name of the Company	As at 31st March, 2011		As at 31st March, 2010	
	Amount Due	Maximum balance outstanding during the year	Amount Due	Maximum balance outstanding during the year
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
1 Forvol International Services Limited	0.08	3.85	0.40	2.80
2 Afcons Infrastructure Limited (fully provided for)	22.57	23.26	23.26	23.26
3 S.P. Fabricators Private Limited	4.05	25.66	2.30	2.30
4 Sterling and Wilson Limited	0.04	0.04	-	-
5 Gokak Textile Limited	0.49	3.65	3.65	40.44
	27.23	56.46	29.61	68.80

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

Name of the Company	As at 31st March, 2011		As at 31st March, 2010	
	Amount Due	Maximum balance outstanding during the year	Amount Due	Maximum balance outstanding during the year
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
1 Forvol International Services Limited	3.12	3.14	-	3.97
2 Gokak Textile Limited	18.82	18.82	18.82	20.83
	21.94	21.96	18.82	24.80

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

Name of the Company	As at 31st March, 2011		As at 31st March, 2010	
	Amount Due	Maximum balance outstanding during the year	Amount Due	Maximum balance outstanding during the year
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Forvol International Services Limited	17.11	17.11	9.32	9.53
	17.11	17.11	9.32	9.53

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

9. (a) Sundry Debtors include debts due from Private Companies in which a Director of the Company is a Director of those Private Companies.

Name of the Company	As at 31st March, 2011	As at 31st March, 2010
	Amount Due Rs. in Lakhs	Amount Due Rs. in Lakhs
1 Nypro Forbes Products Private Limited	1.25	0.71
2 Nypro Forbes Moulds Private Limited	0.75	0.57
	2.00	1.28

(b) Loans and Advances include amount due from a Private Company in which a Director of the Company is a Director of that Private Company.

Name of the Company	As at 31st March, 2011	As at 31st March, 2010
	Amount Due Rs. in Lakhs	Amount Due Rs. in Lakhs
Nypro Forbes Products Private Limited	-	0.04
	-	0.04

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

Nature of Timing Difference	(Liabilities) / Assets As at 31st March, 2011 Rs. in Lakhs	(Liabilities) / Assets As at 31st March, 2010 Rs. in Lakhs
	Related to Fixed Assets	(1,216.28)
Voluntary Retirement Scheme	110.32	145.99
Provisions and liabilities to be allowed on payment basis	794.75	825.67
Unabsorbed Depreciation	311.21	939.62
	-	-

Deferred tax assets in respect of unabsorbed depreciation and other items are 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.Nil (Previous year Rs.1.29 Lakhs) 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, 2011	For the year ended 31st March, 2010
1	Profit / (Loss) after Tax (Rs. in Lakhs)	A	57.84	(1,226.18)
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	0.45	(9.51)

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

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 and 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.90.16 Lakhs*) and Rs.37.61 Lakhs; (*Previous year Rs.15.07 Lakhs*) respectively.
(ii) Depreciation recognised in the profit and loss account is Rs.22.54 Lakhs; (*Previous year Rs.15.07 Lakhs*)
- (b) The minimum aggregate lease payments in respect of the lease are as follows:

Period	As at 31st March, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs
Not later than one year	27.03	27.03
Later than one year but not later than five years	33.79	60.82
Later than five years	-	-
Total	60.82	87.85

(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, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs
Not later than one year	22.93	21.00
Later than one year but not later than five years	31.65	54.58
Later than five years	-	-
Total	54.58	75.58

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

Class Of Asset:	Buildings (pro-rata)	
	As at 31st March, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs
Gross Carrying Amount	3,188.54	1,543.79
Accumulated Depreciation	764.82	547.36
Depreciation for the year	71.49	27.22

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 and is cancellable.

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, 2011				For the year ended 31st March, 2011	
		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	20.78	672.47	2.09	-	44.87	75.02
	<i>49</i>	<i>49.40</i>	<i>670.95</i>	<i>14.76</i>	-	<i>149.62</i>	<i>321.77</i>
Edumetry INC	50	5.64	293.28	-	-	20.51	15.37
	<i>50</i>	<i>4.82</i>	<i>295.90</i>	-	-	<i>42.49</i>	<i>29.25</i>
SCI Forbes Ltd.	25	15,809.08	8,413.43	-	-	2,028.72	1,485.94
	<i>25</i>	<i>14,223.21</i>	<i>8,642.19</i>	-	<i>550.25</i>	<i>615.74</i>	<i>594.37</i>

Figures in italics relate to the previous year.

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (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 an earlier 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, 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.4742.44 Lakhs (Secured Rs. 4,716.78 Lakhs) as at 31st March, 2011 [*Previous year Rs.4,725.61 Lakhs (Secured Rs. 4,716.78)*] to The Svadeshi Mills Company Limited and its subsidiary 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. (a) 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.
- Subsequent to the year end, with effect from 1st July, 2011, the aforesaid standby charter agreement has been suspended and consequently the ships have been re-delivered by the Company to SFL. The loss materialised from 1st April, 2011 to 30th June, 2011 is Rs.515.97 Lakhs which will be accounted in the period in which it materialises as the said stand by agreements are not to be treated as onerous contract as per AS-29 since the triggering of the agreement is dependant on the freight rate prevailing in the market and the discretion of the lenders.
- (b) Account balances of sundry creditors / customers' credit balances / advances aggregating Rs.1,781.67 Lakhs; sundry debtors aggregating Rs.838.62 Lakhs and loans and advances aggregating Rs.953.88 Lakhs relating to the Shipping and Logistics segment are in the process of detailed review and reconciliation. The Management expect that the net effect on the profit and loss account would not be material on completion of exercise.
- (c) In shipping and logistics due to teething problems in the new ERP system implemented with effect from 1st April, 2010 some of Tax Deducted at Source values were not generated & has resulted in delay in payment of said values.
18. During the previous year, the High Court of Mumbai had 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. Accordingly, the scheme had been given effect to in the accounts of the previous year 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 had 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).

19. Managerial Remuneration -

	(Rs. in Lakhs)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Managing Director		
Salary	73.67	57.75
Contributions to Provident Fund and other Funds	7.29	6.80
Perquisites	12.30	9.61
	93.26	74.16

Notes:

- 1 The above figures exclude contribution to Gratuity Fund and Provision for compensated absences provided on actuarial basis as separate figures are not available.
- 2 The managerial remuneration of Rs.50.33 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.37.35 Lakhs paid in excess of limits specified in the aforesaid Schedule XIII during the previous year.

20. Earnings in Foreign Exchange for:

	(Rs. in Lakhs)	
	For the year ended 31st March, 2011	For the year ended 31st March, 2010
(a) Export of goods calculated on F.O.B. basis	1,320.91	1,070.62
(b) Charter Hire Income	1,896.41	455.17
(c) Commission and other services	46.38	118.43
(d) Freight and insurance recoveries	22.05	17.30
	3,285.75	1,661.52

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

21. (i) Value of Imports calculated on C.I.F. basis (Excluding value of items locally purchased):

(Rs. in Lakhs)

	For the year ended 31st March, 2011	<i>For the year ended 31st March, 2010</i>
(a) Raw Materials	918.88	386.84
(b) Components	271.65	461.91
(c) Stores, Spares and Tools	138.78	53.43
(d) Capital Goods	276.38	-
(e) Purchases for resale	607.61	816.37
	2,213.30	1,718.55
(ii) Expenditure in Foreign Currencies for:		
(a) Charter Hire Charges	3,987.51	918.43
(b) Commission to Overseas Agents (Net of tax)	21.68	6.00
(c) Foreign Travel	21.99	21.35
(d) Royalty	32.37	784.69
(e) Others	65.47	61.18
	4,129.02	1,791.65

22. (a) Raw Materials and Components consumed:

	For the year ended 31st March, 2011		<i>For the year ended 31st March, 2010</i>	
	Quantity	Value Rs. in Lakhs	<i>Quantity</i>	<i>Value Rs. in Lakhs</i>
(i) Raw Materials:				
Steel Bars M.T.	380	938.08	293	840.46
Wire Rods M.T.	1,479	934.74	1,384	774.84
Others		189.00		305.50
(ii) Bought out Components:				
Carbide Blanks Nos.	4,45,891	857.98	3,60,962	630.14
HSS Blanks Strips (Nos.)	6,53,252	499.95	-	-
Various components for 6 (<i>Previous year II</i>) Steam Turbine		353.17		492.40
		3,772.92		3,043.34

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.

(b) Raw Materials and Components consumed:

	For the year ended 31st March, 2011		<i>For the year ended 31st March, 2010</i>	
	% to Total Consumption	Value Rs. in Lakhs	<i>% to Total Consumption</i>	<i>Value Rs. in Lakhs</i>
Raw Materials and Components:				
(i) Direct Imports at landed cost	36	1,361.92	26	792.42
(ii) Others - Including value of imported items locally purchased	64	2,411.00	74	2,250.92
	100	3,772.92	100	3,043.34

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

23. Stores, Spares and Tools consumed:

	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	% to Total Consumption	Value Rs. in Lakhs	% to Total Consumption	Value Rs. in Lakhs
(i) Direct Imports at landed cost	8	53.65	10	64.71
(ii) Others - Including value of imported items locally purchased	92	618.19	90	570.46
	100	671.84	100	635.17

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

- (i) Rs.25.27 Lakhs; (*Previous year Rs.31.43 Lakhs*) representing funds towards the unpaid dividend, Rs.3.90 Lakhs (*Previous year Rs.4.07 Lakhs*) representing funds towards interest on unpaid matured deposits and
- (ii) Rs.71.60 Lakhs; (*Previous year Rs.71.14 Lakhs*) representing margin deposits.

25. 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, 2011		For the year ended 31st March, 2010	
	Rs. in Lakhs	FC	Rs. in Lakhs	FC
Sundry Debtors	98.18	US\$ 2,19,120	125.92	US\$ 2,76,199
	20.88	GBP 29,044	24.95	GBP 35,956
	-	-	2.16	EUR 3,537
	6.97	ZAR 106,962	-	-

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

Import of goods and services	271.58	US\$ 6,06,139	1,334.56	US\$ 29,27,309
	64.70	GBP 89,982	79.97	GBP 1,16,803
	5.78	EUR 9,133	1.72	EUR 2,810
	0.64	CHF 1,319	0.35	CHF 816
	219.91	AUD 4,68,389	-	-
	1.24	SGD 3,494	-	-

c) Advances Given

For Import of Goods	13.08	US\$ 29,192	2.24	US\$ 4,909
	0.34	EUR 531	2.59	EUR 4,237
	3.10	GBP 4,308	-	-
	0.08	CHF 166	-	-
For Capital Goods	54.45	US\$ 121,533	-	-

d) Advances Received

From Supplier	5.84	US\$ 13,035	17.41	US\$ 38,180
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Note:

FC Foreign Currency
 US \$ United States Dollar
 GBP Great British Pound
 CHF Swiss Franc
 EUR Euro
 AUD Australian Dollar
 ZAR South African Rand
 SGD Singapore Dollar

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

26. Employee Benefit Obligations:-

Defined-Contribution Plans:

The Company offers its employees defined contribution plan in the form of family pension fund and superannuation fund. 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. The contribution into the superannuation fund and Family Pension Fund are made only by the Company. The contributions are based on a certain proportion of the employee's salary.

Defined-Benefits Plans:

According to the Management, actuarial valuation can not be applied to reliably measure provident fund liabilities in respect of fund managed by the trust, set up by the Company. Accordingly, the Company is currently not in a position to provide other related disclosures as required by Accounting Standard (AS) 15 (Revised) on Employee Benefits notified by the Companies (Accounting Standards) Rules, 2006 read with the Guidance issued by the Accounting Standards Board of the Institute of Chartered Accountants of India. During the year, the Company has provided Rs.21.35 Lakhs (*Previous year Rs.Nil*) towards interest short fall.

The Company offers its employees defined-benefits plans in the form of a gratuity scheme (a lump sum amount), 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 post retirement medical benefit and non compete fees are not funded. Commitments are actuarially determined at year end. 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.

A sum of Rs.269.89 Lakhs (*Previous Year Rs.235.78 Lakhs*) has been charged to the profit and loss account in respect of the contribution to provident fund, family pension fund, superannuation fund and other funds.

Details of defined benefit plans are as follows:

(Rs. in Lakhs)

	31st March, 2011		31st March, 2010	
	Funded	Non funded	Funded	Non funded
	Gratuity	Others (Post Retirement medical and non compete fees)	Gratuity	Others (Post Retirement medical and non compete fees)
Present Value of Commitments	892.81	344.74	952.66	367.20
Fair Value of Plan Assets	596.49	-	571.71	-
Net Liability in the balance sheet	296.32	344.74	380.95	367.20

Defined benefit commitments:				
Opening balance as at 1st April	952.65	367.20	971.78	390.57
Interest expenses	75.62	29.38	73.56	31.69
Current Service Cost	49.96	8.57	45.57	10.32
Paid benefits	(150.87)	(68.47)	(218.24)	(49.86)
Actuarial (gain) / loss	(34.55)	8.06	79.99	(15.52)
Closing balance as at 31st March	892.81	344.74	952.66	367.20

Plan Assets				
Opening balance as at 1st April	571.72	-	599.62	-
Expected return on scheme assets	50.65	-	49.21	-
Contributions by the Company	104.04	-	137.19	-
Paid funds	(150.87)	-	(218.24)	-
Actuarial gain / (loss)	20.95	-	2.85	-
Closing balance as at 31st March	596.49	-	571.71	-

Return on Plan Assets				
Expected return on plan assets	50.65	-	49.21	-
Actuarial gain / (loss)	20.95	-	2.85	-
Actual return on plan assets	71.60	-	52.06	-

Expenses on defined benefit plan:				
Current service costs	49.96	8.57	45.57	10.32
Interest expense	75.62	29.38	73.56	31.69
Expected return on investment	(50.65)	-	(49.21)	-
Net actuarial (gain) / loss	(55.50)	8.06	77.14	(15.52)
Expenses charged to the profit and loss account	19.43	46.01	147.06	26.49

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

Investment Details	31st March, 2011	31st March, 2010
Funds Managed by Insurer	81%	64%
Private Sector Unit Bonds	14%	26%
Special Deposit Schemes	5%	10%
	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 expense.

	31st March, 2011	31st March, 2010
Rate for discounting liabilities	8.25%	8.00%
Expected salary increase rate	6.00%	6.00%
Expected return on scheme assets	8.00%	8.00%
Mortality rates	LIC 94-96 Table	LIC 94-96 Table

Experience Adjustment:**Gratuity**

	2010-11	2009-10	2008-09	2007-08	2006-07
Defined benefit obligation	892.81	952.66	971.78	884.24	2,249.45
Plan Asset	596.49	571.71	600.16	589.39	1,913.54
Deficit in Plan Asset	296.32	380.95	371.62	294.85	335.91
Experience adjustment on plan assets (loss) / gain	20.95	59.77	(6.26)	*	*
Experience adjustment on plan liabilities loss / (gain)	143.02	0.29	(3.82)	*	*

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

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 2011-12 has not been ascertained.

The information in respect of medical cost trend rates and the effect of an increase / decrease of 1% point in the assumed medical cost trend rates on current service cost, interest cost and the accumulated post employment benefit cost for medical cost (Rs.47.15 Lakhs; Previous year Rs.47.38 Lakhs) is not available.

27. (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 [*Holding Company (Ultimate Holding Company upto 14th October, 2010)*]
- 2 Sterling Investment Corporation Private Limited (*Holding Company upto 14th October, 2010, merged with Shapoorji Pallonji & Company Limited w.e.f. 15th October, 2010*)

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)**(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 EFL Mauritius Limited (*Subsidiary of Eureka Forbes Limited w.e.f. 2nd December, 2010*)
- 7 Forbes Aquamall Limited (*Subsidiary of Aquamall Water Solutions Limited*)
- 8 Forbes Bumi Armada Limited (*Subsidiary of Forbes Campbell Finance Limited*)
- 9 Forbes Bumi Armada Offshore Limited (*w.e.f. 29th October, 2010*)
- 10 Forbes Campbell Services Limited (*Subsidiary of Forbes Campbell Finance Limited*)
- 11 Forbes Container Lines Pte. Limited
- 12 Forbes Edumetry Limited (*Subsidiary of Forbes Campbell Finance Limited*)
- 13 Forbes Facility Services Pvt. Limited (*Subsidiary of Eureka Forbes Limited*)
- 14 Forbes Smart Data Limited [*Subsidiary of Forbes Campbell Finance Limited (upto 30th March, 2011)*]
- 15 Forbes Technosys Limited (*Subsidiary of Forbes Campbell Finance Limited*)
- 16 Forbes Enviro Solutions Limited (*Subsidiary of Eureka Forbes Limited*)
- 17 Forbes Campbell Finance Limited
- 18 Radiant Energy Systems Pvt. Limited (*Subsidiary of Eureka Forbes Limited*)
- 19 Waterwings Equipments Pvt. Limited (*Subsidiary of Eureka Forbes Limited*)
- 20 Volkart Fleming Shipping and Services Limited

(C) Fellow Subsidiaries (where there are transactions):

- 1 Forvol International Services Limited
- 2 Gokak Textiles Limited
- 3 Afcons Infrastructure Ltd.
- 4 Sterling and Wilson Limited
- 5 SP Fabricators Pvt. Limited

(D) Associate Companies (where there are transactions):

The Svadeshi Mills Company Limited

(E) Joint Ventures (where there are transactions):

- 1 Edumetry Inc
- 2 Forbes Infotainment Limited
- 3 Nypro Forbes Moulds Pvt. Limited (*Joint venture of Forbes Campbell Finance Limited*)
- 4 Nypro Forbes Products Pvt. Limited (*Joint venture of Forbes Campbell Finance Limited*)
- 5 SCI Forbes Limited

(F) Key Management Personnel:

Managing Director, Mr. Ashok Barat

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

27. (a) Related Party Disclosures

(ii) Transactions with related parties for the year ended 31st March, 2011:

(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	-	0.10	-	-	-	-	0.10
2	Charter Hire Charges	-	-	-	-	3,987.51	-	3,987.51
3	Investments	-	635.00	-	-	1,280.00	-	1,915.00
	Sales							
4	Goods and Materials	-	-	-	-	0.28	-	0.28
5	Services Rendered	-	145.02	26.90	-	1.80	-	173.72
6	Investments (Buy-back)	-	1,872.84	-	-	-	-	1,872.84
	Expenses							
7	Rent	-	141.24	-	-	-	-	141.24
8	Repairs and Other Expenses	-	99.27	132.59	-	-	-	231.86
9	Recovery of Expenses	17.34	13.78	-	-	0.25	-	31.37
10	Diminution in Value of Investments	-	156.39	-	-	-	-	156.39
11	Interest Paid / (Reversed)	171.81	(3.11)	-	-	-	-	168.70
12	Provision /Write offs	-	917.59	-	-	-	-	917.59
	Income							
13	Rent and Other Service Charges	879.96	70.79	15.99	-	-	-	966.74
14	Interest Received	-	17.46	-	-	-	-	17.46
15	Profit on sale/surrender for buy-back of Investments	-	1,623.84	-	-	-	-	1,623.84
16	Miscellaneous Income	22.05	23.31	1.10	-	0.31	-	46.77
	Other Receipts							
17	Other Reimbursements	-	28.44	-	-	-	-	28.44
	Finance							
18	Deposits Given	-	412.00	-	-	-	-	412.00
19	Deposits Taken	1,800.00	-	-	-	-	-	1,800.00
20	Repayment of Deposits Taken	3,975.00	118.83	-	-	-	-	4,093.83
21	Repayment of Deposits Given	-	412.00	-	-	-	-	412.00
	Guarantees Given							
22	On behalf of Shipping Principals (Renewed)	-	1,717.50	-	-	-	-	1,717.50
23	On behalf of Subsidiary	-	200.00	-	-	-	-	200.00
	Outstandings							
24	Sundry Creditors	-	500.57	17.11	-	-	-	517.68
25	Interest accrued but not due	-	0.15	-	-	-	-	0.15
26	Sundry Debtors	16.69	61.50	27.22	20.15	2.00	-	127.56
27	Loans and Advances	-	371.87	18.82	4,391.78	71.38	-	4,853.85
28	Provision for Doubtful Loans and Advances	-	356.42	-	4,391.78	71.38	-	4,819.58
29	Provision for Doubtful Debts	10.65	-	22.57	20.15	-	-	53.37
30	Deposits Payable	-	13.50	-	-	-	-	13.50
31	Guarantees Given	-	1,917.50	-	-	-	-	1,917.50
	Remuneration							
32	Paid / Payable	-	-	-	-	-	93.26	93.26

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

27. (a) Related Party Disclosures - March, 2011

(iii) The above Transactions includes:

		A	B	B	B	B	B	B
		Shapoorji Pallonji & Company Limited	Eureka Forbes Limited	Forbes Aquamall Limited	Forbes Bumi Armada Offshore Limited	Forbes Campbell Services Limited	Forbes Container Lines Pte. Limited	Forbes Edumetry Limited
	Nature of Transaction							
	Purchases							
1	Goods and Materials	-	0.10	-	-	-	-	-
2	Services Rendered	-	-	-	-	-	-	-
3	Investments	-	-	-	-	-	-	-
	Sales							
4	Goods and Materials	-	-	-	-	-	-	-
5	Services Rendered	-	-	-	-	-	90.94	-
6	Investments (Buy-back)	-	1,797.84	-	-	-	-	-
	Expenses							
7	Rent	-	-	-	-	-	-	-
8	Repairs and Other Expenses	-	-	-	-	38.40	-	-
9	Recovery of Expenses	17.34	-	-	-	-	-	-
10	Diminution in Value of Investments	-	-	-	-	-	-	-
11	Interest Paid	171.81	-	-	-	-	-	-
12	Provision /Write offs	-	-	-	-	-	-	-
	Income							
13	Rent and Other Service Charges	879.96	-	-	-	-	-	-
14	Interest Received	-	-	-	-	-	-	-
15	Profit on sale/surrender of buy back of Investments	-	1,550.15	-	-	-	-	-
16	Miscellaneous Income	22.05	-	-	-	-	-	-
	Other Receipts							
17	Other Reimbursements	-	-	-	-	-	-	-
	Finance							
18	Deposits Given	-	-	-	-	-	-	-
19	Deposits Taken	1,800.00	-	-	-	-	-	-
20	Repayment of Deposits Taken	3,975.00	-	-	-	-	-	-
21	Repayment of Deposits Given	-	-	-	-	-	-	-
	Guarantees given							
22	On behalf of Shipping Principals (Renewed)	-	-	-	-	-	1,717.50	-
23	On behalf of Subsidiary Company	-	-	-	200.00	-	-	-
	Outstandings							
24	Sundry Creditors	-	-	-	-	-	498.21	-
25	Interest accrued but not due	-	-	-	-	-	-	-
26	Sundry Debtors	16.69	-	-	-	-	-	-
27	Loans and Advances	-	-	-	-	-	-	-
26	Provision for Doubtful Loans and Advances	-	-	-	-	-	-	-
27	Provision for Doubtful Debts	10.65	-	-	-	-	-	-
28	Deposits Payable	-	-	3.00	-	-	-	-
29	Guarantees given	-	-	-	200.00	-	1,717.50	-
	Remuneration							
30	Paid / Payable	-	-	-	-	-	-	-

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

(Rs. in Lakhs)

B	B	B	C	C	C	D	E	E	E	F
Forbes Technosys Limited	Forbes Campbell Finance Limited	Volkart Fleming Shipping and Services Limited	Afcons Infrastructure Limited	Forvol International Services Limited	SP Fabricators Pvt. Limited	The Svadeshi Mills Company Limited	Edumetry Inc	Nypro Forbes Moulds Pvt. Limited	SCI Forbes Limited	Managing Director, Mr. Ashok Barat.
-	-	-	-	-	-	-	-	-	-	-
200.00	430.00	-	-	-	-	-	-	-	3,987.51	-
-	-	-	-	-	-	-	-	-	1,280.00	-
54.08	-	-	-	-	26.90	-	-	0.28	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	141.24	-	-	-	-	-	-	-	-
12.47	-	60.00	-	132.59	-	-	-	-	-	-
-	156.39	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	917.59	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	16.37	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	16.80	-	-	-	-	-	-	-	-
25.73	-	-	-	-	-	-	-	-	-	-
210.00	-	200.00	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
210.00	-	200.00	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
45.74	0.15	-	-	-	-	-	-	-	-	-
-	-	14.33	22.57	-	-	20.15	-	-	-	-
-	-	-	-	-	-	4,391.78	-	-	-	-
-	-	-	-	-	-	4,391.78	-	-	-	-
-	-	-	22.57	-	-	20.15	-	-	-	-
-	-	10.50	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	93.26

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

27. (b) Related Party Disclosures

(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) 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)
- 8 Forbes Campbell Services Limited (Subsidiary of Forbes Campbell Finance Limited)
- 9 Forbes Container Lines Pte. Limited
- 10 Forbes Doris and Naess Maritime Limited (wound up on 29th April, 2009)
- 11 Forbes Edumetry Limited (Subsidiary of Forbes Campbell Finance Limited)
- 12 Forbes Facility Services Pvt. Limited (Subsidiary of Eureka Forbes Limited)
- 13 Forbes Smart Data Limited (Subsidiary of Forbes Campbell Finance Limited)
- 14 Forbes Technosys Limited (Subsidiary of Forbes Campbell Finance 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
- 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 (where there are transactions):

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

(D) Associate Companies (where there are transactions):

The Svadeshi Mills Company Limited

(E) Joint Ventures (where there are transactions):

- 1 Edumetry Inc.
- 2 Forbes Infotainment Limited
- 3 Nypro Forbes Moulds Pvt. Limited (Joint venture of Forbes Campbell Finance Limited)
- 4 Nypro Forbes Products Pvt. Limited (Joint venture of Forbes Campbell Finance Limited)
- 5 SCI Forbes Limited

(F) Key Management Personnel:

Managing Director, Mr. Ashok Barat

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

27. (b) Related Party Disclosures

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

(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	Services Rendered	-	-	-	-	918.43	-	918.43
2	Fixed Assets	-	1.00	-	-	-	-	1.00
3	Investments	-	163.14	-	-	2,760.00	-	2,923.14
	Sales							
4	Goods and Materials	-	15.98	-	-	3.30	-	19.28
5	Services Rendered	22.12	58.68	797.42	-	-	-	878.22
6	Fixed Assets	-	113.86	-	-	-	-	113.86
7	Investments	1,709.52	2,305.75	-	-	-	-	4,015.27
	Expenses							
8	Rent	-	111.12	2.82	-	-	-	113.94
9	Repairs and Other Expenses	-	52.36	100.45	-	0.05	-	152.86
10	Recovery of Expenses	0.15	-	1.93	-	-	-	2.08
11	Diminution in Value of Investments	-	-	-	-	5.88	-	5.88
12	Interest Paid	225.66	102.62	-	-	-	-	328.28
13	Write offs of Investments	-	-	-	-	582.61	-	582.61
14	Loss on sale of Investments	-	61.57	-	-	-	-	61.57
	Income							
15	Rent and Other Service Charges	12.16	76.19	26.54	-	5.54	-	120.43
16	Interest Received	-	20.30	-	-	-	-	20.30
17	Dividend Received	-	1,278.00	-	-	-	-	1,278.00
18	Profit on sale / surrender for buy-back of Investments	103.08	1,466.69	-	-	-	-	1,569.77
19	Write back of Provision for Investments / Loans and Advances	-	579.16	-	-	-	-	579.16
20	Miscellaneous Income	-	-	0.87	-	-	-	0.87
	Other Receipts							
21	Other Reimbursements	-	14.06	-	-	86.91	-	100.97
	Finance							
22	Loans and Advances Given	-	471.64	-	-	-	-	471.64
23	Loans and Advances Taken	-	215.51	-	-	-	-	215.51
24	Deposits Given	-	296.19	-	-	-	-	296.19
25	Deposits Taken	4,200.00	968.00	-	-	-	-	5,168.00
26	Repayment of Deposit Taken	3,200.00	1,825.67	-	-	-	-	5,025.67
27	Repayment of Deposit Given	-	783.43	-	-	-	-	783.43
	Guarantees given							
28	On behalf of Shipping Principals (Renewed)	-	1,717.50	-	-	-	-	1,717.50
	Outstandings							
29	Sundry Creditors	-	35.82	9.32	-	3.03	-	48.17
30	Sundry Debtors	4.83	25.33	34.72	20.15	1.28	-	86.31
31	Loans and Advances	13.92	611.38	18.82	4,391.78	158.15	-	5,194.05
33	Provision for Doubtful Loans and Advances	-	356.00	-	4,391.78	71.38	-	4,819.16
34	Provision for Doubtful Debts	-	-	23.26	20.15	-	-	43.41
35	Deposits Payable	2,175.00	109.45	-	-	-	-	2,284.45
36	Guarantees Given	-	1,717.50	-	-	-	-	1,717.50
	Remuneration							
37	Paid / Payable	-	-	-	-	-	74.16	74.16

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

27. (b) *Related Party Disclosures - March, 2010*
 (iii) *The above Transactions includes: -*

		A	B	B	B	B	B	B
		<i>Shapoorji Pallonji & Company Limited</i>	<i>Eureka Forbes Limited</i>	<i>Euro Forbes International Pte. Limited</i>	<i>Forbes Aquamall Limited</i>	<i>Forbes Campbell Services Limited</i>	<i>Forbes Container Lines Pte. Limited</i>	<i>Forbes Techosys Limited</i>
	Nature of Transaction							
	Purchases							
1	Services Rendered	-	-	-	-	-	-	-
2	Fixed Assets	-	-	-	-	-	-	-
3	Investments (subscription)	-	-	-	-	-	-	-
	Sales							
4	Goods and Materials	-	9.27	-	-	-	-	6.71
5	Services Rendered	-	-	-	-	-	-	-
6	Fixed Assets	-	-	-	113.86	-	-	-
7	Investments (* surrendered for buyback)	1,697.14	* 1799.50	-	-	-	-	-
	Expenses							
8	Rent	-	-	-	-	-	-	-
9	Repairs and Other Expenses	-	-	-	-	30.53	-	-
10	Recovery of Expenses	-	-	-	-	-	-	-
11	Diminution in Value of Investments	-	-	-	-	-	-	-
12	Interest Paid	225.66	-	-	-	-	-	-
13	Write offs of Investments	-	-	-	-	-	-	-
14	Loss on sale of Investments	-	-	-	-	-	-	-
	Income							
15	Rent and Other Service Charges	12.16	-	-	-	-	-	16.71
16	Interest Received	-	-	-	-	-	-	20.13
17	Dividend Received	-	1,278.00	-	-	-	-	-
18	Profit on sale/surrender for buy back of Investments	-	1,466.70	-	-	-	-	-
19	Write back of Provision for Investments/ Loans and Advances	-	-	-	-	-	-	-
20	Miscellaneous Income	-	-	-	-	-	-	-
	Other Receipts							
21	Other Reimbursements	-	-	-	-	-	-	-
	Finance							
22	Loans and Advances Given	-	-	-	-	-	-	-
23	Loans and Advances Taken	-	-	-	-	-	-	-
24	Deposits Given	-	-	-	-	-	-	296.19
25	Deposits Taken	4,200.00	-	-	-	-	-	-
26	Repayment of Deposits Taken	3,200.00	-	-	-	-	-	-
27	Repayment of Deposits Given	-	-	-	-	-	-	296.19
	Guarantees given							
28	On behalf of Shipping Principals (Renewed)	-	-	-	-	-	1,717.50	-
	Outstandings							
29	Sundry Creditors	-	-	5.28	-	-	-	11.60
30	Sundry Debtors	-	-	-	-	-	-	22.69
31	Loans and Advances	-	-	-	-	-	-	-
33	Provision for Doubtful Loans and Advances	-	-	-	-	-	-	-
34	Provision for Doubtful Debts	-	-	-	-	-	-	-
35	Deposits Payable	2,175.00	-	-	-	-	-	-
36	Guarantees Given	-	-	-	-	-	1,717.50	-
	Remuneration							
37	Paid / Payable	-	-	-	-	-	-	-

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

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

(Rs. in Lakhs)

B	B	C	C	D	E	E	E	E	F
Forbes Campbell Finance Limited	Volkart Fleming Shipping & Services Limited	Afcons Infrastructure Limited	Forvol International Services Limited	The Svadeshi Mills Company Limited	Edumetry Inc	Forbes Infotainment Limited	Nypro Forbes Moulds Pvt. Limited	SCI Forbes Limited	Managing Director, Mr. Ashok Barat.
-	-	-	-	-	-	-	-	918.43	-
-	# 0.90	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	2,760.00	-
-	-	-	-	-	-	-	2.58	-	-
-	-	738.04	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
* 506.25	-	-	-	-	-	-	-	-	-
-	110.91	-	-	-	-	-	-	-	-
-	-	-	100.18	-	-	-	-	-	-
-	-	-	1.93	-	-	-	-	-	-
-	-	-	-	-	-	5.88	-	-	-
92.73	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	582.61	-	-	-
61.56	-	-	-	-	-	-	-	-	-
-	48.68	-	22.98	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
579.16	-	-	-	-	-	-	-	-	-
-	-	-	0.87	-	-	-	-	-	-
-	14.06	-	-	-	-	-	-	86.91	-
-	471.64	-	-	-	-	-	-	-	-
-	215.51	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
878.00	-	-	-	-	-	-	-	-	-
1,825.67	-	-	-	-	-	-	-	-	-
469.24	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	16.65	-	9.32	-	-	-	-	-	-
-	-	23.26	-	20.15	-	-	-	-	-
-	-	-	-	4,391.78	70.27	-	-	-	-
-	-	-	-	4,391.78	-	-	-	-	-
-	-	23.26	-	20.15	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	74.16

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

28. (a) Information for each class of goods manufactured and traded during the year ended 31st March, 2011.

	Product	Unit	Licensed Capacity	Installed Capacity (see Footnote 1)	Actual Production
1	Threading Tools	Nos.	1,22,00,000	75,60,000	62,97,036
2	Carbide Tools	Nos.	11,00,000	5,24,400	4,87,449
3	Spring Washers (see Footnote 4)	M.Tonnes	350	1,500	1,411
4	Cutting Tools	Nos.	-	-	-
5	Other Traded Tools Instruments (see Footnote 3)	-	-	-	-
6	Steam Turbine	Nos.	12	12	6
<u>Printing and embossing machines:</u>					
7	Hand	Nos.	No limit	20,000	212
8	Electric Motors	Nos.	6,00,000	6,00,000	-
<u>Others:</u>					
9	Precision interchangeable steel types sets along with rotary wheels, holding devices and fixtures for composite metal indentation	Nos.	12,000 sets	12,000 sets	4,26,816
10	Ink Jet Printers	Nos.	200	200	-
11	Components and Accessories	Nos.	-	-	-
12	Automated Impact Markers	Nos.	-	-	-
TOTAL RUPEES					

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (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
5,57,800	401.41	-	-	6,56,400	327.21	61,98,436	6,293.49
51,168	171.71	-	-	48,195	159.55	4,90,422	2,127.06
40	47.53	-	-	76	95.76	1,375	1,755.24
185	0.31	8186	9.74	197	0.53	8,174	31.50
-	42.03	-	56.80	-	26.03	-	78.45
-	-	1	95.59	-	-	7	651.59
4	0.61	-	-	10	2.00	206	50.73
1,017	0.64	-	-	-	-	1,017	-
1,10,705	38.41	-	-	93,282	66.89	4,44,239.00	610.95
2	4.81	-	-	2	-	-	-
900	54.30	2,055	186.35	1,069	36.66	1,886	232.08
40	95.60	191	496.92	65	94.50	166	649.43
	857.36		845.40		809.12		12,480.52

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

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

Product	Unit	Licensed Capacity	Installed Capacity (see Footnote 1)	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.	12	12	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	*	-	-	-
12 MICR (Magnetic Ink Character Recognition) Encoder	*	-	-	-
13 Ink Jet Printers	Nos.	200	200	-
14 Note Counting Machines	*	-	-	-
15 Components and Accessories	Nos.	-	-	-
16 Other Business Automation Products	*	-	-	-
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 of Business Automation Segment (See Note No.2 in Schedule 13).

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 "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (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>
8,14,652	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	40.05	2	4.82	61	124.03
565	35.02	-	-	-	-	-	-
722	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 "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

29. (a) Segment Reporting

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 "Engineering", "Motors", "Shipping and Logistics Services", "Personal Wear" and "Real Estate"

The Company caters 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 for the year ended 31st March, 2011:

Particulars	(Rs. in Lakhs)					
	Engineering	Motors	Shipping and Logistic Services	Personal Wear	Real Estate	Total
External Segment Revenue	12,656.89	-	8,299.85	-	1,720.94	22,677.68
Add: Inter segment Revenue	-	-	-	-	-	-
Net Sales / Income from Operations	12,656.89	-	8,299.85	-	1,720.94	22,677.68
Segment Results - Profit / (Loss)	1,214.34	317.45	(2,286.70)	(18.75)	3,037.09	2,263.43
Add: Unallocated Income						1,610.64
Less: Unallocated Expenses						(2,620.79)
Profit before Tax and Interest						1,253.28
Less: Interest Expense (Net)						1,193.05
Profit before Tax						60.23
Provision for Taxation:						
Income-tax						(9.61)
Wealth tax						12.00
Profit After Tax						57.84
Capital Employed						
Segment Assets	8,315.40	33.75	6,205.75	43.69	3,082.59	17,681.18
Unallocated Corporate Assets						18,567.51
Total Assets						36,248.69
Segment Liabilities	2,615.80	116.58	2,385.06	11.58	5,824.75	10,953.77
Unallocated Corporate Liabilities						1,423.01
Total Liabilities						12,376.78
Capital Employed	5,699.60	(82.83)	3,820.69	32.11	(2,742.16)	23,871.91
Segment Capital Expenditure including Capital Work in Progress	508.76	-	23.36	-	0.53	532.65
Unallocated Capital Expenditure including Capital Work in Progress						113.45
Total Capital Expenditure						646.10
Segment Depreciation / Impairment	829.87	1.79	303.48	-	82.43	1,217.57
Unallocated Corporate Depreciation / Impairment						146.29
Total Depreciation / Impairment						1,363.86
Non-Cash Segment Expenses other than Depreciation	566.09	8.79	166.92	-	-	741.79
Unallocated Non-Cash Expenses other than Depreciation						1093.18
Total Non-Cash Expenses other than Depreciation						1,834.97

ii) Information about Geographical Business Segment for the year ended 31st March, 2011:

	Within India	Outside India	Unallocated	Total
Revenue	19,391.93	3,285.75	-	22,677.68
Assets	17,555.16	126.03	18,567.51	36,248.70
Cost of additions to Fixed Assets during the year	532.65	-	113.45	646.10

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

(b) Segment Reporting

i) Information about Primary Business Segments for the year ended 31st March, 2010:

Particulars	(Rs. in Lakhs)					
	Engineering	Motors	Shipping and Logistic Services	Personal Wear	Real Estate	Total
External Segment Revenue	10,684.96	237.43	5,308.93	204.76	682.61	17,118.69
Add: Inter segment Revenue	-	-	-	-	-	-
Net Sales/Income from operations	10,684.96	237.43	5,308.93	204.76	682.61	17,118.69
Segment Results - Profit / (Loss)	1,306.03	(1,080.30)	(1,295.49)	(887.10)	1,341.38	(615.48)
Add: Unallocated Income						3,454.34
Less: Unallocated Expenses						(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 (See Note No.18 in Schedule 13)						246.09
Profit before Tax and Interest						398.28
Less: Interest Expense (Net)						1,420.46
Loss Before Tax						(1,022.18)
Provision for Taxation:						
Income-tax						191.00
Wealth tax						13.00
Loss After Tax						(1,226.18)
Capital Employed						
Segment Assets	8,421.41	211.34	6,480.87	47.30	3,146.74	18,307.66
Unallocated Corporate Assets						17,514.14
Total Assets						35,821.80
Segment Liabilities	2,167.61	182.93	1,824.36	761.30	5,858.21	10,794.41
Unallocated Corporate Liabilities						2,248.92
Total Liabilities						13,043.33
Capital Employed	6,253.80	28.41	4,656.51	(714.00)	(2,711.47)	22,778.47
Segment Capital Expenditure including Capital Work in Progress	4.99	99.62	21.74	-	19.48	145.83
Unallocated Capital Expenditure including Capital Work in Progress						422.52
Total Capital Expenditure						568.35
Segment Depreciation / Impairment	760.17	385.95	364.42	-	67.01	1,577.54
Unallocated Corporate Depreciation / Impairment						76.76
Total Depreciation / Impairment						1,654.31
Non-Cash Segment Expenses other than Depreciation	216.73	122.86	141.48	706.17	-	1187.24
Unallocated Non-Cash Expenses other than Depreciation						678.84
Total Non-Cash Expenses other than Depreciation						1,866.08

ii) Information about Geographical Business Segment for the year ended 31st March, 2010:

	Within India		Outside India	Unallocated	Total
Revenue	15,457.18	1,661.52	-	-	17,118.69
Assets	18,152.63	155.03	17,514.14	-	35,821.80
Cost of additions to Fixed Assets during the year	145.83	-	-	422.52	568.35

SCHEDULE "13" - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

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

	PALLONJI S. MISTRY	<i>Chairman Emeritus</i>
	SHAPOOR P. MISTRY	<i>Chairman</i>
	ASHOK BARAT	<i>Managing Director</i>
AMIT MITTAL	CYRUS P. MISTRY	} <i>Directors</i>
<i>Director (Finance)</i>	D.B. ENGINEER	
	N.D. KHURODY	
	R.N. JHA	
A.T. SHAH	S.L. GOKLANEY	
<i>Company Secretary</i>	T.R. DOONGAJI	
	KAIWAN KALYANIWALA	

Mumbai, 19th July, 2011

**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: 31.03.2011

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	23,87,191	Total Assets	23,87,191*
Source of Funds		Application of Funds	
Paid-up Capital	1,28,986	Net Fixed Assets	12,15,770
Reserves and Surplus	12,07,719	Investments	13,92,299
Secured Loans	9,00,486	Net Current Assets	2,20,878
Unsecured Loans	1,50,000		

* Net of Current Liabilities and Provisions

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

Turnover	26,42,417
Total Expenditure	26,36,394
Profit before tax	6,023
Profit after tax	5,784
Earning per share in Rs.	0.45
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)

A.T. SHAH
Company Secretary

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT

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

Chairman Emeritus
Chairman
Managing Director

Directors

Mumbai, 19th July, 2011

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	EFL Marutius Limited	Forbes Aquamall Limited	Forbes Bumi Armada Limited
1. Financial Year of the Subsidiary Company	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011
2. (a) Number of Shares held in a Subsidiary Company				37,28,000 Shares of Rs.10 each				
(b) Percentage of the Shareholding in a Subsidiary Company				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	*37,28,000 Shares of Rs.10 each	*35,00,000 Shares of Singapore \$ 1 each	*15,001 Shares of Eur 1 each	*5,00,000 Shares of Rs.10 each	#55,00,000 Shares of Rs.10 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, 2011 is as follows:								
For the year	Rupees	-	-	-	1,046.11	-	-	-
For the previous years	Rupees	-	-	-	9,027.81	-	-	-
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, 2011 being the dividend received are as under								
For the year	Rupees	-	-	-	-	-	-	-
For the previous years	Rupees	-	-	-	7,845.13	-	-	-

* 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.

• Forbes Smart Data Limited a subsidiary of Forbes Campbell Finance Limited has wound up its operations w.e.f. 25.03.2011 hence ceased to be a subsidiary.

(Rs. in Lakhs)

ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Forbes Bumi Armada Offshore Limited	Forbes Container Lines Pte. Limited	Forbes Facility Services Pvt.Limited	Forbes Campbell Services Limited	Forbes Edumetry Limited	Forbes Enviro Solutions Limited	Forbes Technosys Limited	Forbes Campbell Finance Limited	Radiant Energy Systems Private Limited	Volkart Fleming Shipping & Services Limited	Waterwings Equipments Private Limited
31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011
50,001 Shares of Rs.10 each	8,64,960 Shares of SGD 1 each						38,64,131 Shares of Rs.10 each		50,385 Shares of Rs.100 each	
50.001%	100%						100%		100%	
1,00,000 Shares of Rs.10 each	8,64,960 Shares of SGD 1 each	*10,00,000 Shares of Rs.10 each	#50,000 Shares of Rs.10 each	#28,80,000 Shares of Rs.10 each	*50,000 Shares of Rs.10 each	#68,97,200 Shares of Rs.10 each	38,64,131 Shares of Rs.10 each	*7,250 Shares of Rs.100 each	50,385 Shares of Rs.100 each	*50,000 Shares of Rs.10 each
(11.91)	64.07	-	-	-	-	-	(919.26)	-	34.59	-
-	(300.45)	-	-	-	-	-	(1,806.30)	-	858.95	-
-	-	-	-	-	-	-	-	-	-	-
-	146.54	-	-	-	-	-	52.48	-	491.40	-

AMIT MITTAL
Director (Finance)

A.T. SHAH
Company Secretary

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
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KAIWAN KALYANIWALA

Chairman Emeritus
Chairman
Managing Director

Directors

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	EFL Marutius Limited	Forbes Aquamall Limited				
					in S \$	Rate (Avg.)	Rs.in Lacs	in EUR	Rate	Rs in Lacs	
(a) Capital	8.00	200.01	372.80	100.00	35.00	26.82	938.85	88.50	63.03	5,578.38	50.00
(b) Reserves	◆(120.49)	11,684.29	9,432.78	◆(85.73)	0.48	690.35	330.21	(2.59)	36.15	(93.63)	2,156.45
(c) Total Assets ▲	100.46	16,875.46	60,790.78	57.66	71.47	35.82	2,560.15	90.28	63.84	5,763.49	3,984.04
(d) Total Liabilities	212.95	4,991.16	50,985.20	43.39	35.99	35.88	1,291.09	4.37	63.84	278.74	1,777.60
(e) Details of Investment											
Long Term	-	0.07	25.07	-	0.85	31.44	26.68	89.75	63.84	5,729.69	-
Current	-	-	15.43	-	-	-	-	-	-	-	3.95
Subsidiary	-	57.01	7,655.49	-	-	-	-	-	-	-	1.00
Sub Total	-	57.08	7,695.99	-	0.85		26.68	89.75		5,729.69	4.94
(f) Turnover	32.14	33,160.71	106,013.95	65.99	-	-	-	-			7,832.15
(g) Profit before Taxation	(37.88)	3,693.76	1,414.13	3.97	(2.91)	34.57	(100.51)	(2.59)		(268.65)	360.47
(h) Provision for Taxation	-	736.17	368.02	0.75	(0.24)		(8.27)	-		-	71.84
Income Tax	-	736.17	387.36	0.39	(0.24)	34.57	(8.27)	-		-	71.84
Deferred Tax	-	-	(19.35)	0.36	-	-	-	-		-	-
Fringe Benefit Tax	-	-	-	-	-	-	-	-		-	-
(I) Profit After Taxation	(37.88)	2,957.59	1,046.11	3.22	(2.67)	34.57	(92.23)	(2.59)		(268.65)	288.63
(j) Proposed Dividend	-	-	-	-	-	-	-	-		-	-

* Forbes Smart Data Limited a subsidiary of Forbes Campbell Finance Limited has wound up its operations w.e.f.25.03.2011 hence ceased to be a subsidiary

◆ Net of Debit balance of Profit & Loss Accounts.

▲ Includes Investments

Rs. in Lacs

Forbes Bumi Armada Limited	Forbes Bumi Armada Offshore Limited	Forbes Container Line PTE Ltd	Forbes Campbell Services Limited	Forbes Edumetry Limited	Forbes Enviro Solutions Limited	Forbes Facility Services Pvt. Limited	Forbes Smart Data Limited*	Forbes Technosys Ltd.	Forbes Campbell Finance Limited	Radiant Energy Systems Pvt. & Services Limited	Volkart Fleming Shipping Services Limited	Waterwings equipments Pvt, Limited		
		in S \$	Rate Rs.in Lacs (Avg.)											
125.00	10.00	29.84	35.88	1,070.44	5.00	288.00	5.00	100.00	-	1,889.72	386.41	7.25	50.39	5.00
◆ 31.34	(23.81)	◆(6.84)	35.88	◆(245.53)	◆ 0.97	◆(619.22)	◆(1.23)	(2.27)	-◆(1,187.12)	◆1,463.43	69.57	344.80	95.35	
193.69	6.73	34.05	35.88	1,221.64	9.92	112.80	4.90	1,620.09	-	3,129.45	2,306.79	253.52	651.26	631.15
37.35	20.55	11.06	35.88	396.73	3.95	444.02	1.13	1,522.36	-	2,426.86	456.95	176.70	256.07	530.80
-	-	-	-	-	-	-	-	-	-	-	1,182.99	1.00	3.91	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	891.38	-	-	-
-	-	-	-	-	-	-	-	-	-	-	2,074.37	1.00	3.91	-
-	-	154.52	34.37	5,310.29	38.77	16.16	-	3,303.08	-	4,473.61	-	506.95	305.21	1,448.81
(15.95)	(23.81)	1.85	34.71	64.07	0.53	(14.61)	(0.20)	(98.50)	0.65	(600.32)	(919.26)	75.57	49.93	121.96
-	-	-	-	-	0.16	-	-	(9.53)	-	-	-	23.57	15.34	40.40
-	-	-	-	-	0.16	-	-	-	-	-	-	23.94	15.92	40.50
-	-	-	-	-	-	-	-	(9.53)	-	-	-	(0.38)	(0.58)	(0.10)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(15.95)	(23.81)	1.85	34.71	64.07	0.37	(14.61)	(0.20)	(88.97)	0.65	(600.32)	(919.26)	52.01	34.59	81.57
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

AMIT MITTAL
Director (Finance)

A.T. SHAH
Company Secretary

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT

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

Chairman Emeritus
Chairman
Managing Director

Directors

**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, 2011 Rupees	Maximum amount outstanding during the year Rupees	No. of shares of the Company held by the loanees as at 31st March, 2011
(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	▲ 350.66	350.66	-

Note: The above excludes loans to employees.

(ii) Previous 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 - Joint Venture (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.

	PALONJI S. MISTRY SHAPOOR P. MISTRY ASHOK BARAT	Chairman Emeritus Chairman Managing Director
AMIT MITTAL Director (Finance)	CYRUS P. MISTRY D.B. ENGINEER N.D. KHURODY R.N. JHA S.L. GOKLANEY T.R. DOONGAJI KAIWAN KALYANIWALA	Directors
A.T. SHAH Company Secretary		

Mumbai, 19th July, 2011

**CONSOLIDATED FINANCIAL STATEMENTS
FORMING PART OF ANNUAL REPORT OF
FORBES & COMPANY LIMITED FOR THE
YEAR ENDED 31ST MARCH, 2011**

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF FORBES & COMPANY LIMITED

1. We have audited the attached Consolidated Balance Sheet of **FORBES & COMPANY LIMITED** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at 31st March, 2011, 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 the 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/consolidated financial statements in respect of one subsidiary group, namely, Eureka Forbes Limited Group, and other financial 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: (i) 19 subsidiaries, whose financial statements reflect total assets of Rs. 75,180.07 Lakhs as at 31st March, 2011, total revenues of Rs. 118,302.90 Lakhs and net cash outflows amounting to Rs. 1,126.77 Lakhs for the year ended on that date; (ii) 7 joint ventures, whose financial statements reflect the Group's share of total assets of Rs. 19,694.17 Lakhs as at 31st March, 2011, total revenues of Rs. 2,494.97 Lakhs and net cash inflows amounting to Rs. 459.20 Lakhs for the year ended on that date; and (iii) 2 associates, whose financial statements reflect the Group's share of profit of Rs. 108.20 Lakhs for the year ended 31st March, 2011; 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 an associate is based solely on the reports of the other auditors.
4. In respect of one subsidiary group, namely, Eureka Forbes Limited Group, the auditors have without qualifying their opinion drawn an attention to Note 9 on Schedule 13 relating to loan of Rs. 7,647 Lakhs granted by Eureka Forbes Limited to Forbes Lux FZE, Dubai which does not require provision in the opinion of the management.
5. In respect of a joint venture, namely, SCI Forbes Limited, the auditors have without qualifying their opinion drawn an attention to Note 12 on Schedule 13, regarding the management's opinion with respect to the ships' value in use being greater than the carrying amount and the resultant non requirement for any impairment of the vessels.
6. In respect of a joint venture, namely, Forbes Infotainment Limited, the other auditors have without qualifying their opinion drawn an attention to Footnote 3 of Note 1B (3) (x) on Schedule 13, stating that the lottery business of the company is temporarily held in abeyance and accordingly, the accounts have been prepared on a net realizable value. The financial statements of this joint venture reflect the Group's share of total assets of Rs. 20.78 Lakhs as at 31st March, 2011, total revenues of Rs. 44.87 Lakhs and net cash inflows amounting to Rs. 1.66 Lakhs for the year ended on that date.
7. The Consolidated Financial Statements do not include the effect, if any, of equity accounting for the Group'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.
8. The Consolidated Financial Statements of a subsidiary group, namely, Eureka Forbes Limited Group, include the unaudited financial statements of its: (i) joint venture company, whose financial statements reflect the Group's share of total assets of Rs. 547.36 Lakhs as at 31st March, 2011, total revenues of Rs. 9.85 Lakhs and net cash outflows amounting to Rs. 14.38 Lakhs for the year ended on that date; and (ii) associate company, whose financial statements reflect the Group's share of Losses of Rs. 92.98 Lakhs up to 31st December, 2010; as considered in the Consolidated Financial Statements.
9. 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 Limited (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, subsequent to the year end, with effect from 1st July, 2011, the

aforesaid standby charter agreements have been suspended. 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. 258.00 Lakhs, in excess of the Company's interest in SFL, materialised during the period 1st April, 2011 to 30th June, 2011, should have been made by way of a charge to the Profit and Loss Account. Our audit report dated 13th August, 2010 on the accounts for the year ended 31st March, 2010 contained a similar qualification wherein we had opined that provision for the loss of Rs. 367.90 Lakhs materialised subsequent to 31st March, 2010 and until the date of approval of the accounts by the Board of Directors on the said date should have been made by way of a charge to the Profit and Loss Account. Had the provision, as aforesaid, been made in both the years, the profit, before and after tax, would have been higher by Rs. 109.90 lakhs (2010: would have been lower by Rs. 367.90 lakhs) and the reserves and surplus would have been lower by Rs. 258.00 lakhs (2010: Rs. 367.90 lakhs) [see Note 10 on Schedule 13].

10. The consolidated financial statements are subject to adjustments that may arise on completion of detailed review and reconciliation, by the Management, of account balances of sundry creditors and customers' credit balances / advances aggregating Rs. 1,284.70 Lakhs; sundry debtors aggregating Rs. 828.75 Lakhs and loans and advances aggregating Rs. 953.88 Lakhs relating to the Company's Shipping and Logistics segment, the effect of which could not be determined on the profit for the year and the reserves and surplus as at the year end (see Note 11 on Schedule 13).
11. In respect of one subsidiary group namely, Eureka Forbes Limited Group, the auditors have qualified their report stating:
 - a. "An overseas subsidiary, namely, Euro Forbes International Pte. Limited, has made an investment of SGD 84,851 (equivalent to Rs. 30.44 Lakhs) in another company as at 31st March, 2011 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.
 - b. In case of a subsidiary, namely, Forbes Facility Services Private Limited, the balances of debtors aggregating Rs. 879.04 Lakhs are subject to confirmation and reconciliation.
 - c. In case of a joint venture, namely, Forbes Concept Hospitality Services Private Limited, the other auditors have qualified their report stating that subsequent to the balance sheet date, the business operations have been discontinued and the losses have exceeded the net worth, as a result, the company may not be able to continue as a going concern. The accounts have been prepared on the going concern assumption, consequently, adjustments may be required to the Group's share of recorded total assets of Rs. 72.63 Lakhs and classification of liabilities of Rs. 52.66 Lakhs.
 - d. The company is unable to disclose the actual amounts utilized against the warranty provision held, which is not in compliance with Accounting Standard 29, Provisions, Contingent Liabilities and Contingent Assets."
12. Subject to matters referred to in paragraphs 7 to 11 above and read with 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, joint ventures and associates /consolidated financial statements in respect of one subsidiary group, namely, Eureka Forbes Limited Group, 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, 2011;
 - (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, 19th July, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	Rs. in Lakhs	As at 31st March, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs
FUNDS EMPLOYED:				
1. SHARE CAPITAL	"1"	1,273.22		1,273.22
2. RESERVES AND SURPLUS	"2"	28,214.42		25,150.96
3. TOTAL SHAREHOLDERS' FUNDS			29,487.64	26,424.18
4. PREFERENCE SHARE CAPITAL (Held outside the Group)			1,760.14	-
(See Note No. 14 in Schedule 13)				
5. MINORITY INTEREST			113.43	142.09
6. LOANS:				
(a) Secured	"3"	30,768.99		26,919.88
(b) Unsecured	"4"	7,542.13		4,674.16
7. DEFERRED TAX LIABILITY (See Note No.6 in Schedule 13)...			38,311.12	31,594.04
TOTAL			29.05	27.80
			69,701.38	58,188.11
APPLICATION OF FUNDS:				
8. FIXED ASSETS:	"5"			
(a) Gross Block		60,900.00		58,052.72
(b) Less: Cumulative Depreciation/Amortisation/Impairment		22,131.84		20,694.70
(c) Net Block		38,768.16		37,358.02
(d) Capital work-in-progress including Advances for capital expenditure		893.47		2,886.78
9. GOODWILL ON CONSOLIDATION			39,661.63	40,244.80
10. INVESTMENTS	"6"		179.26	140.53
11. DEFERRED TAX ASSET (See Note No.6 in Schedule 13)			5,779.23	54.86
12. CURRENT ASSETS, LOANS AND ADVANCES	"7"		380.32	356.10
(a) Inventories		19,190.35		16,813.75
(b) Sundry Debtors		17,347.20		14,025.93
(c) Cash and Bank Balances		11,726.72		11,005.79
(d) Other Current Assets		21.73		8.71
(e) Loans and Advances		26,585.22		23,313.98
13. Less: CURRENT LIABILITIES AND PROVISIONS	"8"		74,871.22	65,168.16
(a) Liabilities		48,238.80		44,805.28
(b) Provisions		2,931.48		2,971.06
14. NET CURRENT ASSETS			51,170.28	47,776.34
15. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED			23,700.94	17,391.82
Deferred Revenue Expenditure				
- Voluntary Retirement Compensation	"9"		69,701.38	58,188.11
TOTAL			-	-
Notes to the Consolidated Financial Statements	"13"		69,701.38	58,188.11

Schedules 1 to 13 form an integral part of the Consolidated 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, 19th July, 2011

AMIT MITTAL
Director (Finance)

A.T. SHAH
Company Secretary

For and on behalf of the Board

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT

CYRUS P. MISTRY
D.B. ENGINEER
N.D. KHURODY
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KAIVAN KALYANIWALA

Chairman Emeritus
Chairman
Managing Director

Directors

Mumbai, 19th July, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2011

	Schedule No.	Rs. in Lakhs	Rs. in Lakhs	For the year ended 31st March, 2011 Rs. in Lakhs	For the year ended 31st March, 2010 Rs. in Lakhs
1. INCOME:					
Gross Sales (Other than lottery tickets)			105,929.01		93,118.87
Less: Excise Duty			1,358.07		898.79
Net Sales			104,570.94		92,220.08
Lottery Tickets			-		109.97
			104,570.94		92,330.05
Income from other operations	"10"		41,638.16		34,320.59
				146,209.10	126,650.64
Other Income	"11"			3,681.17	6,307.31
				149,890.27	132,957.95
2. EXPENDITURE:					
Manufacturing, Trading and Other Expenses	"12"			140,322.18	122,959.63
Depreciation, Amortisation and Impairment	"5"			4,306.56	4,346.51
Interest (Net) [see Note No. 4 in Schedule 13]				1,000.04	905.95
Voluntary Retirement Compensation amortised [See Note No. 1 (T) in Schedule 13]	"9"			9.62	661.22
				145,638.40	128,873.31
PROFIT BEFORE PRIOR PERIOD ITEMS				4,251.87	4,084.64
PRIOR PERIOD ITEMS (See Note No. 7 (A) in schedule 13)				-	426.92
3. PROFIT BEFORE TAXATION				4,251.87	4,511.56
4. PROVISION FOR TAXATION					
- for Income-tax					
Current Year		1,281.22			1,391.61
Provision relating to earlier years		9.48			163.36
Deferred Tax (credit) / charge		(22.97)			23.27
			1,267.73		1,578.24
- for Wealth Tax			12.00		13.00
				1,279.73	1,591.24
5. PROFIT AFTER TAXATION				2,972.14	2,920.32
PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS			3,953.17		6,478.96
Less: Provision for Taxation					
- for Income-tax					
Current Year			1,281.22		1,391.61
Provision relating to earlier years			9.48		163.36
Deferred Tax (credit) / charge			(22.97)		23.27
			1,267.73		1,578.24
- for Wealth-Tax			12.00		13.00
			1,279.73		1,591.24
PROFIT AFTER TAX FROM CONTINUING OPERATIONS			2,673.44		4,887.72
PROFIT/(LOSS) BEFORE AND AFTER TAXATION FROM DISCONTINUING OPERATIONS					
- from ordinary activities			(155.30)		(336.02)
- on disposal of assets / settlement of liabilities			454.00		(1,631.38)
			298.70		(1,967.40)

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2011 (Contd.)

Schedule No.	Rs. in Lakhs	Rs. in Lakhs	For the	For the
			year ended 31st March, 2011 Rs. in Lakhs	year ended 31st March, 2010 Rs. in Lakhs
6.	NET SHARE OF PROFIT/ (LOSS) IN ASSOCIATES (Equity Method)		108.20	(33.28)
7.	DIVIDEND ON PREFERENCE SHARES HELD OUTSIDE THE GROUP (INCLUDING TAX ON DIVIDEND)		(114.88)	-
8.	NET MINORITY INTEREST IN LOSS / (PROFIT) OF SUBSIDIARIES		2.89	(60.83)
9.	PROFIT AFTER SHARE OF ASSOCIATES AND MINORITY INTEREST		2,968.35	2,826.21
10.	BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR * [net of Rs. 913.00 Lakhs on account of adjustment for preference share capital issued by a jointly controlled entity (See Note No. 7 (B) in Schedule 13)]		* (12,270.38)	(13,568.94)
11.	TOTAL AMOUNT AVAILABLE FOR APPROPRIATION		(9,302.03)	(10,742.73)
12.	Less: APPROPRIATIONS:			
	(a) Tax on Dividend (including on Intra Group Dividends)	104.47		88.81
	(b) Tonnage Tax Reserve under Section 115VT of the Income Tax Act, 1961	108.75		4.13
	(c) General Reserve	2,662.36		2,347.71
			2,875.58	2,440.65
13.	BALANCE CARRIED TO BALANCE SHEET		(12,177.61)	(13,183.38)
	Basic and diluted earnings per share of			
	face value of Rs.10 each (see Note No. 5 in Schedule 13)		23.31	22.20
	Notes to the Consolidated Financial Statements	"13"		

Schedules 1 to 13 form an integral part of the Consolidated 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, 19th July, 2011

AMIT MITTAL
Director (Finance)

A.T. SHAH
Company Secretary

For and on behalf of the Board

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KAIVAN KALYANIWALA

Chairman Emeritus
Chairman
Managing Director

Directors

Mumbai, 19th July, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-11 Rs. in Lakhs	2009-10 Rs. in Lakhs
PROFIT BEFORE TAXATION	4,251.86	4,511.56
Adjusted for -		
Depreciation, Amortisation and Impairment	4,306.57	4,346.51
Prior Period Items	-	(426.92)
Profit on sale of Investments (net) - Other than Trade	(127.10)	(311.95)
Interest on Investments - Other than Trade	(0.17)	(86.12)
Dividend on Investments - Other than Trade	(0.29)	(58.76)
Profit on Sale of Fixed Asset(Net)	(2,170.88)	(1,049.87)
Interest (net)	1,000.05	890.88
Provision for Doubtful Debts, Advances and Bad Debts Written off	748.20	627.04
Provision for reduction in value of Inventory	388.19	68.57
Provision for diminution in value of Investment, no longer required written back	(1.61)	(14.82)
Provision for Doubtful Debts / Advances, no longer required written back	-	(178.26)
Provision for foreclosure of trademark license agreement	-	693.00
Voluntary Retirement Compensation Amortised	-	661.22
Excess provision written back	(59.83)	-
Profit on Cessation of relationship with Subsidiaries, Jointly controlled Entities and Associates	-	(2,870.11)
Unrealised Exchange (gain) / loss (net)(including translation adjustment on reserves of foreign subsidiaries/ joint ventures)	267.36	(160.50)
	4,350.49	2,129.92
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	8,602.36	6,641.47
Changes in -		
Trade and Other Receivables	(6,281.59)	(4,706.26)
Inventories	(2,764.79)	1,304.64
Trade Payables and Others	3,566.69	3,889.74
	(5,479.69)	488.12
Other Adjustments		
Voluntary Retirement Compensation Paid	-	(536.89)
Taxes Paid (including wealth tax and net of refund)	(2,433.41)	(2,328.28)
	(2,433.42)	(2,865.17)
(a) NET CASH GENERATED FROM OPERATING ACTIVITIES	689.24	4,264.41
Net Cash Generated From Operating Activities From Continuing Operations	1,477.49	4,498.77
Net Cash Used In From Operating Activities From Discontinuing Operations	(788.24)	(234.36)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including adjustments on account of capital work-in-progress and capital advances)	(4,325.97)	(12,800.72)
Sale of Fixed Assets	2,658.75	1,877.81
Purchase of Long Term Investments	(5,622.48)	(1.00)
Sale/Redemption of Long Term Investments	-	6,861.78
Sale of Current Investments	13,267.97	313.87
Purchase of Current investments	(13,132.95)	-
Placement of deposit with lender bank as cash collateral against loan (maturity more than 3 months)	(1,111.85)	(2,466.62)
Purchase of interest in Subsidiaries	(40.21)	(230.51)
Sale of interest in Joint Ventures	-	302.50
Sale of interest in Associates	-	1,143.06
Interest Received	1,580.52	1,864.14
Dividend Received	0.29	58.76
(b) NET CASH USED IN INVESTING ACTIVITIES	(6,725.94)	(3,076.93)
Net Cash Used In Investing Activities From Continuing Operations	(7,180.42)	(3,190.06)
Net Cash Generated From Investing Activities From Discontinuing Operations	454.48	113.13
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Borrowings	23,981.10	16,675.50
Repayment of Long Term Borrowings	(20,974.91)	(15,023.38)
Increase in Cash credit and short term loans	3,664.08	1,364.80
Preference dividend paid	(58.25)	-
Preference Shares issued outside the group by wholly owned subsidiary	1,760.13	-
Proceeds from minority Shareholders on issue of shares by subsidiary	5.00	36.75
Interest Paid	(2,523.75)	(2,409.46)
Payment of unclaimed dividend	(6.16)	(3.33)
Taxes on Dividend (Including on intragroup dividends)	(116.81)	(344.67)
Payment of dividends to Minority Shareholders	(29.29)	-
(c) NET CASH GENERATED FROM FINANCING ACTIVITIES	5,701.14	296.22

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

	2010-11 Rs. in Lakhs	2009-10 Rs. in Lakhs
(c) NET CASH GENERATED FROM FINANCING ACTIVITIES (brought forward)	5,701.14	296.22
Net Cash Generated From Financing Activities From Continuing Operations	5,701.14	296.22
Net Cash Generated From Financing Activities From Discontinuing Operations	-	-
(d) NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (a) + (b) + (c)	<u>(335.54)</u>	<u>1,483.70</u>
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:		
Cash, Cheques on hand and remittances in transit	1,088.43	1,188.06
Balances with Banks	9,917.36	5,872.37
	<u>11,005.79</u>	<u>7,060.43</u>
Less: Deposit placed with lender bank as collateral against loan (maturity more than 3 months)	2,390.72	-
	<u>8,615.07</u>	<u>7,060.43</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
Balances with Banks	-	86.01
	-	<u>86.52</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>
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING:		
Cash, Cheques on hand and remittances in transit	733.29	1,088.43
Balances with Banks	10,993.44	9,917.36
	<u>11,726.72</u>	<u>11,005.79</u>
Less: Deposit placed with lender bank as collateral (maturity more than 3 months)	3,447.20	2,390.73
	<u>8,279.52</u>	<u>8,615.06</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(335.54)</u>	<u>1,483.70</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 Group		
Balances in Statutory Restricted Accounts	29.17	35.50
Margin & Other Deposit accounts	150.11	121.14
Total	<u>179.27</u>	<u>156.64</u>

Notes to the Consolidated Financial Statements per Schedule "13"
Schedules 1 to 13 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

Mumbai, 19th July, 2011

AMIT MITTAL
Director (Finance)

A.T. SHAH
Company Secretary

For and on behalf of the Board

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT

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

*Chairman Emeritus
Chairman
Managing Director*

Directors

Mumbai, 19th July, 2011

SCHEDULE “1” TO “13” ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE “1” -SHARE CAPITAL

	As at 31st March, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs
AUTHORISED		
1,50,00,000 (<i>Previous year 1,50,00,000</i>) Equity 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>

Foot note

of the above

Nil (*Previous year 83,26,352*) Equity Shares are held by the erstwhile holding company, Sterling Investment Corporation Private Limited, which is amalgamated with Shapoorji Pallonji & Company Limited with effect from 15th October, 2010;

92,95,293 (*Previous year 6,14,505*) Equity Shares are held by the holding company (ultimate holding company up to 14th October, 2010), Shapoorji Pallonji & Company Limited; and

Nil (*Previous year 3,54,436*) Equity Shares are held by Cyrus Investments Limited (a subsidiary of the holding company), which is amalgamated with Shapoorji Pallonji & Company Limited with effect from 15th October, 2010.

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

SCHEDULE “2” - RESERVES AND SURPLUS

	Rs. in Lakhs	As at 31st March, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs
1. TRANSLATION RESERVE:			
Per last Balance Sheet	248.90		65.64
Less: Amount transferred to Profit and Loss Account on Cessation of relationship with Jointly Controlled Entity	-		(233.89)
Add/(Less): Exchange difference on translation of non integral foreign subsidiaries/Jointly Controlled Entity arisen during the year	199.58		(50.63)
		448.48	248.90
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	4.13		-
Add: Transferred from Profit and Loss Account	108.75		4.13
		112.88	4.13
7. GENERAL RESERVE:			
Per last Balance Sheet	35,594.19		33,246.48
Add: Transferred from Profit and Loss Account	2,662.36		2,347.71
		38,256.55	35,594.19
8. DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT	(12,177.61)		(13,183.38)
Adjustment on account of Preference Share Capital in a jointly controlled entity [See Note No. 7(B) in schedule 13]	-		913.00
		(12,177.61)	(12,270.38)
TOTAL		28,214.42	25,150.96

SCHEDULE “3” - SECURED LOANS

	Rs. in Lakhs	As at 31st March, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs
1. TERM LOANS FROM BANKS:			
A. Rupee Loans from			
1. New India Co-op. Bank Limited		612.00	893.99
2. Export - Import Bank of India		1,785.71	2,071.43
3. The Federal Bank Limited		4,137.50	1,787.50
4. State Bank of India		645.66	672.02
5. Axis Bank		1,414.28	2,055.48
6. Bank of India		1,250.00	2,000.00
7. Development Credit Bank		215.74	166.63
B. Foreign Currency Loans from			
Consortium of NATIXIS Bank and HSBC Bank		8,332.74	8,540.57
2. SHORT TERM LOANS FROM BANKS:			
1. Deferred Credit	473.31		431.83
2. Cash Credit and Packing Credit	7,591.42		4,475.29
3. Short Term Loans	4,256.05		3,749.56
		12,320.78	8,656.68
3. TERM LOANS FROM OTHERS:			
Finance Lease		54.58	75.58
TOTAL		30,768.99	26,919.88

SCHEDULE “4” - UNSECURED LOANS

	Rs. in Lakhs	As at 31st March, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs
1. FIXED DEPOSITS		-	3.23
2. SHORT TERM LOANS			
(A) Short Term and call loans from banks		5,000.00	1,011.23
(B) From Others -			
1. Inter-corporate deposits	950.87		3,612.94
[Net of Minority Interest Rs 134.56 Lakhs (Previous Year Rs 134.56 Lakhs)]			
2. Interest accrued and due	91.26		46.76
		1,042.13	3,659.70
3. COMMERCIAL PAPER		1,500.00	-
TOTAL		7,542.13	4,674.16

SCHEDULE "5" - FIXED ASSET

(Rs.in Lakhs)

Description of Assets	GROSS BLOCK				DEPRECIATION/AMORTISATION				IMPAIRMENT		NET BLOCK	
	Cost as at 1st April, 2010	Opening Adjustments [Refer Note 1C of Schedule 13]	Cost of additions during the year	Cost of deductions during the year	Cost as at 31st March, 2011	Cumulative Depreciation/Amortisation upto 31st March, 2010	Opening Adjustments [Refer Note 1C of Schedule 13]	Depreciation/Amortisation for the Year	Cumulative Depreciation/Amortisation on deductions for the year	Cumulative Depreciation/Amortisation upto 31st March, 2011	Balance upto 31st March, 2011	Balance upto 31st March, 2010
TANGIBLE ASSETS												
1. Leasehold Land	913.24	-	-	-	913.24	-	33.75	-	189.42	-	723.82	737.37
2. Leasehold Improvement	43.72	-	-	-	18.92	-	4.37	-	23.29	-	20.43	24.80
3. Freehold Land	593.88	-	8.85	-	585.03	-	-	-	-	-	585.03	593.88
4. Buildings (see Footnote 1)	17,532.49	-	163.42	371.32	17,324.59	-	776.86	128.65	4,004.40	-	13,320.19	14,176.30
5. Plant and Machinery (Owned) (see Footnote 2)	15,713.06	7.25	1,431.87	1,799.56	15,352.62	0.82	1,320.19	1,387.80	7,887.50	-	7,465.12	7,411.37
6. Plant and Machinery (Leased)	90.16	-	0.53	-	90.69	-	22.61	-	37.68	-	53.01	75.09
7. Furniture, Fixtures and Office Equipment	5,969.24	2.78	516.29	410.94	6,077.37	2.46	664.68	324.51	3,960.63	-	2,116.74	2,336.63
8. Shipping Vessels	9,330.55	-	3,152.38	41.61	12,441.32	174.42	593.89	-	768.31	-	11,673.01	9,156.13
9. Vehicles	3,343.90	-	935.30	786.68	3,492.52	-	492.44	580.88	1,623.47	-	1,869.05	1,631.64
Sub Total Tangible Assets	53,530.24	10.03	6,199.79	3,418.96	56,321.10	3.28	3,908.79	2,421.84	18,494.70	-	37,826.40	36,163.41
INTANGIBLE ASSETS												
10. Computer Software	1,608.41	2.72	119.10	100.64	1,629.59	2.70	271.91	90.93	909.96	-	719.63	881.86
11. Brands, Patents and License fees	2,395.67	-	25.88	-	2,421.55	-	108.87	-	2,237.78	-	183.77	266.76
12. Intellectual Property/ Distribution Rights	518.40	-	9.36	-	527.76	-	16.99	-	362.04	-	38.36	45.99
Sub Total Intangible Assets	4,522.48	2.72	154.34	100.64	4,578.90	2.70	397.77	90.93	3,509.78	127.36	941.76	1,194.61
TOTAL	58,052.72	12.75	6,354.13	3,519.60	60,900.00	5.98	4,306.56	2,512.77	22,004.48	127.36	38,768.16	37,358.02
Previous Year	44,716.32	53.80	17,608.12	4,325.32	58,652.72	20.42	3,842.92	3,470.58	20,204.71	489.99	37,358.02	36,163.41

Footnotes:

- 1 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.28.66 Lakhs; (Previous year Rs.28.66 Lakhs) and (iv) Jointly owned Residential Premises Rs.28.39 Lakhs;(Previous year Rs.28.39 Lakhs).
- 2 Plant and Machinery include jointly owned assets Rs.19.24 Lakhs; (Previous year Rs. 19.24 Lakhs)
- 3 Assets held for disposal included above are as under:

Description of Assets	Accumulated Depreciation/ Amortisation upto 31st March, 2011		Impairment as at 31st March, 2011		Gross Block as at 31st March, 2011		Net Block as at 31st March, 2011	
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	
Freehold Land	3.96	-	-	3.96	-	-	-	
Total	3.96	-	-	3.96	-	-	-	
Freehold Land	2.17	-	-	2.17	-	-	-	
Buildings	102.44	57.58	-	44.86	3.26	-	3.26	
Plant and Machinery	727.48	380.08	347.40	18.64	-	-	18.64	
Furniture and Fixtures	83.89	69.28	14.61	-	1.86	-	1.86	
Vehicles	30.83	30.48	0.35	-	0.64	-	0.64	
Computer Software	54.45	54.45	-	-	-	-	-	
Previous Year	1,001.26	591.87	362.36	47.03	24.40	-	24.40	

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

	Rs. in Lakhs	As at 31st March, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs
A. LONG TERM			
1. INVESTMENT IN GOVERNMENT SECURITIES:			
Unquoted			
National Savings Certificate (Deposited with third parties).....		0.07	0.07
2. INVESTMENT IN ASSOCIATES:			
Cost of Investment	5,918.88		297.40
Add: Adjustments for post-acquisition share of profit/ (loss) of associates (Equity Method)	(189.20)		(297.40)
Net Carrying Value		5,729.68	-
3. OTHER THAN TRADE INVESTMENTS:			
(i) Quoted Equity Shares	25.07		25.07
(ii) Unquoted Equity Shares	0.58		0.58
(iii) Debentures	3.89		3.89
		29.54	29.54
4. INVESTMENT IN MUTUAL FUNDS		1.00	1.00
B. CURRENT			
OTHER THAN TRADE INVESTMENTS:			
Quoted Equity Shares		19.38	26.30
		5,779.67	56.91
Less: PROVISION FOR DIMINUTION IN THE VALUE OF INVESTMENTS		0.44	2.05
		5,779.23	54.86
Book value of			
Quoted Investments		44.01	49.32
Unquoted Investments (Cost less Provision for Diminution in value of Investments)		5,735.22	5.54
		5,779.23	54.86
Market Value of Quoted Investments		37.36	45.07

SCHEDULE "7" CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs
CURRENT ASSETS:		
(a) INVENTORIES:		
(i) Raw Materials and Components	6,266.49	4,613.03
(ii) Stock-in-Process	570.76	581.55
(iii) Finished Goods	12,088.93	10,591.02
(iv) Stores, Spares and Loose Tools	264.17	1,028.15
	<u>19,190.35</u>	<u>16,813.75</u>
(b) SUNDRY DEBTORS:		
(i) Debts Outstanding for a period exceeding six months:		
(a) Unsecured, Considered Good	3,632.31	2,270.79
(b) Considered Doubtful	1,167.84	999.95
	<u>4,800.15</u>	<u>3,270.74</u>
(ii) Other Debts:		
(a) Unsecured, Considered Good	13,714.89	11,755.14
(b) Considered Doubtful	-	3.39
	<u>13,714.89</u>	<u>11,758.53</u>
	<u>18,515.04</u>	<u>15,029.27</u>
Less: Provision for Doubtful Debts	1,167.84	1,003.34
	<u>17,347.20</u>	<u>14,025.93</u>
(c) CASH AND BANK BALANCES:		
(i) Cash, cheques on hand and remittances in transit	733.29	1,088.44
(ii) Bank Balances (Refer note No. 8 in schedule 13):		
A. With Scheduled Banks:		
On Current Accounts	5,206.03	6,258.88
On Margin Accounts	150.11	121.14
On Deposit Accounts	4,455.90	468.53
B. With Others		
	1,181.39	3,068.80
	<u>11,726.72</u>	<u>11,005.79</u>
(d) OTHER CURRENT ASSETS:		
Interest accrued on Investments and Deposits	21.73	8.71
(e) LOANS AND ADVANCES:		
(i) Loans		
(a) Unsecured, Considered Good	8,134.62	7,375.86
(b) Considered Doubtful	4,815.84	4,682.77
	12,950.46	12,058.63
Less: Provision for Doubtful Loans	4,815.84	4,682.77
	<u>8,134.62</u>	<u>7,375.86</u>
(ii) Advances recoverable in cash or in kind or for value to be received:		
(a) Unsecured, Considered Good	10,146.08	8,585.14
(b) Considered Doubtful	202.60	171.48
	10,348.68	8,756.62
Less: Provision for Doubtful Advances	202.60	171.48
	<u>10,146.08</u>	<u>8,585.14</u>
(iii) Taxes paid less provisions including Fringe Benefit Tax (other than deferred tax)		
	4,787.51	3,899.35
(iv) Balance with Central Excise, Custom, Port Trust and Sales Tax		
	1,159.72	1,285.84
(v) Other Deposits		
	2,357.29	2,167.79
TOTAL	<u>26,585.22</u>	<u>23,313.98</u>

SCHEDULE "8" - CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs
1. CURRENT LIABILITIES:		
(i) Acceptances	854.67	696.87
(ii) Sundry Creditors		
Due to Micro, Small and Medium Enterprises		
(includes interest Rs 0.83 Lakh including Rs 0.71 Lakh for previous year)	746.27	7.18
Others	12,174.14	13,747.53
(iii) Customers'/Security Deposits, credit balances and advances against supplies and services to be rendered	21,856.41	19,381.89
(iv) Liability towards Investors' Education and Protection Fund under section 205C of the Companies Act, 1956, not due		
(1) Unpaid Dividends	25.27	31.43
(2) Unpaid Matured Deposits	4.41	6.71
(3) Interest accrued on (2) above	3.90	4.07
	<u>33.58</u>	<u>42.21</u>
(v) Other Liabilities	12,502.00	10,879.13
(vi) Interest accrued but not due on loans	71.73	50.47
	<u>48,238.80</u>	<u>44,805.28</u>
2. PROVISIONS:		
(i) Gratuity and other post retirement benefits	830.00	820.91
(ii) Compensated Absences	634.78	687.95
(ii) Provision for Warranties	673.60	470.84
(iii) Tax provisions less payments including Fringe Benefit Tax (other than deferred tax)	736.47	979.03
(iv) Dividend payable on Cumulative Preference Shares held outside the group	56.63	-
(v) Tax on dividend (including intra group dividends)	-	12.33
TOTAL	<u>2,931.48</u>	<u>2,971.06</u>

SCHEDULE "9" - VOLUNTARY RETIREMENT COMPENSATION

	As at 31st March, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs
Opening Balance	-	124.33
Add: Paid / Provided during the year	-	536.89
	-	661.22
Less: Amortised [See Note No. 1 (T) in Schedule 11]	-	661.22
TOTAL	-	-

SCHEDULE "10" - INCOME FROM OPERATIONS

	Rs. in Lakhs	For the year 31st March, 2011 Rs. in Lakhs	For the year 31st March, 2010 Rs. in Lakhs
Charter Hire Income		1,896.41	2,529.07
Ground Rent from Container Freight Stations maintained by the Company		1,008.62	505.58
Multimodal Transport Operations and Allied Services		10,698.56	7,349.70
Rent and Amenity Charges		2,186.16	1,065.24
Maintenance and service income		25,574.87	22,473.26
Others		273.54	397.74
TOTAL		41,638.16	34,320.59

SCHEDULE "11" - OTHER INCOME

Interest on Long Term Investments - Other than Trade		0.17	86.12
Dividend on Investments - Other than Trade			
- Current	-		0.04
- Long term	0.29		58.72
		0.29	58.76
Profit on Sale of Fixed Assets (net of loss)	1,808.25		1,022.88
Add: Provision for impairment of fixed assets no longer required written back	362.63		27.01
		2,170.88	1,049.89
Bad Debts / Advances previously written off now recovered		-	0.12
Profit on Cessation of relationship with Subsidiaries, Jointly Controlled Entities and Associates		-	2,870.11
Provision for Doubtful Advances, no longer required written back		-	178.26
Provision for diminution in the value of Investments, no longer required written back		1.61	14.82
Profit on sale of Investments (net)			
- Current	127.10		293.32
- Long term	-		18.63
		127.10	311.95
Gains arising on foreign currency translation (net)		19.80	637.80
Credit balances / Excess provision written back		59.83	-
Miscellaneous Income		1,301.49	1,099.48
TOTAL		3,681.17	6,307.31

SCHEDULE "12" - MANUFACTURING, TRADING AND OTHER EXPENSES

	Rs. in Lakhs	Rs. in Lakhs	For the year 31st March, 2011 Rs. in Lakhs	For the year 31st March, 2010 Rs. in Lakhs
1. MATERIALS CONSUMED:				
Raw Materials and Components:				
Opening Stock		4,613.03		4,288.66
Add: Purchases		37,596.59		33,937.50
		42,209.62		38,226.16
Less: Provision for reduction in the value of inventory		46.86		2.03
Less: Closing Stock		6,266.49		4,613.03
			35,896.27	33,611.10
2. PURCHASES OF TRADING STOCKS			23,110.36	15,297.25
3. DIRECT LOTTERY EXPENSES			-	102.67
4. STORES, SPARES AND TOOLS CONSUMED			1,064.83	1,096.30
5. PROCESSING CHARGES			1,103.67	775.93
6. POWER AND FUEL			1,254.67	1,168.47
7. OPERATING COSTS RELATING TO SHIPPING BUSINESS				
(a) Charter Hire Charges		1,985.45		2,378.39
(b) Equipment Hire Charges		321.30		319.35
(c) Transportation, Freight, Handling and other charges		7,388.81		5,241.45
			9,695.56	7,939.19
8. CREW AND OTHER RELATED EXPENSES			444.11	139.96
9. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:				
(a) Salaries, Wages, Bonus and Commission		21,452.38		18,887.71
(b) Gratuity		183.12		302.71
(c) Company's Contribution to Provident Fund and Other Funds		1,372.33		1,150.24
(d) Workmen and Staff Welfare Expenses		968.63		833.57
			23,976.46	21,174.23
10. SELLING AND DISTRIBUTION EXPENSES:				
(a) Commission to Dealers		184.16		202.24
(b) Brokerage and Discount		570.87		295.62
(c) Freight and Forwarding Charges		3,152.74		2,635.58
(d) Advertisement Expenses		5,823.73		5,049.51
(e) Selling and Sales Promotion Expenses		3,428.91		4,517.88
			13,160.41	12,700.83
11. OTHER EXPENSES:				
(a) Repairs to				
(i) Plant and Machinery	291.28			194.93
(ii) Buildings	141.21			106.34
(iii) Others	830.38			786.39
		1,262.87		1,087.66
(b) Rent		1,697.30		1,451.78
(c) Rates and Taxes		993.88		1,071.53
(d) Stamps, Telegrams, Stationery, Printing, Telephones and Other Communication		1,704.09		1,714.21
(e) Legal and Professional Charges (including commission to other than wholetime directors of subsidiary companies Rs. 90.25 Lakhs (Previous year Rs 59.00 Lakhs))		2,096.46		1,794.05

SCHEDULE "12" - MANUFACTURING, TRADING AND OTHER EXPENSES (Contd.)

	Rs. in Lakhs	Rs. in Lakhs	For the year 31st March, 2011 Rs. in Lakhs	For the year 31st March, 2010 Rs. in Lakhs
(f) Bad Debts/Advances written off	483.84			1,241.59
Less: Provision held	61.66			935.15
		422.18		306.44
(g) Provision for Doubtful Debts		230.50		272.64
(h) Auditors' Remuneration:				
(i) Audit Fees [includes Rs Nil (Previous Year Rs 1.00 Lakh) in respect of an earlier year]	76.38			80.11
(ii) Tax Audit Fees	3.76			5.40
(iii) Company Law Matters	0.35			0.39
(iv) Other Services	21.95			21.87
(v) Service Tax	0.04			0.21
(vi) Out of Pocket Expenses	2.05			4.09
		104.53		112.07
(i) Excise duty		-		(14.54)
(j) Vehicle Expenses		2,072.38		1,652.96
(k) Travel and Conveyance		2,255.08		1,959.33
(l) Insurance Premium		406.85		608.93
(m) Service Charges		11,352.00		7,765.80
(n) Provision for reduction in value of inventory		388.19		68.57
(o) Miscellaneous Charges		7,334.88		5,821.75
			32,321.19	25,673.18
Balance carried forward			142,027.53	119,679.11
Balance brought forward			142,027.53	119,679.11
12. Provision for Doubtful loans and advances			95.53	47.98
13. Provision for Diminution in the value of Investments			-	0.01
14. Provision for foreclosure of trademark license agreement			-	693.00
15. Settlement of disputed charter hire charges			-	239.29
			142,123.06	120,659.39
16. Less: RECOVERIES FROM THIRD PARTIES			-	0.37
			142,123.06	120,659.02
17. ADJUSTMENT OF STOCKS:				
Opening Stocks:				
Stock-in-Process	581.55			554.07
Finished Goods	10,591.02			12,970.12
		11,172.57		13,524.19
Less: Closing Stocks:				
Stock-in-Process	570.76			581.55
Finished Goods	12,088.93			10,591.02
		12,659.69		11,172.57
Less:-Provision for Inventory		341.33		66.54
Excise duty related to the difference between the closing stock and opening stock		27.57		15.53
(Increase) / Decrease in stocks			(1,800.88)	2,300.61
TOTAL			140,322.18	122,959.63

SCHEDULE "13"

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011

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, 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.
- (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"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities 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, transactions and resulting unrealised profits or losses 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 Group'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 Group's portion of equity of the subsidiary / jointly controlled entity over the cost of the investments by the Group, at the date on which investments is made, is treated as 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; and
 - (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 2011, other than Forbes Lux Group AG, BAAR and Euro P2P Direct (Thailand) Co. Limited, associates, whose reporting date is 31st December 2010.
- (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 "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (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	See Footnote No.	Incorporated In	Percentage Holding (%)	
				For the year ended 31st March, 2011	For the year ended 31st March, 2010
1	Eureka Forbes Limited and its subsidiaries:		India	100.00	100.00
	(a) Aquamall Water Solutions Limited and its subsidiaries:	2	India	100.00	100.00
	(i) Aquadiagnostics Water Research & Technology Center Limited		India	99.94	99.94
	(ii) Forbes Aquamall Limited	2	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		India	100.00	100.00
	(f) Waterwings Equipment Private Limited (w.e.f. 19.06.2009)		India	88.00	76.00
	(g) Radiant Energy Systems Private Limited (w.e.f. 19.06.2009)		India	88.00	76.00
	(h) EFL Mauritius Limited (w.e.f. 02.12.2010)		Mauritius	100.00	-
2	Forbes Campbell Finance Limited and its subsidiaries:		India	100.00	100.00
	(a) Forbes Bumi Armada Limited		India	51.00	51.00
	(b) Forbes Technosys Limited		India	100.00	100.00
	(c) Forbes Smart Data Limited (upto 25.03.2011)		India	100.00	100.00
	(d) Forbes Campbell Services Limited		India	98.00	98.00
	(e) Forbes Edumetry Limited	1	India	57.50	57.50
3	Volkart Fleming Shipping & Services Limited		India	100.00	100.00
4	Forbes Container Line Pte. Limited		Singapore	100.00	100.00
5	Forbes Bumi Armada Offshore Limited (w.e.f. 29.10.2010)		India	50.01	-

Footnotes:-

- During the previous year, the group consolidated Forbes Edumetry Limited as a subsidiary which in earlier years had been consolidated as 50% Joint Venture. As a result of the change, net debit of Rs. Nil (*Previous Year Rs.21.35 Lakhs*) was recognised as prior period item in the profit and loss account, in respect of past losses not recorded to the extent of 7.5%.
- Aquamall Water Solutions Limited has filed petitions dated 07.10.2010 and 21.02.2011 for the merger of Forbes Aquamall Limited into its holding company Aquamall Water Solutions Limited with High Court of Uttarakhand and Andhra Pradesh respectively.
- There is no material effect of the acquisition/disposal of subsidiaries during the year on the financial position as at 31st March, 2011, the results for the reporting period and on the corresponding amounts for the preceding period except that the Group has setup a wholly owned subsidiary in Mauritius, namely, EFL Mauritius Limited and invested amounts aggregating Rs. 5,578.37 Lakhs which has in turn invested Rs. 5,621.48 Lakhs, in equity and preference share capital in associate, namely, Lux International AG whose share of profit for the year is Rs. 108.20 Lakhs.

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

(ix) **Foreign Subsidiaries:**

The consolidated financial statements includes three subsidiaries (previous year: two subsidiaries) incorporated outside India whose financial statements have been drawn up in accordance with the generally accepted accounting practices (GAAP) as applicable in those countries. 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 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, transactions and resulting unrealised profits and losses 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, 2011	For the year ended 31st March, 2010
1	Forbes Aquatech Limited	1	India	50.00	50.00
2	Forbes Concept Hospitality Services Private Limited	1 and 5	India	50.00	50.00
3	Infinite Water Solutions Pvt. limited	1	India	50.00	50.00
4	Nypro Forbes Moulds Private Limited	2 and 4	India	50.00	50.00
5	Nypro Forbes Products Private Limited	2 and 4	India	50.00	50.00
6	Forbes Infotainment Limited	3	India	49.00	49.00
7	Edumetry Inc.		USA	50.00	50.00
8	SCI Forbes Limited		India	25.00	25.00

Footnote:-

- 1 Jointly controlled entities of Eureka Forbes Limited.
- 2 Jointly controlled entities of Forbes Campbell Finance Limited.
- 3 The business operations of Forbes Infotainment, a jointly controlled entity are temporarily held in abeyance. Hence, the accounts for the year ended 31st March, 2011 are prepared on a net realisable value basis.
- 4 The financial statements have been prepared on the going concern basis, notwithstanding substantial erosion of the networth of the company as of the balance sheet date i.e. 31st March, 2011, since the company has sufficient working capital and good order book, and the management has initiated appropriate steps to improve the level of operations of the company.
- 5 The financial statements for the year ended 31st March, 2011 have been prepared on going concern basis though the company has discontinued operations subsequent to the balance sheet date.

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (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 :

	2010-2011	2009-2010
	Rs. in Lakhs	<i>Rs. in Lakhs</i>
ASSETS		
Net Block (including Capital Work in Progress and Capital Advances)	14,219.13	14,028.49
Deferred Tax Asset	0.29	4.09
Current Assets, Loans and Advances	6,022.27	4,868.99
LIABILITIES		
Secured Loans	9,938.60	10,095.66
Unsecured Loans	802.40	1,004.26
Deferred Tax Liability	25.89	24.62
Current Liabilities and Provisions	1,324.51	1,536.69
INCOME		
Sales	2,213.52	4,773.58
Services and Other Income	332.91	1,361.79
EXPENSES		
Manufacturing, Trading and Other expenses	5,842.04	5,300.79
Interest	368.65	242.20
Depreciation	907.16	534.87
Prior Period Items	-	(156.01)
Taxes- Income Tax - Current	32.30	21.75
Income Tax - Deferred	6.61	(0.53)

Name of the Joint Venture Company	2010-11		2009-10	
	Contingent Liabilities	Capital Commitment	Contingent Liabilities	Capital Commitment
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Forbes Infotainment Limited	2.09	-	14.76	-
Nypro Forbes Moulds Private Limited	51.23	-	130.56	-
Nypro Forbes Products Private Limited	311.75	-	311.75	-
SCI Forbes Limited	-	-	-	550.25

(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 Group has 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.

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

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.

Name of the Company	See Note No.	Nature of Business	Percentage Holding (%)	
			For the year ended 31st March, 2011	For the year ended 31st March, 2010
The Svadeshi Mills Company Limited	1	Textile industry - under liquidation	23.00	23.00
Euro P2P Direct (Thailand) Co. Limited	2	Home Appliances	49.00	49.00
Forbes Lux Group AG, BAAR	2	Home Appliances	25.00	25.00
Lux International AG	3	Home Appliances	25.00	-

Footnotes :-

- 1 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.
- 2 The entity is an associate of Eureka Forbes Limited.
- 3 The entity is an associate of Eureka Mauritius Limited (wholly owned subsidiary of Eureka Forbes Limited)

The details of investment in associates are as under: -

(Rs. in Lakhs)

Particulars	The Svadeshi Mills Company Limited	Euro P2P Direct (Thailand) Co. limited	Forbes Lux Group AG, BAAR	Lux International AG	Total
No of equity shares	1,769,430 1,769,430	4,802 4,802	250 250	18,750 -	- -
Cost of investments in equity	177.75 177.75	26.67 26.67	92.98 92.98	5,621.48 -	5,918.88 297.40
Post acquisition share in profits / (Losses) / provision for diminution in value of investment	(177.75) (177.75)	(26.67) (26.67)	(92.98) (92.98)	108.20 -	(189.20) (297.40)
Carrying cost of equity	- -	- -	- -	5,729.68 -	5,729.68 -

C. FIXED ASSETS AND DEPRECIATION / AMORTISATION:

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.

Intangible assets

Intangible assets are valued at cost less amortisation and impairment losses, if any.

Research Costs are charged to the profit and loss account as they are incurred. Costs incurred for applying research results or other knowledge to develop new product, are capitalised to the extent that the product is expected to generate future financial benefits.

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

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 :

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

I THE COMPANY : (31.67 % of Total Depreciation)

Depreciation is calculated on straight line method. The estimated useful life of the assets are as under :

Class of Assets	Estimated Useful Life
(i) All fixed assets other than those specified in items (ii) to (v) below	Schedule XIV to the Companies Act, 1956
(ii) Vehicles	4 Years
(iii) Leasehold land, building thereon and Leasehold improvement	Lower of period of lease and useful life based on Schedule XIV rates
(iv) Building constructed on land belonging to third party	5 Years
(v) Software	5 Years

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 (other than electrical fittings) and Volkart Flemming Shipping & Services Limited (40.70% of total depreciation).
- (ii) Depreciation has been provided on straight line method at rates and in the manner specified in Schedule XIV of the Companies Act, 1956 by Forbes Technosys Limited (other than vehicles), Forbes Campbell Finance Limited, Forbes Infotainment Limited, Nypro Forbes Moulds Private Limited, Nypro Forbes Products Private Limited, Forbes Edumetry Limited, SCI Forbes Limited (ships) and Forbes Bumi Armada Limited. (21.17% of total depreciation).
- (iii) Depreciation has been provided based on estimated useful life of fixed assets on straight line method by Forbes Container Line Pte. Limited, Eureka Forbes Limited on electrical fittings, Forbes Technosys Limited on vehicles, Euro Forbes International Pte Limited, SCI Forbes Limited (other than ship) and Edumetry Inc. (0.52% of total depreciation).
- (iv) Leasehold improvement are amortised on straight line basis over the period of the lease (0.09% of total depreciation).
- (v) Intellectual property / distribution rights and software by Forbes Technosys Limited are amortised over the period of 5 years, software and brand by Eureka Forbes Limited are amortised over a period of 3 and 5 years respectively and software by Forbes Container Line Pte Limited is amortised over the period of 3 years (5.85% of total depreciation).

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 evenly over the period of instruments.

Borrowing costs 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 payment 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.

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

F. INVENTORIES:

I The Company :- (9.85% 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.

II. Subsidiaries / Jointly Controlled Entities:

Inventories of Forbes Technosys Limited are valued on the same basis as that of the Company. Inventories of Eureka Forbes Limited with its subsidiaries and Jointly Controlled Entities (except two subsidiaries mentioned below) and Forbes Infotainment Limited are valued at lower of cost or net realisable value. Cost is determined using first-in-first-out method. (58.87% 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. (31.28% 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.

Multimodal transport income and expenses in case of export handling activities is recognised at the date of bill of lading / airway bill and in case of import handling activities, when the relevant documents (i.e. delivery orders) are delivered to the customers.

Charter hire income and Container Freight Station ground rent income is recognised on an accrual basis.

Income recognition for services other than above 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 except by Eureka Forbes Limited where such transactions are recorded at average rate of the quarter end. 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 foreign subsidiaries are accounted as non-integral part of the Group and the resultant exchange difference on translation is accounted as Translation Reserve.

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

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 entity 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.

In case of a joint venture, namely, SCI Forbes Limited (SFL), pursuant to the introduction of Section 115 VA under the Income Tax Act, 1961, SFL has opted for computation of its income from shipping activities under the Tonnage Tax Scheme. Thus, income from the business of operating ships is assessed on the basis of the deemed Tonnage Income and no deferred tax is applicable to such income as there are no timing differences.

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 future 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 policies 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.

If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at lower of the carrying amount that would have been determined had no impairment loss been recognised or recoverable amount.

L. PROVISIONS AND CONTINGENCIES:

A provision is recognised when the Group has a present 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:

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.

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.

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.

Defined-benefit plans

In respect of contribution to the Provident Fund trust, set up by the Group, since the Group is obligated to meet interest shortfall, if any, with respect to covered employees, such employee benefit plan is classified as Defined Benefit Plan in accordance with the Guidance on implementing

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

Accounting Standard (AS) 15 (Revised) issued by the Accounting Standard Board of the Institute of Chartered Accountants of India on Employee Benefits. According to the Management, actuarial valuation cannot be applied to reliably measure provident fund liabilities in respect of funds managed by the trust, set up by the Company. Accordingly, short fall in the interest is provided in the year in which it is determined.

Expenses for defined-benefit gratuity, post retirement medical benefits and non-compete fees are estimated as at the balance sheet date by an independent actuary 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 estimated 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.

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 "Discontinuing 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 outstanding during the year.

P. CASH FLOW STATEMENTS:

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 Group's cash and cash equivalents in the Cash Flow Statement.

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

Leasing of assets whereby the lessor essentially remains the owner of the asset is classified as operating leases. Lease payments / income in accordance with non-cancellable operational leasing agreements are recognised as expenses / income proportionally during the lease term. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is recognised 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 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 "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (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. Expenditure incurred subsequent to 31st March, 2010 is expensed out immediately to the profit and loss account.

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 legally 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. Both parties are also in active discussion to reach an out of court settlement in the matter which will enable joint development of the property.

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

	For the year ended 31st March, 2011 (Rs. in Lakhs)	<i>For the year ended 31st March, 2010 (Rs. in Lakhs)</i>
(A) Bills discounted	187.12	201.34
(B) Guarantees issued by bank	2,457.43	2,086.65
(C) Taxes in dispute :-		
(i) Sales Tax	7,114.40	6,913.69
(ii) Property Tax	934.07	671.60
(iii) Customs Duty	17.10	17.10
(iv) Income-tax	3,256.42	2,459.69
(v) Wealth-tax	36.12	36.12
(vi) Excise demand	6,126.15	5,674.99
(vii) Consumption Tax in West Bengal	-	8.82
(viii) Professional Tax in Karnataka	-	3.85
(ix) Maharashtra Cess Act	Not Assessed	-
(D) Labour matters in dispute	68.50	63.25
(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	188.29	188.29
(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	1,860.00	1,876.08
(G) Guarantee given in respect of EPCG scheme for Import	-	79.32
(H) Bank Guarantee for which the Company has given counter guarantees	3,617.09	2,317.09
(I) Other demands contested by the Group :-		
(i) Rent	-	15.00
(ii) Other	178.67	216.34

c) Provision for warranty Rs. 673.60 lakhs (*Previous year Rs 470.84 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.

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

3 Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 582.48 Lakhs (*Previous year Rs.974.60 Lakhs*) net of advances Rs.209.28 Lakhs (*Previous year Rs.11.31 Lakhs*).

4 Expenditure on interest of Rs.1,000.04 Lakhs (*Previous year Rs.905.95 Lakhs*) is arrived at as under:

	<i>(Rs. in Lakhs)</i>	For the year ended 31st March, 2011 <i>(Rs. in Lakhs)</i>	<i>For the year ended 31st March, 2010</i> <i>(Rs. in Lakhs)</i>
(i) Interest on Fixed Loans		1,330.12	918.83
(ii) Other interest		1,136.58	1,518.10
(iii) Loan arrangement expenses		156.19	-
		2,622.89	2,436.93
Less:			
(i) Interest Capitalised	5.45		115.44
(ii) Interest received from customers and others	6.56		22.53
(iii) Interest on Income-tax refund	0.38		-
(iv) Interest on Bank Deposit/Inter Corporate Deposit	1,608.54		1,392.62
(v) Others	1.92		0.39
		1,622.85	1,530.98
		1,000.04	905.95

5 **Earnings Per Share**

Sr. No.	Particulars	Remarks	For the year ended 31st March, 2011	For the year ended 31st March, 2010
1	Profit / (Loss) after adjustment of share in Associates and Minority Interest (Rs. in Lakhs)	A	2,968.35	2,826.21
2	Total No. of Equity shares outstanding during the year.	B	1,27,32,218	1,27,32,218
3	Earning per share (Face value being Rs.10 per share)- (Basic & Diluted)	C=A/B	23.31	22.20

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

	As At 31st March, 2011	As At 31st March, 2011	As At 31st March, 2010	As At 31st March, 2010
	Deferred Tax Assets <i>(Rs. in Lakhs)</i>	Deferred Tax Liabilities <i>(Rs. in Lakhs)</i>	<i>Deferred Tax Assets</i> <i>Rs. in Lakhs</i>	<i>Deferred Tax Liabilities</i> <i>Rs. in Lakhs</i>
- Depreciation	(5.91)	76.86	(12.43)	63.17
- Provisions and liabilities to be allowed on payment basis	386.23	(36.26)	349.24	(23.82)
- Unabsorbed Depreciation (See foot note)	-	(11.55)	19.29	(11.55)
	380.32	29.05	356.10	27.80

Footnote:-

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.

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

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

	See Footnote No.	For the year ended 31st March, 2011 (Rs. in Lakhs)	For the year ended 31st March, 2010 (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)
Others		-	15.07
Prior Period Income as per Profit and loss account		-	426.92

1. Provision for doubtful loans and advances made and Advances written off in stand alone financial statements relating to loans given to subsidiary company, not eliminated in earlier years, for which effect has been given in the previous year.
2. 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.
3. During the previous 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 previous year.

- (B) During the previous year, Forbes Infotainment Limited (FIL), the jointly controlled entities, 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 (held outside the group) of FIL against debit balance in Profit and Loss Account. Accordingly, an amount of Rs 913.00 Lakhs has been adjusted to the Profit and Loss Account in Schedule 2 to the Financial Statements.

8 Bank balances on deposit account includes:

(a) with scheduled banks:

- (i) Rs.25.27 Lakhs; (*Previous year Rs.31.43 Lakhs*) representing funds towards the unpaid dividend, Rs.3.90 Lakhs (*Previous year Rs.4.07 Lakhs*) representing funds towards interest on unpaid matured deposits and
- (ii) Rs. 150.11 lakhs; (*Previous Year Rs. 121.14 lakhs*) representing margin deposits; and

(b) with others:

- (i) Rs.3447.20 lakhs (*Previous Year Rs 296.36 lakhs*) held as lien with the bank.

- 9 The terms of repayment of long term loans to Forbes Lux FZE by Eureka Forbes Limited of Rs. 7647.00 Lakhs for business operation in ASEAN countries is not specified. Considering the long term prospects of the growth in business in the ASEAN region no provision for impairment of loans given is necessary in the opinion of the management. Eureka Forbes Limited is in the process of acquiring 75% of shares of Forbes Lux FZE through a proposed new subsidiary. The transaction is likely to get completed in ensuing financial year.

- 10 The company, as part of condition imposed by the lenders to SCI Forbes Limited (SFL), a jointly controlled entity, had entered into a standby charter agreement under which the company (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 agreements 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 agreements got triggered.

Subsequent to the year end, with effect from 1st July, 2011, the aforesaid standby charter agreements have been suspended and consequently the ships have been re-delivered by the Company to SFL. The loss materialised from 1st April, 2011 to 30th June, 2011 is Rs. 258.00 lakhs, in excess of the Company's interest of 25% in SFL, which will be accounted in the period in which it materialises as the said standby agreements are not to be treated as onerous contract as per AS-29 since the triggering of the agreement is dependent on the freight rate prevailing in the market and the discretion of the lenders.

- 11 Account balances of sundry creditors / customers' credit balances / advances aggregating Rs.1,284.70 Lakhs; sundry debtors aggregating Rs.828.75 Lakhs and loans and advances aggregating Rs.953.88 Lakhs relating to the Shipping and Logistics segment are in the process of detailed review and reconciliation. The Management expect that the net effect on the profit and loss account would not be material on completion of exercise.

- 12 SCI Forbes Limited (SFL), a joint venture, has reviewed the recoverable amount of its vessels as on the Balance Sheet date. In the opinion of the management, the value in use being the present value of estimated future cash flow expected to arise from the continuing use of the vessels and from its disposal at the end of its useful life is greater than the carrying amount of the vessels and consequently no provision for impairment has been made

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

- 13 In respect of a subsidiary, namely, Forbes Facility Services Pvt. Ltd., the sundry debtors balances of Rs. 879.04 lakhs are subject to confirmation and reconciliation. Necessary adjustment will be made as and when they will be reconciled.
- 14 (a) Forbes Technosys Limited (FTL), a wholly owned subsidiary, has issued 10,000,000 8% Cumulative Optionally Convertible Redeemable Preference Shares of Rs. 10 each during the year outside the group. Shares shall be redeemable at par upon the expiry of 20 Years from date of allotment. FTL shall have option to redeem the same earlier at any time after giving a written notice of 30 days. The holder of the shares have option after 18 months from date of allotment by written notice of 30 days to call up FTL to convert the share to equity capital at par with the outstanding / existing share capital. The Preference Shares shall be converted to Equity Shares at face value.
- (b) Forbes Container Line Pte. Limited (FCLPL), a wholly owned subsidiary, has issued 2,118,750 Redeemable Convertible Preference Shares (RCPS) of SGD. 1 each during the year outside the group. RCPS are entitled to receive cumulative preference dividends before any dividends are declared to the ordinary shareholders. FCLPL has the option to redeem these RCPS within two years from the date of allotment, 8th June, 2010. The subscribers of RCPS have the option to convert them into ordinary share on a one-for-one basis after two years from the date of allotment upto June, 2030. RCPS have no right to share any surplus assets or profits and carry no voting rights. If the RCPS has not been converted into ordinary shares on the expiration of 20 years from date of allotment it has to be fully redeemed in cash by FCLPL.

15 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 (Regional Provident Fund Commissioner) and family pension fund, the contribution into the superannuation fund except in some cases, are made only by the Group.

Defined-Benefits Plans:

According to the Management, actuarial valuation can not be applied to reliably measure provident fund liabilities in respect of fund managed by the trust, set up by the Company. Accordingly, the Company is currently not in a position to provide other related disclosures as required by Accounting Standard (AS) 15 (Revised) on Employee Benefits notified by the Companies (Accounting Standards) Rules, 2006 read with the Guidance issued by the Accounting Standards Board of the Institute of Chartered Accountants of India. During the year, the Company has provided Rs.21.35 Lakhs (Previous year Rs.Nil) towards interest short fall.

The Group offers its employees defined-benefits plans in the form of a gratuity scheme (a lump sum amount), 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 subsidiary, post retirement medical benefit and non compete fees are not funded. Commitments are actuarially determined at year end. 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.

A sum of Rs. 1372.33 Lakhs (Previous Year Rs.1150.24 Lakhs) has been charged to the profit and loss account in respect of the contribution to the provident fund, family pension fund, superannuation fund and other funds.

Details of defined benefit plans are as follows:

(Rs. in Lakhs)

	For the year ended 31st March, 2011			For the year ended 31st March, 2010		
	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	1,776.79	55.79	344.72	1,819.24	59.62	367.21
Fair Value of Plans	1,381.04	-	-	1,440.79	-	-
Net Liability in the balance sheet	395.75	55.79	344.72	378.45	59.62	367.21
Defined benefit commitments:						
Opening balance as at 1 st April	1,819.24	59.62	367.21	1,808.44	23.03	394.91
Current Service Cost	137.36	15.60	29.38	161.09	17.58	11.06
Interest expenses	144.04	3.81	8.57	138.93	1.04	31.68
Paid benefits	(309.85)	(9.90)	(68.47)	(408.45)	(3.29)	(51.60)

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

(Rs. in Lakhs)

	For the year ended 31st March, 2011			For the year ended 31st March, 2010		
	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)
Actuarial (gain) / loss	(14.00)	(13.34)	8.03	119.23	6.38	(14.52)
Transfer to other divisions	-	-	-	-	14.88	(4.32)
Closing balance as at 31st March	1,776.79	55.79	344.72	1,819.24	59.62	367.21
Plan Assets						
Opening balance as at 1 st April	1,440.79	-	-	1,421.05	-	-
Expected return on scheme assets	120.83	-	-	119.81	-	-
Contributions by the Group	139.26	-	-	286.65	-	-
Paid funds	(309.85)	-	-	(408.45)	-	-
Actuarial gain / (loss)	(9.99)	-	-	21.73	-	-
Closing balance as at 31st March	1,381.04	-	-	1,440.79	-	-
Return on Plan Assets						
Expected return on plan assets	119.95	-	-	119.81	-	-
Actuarial gain / (loss)	(9.99)	-	-	21.73	-	-
Actual return on plan assets	109.96	-	-	141.54	-	-
Expenses on defined benefit plan:						
Current service costs	137.36	15.60	29.38	161.09	17.58	11.06
Interest expense	144.04	3.81	8.57	138.93	1.04	31.68
Expected return on investment	(120.83)	-	-	(119.81)	-	-
Net actuarial (gain) / loss	(4.01)	(13.34)	8.03	97.50	6.38	(14.52)
Expenses charged to the profit and loss account	156.56	6.07	45.98	277.71	25.00	28.22

Investments Details	% invested 31st March 2011	% invested 31st March 2010
Funds Managed by Insurer	36	26
Private Sector Bonds	6	10
State/Central Guaranteed securities	23	24
Special deposit schemes	5	7
Other (excluding bank balances)	30	33
	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 2011	Weighted Average 31st March 2010
Rate for discounting liabilities	8.25%	8.00%
Expected salary increase rate	3.50% to 6.00%	4.50% to 6.00%
Expected return on scheme assets	8.00%	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 "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (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.

The aforesaid disclosures have been made to the extent of information available in the individual financial statements of the company and its subsidiaries/ joint ventures. Accordingly, the net liability in respect of gratuity and other employee benefits disclosed in Schedule - 8 'Current Liabilities and Provisions' and gratuity expense disclosed in Schedule -12 'Manufacturing, trading and other expenses' would not reconcile with the figures disclosed above.

Experience Adjustment:**Gratuity***(Rs in Lakhs)*

	2010-11	2009-10	2008-09	2007-08	2006-07
Total obligation	1,776.79	1,819.24	1,808.44	1,690.70	2,233.76
Plan Asset	1,381.04	1,440.79	1,421.05	1,330.64	1,913.54
Deficit	395.75	378.45	387.39	360.06	320.22
Experience adjustment on plan assets - Gain / (Loss) **	20.95	59.77	(6.26)	*	*
Experience adjustment on plan liabilities - (Gain) / Loss **	143.02	0.29	(3.82)	*	*

* The figures in respect of previous two period are 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 2011-12 have not been ascertained.

The information in respect of medical cost trend rates and the effect of an increase / decrease of 1% point in the assumed medical cost trend rates on current service cost, interest cost and the accumulated post employment benefit cost for medical cost Rs.47.15 Lakhs (Previous year Rs.47.38 Lakhs) is not available.

16 In accordance with the Accounting Standard on Leases (AS) 19 disclosures in respect of leases are made below :**A.** The Group has acquired Plant and 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.90.16 Lakhs*) and Rs.37.61 Lakhs (*Previous year Rs.15.07 Lakhs*) respectively.

(ii) Depreciation recognised in the profit and loss account is Rs.22.54 Lakhs; (*Previous year Rs.15.07 Lakhs*)

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

Period	As at 31st March, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs
Not later than one year	27.03	27.03
Later than one year but not later than five years	33.79	60.82
Later than five years	-	-
Total	60.82	87.85

(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, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs
Not later than one year	22.93	21.00
Later than one year but not later than five years	31.65	54.58
Later than five years	-	-
Total	54.58	75.58

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

B. The Group has given certain premises and moulds on cancellable operating lease basis, the details of which are as follows:

Class of Asset:	Buildings (pro-rata)		Moulds	
	As at 31st March, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs	As at 31st March, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs
Gross Carrying Amount	4,389.70	2,715.22	35.66	-
Accumulated Depreciation	1,226.30	974.06	6.37	-
Depreciation for the year	108.66	66.41	6.37	-

C. The Group has taken certain office premises and a residential flat on operating lease basis. Future minimum lease payments under non-cancellable operating lease are as follows:

Period	As at 31st March, 2011 Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs
Not later than one year.	36.47	16.90
Later than one year but not later than five years.	16.31	6.83
Later than five years .	-	-
Total	52.78	23.73

17 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, 2011		For the year ended 31st March, 2010	
	Rs. in Lakhs	FC	Rs. in Lakhs	FC
(a) Amount receivable in foreign currency on account of the following:				
Export of goods				
	197.24	USD 440,193	125.92	USD 276,199
	20.88	GBP 29,044	24.95	GBP 35,956
	-	-	2.16	EUR 3,537
	6.97	ZAR 106,962	-	-
(b) Amounts payable in foreign currency on account of the following:				
Import of goods and services				
	310.85	USD 693,778	1,461.04	USD 3,208,186
	64.70	GBP 89,982	79.97	GBP 116,803
	10.50	EUR 16,583	7.71	EUR 12,699
	0.64	CHF 1,319	0.35	CHF 816
	219.91	AUD 468,389	-	-
	1.24	SGD 3,494	-	-
Loans Payable	8,332.74	USD 18,595,706	8,540.57	USD 18,966,398

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	Rs. in Lakhs	FC	Rs. in Lakhs	FC
(c) Advances Given				
For Import of Goods	13.08	USD 29,192	2.24	USD 4,909
	0.34	EUR 531	2.59	EUR 4,237
	3.10	GBP 4,308	-	-
	0.08	CHF 166	-	-
For Capital Goods	54.45	USD 121,533	-	-
(d) Advances Received				
From Supplier	5.84	USD 13,035	17.41	USD 38,180
(e) Cash and Bank Balances	3,946.53	USD 8,807,252	2,452.12	USD 5,445,518

Note:-

FC Foreign Currency

USD United States Dollar

GBP Great British Pound

CHF Swiss Franc

EUR Euro

AUD Australian Dollar

SGD Singapore Dollar

ZAR South African Rand

18 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 during the previous year.
- discontinuation of "Motors Manufacturing" Segment at Hosur during the previous year and ;
- discontinuation of Vacuum Cleaner product line at Chennai and Bhimtal (classified under the "Motor Manufacturing" Segment) in an earlier year.

During the year, the Group has disposed off Fixed Assets relating to "Motor Manufacturing" Segment at Hosur, having written down value of Rs.44.77 Lakhs (Net of provision for impairment of Rs.362.63 Lakhs), as at the date of sale, for a consideration of Rs.470.55 Lakhs and disposed of inventory of a carrying value of Rs.128.14 Lakhs at a scrap value of Rs.37.50 Lakhs.

The carrying amount, as at 31st March, 2011, of the total assets and liabilities of the Personal Wear Segment was Rs.43.69 Lakhs (*Previous Year Rs.47.45 Lakhs*) and Rs.11.58 Lakhs (*Previous Year Rs.761.30 Lakhs*) respectively and that of the Motor Manufacturing Segment was Rs.33.75 Lakhs (*Previous Year Rs. 211.34 Lakhs*) [net of Provision for Impairment of Rs. Nil (*Previous year Rs.362.63 Lakhs*) and Rs.116.58 Lakhs (*Previous Year Rs.182.93 Lakhs*) respectively.

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (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							
Income Statement	2011	2010	2011	2010	2011	2010	2011	2010
Operating revenues	146,209.10	126,208.44	-	204.76	-	237.43	146,209.10	126,650.63
Profit / (Loss) on sale of Fixed Assets	1,742.65	1,046.38	-	-	428.23	3.51	2,170.88	1,049.89
Other Income	1,476.90	5,232.63	(18.32)	10.98	51.71	13.81	1,510.29	5,257.42
Operating expenses	140,161.05	121,486.95	0.43	409.84	160.70	369.84	140,322.18	122,266.63
Provision for foreclosure of trademark license agreement	-	-	-	693.00	-	-	-	693.00
Amortisation of voluntary retirement compensation	9.62	81.96	-	-	-	579.26	9.62	661.22
Interest (net)	1,000.04	905.95	-	-	-	-	1,000.04	905.95
Depreciation, Amortisation and Impairment	4,304.77	3,960.56	-	-	1.79	385.95	4,306.56	4,346.51
Profit / (Loss) before tax and prior period items	3,953.17	6,052.04	(18.75)	(887.10)	317.45	(1,080.30)	4,251.87	4,084.64
Prior Period Items	-	426.92	-	-	-	-	-	426.92
Profit / (Loss) before tax	3,953.17	6,478.96	(18.75)	(887.10)	317.45	(1,080.30)	4,251.87	4,511.56
Income tax expense (including Wealth tax)	1,279.73	1,591.24	-	-	-	-	1,279.73	1,591.24
Profit / (Loss) after tax	2,673.44	4,887.72	(18.75)	(887.10)	317.45	(1,080.30)	2,972.14	2,920.32

19 (a) Related Party Disclosures for the year ended 31st March, 2011

(i) Names of related parties and nature of related party relationship for the year ended 31st March 2011.

(A) Holding Company / Ultimate Holding Company

- 1 Shapoorji Pallonji & Company Limited [Holding Company (Ultimate Holding Company upto 14th October, 2010)]
- 2 Sterling Investment Corporation Private Limited (Holding Company upto 14th October, 2010, merged with Shapoorji Pallonji & Company Limited w.e.f. 15th October, 2010)

(B) Fellow Subsidiaries (where there are transactions) :

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

(C) Jointly Controlled Entities (where there are transactions) : *

- 1 Edumetry Inc
- 2 Nypro Forbes Moulds Private Limited
- 3 Nypro Forbes Products Private Limited
- 4 SCI Forbes Limited

(D) Associate Companies (where there are transactions) :

The Svadeshi Mills Company Limited.

(E) Key Management Personnel :

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

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

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

(ii) Transactions with related parties for the year ended 31st March, 2011:

(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 Charter Hire Charges	-	-	1,985.45	-	-	1,985.45
2 Services Rendered	-	-	-	-	-	-
3 Fixed Assets	-	-	-	-	-	-
Sales						
4 Goods and Materials	19.31	-	0.14	-	-	19.44
5 Services Rendered	7.29	30.24	0.90	-	-	38.43
6 Investment	-	-	-	-	-	-
Expenses						
7 Rent	-	-	-	-	-	-
8 Repairs and other Expenses	1.96	132.59	16.80	-	-	151.35
9 Recovery of Expenses	17.92	0.09	0.06	-	-	18.07
10 Dividend on preference shares	48.72	-	-	-	-	48.72
11 Interest Paid	240.33	-	-	-	-	240.33
Income						
12 Rent and Other Service Charges	915.96	23.19	4.41	-	-	943.56
13 Interest Received	-	-	-	-	-	-
14 Profit on sale of Investment	-	-	-	-	-	-
15 Adjustment of Preference Share Capital in Profit and Loss Account	-	-	-	-	-	-
16 Miscellaneous Income	27.10	1.10	0.15	-	-	28.35
Other Receipts						
17 Other Reimbursements	-	-	-	-	-	-
Finance						
18 Loans and Advances Taken	-	-	-	-	-	-
19 Preference shares issued by subsidiary	1,000.00	-	-	-	-	1,000.00
20 Deposits Taken	2,113.07	-	-	-	-	2,113.07
21 Repayment of Deposits Taken	4,055.36	-	-	-	-	4,055.36
Outstandings						
22 Sundry Creditors	-	17.21	-	-	-	17.21
23 Interest accrued	98.20	-	-	-	-	98.20
24 Sundry Debtors	36.97	37.04	1.00	20.15	-	95.16
25 Loans and Advances	21.26	18.82	35.70	4,391.78	-	4,467.56
26 Provision for Doubtful Loans and Advances	-	-	35.70	4,391.78	-	4,427.48
27 Provision for Doubtful Debts	10.65	22.57	-	20.15	-	53.37
28 Deposits Payable	707.28	-	-	-	-	707.28
29 Preference shares issued by subsidiary	1,000.00	-	-	-	-	1,000.00
30 Dividend on preference shares	48.72	-	-	-	-	48.72
Remuneration						
31 Paid / Payable	-	-	-	-	403.21	403.21

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

19 (a) Related Party Disclosures
(iii) Transactions with related parties for the year ended 31st March, 2011:

Nature of Transactions	A	A	B	B	B	B	C	C	C	D	E	E	
	Shapoorji Pallonji & Company Limited	Sterling Investment Corporation Private Limited	Aicoms Infrastructure Limited	Forvol International Services Limited	Gokak Textiles Limited	SP Fabricators Ltd.	Edumetry Inc	Nypro Forbes Products Private Limited	Nypro Forbes Moulds Private Limited	SCI Forbes Limited	The Swadeshi Mills Company Limited	Managing Director, Mr. Ashok Barat	Managing Director of Eureka Forbes Limited, Mr. S.L. Goklaney
Purchases										1,985.45			
1 Charter Hire Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Services Rendered	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales													
4 Goods and Materials	19.31	-	-	-	-	-	-	-	-	-	-	-	-
5 Services Rendered	7.29	-	-	-	-	26.90	-	-	-	-	-	-	-
6 Investment	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses													
7 Rent	-	-	-	-	-	-	16.80	-	-	-	-	-	-
8 Repairs and other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Recovery of Expenses	17.92	-	-	132.59	-	-	-	-	-	-	-	-	-
10 Dividend on preference shares	48.72	-	-	-	-	-	-	-	-	-	-	-	-
11 Interest Paid	233.96	-	-	-	-	-	-	-	-	-	-	-	-
Income													
12 Rent and Other Service Charges	915.96	-	-	-	-	-	-	-	-	-	-	-	-
13 Interest Received	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Profit on sale of Investment	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Adjustment of Preference Share Capital in Profit and Loss Account	-	-	-	-	-	-	-	-	-	-	-	-	-
16 Misc. Income	27.10	-	-	-	-	-	-	-	-	-	-	-	-
Other Receipts													
17 Other Reimbursements	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance													
18 Loans and Advances Taken	-	-	-	-	-	-	-	-	-	-	-	-	-
19 Preference shares issued by subsidiary	1,000.00	-	-	-	-	-	-	-	-	-	-	-	-
20 Deposits Taken	2,113.07	-	-	-	-	-	-	-	-	-	-	-	-
21 Repayment of Deposits Taken	3,996.56	-	-	-	-	-	-	-	-	-	-	-	-
Outstandings													
22 Sundry Creditors	-	-	-	17.21	-	-	-	-	-	-	-	-	-
23 Interest accrued but not due	98.20	-	-	-	-	-	-	-	-	-	-	-	-
24 Sundry Debtors	36.97	-	22.57	-	10.35	-	-	-	-	20.15	-	-	-
25 Loans and Advances	-	-	-	-	-	-	-	-	-	4,391.78	-	-	-
26 Provision for Doubtful Loans and Advances.	-	-	-	-	-	-	-	-	-	4,391.78	-	-	-
27 Provision for Doubtful Debts	10.65	-	22.57	-	-	-	-	-	-	20.15	-	-	-
28 Deposits Payable	707.28	-	-	-	-	-	-	-	-	-	-	-	-
29 Dividend on preference shares	48.72	-	-	-	-	-	-	-	-	-	-	-	-
30 Preference shares issued by subsidiary	1,000.00	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration													
31 Paid / Payable	-	-	-	-	-	-	-	-	-	-	-	93.26	309.95

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

19 (b) 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 (where there are transactions):

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

(C) JOINTLY CONTROLLED ENTITIES (where there are transactions) :*

- 1 Edumetry Inc
- 2 Nypro Forbes Moulds Private Limited
- 3 Nypro Forbes Products Private Limited
- 4 SCI Forbes Limited

(D) Associate Companies (where there are transactions) :

The Svadeshi Mills Company Limited

(E) Key Management Personnel :

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

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

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (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 Charter Hire Charges	-	-	517.94	-	-	517.94
2 Services Rendered	-	2.85	-	-	-	2.85
3 Fixed Assets	294.60	-	-	-	-	294.60
Sales						
4 Goods and Materials	-	-	1.65	-	-	1.65
5 Services Rendered	37.43	801.09	-	-	-	838.52
6 Investments	1,730.11	-	-	-	-	1,730.11
Expenses						
7 Rent	10.79	2.82	-	-	-	13.61
8 Repairs and other Expenses	2.48	109.33	16.83	-	-	128.64
9 Recovery of Expenses	0.15	1.93	-	-	-	2.08
10 Dividend on preference shares	-	-	-	-	-	-
11 Interest Paid	277.61	-	-	-	-	277.61
Income						
12 Rent and Other Service Charges	15.01	26.54	5.04	-	-	46.59
13 Interest Received	-	6.12	-	-	-	6.12
14 Profit on sale of Investment	103.08	-	-	-	-	103.08
15 Adjustment of Preference Share Capital in Profit and Loss Account	913.00	-	-	-	-	913.00
16 Miscellaneous Income	-	1.41	-	-	-	1.41
Other Receipts						
17 Other Reimbursements	-	-	65.18	-	-	65.18
Finance						
18 Loans and Advances Taken	-	-	-	-	-	-
19 Preference shares issued by subsidiary	-	-	-	-	-	-
20 Deposits Taken	4,906.34	-	-	-	-	4,906.34
21 Repayment of Deposits Taken	3,200.00	-	-	-	-	3,200.00
Outstandings						
22 Sundry Creditors	50.68	9.69	1.52	-	-	61.89
23 Interest accrued	46.76	-	-	-	-	46.76
24 Sundry Debtors	13.68	34.72	0.64	20.15	-	69.19
25 Loans and Advances	13.92	19.66	100.77	4,391.78	-	4,526.13
26 Provision for Doubtful Loans and Advances	-	-	35.70	4,391.78	-	4,427.48
27 Provision for Doubtful Debts	-	23.26	-	20.15	-	43.41
28 Deposits Payable	2,649.57	-	-	-	-	2,649.57
29 Preference shares issued by subsidiary	-	-	-	-	-	-
30 Dividend on preference shares	-	-	-	-	-	-
Remuneration						
31 Paid / Payable	-	-	-	-	295.94	295.94

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

	(Rs. in lakhs)												
	A	A	B	B	B	C	C	C	C	E	E		
Nature of Transactions	Shapoorji Pallonji & Company Limited	Sterling Investment Corporation Private Limited	Ajcons Infrastru- cture Limited	Forval International Services Limited	Gokak Textiles Limited	SP Fabricators Ltd.	Edametry Inc	Nypro Forbes Products Private Limited	Nypro Forbes Moulds Private Limited	SCI Forbes Limited	The Svadeshi Mills Company Limited	Managing Director, Mr. Ashok Barat	Managing Director of Eureka Forbes Limited, Mr. S.L. Goklaney
Purchases										517.94			
1 Charter Hire Charges													
2 Services Rendered													
3 Fixed Assets	294.60												
Sales								1.29	0.36				
4 Goods and Materials			738.04										
5 Services Rendered													
6 Investments	1,697.14												
Expenses													
7 Rent	10.79			2.82			16.80						
8 Repairs and other Expenses				109.06									
9 Recovery of Expenses				1.93									
10 Dividend on preference shares													
11 Interest Paid	230.66	46.95											
Income													
12 Rent and Other Service Charges	15.01			22.98	6.12					5.04			
13 Interest Received													
14 Profit on sale of Investment	95.70												
15 Adjustment of Preference Share Capital in													
16 Profit and Loss Account	913.00			0.87	0.54								
17 Misc. Income													
Other Receipts													
18 Other Reimbursements										65.18			
Finance													
19 Loans and Advances Taken													
20 Preference shares issued by subsidiary													
21 Deposits Taken	4,216.34	690.00											
22 Repayment of Deposits Taken	3,200.00												
Outstandings													
23 Sundry Creditors	50.68			9.69									
24 Interest accrued	42.26												
25 Sundry Debtors	13.68		28.37								20.15		
26 Loans and Advances							35.13				4,391.78		
27 Provision for Doubtful Loans and Advances											4,391.78		
28 Provision for Doubtful Debts											20.15		
29 Deposits Payable	2,649.57												
30 Preference shares issued by subsidiary													
31 Dividend on preference shares													
Remuneration													
Paid / Payable											74.16		221.78

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

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

20 (A) Segment Reporting

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", "Shipping and Logistics Services", "Personal Wear", "Motors", "Real Estate" and "Others" which comprises of Education Auxillary Services, Online Lottery Business and other services.

The Group caters 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 for the year ended 31st March 2011:

(Rs. in Lakhs)

	Home Appliances	Engineering	Shipping and Logistics Services	Personal Wear	Motors	Real Estate	Others	Total
External Segment Revenue	111,976.39	18,977.14	13,519.20	-	-	1,682.90	53.47	146,209.10
Add: Inter-segment Revenue	-	-	-	-	-	-	-	-
Net Sales / Income from Operations	111,976.39	18,977.14	13,519.20	-	-	1,682.90	53.47	146,209.10
Segment Results :	4,203.31	658.65	(1,495.17)	(18.75)	317.45	2,907.51	22.05	6,595.05
Add: Unallocated Income								115.73
Less : Unallocated Expenses								(1,458.87)
Profit before Tax and Interest								5,251.91
Less : Interest Expense (Net)								(1,000.04)
Profit before Tax								4,251.87
Provision for Taxation								
Current (including Wealth Tax)								(1,293.22)
In respect of Earlier Years								(9.48)
Deferred								22.97
Profit after Tax								2,972.14
Capital Employed								
Segment Assets	57,622.14	13,945.56	20,237.53	43.69	33.75	3,495.39	138.75	95,516.81
Unallocated Corporate Assets								25,354.85
Total Assets								120,871.66
Segment Liabilities	36,330.21	4,696.44	2,338.50	11.58	116.58	5,859.48	128.06	49,480.85
Unallocated Corporate Liabilities								1,718.48
Total Liabilities								51,199.33
Capital Employed	21,291.94	9,249.13	17,899.03	32.11	(82.83)	(2,364.09)	10.69	69,672.33
Segment Capital Expenditure including Capital Work in Progress	1,940.36	1,497.82	808.29	-	-	1.06	-	4,247.53
Unallocated Capital Expenditure including Capital Work in Progress								113.44
Total Capital Expenditure								4,360.97
Segment Depreciation/Impairment	1,985.43	1,162.39	919.69	-	1.79	84.68	5.77	4,159.75
Unallocated Corporate Depreciation / Impairment								146.81
Total Depreciation / Impairment								4,306.56
Non-Cash Segment Expenses other than depreciation	270.52	522.08	103.90	-	8.79	-	0.03	905.32
Unallocated Non Cash Expenses other than Depreciation								231.08
Total Non-Cash Expenses other than Depreciation								1,136.40

ii) Information about Geographical Business Segment for the year ended 31st March, 2011:

	Within India	Outside India	Unallocated	Total
Revenue	137,291.21	8,917.89	-	146,209.10
Assets	91,630.02	3,886.78	25,354.85	120,871.66
Cost of additions to Fixed Assets during the year	4,137.12	110.41	113.44	4,360.97

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

20 (B) Segment Reporting

i) Information about Primary Business Segments for the year ended 31st March,2010:

(Rs. in Lakhs)

	Home Appliances	Enginee-ring	Shipping and Logistics Services	Personal Wear	Motors	Real Estate	Others	Total
External Segment Revenue	99,953.91	15,091.28	10,390.50	204.76	237.43	605.20	167.56	126,650.64
Add: Inter-segment Revenue	-	-	-	-	-	-	-	-
Net Sales / Income from Operations	99,953.91	15,091.28	10,390.50	204.76	237.43	605.20	167.56	126,650.64
Segment Results :	4,729.60	453.41	(700.16)	(887.10)	(1,080.30)	1,271.50	(169.70)	3,617.25
Add: Unallocated Income								3,374.24
Less : Unallocated Expenses								(2,000.90)
Add : Prior Period items								426.92
Profit before Tax and Interest								5,417.51
Less : Interest (Net)								(905.95)
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	52,673.38	12,782.21	22,498.66	47.15	170.63	3,583.29	184.05	91,939.37
Unallocated Corporate Assets								14,024.93
Total Assets								105,964.30
Segment Liabilities	31,214.81	4,019.75	2,758.58	761.30	182.93	5,918.81	214.47	45,070.66
Unallocated Corporate Liabilities								2,733.51
Total Liabilities								47,804.16
Capital Employed	21,458.58	8,762.46	19,740.08	(714.15)	(12.30)	(2,335.53)	(30.42)	58,160.14
Segment Capital Expenditure including Capital Work in Progress	6,504.24	229.32	5,601.06	-	99.62	19.48	47.71	12,501.43
Unallocated Capital Expenditure including Capital Work in Progress								422.73
Total Capital Expenditure								12,924.16
Segment Depreciation / Impairment	2,132.04	1,034.04	548.06	-	385.95	69.31	99.84	4,269.24
Unallocated Corporate Depreciation/Impairment								77.27
Total Depreciation / Impairment								4,346.51
Non-Cash Segment Expenses other than depreciation	222.00	220.05	141.48	706.17	122.86	-	7.90	1,420.46
Unallocated Non-Cash Expenses other than depreciation								92.48
Total Non-Cash Expenses other than depreciation								1,512.94

ii) Information about Geographical Business Segments for the year ended 31st March 2010:

	With in India	Outside India	Unallocated	Total
Revenue	121,778.47	4,872.17	-	126,650.64
Assets	88,488.49	3,450.89	14,024.93	105,964.30
Cost of additions to Fixed Assets during the year	12,479.99	21.44	422.73	12,924.16

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011

21. Statement regarding subsidiary companies as required under section 212 of the Companies Act, 1956 pursuant to General Circular no. 2/2011 dated February 8th, 2011 issued by the Ministry of Corporate Affairs:

Sr. No.	Particulars	Reporting Currency	Exchange Rate as at March 31, 2011	Capital	Reserves	Total Assets (including investment in subsidiaries)	Total Liabilities	Details of investment (except in case of investment in subsidiaries)	Turnover	Profit/(Loss) before taxation	Provision for taxation	Profit/(Loss) after taxation	Proposed dividend
1	Eureka Forbes Limited	INR		372.80	9,432.78	60,790.78	50,985.20	533.47	106,013.95	1,414.13	368.02	1,046.11	-
2	Aquamall Water Solutions Limited	INR		200.01	11,684.29	16,875.46	4,991.16	0.07	33,160.71	3,693.76	736.17	2,957.59	-
3	Aquadiagnostics Water Research & Technology Centre Limited	INR		8.00	(120.49)	100.46	212.95	-	32.14	(37.88)	-	(37.88)	-
4	Forbes Aquamall Limited	INR		50.00	2,156.45	3,984.04	1,777.59	3.95	7,832.15	360.47	71.84	288.63	-
5	Euro Forbes International Pte. Limited	SGD	35.88	1,255.80	17.16	2,564.19	1,291.23	-	-	(104.33)	(8.59)	(95.74)	-
6	Forbes Facility Services Private Limited	INR		100.00	(2.27)	1,620.09	1,522.36	-	3,303.08	(98.50)	(9.53)	(88.97)	-
7	E4 Development & Coaching Limited	INR		100.00	(85.73)	57.66	43.39	-	65.99	3.97	0.75	3.22	-
8	Forbes Enviro Solutions Limited	INR		5.00	(1.25)	4.90	1.13	-	-	(0.20)	-	(0.20)	-
9	WaterWings Equipments Private Limited	INR		5.00	95.35	631.15	530.80	-	1,448.81	121.96	40.40	81.56	-
10	Radiant Energy Systems Private Limited	INR		7.25	69.57	253.52	176.70	1.00	506.95	75.57	23.57	52.00	-
11	EFL Mauritius Limited	EURO	63.8429	5,650.10	(165.35)	5,763.49	278.74	5,729.68	-	(165.35)	-	(165.35)	-
12	Forbes Campbell Finance Limited	INR		386.41	1,463.43	2,306.79	456.95	1,327.34	-	(919.26)	-	(919.26)	-
13	Forbes Bumi Armada Limited	INR		125.00	31.34	193.69	37.35	-	-	(15.95)	-	(15.95)	-
14	Forbes Technosys Limited	INR		1,889.72	(1,187.12)	3,129.45	2,426.85	-	4,473.61	(600.32)	-	(600.32)	-
15	Forbes Smart Data Limited *	INR		-	-	-	-	-	-	0.65	-	0.65	-
16	Forbes Campbell Services Limited	INR		5.00	0.97	9.93	3.96	-	38.77	0.53	0.16	0.37	-
17	Forbes Edumetry Limited	INR		288.00	(619.22)	112.80	444.02	-	16.16	(14.61)	-	(14.61)	-
18	Volkart Flemming Shipping & Services Limited	INR		50.39	344.80	651.26	256.07	3.92	305.21	49.93	15.34	34.59	-
19	Forbes Container Line Pte. Limited	SGD	35.88	1,070.56	(245.56)	1,221.77	396.77	-	5,562.74	66.23	-	66.23	-
20	Forbes Bumi Armada Offshore Limited	INR		10.00	(23.81)	6.73	20.54	-	-	(23.81)	-	(23.81)	-

*Forbes Smart Data Limited, a subsidiary of Forbes Campbell Finance Limited has wound up its operations w.e.f. 25.03.2011.

SCHEDULE "13" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

22 Figures of previous year have been regrouped wherever necessary.

AMIT MITTAL
Director (Finance)

A.T. SHAH
Company Secretary

For and on behalf of the Board

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT

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

Chairman Emeritus
Chairman
Managing Director

}
Directors

Mumbai, 19th July, 2011

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FORBES & COMPANY LIMITED

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

92nd ANNUAL GENERAL MEETING ON WEDNESDAY THE 24TH AUGUST, 2011 AT 4.00 P.M.

VENUE: Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4th floor, IMC Marg, Churchgate, Mumbai – 400 020.

ATTENDANCE SLIP

1. I certify that I am a registered Shareholder of the Company.
2. I certify that I am a proxy appointed by the above-named Shareholder(s)
(Please strike out whichever is not applicable.)

(Shareholder's/Proxy's full Name)

(Shareholder's /Proxy's Signature)

Regd.Folio:

*DP ID No.

*Client ID No

1. Shareholder/Proxy holder must bring the Attendance Slip to the meeting and hand it over at the entrance duly signed.
2. Shareholders are requested to advice changes in their address, if any, to the Company's Registrars and Share Transfer Agents, TSR Darashaw Ltd, Unit : Forbes & Company Ltd. 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr.E.Moses Road, Mahalaxmi, Mumbai – 400 011. The information should be signed by the shareholders registered under the Ledger Folio.

*Applicable for Shareholder's holding shares in electronic form.

----- ✂ ----- TEAR HERE ----- ✂ -----



FORBES & COMPANY LIMITED

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

PROXY FORM

I/We _____ of _____
 in the district of _____ being a member(s) of the above-named Company, hereby appoint
 _____ of _____ in the district of _____ or failing him
 _____ of _____ in the district of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the 92nd Annual General Meeting of the Company to be held on Wednesday, 24th August, 2011 and at any adjournment thereof.

Signed this _____ day of _____ 2011.

FOR OFFICE USE ONLY

Please
Affix Re. 1
Revenue
Stamp

PROXY NO.:

REGD FOLIO:

NO.OF SHARES

*DP ID No.

Signature(s) of the Shareholder(s)

*Client ID No

*Applicable for Shareholder's holding shares in electronic form.

Note: Kindly deposit the Proxy Form at the Registered Office of the Company not later than 48 hours before the commencement of the Annual General Meeting. Proxy need not be a shareholder of the Company.

Cargo handling at Container Freight Station at Veshvi



FORBES @GOVERNANCE SOLUTIONS

Enabling Government to Citizen Services

@FRANKING / @STAMPING



@GOVERNANCE KIOSKS



UID, FINANCIAL INCLUSION SOLUTION & MOBILITY SOLUTION



FORBES & COMPANY LIMITED

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