



FORBES & COMPANY LIMITED



Since 1767, A tradition of excellence



Annual Report
2008-2009

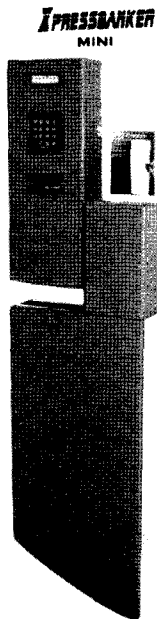
Kiosk for Multiple Applications



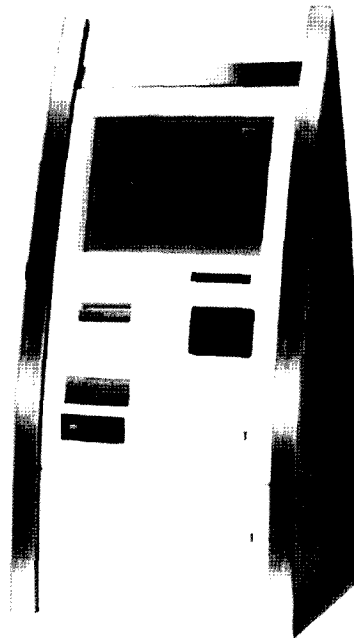
For Self Service Banking



For Self Check-in



Electronic Cheque Drop Box



For Cash-Cheque-Card-Bill Payments and Value Added Services

DIRECTORS:

PALLONJI S. MISTRY *Chairman Emeritus*
SHAPOOR P. MISTRY *Chairman*
ASHOK BARAT *Managing Director*
CYRUS P. MISTRY
D. B. ENGINEER
D. S. SOMAN
N. D. KHURODY
R. N. JHA
S. L. GOKLANEY
T. R. DOONGAJI (*from 28.8.2008*)

SECRETARY:

A. T. SHAH *Company Secretary*

MANAGEMENT:

ASHOK BARAT *Managing Director*
AMIT MITTAL *Director (Finance)*
C. A. KARNIK *Director (Human Resources)*
G. MUKHERJI *Director (Engineering)*

AUDITORS:

MESSRS. DELOITTE HASKINS & SELLS

**SOLICITORS AND
ADVOCATES:**

MESSRS. CRAWFORD BAYLEY & CO.

BANKERS:

IDBI BANK LIMITED
PUNJAB NATIONAL BANK
STANDARD CHARTERED BANK
STATE BANK OF INDIA
THE FEDERAL BANK LIMITED
UNION BANK OF INDIA

**REGISTRARS AND SHARE
TRANSFER AGENTS:**

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

FACTORIES:

MAHARASHTRA

AURANGABAD

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

MUMBAI

CHANDIVALI ESTATE,
SAKI POWAI ROAD
MUMBAI - 400 072

THANE

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

TAMILNADU

HOSUR

PLOT NO. 52,
SIPCOT INDUSTRIAL COMPLEX,
HOSUR - 635 126,
DIST. KRISHNAGIRI

CONTAINER FREIGHT STATIONS:

MAHARASHTRA

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

GUJARAT

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

REGISTERED OFFICE:

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

NINETIETH ANNUAL REPORT 2008-2009

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Annual General Meeting will be held on Thursday, 3rd September, 2009 at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4th Floor, IMC Marg, Churchgate, Mumbai 400 020.

NOTICE

NOTICE is hereby given that the NINETIETH ANNUAL GENERAL MEETING of the shareholders of FORBES & COMPANY LIMITED, will be held at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4th floor, IMC Marg, Churchgate, Mumbai 400 020 on Thursday, the 3rd September, 2009 at 4.00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and 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. Cyrus P. Mistry who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. S.L.Goklaney who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. N. D. Khuordy who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr.T.R.Doongaji, 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 is eligible, for appointment as Director 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 intention to propose his candidature for the office of Director.
6. To appoint 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 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 the charges in order to secure the term loans, as per the details given below:

Details of Loan and the Lender

Security

- | | |
|--|--|
| 1. Rupee Term Loan of : i)
Rs. 26.50 crores from
IDBI Bank Ltd. | Exclusive charge by way of hypothecation of the current assets both present and future, and movable and immovable fixed assets situated at Plot No. C-17, C-18, admeasuring 15978 sq. meters, in Thane Industrial Area within the village limit of and within the limits of Municipal Corporation, Taluka and Registration Sub District, District and Registration Thane, of Forbes Bradma Automation Division. |
| ii) | Mortgage by deposit of title deeds in respect of immovable properties namely all that piece and parcel of land or ground situate at Plot No. C-17, C-18, admeasuring 15978 sq. meters, in Thane Industrial Area within the village limit of and within the limits of Municipal Corporation, Taluka and Registration Sub District, District and Registration Thane togetherwith the building and structure, fixed plant and machinery, fixtures and fitting etc., present and future. |
| 2. Rupee Term Loan of Rs.15 :
crores from Development
Credit Bank Ltd. | Mortgage by deposit of title deeds of all that piece and parcel of land situate at Perungudi Village, admeasuring 5 acres in S.No. 36/16 B.2 comprised in patta no. 46 and situate within the Sub-Registration District of Saidapet, in the Registration District of Chennai South. |

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 lenders, together with the payment of interest thereon at the respective agreed rates, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to the lenders, in terms of its Loan Agreement(s) entered into / executed by the Company, in respect of the above mentioned term loans.

RESOLVED FURTHER that the Board of Directors of the Company, be and is hereby authorised to finalise with the lenders all necessary documents for creating the mortgage and/or charge 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, 30th June, 2009.

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

NOTES:

1. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A SHAREHOLDER.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of businesses at Items 5 & 7 is annexed hereto.
3. Pursuant to the exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956, the annual accounts of the subsidiary companies and the related detailed information are not attached to the Company's accounts for the year ended 31st March, 2009. The annual accounts of the subsidiary companies will be made available to the investors seeking such information as when such request is received by the Company. Such information is also available for inspection by any investor at the Registered Office of the Company and of the subsidiary companies concerned.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 11th August, 2009 to Monday, 24th August, 2009 (both days inclusive).
5. Shareholders are requested to immediately notify the REGISTRARS AND SHARE TRANSFER AGENTS or the DEPOSITORY PARTICIPANTS (in case of shares which have been dematerialised) of any change in their address.
6. SHAREHOLDERS ARE ADVISED, IN THEIR OWN INTEREST THAT ALL COMMUNICATIONS TO THE COMPANY OR ITS REGISTRARS AND SHARE TRANSFER AGENTS WHICH WOULD HAVE THE EFFECT OF AMENDING THE PERMANENT DETAILS OF THEIR LEDGER FOLIO, SHOULD BE SIGNED BY ALL THE SHAREHOLDERS REGISTERED UNDER THAT LEDGER FOLIO.
8. 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

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

Agent

Shah Consultancy Services Ltd.
Sumatinath Complex, 2nd Dhal,
Pritam Nagar, Akhada Road,
Ellisbridge, Ahmedabad 380 006
Telefax: 079- 26576038
Email: shahconsultancy8154@gmail.com

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 400001
Telephone: 022 407 49117
Email. atshah@forbes.co.in

Kindly quote your Ledger Folio No.

ANNEXURE TO NOTICE

1. Explanatory Statement under Section 173 of the Companies Act, 1956.

Item 5:

At the meeting of the Board of Directors held on 28th August, 2008, Mr. T.R.Doongaji 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. T. R. Doongaji 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 intention to propose Mr. T. R. Doongaji for appointment as a Director.

Mr. Doongaji aged 65 has worked at senior levels in various Tata Group companies and he retired in 2008 as the Managing Director of Tata Services Ltd. He is a Director on the Board of several public limited companies. He has wide and varied experience in formulation and implementation of business plans and strategy and has turned around companies. The Directors consider that the services of Mr. Doongaji 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. Doongaji is interested in the Resolution at Item 5 of the Notice since it relates to his appointment.

Item 7:

For the purpose of augmenting the long-term resources, the Company has borrowed money from banks / financial institutions.

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

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

Details of Loan and the Lender**Security**

- | | |
|--|---|
| 1. Rupee Term Loan of Rs.26.50 crores from IDBI Bank Ltd. | i) Exclusive charge by way of hypothecation of the current assets both present and future and movable and immovable fixed assets situated at Plot No. C-17, C-18, admeasuring 15978 sq. meters, in Thane Industrial Area within the village limit of and within the limits of Municipal Corporation, Taluka and Registration Sub District, District and Registration Thane, of Forbes Bradma Automation Division. |
| | ii) Mortgage by deposit of title deeds in respect of immovable properties namely all that piece and parcel of land or ground situate at Plot No. C-17, C-18, admeasuring 15978 sq. meters, in Thane Industrial Area within the village limit of and within the limits of Municipal Corporation, Taluka and Registration Sub District, District and Registration Thane togetherwith the building and structure, fixed plant and machinery, fixtures and fitting etc. present and future. |
| 2. Rupee Term Loan of Rs.15 crores from Development Credit Bank Ltd. | Mortgage by deposit of title deeds of all that piece and parcel of land situate at Perungudi Village, ad measuring an extent of 5 acres in S.No. 36/16 B.2 comprised in patta no. 46 and situate within the Sub-Registration District of Saidapet, in the Registration District of Chennai South. |

Section 293 (1) (a) of the Act 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 7 of the Notice.

For and on behalf of the
Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, 30th June, 2009.

Registered Office:

Forbes Building,
Charanjit Rai Marg, Fort,
Mumbai 400 001

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

DIRECTORS' REPORT

To,

The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2009.

1. FINANCIAL RESULTS:

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

	<i>Rupees in Crores</i>	
	For the year ended 31st March, 2009	<i>For the year ended 31st March, 2008</i>
Sales, Services and Other Income	211.60	281.29
Less: Expenditure	241.40	265.66
Profit/(Loss) after Interest but before Depreciation	(29.80)	15.63
Add/Less: Depreciation	11.99	11.26
Profit/(Loss) after Depreciation	(41.79)	4.37
Add/Less: Provision for Doubtful Loans and Advances and for diminution in value of investments	4.68	0.47
Profit/(Loss) before prior period items	(46.47)	3.90
Less: Prior period items (net)	-	0.20
Profit/(Loss) before Taxation	(46.47)	3.70
(Reversal)/Provision relating to previous year	0.12	(1.89)
–for Fringe Benefit Tax	0.81	0.86
–for Wealth Tax	0.15	0.17
–for Deferred Tax	(0.06)	2.13
Profit/(Loss) after Taxation	(47.49)	2.43
Add/Less: Balance brought forward	15.81	15.76
Total amount available for Appropriation	(31.68)	18.19
Less: Appropriations:		
a) Proposed Dividend	-	1.93
b) Tax on Dividend Distribution	-	0.33
c) General Reserve	-	0.12
d) Sub Total	-	2.38
Balance Carried to Balance Sheet	(31.68)	15.81

2. SCHEME OF ARRANGEMENT:

Shareholders of the Company, at their meeting held on 26th May, 2009 have approved a Scheme of Arrangement for the demerger and transfer of the Shipping Agency Division of Volkart Fleming Shipping & Services Ltd. (VFSSL), into the Company with effect from 1st April, 2008. The Petition is admitted by High Court, Bombay and the Scheme is pending approval by the High Court till which time the business results have been treated separately.

Shareholders of the Company have also approved a proposal to sell the undertaking of Business Automation Group to its subsidiary, Forbes Technosys Ltd., with effect from 1st April, 2009, which has since been concluded.

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

Comments are set out in the following paragraphs.

3.1 ENGINEERING:

1. The Engineering Business has been further restructured this year (dealt with later in this section) which has helped in bringing focus on the existing portfolio at a time when global recessionary conditions demand a very high degree of responsiveness to changing market dynamics.
2. In the Precision Tools Division, the process of continuous upgradation of technology continued; albeit slowly; thus helping us to improve quality and prepare to introduce a range of new products. There was a substantial fall in demand witnessed during quarters 3 and 4 of 2008–2009, (during which quarters the turnover declined by nearly 30%); in spite of this, the division continued to focus on expanding customer base thereby managing to post same level of turnover as last year. Going forward, focus will remain on High Performance Tools through dedicated Application Selling teams. We shall continue to review costs, rationalize the product line, introduce a range of new products, outsource non-critical functions and improve supply-chain management.
3. The Motors Division at Hosur continued to face a very challenging situation as low cost Chinese motors had made manufacturing of motors unviable. Several measures have been and continue to be taken to restructure the operations. The process of restructuring of the Coding Business started in full earnest by focusing on improving the market share in the various product lines. As a result, the revenue from this business grew by 15% YoY, despite the overall market size shrinking significantly on account of the Manufacturing Sectors like Automotive, Heavy and Light Engineering being hit by the recession. However, the low margin on Continuous Inkjet Printers and substantially higher level of working capital dented the profitability. The performance and viability of the Coding Business will be closely monitored in the coming fiscal.
4. The Turbine business saw major change in the business model as we moved from being an agent of a leading US based company to being a Value Added Reseller. The new business model is expected to not only deploy greater degree of technology but will also significantly increase the turnover and profitability. However, due to the long business cycles for both Turbines and Blower businesses, the full impact of this will be felt in the next financial year.

5. In a business portfolio restructuring exercise, the Business Automation Division undertaking was sold to Forbes Technosys Ltd., a subsidiary of the Company where it has a synergistic fit. This move is expected to bring greater focus to the business.
6. The Measuring Instruments business, which had not been gaining enough traction has now been discontinued.
7. Overall, the performance of Engineering Division suffered due to the unprecedented downturn in the global demand that equally affected Indian economy and our business lines. However, no effort was spared in converting the adverse situation into an opportunity like trimming the working capital requirements, which initiative alone freed up more than Rs. 13 crores of cash. Other initiatives included installation of Integrated Management System for operations, renewed product development efforts and bringing focus back on harnessing emerging technologies. These efforts will result in substantial growth to both the top line and bottom line in the next fiscal and going forward.

3.2 LOGISTICS SOLUTIONS AND SHIPPING RELATED ACTIVITY:

Our Container Freight Stations at Veshvi (near JNPT, Mumbai) and Mundra entered their second year of operations during the fiscal year gone by. The overall capacity utilization at Veshvi was around 40% with major support from NYK, a Japanese Main Line Operator. Volumes from NYK dropped after the global economic recession set in September, 2008. Mundra continued to be underutilized due to low throughput through the Port. Turning around the Mundra CFS is high on the agenda and continues to engage management attention.

In the logistics space, we have focused on the Project/Heavy Lift market segment; in which we were able to consolidate and increase our market share. The services that were offered initially were confined to CHA operations and local freight forwarding. By the end of the year, we had started offering clients “end to end” freight forwarding solutions, right from the source (local or global), up to the final destination. This not only allowed the customer the luxury of a ‘single window’ operation, but also increased our visibility and accountability, in the business arena. With the current global economic scenario as a backdrop, service providers who are able to offer value added freight forwarding solutions, will be a very sought after entity, during the oncoming months. Your Company is exploring tie-ups with leading foreign players to get into Warehouse Management, which should be concluded in FY 2009–2010.

Our liner and tramp agency businesses, both service oriented businesses, were, and continue to be impacted by the global economic meltdown as, both, volumes of shipments and rates have fallen.

3.3 UPMARKET BRANDS:

After a review, the Company has decided to exit the business, as it has no strategic fit; it has practically closed down operations with the remaining bit to be wound up by end of September. It is currently exploring options to sub-license the brand for which it still holds the license.

3.4 OTHERS:

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

At the same time, Branch offices at different locations are being consolidated in order to improve efficiency as well as minimize costs. In Chennai, operations are already consolidated whilst Kolkata will take place soon.

3.5 FINANCE AND CORPORATE:

The results for the year, apart from the effects of the global economic meltdown, were adversely affected due to the impairment of investments in Forbes Edumetry Ltd and Edumetry Inc. U.S.A., closure costs of Upmarket Brands Division (both one time) and continued losses at Mundra CFS and Motor manufacturing; excluding the losses from these, the Company would have been near breakeven.

3.6 OUTLOOK FOR FUTURE AND POST BALANCE SHEET EVENTS:

1. The restructuring of the business portfolio including exiting business verticals, segments and investing in selectively chosen ones will continue into 2009-2010; this is expected to lay the foundation and shape the organization into a focussed one for the future. The Company, despite the downturn, decided to continue its investment in SAP, an ERP which will be rolled out enterprise wide and enable availability of information on a real-time basis for effective decision making.
2. After the close of the Financial Year, the Company has acquired further 29,33,176 shares of Next Gen Publishing Limited (Next Gen) from Bauer Consumer Media Ltd, U.K which has decided to opt out of Next Gen. With this acquisition, the total shareholding of the Company in Next Gen has increased to 78,41,416 shares (65.35% of Next Gen's share capital) making it a subsidiary of the Company.
3. Fractional holdings in Gokak Textiles Ltd. and PT Gokak Indonesia have been disposed off, since balance sheet date, by the Company and its subsidiary, Forbes Finance Ltd.

4. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

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 and these are available for inspection to any investor, at the registered office of the Company and that of the subsidiary company concerned.

2. Eureka Forbes Limited and its subsidiaries performed well; their margins and performance are under pressure due to changing nature of trade and onset of competition. During the year, Eureka Forbes Limited added three more subsidiaries namely Aquadiagnostics Water Research & Technology Centre Ltd., E4 Development & Coaching Ltd. and Forbes Water Ltd.
3. Forbes Technosys Limited (FTL) has set up Kiosk Manufacturing operations at Wagle Industrial Estate at Thane and also established a Centre for Innovation for development of new products. Four new models of Kiosks have been developed and launched during the year for addressing different market segments such as e-ticketing, mobile recharge, cheque deposit and bill payment. FTL has also received orders from TATA Indicom, Dena Bank, Punjab State Electricity Board and other electricity distribution companies. With a new product portfolio and setting up of manufacturing operations, the company is poised for growth in the coming years.
4. Forbes Container Line Pte. Limited, Singapore entered into its second year of operations. While the performance in the first six months was very good, the remaining period saw a drop, both, in volume and freight earnings due to global trade witnessing a sharp downturn.
5. SCI Forbes Limited now has its full-fledged office with its own CEO and other operating personnel. It successfully tied up the financing for the vessels just before the onset of the current economic meltdown. The deliveries of the Chemical Tankers will start shortly with the first vessel being delivered in August 2009; the balance deliveries will be completed in the next few months with the last expected in March 2010. The current ongoing economic meltdown has adversely affected the chemical tanker trade, also, for now. However, things should improve going forward.
6. Forbes Bumi Armada Limited has successfully executed a contract with British Gas for an offshore vessel. The Company is actively participating in tenders related to offshore projects.
7. An exercise to rationalize the legal structure, including the investments, of the Company was undertaken during the year. As a result:
 - a scheme to merge 4 group companies into a

subsidiary company w.e.f 1st April 2008 was formulated and is currently awaiting approval of the High Court; the process included consolidation of related liner agency businesses, which these subsidiaries were engaged in, into the parent company.

- Investment in High Point Properties Ltd., a non-operating company, was sold.
 - Forbes Sterling Star Limited was voluntarily liquidated during the year, consequent upon the sale of the Ship owned by this company.
 - Forbes Doris & Naess Maritime Limited and Forbes Tinsley Company Limited have applied under Section 560 of the Companies Act, 1956 for striking off their names from the records of Registrar of Companies; the notification confirming this is expected shortly.
 - Forbes Technosys Ltd. (FTL) became a wholly owned subsidiary during the year after Forbes Finance Limited, a subsidiary of the Company, bought over the holdings of other shareholders.
 - Sea Consortium Pte. Limited, Singapore, a JV partner in Forbes Sea Consortium Pvt. Ltd., has terminated the agency. As the company's business was only this agency, the affairs of the company are currently being wound up and will be put into voluntary liquidation thereafter.
 - Cross-holdings across various companies were simplified and consolidated.
 - As a result of all the above, 9 legal entities would be reduced during the current year.
8. The Company has decided to curtail its exposure to Forbes Edumetry Limited and Edumetry Inc. U.S.A., and has fully impaired its investments in these companies. The future of the company is currently under review and will be finalized by September, 2009.
 9. Forbes Infotainment Ltd. underwent financial restructuring and repaid most of their interest bearing loans through proceeds of an optionally convertible preference shares. The future strategy for the company is under review.
 10. Assets of the Svadeshi Mills Company Limited continue to be in the hands of the Official Liquidator, High Court, Bombay. The Company will do everything possible to realize loans of Rs. 44 crores advanced to this company (fully provided for in the Accounts of the Company in the earlier years).
 11. The Shipping Agency business of Volkart Fleming Shipping & Services Ltd. is being demerged into the parent company and presently awaiting approval of the High Court, Bombay. This will enable consolidation of the Agency business under one legal entity.

5. DIRECTORS:

1. Mr. Cyrus P. Mistry, Mr. S. L. Goklaney and Mr. N. D. Khurody are due to retire by rotation. The Board of Directors commend their reappointment as Directors of the Company.
2. Mr. T. R. Doongaji was appointed as an Additional Director of the Company on 28th August, 2008. He holds office up to 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 commend his appointment as Director of the Company.

6. 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 independent firms of Chartered Accountants and a periodical review by the management. The Audit Committee of the Board meets at regular intervals and addresses significant issues raised by both the Internal Auditors and the Statutory Auditors. The process of internal control and systems, statutory compliance, risk analysis and its management and information technology are woven together, to provide a meaningful support to the managerial process.

7. 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.

8. 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.

9. 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 reappoint 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.

Auditors comments in their Report are self explanatory. The Auditors have observed upon value of certain investments held by the Company. The Company has a long term interest in these investments and no provision for a diminution in value of these investments is considered to be necessary.

10. 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.

11. 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 is 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 are 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.

12. HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:

In the context of the current economic downturn, ensuring that employees deliver superior outcome, has become the most critical challenge for every business. The need, therefore, is to create a positive energy at workplace where each employee is willing to walk the extra mile. The required steps were taken in this direction.

Considering that "Fixing The Business" was topmost priority, a training program with the theme '**Budgetary Process Linked to Performance Management**' was organized covering all three tiers viz. Senior Management, Middle Management and Supervisory Staff. Senior Faculty from the Indian Institute of Management (IIM), Bangalore conducted the programme for Senior Management.

Apart from above, in order to infuse fresh blood, Management Trainees in various functions were inducted into a one year Management Training Programme.

On the Industrial Relations front, a cordial relationship has been maintained with various Unions and there has been no loss of man-hours in the manufacturing units due to industrial unrest.

13. Pursuant to the provisions of 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.

14. 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.

15. ACKNOWLEDGEMENT:

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

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

Mumbai, 24th July, 2009

Annexure to the Directors' Report:

Persons constituting "Group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969 include the following:

1. Sterling Investment Corporation Pvt. Ltd.
2. Abhipreet Trading Co. Pvt. Ltd.
3. Afcons (Overseas) Constructions and Investments Pvt. Ltd.
4. Afcons BOT Construction Pvt. Ltd.
5. Afcons Construction Mideast LLC
6. Afcons Emirates Financial Services FZE
7. Afcons Infrastructure International Ltd.
8. Afcons Infrastructure Ltd.
9. Afcons Madagascar Overseas SARL
10. Afcons Offshore & Marine Services Pvt Ltd.
11. Alaya Properties Pvt. Ltd.
12. Archaic Properties Pvt. Ltd.
13. Bengal Shapoorji Business Parks Pvt. Ltd.
14. Bengal Shapoorji Infrastructure Development Pvt. Ltd.
15. Blue Riband Properties Pvt. Ltd.
16. Cama Properties Pvt. Ltd.
17. Chinsha Properties Pvt. Ltd.
18. Corporate Apparel U.S.A., Inc.
19. Cyrus Chemicals Pvt. Ltd.
20. Cyrus Engineers Pvt. Ltd.
21. Cyrus Investments Ltd.
22. Delna Finance & Investments Pvt. Ltd.
23. Delphi Realty & Construction Pvt. Ltd.
24. Devine Realty & Construction Pvt. Ltd.
25. Doris Properties Pvt. Ltd.
26. Drashti Developers Pvt. Ltd.
27. East View Estate Pvt. Ltd.
28. Empower Builders Pvt. Ltd.
29. Euphoria Properties Pvt. Ltd.
30. First Future Air Services Pvt. Ltd.
31. Firstrock Infrastructure Pvt. Ltd.
32. Flamboyant Developers Pvt. Ltd.
33. Flooriase Developers Pvt. Ltd.
34. Floral Finance Pvt. Ltd.
35. Floreat Investments Ltd.
36. Flotilla Finance Pvt. Ltd.
37. Forvol International Services Ltd.
38. Gallop Developers Pvt. Ltd.
39. Gokak Textiles Ltd.
40. Gossip Properties Pvt. Ltd.
41. Grand View Estate Pvt. Ltd. (upto 11.12.2008)
42. Hazarat & Company Pvt. Ltd.
43. Hermes Commerce Ltd.
44. High Point Properties Ltd.
45. Highstreet Developers Pvt. Ltd. (upto 10.6.2009)
46. Khajrana Ganesh Properties Pvt. Ltd.
47. Lucrative Properties Pvt. Ltd.
48. Magpie Finance Pvt. Ltd.
49. Make Home Realty & Construction Pvt. Ltd.
50. Manjri Developers Pvt. Ltd.
51. Manjri Horse Breeders Farm Pvt. Ltd.
52. Manjri Stud Farm Pvt. Ltd. (upto 29.1.2009)
53. Mazsons Builders & Developers Pvt. Ltd.
54. Meriland Estates Pvt. Ltd.
55. Mileage Properties Pvt. Ltd.
56. Miracle Touch Developer Pvt. Ltd.
57. My Dream Properties Pvt. Ltd. (w.e.f 11.9.2008)
58. Neil Properties Pvt. Ltd.
59. Palchin Real Estates Pvt. Ltd.
60. Phenomenon Developers Pvt. Ltd.
61. Precaution Properties Pvt. Ltd.
62. Ramili Investments Pvt. Ltd.
63. Relationship Properties Pvt. Ltd.
64. Renaissance Commerce Pvt. Ltd.
65. S. C. Impex Pvt. Ltd.
66. Shachin Real Estate Pvt. Ltd.
67. Shapoorji & Co. Pvt. Ltd.
68. Shapoorji Data Processing Pvt. Ltd.
69. Shapoorji Drilling Enterprises Pvt. Ltd.
70. Shapoorji Hotels Pvt. Ltd.
71. Shapoorji Pallonji (Gwalior) Pvt. Ltd.
72. Shapoorji Pallonji Biotech Park Pvt. Ltd.
73. Shapoorji Pallonji Cement (Gujarat) Pvt. Ltd.
74. Shapoorji Pallonji Energy (Gujarat) Pvt. Ltd.
75. Shapoorji Pallonji Finance Ltd.
76. Shapoorji Pallonji Industrial Park Pvt. Ltd.
77. Shapoorji Pallonji Infrastructure (Gujarat) Pvt. Ltd.
78. Shapoorji Pallonji Infrastructure Capital Co. Ltd.
79. Shapoorji Pallonji Ports Pvt. Ltd.
80. Shapoorji Pallonji Power Co. Ltd.
81. Sharus Building Services India Pvt. Ltd.
82. Shatranj Properties Pvt. Ltd.
83. Simar Energy (Gujarat) Pvt. Ltd.
84. Simar Port Pvt. Ltd.
85. SP Agri Management Services Pvt. Ltd.
86. SP Aluminium Systems Pvt. Ltd.
87. SP Architectural Coatings Ltd.
88. SP Biofuels Ventures Pvt. Ltd.
89. SP Bioscience Pvt. Ltd.
90. SP Fabricators Pvt. Ltd.
91. SP Infocity Developers Pvt. Ltd.
92. SP International Ltd.
93. SP Research Laboratories Pvt. Ltd.
94. SP Simar Infrastructure Zone Pvt. Ltd.
95. SSS Electricals (India) Ltd.
96. Steppe Developers Pvt. Ltd.
97. Sterling & Wilson Powergen Pvt. Ltd.
98. Sterling & Wilson Pvt. Ltd.
99. Sterling Generators Pvt. Ltd.
100. Sterling Industries FZ LLC
101. Sunny View Estates Pvt. Ltd.
102. Think Ahead Properties Pvt. Ltd.
103. United Motors (India) Ltd.

Information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

(A) Conservation of Energy:

Measures taken during the year include the following:

(a) ENERGY CONSERVATION MEASURES TAKEN:

- 1 Energy Audit conducted for Thane and Aurangabad factories
- 2 Shaker Hearth Furnace and Continuous Tempering Furnace in Spring Washer Division.
 - (i) Power contractors replaced with Silicon Controlled Rectifiers.
 - (ii) electrical surge standard temperature controllers replaced with advanced PID.
 - (iii) controllers to achieve linear temperature.
- 3 Tap Section, electrical chokes have been replaced with electronic chokes to save energy. 250 Tube Lights chokes have been replaced.
- 4 Natural Draft air circulation fan fitted to increase air changes and day light in factory.
- 5 Relieving machine group central motor replaced by fractional HP motor.
- 6 Installation of capacitors to improve power factor

(b) ADDITIONAL INVESTMENTS PROPOSALS:

- 1 Installation of High Performance Electronic Ballast, Electronic attachment for Air-conditioners to avoid wasteful energy consumption and other possibilities are being investigated.

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

- 1 The Company's operations involve low energy consumption. Efforts to conserve and optimise use of energy through operational methods will continue.
- 2 Company is saving approx. Rs.50,000/- p.a. due to the measure in operation at (a)(6) above.
- 3 Company is expecting to get continuous savings on Lightings and Air-Conditioners consumption due to the measure taken at (b)(1) 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	1540.14
2 Commission and other Services	187.84
3 Freight and Insurance recoveries	18.33
4 Dividend	200.56
5 Total	1946.87

(b) Foreign exchange outgo:

1 Imports calculated on CIF basis – raw material	348.09
2 Imports calculated on CIF basis – components	24.89
3 Imports calculated on CIF basis – stores, spares and tools	118.29
4 Imports calculated on CIF basis – capital goods	1041.52
5 Import Calculated on CIF basic–Purchase for re–sale	1273.71
6 Commission to overseas agents	22.04
7 Foreign travel	59.75
8 Royalty	103.31
9 Interest paid on loans	0.42
10 Others	60.67
11 Total	3052.69

FORM B
(See Rule 2)

Form for disclosure of particulars with respect to Technology Absorption

(A) Research and Development (R & D)

- | | |
|---|---|
| 1. Specific areas in which R & D carried out by the Company | : This includes development of new products and processes for Marking systems. Improvement and cost reduction of existing products and import substitution. |
| 2. Benefits derived as a result of the above R & D: | New products developed by R&D have been commercialised. |
| 3. Future course of action: | Development of products and processes, cost reduction and import substitution :
(i) Expand range of Marking Systems.
(ii) The Company is in the process of installing CNC Engraving Machine to improve upon the lead time of Marking products and to expand the range of new products for the similar applications. |
| 4. Expenditure on R & D | (Rs.in Lakhs) |
| a) Capital | - |
| b) Recurring | 13.97 |
| c) Total | 13.97 |
| d) Total R & D expenditure as percentage of total turnover | 0.07% |

(B) Technology Absorption, Adaptation and Innovation:

- | | |
|---|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation. | a) MA Ford High performance drill technology transfer.
b) Flute milling retrofitting with Hydraulic and Servo drives.
c) SS washers new product introduced.
d) As a result of technology adaptation and innovation, many of our products are fully indigenous and in other cases imports are gradually reduced. |
| 2. Benefits derived as result of the above. | a) The Company has witnessed another successful year for growth in domestic as well as export sales. The growth is attributed to buoyancy in automobile and engineering industries and timely modernisation of our plants for quality and capacity. However, increase in raw material cost is not fully supported by sales realisation.
b) By addition of latest state of art SS washers, the Company established quality of washers to the leading global manufacturers.
c) The modernisation of plants is continued to compete with international brands in quality.
d) Development of Metal Marking Devices has resulted in substantial import substitution. |
| 3. In case of import of technology (imported during the last 5 years reckoned from the beginning of the financial year) the following information may be furnished. | |
| a) Technology imported | } Nil and Not Applicable |
| b) Year of import | |
| c) Has technology been fully absorbed | |
| d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action. | |

Annexure forming part of Directors' Report for the year ended 31st March, 2009
 Note : Position indicated is as at the end of the year i.e. 31st March, 2009, 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. 31st March, 2009 See Annexure AA
i. Promoter Directors	3
ii. Managing/Executive Director	1
iii. Non-Executive Directors	9 (including 3 included in (i) above)
iv. Independent Non-Executive Directors	5 (included in (iii) above)
v. Nominee Directors	None
vi. Institutional Director-in which capacity – Lender or equity investor	None and Not Applicable.
	Non-Executive Directors are more than 50% of total directors. The Chairman is non-executive promoter and one half of the Board of the Company consists of independent directors.
b. Attendance of each director at the Board of Directors meeting and last Annual General Meeting	See Annexure AA
c. Mention about other Boards of Directors or Board Committees in which each Director is a member or Chairperson.	See Annexure AB
d. Number of Board Meetings held – dates on which held	8 Board Meetings were held on the following dates – 28.04.2008 23.09.2008 07.07.2008 27.10.2008 31.07.2008 30.01.2009 27.08.2008 12.03.2009 The gap between two consecutive Board Meetings was not more than four months.
e. Details of Directors whose re-appointment/ appointment is proposed at the forthcoming Annual General Meeting	See Annexure AC
Code of Conduct for Board of Directors and Senior Management:	
The Company has adopted a Code of Conduct for Board of Directors and Senior Management (the Code). The Code has been communicated to the Directors and the members of the Senior Management. The Code has also been posted on the Company's website www.forbes.co.in All Board members and senior management have confirmed compliance with the Code for the year ended 31st March, 2009. 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 30th June, 2009.	

3. Audit Committee: i. Brief description of terms of reference of Audit Committee	Terms of reference of the Audit Committee include – <ul style="list-style-type: none"> Review of the Company's financial reporting process, the financial statements and financial/risk management policies. Review of the adequacy of the internal control systems and functioning of the Internal Audit team. Discussions with the management and the external auditors, 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 Meetings held during his tenure	No. of Meetings attended by him.								
	* Mr. D. S. Soman (Chairman)	7	7								
	* Mr. D. B. Engineer	7	4								
	* Mr. R. N. Jha	7	7								
	** Mr. C. G. Shah (upto 30.9.2008)	3	3								
	** Mr. Ashok Barat (w.e.f. 30.9.2008)	4	3								
	* Mr. T. R. Doongaji (from 27.10.2008)	3	3								
	* Non-Executive Independent Director ** Executive Director All members are financially literate and one member has Accounting expertise. The Chairman of the Audit Committee was present at the last Annual General Meeting. Mr. A. T. Shah, the Company Secretary, acts as the Secretary of the Committee										
iv. Number of Audit Committee meeting held – dates on which held	7 Audit Committee meetings were held on the following dates – <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">28.04.2008</td> <td style="width: 50%;">26.11.2008</td> </tr> <tr> <td>07.07.2008</td> <td>24.01.2009</td> </tr> <tr> <td>31.07.2008</td> <td>28.01.2009</td> </tr> <tr> <td>27.10.2008</td> <td></td> </tr> </table> The gap between two consecutive Audit Committee Meetings was not more than four months.			28.04.2008	26.11.2008	07.07.2008	24.01.2009	31.07.2008	28.01.2009	27.10.2008	
28.04.2008	26.11.2008										
07.07.2008	24.01.2009										
31.07.2008	28.01.2009										
27.10.2008											
4. Remuneration Committee :											
i. Brief description of terms of reference	The Remuneration Committee is responsible for determining the compensation payable to the Managing Director and Whole-time Directors based on industry practice and performance of the individuals										
ii. Composition, name of members and & Chairperson iii. Meeting and attendance during the year.	Name	No. of Meetings held during his tenure	No. of Meetings attended by him								
	Mr. Pallonji S. Mistry (Chairman)	1	1								
	Mr. D. S. Soman	1	1								
	Mr. R. N. Jha	1	1								
	Mr. Shapoor P. Mistry	1	1								
	Mr. N. D. Khurody	1	1								
iv. Remuneration Policy	The Remuneration Committee determines and recommends to the Board the compensation of the Managing and Whole-time 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 of remuneration are as under :										

v. A. Details of remuneration to Wholetime Directors as per the format listing out the following :	<u>Mr. Ashok Barat</u> Rs.		<u>Mr. C. G. Shah</u> (upto 30.09.2008) Rs.	
(a) Salary and allowance	44,18,796		80,47,029	
(b) Post retirement benefits	-		128,51,943	
(c) Benefits and perquisites	11,32,469		63,796	
(d) Bonus/Commission	-		-	
(e) Pension-contribution to PF & Superannuation Fund	6,48,000		2,91,600	
(f) Total	61,99,265		212,54,368	
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.		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 @		1.4.2007 to 31.3.2012 (retired on 30.9.2008 as per the retirement policy)	
@ Subject to retirement policy of the Company				
Notice Period	Six months		Six months	
Severance fees	Nil		Nil	
Stock Options details (if any)	Nil		Nil	
v. B. Details of remuneration paid to Non-wholetime Directors and the shares held by them in the Company:	No. of shares	Directors' fees Rs.	Commission paid Rs.	Total Rs.
1. Mr. Pallonji S. Mistry	Nil	70,000	Nil	70,000
2. Mr. Shapoor P. Mistry	Nil	80,000	Nil	80,000
3. Mr. Cyrus P. Mistry	Nil	50,000	Nil	50,000
4. Mr. D. B. Engineer	385	90,000	Nil	90,000
5. Mr. D. S. Soman	Nil	1,50,000	Nil	1,50,000
6. Mr. N. D. Khuordy	Nil	80,000	Nil	80,000
7. Mr. R. N. Jha	Nil	1,60,000	Nil	1,60,000
8. Mr. S. L. Goklaney	Nil	40,000	Nil	40,000
9. Mr. T. R. Doongaji (appointed as a Director on 28.08.2008)	Nil	60,000	Nil	60,000
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.	Pending as on 1.4.2008 *	Total	Of which Court Cases
	Add: Received	12	11
iv. No. of complaints not solved to the satisfaction of the Shareholders.	Less: Solved to the satisfaction of the Shareholders	4	1
	Balance	16	12
		4	—
		12	12
	* There are 12 pending Court cases, which remain pending as at 31st March, 2009		
v. No. of pending share transfers	There were no pending share transfers for approval as on 31.3.2009		

6. General Body Meetings:			
i. Location and time where last three AGMs were held	AGM on Monday, the 11th September, 2006 at 4.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd floor, 18/20, Kaikhushru Dubash Marg, (Behind Prince of Wales Museum), Mumbai 400001.	AGM on Friday, the 28th September, 2007 at 4.00 p.m. at 'Centrum', 1st Floor, World Trade Centre Complex, Centre 1 Building, Cuffe Parade, Mumbai 400005.	AGM on Wednesday, the 27th August, 2008 at 4.00 p.m. at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4th Floor, IMC Marg, Churchgate, Mumbai 400020.
(ii) Details of Special Resolutions passed in the previous 3 AGMs	<p>(1) <u>AGM – 11th September, 2006:</u></p> <p>a) Payment of minimum remuneration from 1st April, 2007 to 31st March, 2010 to Mr. K. C. Mehra calculated in the manner provided in Part II of the Schedule XIII of the Companies Act, 1956.</p> <p>b) Payment of minimum remuneration from 1st April, 2007 to 31st March, 2010 to Mr. C. G. Shah calculated in the manner provided in Part II of the Schedule XIII of the Companies Act, 1956.</p> <p>Note: In addition at a meeting held on 20th March, 2007, under the direction of the High Court of Judicature at Mumbai, the Shareholders have approved demerger of Textile Undertaking of the Company, into another company, namely GOKAK TEXTILES LIMITED, effective from 1st April, 2007,</p> <p>(2) <u>AGM – 28th September, 2007:</u></p> <p>Authority pursuant to Section 21 of the Companies Act, 1956, to change the name of the Company to "Forbes & Company Limited" or such other name as may be approved by the Central Government and accepted by the Board of Directors of the Company.</p> <p>(3) <u>AGM – 27th August, 2008:</u></p> <p>a) Payment of minimum remuneration from 1st April, 2008 to 31st March, 2011 to Mr. Ashok Barat calculated in the manner provided in Part II of the Schedule XIII of the Companies Act, 1956.</p> <p>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 1st April, 2008, to such Directors of the Company, other than the Managing Director and the Wholetime Directors of the Company.</p> <p>c) Authority pursuant to Section 372 A 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.</p>		

<p>iii. Whether any special resolution passed last year through postal ballot, details of voting pattern.</p>	<p>1) Consent of the shareholders to the transfer by way of a sale or otherwise, of the undertaking of the Company engaged in the business of manufacturing and/or sale of typewriters, vacuum cleaners, plastic moulded parts, tool room, operations of windmill, etc. at Chennai, Bhimtal, Muppandal and Hosur was obtained by means of Postal Ballot, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Postal ballot results were declared on 7th May, 2008.</p> <p>Out of 12,785 shareholders, 566 shareholders exercised their right to vote through Postal Ballot.</p> <table border="1" data-bbox="738 493 1494 703"> <thead> <tr> <th></th> <th>In favour</th> <th>Against</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>a) No. of equity shares embodying the valid votes cast.</td> <td>93,08,543</td> <td>7,945</td> <td>93,16,488</td> </tr> <tr> <td>b) Percentage(%) to total number of equity shares for which votes have been cast.</td> <td>99.91%</td> <td>0.09%</td> <td>100%</td> </tr> </tbody> </table> <p>Votes representing 9,464 equity shares were invalid and hence rejected. The Ordinary Resolution was duly passed by a majority of 99.91% of total number of equity shares for which votes had been cast.</p> <p>2) Consent of the shareholders to the transfer of the Undertaking of Business Automation Group of the Company which is engaged in the business of trading in Office Automation products including Electronic Cash Registers, Note Counting machines, Point-of-sale machines, MICR encoders, Billing Printers, Plastic Cards etc. to one of the subsidiaries of the Company by way of sale or otherwise at such consideration and with effect from such date as the Board of Directors of the Company may think fit was obtained by means of Postal Ballot, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Postal ballot results were declared on 26th March, 2009.</p> <p>Out of 12994 shareholders, 476 shareholders exercised their right to vote through Postal Ballot.</p> <table border="1" data-bbox="738 1176 1494 1386"> <thead> <tr> <th></th> <th>In favour</th> <th>Against</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>a) No. of equity shares embodying the valid votes cast.</td> <td>93,84,698</td> <td>2,345</td> <td>93,87,043</td> </tr> <tr> <td>b) Percentage(%) to total number of equity shares for which votes have been cast.</td> <td>99.98%</td> <td>0.02%</td> <td>100%</td> </tr> </tbody> </table> <p>Votes representing 10,442 equity shares were invalid and hence rejected. The Ordinary Resolution was duly passed by a majority of 99.98% of total number of equity shares for which votes had been cast.</p>		In favour	Against	Total	a) No. of equity shares embodying the valid votes cast.	93,08,543	7,945	93,16,488	b) Percentage(%) to total number of equity shares for which votes have been cast.	99.91%	0.09%	100%		In favour	Against	Total	a) No. of equity shares embodying the valid votes cast.	93,84,698	2,345	93,87,043	b) Percentage(%) to total number of equity shares for which votes have been cast.	99.98%	0.02%	100%
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<p>iv. Persons who conducted the postal ballot exercise.</p>	<p>Mr. Dinesh M. Kapadia Scrutinizer Tilak Mandir, 'B' Block, 2nd floor, Congress House, V.P.Road, Mumbai 400004</p>																								
<p>v. Procedure for postal ballot</p>	<p>The postal ballot was conducted in accordance with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.</p>																								
<p>vi. Whether any special resolution is proposed to be conducted through postal ballot</p>	<p>No.</p>																								

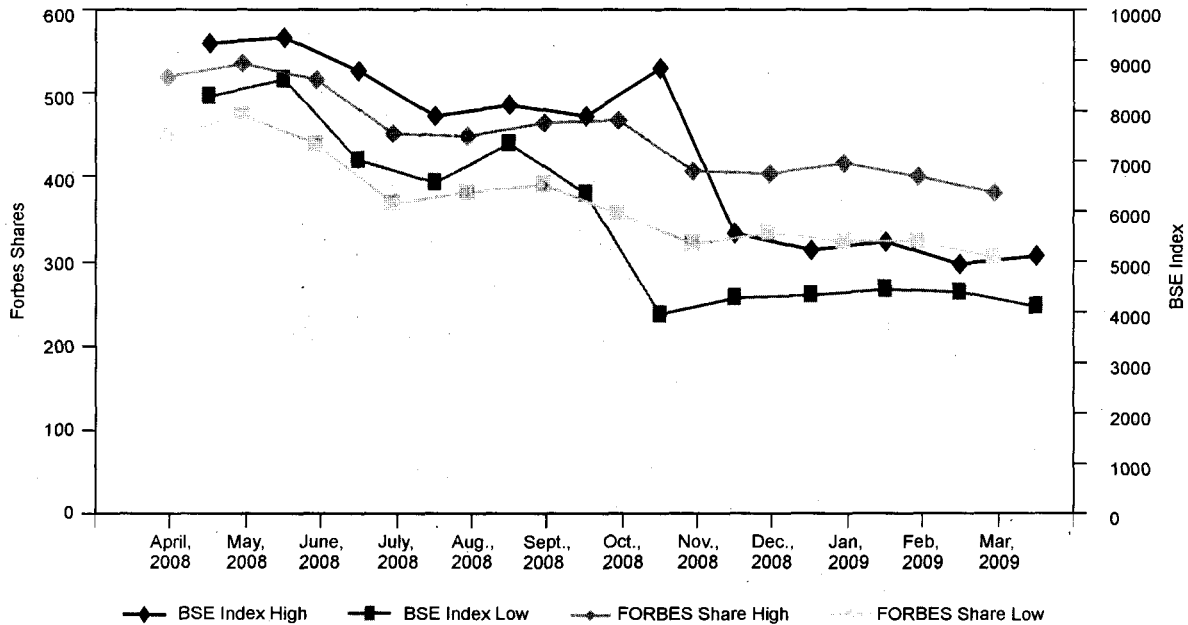
7. Disclosures:	
<ul style="list-style-type: none"> i. Materially significant related party transactions that may have potential conflict with the interests of the Company at large. ii. Details of non-compliance by the company, penalties strictures imposed on the company by the Stock Exchange or SEBI or any authority on any matter related to capital market during the last 3 years. iii. Whistle Blower policy affirmation that 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. 	<p>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.</p> <p>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.</p> <p>No person has been denied access to the Audit Committee.</p> <p>All mandatory requirements have been complied with on or before 31.12.2005.</p> <p>The Company will adopt any or all non-mandatory requirements as the Board deems necessary and advisable from time to time.</p>
8. Means of Communication:	
<ul style="list-style-type: none"> i. Quarterly results. ii. In which newspapers quarterly results are normally published . iii. Any Website where results or Official news & are displayed. iv. are displayed. v. The presentation made to institutional investors or to the analysts. vi. Whether Management Discussion and Analysis is a part of Annual Report or not 	<p>The Quarterly results are published in newspapers.</p> <p>Quarterly Results are normally published in Navshakti and The Free Press Journal.</p> <ul style="list-style-type: none"> (a) Results are made available on the Websites 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 (b) The Company also files quarterly financial reports, shareholding pattern and segment revenue, results and capital employed on Electronic Data Information Filing and Retrieval (EDIFAR) website in accordance with Clause 51 of the Listing Agreement with Bombay Stock Exchange Ltd., Mumbai. <p>The Company does not have a practice of making presentation to institutional investors and analysts.</p> <p>Management Discussion and Analysis is a part of Annual Report.</p>
9. General Shareholders Information:	
<ul style="list-style-type: none"> i. AGM – Date, time and venue ii. Financial Year iii. Book Closure Date iv. Dividend Payment date v. Listing on Stock Exchange vi. Stock Code 	<p>Next AGM of the Company is scheduled on Thursday, the 3rd September, 2009 at 4.00 p.m. at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4th Floor, IMC Marg, Churchgate, Mumbai 400020.</p> <p>Financial year of the Company ends on 31st March, each year and the last year has ended on 31st March, 2009</p> <p>The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 11th August, 2009 to Monday, the 24th August, 2009.</p> <p>No Dividend is proposed to be declared this year.</p> <p>Shares of the Company are listed on Bombay Stock Exchange Ltd., Mumbai.</p> <p>Stock Code of the Company, allotted by Bombay Stock Exchange Ltd., Mumbai is 502865 and ISIN allotted under the dematerialisation procedure is INE518A01013.</p>

vii. Market Price Data – High/Low during the 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,2008	521.10	450.05	20762	9312.29	8062.58	6965.79	6024.18
May,2008	535.00	475.10	40485	9432.50	8584.50	7066.27	6427.23
June,2008	515.00	440.00	27430	8780.18	7004.44	6540.45	5199.65
July,2008	454.00	370.00	22892	7880.04	6536.94	5783.45	4862.30
Aug,2008	449.00	383.15	24449	8138.57	7332.72	5993.16	5424.47
Sept.,2008	466.00	390.00	90046	7892.81	6331.94	5821.90	4650.37
Oct.,2008	469.95	355.00	444589	6853.72	3949.13	5006.82	2899.28
Nov.,2008	408.90	320.00	70096	5556.23	4263.12	3988.60	3097.91
Dec.,2008	403.00	335.10	55346	5230.68	4309.85	3755.50	3103.47
Jan.,2009	417.50	325.50	141699	5397.26	4419.64	3885.52	3190.15
Feb.,2009	400.00	323.20	69477	4931.59	4395.72	3529.88	3155.42
Mar.,2009	381.90	305.05	757026	5108.89	4122.83	3616.51	2961.26

viii. Performance of FORBES Share Price in Comparison to BSE Index



ix & x. Registrars and Share Transfer Agents and Share Transfer System.	<p>(a) Shares of the Company held in physical form can be transferred by lodging Transfer Deeds and Share Certificates with Registrars and Share Transfer Agents, TSR Darashaw Ltd., 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr.E.Moses Road, Mahalaxmi, Mumbai 400011. Alternatively, these can be sent to the Company Secretary, Forbes & Company Ltd., Forbes Building, Charanjit Rai Marg, Mumbai 400001.</p> <p>(b) Shares sent for transfer in physical form are registered and returned within a maximum period of 30 days from the date of receipt of documents provided, all documents are valid and complete in all respects.</p> <p>The Company has constituted Share Transfer and Shareholders' Grievance Committee of the Board of Directors of the Company.</p> <p>The Shareholders have option of converting their holding in dematerialised form and effecting the transfer in dematerialised mode.</p>																																											
xi a. Distribution of Shareholding (As on 31.3.2009)	- Distribution by category																																											
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xi b. Dematerialisation of shares & liquidity (As on 31.3.2009)	Status of dematerialisation of shares and liquidity as on 31.3.2009			
	Details	No.of shares	% of Share Capital	No.of Accounts
	National Securities Depository Ltd.	1,12,03,360	86.86	5,101
	Central Depository Services (India) Ltd.	10,04,547	7.79	1,241
	Total dematerialised	1,22,07,907	94.65	6,342
	Physical	6,90,709	5.35	5,887
	Total	1,28,98,616	100.00	12,229
xii. Outstanding GDR/ADR/Warrants or any Convertible instruments, Conversion date and likely impact on equity.	The Company has not issued any of these instruments so far.			
xiii. (a) Plant locations :	Factories: 1. Chandivali Estate, Saki Powai Road, Mumbai-400 072, Maharashtra. 2. A7, MIDC Area, Chikalthana, Aurangabad -431 210, Maharashtra. 3. Plot no C-17/18, Road No. 16, Wagle Industrial Estate, Thane-400 604, Maharashtra. 4. Plot No.52, SIPCOT Industrial Complex, Hosur-635 126, Krishnagiri Dist., Tamil Nadu.			
(b) Container Freight Stations:	1. Veshvi, Post - Dighode, Taluka - Uran, Dist. Raigad, Maharashtra. 2. Bharat CFS Zone 1, Old Port Road MP and SEZ, Mundra 370 421, Gujarat.			
xiv. Address for Correspondence	Investors are requested to please direct all transfer requests, correspondence, queries, to Registrars and Share Transfer Agents at the following address :			
	TSR Darashaw Ltd. Unit: Forbes & Company Ltd. 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr.E.Moses Road, Mahalaxmi, Mumbai 400 011	Tel. : 91 22 6656 8484 Fax : 91 22 6656 8494 Business Hours:10.00 a.m. to 3.30 p.m. (Monday to Friday) E-mail: csg-unit@tsrdarashaw.com Website : www.tsrdarashaw.com		

For and on behalf of the
Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, 30th June, 2009

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for Board of Directors and Senior Management for the year ended 31st March, 2009.

For FORBES & COMPANY LIMITED

ASHOK BARAT
Managing Director

Mumbai, 30th June, 2009

ANNEXURE 'AA'

Annexure forming part of Directors' Report for the year ended 31st March, 2009.**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
1. Mr. Pallonji S. Mistry	Non-Executive Promoter	8	6	Yes
2. Mr. Shapoor P. Mistry	Non-Executive Promoter	8	7	Yes
3. Mr. Ashok Barat	Managing Director	8	7	Yes
4. Mr. Cyrus P. Mistry	Non-Executive Promoter	8	5	Yes
5. Mr. D. B. Engineer	Non-Executive Independent	8	6	Yes
6. Mr. D. S. Soman	Non-Executive Independent	8	7	Yes
7. Mr. C. G. Shah *	Executive	5*	5	Yes
8. Mr. N. D. Khurody	Non-Executive Independent	8	7	No
9. Mr. R. N. Jha	Non-Executive Independent	8	8	Yes
10. Mr. S. L. Goklaney	Non-Executive Non-Independent	8	4	Yes
11. Mr. T. R. Doongaji @	Non-Executive Independent	4	3	No

* Mr.C.G.Shah, Executive Director (Finance) has retired from the services of the Company and ceased to be a Director w.e.f. 1.10.2008.

@ Mr. T. R. Doongaji was appointed as a Director w.e.f. 28.08.2008

ANNEXURE 'AB'

Details as at 31st March, 2009 of number of Directorships and Committee Memberships held by the Directors of the Company in other Companies (excluding private companies, foreign companies and companies registered under section 25 of the Companies Act, 1956 and also excluding committee positions other than Audit Committee and Shareholders' Grievance Committee in accordance with Clause 49 (IV) (B) of the Listing Agreement) are as follows:

Name of the Director	No. of Directorships in other Boards	No. of other Committees (other than Forbes & Company Ltd.) in which Chairman/Member	
		Chairman	Member
Mr. Pallonji S. Mistry	9	Nil	Nil
Mr. Shapoor P. Mistry	12	Nil	2
Mr. Ashok Barat	5	Nil	Nil
Mr. Cyrus P. Mistry	9	Nil	2
Mr. D. B. Engineer	9	2	4
Mr. D. S. Soman	1	Nil	2
Mr. C. G. Shah *	5 *	Nil	1
Mr. N. D. Khurody	9	1	2
Mr. R. N. Jha	3	Nil	Nil
Mr. S. L. Goklaney	7	Nil	Nil
Mr. T. R. Doongaji @	2	Nil	Nil

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.

* Mr.C.G.Shah, Executive Director (Finance) has retired from the services of the Company and ceased to be a Director w.e.f. 1.10.2008.

@ Mr. T. R. Doongaji was appointed as a Director w.e.f. 28.08.2008

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. Cyrus P. Mistry	Mr. S. L. Goklaney	Mr. N. D. Khurody	Mr. T. R. Doongaji
Date of Birth	4th July, 1968	6th April, 1947	26th October, 1936	4th November, 1943
Date of first Appointment	23rd June, 2003	26th July, 2006	17th March, 2004	28th August, 2008
Qualification	Fellow of the Institution of Civil Engineers, Master of Science in Management – London, B.E. Civil – Imperial College, London	B.Sc.	M.A (Economics) – Cambridge University	M.A. in Political Science
Relationships between Director inter – se	Promoter Director. Related to Mr. S. P. Mistry and Mr. P. S. Mistry	Not related to any Director of the Company.	Not related to any Director of the Company.	Not related to any Director of the Company.
Expertise in specific functional areas	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. S. L. Goklaney has wide and varied experience in marketing and general management.	Mr. N. D. Khurody retired as Managing Director of Voltas Limited. He has wide and varied experience in formulation and implementation of business plans, risk evaluation business investment strategy and funds management. He is also experienced in formulation and implementation of compensation packages.	Mr. T. R. Doongaji has wide and varied experience in formulation and implementation of business plans, business investment strategy and turning around companies.
List of Companies in which Directorship held as on 31st March, 2009	PUBLIC COMPANIES 1. Afcons Infrastructure Ltd. 2. Shapoorji Pallonji & Co. Ltd. 3. Shapoorji Pallonji Infrastructure Capital Co. Ltd. 4. Forbes & Company Ltd. 5. Forvol International Services Ltd. 6. Cyrus Investments Ltd. 7. Shapoorji Pallonji Finance Ltd. 8. Tata Elxsi (India) Ltd. 9. Tata Sons Ltd. 10. United Motors (India) Ltd.	PUBLIC COMPANIES 1. Aquamall Water Solutions Ltd. 2. Eureka Forbes Ltd. 3. E4 Development & Coaching Ltd. 4. Forbes Aquamall Ltd. 5. Forbes Aquatech Ltd. 6. Forbes & Company Ltd. 7. Forbes Infotainment Ltd. 8. Forbes Water Ltd.	PUBLIC COMPANIES 1. Afcons Infrastructure Ltd. 2. Aquamall Water Solutions Ltd. 3. Eureka Forbes Ltd. 4. Forbes Aquamall Ltd. 5. Forbes & Company Ltd.. 6. Next Gen Publishing Ltd. 7. Tata Ceramics Ltd. 8. Vantech Investments Ltd. 9. Voltas Ltd.	PUBLIC COMPANIES 1. The Associated Building Co. Ltd. 2. Container Corporation of India Ltd. 3. Forbes & Company Ltd.
Member of the Board Committees	1. <u>Audit Committee</u> Shapoorji Pallonji Finance Ltd. 2. <u>Share Transfer and Investor Relations Committee</u> United Motors (India) Ltd.	Nil	<u>Audit Committee</u> Afcons Infrastructure Ltd. Eureka Forbes Ltd. NextGen Publishing Ltd	<u>Audit Committee</u> Forbes & Company Ltd.
No. of shares held	Nil	Nil	Nil	Nil

For and on behalf of the
Board of Directors

Shapoor P. Mistry
Chairman

Mumbai, 30th June, 2009.

Registered Office:

Forbes Building,

Charanjit Rai Marg, Fort,

Mumbai 400 001

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

TO
THE MEMBERS OF
FORBES & COMPANY LIMITED

I have examined the compliance of conditions of corporate governance by FORBES & COMPANY LIMITED for the year ended 31st March, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Ltd., Mumbai

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

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

I have also to state that no investor grievance is pending for a period exceeding one month against the Company as per the information furnished by the Company's Registrars, other than those which are a subject matter of litigation.

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.GUPTA

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

Mumbai, 30th June 2009.

SUMMARISED BALANCE SHEET

(Rupees in Lakhs)

Year/ Period	Subscribed Capital	Reserves and Surplus	Bank and 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
1989-90	652.28	2596.15	3556.43	1972.33	8777.19	5430.29	2027.18	3403.11	1406.78	3150.40	752.95	63.95	—
1990-91	652.28	3691.06	4462.98	2814.90	11621.22	6715.03	2476.31	4238.72	1749.25	4309.52	1236.53	87.20	—
1991-92\$	822.27	7785.97	8134.93	4864.78	21607.95	12453.64	4350.81	8102.83	2677.51	8774.47	1548.80	504.34	—
1992-93	822.27	8604.31	10144.63	4156.44	23727.65	13833.61	5252.11	8581.50	2896.27	9232.66	2231.84	785.38	—
1993-94	1245.34	12198.11	8002.16	4965.38	26410.99	16298.28	6289.91	10008.37	3558.57	10119.34	2347.20	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	13027.40	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	14893.98	12575.19	41764.58	21841.46	7510.21	14331.25	17893.46	6035.15	2618.86	763.00	122.86

\$ 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

(Rupees in Lakhs)

Year/Period	Raw Materials, Stores, Fuel and Power etc. after adjustment of Stocks	Payments to and Provisions for Employees including VRS	Other expenses	Interest	Depreciation	Taxation	Profit/(Loss) after Taxation	Sales and Other Income	Total (Gross) Dividend Amount	Dividend per share (Rupees)	Earnings per share (Rupees)	Net Worth per share (Rupees)
1989-90	6299.09	1502.41	825.69	285.35	369.73	280.00	893.29	10455.56	208.73	3.20	13.69	49.80
1990-91	6744.94	1800.10	1130.46	322.87	483.58	520.00	1335.93	12337.88	241.35	3.70	20.48	66.59
1991-92\$	9577.30	2224.04	2072.38	703.89	698.69	920.00	1307.05	17503.35	319.03	4.50	15.90	104.69
1992-93	11970.50	3272.40	4688.87	1394.27	973.40	855.00	1188.37	24342.81	370.02	4.50	14.45	114.64
1993-94	13704.14	3510.54	4046.92	1007.86	1145.56	765.00	1145.11	25325.13	512.81	4.50	@10.05	@@107.95
1994-95	16194.42	3782.99	4549.35	949.30	1170.02	1550.00	2596.93	30793.01	560.40	4.50	20.86	124.30
1995-96	19727.32	4357.71	4444.71	1259.83	1338.29	10.00	539.59	31677.45	311.34	2.50	4.33	126.14
1996-97	20955.10	4770.45	5866.48	1515.71	1462.25	900.00	1277.34	36747.33	373.60	3.00	10.26	133.09
1997-98	22192.06	5572.23	6441.16	1404.68	1559.95	649.63	1479.72	39299.73	373.60	3.00	11.88	141.67
1998-99	25197.81	5556.06	5469.69	1266.64	1560.88	4.00	500.09	39555.17	186.60	1.50	4.02	144.03
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	4062.27	8309.97	1047.75	1125.54	119.67	242.65	28128.80	193.48	1.50	1.88	150.77
2008-2009	9759.45	4392.41	8520.71	1466.97	1199.12	93.32	(4749.11)	21160.34	—	—	(36.82)	109.88

\$ 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 Rights Shares allotted on 1st July, 1993.

@@ After the Rights Issue.

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

AUDITORS' REPORT

TO THE MEMBERS OF FORBES & COMPANY LIMITED

1. We have audited the attached Balance Sheet of **FORBES & COMPANY LIMITED** as at 31st March, 2009, the Profit and Loss Account and 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 standards on auditing 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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (the "Order") issued by the Central Government of India 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, to the extent applicable to the Company.
4. *The Company's investments in Forbes Infotainment Limited (FIL), a joint venture entity, aggregate Rs. 1,501.49 lakhs as at 31st March, 2009. Based on the unaudited financial statements of FIL as at and for the year ended 31st March, 2009, FIL has incurred a net loss of Rs. 711.42 lakhs; its accumulated losses exceed the aggregate of its paid up capital and reserves by Rs. 917.12 lakhs and its current liabilities exceed its total assets by Rs. 254.42 lakhs. These conditions indicate the existence of a material uncertainty that may cast significant doubt about FIL's ability to continue as a going concern and its ability to realise its assets and discharge its liabilities in the normal course of business. No provision has been made by the Company for diminution in the value of its investments in FIL. In the absence of any evidence of revival plans for FIL, we are unable to comment on recoverability of the carrying amount of the investment. Our report on the financial statements for the year ended 31st March 2008 contained a similar modification*
5. *Attention is invited to our comments in paragraph (3)(b) of the Annexure to our report, insofar as they relate to the loans given to The Svadeshi Mills Company Limited and Coromandel Garments Limited 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 2008 contained a similar modification.*
6. Without qualifying our report, we invite attention to note no. 18 in Schedule 11 to the financial statements relating to managerial remuneration which is 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 2008 contained a similar modification.*
7. Further to our comments in the Annexure referred to in paragraph 3 above:
 - a) *Except to the extent stated in paragraph 4 above, 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;*
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, *and subject to our comments in paragraph 4 above*, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e) In our opinion and to the best of our information and according to the explanations given to us, *subject to our comments*

in paragraph 4 above and their consequential effect on the loss for the year, reserves and the assets of the Company, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and.
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
8. On the basis of the written representations from the directors as on 31st March, 2009, as taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner
Membership No. 39826

Mumbai, 30th June 2009

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 4 of our report of even date)

1. In respect of the Company's fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of most of its fixed assets *except in case of its "Motor Manufacturing" segment in respect of which records relating to fixed assets were not produced before us.*
 - (b) Some of the fixed assets were physically verified during the year by the Management. According to the information and explanations given to us, no material discrepancies were noticed on such verification. According to the information and explanations given to us, the Company is in the process of formulating a programme of physical verification of all its fixed assets over a period of two years which, in our opinion, is reasonable.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of fixed assets of the Company and such disposal in our opinion, has not affected the going concern status of the Company.
2. In respect of its inventories:
 - (a) As explained to us, inventories (other than stocks lying with third parties, in respect of which, confirmations have been obtained in most cases) were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business except for stocks lying with third parties (in respect of which, confirmations have been obtained in most cases), which needs to be verified periodically by the Management.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. In respect of loans, secured or unsecured granted by the Company to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations to us:
 - (a) The Company has granted loans aggregating Rs. 4,716.78 lakhs to two parties. At the year end, the outstanding balances of such loans granted aggregate Rs. 4,716.78 lakhs and maximum amounts involved during the year were Rs. 4,716.78 lakhs
 - (b) The Company has given interest-free loans and advances in the nature of loans (on which no interest is accrued) amounting to Rs. 4,391.78 lakhs to The Svadeshi Mills Company Limited and Rs. 325.00 lakhs to Coromandel Garments Limited, in which the Company has substantial interest. Other than these, in our opinion, the rate of interest and other terms and conditions of such loans are, prima facie, not prejudicial to the interest of the Company.
 - (c) No repayments of principal amounts and interest, on loans and advances in the nature of loans made to The Svadeshi Mills Company Limited and Coromandel Garments Limited referred to in paragraph (b) above, have been received by the Company during the year from the borrowers.
 - (d) The Company has taken a loan of Rs. 1,175.00 lakhs from Shapoorji Pallonji Limited . At the year end, the outstanding balance of such loan aggregated Rs. 1,175.00 lakhs, and the maximum amount involved during the year was Rs. 1,175.00 lakhs.
 - (e) According to the information and explanation given to us, the rate of interest and other terms and conditions of such loan, were prima facie not prejudicial to the interest of the company; and
 - (f) The repayment of principal amount and interest on the loan referred to in paragraph (d) above was regular / as per stipulations.

4. In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotation, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any continuing failure to correct major weaknesses in such internal control system.
5. In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- the particulars of contracts or arrangements referred to in Section 301 have been entered in the register required to be maintained under that section; and
 - in our opinion and having regard to our comments in paragraph 4 above, the transactions exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at prices which are, *prima facie*, reasonable having regard to the prevailing market prices at the relevant time, where such market prices are available.
6. According to the information and explanations given to us:
- during the year the Company has not accepted any new deposits from the public within the purview of Sections 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.
 - the deposits unpaid as at the year end are in the nature of unclaimed deposits; and
 - no Order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any court or any other Tribunal in these respects.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. *The Company has not maintained cost records in respect of its Company's Motors Manufacturing segment which is covered by the Order made by the Central Government for the maintenance of the cost records under Section 209(1) (d) of the Companies Act, 1956. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of the cost records for any other product or service of the Company.*
9. In respect of statutory dues, according to the information and explanations given to us:
- The Company has generally been regular in depositing undisputed statutory dues relating to Provident Fund, Investor's Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues with appropriate authorities, except for the following undisputed dues, which are in arrears for a period of more than six months as at 31st March, 2009.

Name of the Statute	Nature	Amount (Rs.in lakhs)	Due Date
The Companies Act, 1956	Investor Education & Protection Fund *	1.09	May,2006
The Bombay Labour Welfare Fund Act, 1953	Unpaid Wages & Bonus	3.94	Prior to 1st April, 2006
The Karnataka Labour Welfare Fund, 1965	Unpaid Wages & Bonus	2.70	Prior to 1st April, 2006

* Rs. 0.58 lakhs has been since paid

- (b) The details of disputed Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited as on 31st March, 2009 on account of any dispute are given below:

Name of the Statute	Nature of dues	Amount (Rs. In lakhs)	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	654.96	Assessment Years: – 1997–98 , 2003–04, 2004–05	Income Tax Appellate Tribunal
		306.20	Assessment Years: – 1989–90, 1990–91, 1991–92, 1992–93, 1993–94, 1995–96, 1998–99, 2001–02, 2002–03, 2004–05, 2005–06, 2006–07	Commissioner of Income Tax (Appeals)
Wealth Tax Act, 1957	Wealth Tax	19.74	Assessment Years:– 1996–97, 1997–98, 1998–99, 1999–00, 2000–01	Commissioner of Wealth Tax (Appeals)
Sales Tax Laws	Sales Tax (including interest and penalty)	3.95	2004–05	Commercial Tax Officer, Chennai
		87.75	1998–99 1999–00	Madras High Court
		386.63	1989–90	Madras High Court
		3.76	1992–93	Sales Tax Appellate Tribunal, Cuttack
		45.66	1990–91 1991–92 1992–93 1993–94	Sales Tax Appellate Tribunal, Patna
		326.86	1994 to 2002	Various Appellate Authorities
		222.92	2000–2001 to 2005–2006	Asst. Commissioner of (CT) Thiruvanniyar Assessment Circle.
The Central Excise Act, 1944	Excise Duty	20.44	Nov 2002 to June 2003	Custom Excise & Service Tax Appellate Tribunal, Chennai
		54.99	2000 to 2003	Additional Commissioner of Central Excise
		4,624.87	2003 to 2007	Custom Excise & Service Tax Appellate Tribunal, New Delhi
		9.38	1995–96	Custom Excise & Service Tax Appellate Tribunal, Chennai
		5.94	2000 to 2004	Assistant Commissioner of Central Excise
		28.42	December 2003 to December 2004 and Nov 2006 to Feb 2007	Commission of Central Excise, Chennai

10. The Company does not have any accumulated losses as at 31st March 2009. The Company has incurred cash losses during the financial year covered by our audit; however the Company has not incurred any cash losses during the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and / or banks.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Order are not applicable to the Company.
13. In our opinion and according to the information and explanation given to us, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Accordingly, the provisions of paragraph 4(xiii) of the Order are not applicable to the Company.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures or other investments. Accordingly, the provisions of paragraph 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the guarantee given by the Company in earlier years, for loans taken by others from banks, the terms and conditions of which, in our opinion, were *prima facie*, prejudicial to the interests of the Company, has been withdrawn during the year and no other guarantee has been issued by the Company, during the year, for loans taken by others from banks.
16. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, *prima facie*, applied by the Company for the purposes for which the loans were obtained.
17. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short-term basis amounting to Rs. 11,802.60 lakhs (being working capital borrowings) have, *prima facie*, been used during the year, for long-term investments.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year covered by our audit.
19. According to the information and explanations given to us, there are no amounts outstanding in respect of secured debentures as at the year end. Therefore, the provisions of clause 4(xix) of the Order are not applicable to the Company.
20. According to the information and explanations given to us, the Company has not raised any money through public issue during the period covered by our audit.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner
Membership No. 39826

Mumbai, 30th June 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No.	Rs. in Lakhs	As at 31-Mar-09 Rs. in Lakhs	As at 31-Mar-08 Rs. in Lakhs
SOURCES OF FUNDS :				
1. SHARE CAPITAL.....	"1"	1,289.86		1,289.86
2. RESERVES AND SURPLUS	"2"	13,005.55		18,157.06
3. TOTAL SHAREHOLDERS' FUNDS			14,295.41	19,446.92
4. LOANS:				
(a) Secured	"3"	11,704.99		10,941.01
(b) Unsecured	"4"	3,188.99		3,922.16
			14,893.98	14,863.17
TOTAL			29,189.39	34,310.09
APPLICATION OF FUNDS:				
5. FIXED ASSETS:	"5"			
(a) Gross Block		21,644.10		20,895.73
(b) Less: Total Depreciation/Amortisation/Impairment		7,510.21		6,928.99
		14,133.89		13,966.74
(c) Capital work-in-progress including Advances for capital expenditure		197.36		413.11
			14,331.25	14,379.85
6. INVESTMENTS.....	"6"		17,893.46	13,365.49
7. DEFERRED TAX ASSETS				391.81
(see Note no. 11 in Schedule 11)				
8. CURRENT ASSETS, LOANS AND ADVANCES	"7"			
(a) Inventories.....		2,589.35		3,924.35
(b) Sundry Debtors.....		3,254.07		5,283.54
(c) Cash and Bank Balances.....		763.00		2,060.03
(d) Other Current Assets.....		191.73		244.58
(e) Loans and Advances		2,618.86		8,166.17
		9,417.01		19,678.67
9. Less: CURRENT LIABILITIES AND PROVISIONS	"8"			
(a) Liabilities.....		11,470.75		11,741.12
(b) Provisions		1,104.44		1,764.61
		12,575.19		13,505.73
NET CURRENT ASSETS			(3,158.18)	6,172.94
			29,066.53	34,310.09
10. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF				
Deferred Revenue Expenditure				
- Voluntary Retirement Compensation	"9"		122.86	-
TOTAL			29,189.39	34,310.09
Notes to the Accounts	"11"			

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

In terms of our Report of even date.
For **Deloitte Haskins & Sells**
Chartered Accountants

Sanjiv V Pilgaonkar
Partner
Mumbai, 30th June, 2009

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT
CYRUS P. MISTRY
D. B. ENGINEER
D. S. SOMAN
N. D. KHURODY
R. N. JHA
S. L. GOKLANEY
T. R. DOONGAJI
A. T. SHAH
Mumbai, 30th June, 2009

Chairman Emeritus
Chairman
Managing Director

Directors

Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule No.	Rs. in Lakhs	Year ended 31-Mar-09 Rs. in Lakhs	Year ended 31-Mar-08 Rs. in Lakhs
1. INCOME:				
(a) Gross Sales:			14,365.34	21,363.75
Less: Excise Duty			1,108.50	1,907.87
Net Sales:			13,256.84	19,455.88
(b) Services and other Income:				
(i) Income from Services rendered-(Gross)			5,458.59	4,676.65
(Tax deducted at sources Rs. 115.24 Lakhs; <i>Previous Year Rs. 105.56 Lakhs</i>)				
(ii) Interest on Long Term Investments – Other than Trade			248.73	254.89
(iii) Dividend on Long Term Investments:				
– Other than Trade			11.02	94.91
– From Subsidiary Companies			752.56	1,430.90
(iv) Rent			587.48	450.77
(v) Miscellaneous Income			734.32	778.35
(including excess provisions written back Rs. 3.60 Lakhs; <i>Previous year Rs. 16.98 Lakhs</i> and credit balances written back Rs. 6.28 Lakhs; <i>Previous year Rs. 21.91 Lakhs</i>)				
(vi) Profit on Sale of Fixed Assets (net)			–	391.33
(includes Capital Profit Rs. Nil Lakhs; <i>Previous year Rs. 430.04 Lakhs</i>)				
(vii) Bad Debts previously written off now recovered			0.41	–
(viii) Provision for Doubtful Debts, no longer required written back			2.16	2.25
(ix) Provision for Doubtful Advances, no longer required written back			–	9.14
(x) Provision for Investment, no longer required written back			19.79	–
(xi) Profit on sale of long term Investments			52.36	573.09
(xii) Gains arising on foreign currency translation (Net)			36.08	10.64
			7,903.50	8,672.92
			21,160.34	28,128.80
2. EXPENDITURE:				
Manufacturing, Trading and Other Expenses	"10"		22,494.43	25,447.92
Depreciation, Amortisation and Impairment	"5"		1,199.12	1,125.54
Interest (see Note no.5 in Schedule 11)			1,466.97	1,047.75
Voluntary Retirement Compensation amortised	"9"		178.14	69.85
Provision for				
Doubtful Loans & Advances		432.99		47.39
Diminution in the value of Investments (Net)		35.48		–
			468.47	47.39
			25,807.13	27,738.45
Profit Before Prior Period Items			(4,646.79)	390.35
Less: Prior Period Expenses			–	(20.31)
3. PROFIT BEFORE TAXATION			(4,646.79)	370.04

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

	Schedule No.	Rs. in Lakhs	Year ended 31-Mar-09 Rs. in Lakhs	Year ended 31-Mar-08 Rs. in Lakhs
4. PROFIT BEFORE TAX /(LOSS) FROM CONTINUING OPERATIONS		(3,928.05)		831.18
Less: Provision for Taxation				
– for Income-tax				
Current Year		–		–
(Reversal) / Provision relating to previous year		12.38		(189.28)
Fringe Benefit Tax (including for previous year Rs. 5.65 Lakhs).....		72.29		78.60
		84.67		(110.68)
– for Wealth-tax		15.00		16.85
– for Deferred Tax		(6.35)		213.50
		93.32		119.67
PROFIT AFTER TAX /(LOSS) FROM CONTINUING OPERATIONS			(4,021.37)	711.50
5. PROFIT BEFORE TAX /(LOSS) FROM DISCONTINUING OPERATIONS		(718.74)		(461.14)
Less: Provision for Taxation				
Fringe Benefit Tax		9.00		7.71
PROFIT AFTER TAX /(LOSS) FROM DISCONTINUING OPERATIONS			(727.74)	(468.85)
6. PROFIT AFTER TAXATION			(4,749.11)	242.65
7. Add: BALANCE BROUGHT FORWARD FROM LAST YEAR :			1,580.68	1,576.53
8. TOTAL AMOUNT AVAILABLE FOR APPROPRIATION			(3,168.43)	1,819.18
9. Less: APPROPRIATIONS:				
(a) Proposed Dividend		–		193.48
(b) Additional tax on Dividend		–		32.88
(c) General Reserve		–		12.14
			–	238.50
10. BALANCE CARRIED TO BALANCE SHEET			(3,168.43)	1,580.68
Basic and diluted earnings per share of face value of Rs.10 each			Rs.(36.82)	Rs.1.88
Notes to the Accounts	"11"			

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

In terms of our Report of even date.
For **Deloitte Haskins & Sells**
Chartered Accountants

Sanjiv V Pilgaonkar
Partner
Mumbai, 30th June, 2009

PALLONJI S. MISTRY
SHAPOOR P. MISTRY
ASHOK BARAT
CYRUS P. MISTRY
D. B. ENGINEER
D. S. SOMAN
N. D. KHURDY
R. N. JHA
S. L. GOKLANEY
T. R. DOONGAJI
A. T. SHAH
Mumbai, 30th June, 2009

Chairman Emeritus
Chairman
Managing Director

Directors

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-09		2007-2008	
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS		(4,646.79)		370.04
Adjusted for –				
Depreciation, Amortisation and Impairment.....	1,199.12		1,125.54	
Provision for Diminution in value of Investments written back.....	(19.79)		–	
Provision for Doubtful Debts/Advances Reversed.....	(2.16)		(11.39)	
Profit on Sale of long term Investments.....	(52.36)		(573.09)	
Investment Income.....	(1,012.31)		(1,780.70)	
(Profit)/Loss on Sale of Fixed Assets.....	20.33		(391.33)	
Interest and Other Finance Charges.....	1,466.97		1,047.75	
Provision for Doubtful Debts.....	229.72		229.19	
Provision for Compensated Absences.....	29.35		(140.70)	
Provision for Gratuity & other post Retirement Benefits.....	141.31		156.09	
Provision for diminution in the value of Investments.....	35.48		–	
Provision for doubtful advances.....	432.99		47.39	
Voluntary Retirement Compensation Amortised.....	178.14		69.85	
Bad Debts.....	124.93		181.74	
Provision for reduction in value of inventory.....	297.43		772.33	
Loss on Exchange Variation.....	(13.73)	3,055.42	0.40	733.07
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(1,591.37)		1,103.11
Changes in –				
Trade and Other Receivables.....	3,215.18		95.04	
Inventories.....	1,037.57		558.93	
Trade Payables and Others.....	(339.74)	3,913.01	(2,157.21)	(1,503.24)
CASH GENERATED FROM OPERATIONS		2,321.59		(400.13)
Voluntary Retirement Compensation Paid.....		(301.00)		–
Demerge Expenses Paid.....		(4.25)		(104.24)
Direct Taxes Paid.....		(478.27)		(462.82)
(a) NET CASH FROM OPERATING ACTIVITIES		1,538.12		(967.19)
Net Cash From Operating Activities From Continuing Operations.....	1,273.62		(1,602.06)	
Net Cash From Operating Activities From Discontinuing Operations.....	264.50		634.87	
	1,538.12		(967.19)	
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets.....	(1,422.49)		(2,188.55)	
Sale of Fixed Assets.....	251.64		1,398.51	
Purchase of Investments.....	(7,272.13)		(4,462.96)	
Sale of Investments.....	2,780.83		4,894.59	
Inter Corporate Deposits Placed.....	(2,403.19)		(989.46)	
Inter Corporate Deposits Refunded.....	6,500.74		1,347.89	
Interest Received.....	301.58		219.02	
Dividend Received.....	763.58		1,525.81	
(b) NET CASH USED IN INVESTING ACTIVITIES		(499.44)		1,744.85
Net Cash From Investing Activities From Continuing Operations.....	(493.25)		1,339.89	
Net Cash From Investing Activities From Discontinuing Operations.....	(6.19)		404.96	
	(499.44)		1,744.85	

CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from Borrowings.....	7,878.46	2,688.63	
Repayment of Borrowings.....	(6,856.78)	(246.69)	
Increase/(Decrease) in Cash credit and Demand Loans.....	(1,004.40)	(2,154.77)	
Interest Paid.....	(1,455.53)	(1,045.89)	
Dividend and taxes there on Paid.....	(226.36)	(528.18)	
(c) NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(1,664.61)		(1,286.90)
Net Cash From Financing Activities From Continuing Operations.....	(1,533.26)	(185.92)	
Net Cash From Financing Activities From Discontinuing Operations.....	(131.35)	(1,100.93)	
	(1,664.61)	(1,286.90)	
(d) NET INCREASE IN CASH AND CASH EQUIVALENTS (a) + (b) + (c)	(625.93)		(509.24)
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:			
Cash, Cheques on hand and remittances in transit.....	10.08	24.38	
Balances with scheduled banks on current accounts.....	1,186.46	1,767.43	
	1,196.54	1,791.81	
CASH AND CASH EQUIVALENTS TRANSFER ON ACCOUNT OF DEMERGER			
Cash, Cheques on hand and remittances in transit.....	-	(6.92)	
Balances with scheduled banks on current accounts.....	-	(79.11)	
	-	(86.03)	1,705.78
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR			
Cash, Cheques on hand and remittances in transit.....	181.82	10.08	
Balances with scheduled banks on current accounts.....	388.79	1,186.46	
	570.61		1,196.54
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(625.93)		(509.24)
Reconciliation :			
Cash and Cash Equivelents as above	570.61		1,196.54
Add: Restricted Bank Balances.....	34.77		41.25
Margin Deposits considered as part of Trade and other receivables.....	0.50		10.26
Other Deposits considered as part of Trade and other receivables.....	157.12		811.98
Cash & Bank Balance as per Balance Sheet	763.00		2,060.03

In terms of our Report of even date.
For **Deloitte Haskins & Sells**
Chartered Accountants

Sanjiv V Pilgaonkar
Partner
Mumbai, 30th June, 2009

PALLONJI S. MISTRY	}	Chairman Emeritus
SHAPOOR P. MISTRY		Chairman
ASHOK BARAT		Managing Director
CYRUS P. MISTRY		Directors
D. B. ENGINEER		
D. S. SOMAN		
N. D. KHURODY		
R. N. JHA		
S. L. GOKLANEY		
T. R. DOONGAJI		
A. T. SHAH		Company Secretary
Mumbai, 30th June, 2009		

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

SCHEDULE "1" – SHARE CAPITAL

	As at 31-Mar-09 Rs. in Lakhs	As at 31-Mar-08 Rs. in Lakhs
1. AUTHORISED:		
15,000,000 Shares of Rs.10 each	<u>1,500.00</u>	<u>1,500.00</u>
2. ISSUED, SUBSCRIBED AND PAID-UP :		
12,898,616 Equity Shares; (<i>Previous year 12,898,616</i>) of Rs.10 each fully paid-up	1,289.86	<i>1,289.86</i>
Of the above shares:-		
(a) 389,640 (<i>Previous year 389,640</i>) shares of Rs.10 each were allotted as fully paid-up, pursuant to a contract without payment being received in cash;		
(b) 5,122,860 (<i>Previous year 5,122,860</i>) shares of Rs.10 each were allotted as fully paid-up, by way of Bonus Shares by capitalisation of Reserves and Securities Premium Account;		
(c) 765,450 (<i>Previous year 765,450</i>) shares of Rs.10 each were allotted as fully paid-up shares to the Shareholders of erstwhile Patel Volkart Limited other than The Gokak Mills Limited on amalgamation with the Company;		
(d) 1,699,861 (<i>Previous year 1,699,861</i>) shares of Rs. 10 each were allotted as fully paid-up shares to the Shareholders of erstwhile Forbes Forbes Campbell & Company Limited on amalgamation with the Company; and		
(e) 445,214 (<i>Previous year 445,214</i>) shares of Rs. 10 each were allotted as fully paid-up shares to the Shareholders of erstwhile FAL Industries Limited on amalgamation with the Company.		
TOTAL	<u>1,289.86</u>	<u><i>1,289.86</i></u>

Foot note

of the above

8,326,352; (*Previous year 8,326,352*) Shares are held by the holding company, Sterling Investment Corporation Private Limited;

614,505; (*Previous year 614,505*) Shares are held by the ultimate holding company, Shapoorji Pallonji & Company Limited;

354,436; (*Previous year 354,436*) Shares are held by Cyrus Investments Limited (a subsidiary of the ultimate holding company);

166,398; (*Previous year 166,398*) Shares are held by Forbes Finance Limited (a subsidiary of the Company).

SCHEDULE "2" – RESERVES AND SURPLUS

	Rs. in Lakhs	As at 31-Mar-09 Rs. in Lakhs	As at 31-Mar-08 Rs. in Lakhs
1 EXPORT PROFIT RESERVE:			
Per last Balance Sheet	0.35		66.33
Transferred on Demerger.....	-		(65.98)
(See Note no. 2(d) in Schedule 11)		0.35	0.35
2 CAPITAL RESERVE:			
Per last Balance Sheet	-		11.95
Transferred on Demerger.....	-		(11.95)
(See Note no. 2(d) in Schedule 11)		-	-
3 REVALUATION RESERVE:			
Per last Balance Sheet	-		363.32
Transferred to General Reserve.....	-		(363.32)
(See Note no. 24 in Schedule 11)		-	-
4 SECURITIES PREMIUM:			
Per last Balance Sheet	-		215.57
Transferred on Demerger	-		(215.57)
(See Note no. 2(d) in Schedule 11)		-	-
5 AMALGAMATION RESERVE			
Per last Balance Sheet	-		577.38
Transferred on Demerger.....	-		(577.38)
(See Note no. 2(d) in Schedule 11)		-	-
6 GENERAL RESERVE:			
Per last Balance Sheet	16,576.03		25,103.62
Less:			
Transferred on Demerger.....	-		(8,706.25)
(See Note no. 2(d) in Schedule 11)			
Adjustment of Employee benefits provision upon adoption of Revised AS-15	-		(33.11)
Transferred to deferred tax liability	(398.15)		-
(See Note no. 11 in Schedule 11)			
Demerger Expenses	(4.25)		(163.69)
(see Note no. 2(d) in Schedule 11)			
	<u>16,173.63</u>		<u>16,200.57</u>
Add:			
Transferred from Revaluation Reserve	-		363.32
(See Note no. 25 in Schedule 11)			
Transferred from Profit and Loss Account	-		12.14
		16,173.63	16,576.03
7 BALANCE IN PROFIT AND LOSS ACCOUNT		(3,168.43)	1,580.68
TOTAL		<u>13,005.55</u>	<u>18,157.06</u>

SCHEDULE "3" – SECURED LOANS

	Rs. in Lakhs	As at 31-Mar-09 Rs. in Lakhs	As at 31-Mar-08 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. 39.95 Lakhs; Previous year Rs. 39.95 Lakhs).....	49.94		89.89
ii) New India Co-operative Bank Ltd. (Repayable within a year Rs. 272.00 Lakhs; Previous year Rs. 204.00 Lakhs).....	1,156.00		879.63
iii) State Bank of India (Repayable within a year Rs. 120.00 Lakhs ; Previous year Rs. 120.00 Lakhs)	240.00		360.00
iv) Export Import Bank Of india (Repayable with in a year Rs. 285.71 Lakhs ; Previous year Rs. 285.71 Lakhs)	857.14		1,142.85
		2,303.08	2,472.37
b) Rupee Term Loans from Bank of India (Secured by equitable mortgage of flats in "Volkart House") (Repayable within a year Rs. 500.00 Lakhs; Previous year Rs. 500.00 Lakhs).....		1,375.00	1,275.00
c) Cash Credit and Packing Credit from Banks against hypothecation of all stocks including raw material, stock-in-process, finished goods, stores and trade debtors. Cash Credit and Packing Credit from IDBI Bank amounting to Rs. 791.73 Lakhs (Previous year Rs. 433.79 Lakhs) is secured by way of equitable mortgage on current and movable fixed assets and land and building of Company's unit located at Wagle Industrial Estate, Thane.			
(i) Cash Credit and Packing Credit	979.34		1,513.74
(ii) Demand Loan	2,100.00		2,570.00
		3,079.34	4,083.74
d) Rupee term loan from Federal Bank Ltd. for container freight station project [secured by land at Veshvi & Mundra, hypothecated by exclusive charge on specific movable fixed assets acquired under the loan. (Repayable within year Rs. 500.00 Lakhs; Previous year Rs.500.00 Lakhs)]		1,875.00	2,375.00
e) Rupee Term Loan from Federal Bank Ltd. , secured by way of mortgage of			
(i) Land with all building existing and / or to be constructed thereon situated at Chandivali, village Kurla, Mumbai 400 072. (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. 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 and to be constructed and hypothecation of all other equipment and fixed assets acquired and to be acquired for the project. (Repayable within a year Rs. 150.00 Lakhs; Previous year Rs. 150.00 Lakhs)		562.50	712.50
f) Short Term Loan from IDBI Limited (Secured by first hypothecation of current assets and movable fixed assets and equitable mortgage land and building of Company's unit located at Wagle Industrial Estate, Thane) (Repayable within a year Rs. 1,000.00 Lakhs; Previous year Rs. Nil)		1,000.00	-
g) Term Loan from Development Credit Bank (Secured by equitable mortgage of Commercial Land at Chennai, admeasuring 5 acres situated at Nedunsalai, Perungudi, Chennai. (Repayable within a year Rs. 1,498.95 Lakhs Previous year Rs. Nil)		1,498.95	-
		11,693.87	10,918.61
2. FROM OTHERS:			
a) Hire purchase liability in respect of plant and machinery acquired on hire purchase (Repayable within a year Rs. 5.93 Lakhs ; (Previous year Rs. 10.93 Lakhs)	5.93		12.81
b) Finance Lease (Secured by Plant & Machinery financed) (See Note 15(A)in Schedule 11) (Repayable within a year Rs. 5.19 Lakhs ; Previous year Rs. 9.59 Lakhs)	5.19		9.59
		11.12	22.40
TOTAL		11,704.99	10,941.01

SCHEDULE "4" – UNSECURED LOANS

	Rs. in Lakhs	As at 31-Mar-09 Rs. in Lakhs	As at 31-Mar-08 Rs. in Lakhs
1. FIXED DEPOSITS:			
(Repayable within a year Rs. 23.08 Lakhs; <i>Previous year Rs. 44.09 Lakhs</i>)		28.32	70.72
2. LOANS & ADVANCES FROM SUBSIDIARIES:			
Inter-corporate deposits (Repayable within a year Rs. 985.67 Lakhs; <i>Previous year Rs. 1,351.44 Lakhs</i>)		985.67	1,351.44
3. SHORT TERM LOANS & ADVANCES:			
From a Bank –			
(a) Short Term Loan – EXIM Bank	1,000.00		1,000.00
(b) Short Term Clean Loan – Bank of Rajasthan.....	–		1,500.00
		1,000.00	2,500.00
4. OTHER LOANS & ADVANCES:			
Inter-corporate deposits (Repayable within a year Rs. 1,175.00 Lakhs; <i>Previous year Rs. Nil</i>)		1,175.00	–
TOTAL		3,188.99	3,922.16

SCHEDULE "5" – FIXED ASSETS

(see Note No. 26 in Schedule 11)

(Rs. in Lakhs)

Description of Assets	GROSS BLOCK					DEPRECIATION BLOCK					IMPAIRMENT	NET BLOCK	
	Opening total Cost (after deducting sale proceeds where the cost is not ascertainable) as at 1st April, 2008	Deletion on Demerger	Cost of additions during the year	Cost of deductions during the year	Closing total Cost (after deducting sale proceeds where the cost is not ascertainable) as at 31st March, 2009	Cumulative Depreciation / Amortisation upto 31st March, 2008	Deletion of Depreciation Amortisation on Demerger	Depreciation / Amortisation for the year (see Footnote 4)	Cumulative Depreciation/ Amortisation on deductions during the year	Total Depreciation / Amortisation upto 31st March, 2009	Balance as at 31st March, 2009	Balance as at 31st March, 2009	Balance as at 31st March, 2008
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
TANGIBLE ASSETS													
1. Leasehold Land.....	861.52	-	-	-	861.52	85.33	-	33.41	-	118.74	-	742.78	776.19
2. Leasehold Improvements.....	57.47	-	-	54.89	2.58	44.39	-	10.11	53.36	1.14	1.44	-	13.08
3. Freehold Land.....	162.55	-	18.00	-	180.55	-	-	-	-	-	-	180.55	162.55
4. Buildings (see Footnote 1 and 2).....	7,956.12	-	81.43	27.72	8,009.83	1,154.49	-	141.47	19.66	1,276.30	-	6,733.53	6,801.63
5. Plant and Machinery (Owned) (see Footnote 3 and 5).....	8,868.42	-	1,296.36	482.71	9,682.07	4,107.50	-	734.02	284.87	4,556.65	6.35	5,119.07	4,760.92
6. Plant and Machinery (Leased) (see Note 15 A in Schedule 11).....	77.98	-	-	-	77.98	39.59	-	8.06	-	47.65	-	30.33	38.39
7. Furniture, Fixtures and Office Equipment (see Footnote 5).....	2,154.31	-	113.73	268.17	1,999.87	958.11	-	148.18	208.19	898.10	17.20	1,084.57	1,196.20
8. Vehicles (see Footnote 5).....	365.48	-	22.34	54.63	333.19	258.91	-	49.15	50.08	257.98	-	75.21	106.57
Sub Total Tangible Assets	20,503.85	-	1,531.86	888.12	21,147.59	6,648.32	-	1,124.40	616.16	7,156.56	24.99	13,966.04	13,855.53
INTANGIBLE ASSETS													
9. Computer Software (see Footnote 5).....	391.88	-	106.38	1.75	496.51	280.67	-	47.71	1.74	326.64	2.02	167.85	111.21
Sub Total-Intangible Assets	391.88	-	106.38	1.75	496.51	280.67	-	47.71	1.74	326.64	2.02	167.85	111.21
TOTAL	20,895.73	-	1,638.24	889.87	21,644.10	6,928.99	-	1,172.11	617.90	7,483.20	27.01	14,133.89	13,966.74
<i>Previous Year</i>	<i>57,980.90</i>	<i>37,206.45</i>	<i>3,592.59</i>	<i>3,471.31</i>	<i>20,895.73</i>	<i>28,322.53</i>	<i>20,060.69</i>	<i>1,131.27</i>	<i>2,464.12</i>	<i>6,928.99</i>		<i>13,966.74</i>	

Footnotes:

- Buildings (Cost) include: (i) Residential flats and office premises including Rs. 69.54 Lakhs; (*Previous year Rs. 69.54 Lakhs*) in respect of which Co-operative societies are yet to be formed. (ii) Shares in Co-operative Housing Societies, Association of apartment owners and in a company Rs. 0.17 Lakhs; (*Previous year Rs. 0.17 Lakhs*) (iii) Premises on freehold land where the Company is yet to be registered as the owner of a proportionate share in the land Rs. 28.66 Lakhs; (*Previous year Rs. 28.66 Lakhs*) (iv) Jointly owned Residential Premises Rs. 28.39 Lakhs; (*Previous year Rs. 28.39 Lakhs*).
- Building include a jointly owned asset Rs. 19.23 Lakhs; (*Previous year Rs. 19.23 Lakhs*)
- Plant and Machinery includes equipment acquired on hire purchase costing Rs.135.65 Lakhs; (*Previous year Rs.135.65 Lakhs*) carried at the year end at Rs.23.32 Lakhs; (*Previous year Rs.37.32 Lakhs*).
- Depreciation capitalised during the year Rs.Nil; (*Previous year Rs. 5.73 Lakhs*)
- Assets held for disposal included above are as under :

Description of Assets	Gross Block as at 31-Mar-09 Rs. In Lakhs	Accumulated Depreciation/ Amortisation 31-Mar-09 Rs. In Lakhs	Net Block as at 31-Mar-09 Rs. In Lakhs	Depreciation/ Amortisation for the period Rs. In Lakhs
1. Plant and Machinery	200.19	100.56	99.63	14.76
2. Furniture & Fixtures	54.15	54.15	-	55.77
3. Vehicle	10.28	9.74	0.54	1.13
4. Software	47.64	47.64	-	0.04
Total	470.98	262.41	208.57	71.70
<i>Previous Year</i>	<i>206.32</i>	<i>97.92</i>	<i>108.40</i>	<i>55.87</i>

SCHEDULE "6" – INVESTMENTS [FULLY PAID-UP UNLESS OTHERWISE STATED]

	Number	Face Value per Share / Unit	Rs. in Lakhs	As at 31-Mar-09 Rs in Lakhs	As at 31-Mar-08 Rs. in Lakhs
A. LONG TERM (see Note no.1(e) in Schedule 11)					
1. INVESTMENT IN GOVERNMENT SECURITIES:					
Unquoted:					
5.5% Rural Electrification Corporation Limited – Bonds.....	45,000	10000		4,500.00	4,500.00
2. INVESTMENT IN SUBSIDIARY COMPANIES:					
Unquoted Equity Shares:					
(a) Volkart Fleming Shipping and Services Limited.....	60,000	100	8.12		8.12
(b) Latham India Limited.....	1,280,000	10	109.92		109.92
(c) Forbes Finance Limited.....	3,826,630	10	3,383.38		49.25
(d) Eureka Forbes Limited.....	4,260,000	10	4,648.36		4,648.36
(e) Forbes Sterling Star Limited (See Footnote No.3).....	1	US\$ 1,000	–		0.46
(f) Forbes Doris and Naess Maritime Limited.....	130,470	10	13.05		13.05
(g) Forbes Bumi Armada Limited (See Footnote No.3)	255,000	10	–		25.50
(h) Forbes Campbell Services Limited.....	15,000	10	–		1.50
(i) Forbes Technosys Limited (See Footnote No.3).....	1,392,000	10	–		139.20
(j) Forbes Smart Data Limited.....	50,000	10	–		5.00
(k) Forbes Container Lines Pte. Limited.....	380,000	SGD\$ 1	108.12		108.12
(l) Forbes Tinsley Company Limited.....	75,000	10	7.50		7.50
				8,278.45	5,115.98
3. TRADE INVESTMENTS:					
Unquoted Equity Shares:					
SCI Forbes Limited (See Footnote no. 2)	30,500,000	10	–	3,050.00	25.00
4. OTHER THAN TRADE INVESTMENTS:					
(i) Quoted Equity Shares:					
Gokak Textiles Limited.....	50,000	10		5.00	5.00
(ii) Unquoted Equity Shares:					
(a) Tornado Appliances Private Limited (See Footnote No.4).....	9,800	10	–		1.13
(b) R.S.Business Machines Private Limited (See Footnote No.4).....	122	100	–		0.12
(c) New India Co-operative Bank Limited.....	5,500	10	0.55		0.55
(d) Saraswat Co-operative Bank Limited (See Footnote No.3).....	1,000	10	–		0.10
(e) Next Gen Publishing Limited.....	4,908,240	10	688.44		688.44
(f) Nypro Forbes Moulds Pvt. Limited (See Footnote No.3).....	2,475,000	10	–		247.50
(g) Nypro Forbes Products Pvt. Limited (See Footnote No.3).....	5,380,000	10	–		538.00
(h) Forbes Infotainment Limited (See Note No.11 in Schedule 11).....	5,884,900	10	588.49		588.49
(i) Forbes Edumetry Limited (See Footnote No.3).....	1,440,000	10	–		144.00
(j) Small Tools Manufacturing Co. Limited (See Footnote no. 4).....	1,430	100	–		1.44
(k) The Svadeshi Mills Company Limited	420,170	10	150.33		150.33
(l) Edumetry Inc. USA	2,500	US\$	35.48		35.48
				1,463.29	2,395.58
(iii) Unquoted Preference Shares:					
(a) Forbes Infotainment Limited (See Footnote No.1)	9,130,000	10		913.00	–
				18,209.74	12,041.56
Balance Carried Forward.....				18,209.74	12,041.56

SCHEDULE "6" – INVESTMENTS [FULLY PAID-UP UNLESS OTHERWISE STATED](Contd.)

	Number	Face Value per Share / Unit	Rs. in Lakhs	As at 31-Mar-09 Rs in Lakhs	As at 31-Mar-08 Rs. in Lakhs
Balance Brought Forward				18,209.74	12,041.56
5. INVESTMENT IN MUTUAL FUNDS:					
(see Note 29 in Schedule 11)					
(a) HDFC FMP 13M Mar-08 (VIII) – Wholesale Plan Growth	3,429,423.839	10	–		342.94
(b) HDFC FMP 14M Feb-08 (VII) – Wholesale Plan Growth	4,000,000.000	10	–		400.00
(c) TFRLB TATA Floating Rate Fund Long Term – Reinvestment.....	5,683,361.110	10	–		574.75
(d) Templeton Fixed Horizon Fund Series VII – Institutional Growth	2,000,000.000	10	–		200.00
					<u>1,517.69</u>
B. CURRENT (see Note no.1(e) of Schedule 11)				18,209.74	13,559.25
OTHER THAN TRADE INVESTMENTS QUOTED:					
Unit Trust of India – 6.75% Bonds (See Footnote No.3)	109,522			–	109.52
				18,209.74	13,668.77
Less: PROVISION FOR DIMINUTION IN THE VALUE OF INVESTMENTS				316.28	303.28
TOTAL.....				17,893.46	13,365.49
Quoted Investments.....				5.00	114.42
Unquoted Investments.....				17,888.46	13,250.97
(Cost less Provision for Diminution in the value of Investments).				17,893.46	13,365.49
Market Value of Quoted Investments				11.50	150.96
Net Assets Value of Units of Mutual Fund				–	1,526.85

Footnotes :

- 1 Purchased during the year.
- 2 30,250,000 additional shares purchased during the year.
- 3 Sold / Liquidated / Matured during the year.
- 4 Write off during the year.

SCHEDULE "7" CURRENT ASSETS, LOANS AND ADVANCES

	Rs. in Lakhs	As at 31-Mar-09 Rs. in Lakhs	As at 31-Mar-08 Rs. in Lakhs
CURRENT ASSETS:			
(a) INVENTORIES:			
(i) Raw Materials and Components		412.72	725.33
(ii) Stock-in-Process		458.75	607.64
(iii) Finished Goods (Including in transit Rs.7.33 Lakhs; <i>Previous year Rs.6.80 Lakhs</i>).....		1,526.98	2,438.34
(iv) Stores Spares & Loose Tools		190.90	153.04
(including in transit Rs. 6.59 Lakhs ; <i>Previous year Rs. 4.54 Lakhs</i>)			
		<u>2,589.35</u>	<u>3,924.35</u>
(b) SUNDRY DEBTORS:			
(see Note no.10(a) in Schedule 11)			
(i) Debts Outstanding for a period exceeding six months :			
(a) Secured, Considered Doubtful.....	20.15		20.15
(b) Unsecured, Considered Good.....	235.85		528.30
(c) Unsecured, Considered Doubtful	1,748.98		1,718.58
(including Rs.Nil; <i>Previous year Rs.128.82 due from a Subsidiary</i>)			
		<u>2,004.98</u>	<u>2,267.03</u>
(ii) Other Debts:			
(a) Unsecured, Considered Good (Including Rs.Nil; <i>Previous year Rs.704.07 Lakhs due from Subsidiaries</i>).....	3,018.22		4,755.24
(b) Unsecured, Considered Doubtful	13.28		15.05
		<u>3,031.50</u>	<u>4,770.29</u>
			7,037.32
Less: Provision for Doubtful Debts		<u>(1,782.41)</u>	<u>(1,753.78)</u>
		<u>3,254.07</u>	<u>5,283.54</u>
(c) CASH AND BANK BALANCES:			
(i) Cash, cheques on hand and remittances in transit.....		181.82	10.08
(ii) With Scheduled Banks:(see Note no. 24 in Schedule 11)			
Current Accounts		423.56	1,227.71
Margin Accounts.....		0.50	10.26
Deposit Accounts.....		157.12	811.98
		<u>763.00</u>	<u>2,060.03</u>
(d) OTHER CURRENT ASSETS:			
Interest and Dividend accrued on deposits with banks / investments		191.73	244.58
(e) LOANS AND ADVANCES:			
“(see Note no.10(b) In Schedule 11)			
(i) Loans and Advances to Subsidiary Companies			
(a) Unsecured, Considered Good.....	39.64		869.94
(b) Considered Doubtful.....	340.42		335.56
	380.06		1,205.50
Less: Provision for Doubtful Loans and Advances	(340.42)		(335.56)
		<u>39.64</u>	<u>869.94</u>
Balance Carried Forward.....		39.64	869.94

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

	Rs. in Lakhs	As at 31-Mar-09 Rs. in Lakhs	As at 31-Mar-08 Rs. in Lakhs
Balance Brought Forward		39.64	869.94
(ii) Loans to Others			
(a) Unsecured, Considered Good	1.11		3,954.71
(b) Secured, Considered Doubtful	5,143.05		4,716.03
	5,144.16		8,670.74
Less: Provision for Doubtful Loans	(5,143.05)		(4,716.03)
		1.11	3,954.71
(iii) Advances recoverable in cash or in kind or for value to be received			
(a) Unsecured, Considered Good	793.69		1,409.23
(b) Unsecured, Considered Doubtful	106.33		38.48
	900.02		1,447.71
Less: Provision for Doubtful Advances	(106.33)		(38.48)
		793.69	1,409.23
(iv) Taxes paid less provisions including Fringe Benefit tax (other than deferred tax)		1,445.86	1,612.38
(v) Balance with Central Excise, Customs, Port Trust and Sales tax Considered Good		338.56	319.91
		2,618.86	8,166.17

SCHEDULE "8" – CURRENT LIABILITIES AND PROVISIONS

	As at 31-Mar-09 Rs. in Lakhs	As at 31-Mar-08 Rs. in Lakhs
1. CURRENT LIABILITIES:		
(i) Acceptances	–	119.94
(ii) Dundry Creditors: (see Note no.9 in Schedule 11)		
Due to Micro, Small & Medium Enterprises (includes interest Rs.0.47 Lakhs including Rs.0.24 Lakhs for previous year)	7.23	7.44
Others	3,994.06	5,019.29
(iii) Subsidiary Companies	388.42	191.91
(iv) Customers'/Security Deposits, credit balances and advances against supplies and services to be rendered.....	6,601.81	5,965.71
(v) Liability towards Investors' Education and Protection Fund under Section 205C of the Companies Act, 1956, not due:		
(1) Unpaid Dividends (see Note no.13 and 24 in Schedule 11).....	34.77	41.25
(2) Unpaid Matured Deposit.....	12.70	17.82
(3) Interest accrued on (2) above (see Footnote 1).....	5.22	13.63
	52.69	72.70
(vi) Other Liabilities	360.54	309.57
(vii) Interest accrued but not due on loans	66.00	54.56
	11,470.75	11,741.12
2. PROVISIONS:		
(i) Tax provisions less payments including Fringe Benefit tax (other than deferred tax).....	13.75	549.87
(ii) Compensated absences	328.50	357.85
(iii) Gratuity & other post retirement benefits	762.19	620.88
(iv) Contingencies (see Note no.3 (c) in Schedule 11)	–	9.65
(v) Proposed Dividend.....	–	193.48
(vi) Corporate Dividend Tax	–	32.88
	1,104.44	1,764.61

Footnotes:

- 1 Includes Rs. Nil Lakhs (Previous year Rs.5.26 Lakhs) in respect of deposits accepted by the Company which are not repaid pending receipt of appropriate order from the Court.

SCHEDULE "9" – VOLUNTARY RETIREMENT COMPENSATION

	As at 31-Mar-09 Rs. in Lakhs	As at 31-Mar-08 Rs. in Lakhs
Opening Balance.....	–	–
(i) Add: Paid / Provided during the year	301.00	69.85
(ii) Less: Amortised during the year	178.14	69.85
TOTAL	122.86	–

SCHEDULE "10" – MANUFACTURING, TRADING AND OTHER EXPENSES

(see Note no.26 in Schedule 11)

	Rs. in Lakhs	Rs. in Lakhs	Year ended 31-Mar-09 Rs. in Lakhs	Year ended 31-Mar-08 Rs. in Lakhs
1. MATERIALS CONSUMED:				
Raw Materials:				
Opening Stock		725.33		4,526.25
Add: Purchases		3,271.87		5,902.41
		3,997.20		10,428.66
Less: Transferred on Demerger		-		(2,973.60)
Less: Provision for reduction in value of inventory.....		(489.09)		(772.33)
Less: Closing Stock.....		(412.72)		(725.33)
			3,095.39	5,957.40
2. PURCHASES OF TRADING STOCKS			3,709.23	4,460.06
3. STORES, SPARES AND TOOLS CONSUMED (After transferring Rs.171.18 Lakhs ; <i>Previous</i> <i>year Rs.102.06 Lakhs</i> to other accounts)			543.90	590.99
4. PROCESSING CHARGES			803.74	1,054.82
5. POWER AND FUEL (see Note no. 8 in Schedule 11)			616.83	634.24
6. OPERATING COSTS FOR SHIPPING DIVISION				
Transportation and Hiring Charges.....			640.22	386.98
Freight Forwarding and other operating expenses.....			1,298.48	1,508.40
7. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:				
(a) Salaries, Wages, Bonus and Commission		3,450.57		3,223.26
(b) Gratuity		208.21		99.51
(c) Company's Contribution to Provident Fund and Other Funds.....		257.13		278.00
(d) Workmen and Staff Welfare Expenses.....		298.36		391.65
			4,214.27	3,992.42
8. DISTRIBUTION EXPENSES:				
(a) Commission to Dealers		245.83		223.43
(b) Brokerage and Discount and other selling expenses.....		154.10		99.88
(c) Freight and Forwarding Charges.....		307.89		628.40
			707.82	951.71
9. OTHER EXPENSES:				
(a) Repairs to				
(i) Plant and Machinery.....	196.15			128.37
(ii) Buildings.....	245.18			123.67
(iii) Others.....	294.85			138.01
		736.18		390.05
(b) Rent.....		440.94		491.10
(c) Rates and Taxes		132.83		163.70
(d) Stamps, Telegrams, Stationery, Printing and Telephones.....		269.85		317.52
(e) Advertisement.....		467.54		219.81
(f) Legal and Professional Charges.....		567.06		453.58
(g) Insurance Premium		95.91		90.73
(h) Travelling & Conveyance.....		495.28		532.06
(i) Bad Debts/Advances written off.....		124.93		181.74
(j) Provision for Doubtful Debts.....		229.72		229.19
(k) Loss on Sale of Fixed Assets (Net) (net of Capital Profit Rs. Nil Lakhs; <i>Previous year Rs. 430.04 Lakhs</i>)		20.33		-
Balance		3,580.57		3,069.48
Balance Carried Forward			15,629.88	19,537.02

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

(see Note no.26 in Schedule 11)

	Rs. in Lakhs	Rs. in Lakhs	Year ended 31-Mar-09 Rs. in Lakhs	Year ended 31-Mar-08 Rs. in Lakhs
Balance		3,580.57		3,069.48
Balance Brought forward			15,629.88	19,537.02
(l) Auditors' Remuneration:				
(i) Audit Fees	40.00			17.00
(includes remuneration to branch auditors Rs.Nil; <i>Previous year Rs.6.00 Lakhs</i>)				
(ii) Other Audit Related Services	12.00			15.13
(includes remuneration to branch auditors Rs. 0.63 Lakhs; <i>Previous year Rs. 1.95 Lakhs</i>)				
(iii) Company Law Matters	0.30			0.25
(iv) Taxation Matters to branch auditors.....	–			1.30
(v) Service Tax (includes in respect of remuneration to branch auditors Rs.Nil; <i>Previous year Rs.0.40 Lakhs</i>).....	–			3.80
(vi) Out of Pocket Expenses (includes remuneration to branch auditors Rs.Nil; <i>Previous year Rs.0.22 Lakhs</i>)	0.79			1.17
		53.09		38.65
(m) Excise duty.....		20.39		21.27
(n) Provision for reduction in value of inventory.....		297.43		772.33
(o) Miscellaneous Charges		1,927.37		1,595.30
			5,878.54	5,497.23
			21,508.73	25,034.25
10. Less: Recoveries from Third Parties.....			4.66	34.35
			21,504.07	24,999.90
11. ADJUSTMENT OF STOCKS:				
<u>Opening Stocks:</u>				
Stock-in-Process	607.64			2,135.28
Finished Goods	2,438.34			5,320.30
		3,045.98		7,455.58
Less: Transferred on Demerger				
Stock-in-Process	–			(976.16)
Finished Goods	–			(2,962.34)
		–		(3,938.50)
		3,045.98		3,517.08
<u>Less: Closing Stocks:</u>				
Stock-in-Process	458.75			607.64
Finished Goods	1,526.98			2,438.34
		1,985.73		3,045.98
Decrease/ (Increase) Excise duty		(69.89)		(23.08)
			990.36	448.02
TOTAL RUPEES.....			22,494.43	25,447.92

SCHEDULE '11' – NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009.

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 referred to in Section 211 (3C) of the Companies Act, 1956. All the income and expenditure having material bearing on the financial statements are recognised on accrual basis.

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. Examples of directly attributable expenses included in the acquisition value are delivery and handling costs, installation, legal services and consultancy services.

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

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

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

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

Intangible assets and amortisation

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

Research costs are charged to earnings as they arise.

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

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

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

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

d) Impairment of assets

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

e) Investments

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

f) Inventory

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

Sl. No.	Type	Division	Basis of determining costs	
(i)	Stores, spare parts and loose tools	All	Continuous weighted average	
(ii)	Raw materials	Personal Wear	Specific identification	
		Others	Continuous weighted average	
(iii)	Stock in process	All	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) upto stage of completion	
(iv)	Finished goods	Produced	All	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) and excise duty
			Personal Wear	Specific identification
		Traded	Others	Continuous Weighted Average

Footnotes:

The divisions of the Company comprise Engineering, Business Automation, Motor Manufacturing, Logistics, Personal Wear and Investment and Financing.

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 and handling and sales overheads. 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 rights connected with ownership have been transferred to the buyer. This usually occurs upon dispatch, after the price has been determined and collection of the receivable is reasonably certain.

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

h) Financial Income and Borrowing Cost

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

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

Borrowing 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 payments is established and known.

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)**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.

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

j) Employee Benefits**Short term benefits**

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

Long term benefits

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

Defined-contribution plans

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

Defined-benefit plans

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

Other Employee Benefits

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

k) Discontinuing Operations

When a component of the Company is disposed off or decided to be disposed off, by way of sale, demerger (spin-off to shareholders) 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 is clearly distinguished, and for which separate financial information is available. Cash flows, results of operations and any gain or loss from disposal are excluded from "Continuing Operations" and reported separately. Prior period assets, liabilities, cash flows and results of operations are reclassified to be comparable. Disposal groups which are not material, are not classified as "Discontinued Operations"

l) Taxes on Income

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

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all 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.

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be 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 probable that sufficient 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 are classified as operating leases. The payments made by the Company as lessee in accordance with operational leasing contracts or rental agreements are expensed proportionally during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

ii) Finance Leases

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

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

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

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

n) Segment Reporting

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

o) Provisions and Contingencies

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

p) Cash Flow Statement

Cash Flow Statements 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 after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares in issue during the year.

2. Discontinuing Operations

- a) The figures for the current year are strictly not comparable with previous year in view of discontinuation of vacuum cleaner product line (classified under the "Motor Manufacturing" Segment) with effect from 1st October 2007.
- b) With effect from 1st April 2009 the Company has sold its "Business Automation" segment to one of its subsidiaries, namely Forbes Technosys Limited, for a consideration of Rs. 10 lakhs.

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

- c) The following tables summarises the financial information relating to discontinuing operations of the vacuum cleaner ("Motor Manufacturing" Segment) product line and business automation segment in accordance with the Accounting Standard (AS)-24 on "Discontinuing Operation"

(Rs. In Lakhs)

Income	Year ended 31st March, 2009		Year ended 31st March, 2008	
	Vacuum Cleaner ("Motor manufacturing" Segment)	Business Automation	Vacuum Cleaner ("Motor manufacturing" Segment)	Business Automation
Operating revenues	23.36	2,574.47	5,204.58	3,533.40
Operating costs	659.17	2,763.85	5,170.41	3,559.48
Interest (net)	54.82	60.81	230.79	39.18
Depreciation	9.55	6.48	60.49	5.27
Profit before tax / (Loss)	(700.18)	(256.67)	(257.11)	(70.53)
Income tax expense (including fringe benefit tax and Wealth tax)	-	9.16	-	7.85
Profit after tax / (Loss)	(700.18)	(265.83)	(257.11)	(78.38)

(Rs. In Lakhs)

Cash flow	Year ended 31st March, 2009		Year ended 31st March, 2008	
	Vacuum Cleaner ("Motor manufacturing" Segment)	Business Automation	Vacuum Cleaner ("Motor manufacturing" Segment)	Business Automation
Net cash provided by operating activities	230.07	34.43	629.55	5.32
Net cash used in investing activities	0.82	(7.01)	401.22	3.74
Net cash provided by financing activities	(70.54)	(60.81)	(1,061.75)	(39.18)
Net cash provided by discontinued operations	(160.35)	(33.39)	(30.98)	(30.12)

(Rs. In Lakhs)

Assets and liabilities	Year ended 31st March, 2009		Year ended 31st March, 2008	
	Vacuum Cleaner ("Motor manufacturing" Segment)	Business Automation	Vacuum Cleaner ("Motor manufacturing" Segment)	Business Automation
Fixed assets and Capital work in Progress	0.54	38.32	136.11	37.79
Current assets, loans and advances	232.25	542.79	935.88	750.22
Total assets	232.79	581.10	1,071.99	788.01
Secured loans	-	-	572.82	-
Unsecured loans	2.01	-	9.67	-
Current liabilities	222.85	670.97	208.15	483.51
Total liabilities	224.86	670.97	790.63	483.51

- d) The demerger of the Textile division into a separate Company viz; Gokak Textiles Limited was effective from 1st April, 2007, as per the Scheme of Demerger (the 'scheme') approved by Honourable High Court of Bombay and Honourable High Court of Karnataka. The Scheme provides inter-alia, for the adjustment of the difference between the carrying amounts of assets and liabilities of demerged business as well as the demerger expenses against in the reserve accounts of the Company in the following sequence:
- Amalgamation Reserve;
 - Capital Reserve;
 - Securities Premium;
 - General Reserve;

These adjustments have been carried out in the previous year. During the year a further sum of Rs. 4.25 Lakhs (*Previous year Rs. 163.69 Lakhs*) incurred on demerger expenses has also been offset against the opening balance in the General Reserve in terms of aforementioned Scheme..

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

3. Contingent Liability and Provision for Contingencies:

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

b) Other Contingent Liabilities not provided for:

		(Rs. In Lakhs)	
		Current Year	Previous Year
(A)	Bills discounted	181.00	108.35
(B)	Guarantees issued by bank	655.00	533.12
(C)	Taxes in dispute:		
(i)	Excise demand (Advance paid against the demand Rs.14.29 Lakhs; (Previous year Rs.14.29 Lakhs))	4,745.04	4,334.31
(ii)	Sales Tax (Advance paid Rs.66.97 Lakhs; (Previous year Rs.12.90 Lakhs))	1,144.51	1,021.86
(iii)	Income-tax (Advance paid Rs.Nil; (Previous year Rs.Nil))	1,119.22	1,787.31
(iv)	Wealth tax	36.12	19.75
(v)	Property Tax	409.81	148.04
(D)	Labour matters in dispute	49.31	14.75
(E)	Claim of Gujarat Electricity Board for alleged diversion of fraction of the power consumed and contested by the Company in the Court	188.69	188.69
(F)	Guarantees given on behalf of shipping principals and Surety Bonds jointly executed with third parties in favour of customs and other parties	2,973.00	2,428.00
(G)	Guarantees given in favour of customs authorities	6.00	6.00
(H)	Guarantee Bonds on behalf of others	53.41	8.69
(I)	Guarantees given in respect of jointly controlled entity	-	1,200.00
(J)	Other demands contested by the Company :-		
(i)	Customer claims against the Company not acknowledged as debts	136.52	-
(ii)	Supplier claims against the Company not acknowledged as debts	15.00	-
(iii)	Rent	3.00	3.00

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

- c) Provision for Contingencies, in Schedule 8, comprises provisions made in respect of pending disputes with an employee and another party. The Balance in this account is as follows:

		(Rs. In Lakhs)	
		For the year ended 31st March, 2009	For the year ended 31st March, 2008
Opening Balance		9.65	59.45
Payment made during the year		-	(49.80)
Amount written back		(9.65)	-
Closing Balance		-	9.65

4. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.963.05 Lakhs; (Previous year Rs.1,193.10 Lakhs) (against which advances paid aggregate Rs.6.23 Lakhs; Previous year Rs.376.78 Lakhs).

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

5. Expenditure on Interest of Rs.1,466.97 Lakhs; (*Previous year Rs.1,047.75 Lakhs*) is arrived at as under:

	(Rs. In Lakhs)	
	For the year ended 31st March, 2009	For the year ended 31st March, 2008
1. Interest on Fixed Deposits and other Fixed Period loans	652.20	692.03
2. Interest on Other Loans	993.69	806.52
	1,645.89	1,498.55
Less:		
(i) Interest Capitalised	-	21.96
(ii) Interest received from customers and others – (Gross) [Tax deducted at source Rs.19.81 Lakhs; (<i>Previous year Rs.2.84 Lakhs</i>)]	8.40	13.72
(iii) Interest on Bank Deposit/Inter Corporate Deposit (Gross) [Tax deducted at source Rs.36.11 Lakhs; (<i>Previous year Rs.76.38 Lakhs</i>)]	170.52	415.12
	178.92	450.80
	1,466.97	1,047.75

6. The Company has paid/provided/written back monthly amounts aggregating Rs. 120.33 Lakhs; (*Previous year Rs. 241.21 Lakhs credit*) and future monthly payments based on actuarial valuation Rs. 354.85 Lakhs; (*Previous year Rs. 285.42 Lakhs*), towards the post retirement arrangements to former Managing Director and other Directors.

7. The Company has incurred Rs.13.97 Lakhs; (*Previous Year Rs.18.24 Lakhs*) on Research and Development. These amounts have been expensed out during the year.

8. Prior Period Items include:

	(Rs. In Lakhs)	
	For the year ended 31st March, 2009	For the year ended 31st March, 2008
Power and Fuel	-	10.96
Repairs and Maintenance	-	7.28
Legal & Professional Charges	-	15.27
Income from Services	-	(13.21)
	-	20.31

9. The information as required under Micro, Small and Medium Enterprises Development Act, 2006 as received by the Company and relied upon by Auditors is as follows:-

- The total amount of delayed payments during the year aggregated to Rs.26.53 Lakhs; (*Previous year Rs.9.51 Lakhs*) in respect of 13 parties with amounts ranging from Rs. 0.01 Lakhs to Rs. 6.92 Lakhs; (*Previous year Rs. 0.09 Lakhs to Rs.4.15 Lakhs*).
- The amount of principal outstanding in respect of the above as at Balance Sheet date is Rs. 6.76 Lakhs; (*Previous year Rs. 7.19 Lakhs*) in respect of 13 parties with amount ranging from Rs. 0.02 Lakhs to Rs. 4.28 Lakhs; (*Previous year Rs. 0.09 Lakhs to Rs. 4.15 Lakhs*).
- The total interest payable on account of delayed payment aggregates to Rs. 0.47 Lakhs; (*Previous year Rs. 0.25 Lakhs*) and this entire amount was outstanding as at the year end.

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

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

Name of the Company	As at 31st March, 2009		As at 31st March, 2008	
	Amount Due Rs. in Lakhs	Maximum balance outstanding during the year Rs. in Lakhs	Amount Due Rs. in Lakhs	Maximum balance outstanding during the year Rs. in Lakhs
1 Forvol International Services Limited	4.18	12.48	–	3.21
2 Gokak Textile Limited	–	40.44	–	–
	<u>4.18</u>	<u>52.92</u>	<u>–</u>	<u>3.21</u>

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

Name of the Company	As at 31st March, 2009		As at 31st March, 2008	
	Amount Due Rs. in Lakhs	Maximum balance outstanding during the year Rs. in Lakhs	Amount Due Rs. in Lakhs	Maximum balance outstanding during the year Rs. in Lakhs
Forvol International Services Limited	4.04	4.04	1.49	2.20
	<u>4.04</u>	<u>4.04</u>	<u>1.49</u>	<u>2.20</u>

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

Name of the Company	As at 31st March, 2009		As at 31st March, 2008	
	Amount Due Rs. in Lakhs	Maximum balance outstanding during the year Rs. in Lakhs	Amount Due Rs. in Lakhs	Maximum balance outstanding during the year Rs. in Lakhs
Forvol International Services Limited	6.50	6.78	0.43	2.35
	<u>6.50</u>	<u>6.78</u>	<u>0.43</u>	<u>2.35</u>

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

Nature of Timing Difference	As at 31st March, 2009 Rs. in Lakhs	As at 31st March, 2008 Rs. in Lakhs
Related to Fixed Assets	(1,684.33)	(1,504.24)
Voluntary Retirement Scheme	–	415.10
Inadmissible provisions and liabilities allowed on payment basis	981.00	864.61
Unabsorbed Depreciation	703.33	616.34
	<u>–</u>	<u>391.81</u>

During the year the Company has offset deferred tax asset aggregating Rs. 398.15 Lakhs against General Reserve. These deferred tax asset were recognised in earlier years in respect of voluntary retirement compensation liabilities which were offset against General Reserve as at 31st March, 2007, in terms of the scheme referred to in note no. 2(d) above.

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

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

12. The Company has made investments in Joint Ventures listed in the table below. Accumulated losses of these Joint Venture as at the year end exceed their paid up capital. However having regard to the long term interests of the Company and the steps taken by the managements of these Joint Ventures, the Company does not expect any significant erosion in the value of its investment or its loans nor does it expect any devolvement of liability in respect of guarantees furnished. Therefore, no provision has been made in respect of the Company's exposure in this regard.

Name of the Joint Venture	(Rs. In Lakhs)		
	Investments	Loans	Guarantees
Forbes Infotainment Ltd	1,501.49	-	-
	<i>588.49</i>	<i>913.57</i>	<i>1,200.00</i>
Edumetry, Inc.	-	-	-
	<i>35.48</i>	<i>55.29</i>	-
Forbes Edumetry Ltd.	-	-	-
	<i>144.00</i>	<i>59.47</i>	-

Figures in Italics relate to previous year

13. Based on a legal opinion received, the Company has not deposited the dividend amount of Rs. 0.51 Lakhs to Investor Education and Protection Fund even though amounts are outstanding for more than seven years.

14. Earnings Per Share is computed as under:

S. No.	Particulars	Remarks	For the year ended 31st March, 2009	For the year ended 31st March, 2008
1	Profit after Tax (Rs. In lakhs)	A	(4,749.11)	242.65
2	Total No. of Equity shares outstanding during the year.	B	12,898,616	12,898,616
			Rs.	Rs.
3	Earning per share (Face value being Rs.10 per share) – (Basic & Diluted)	C=A/B	(36.82)	1.88

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

- A. The Company has acquired Plant & Machinery under a finance lease amounting to Rs.77.95 Lakhs (Previous year Rs. 77.95 lakhs). The total minimum lease payments (MLP) in respect thereof and the present value of future lease payments, discounted at interest rates implicit in the lease subsequent to reschedulement during the year are as follows:

Period	Total MLP		Interest		Principal	
	As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2008
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
Not later than one year	5.25	9.65	0.06	0.06	5.19	9.59
Later than one year but not later than five years	-	-	-	-	-	-
Total	5.25	9.65	0.06	0.06	5.19	9.59

- B. (i) The Company has taken certain office premises on operating lease basis. Lease payments in respect of such leases recognised in Profit & Loss Account Rs. 231.63 Lakhs; (Previous Year Rs. 240.31 Lakhs).
- (ii) Future minimum lease payments under non-cancellable operating lease period (for lease entered into subsequent to 1st April,2001) are as follows:

Period	As at 31st March, 2009 Rs. In Lakhs	As at 31st March, 2008 Rs. In Lakhs
Not later than one year	61.16	60.73
Later than one year but not later than five years	244.62	242.90
Later than five years	1,026.43	1,082.09
Total	1,332.21	1,385.72

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

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

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

Class Of Asset:	Buildings (pro-rata)	
	As at 31st March, 2009 Rs. In Lakhs	As at 31st March, 2008 Rs. In Lakhs
Gross Carrying Amount:	993.81	993.81
Accumulated Depreciation:	262.51	250.80
Depreciation for the year.	11.71	11.71

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

Period	As at 31st March, 2009 Rs. In Lakhs	As at 31st March, 2008 Rs. In Lakhs
Not later than one year	83.78	91.79
Later than one year but not later than five years	-	21.05
Later than five years	-	-
Total	83.78	112.83

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 the other companies. The normal tenure of the arrangement is upto three years.

16. 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, 2009				For the year ended 31st March, 2009	
		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	223.69	673.03	14.76	-	672.18	1,020.78
	49	101.87	3,373.00	14.76	-	5,656.69	6,311.54
Nypro Forbes Moulds Private Limited (NFMPL)	-	-	-	-	-	-	-
	50	458.34	353.75	23.26	-	143.43	237.32
Nypro Forbes Products Private Limited (NFPPL)	-	-	-	-	-	-	-
	50	1,681.26	1,229.13	6.18	3.71	773.55	882.86
Forbes Edumetry Ltd.	-	-	-	-	-	-	-
	50	63.22	151.83	-	-	7.81	122.74
Edumetry INC	50	14.27	366.00	-	-	37.99	144.72
	50	28.38	210.21	-	-	19.38	129.08
SCI Forbes Ltd.	25	6,992.68	4,264.12	-	6,432.44	0.98	71.01
	25	2,575.31	2,747.48	-	7,818.13	363.30	558.92

Figures in italics relate to the previous year.

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

17. 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 during the year the Company has transferred its share holding in Nypro Forbes Moulds Pvt. Ltd. to Forbes Finance Limited, a wholly owned subsidiary Company. The novation and assignment of Joint Venture agreement is still under process.

18. (a) Managerial Remuneration

	(Rs. In Lakhs)	
	For the year ended 31st March, 2009	For the year ended 31st March, 2008
(i) Managing Director and Wholetime Director		
Salary	152.66	163.22
Post Retirement Benefits	128.52	235.41
Contributions to Provident Fund and other Funds	9.40	14.74
Perquisites	11.96	15.25
	<u>302.54</u>	<u>428.62</u>

The above figures exclude contribution to Gratuity Fund and provision for compensated absences provided on actuarial basis as separate figures are not available.

(b) Computation of Profits under Section 349 of the Companies Act, 1956.

	Rs. In Lakhs	For the year ended 31st March, 2009 Rs. In Lakhs	For the year ended 31st March, 2008 Rs. In Lakhs
1. Profit before Taxation		(4,646.81)	370.04
2. Add:			
(a) Directors' Remuneration	302.54		428.62
(b) Provision for Diminution in the value of Investments	35.48		-
(c) Provision for Doubtful Advances	432.99		47.39
(d) Provision for Doubtful Debts	229.72		229.19
		<u>1,000.73</u>	<u>705.19</u>
		(3,646.09)	1,075.23
3. Less:			
(a) Capital Profit on Sale of Fixed Assets	-		430.04
(b) Profit on Sale of Long Term Investments	52.36		573.09
(c) Provision for Diminution in Value of Investments Written Back	19.79		-
(d) Provision for Doubtful Debts no longer required, written back	2.16		2.25
(e) Provision for Doubtful Advances no longer required, written back	-		9.14
(f) Provision for Contingencies written back /paid	9.65		29.75
		<u>83.96</u>	<u>1,044.26</u>
Profit under Section 349 of the Companies Act, 1956		<u>(3,730.05)</u>	<u>30.97</u>
4. Maximum remuneration payable:			
(a) 10% of the above to the Managing Director and Wholetime Directors		-	3.10
(b) 1% of the above to the Non-wholetime Directors		-	0.31
(c) Remuneration paid/provided to the Managing Director and Wholetime Directors excluding Commission		302.54	428.62

The above remuneration is in excess of the limits specified in Schedule XIII of the Companies Act, 1956 and hence is subject to approval of Central Government under Sections 198/309 of the Companies Act, 1956.

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)
19. Earnings in Foreign Exchange for:

	(Rs. In Lakhs)	
	For the year ended 31st March, 2009	For the year ended 31st March, 2008
(a) Export of goods calculated on F.O.B. basis	1,540.14	1,753.87
(b) Commission and other services	187.84	309.50
(c) Freight and insurance recoveries	18.33	39.77
(d) Dividend	200.56	578.90
(e) Interest	-	8.36
	<u>1,946.87</u>	<u>2,690.39</u>

20. Amounts remitted in Foreign Currencies on account of dividends during the year:

(a) Amounts remitted	0.03	0.14
(b) Number of Non-resident Shareholders to whom remittances were made	2	3
(c) Number of shares of Face Value of Rs.10 each on which, and the year for which, Dividend was remitted during the year	0.02 (2007-08)	0.04 (2006-07)

21. (i) Value of Imports calculated on C.I.F. basis (excluding items in transit and value of items locally purchased):

	(Rs. In Lakhs)	
	For the year ended 31st March, 2009	For the year ended 31st March, 2008
(a) Raw Materials	348.09	262.39
(b) Components	24.89	383.75
(c) Stores, Spares and Tools	118.29	85.81
(d) Capital Goods	1,041.52	672.25
(e) Purchases for resale	1,273.71	1,311.14
	<u>2,806.50</u>	<u>2,715.34</u>

(ii) Expenditure in Foreign Currencies for:

(a) Commission to Overseas Agents (Net of tax)	22.04	18.02
(b) Foreign Travel	59.75	55.21
(c) Royalty	103.31	36.26
(d) Interest paid on loans	0.42	1.23
(e) Others	60.67	44.61
	<u>246.19</u>	<u>155.33</u>

22. (a) Raw Materials and Components consumed:

	For the year ended 31st March, 2009		For the year ended 31st March, 2008	
	Quantity	Value Rs. in Lakhs	Quantity	Value Rs. in Lakhs
(i) Raw Materials:				
Steel Bars M.T.	318	1,293.13	339	983.58
Wire Rods M.T.	1,186	609.33	1,371	667.49
Ferrous - Steel Strips (Qty.in Nos)	1,53,383	92.65	7,27,891	347.93
Non Ferrous - Aluminium Alloy(Qty. in Nos)	4,837	6.78	1,98,740	98.79
Others	-	278.44	-	680.80
(ii) Bought out Components:				
Carbide Blanks Nos.	3,68,618	540.65	3,87,186	693.41
Components	-	274.41	-	2,485.40
		<u>3,095.39</u>		<u>5,957.40</u>

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

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, 2009		For the year ended 31st March, 2008	
	% to Total Consumption	Value Rs. in Lakhs	% to Total Consumption	Value Rs. in Lakhs
Raw Materials and Components:				
(i) Direct Imports at landed cost	9	290.17	14	828.31
(ii) Others – Including value of imported items locally purchased	91	2,805.22	86	5,129.10
	100	3,095.39	100	5,957.40

23. Stores, Spares and Tools consumed:

	For the year ended 31st March, 2009		For the year ended 31st March, 2008	
	% to Total Consumption	Value Rs. in Lakhs	% to Total Consumption	Value Rs. in Lakhs
(i) Direct Imports at landed cost	21	148.41	15	102.06
(ii) Others – Including value of imported items locally purchased	79	566.67	85	590.99
	100	715.08	100	693.05

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

- (a) (i) Rs.7.88 Lakhs; (*Previous year Rs.13.47 Lakhs*) being amounts withheld as retention money against product warranties.
(ii) Rs.34.77 Lakhs; (*Previous year Rs.41.25 Lakhs*) representing funds towards the unpaid dividend; and

- (b) Rs.Nil lakhs; (*Previous year Rs.8.51 lakhs*) held pursuant to Rule 3A of the Companies (Acceptance of Deposits) Rules,1975.

25. Land and building with a written down value of Rs.1.91 lakhs (original cost Rs. 4.04 lakhs) as at 31st March, 2006, were revalued as on that date at Rs.365.23 lakhs based on a valuation carried out by independent valuers and the difference Rs.363.32 lakhs was credited to the Revaluation Reserve. These assets were sold during the previous year for consideration aggregating Rs.391.00 lakhs. Consequently, a sum of Rs. Nil (*Previous Year Rs.363.32 lakhs*) was transferred from the Revaluation Reserve to the General Reserve and a net sum of Rs. Nil (*Previous Year Rs.25.77 lakhs*) was credited to the Profit and Loss Account.

26. Details of expenses capitalised are as under

Sr. No.	Head of Accounts	Gross Expenses Amount	Less amount Capitalised Amount	(Rs. In Lakhs)
				Net Debit to P & L For the year ended 31st March, 2009
i)	Insurance Premium	97.68	1.77	95.91
		<i>90.73</i>	–	<i>90.73</i>
ii)	Travelling & Conveyance	514.07	18.79	495.28
		<i>532.06</i>	–	<i>532.06</i>
iii)	Miscellaneous Charges	2,041.62	114.25	1,927.37
		<i>1,595.50</i>	–	<i>1,595.50</i>
iv)	Depreciation	1,172.11	–	1,172.11
		<i>1,135.88</i>	5.73	<i>1,130.15</i>
		3,825.48	134.81	3,690.67
		<i>3,354.16</i>	5.73	<i>3,348.44</i>

Figures in italics relate to the previous year.

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

27. 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, 2009		For the year ended 31st March, 2008	
	Rs. in Lakhs	FC	Rs. in Lakhs	FC
Sundry Debtors	123.72	US\$ 2,45,862	129.03	US\$ 3,26,928
	42.12	GBP 58,860	55.68	GBP 71,438
	2.17	EUR 3,253	2.89	EUR 4,703
Loans receivable	60.58	US\$ 1,20,000	47.36	US\$ 1,20,000
Interest receivable	9.69	US\$,19,200	7.58	US\$ 19,200

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

Import of goods and services	154.761	US\$ 2,99,802	55.26	US\$ 1,36,517
	5.66	GBP 7,585	20.28	GBP 24,867
	11.77	EUR 17,112	179.60	EUR 281,860
	2.24	CHF 4,934	-	-
Loans Payable	11.12	US\$ 21,538	28.56	US\$ 55,336
Deposits payable	-	-	0.17	US\$ 430

c) Advances Given:

Import for Goods	0.80	US\$ 1,559	-	-
For Capital Goods	0.17	EUR 250	306.01	EUR 497,417
	-	-	16.16	CHF 40,935

d) Advances Received:

From Supplier	5.12	US\$ 9,911	18.93	US\$ 46,772
	0.05	GBP 60	0.01	EUR 11

e) Guarantee Given:

Standard Chartered Bank	516.20	\$ 1,000,000	445.28	\$-1,100,000
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Note:

FC Foreign Currency
 US \$ United States Dollar
 GBP Great British Pound
 CHF Swiss Franc
 EUR Euro

28. Employee Benefit Obligations:-

Defined-Contribution Plans:

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

A sum of Rs.257.13 Lakhs (Previous Year Rs.278 Lakhs) has been charged to the revenue account in this respect.

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

Defined-Benefits Plans:

The Company offers its employees defined-benefits plans in the form of a gratuity scheme (a lump sum amount). 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. In the case of the gratuity scheme, the Company contributes funds to a Gratuity Trust, which is irrevocable. Commitments are actuarially determined at year end. On adoption of the revised Accounting Standard (AS-15) on "Employee Benefits" issued under the Companies (Accounting Standards) Rules, 2006, actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the profit and loss account.

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

(Rs. in Lakhs)

	31st March, 2009			31st March, 2008		
	Funded	Non funded		Funded	Non funded	
	Gratuity	Gratuity	Others (Post Retirement medical and non compete fees)	Gratuity	Gratuity	Others (Post Retirement medical and non compete fees)
Present Value of Obligation	971.78	–	390.58	884.24	0.21	325.82
Fair Value of Plan Assets	600.17	–	–	589.39	–	–
Net Liability in the balance sheet	371.61	–	390.58	294.85	0.21	325.82

Defined benefit commitments:

Opening balance as at 1st April	884.24	0.21	325.82	941.94	0.31	97.30
Current Service Cost	43.85	–	26.88	46.34	0.37	4.57
Interest expenses	62.70	–	4.71	69.63	0.03	8.03
Paid benefits	(188.45)	–	(52.83)	(261.84)	–	(39.24)
Actuarial (gain) / loss	169.44	(0.21)	91.48	55.22	(0.50)	255.16
Transfer Received	–	–	(5.49)	32.96	–	–
Closing balance as at 31st March	971.78	–	390.58	884.24	0.21	325.82

Plant Assets

Opening balance as at 1st April	589.39	–	–	654.58	–	–
Expected return on scheme assets	51.35	–	–	45.86	–	–
Contributions by the Company	153.38	–	–	83.25	–	–
Paid funds	(188.45)	–	–	(261.84)	–	–
Actuarial gain / (loss)	(5.51)	–	–	25.72	–	–
Transfer Received	–	–	–	41.83	–	–
Closing balance as at 31st March	600.17	–	–	589.39	–	–

Return on Plant Assets

Expected return on plan assets	51.19	–	–	45.86	–	–
Actuarial gain / (loss)	(5.66)	–	–	25.72	–	–
Actual return on plan assets	45.54	–	–	71.57	–	–

Expenses on defined benefit plan:

Current service costs	43.85	–	4.71	46.34	0.03	8.03
Interest expense	62.70	–	26.88	69.63	0.37	4.57
Expected return on investment	(51.19)	–	–	(45.86)	–	–
Net actuarial (gain) / loss	184.23	(0.21)	91.48	29.50	(0.50)	255.16
Plan amendment / curtailment / settlement	(31.17)	–	–	–	–	–
Expenses charged to the profit and loss account	208.42	(0.21)	123.08	99.61	(0.10)	267.76

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

Investment Details	31st March, 2009	31st March, 2008
Funds Managed by Insurer	56%	49%
Public Sector Unit Bonds	-	5%
Private Sector Unit Bonds	36%	4%
Special Deposit Schemes	8%	8%
Others(excluding Bank Balances)	-	34%
	100%	100%

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

	31st March, 2009	31st March, 2008
Rate for discounting liabilities	8%	8% to 8.25%
Expected salary increase rate	6%	4%
Expected return on scheme assets	8%	8%
Mortality rates	LIC 94-96 Table	LIC 94-96 Table

Experience Adjustment:

Gratuity

	2008-09	2007-08	2006-07
Defined benefit obligation	971.78	884.24	2,249.45
Plan Asset	600.17	589.39	1,913.54
Experience adjustment on plan assets	(6.26)	*	*
Experience adjustment on plan liabilities	(3.82)	*	*

* The figures in respect of previous two periods are not available.

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

The estimates of future salary increases, considered in the actuarial valuation, taken on account of 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 2009-10 has not been ascertained.

29. Investment in Mutual Funds

Sr. No.	Name of the Mutual Fund	Balance As on 01.04.2008	Purchased / Switchin during the year	Dividend Reinvested	Redeemed / Switchout during the year	Balance As at 31.03.2009
		Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
1	TFRLB TATA Floating Rate Fund Long Term Income/Bonus	574.75	-	-	574.75	-
		-	573.55	1.20	-	574.75
2	HDFC FMP 14M Feb-08 (VII) - Wholesale plan growth	400.00	-	-	400.00	-
		-	400.00	-	-	400.00
3	Templeton Fixed Horizon Fund Series VII Plan C - Institutional - Growth	200.00	-	-	200.00	-
		-	200.00	-	-	200.00
4	HDFC FMP 13M Mar-08 (VIII) - Wholesale Plan Growth	342.94	-	-	342.94	-
		-	342.94	-	-	342.94
		1,517.69	-	-	1,517.69	-

Figures in italics relates to the last year figure.

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

30. The Income and Expenditure for the year included exceptional items in respect of:

Nature and Head of Exceptional Items	For the year ended 31-Mar-09 (Rs. in lakhs)	For the year ended 31-Mar-08 (Rs. in lakhs)
a. Discontinuation of Vacuum Cleaner Segment Expenses:		
Power & Fuel	0.48	-
Salaries, Wages, Bonus and Commission	0.56	-
Workmen and Staff Welfare Expenses	1.64	-
Freight and Forwarding Charges	0.39	-
Repairs to Others	0.81	-
Rent	8.91	-
Rates and Taxes	6.75	-
Stamps, Telegrams, Stationery, Printing and Telephones	1.75	-
Legal and Professional Charges	35.82	-
Insurance Premium	0.16	-
Travelling & Conveyance	7.05	-
Bad Debts/Advances written off	49.32	-
Loss on Sale of Fixed Assets (Net)	(0.73)	-
Auditors' Remuneration	1.02	-
Provision for reduction in value of inventory	474.45	-
Miscellaneous Charges	70.77	-
Interest	54.82	-
Depreciation	9.55	-
Income		
Rent	(5.20)	-
Miscellaneous Income	(18.17)	-
b. Restructuring Cost		
Legal and Professional Charges	30.00	-
c. Voluntary Retirement Compensation amortised in respect of "Motor Manufacturing" Segment	178.14	-
d. Provision for		
Doubtful Loans & Advances	426.57	-
Diminution in the value of Investments	35.48	-
e. Arrears of payment on account of Wage revision		
Salaries, Wages, Bonus and Commission	59.00	-
	<u>1,429.37</u>	<u>-</u>

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

31. (a) Related Party Disclosures

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

(A) Holding Company / Ultimate Holding Company

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

(B) Subsidiary Companies

- 1 Aquamall Water Solutions Ltd. (*Subsidiary of Eureka Forbes Ltd.*)
- 2 Aquadiagnostics Water Research & Technology Centre Ltd. (*Subsidiary of Aquamall Water Solutions Ltd.*)
- 3 Eureka Forbes Ltd.
- 4 Euro Forbes International Pte. Ltd. (*Subsidiary of Eureka Forbes Ltd.*)
- 5 E4 Development & Coaching Ltd. (*Subsidiary of Eureka Forbes Ltd.*)
- 6 Forbes Aquamall Ltd. (*Subsidiary of Aquamall Water Solutions Ltd.*)
- 7 Forbes Bumi Armada Ltd. (*Subsidiary of Forbes Finance Ltd.*)
- 8 Forbes Campbell Services Ltd. (*Subsidiary of Forbes Finance Ltd.*)
- 9 Forbes Container Lines Pte. Ltd.
- 10 Forbes Doris & Naess Maritime Ltd.
- 11 Forbes Facility Services Pvt. Ltd. (*Subsidiary of Eureka Forbes Ltd.*)
- 12 Forbes Finance Ltd.
- 13 Forbes Smart Data Ltd. (*Subsidiary of Forbes Finance Ltd.*)
- 14 Forbes Sterling Star Ltd. (*upto 8.1.2009*)
- 15 Forbes Technosys Ltd. (*Subsidiary of Forbes Finance Ltd.*)
- 16 Forbes Tinsley Co. Ltd.
- 17 Forbes Water Ltd. (*Subsidiary of Eureka Forbes Ltd.*)
- 18 Latham India Ltd.
- 19 Volkart Fleming Shipping & Services Ltd.
- 20 High Point Properties Ltd. (*upto 03.03.2009*)
- 21 Sea-Falcon Shipping Services Ltd. (*Subsidiary of Latham India Ltd.*)
- ★ 22 Sea-Speed Shipping Agencies Ltd. (*Subsidiary of Latham India Ltd.*)
- 23 Trident Shipping Agencies Ltd. (*Subsidiary of Latham India Ltd.*)

(C) Fellow Subsidiaries

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

(D) Associate Companies

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

(E) Joint Ventures

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

(F) Key Management Personnel

- 1 Managing Director, Mr. Ashok Barat.
- 2 Executive Director (Finance), Mr. C. G. Shah. (*upto 30.09.2008*)

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

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

31. (a) Related Party Disclosures

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

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

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

31. (a) Related Party Disclosures – March, 2009

(iii) The above Transactions includes:

	A	B	B	B	B	B	B	B	B
	Shapoorji Pallonji & Company Limited	Eureka Forbes Ltd.	Forbes Bumi Armada Ltd.	Forbes Campbell Services Ltd.	Forbes Container Lines Pte. Ltd.	Forbes Doris & Naess Maritime Ltd.	Forbes Finance Ltd.	Forbes Technosys Ltd.	Latham India Ltd.
Nature of Transaction									
Purchases									
1 Goods and Materials	-	-	-	-	-	-	-	24.99	-
2 Services Rendered	-	-	-	-	-	-	-	-	-
3 Fixed Assets	-	-	-	-	-	-	-	-	-
4 Investment	-	-	-	-	-	-	3,334.13	-	-
Sales									
5 Goods and Materials	-	19.02	-	-	-	-	-	-	-
6 Services Rendered	-	-	-	-	-	-	-	-	-
7 Fixed Assets	-	-	-	-	-	0.22	-	-	-
8 Investment	-	-	-	-	-	-	1,100.70	-	-
Expenses									
9 Rent	-	-	-	-	-	-	-	-	-
10 Repairs & Other Expenses	-	14.64	-	29.58	-	-	-	-	-
11 Recovery of Expenses	-	-	-	-	-	-	-	-	-
12 Dim. in Value of Investment	-	-	-	-	-	-	-	-	-
13 Interest Paid	55.82	-	-	-	-	-	-	-	-
14 Dividend Paid	-	-	-	-	-	-	2.50	-	-
15 Provision /Write offs	-	-	-	-	-	-	-	-	4.86
Income									
16 Rent and Other Service Charges	-	-	-	-	-	-	-	15.06	-
17 Interest Received	-	-	-	-	-	-	-	61.69	-
18 Dividend Received	-	426.00	-	-	146.54	-	-	-	-
19 Misc. Income	-	-	-	-	-	-	-	-	-
Other Receipts									
20 Other Reimbursements	-	-	-	-	-	-	-	-	-
Finance									
21 Loans and Advances Given	-	-	-	-	-	-	-	-	-
22 Loans and Advances Taken	-	100.00	-	-	-	-	-	200.00	-
23 Deposits Given	-	-	-	-	-	-	2,119.00	-	-
24 Deposits Taken	1,175.00	-	-	-	-	-	726.43	250.00	-
25 Repayment of Deposits Taken	-	-	-	-	-	-	953.76	250.00	-
26 Repayment of Deposits Given	-	-	-	-	-	-	2,119.00	912.00	-
Outstandings									
27 Sundry Creditors	-	-	-	-	-	-	-	200.00	-
28 Interest accrued but not due	-	-	-	-	-	-	-	-	-
29 Sundry Debtors	-	-	-	-	-	-	-	-	-
30 Loans and Advances	-	-	-	-	-	-	-	-	-
31 Prov. for Doubtful Loans and Adv.	-	-	-	-	-	-	-	-	-
32 Provision for Doubtful Debts	-	-	-	-	-	-	-	-	-
33 Deposits Payable	1,175.00	-	-	-	-	-	-	-	-
34 Deposits Receivable	-	-	-	-	-	-	-	-	-
Remuneration									
35 Paid / Payable	-	-	-	-	-	-	-	-	-
Guarantees									
36 Given	-	-	-	-	-	-	-	-	-

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

(Rs. In Lakhs)

B	B	C	C	C	D	D	E	E	E	E	E	F	F
Volkart Fleming Shipping & Services Ltd.	Sea-Speed Shipping Agencies Ltd.	Forvol International Services Ltd.	Gokak Textiles Ltd.	SP Fabricators Pvt. Ltd.	Next Gen Publishing Ltd.	The Svadeshi Mills Company Ltd.	Edumetry Inc	Forbes Edumetry Ltd.	Forbes Infotainment Ltd.	Nypro Forbes Products Pvt. Ltd.	SCI Forbes Ltd.	Managing Director, Mr. Ashok Barat.	Executive Director, Mr. C.G. Shah.
-	-	-	-	-	-	-	-	-	-	-	-	-	-
184.51	-	-	-	-	-	-	-	-	-	-	-	-	-
0.47	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	913.00	-	3,025.00	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
50.50	-	-	-	16.46	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
192.89	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	89.17	-	-	-	-	-	-	-	-	-	-	-
-	-	43.49	-	-	-	-	-	-	-	-	-	-	-
-	57.85	-	-	-	-	-	35.48	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	65.00	-	-	-	-
-	-	-	-	-	-	0.75	-	-	-	-	-	-	-
65.91	-	20.00	30.81	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
126.00	-	-	-	-	-	-	-	-	-	-	68.94	-	-
-	-	-	-	-	2.70	-	-	-	-	-	-	-	-
95.52	37.79	-	-	-	-	-	-	-	-	18.80	-	-	-
-	-	0.73	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
452.65	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	838.00	-	2,549.55	-	-
159.77	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	9.69	-	-	-	-	-	-
-	-	4.18	-	-	-	20.15	-	-	-	-	-	-	-
-	-	-	-	-	-	4,391.78	-	-	-	-	-	-	-
-	-	-	-	-	-	4,391.78	-	-	-	-	-	-	-
-	-	-	-	-	-	20.15	-	-	-	-	-	-	-
-	782.50	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	60.58	354.51	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	89.99	212.54
-	-	-	-	-	-	-	-	-	-	-	-	-	-

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

31. (b) Related Party Disclosures

- (i) Names of related parties and nature of related party relationship for the year ended 31st March, 2008.
- (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 Ltd. (Subsidiary of Eureka Forbes Ltd.)
 - 2 Eureka Forbes Ltd.
 - 3 Euro Forbes International Pte. Ltd. (Subsidiary of Eureka Forbes Ltd.)
 - 4 Forbes Aquamall Ltd. (Subsidiary of Eureka Forbes Ltd.)
 - 5 Forbes Bumi Armada Ltd.
 - 6 Forbes Campbell Services Ltd.
 - 7 Forbes Container Lines Pte. Ltd.
 - 8 Forbes Doris & Naess Maritime Ltd.
 - 9 Forbes Facility Services Pvt. Ltd. (Formerly known as Forbes Abans Cleaning Solutions Pvt. Ltd. – Subsidiary of Eureka Forbes Ltd.)
 - 10 Forbes Finance Ltd.
 - 11 Forbes Smart Data Ltd.
 - 12 Forbes Sterling Star Ltd.
 - 13 Forbes Technosys Ltd.
 - 14 Forbes Tinsley Co. Ltd.
 - 15 Latham India Ltd.
 - 16 Volkart Fleming Shipping & Services Ltd.
 - 17 Forbes Campbell Holdings Ltd. (upto 31.05.2007)
 - 18 Warrior (Investment) Ltd. (upto 31.05.2007)
 - 19 Next Gen Publishing Ltd. (upto 10.07.2007)
 - 20 High Point Properties Ltd. (Subsidiary of Forbes Finance Ltd.)
 - 21 Sea-Falcon Shipping Services Ltd. (Subsidiary of Forbes Finance Ltd.)
 - ★ 22 Sea-Speed Shipping Agencies Ltd. (Subsidiary of Forbes Finance Ltd.)
 - 23 Trident Shipping Agencies Ltd. (Subsidiary of Forbes Finance Ltd.)
- (C) Fellow Subsidiaries
- 1 Cyrus Investments Ltd.
 - 2 Forvol International Services Ltd.
 - 3 Gokak Textiles Ltd.
 - 4 Shapoorji Palanji Ports Pvt. Ltd.
 - 5 SP Fabricators Pvt. Ltd.
 - 6 United Motors (India) Ltd.
- (D) Associate Companies
- 1 Euro P2P Direct (Thailand) Co. Ltd. (Associate of a subsidiary)
 - 2 Next Gen Publishing Ltd.
 - 3 P T Gokak Indonesia (Associate of a subsidiary)
 - 4 The Svadeshi Mills Company Ltd.
- (E) Joint Ventures
- 1 Edumetry Inc
 - 2 Forbes Aquatech Ltd. (Joint ventures of a subsidiary)
 - 3 Forbes Concept Hospitality Services Pvt. Ltd. (Joint venture of a subsidiary)
 - 4 Forbes Edumetry Ltd.
 - 5 Forbes Infotainment Ltd.
 - 6 Forbes Lux Group AG, BAAR (Joint venture of a subsidiary)
 - 7 Nypro Forbes Moulds Pvt. Ltd.
 - 8 Nypro Forbes Products Pvt. Ltd.
 - 9 SCI Forbes Ltd.
- (F) Key Management Personnel
- 1 Deputy Chairman and Managing Director, Mr. K. C. Mehra.
 - 2 Executive Director (Finance), Mr. C. G. Shah.
 - 3 Chief Operating Officer, Mr. Ashok Barat.

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

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

31. (b) Related Party Disclosures

(ii) Transactions with related parties for the year ended 31st March, 2008:

(Rs. in Lakhs)

Nature of Transactions	Parties in A above	Parties in B above	Parties in C above	Parties in D above	Parties in E above	Parties in F above	Total
Purchases							
1 Goods and Materials	-	576.45	242.08	-	31.18	-	849.71
2 Services Rendered	-	4.82	57.49	4.23	-	-	66.54
3 Fixed Assets	2.58	0.62	-	-	-	-	3.20
4 Investment	-	257.17	-	-	25.00	-	282.17
Sales							
5 Goods and Materials	-	5,535.54	-	-	5.55	-	5,541.09
6 Services Rendered	1.37	4.94	3.80	3.09	2.02	-	15.21
7 Fixed Assets	38.54	0.85	-	-	-	-	39.38
8 Investment	-	579.84	-	-	-	-	579.84
Expenses							
9 Rent and other Service Charges	18.00	70.52	5.59	3.32	-	-	97.43
10 Repairs & Other Expenses	-	83.06	95.18	2.72	-	-	180.96
11 Recovery of Expenses	-	163.47	5.74	-	-	0.06	169.28
12 Interest Paid	-	46.34	-	63.88	-	-	110.22
13 Dividend Paid	311.27	5.82	12.41	-	-	-	329.50
14 Provision /Write offs	-	8.99	-	6.98	-	-	15.97
Income							
15 Rent and Other Service Charges	212.50	59.28	49.25	8.51	1.40	-	330.95
16 Interest Received	-	83.57	0.90	14.07	260.51	-	359.06
17 Dividend Received	-	1,430.90	-	-	-	-	1,430.90
18 Profit on sale of Investment	-	445.09	-	-	-	-	445.09
19 Provision /Write backs	-	-	-	2.57	-	-	2.57
20 Miscellaneous Income	-	-	-	5.40	-	-	5.40
Other Receipts							
21 Deputation of Staff	-	-	-	8.22	-	-	8.22
22 Other Reimbursements	-	227.33	6.59	6.48	12.27	-	252.66
Finance							
23 Loans and Advances Given	-	-	1.13	17.20	-	-	18.33
24 Loans and Advances Taken	17.59	21.00	-	0.53	-	-	39.12
25 Deposits Given	-	465.39	-	6.98	530.00	-	1,002.37
26 Deposits Taken	500.00	326.50	-	50.50	-	-	877.00
27 Repayment of Deposit Taken	170.00	603.00	-	12.00	-	-	785.00
28 Repayment of Deposit Given	-	791.78	-	553.00	4.67	-	1,349.44
Outstandings							
29 Sundry Creditors	-	192.33	12.43	2.72	3.51	-	210.98
30 Sundry Debtors	36.91	832.89	(0.11)	20.15	3.24	-	893.08
31 Loans and Advances	10.43	1,205.50	13.95	4,422.73	3,971.73	-	9,624.34
32 Provision for Doubtful Loans and Adv.	-	335.56	-	4,391.03	-	-	4,726.59
33 Provision for Doubtful Debts	-	-	-	20.15	-	-	20.15
34 Deposits Payable	330.00	628.44	-	723.00	-	-	1,681.44
Remuneration							
35 Paid / Payable	-	-	-	-	-	477.51	477.51
Guarantees							
36 Outstanding	-	-	-	-	1,200.00	-	1,200.00

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

31. (b) Related Party Disclosures – March, 2008
(iii) The above Transactions includes:

	A	A	B	B	B	B	B	B	B	B
	Shapoorji Pal- lonji & Company Limited	Sterling Investment Corpora- tion Private Limited	Eureka Forbes Ltd.	Forbes Aquamall Ltd.	Forbes Camp- bell Services Ltd.	Forbes Container Lines Pte. Ltd.	Warrior (Invest- ment) Ltd	Forbes Finance Ltd.	Forbes Sterling Star Ltd.	Forbes Techno- sys Ltd.
Nature of Transaction										
Purchases										
1 Goods and Materials	-	-	-	403.52	-	-	-	-	-	-
2 Services Rendered	-	-	-	-	-	-	-	-	-	-
3 Fixed Assets	2.58	-	0.62	-	-	-	-	-	-	-
4 Investment	-	-	-	-	-	84.72	-	-	-	120.00
Sales										
5 Goods and Materials	-	-	4,042.60	1,473.40	-	-	-	-	-	-
6 Services Rendered	-	-	-	-	-	-	-	-	4.57	-
7 Fixed Assets	38.54	-	-	-	-	-	-	-	-	-
8 Investment	-	-	-	-	-	-	579.84	-	-	-
Expenses										
9 Rent	-	17.41	-	-	-	-	-	-	-	-
10 Repairs & Other Expenses	-	-	-	-	30.01	-	-	-	-	-
11 Recovery of Expenses	-	-	-	-	-	-	-	-	-	-
12 Interest Paid	-	-	-	-	-	-	-	16.55	-	-
13 Dividend Paid	-	291.42	-	-	-	-	-	-	-	-
14 Provision /Write offs	-	-	-	-	-	-	-	-	-	-
Income										
15 Rent and Other Service Charges	212.50	-	-	-	-	-	-	-	-	-
16 Interest Received	-	-	-	-	-	-	-	-	-	79.24
17 Dividend Received	-	-	852.00	-	-	-	-	-	578.90	-
18 Profit on sale of Investment	-	-	-	-	-	-	445.09	-	-	-
19 Provision/Write backs	-	-	-	-	-	-	-	-	-	-
20 Misc. Income	-	-	-	-	-	-	-	-	-	-
Other Receipts										
21 Deputation of Staff	-	-	-	-	-	-	-	-	-	-
22 Other Reimbursements	-	-	-	-	-	-	-	-	-	-
Finance										
23 Loans and Advances Given	-	-	-	-	-	-	-	-	-	-
24 Loans and Advances Taken	17.59	-	-	-	-	-	-	-	-	-
25 Deposits Given	-	-	-	-	-	-	-	-	-	405.00
26 Deposits Taken	-	500.00	-	-	-	-	-	-	-	-
27 Repayment of Deposits Taken	-	170.00	-	-	-	-	582.00	-	-	-
28 Repayment of Deposits Given	-	-	-	-	-	-	-	-	352.60	325.00
Outstandings										
29 Sundry Creditors	-	-	-	-	-	-	-	-	-	-
30 Sundry Debtors	-	-	451.91	238.53	-	-	-	-	-	-
31 Loans and Advances	-	-	-	-	-	-	-	-	-	-
32 Prov. for Doubtful Loans and Adv.	-	-	-	-	-	-	-	-	-	-
33 Provision for Doubtful Debts	-	-	-	-	-	-	-	-	-	-
34 Deposits Payable	-	330.00	-	-	-	-	-	264.50	-	-
Remuneration										
35 Paid / Payable	-	-	-	-	-	-	-	-	-	-
Guarantees										
36 Outstanding	-	-	-	-	-	-	-	-	-	-

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

(Rs. In Lakhs)

B	B	C	C	D	D	D	D	E	E	E	F	F	F
Latham India Ltd.	Volkart Fleming Shipping & Services Ltd.	Forvol International Services Ltd.	Gokak Textiles Ltd.	Next Gen Publishing Ltd.	Sea -Speed Shipping Agencies Ltd.	The Svadeshi Mills Company Ltd.	Trident Shipping Agencies Ltd.	Forbes Edumetry Ltd.	Forbes Infotainment Ltd.	SCI Forbes Ltd.	Deputy Chairman and Managing Director, Mr. K. C. Mehra.	Executive Director (Finance), Mr. C. G. Shah.	Chief Operating Officer, Mr. Ashok Barat.
-	-	-	242.08	-	-	-	-	-	-	-	-	-	-
-	-	57.49	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	3.09	-	-	-	-	-	-	-	-
-	70.50	-	-	-	-	-	-	-	-	-	-	-	-
-	41.68	92.56	-	-	-	-	-	-	-	-	-	-	-
-	153.68	-	-	-	-	-	-	-	-	-	-	-	-
-	21.15	-	-	-	48.92	-	14.16	-	-	-	-	-	-
8.99	-	-	-	-	-	6.98	-	-	-	-	-	-	-
-	-	-	35.66	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	79.36	161.59	-	-	-
-	-	-	-	-	-	-	2.57	-	-	-	-	-	-
-	-	-	-	5.40	-	-	-	-	-	-	-	-	-
-	-	-	-	-	8.22	-	-	-	-	-	-	-	-
-	223.94	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	17.20	-	-	-	-	-	-	-	-
-	21.00	-	-	-	-	-	-	-	-	-	-	-	-
-	202.00	-	-	-	-	-	-	175.00	-	265.00	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	553.00	-	-	-	-	-	-	-	-	-
-	36.81	-	-	-	-	-	-	-	-	-	-	-	-
128.82	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,391.03	-	-	-	2,750.50	-	-	-
-	-	-	-	-	-	4,391.03	-	-	-	-	-	-	-
-	-	-	-	-	-	20.15	-	-	-	-	-	-	-
-	360.94	-	-	-	560.50	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	382.84	45.78	48.89
-	-	-	-	-	-	-	-	-	1,200.00	-	-	-	-

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

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

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

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

Opening Stock		Purchases		Closing Stock		Sales	
Quantity	Value Rs. in Lakhs	Quantity	Value Rs. in Lakhs	Quantity	Value Rs. in Lakhs	Quantity	Value Rs. in Lakhs
8,41,206	390.08	166,511	121.19	8,14,652	408.32	58,50,268	5,196.11
50,841	222.32	4,014	16.06	41,525	160.24	3,94,251	1,829.61
61	50.60	—	—	53	43.09	1,167	1,290.99
14,464	6.12	6,230	17.19	7,997	3.25	12,697	20.92
—	90.67	—	200.41	—	71.40	—	309.29
—	—	1	46.53	—	—	1	83.52
128	11.92	—	—	14	1.05	282	50.48
1,967	12.24	—	—	3,610	14.90	73,482	525.69
500	0.01	—	—	—	—	500	—
23,262	1.08	3,24,299	24.44	1,182	0.02	3,46,379	35.05
119,170	79.96	1	0.06	125,700	51.39	4,91,444	524.74
347	108.39	2,188	475.82	297	64.64	2,238	569.53
22	28.54	170	236.84	49	61.54	143	169.11
26	47.59	98	218.59	19	28.79	105	202.78
557	73.99	4,990	573.98	565	35.02	4982	686.91
—	246.36	—	591.56	—	140.16	—	772.78
18	10.48	19	16.80	17	14.22	20	13.84
55	104.16	236	721.67	51	130.36	240	834.33
9	0.98	225	19.05	17	1.80	217	25.57
5	3.35	—	—	5	3.35	—	—
22	0.89	—	—	20	0.65	2	—
—	948.61	—	429.04	—	292.79	—	115.59
	2,438.34		3,709.23		1,526.98		13,256.84

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

32. (b) Information for each class of goods manufactured and traded during the year ended 31st March, 2008.

	Product	Unit	Licensed Capacity	Installed Capacity	Actual Production
				(see Footnote 1)	(see Footnote 3)
(Per Annum)					
1	Threading Tools	Nos.	1,22,00,000	73,80,000	59,87,358
2	Carbide Tools	Nos.	11,00,000	4,50,000	4,20,279
3	Spring Washers (see Footnote 4)	M.Tonnes	350	1,440	1,434
4	Cutting Tools	Nos.	-	-	-
5	Other Traded Tools Instruments (see Footnote 3)		-	-	-
6	Trading Sale of Yarn / Fabrics	Nos.	-	-	-
7	Base Plate & Coupling	Nos.	-	-	-
8	Safety Valves for Steam Turbine	Nos.	-	-	-
Printing and embossing machines:					
9	Hand	Nos.	No limit	20,000	297
10	Mechanical Typewriters	Nos.	45,000	45,000	-
11	Vaccum Cleaners	Nos.	2,80,000	2,80,000	1,11,347
12	Electric motors (see Footnote 5)	Nos.	6,00,000	6,00,000	2,31,493
13	Plates	Nos.	-	1,53,00,000	-
14	Plastic Cards				3,93,213
15	Precision interchangeable steel types sets along with rotary wheels, holding devices and fixtures for composite metal indentation	Nos.	12,000 sets	12,000 sets	6,55,223
16	Electronic Cash Register	Nos.	3,000	3,000	-
17	Perforator Control systems with high Precision Perforated dies	Nos.	1,000	1,000	-
18	MICR (Magnetic Ink Character Recognition) Encoder	Nos.	1,500	1,500	-
19	Ink Jet Printers	Nos.	200	200	-
20	Note Counting Machines	Nos.	-	10,000	-
21	Collating and Jogging Machinery Sets	Nos.	-	1,000	-
22	Pco Monitors, Time Registers, Time Recorders	Nos.	-	5,000	-
23	Components and Accessories (see Footnote 3)			-	-
24	Other Business Automation Products	Nos.			-
25	Automated Impact Makers	Nos.			-
26	Hand Held Terminals				-
27	CTF				-
28	Paper Shredder				-
29	Other Textile Goods (see footnote 3)				-
30	Other	Nos.	-	-	-
TOTAL RUPEES					

Footnotes:

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

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (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
9,66,873	479.42	62,312	82.57	8,41,206	390.08	61,75,337	4,922.19
52,193	218.86	5,718	22.89	50,841	222.32	4,27,349	1,965.01
29	24.71	—	—	61	50.60	1,402	1,394.64
13,991	5.69	12,360	16.17	14,464	6.12	11,887	23.19
—	102.93	—	168.01	—	90.67	—	358.06
—	—	1,87,342	220.41	—	—	1,87,342	229.66
—	—	1	1.05	—	—	1	1.79
—	—	12	3.30	—	—	12	7.77
128	9.07	—	—	128	11.92	297	62.63
94	3.82	—	—	—	—	94	0.06
4,963	140.65	15,800	264.43	—	—	1,32,110	4,123.16
2,847	6.69	—	—	1,967	12.24	2,32,373	754.28
9,806	0.33	—	—	500	0.01	9,306	0.80
25,855	0.13	—	—	23,262	1.08	3,95,806	44.50
82,557	66.72	14	1.53	1,19,170	79.96	6,18,624	582.62
341	78.54	3,985	1,458.16	347	108.39	3,979	1,658.95
—	—	—	—	—	—	—	—
50	60.43	199	237.23	22	28.54	227	308.87
24	32.01	34	72.60	26	47.59	32	48.43
567	100.03	3,084	479.96	557	73.99	3,094	546.75
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	297.10	—	371.41	—	246.36	—	683.21
58	46.73	12	3.21	18	10.48	52	1.45
36	58.75	246	565.44	55	104.16	227	734.88
12	1.36	—	—	9	0.98	3	—
6	2.82	—	—	5	3.35	1	—
52	2.41	—	—	22	0.89	30	4.43
—	26.50	—	—	—	—	—	599.50
—	592.27	—	491.67	—	948.61	—	399.06
	2,357.96		4,460.06		2,438.34		19,455.89

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

33. (a) Segment Reporting year ended 31st March, 2009

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

The Company's operations predominantly relate to manufacture of "Engineering", "Business Automation", "Motor Manufacturing", "Logistics Services", "Personal Wear" and Others which comprises of (a) Discontinued Operations (b) Real Estate Segment.

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

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

i) Information about Primary Business Segments:

Particulars	Business		
	Engineering	Automation	Motor Manufacturing
External Segment Revenue	8,773.39	4,668.90	545.98
Add: Inter segment Revenue	16.13	15.10	0.26
Total Segment Revenue	8,789.52	4,684.00	546.25
Segment Results:			
(Profit / Loss before Tax , Interest and Investment Income, Prior period items and Exceptional items from each Segment)	815.20	(396.15)	(487.64)
Add: Exceptional Items			
Add: Unallocated Income			
Add: Profit on sale of long term Investments			
Less: Prov. For Dim. in the value of Investments & Loans and Advn.			
Add / Less: Prior period items			
(Profit / Loss before Tax and Interest from each Segment)			
Less: Interest (Net)			
Profit Before Tax			
Provision for Taxation			
Current (including wealth Tax)			
Deferred			
Profit After Tax			
Capital Employed			
Segment Assets	8,474.07	1,747.93	755.54
Unallocated Corporate Assets	-	-	-
Total Segment Assets	8,474.07	1,747.93	755.54
Segment Liabilities	1,203.22	1,554.64	158.31
Unallocated Corporate Liabilities	-	-	-
Total Segment Liabilities	1,203.22	1,554.64	158.31
Net Segment Assets	7,270.84	193.29	597.23
Capital Expenditure including Capital Work in Progress	928.61	40.69	-
Segment Depreciation	691.79	55.70	55.21
Non-Cash Expenses other than Depreciation	5.26	84.40	111.60

ii) Information about Geographical Business Segment:

Revenue

Assets

Cost of additions to Fixed Assets during the year

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

(Rs. in Lakhs)					
Logistic Services	Personal Wear	Others	Unallocated	Elimination	Total
5,066.53	126.34	877.40	-	-	20,058.54
3.66	-	83.16	-	(118.31)	-
5,070.18	126.34	960.56	-	(118.31)	20,058.54
463.74	(2,320.73)	463.78	-	-	(1,461.80)
					(1,429.37)
					(389.11)
					52.36
					(3,227.92)
					6.72
					(3,234.64)
					-
					(3,234.64)
					1,412.15
					(4,646.79)
					108.67
					(6.35)
					(4,749.11)
6,695.21	367.10	557.09	-	-	18,596.94
-	-	-	-	-	23,044.79
6,695.21	367.10	557.09	-	-	41,641.73
1,530.87	228.98	7,766.72	-	-	12,442.74
-	-	-	-	-	132.44
1,530.87	228.98	7,766.72	-	-	12,575.18
5,164.34	138.12	(7,209.63)	-	-	29,066.54
195.23	0.98	57.98	195.44	-	1,422.48
218.83	56.01	121.58	-	-	1,199.12
181.60	137.28	75.29	468.47	-	1,063.90
	Within India	Outside India	Unallocated	Elimination	Total
	18,430.54	1,746.31	-	(118.31)	20,058.54
	22,092.67	-	19,549.05	-	41,641.72
	1,638.24	-	-	-	1,638.24

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

33. (b) Segment Reporting year ended 31st March, 2008

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

The Company's operations predominantly relate to manufacture of "Engineering", "Business Automation", "Motor Manufacturing", "Logistics Services", "Personal Wear" and Others which comprises of (a) Discontinued Operations (b) Real Estate Segment.

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

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

i) Information about Primary Business Segments:

Particulars	Engineering	Business Automation	Motor Manufacturing
External Segment Revenue	8,738.72	5,277.20	954.75
Add: Inter segment Revenue	-	4.50	3.15
Total Segment Revenue	8,738.72	5,281.70	957.90
Segment Results:			
(Profit / Loss before Tax , Interest and Investment Income, Prior period items and Exceptional items from each Segment)	1,372.55	140.68	(457.22)
Add: Exceptional Items			
Add: Unallocated Income			
Add: Profit on sale of long term Investments			
Less: Prov. For Dim. in the value of Investments & Loans and Advn.			
Less: Interest (Net)			
Profit Before Tax			
Provision for Taxation			
Current (including wealth Tax)			
Deferred			
Profit After Tax			
Capital Employed			
Segment Assets	9,310.28	2,432.98	1,242.68
Unallocated Corporate Assets	-	-	-
Total Segment Assets	9,310.28	2,432.98	1,242.68
Segment Liabilities	1,497.33	1,073.98	350.14
Unallocated Corporate Liabilities	-	-	-
Total Segment Liabilities	1,497.33	1,073.98	350.14
Net Segment Assets	7,812.95	1,359.00	892.54
Capital Expenditure including Capital Work in Progress	1,048.44	15.07	22.80
Segment Depreciation	597.00	45.30	64.09
Non-Cash Expenses other than Depreciation	5.80	54.29	70.70

ii) Information about Geographical Business Segment:

Revenue

Assets

Cost of additions to Fixed Assets during the year

SCHEDULE '11' - NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009. (Contd.)

(Rs. in Lakhs)

Logistic Services	Personal Wear	Others	Unallocated	Elimination	Total
4,341.94	410.24	6,053.43	-	-	25,776.28
0.98	-	72.94	-	(81.57)	-
4,342.92	410.24	6,126.37	-	(81.57)	25,776.28
(179.83)	(663.31)	398.81		-	611.08
					(90.16)
					379.56
					573.09
					1,465.18
					47.39
					1,417.79
					1,047.75
					370.04
					(86.11)
					213.50
					242.65
7,283.91	1,941.58	5,186.50	20,417.89	-	47,815.82
-	-	-	-	-	-
7,283.91	1,941.58	5,186.50	20,417.89	-	47,815.82
2,491.63	70.19	7,118.93	903.53	-	13,505.73
-	-	-	-	-	-
2,491.63	70.19	7,118.93	903.53	-	13,505.73
4,792.28	1,871.39	(1,932.43)	19,514.36	-	34,310.09
103.84	18.91	58.22	-	-	2,194.28
202.96	42.92	173.27	-	-	1,125.54
279.84	26.72	288.88	-	-	726.23
	Within India	Outside India	Unallocated	Elimination	Total
	23,754.71	2,103.13	-	(81.57)	25,776.28
	27,397.94	-	20,417.90	-	47,815.84
	3,592.59	-	-	-	3,592.59

**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: 31.03.2009

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 Thousands)

Total Liabilities	2,918,939	Total Assets	2,918,939*
Sources of Funds		Application of Funds	
Paid up Capital	128,986	Net Fixed Assets	1,433,125
Reserves and Surplus	1,300,555	Investments	1,789,346
Secured Loan	1,170,499	Net Current Assets	(315,818)
Unsecured Loan	318,899	Miscellaneous Expenditure	12,286

* Net of Current Liabilities & Provisions

IV. Performance of Company (Amounts in Rs. Thousand)

Turnover	2,116,034
Total Expenditure	2,580,713
Profit before tax	(464,679)
Profit after tax	(474,911)
Earning per share in Rs.	
Dividend Rate %	

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	820790	Product Description	Carbide Tools
Item Code No. (ITC Code)	NA	Product Description	Shipping Agencies
Item Code No. (ITC Code)	820740	Product Description	Threading Tools

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T. R. DOONGAJI
A. T. SHAH

Chairman Emeritus
Chairman
Managing Director

Directors

Company Secretary

Mumbai, 30th June, 2009

**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, 2009 Rs. in Lakhs	Maximum amount outstanding during the year Rs. in Lakhs	No. of shares of the Company held by the loanees as at 31st March, 2009
(A) Loans and advances in the nature of loans to Subsidiaries, Associates and companies in which Directors are interested:				
1.	Latham India Limited - Subsidiary Company (carrying no interest) @ Provided as doubtful	@ 340.42	340.42	-
2.	Svadeshi Mills Company Limited - Associate Company (carrying no interest) * Provided as doubtful.	* 4,391.78	4,391.78	-
3.	Edumetry Inc - Joint Venture (carrying no interest) + Provided as doubtful.	+ 70.27	70.27	-
4.	Forbes Edumetry Limited - 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 A1, A2, A3 and A4 above:				
	Coromondal Garments Limited ◇ Provided as doubtful	◇ 325.00	325.00	-
Note: The above excludes loans to employees.				
(ii) Previous year :				
Sr. No.	Name	Balance as at 31st March, 2008 Rs in Lakhs	Maximum amount outstanding during the year Rs in Lakhs	No. of shares of the Company held by the loanees as at 31st March, 2008
(A) Loans and advances in the nature of loans to Subsidiaries, Associates and companies in which Directors are interested:				
1.	Latham India Limited - Subsidiary Company (carrying no interest) @ Provided as doubtful	@ 335.56	335.56	-
2.	Svadeshi Mills Company Limited - Associate Company (carrying no interest) * Provided as doubtful.	*4,391.03	4,391.03	-
(B) Loans and advances in the nature of loans to where there is no repayment schedule and also no interest, other than referred in A1 and A2 above:				
	Coromondal Garments Limited ◇ Provided as doubtful	◇ 325.00	325.00	-
Note: The above excludes loans to employees.				
		<p>PALLONJI S. MISTRY SHAPOOR P. MISTRY ASHOK BARAT CYRUS. P. MISTRY D. B. ENGINEER D. S. SOMAN N. D. KHURODY R. N. JHA S. L.GOKLANEY T. R. DOONGAJI A. T. SHAH</p>		
		<p>Chairman Emeritus Chairman Managing Director</p>		
		<p>Directors</p>		
		<p>Company Secretary</p>		

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES

	Aquadiagnostic Water Reserch & Technology Centre Limited	Aquamall Water Solutions Limited	E4 Development & coaching Limited	Eureka Forbes Limited	Euro Forbes International Pte.Limited	Forbes Aquamall Limited	Forbes Bumi Armada Limited
1. Financial Year of the Subsidiary Company	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009
2. (a) Number of Shares held in a Subsidiary Company				42,60,000 Shares of Rs.10 each			
(b) Percentage of the Shareholding in a Subsidiary Company				100.0%			
3. Subscribed Share Capital(No of Shares) of the Subsidiary Company	*80,000 Shares of Rs.10 each	*20,00,080 Shares of Rs.10 each	*10,00,000 Shares of Rs.10 each	42,60,000 Shares of Rs.10 each	*35,00,000 Shares of Singapore \$ 1 each	*5,00,000 Shares of Rs.10 each	♦ 5,00,000 Shares of Rs.10 each
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, 2009 is as follows:							
For the year	Rupees	-	-	-	1,966.37	-	-
For the previous years	Rupees	-	-	-	6,422.15	-	-
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, 2009 being the dividend received are as under							
For the year	Rupees	-	-	-	426.00	-	-
For the previous years	Rupees	-	-	-	6,141.13	-	-

- * Held by Eureka Forbes Limited, a Subsidiary of the Company.
- ♦ Held by Forbes Finance Limited, a Subsidiary of the Company.
- Holdings exceeds 50% with share held by company's Subsidiaries as under:

Held by Subsidiary	Forbes Tinsley Co. Limited
	%
1. Forbes Finance Ltd.	30
	30

Mumbai, 30th June, 2009

ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(Rs. in Lakhs)

Forbes Container Lines Limited	Forbes Doris & Neass Maritime Limited	Forbes Facility Services Pvt. Limited	Forbes Finance Limited	Forbes Campbell Services Limited	Forbes Smart Data Limited	Forbes Technosys Limited	Forbes Tinsley Company Limited	Latham India Limited	Volkart Fleming Shipping & Services Limited
31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009
3,80,000 Shares of SGD 1 each 100%	1,30,470 Shares of Rs.10 each 60%		38,26,630 Shares of Rs.10 each 100%				75,000 Shares of Rs.10 each 30%	12,80,000 Shares of Rs.10 each 100%	60,000 Shares of Rs.100 each 100%
3,80,000 Shares of SGD 1 each	2,17,450 Shares of Rs.10 each	*10,00,000 Shares of Rs.10 each	38,26,630 Shares of Rs.10 each	♦ 50,000 Shares of Rs.10 each	♦ 50,000 Shares of Rs.10 each	210,00,000 Shares of Rs.10 each	• 2,50,000 Shares of Rs.10 each	12,80,000 Shares of Rs.10 each	60,000 Shares of Rs.100 each
(126.50) 167.04	2.75 (15.78)	- -	(336.94) 543.02	- -	- -	- -	1.96 (1.17)	(38.06) (814.45)	132.76 871.46
146.54 -	- -	- -	- 235.52	- -	- -	- -	- -	- 52.48	- 365.40

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A. T. SHAH

Chairman Emeritus
Chairman
Managing Director

Directors

Company Secretary

Additional information on the Subsidiary Companies

	Aquadiagnostic Water Research & Technology Centre Limited	Aquamall Water Solutions Limited	Eureka Forbes Limited	E4 Development & Coaching Limited	Euro Forbes International Pte. Limited	Forbes Aquamall Limited	Forbes Facility Services Limited	Forbes Bumi Armada Limited		
					in S \$	Rate (Avg.)	Rs. in Lacs			
(a) Capital	8.00	200.01	426.00	100.00	35.00	26.82	938.85	50.00	100.00	50.00
(b) Reserves	(35.80)	7,212.68	10,013.51	(89.80)	6.51	70.21	456.97	1,462.42	28.72	*(68.09)
(c) Total Assets ▲	49.84	12,093.72	46,580.27	16.34	313.08	34.10	10,677.05	2,712.89	905.23	17.28
(d) Total Liabilities	78.20	4,720.24	36,140.76	10.66	271.58	34.18	9,281.23	1,200.47	776.52	41.56
(e) Details of Investment	-	-	-	-	-	-	-	-	-	-
Long Term	-	0.07	1,381.20	-	4.70	5.68	26.68	-	-	-
Current	-	-	42.90	-	-	-	-	3.95	-	-
Subsidiary	-	57.00	2,157.57	-	-	-	-	1.00	-	-
Sub Total	-	57.07	3,581.67	-	4.70	-	26.68	4.94	-	-
(f) Turnover	15.23	24,785.92	84,591.23	18.38	23.63	33.24	785.67	7,506.93	1,861.21	-
(g) Profit before Taxation	(35.70)	2,156.91	3,278.23	(88.81)	(0.76)	29.28	(22.26)	454.20	50.02	(59.37)
(h) Provision for Taxation	0.10	258.05	1,311.86	0.99	1.60	-	52.40	54.25	15.32	(23.82)
Income Tax	-	243.05	1,070.44	-	1.60	32.74	52.40	51.25	14.22	-
Deferred Tax	-	-	(58.58)	0.19	-	-	-	-	(3.20)	(24.19)
Fringe Benefit Tax	0.10	15.00	300.00	0.80	-	-	-	3.00	4.30	0.37
(I) Profit After Taxation	(35.80)	1,898.86	1,966.37	(89.80)	(2.36)	31.63	(74.67)	399.95	34.70	(35.55)
(j) Proposed Dividend	-	-	1,278.00	-	-	-	-	-	-	-

* Net of Debit balance of Profit & Loss Accounts.

▲ Includes Investments

Mumbai, 30th June, 2009

			Rs. in Lacs							
Forbes Container Line PTE Ltd			Forbes Doris & Naess Maritime Limited	Forbes Campbell Services Limited	Forbes Finance Limited	Forbes Smart Data Limited	Forbes Technosys Limited	Forbes Tinsley Co. Limited	Latham India Limited	Volkart Fleming Shipping & Services Limited
in S \$	Rate (Avg.)	Rs. in Lacs								
3.80	34.32	130.42	21.75	5.00	382.66	5.00	2,100.00	25.00	128.00	60.00
* 2.32	34.32	* 79.47	* (21.75)	* 0.62	* 3,190.45	* (0.34)	* (1,710.28)	* (25.00)	* (751.91)	760.84
19.69	34.32	675.71	-	9.79	3,576.11	3.68	800.84	-	197.02	1,371.25
13.57	34.32	465.82	-	4.17	2.99	0.14	411.12	-	820.93	550.41
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	1,325.81	-	-	-	-	3.91
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	2,096.70	-	-	-	-	-
-	-	-	-	-	3,422.51	-	-	-	-	3.91
229.10	31.84	7,293.49	-	-	32.73	-	268.90	-	-	964.99
(3.97)	31.87	(126.63)	5.97	0.24	(333.36)	(0.20)	(840.51)	6.52	(12.37)	322.11
-	-	-	1.39	0.34	3.58	(0.06)	(5.93)	-	25.69	99.35
-	-	-	1.39	0.03	3.58	-	-	-	25.69	99.34
-	-	-	-	-	-	(0.06)	-	-	-	(0.70)
-	-	-	-	0.32	-	-	(5.93)	-	-	0.71
(3.97)	31.87	(126.63)	4.58	(0.10)	(336.94)	(0.14)	(834.58)	6.52	(38.06)	222.76
-	-	-	-	-	-	-	-	-	-	-

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A. T. SHAH

Chairman Emeritus
Chairman
Managing Director

Directors

Company Secretary

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

90th ANNUAL GENERAL MEETING ON THURSDAY, THE 3RD SEPTEMBER, 2009 AT 4.00 P.M.

VENUE: Indian Merchants Chamber, Walchand Hirachand Hall, IMC Building, 4th Floor, IMC Marg, Churchgate, Mumbai-400 020.

ATTENDANCE SLIP

[Empty box for stamp or signature]

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)
3. Please strike out whichever is not applicable.

(Shareholder's/Proxy's Full Name)
Regd. Folio:

*DP ID No.

(Shareholder's/Proxy's Signature)
*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 change 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



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 90th Annual General Meeting of the Company to be held on
 Thursday, 3rd September, 2009 and at any adjournment thereof.

Signed this _____ day of _____ 2009.

Please Affix
Re. 1
Revenue
Stamp

FOR OFFICE USE ONLY

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.

**CONSOLIDATED FINANCIAL STATEMENTS
FORMING PART OF ANNUAL REPORT OF
FORBES & COMPANY LIMITED FOR THE
YEAR ENDED 31ST MARCH, 2009**

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AUDITORS' REPORT

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

1. We have audited the attached Consolidated Balance Sheet of **FORBES & COMPANY LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries constitute the "Group") as at 31st March, 2009, 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. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the generally accepted auditing standards 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the following entities:
 - a. Seventeen subsidiaries whose financial statements reflect total assets (net of current liabilities and provisions) of Rs. 34,736.05 lakhs as at 31st March, 2009, total revenues of Rs. 92,009.79 lakhs and net cash inflows Rs. 376.55 lakhs for the year then ended;
 - b. Three jointly controlled entities, in which the Group's proportionate share in the total assets (net of current liabilities) as at 31st March, 2009 aggregated Rs. 27.80 lakhs, the Group's proportionate share in the total revenues aggregated Rs. 621.46 lakhs and the Group's proportionate share in the net cash outflows aggregated Rs. 4.63 lakhs for the year then ended; and
 - c. Two associate, which has been accounted for on the basis of equity method, which reflects the Group's share of losses up to 31st March, 2009 of Rs. 639.71 lakhs and the Group's share of losses for the year then ended of Rs. 393.91 lakhs.

These financial statements and other financial information 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 entities, is based solely on the reports of other auditors.

4. In respect of the following entities, the figures used in drawing up the consolidated financial statements of the Group, were based on financial information and estimates presented for management information and are thus unaudited:
 - a. One subsidiaries whose financial statements reflect total assets of Rs. Nil as at 31st March, 2009, total revenues of Rs. Nil and net cash outflows amounting to Rs. 21.14 lakhs for the year then ended; and
 - b. Eight jointly controlled entities, in which the Group's proportionate share in the total assets (net) as at 31st March, 2009, aggregated Rs. 11,492.01 lakhs, the Group's proportionate share in the total revenues aggregated Rs. 4,495.88 lakhs and the Group's proportionate share in the net cash outflows aggregated Rs. 17.82 lakhs for the year then ended;
5. The financial statements as at / for the year ended 31st March, 2009, of one of the associates viz. P.T.Gokak Indonesia Limited, two subsidiaries viz. Euro Forbes International Sdn Bhd, Malaysia and Euro P2P Direct (Thailand) Co. Ltd. and a subsidiary of a jointly controlled entity registered outside India viz. Forbes Lux FZE, are not available. These investments which have been carried at aggregate sum of Rs. 446.40 lakhs and have not been adjusted for the Group's share of assets, liabilities, income, expenses and cash flows in the Group's consolidated financial statements as at / for the year ended 31st March, 2009. We are unable to comment on the impact thereof on the consolidated financial statements as at / for the year ended 31st March, 2009.

6. The auditors of some of the subsidiaries have reported that:
- a. The entity is in process of reconciling differences pertaining to inter location stock in transit of Rs. 169 lakhs.
 - b. Inventories aggregating Rs. 327 lakhs at certain locations could not be physically verified by the Management of the entity. These inventories have been valued based on quantity as per books of accounts. Consequently, the effect of the adjustments arising from physical verification of these inventories is not ascertainable.
 - c. The entity has trade and other receivables of Singapore Dollars 27,257,990 (Rs. 9,354.92 lakhs) as at 31st March, 2009, for which they have not received sufficient evidence to enable them to determine whether those receivables are shown at the fair value of consideration of such receivables along with the supporting evidence for recoverability of such receivables. In the absence of supporting evidence, we are unable to quantify the impact of this qualification on the consolidated financial statements of the Group as at / for the year ended 31st March, 2009.
7. Subject to the matters referred to in paragraphs 5 to 6 above:
- a. We report that the Group's consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standards ("AS") 21 on "Consolidated Financial Statements", AS 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" and AS 27 on "Financial Reporting of Interests in Joint Ventures" (AS-27), referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - b. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the entities, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached 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 consolidated state of affairs of the Group as at 31st March, 2009;
 - ii. in the case of the Consolidated Profit and Loss Account, of the consolidated loss of the Group for the year ended on that date; and
 - iii. in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner
Membership No. 39826

Mumbai, 30th June 2009.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No.	Rs. in Lakhs	As at 31st March, 2009 Rs. in Lakhs	As at 31st March, 2008 Rs. in Lakhs
FUNDS EMPLOYED:				
1. SHARE CAPITAL.....	"1"	1,273.22		1,273.22
2. RESERVES AND SURPLUS	"2"	21,317.27		24,968.30
3. TOTAL SHAREHOLDERS' FUNDS			22,590.49	26,241.52
4. MINORITY INTEREST			2.53	130.67
5. LOANS:				
(a) Secured.....	"3"	23,746.36		19,553.05
(b) Unsecured	"4"	8,416.23		8,458.08
			32,162.59	28,011.13
6. DEFERRED TAX LIABILITY (see Note no.6 in Schedule 11).....			28.41	29.09
TOTAL.....			54,784.02	54,412.41
APPLICATION OF FUNDS:				
7. FIXED ASSETS:				
(a) Gross Block.....		44,716.32		41,591.10
(b) Less: Accumulated Depreciation/Amortisation/Impairmer		19,966.30		17,211.83
(c) Net Block	"5"	24,750.02		24,379.27
(d) Capital work-in-progress including Advances for capital expenditure		7,570.78		3,608.91
			32,320.80	27,988.18
8. INVESTMENTS.....	"6"		6,308.35	8,415.05
9. DEFERRED TAX ASSET (see Note no.6 in Schedule 11).....			379.67	688.87
10. CURRENT ASSETS, LOANS AND ADVANCES	"7"			
(a) Inventories.....		18,156.49		21,900.13
(b) Sundry Debtors.....		16,539.03		16,873.95
(c) Cash and Bank Balances.....		7,060.43		7,749.65
(d) Other Current Assets.....		255.28		256.58
(e) Loans and Advances		22,621.63		22,167.81
		64,632.86		68,948.12
11. Less: CURRENT LIABILITIES AND PROVISIONS	"8"			
(a) Liabilities		40,187.35		43,284.77
(b) Provisions		8,794.64		8,354.98
		48,981.99		51,639.75
12. NET CURRENT ASSETS			15,650.87	17,308.37
			54,659.69	54,400.47
13. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF				
Deferred Revenue Expenditure				
- Voluntary Retirement Compensation	"9"		124.34	0.67
- Preliminary Expenses			-	11.27
TOTAL.....			54,784.02	54,412.41
Notes to Consolidated Financial Statements	"11"			

Schedules referred to above form an integral part of Consolidated Financial Statements and should be read in conjunction therewith.

In terms of our Report of even date

For and on the behalf of the board

For Deloitte Haskins & Sells
Chartered Accountants

SHAPOOR P. MISTRY
ASHOK BARAT
ASHOK. T. SHAH

Chairman
Managing Director
Company Secretary

Sanjiv V Pilgaonkar
Partner

Mumbai, 30th June, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Rs. in Lakhs	Rs. in Lakhs	For the year ended 31st March, 2009 Rs. in Lakhs	For the year ended 31st March, 2008 Rs. in Lakhs
1. INCOME:				
(a) GROSS SALES (Other than lottery tickets).....			86,242.41	85,227.02
Less: Excise.....			1,219.40	2,139.35
Net Sales			85,023.01	83,087.67
Lottery Tickets			647.73	5,655.39
			<u>85,670.74</u>	<u>88,743.06</u>
(b) SERVICES AND OTHER INCOME:				
(i) Income from Services rendered		30,291.88		24,574.21
(ii) Interest on Investments				
— Long Term Investments	248.76			289.34
(iii) Dividend on Long Term Investments				
— Other than Trade	58.03			228.19
(iv) Dividend on Current Investments				
— Other than Trade				1.51
			306.79	519.04
(v) Rent		723.26		349.66
(vi) Profit on Sale of Fixed Assets (net)		41.22		281.48
(vii) Bad Debts previously written off now recovered		6.44		—
(viii) Excess Provision written back		140.13		109.37
(ix) Profit on cessation of relationship with a subsidiary		—		1,361.60
(x) Profit on sale of Long Term Investments (net)		81.71		325.31
(xi) Gains arising on foreign currency translation (net)		1,017.80		11.51
(xii) Miscellaneous Income		2,218.81		1,918.42
			<u>34,828.04</u>	<u>29,450.60</u>
			<u>120,498.78</u>	<u>118,193.66</u>
2. EXPENDITURE:				
Manufacturing, Trading and Other Expenses				
(Per Schedule 10)		116,673.88		109,672.55
Interest (see Note No. 4 in Schedule 11)		3,259.32		1,806.80
			<u>119,933.20</u>	<u>111,479.35</u>
			565.58	6,714.31
Voluntary Retirement Compensation amortised.....			178.82	64.37
			<u>386.76</u>	<u>6,649.94</u>
DEPRECIATION/AMORTISATION/IMPAIRMENT OF ASSETS (Per Schedule 5)				
Depreciation & Amortisation		3,502.62		3,685.09
Impairment.....		154.35		—
			<u>3,656.97</u>	<u>3,685.09</u>
PROVISION FOR DOUBTFUL LOANS & ADVANCES AND DIMINUTION IN THE VALUE OF INVESTMENTS				
Doubtful Loans & Advances		262.39		43.88
Diminution in the value of Investments / Assets		7.83		—
Impairment of Goodwill on Consolidation		237.34		—
			<u>507.56</u>	<u>43.88</u>
PROFIT/(LOSS) BEFORE PRIOR PERIOD ITEMS			(3,777.77)	2,920.97
Balance Carried Forward			(3,777.77)	2,920.97

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

	Rs. in Lakhs	Rs. in Lakhs	For the year ended 31st March, 2009 Rs. in Lakhs	For the year ended 31st March, 2008 Rs. in Lakhs
Balance Brought Forward			(3,777.77)	2,920.97
PRIOR PERIOD ITEMS			(1,007.13)	347.13
3. PROFIT/(LOSS) BEFORE TAXATION AND EXCEPTIONAL ITEMS			(2,770.64)	2,573.84
Income tax expense				-
– for Wealth-tax		16.04		16.86
– for Income-tax Current		1,658.87		1,342.47
– for Fringe Benefit Tax		405.63		419.26
– for Income-tax-Deferred		(89.27)		135.18
			1,991.27	1,913.77
4. PROFIT/(LOSS) AFTER TAXATION			(4,761.91)	660.07
5. NET SHARE OF PROFIT / (LOSS) IN ASSOCIATES (Equity Method)			(379.21)	(283.48)
6. NET MINORITY INTEREST IN LOSS / (PROFIT) OF SUBSIDIARIES			31.34	95.54
7. PROFIT/(LOSS) AFTER SHARE OF ASSOCIATES AND MINORITY INTEREST			(5,109.78)	472.13
8. BALANCE BROUGHT FORWARD FROM LAST YEAR			(7,939.45)	(6,097.42)
9. TOTAL AMOUNT AVAILABLE FOR APPROPRIATION			(13,049.23)	(5,625.29)
10. Less: APPROPRIATIONS:				
(a) Proposed Dividend			-	190.98
(b) Tax on Dividend (including on Intra Group Dividends).....		300.47		275.24
(c) General Reserve		2,343.77		1,847.94
			2,644.24	2,314.16
11. BALANCE CARRIED TO BALANCE SHEET			(15,693.47)	(7,939.45)
Basic and diluted earnings per share of face value of Rs.10 each (see Note no. 5 in Schedule 11)			Rs. (40.13)	Rs. 3.71

Schedules referred to above form an integral part of Consolidated Financial Statements and should be read in conjunction therewith.

In terms of our Report of even date

For **Deloitte Haskins & Sells**
Chartered Accountants

Sanjiv V Pilgaonkar
Partner

Mumbai, 30th June, 2009

For and on the behalf of the board

SHAPOOR P. MISTRY
ASHOK BARAT
ASHOK. T. SHAH

Chairman
Managing Director
Comapny Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-09 Rs. in Lakhs	2007-08 Rs. in Lakhs
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS	(2,770.64)	2,573.85
Adjusted for –		
Depreciation	3,656.97	3,685.09
Prior Period Items	(1,028.10)	–
Provision for Diminution in the value of Investments.....	7.83	–
Profit on Sale of Investments.....	(81.71)	(1,686.91)
Investment Income	(306.79)	(519.04)
Profit on Sale of Fixed Assets(Net).....	(41.22)	(281.48)
Interest and Other Finance Charges	3,259.32	1,806.80
Provision for Doubtful Debts/Advances/Bad Debts Written off	837.79	611.28
Impairment of Goodwill	237.34	–
Provision for reduction in value of Inventory.....	374.27	772.33
Provision for Retirement Benefits	189.09	87.96
Excess Provision Written Back.....	(140.13)	(109.37)
Voluntary Retirement Compensation Amortised.....	178.82	64.37
Deferred Revenue Expenses Amortised	11.27	5.62
Exchange Difference	(611.74)	(6.61)
	6,543.01	4,430.04
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	3,772.37	7,003.89
Changes in –		
Trade and Other Receivables.....	1,989.23	(5,636.83)
Inventories	3,369.37	(5,030.27)
Trade Payables and Others	(3,350.23)	1,578.39
	2,008.37	(9,088.71)
Other Adjustments		
Amalgamation/ Demerger Expenses Paid	(4.25)	(112.55)
Voluntary Retirement Compensation Paid.....	(302.48)	(62.35)
Deferred Revenue Expenses Paid.....	(3,051.68)	(2,356.83)
Direct Taxes Paid (net of refund).....	(3,358.41)	(2,531.73)
	2,422.32	(4,616.55)
(a) NET CASH (USED IN) / FROM OPERATING ACTIVITIES	2,422.32	(4,616.55)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets(including adjustments on account of capital work-in-progress and capital advances).....	(8,517.55)	(6,097.16)
Proceeds from Sale of Fixed Assets	628.24	2,206.55
Purchase of Long Term Investments	(312.84)	–
Proceeds from Sale of Investments(net).....	1,902.51	590.56
Inter Corporate Deposits Placed	(72.45)	(2,668.31)
Inter Corporate Deposits Refunded	1,048.01	1,730.81
Proceeds from minority Shareholders	(200.00)	222.22
Interest Received.....	250.06	241.93
Dividend Received.....	58.00	229.70
	(5,216.02)	(3,543.70)
(b) NET CASH USED IN INVESTING ACTIVITIES	(5,216.02)	(3,543.70)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009(Contd.)

	2008-09 Rs. in Lakhs	2007-08 Rs. in Lakhs
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Borrowings.....	15,585.73	10,180.41
Repayment of Long Term Borrowings.....	(9,678.81)	(2,50.83)
Increase/(Decrease) in Cash Credit and Demand Loan.....	(1,822.94)	-
Shares issued outside group by erstwhile subsidiary.....	2,124.50	1,834.01
Interest Paid.....	(3,236.18)	(1,862.44)
Dividend Paid(Including Taxes).....	(338.92)	(722.39)
(c) NET CASH FROM FINANCING ACTIVITIES.....	2,663.38	6,928.76
(d) NET INCREASE IN CASH AND CASH EQUIVALENTS BEFORE OPENING ADJUSTMENT (a) + (b) + (c).....	(160.31)	(1,231.49)
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING:		
Cash, Cheques on hand and remittances in transit.....	958.16	1,589.45
Balances with scheduled banks on current accounts and deposit accounts.....	5,888.74	6,574.97
Cash and Cash equivalents taken over on consolidation of new subsidiaries and jointly controlled entities.....	181.45	-
	7,028.35	8,164.42
CASH AND CASH EQUIVALENTS TRANSFER ON ACCOUNT OF DEMERGER		
Cash, Cheques on hand and Remittances in transit.....	-	(6.92)
Balances with scheduled banks on current accounts and deposit accounts.....	-	(79.11)
	-	(86.03)
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING: (see Note No.14C of Schedule 11)		
Cash, Cheques on hand and Remittances in transit.....	1,188.06	958.16
Balances with scheduled banks on current accounts and deposit accounts.....	5,679.98	5,888.74
	6,868.04	6,846.90
INCREASE IN CASH AND CASH EQUIVALENTS.....	(160.31)	(1,231.49)
Cash & Bank Balances as above.....	6,868.04	6,846.90
Add: Restricted Cash Balances.....	34.77	41.25
Add: Margin & Other Deposit accounts.....	157.62	861.50
Cash & Bank Balances as per Financial Statements.....	7,060.43	7,749.65

Notes:

Figures for the previous year have been regrouped wherever necessary.

Schedules referred to above form an integral part of Consolidated Financial Statements and should be read in conjunction therewith.

In terms of our Report of even date

For and on the behalf of the board

For **Deloitte Haskins & Sells**
Chartered Accountants

SHAPOOR P. MISTRY
ASHOK BARAT
ASHOK. T. SHAH

Chairman
Managing Director
Company Secretary

Sanjiv V Pilgaonkar
Partner

Mumbai, 30th June, 2009

SCHEDULE "1" TO "11" ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS**SCHEDULE "1" – SHARE CAPITAL**

	As at 31st March, 2009 Rs in Lakhs	As at 31st March, 2008 Rs. in Lakhs
1. AUTHORISED:		
15,000,000 Shares of Rs. 10 each	1,500.00	1,500.00
2. ISSUED AND SUBSCRIBED:		
12,732,218 (<i>Previous year 12,732,218</i>) Equity Shares	1,273.22	1,273.22
of Rs.10 each fully paid-up		
TOTAL	<u>1,273.22</u>	<u>1,273.22</u>

Foot note

of the above

8,326,352; (*Previous year 8,326,352*) Shares are held by the Holding Company, Sterling Investment Corporation Private Limited;

614,505; (*Previous year 614,505*) Shares are held by the ultimate Holding Company, Shapoorji Pallonji & Company Limited and

354,436; (*Previous year 354,436*) Shares are held by Cyrus Investments Limited (Subsidiary of the ultimate Holding Company);

The above excludes 166,398; (*Previous year 166,398*) shares held by a subsidiary, which have been eliminated on consolidation.

SCHEDULE "2" – RESERVES AND SURPLUS

	Rs. In Lakhs	As at 31st March, 2009 Rs. in Lakhs	As at 31st March, 2008 Rs. in Lakhs
1. TRANSLATION RESERVE:			
Per last Balance Sheet	28.52		35.53
Add: Amount transferred on account of resulting exchange difference on translation of non-integral foreign subsidiaries	37.12		(7.01)
		65.64	28.52
2. EXPORT PROFIT RESERVE:			
Per last Balance Sheet	0.35		66.33
Less: Transferred on account of Demerger.....	-		65.98
		0.35	0.35
3. CAPITAL RESERVE:			
Per last Balance Sheet	158.25		170.20
Less: Transferred on account of Demerger.....	-		11.95
		158.25	158.25
4. RESERVE ON CONSOLIDATION:			
Per last Balance Sheet	1,253.75		1,188.52
Add: Addition on Acquisition of new subsidiaries.....	-		74.74
Less: Amount transferred to liabilities.....	-		9.50
		1,253.75	1,253.76
5. REVALUATION RESERVE:			
Per last Balance Sheet	-		363.32
Less: Transferred to General Reserve (see Note no.9 in Schedule 11).....	-		363.32
		-	-
6. SECURITIES PREMIUM:			
Per last Balance Sheet	161.76		377.33
Less: Transferred on account of conversion of sub to associate.....	-		215.57
		161.76	161.76
7. INVESTMENT ALLOWANCE RESERVE UTILISED ACCOUNT:			
Per last Balance Sheet	1.38		1.38
Less: Utilised during the year	(1.38)		-
		-	1.38
8. FOREIGN PROJECTS RESERVE:			
Per last Balance Sheet	2.86		2.86
Less: Utilised during the year	(2.86)		-
		-	2.86
9. AMALGAMATION RESERVE:			
Per last Balance Sheet	-		577.38
Less: Transferred on account of Demerger	-		577.38
		-	-
10. GENERAL RESERVE:			
Per last Balance Sheet	31,300.87		38,000.98
Less: Transferred on account of demerger.....	-		(8,706.25)
Less: Transferred to deferred tax liability(refer note no. 6 in schedule 11).....	(398.15)		-
Less: Transferred on account of Demerger Expenses/Amalgamation Expenses	(4.25)		(172.00)
Less: Transition provision for Medical benefits as per Revised (AS) 15	-		(33.11)
	30,898.47		29,089.62
Add: Investment Allowance Reserve.....	1.38		-
Add: Transferred from Revaluation Reserve.....	-		363.32
Add: Transferred from Foreign Project Reserve	2.86		-
Add: Transferred from Profit and Loss Account	2,343.77		1,847.93
		33,246.48	31,300.87
Balance in Profit and Loss Account	(15,693.47)		(7,939.45)
Add: Adjustment on account of Preference Share Capital introduced by a co-venturer in a Jointly controlled entity	2,124.51		-
TOTAL		(13,568.96)	(7,939.45)
		21,317.27	24,968.30

SCHEDULE "3" – SECURED LOANS

	Rs. In Lakhs	As at 31st March, 2009 Rs. in Lakhs	As at 31st March, 2008 Rs. in Lakhs
1. TERM LOANS FROM BANKS:			
A. Rupee Loans from			
1. New India Co-op. Bank Limited		1,205.94	969.52
2. Export – Import Bank of India.....		857.14	1,142.86
3. The Federal Bank Limited		2,437.50	3,087.50
4. State Bank of India.....		940.63	1,961.39
5. Industrial Development Bank of India Limited.....		1,000.00	–
6. UTI Bank Limited		–	267.19
7. Bank of India		1,375.00	1,275.00
8. Development Credit Bank		1,653.37	–
B. Foreign Currency Loans from			
1. Natexis Bank Limited		4,247.88	–
2. TERM LOANS FROM OTHERS:			
1. Finance Lease		5.19	9.59
2. Hire purchase liability		5.93	12.81
3. SHORT TERM LOANS FROM BANK:			
(i) Deferred Credit	628.42		304.10
(ii) Cash Credit and Packing Credit	6,328.62		7,728.94
(iii) Demand Loan	3,058.76		2,596.14
(iv) Overdraft	1.98		198.01
		10,017.78	10,827.19
TOTAL		23,746.36	19,553.05

SCHEDULE "4" – UNSECURED LOANS

	Rs. In Lakhs	As at 31st March, 2009 Rs. in Lakhs	As at 31st March, 2008 Rs. in Lakhs
1. FIXED DEPOSITS		28.32	70.71
2. SHORT TERM LOANS AND ADVANCES			
From Banks:			
(i) Short Term and call loans from banks	1,207.84		1,000.00
(ii) Deferred Credit	4.96		1,508.33
		1,212.80	2,508.33
From Others:			
(i) Inter-corporate deposits	7,167.97		5,729.42
(ii) Interest accrued and due	7.14		149.62
		7,175.11	5,879.04
TOTAL		8,416.23	8,458.08

SCHEDULE "5" – FIXED ASSETS

Description of Assets	(Rs. in Lakhs)												
	GROSS BLOCK					DEPRECIATION BLOCK					Impairment	NET BLOCK	
	Total Cost (after deducting sale proceeds where the cost is not ascertainable) as at 1st April 2008	Opening Adjustments [see Note 1B (ix)]	Cost of additions during the year	Cost of deductions during the year	Total Cost (after deducting sale proceeds where the cost is not ascertainable) upto 31st March, 2009	Cumulative Depreciation upto as at 1st April 2008	Opening Adjustments [see Note 1B (ix)]	Depreciation Amortisation for the Year (see Footnote 3 and 5)	Depreciation / Amortisation on eductions for the year	Total Depreciation / Amortisation as at 31st March, 2009	Balance as at 31st March, 2009	Balance as at 31st March, 2009	Balance as at 31st March, 2008
TANGIBLE ASSETS													
1. Goodwill	1.22	–	–	1.22	–	–	–	1.22	–	–	–	–	–
2. Leasehold Land (see Footnote 5)	913.24	–	–	–	913.24	88.17	–	33.75	–	121.92	–	791.32	825.07
3. Leasehold Improvements	101.19	–	–	54.89	46.30	54.56	–	14.49	53.36	15.69	1.44	29.18	46.63
4. Freehold Land	575.62	–	18.00	–	593.62	–	–	–	–	–	–	593.62	575.62
5. Buildings (see Footnote 1 and 2)	12,729.15	13.32	564.82	27.72	13,279.57	2,298.58	6.10	392.83	19.66	2,677.85	–	10,601.71	10,430.57
6. Plant and Machinery (Owned) (see Footnote 4)	15,279.26	–	2,037.50	562.14	16,754.62	7,858.37	–	1,212.65	322.42	8,748.60	6.35	7,999.67	7,420.89
7. Plant and Machinery (Leased)	77.98	–	–	–	77.98	39.59	–	8.06	–	47.65	–	30.33	38.39
8. Furniture, Fixtures and Office Equipment	5,463.23	108.31	1,049.69	480.98	6,140.25	3,487.74	68.69	667.83	326.77	3,897.49	17.20	2,225.57	1,975.49
9. Vehicles	2,899.75	23.82	736.10	444.75	3,214.93	1,384.79	13.00	487.47	265.08	1,620.18	–	1,594.75	1,514.96
Sub Total Tangible Assets	38,040.64	145.45	4,406.11	1,571.70	41,020.51	15,213.02	87.79	2,817.08	988.52	17,129.38	24.98	23,866.13	22,827.62
INTANGIBLE ASSETS													
10. Computer Software	672.51	3.97	107.72	1.75	782.45	550.59	2.57	55.60	1.74	607.02	2.00	173.42	121.92
11. Brands, Patents and License fees	2,395.67	–	–	–	2,395.67	1,260.10	–	479.13	–	1,739.23	–	656.44	1,135.57
12. Intellectual Property / Distribution Rights	482.28	–	41.85	6.44	517.69	188.12	–	150.81	2.61	336.32	127.36	54.02	294.16
Sub Total Intangible Assets	3,550.46	3.97	149.57	8.19	3,695.81	1,998.81	2.57	685.54	4.35	2,682.57	129.36	883.88	1,551.65
TOTAL	41,591.10	149.42	4,555.68	1,579.89	44,716.32	17,211.83	90.36	3,502.62	992.87	19,811.95	154.35	24,750.01	24,379.27
<i>Previous Year</i>	<i>76,453.16</i>	<i>(37,745.90)</i>	<i>7,744.08</i>	<i>4,860.24</i>	<i>41,591.10</i>	<i>36,718.72</i>	<i>(20,226.23)</i>	<i>3,654.52</i>	<i>2,935.18</i>	<i>17,211.83</i>	<i>–</i>	<i>24,379.27</i>	<i>–</i>

Footnotes:

- Buildings (Cost) include: (i) Residential flats and office premises includes Rs.69.54 lakhs; (*Previous year Rs.77.21 lakhs*) in respect of which Co-operative societies are yet to be formed (ii) Shares in Co-operative Housing Societies, Association of apartment owners and in a company Rs.0.17 lakhs; (*Previous year Rs.0.17 lakhs*) (iii) Premises on freehold land where the Company is yet to be registered as the owner of a proportionate share in the land Rs.28.65 lakhs; (*Previous year Rs.28.65 lakhs*) (iv) Jointly owned Residential Premises Rs.28.39 lakhs; (*Previous year Rs.28.39 lakhs*). (v) In respect of office premises of Rs.12.07 Lakhs; (*Previous Year Rs.12.07 Lakhs*) at Delhi where conveyance of property is pending.
- Building include a jointly owned asset Rs.19.23 lakhs; (*Previous year Rs.19.23 lakhs*)
- Depreciation capitalised during the year Rs.Nil; (*Previous year Rs.Rs.5.73 lakhs*).
- Plant and Machinery includes equipment acquired on hire purchase costing Rs.135.65 lakhs; (*Previous year Rs.135.65 lakhs*) carried at the year end at Rs.23.32 lakhs; (*Previous year Rs.37.32 lakhs*)
- The charge for depreciation in the Profit & Loss Account includes depreciation amounting to Rs. Nil; (*Previous Year Rs. 33.93 Lakhs*) in respect of subsidiary which has been converted into associate during the year and Rs.2.37 Lakhs; (*Previous Year Rs. 2.37 Lakhs*) in respect of a subsidiary which has been sold off during the year.
- Assets held for disposal included above are as under:

Description of Assets	Gross Block as at 31st March 2009 Rs in Lakhs	Accumulated Depreciation/ Amortisation 31st March 2009 Rs in Lakhs	Net Block as at 31st March 2009 Rs in Lakhs	Depreciation/ Amortisation for the period Rs in Lakhs
1 Furniture & Fixtures	54.15	54.15	–	55.77
2 Vehicle	10.28	9.74	0.54	1.13
3 Software	47.64	47.64	–	0.04
	112.07	111.53	0.54	56.94
<i>Previous Year</i>	<i>206.32</i>	<i>97.92</i>	<i>108.40</i>	<i>55.87</i>

SCHEDULE "6" – INVESTMENTS [FULLY PAID-UP UNLESS OTHERWISE STATED]

	Rs. in Lakhs	As at 31st March, 2009 Rs. in Lakhs	As at 31st March, 2008 Rs. in Lakhs
A. LONG TERM			
1. INVESTMENT IN GOVERNMENT SECURITIES:			
Unquoted			
(i) National Savings Certificate (Deposit with third parties).....		0.08	0.08
(ii) 5.5% Rural Electrification Corporation Limited – Bonds.....		4,500.00	4,500.00
2. INVESTMENT IN ASSOCIATES:			
Cost of Investment			
(including Rs. 302.36 lakhs ; Previous year Rs.348.44 lakhs as Capital Reserve net of goodwill on acquisition Rs. Nil ; Previous year Rs.45.41 lakhs).....	991.05		876.04
Add: Adjustments for post-acquisition share of profit/ (loss) of associates (Equity Method)	(957.77)		(251.84)
Net Carrying Value		33.28	624.20
3. TRADE INVESTMENTS:			
Unquoted Equity Shares.....		314.28	1.44
4. OTHER THAN TRADE INVESTMENTS:			
(i) Quoted Equity Shares	73.93		73.93
(ii) Unquoted Equity Shares.....	2.88		187.32
		76.81	261.25
5. INVESTMENT IN MUTUAL FUNDS:			
		1,350.00	2,867.69
6. INVESTMENT IN IMMOVABLE PROPERTIES:			
(i) Equity Shares.....	0.03		0.03
(ii) Debentures.....	3.89		3.89
		3.92	3.92
		6,278.37	8,258.58
B. CURRENT:			
OTHER THAN TRADE INVESTMENTS:			
(i) Quoted Equity Shares	46.85		55.99
(ii) Quoted – Unit Trust of India	–		109.52
		46.85	165.51
		6,325.22	8,424.09
Less: PROVISION FOR DIMINUTION IN THE VALUE OF INVESTMENTS		16.87	9.04
		6,308.35	8,415.05
Quoted Investments		120.78	239.44
Unquoted Investments		6,187.57	8,175.61
(Cost less Provision for Diminution)		6,308.35	8,415.05
Market Value of Quoted Investments		61.40	2,470.01

SCHEDULE "7" CURRENT ASSETS, LOANS AND ADVANCES

	Rs. In Lakhs	Rs. In Lakhs	As at 31st March, 2009 Rs. In Lakhs	As at 31st March, 2008 Rs. in Lakhs
CURRENT ASSETS:				
(a) INVENTORIES:				
STORES, SPARES AND LOOSE TOOLS		343.64		286.70
STOCK-IN-TRADE				
(i) Raw Materials and Components	4,344.41			5,285.38
(ii) Stock-in-Process	498.32			666.17
(iii) Finished Goods	12,970.12			15,661.88
		17,812.85		21,613.43
			18,156.49	21,900.13
(b) SUNDRY DEBTORS:				
(i) Debts Outstanding for a period exceeding six months:				
(a) Secured, Considered Good	13.27			1.50
(b) Secured, Considered Doubtful	20.84			20.15
(c) Unsecured, Considered Good	1,417.42			2,542.32
(d) Unsecured, Considered Doubtful	1,636.54			1,659.17
		3,088.07		4,223.14
(ii) Other Debts:				
(a) Unsecured, Considered Good	15,108.34			14,330.14
(b) Considered Doubtful	13.28			15.74
		15,121.62		14,345.88
			18,209.69	18,569.02
Less: Provision for Doubtful Debts		1,670.66		1,695.07
			16,539.03	16,873.95
(c) CASH AND BANK BALANCES:				
(i) Cash, cheques on hand and remittances in transit		1,188.06		958.16
(ii) Bank Balances:				
A. With Scheduled Banks:				
On Current Accounts	5,329.72			5,730.04
On Margin Accounts	29.62			20.94
On Deposit Accounts	409.95			840.56
		5,769.29		6,591.54
B. With Others	103.08			199.95
		5,872.37		6,791.49
			7,060.43	7,749.65
(d) OTHER CURRENT ASSETS:				
Interest accrued on Investments and deposits			255.28	256.58
			42,011.23	46,780.31
Balance Carried Forward			42,011.23	46,780.31

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

	Rs. In Lakhs	Rs. In Lakhs	As at 31st March, 2009 Rs. In Lakhs	As at 31st March, 2008 Rs. in Lakhs
Balance Brought Forward			42,011.23	46,780.31
(e) LOANS AND ADVANCES:				
(Unsecured, considered good unless otherwise stated)				
(i) Loans				
(a) Unsecured, Considered Good	5,977.01			4,437.35
(b) Secured, Considered Doubtful.....	4,955.94			4,716.03
(c) Unsecured, Considered Doubtful.....	—			0.65
	<u>10,932.95</u>			<u>9,154.03</u>
Less: Provision for Doubtful Loans	4,955.94			4,716.68
		5,977.01		4,437.35
(ii) Advances recoverable in cash or in kind or for value to be received:				
(a) Secured	42.18			46.92
(b) Unsecured	5,376.65			8,027.09
(c) Considered Doubtful	122.25			99.12
	<u>5,541.08</u>			<u>8,173.13</u>
Less: Provision for Doubtful Advances	122.25			99.12
		5,418.83		8,074.01
(iii) (a) Taxes paid less provisions including Fringe Benefit Tax (other than deferred tax).....		8,720.76		7,293.88
(b) Deposit with IDBI under Companies Deposit (Surcharge on Income-tax) Scheme 1986		—		5.30
(iv) Balance with Central Excise, Custom, Port Trust and Sales Tax		816.89		667.74
(v) Other Deposits		1,688.14		1,689.27
(vi) VAT Credit receivable (input)		—		0.26
			<u>22,621.63</u>	<u>22,167.81</u>
TOTAL			64,632.86	68,948.12

SCHEDULE "8" – CURRENT LIABILITIES AND PROVISIONS

	Rs. In Lakhs	As at 31st March, 2009 Rs. in Lakhs	As at 31st March, 2008 Rs. in Lakhs
1. CURRENT LIABILITIES:			
(i) Acceptances	115.54		119.94
(ii) Sundry Creditors.....	10,633.26		14,526.71
(iii) Customers'/Security Deposits, credit balances and advances against supplies and services to be rendered	18,724.50		16,816.38
(iv) Liability towards Investors' Education and Protection Fund under section 205C of the Companies Act, 1956, not due			
(1) Unpaid Dividends	34.77		41.25
(2) Unpaid Matured Deposit (see Footnote 1)	12.70		17.81
(3) Interest accrued on (2) and (3) above	5.22		13.63
	52.69		72.69
(v) Other Liabilities	10,583.66		11,694.49
(vi) Interest accrued but not due on loans	77.70		54.56
		40,187.35	43,284.77
2. PROVISIONS:			
(i) Employee Benefits.....	1,564.51		1,375.42
(ii) Provision for Warranties	412.75		451.15
(iii) Contingencies [see Note no. 2 (c) in Schedule 11].....	–		9.65
(iv) Tax provisions less payments including Fringe Benefit Tax (other than deferred tax).....	6,549.20		6,212.13
(v) Proposed Dividend	–		190.98
(vi) Corporate Dividend tax	268.18		115.65
		8,794.64	8,354.98
TOTAL		48,981.99	51,639.75

Footnotes:

- Includes Rs.Nil (Previous year Rs.5.26 Lacs) in respect of deposits accepted by the Company which are not paid pending receipt of appropriate order from the Court.

SCHEDULE "9" – VOLUNTARY RETIREMENT COMPENSATION

	As at 31st March, 2009 Rs. in Lakhs	As at 31st March, 2008 Rs. in Lakhs
Opening Balance	0.67	2.70
Add: Paid / Provided during the year	302.48	–
	303.15	2.70
Less: Amortised	178.82	2.03
TOTAL	124.33	0.67

SCHEDULE "10" — MANUFACTURING, TRADING AND OTHER EXPENSES

	Rs. In Lakhs	Rs. in Lakhs	For the year ended 31st March, 2009 Rs. In Lakhs	For the year ended 31st March, 2008 Rs. In Lakhs
1. MATERIALS CONSUMED:				
Raw Materials and Components:				
Opening Stock		5,285.38		6,977.67
Less: Capitalised during the year		(8.28)		(38.07)
Less: Transferred on account of Demerger		—		(2,973.60)
Add: Purchases		31,324.45		31,767.34
		36,601.55		35,733.34
Less: Provision for reduction in the value of inventory		(489.09)		(772.33)
Less: Closing Stock		(4,344.41)		(5,285.38)
			31,768.05	29,675.63
2. PURCHASES OF TRADING STOCKS			10,416.39	18,082.47
3. DIRECT LOTTERY EXPENSES			575.53	5,179.03
4. STORES, SPARES AND TOOLS CONSUMED			2,195.00	2,196.48
5. PROCESSING CHARGES			820.89	1,087.94
6. POWER AND FUEL			1,157.90	1,264.98
7. FREIGHT, HIRE CHARGES AND IN CHARTERING COSTS RELATING TO SHIPPING BUSINESS			9,024.58	1,804.79
8. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:				
(a) Salaries, Wages, Bonus and Commission		18,502.76		16,524.19
(b) Gratuity		333.32		314.88
(c) Ex-Gratia Payments		66.82		233.12
(d) Company's Contribution to Provident Fund and Other Funds		857.91		848.29
(e) Workmen and Staff Welfare Expenses		903.82		1,004.54
(f) Company's Contribution to Employees' State Insurance Scheme		279.63		291.01
			20,944.26	19,216.03
9. SELLING AND DISTRIBUTION EXPENSES:				
(a) Commission to Dealers		256.63		276.76
(b) Brokerage and Discount		154.10		523.38
(c) Freight and Forwarding Charges		2,464.19		2,174.88
(d) Advertisement Expenses		4,673.08		3,584.43
(e) Selling & Sales Promotion Expenses		2,896.99		2,901.27
			10,444.99	9,460.72
10. OTHER EXPENSES:				
(a) Repairs to				
(i) Plant and Machinery	248.06			221.25
(ii) Buildings	266.63			142.82
(iii) Others	854.31			784.35
			1,369.00	1,148.42
(b) Rent		1,455.12		1,476.18
(c) Rates and Taxes		808.26		849.21
(d) Stamps, Telegrams, Stationery, Printing, Telephones and Other Communication		1,949.93		2,066.04
(e) Loss from Investment Properties		5.59		—
(f) Legal and Professional Charges		1,420.69		1,069.63
(g) Bad Debts/Advances written off		330.72		479.46
(h) Provision for Doubtful Debts		244.68		236.94
Balance Carried Forward		7583.99		7,325.88

SCHEDULE "10" — MANUFACTURING, TRADING AND OTHER EXPENSES

	Rs. In Lakhs	Rs. in Lakhs	For the year ended 31st March, 2009 Rs. In Lakhs	For the year ended 31st March, 2008 Rs. In Lakhs
Balance Brought Forward		7583.99		7,325.88
(i) Auditors' Remuneration:				
(i) Audit Fees	76.03			42.42
(ii) Tax Audit Fees	3.01			5.41
(iii) Company Law Matters	0.74			0.25
(iv) Other Matters	15.31			16.61
(v) Service Tax	0.17			3.98
(vi) Out of Pocket Expenses	4.65			1.44
		99.91		70.11
(j) Commission on Profits to Non-whole-time Directors		150.15		132.00
(k) Deferred Revenue Expenditure written off – others		16.36		5.62
(l) Excise duty		20.39		21.27
(m) Vehicle Expenses		1,888.75		1,612.83
(n) Travel and Conveyance		2,153.79		2,029.76
(o) Insurance Premium		612.37		780.33
(p) Service Charges		7,351.08		6,195.94
(q) Provision for reduction in value of inventory		374.27		772.33
(r) Miscellaneous Charges		6,290.17		5,759.82
			26,541.23	24,705.89
			113,888.82	112,673.96
11. Less: RECOVERIES FROM THIRD PARTIES			4.66	29.79
12. ADJUSTMENT OF STOCKS:				
Opening Stocks:				
Stock-in-Process	666.17			2,151.90
Finished Goods	15,661.88			15,166.11
		16,328.05		17,318.01
Less: Transferred on account of Demerger				
Stock-in-Process	–			976.16
Finished Goods	–			2,962.34
				3,938.50
		16,328.05		13,379.51
Less: Closing Stocks:				
Stock-in-Process	498.32			666.17
Finished Goods	12,970.12			15,661.88
		13,468.44		16,328.05
Decrease/(Increase) in Excise duty on closing stock		(69.89)		(23.08)
(Increase) / Decrease in stocks			2,789.72	(2,971.62)
TOTAL			116,673.88	109,672.55

SCHEDULE "11"

ANNEXED TO & FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR/AS AT THE YEAR ENDED 31ST MARCH, 2009

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 Companies Act, 1956 and the applicable Accounting Standards referred to in section 211(3C) of the Companies Act, 1956. All the income and expenditure having material bearing on the financial statements are recognised on accrual basis.
- (ii) The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.
- (iii) 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, 2009, except for the financial statements of one joint venture for which the closing date is 31st December, 2008.

B. PRINCIPLES OF CONSOLIDATION

- (i) The Consolidated Financial Statements relate to Forbes and Company Limited the "Company" and its subsidiaries, 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 referred to in 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 referred to in section 211 (3C) of the Companies Act, 1956.
- (ii) The financial statements of the Company and its subsidiaries have been combined 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 and intra-group transactions resulting in unrealised profits or losses. Interests in joint ventures are aggregated in the consolidated financial statements by using the *proportionate consolidation method, which means that the Group's share in book values of like items of assets, liabilities, income and expenses are aggregated after eliminating the intra-group balances and transactions to the extent of the proportionate share of the Group in the joint venture.*
- (iii) The excess cost of investment in the subsidiary / jointly controlled entity over the Company's portion of equity of the subsidiary / jointly controlled entity, at the date on which investment is made, is recognised in the financial statements as Goodwill on Consolidation.
- (iv) The excess of Company's portion of equity of the subsidiaries / jointly controlled entities over the cost of the investments by the Company, at the date on which investments are made is treated as a Capital Reserve on Consolidation.
- (v) Minority interests in the net assets of the subsidiaries consist of :
 - [1] the amount of equity attributable to minorities at the date on which accounts are made.
 - [2] the minorities' share of movements in the reserves since the date the parent-subsidiary relationship came into existence is recognised in the Profit and Loss Account unless the minority interests are committed on the basis of guarantees or other obligations to the Company by way of agreement or memorandum of undertaking.
- (vi) 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.
- (vii) **Subsidiaries:**

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

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

SCHEDULE "11" – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

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

Sr No	Name of the Company	Incorporated In	Percentage Holding (%)	
			For the year ended 31st March, 2009	For the year ended 31st March, 2008
1	Eureka Forbes Limited	India	100.00	100.00
2	Forbes Finance Limited	India	100.00	100.00
3	Latham India Limited.....	India	100.00	100.00
4	Volkart Fleming Shipping & Services Limited	India	100.00	100.00
5	Aquamall Water Solutions Limited	See Footnote 1 India	100.00	100.00
6	Forbes Aquamall Limited	See Footnote 2 India	100.00	100.00
7	Euro Forbes International Pte. Limited	See Footnote 1 Singapore	100.00	100.00
8	Forbes Facility Services Private Limited.....	See Footnote 1 India	100.00	100.00
9	Forbes Doris & Naess Maritime Limited.....	India	60.00	60.00
10	Forbes Sterling Star Limited (upto 08.01.2009 – wound up)	Vanuatu	–	100.00
11	Forbes Campbell Services Limited.....	See Footnote 3 India	98.00	98.00
12	Forbes Technosys Limited.....	See Footnote 3 India	100.00	66.67
13	Forbes Tinsley Company Limited.....	India	60.00	60.00
14	Forbes Container Line Pte. Limited.....	Singapore	100.00	100.00
15	Forbes Smart Data Limited.....	See Footnote 3 India	100.00	100.00
16	Forbes Bumi Armada Limited.....	See Footnote 3 India	51.00	51.00
17	Sea-Falcon Shipping Services Limited	See Footnote 4 India	100.00	100.00
18	Seaspeed Agencies Limited.....	See Footnote 4 India	100.00	100.00
19	Trident Shipping Agencies Limited	See Footnote 4 India	100.00	100.00
20	High Point Properties Limited (upto 03.03.2009).....	See Footnote 4 India	100.00	100.00
21	Aquadiagnostics Water Research & Technology Center Limited.....	See Footnote 2 India	99.94	–
22	E4 Development & Coaching Limited	See Footnote 1 India	75.00	–

Footnote:–

1. Subsidiaries of Eureka Forbes Limited.
2. Subsidiary of Aquamall Water Solutions Limited.
3. Subsidiaries of Forbes Finance Limited
4. Considering the effect of cross-holding among these companies, these companies are covered under the meaning of subsidiary company under Accounting Standard (AS) 18 Related Party Disclosures and are thus consolidated as subsidiaries of Latham India Limited. These companies are not covered under the definition of a subsidiary company as contained in section 3 of the Companies Act, 1956.

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

(Rs. in Lakhs)

	Forbes Sterling Star Limited (wound up)		Forbes Technosys Limited		Aquadiagnostics Water Research & Technology Center Ltd.	E4 Development & Coaching Ltd.
	For the year ended 31st March, 2009	For the year ended 31st March, 2008	For the year ended 31st March, 2009	For the year ended 31st March, 2008	For the year ended 31st March, 2009	For the year ended 31st March, 2009
Net block of fixed assets	–	–	235.25	361.20	36.07	2.45
Intangible assets.....	–	–	–	–	–	–
Capital work-in-progress.....	–	–	34.88	51.85	–	–
Investments	–	–	–	–	–	–
Current assets, loans and advances..	–	86.87	530.71	318.86	13.76	13.89
Current liabilities and provisions	–	18.43	211.62	67.61	4.18	10.47
Secured loans	–	–	199.49	1,090.00	–	–
Unsecured Loans	–	–	–	–	74.01	0.20
Net Deferred Tax Liabilities.....	–	–	–	–	–	–
Net Assets	–	68.44	389.72	(477.55)	(28.36)	5.67
Minority Interests' share.....	–	–	–	–	–	–
Group's share in Net Assets.....	–	68.44	389.72	(477.55)	(28.36)	5.67
Net Profit or (Loss)	49.06	123.38	(1,710.28)	(875.70)	(358.08)	(89.80)
Minority Interests' share.....	–	–	–	(78.70)	–	–
Group's share	49.06	123.38	(1,710.28)	(797.00)	(358.08)	(89.80)
Goodwill/ Capital reserve.....	–	–	–	–	–	–

SCHEDULE "11" – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

(viii) Foreign Subsidiaries

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

- (ix) The column "Opening Adjustments" in Schedule 5 represents the subsidiaries and jointly controlled entities acquired / sold during the year and adjustment on account of revaluation of opening block of fixed assets.

(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 and transactions to the extent of the proportionate share of the Group in the joint venture. If the acquisition values of the shares in the joint ventures exceed the share in the net assets, the difference is assigned to Goodwill. If the acquisition cost falls below the share in the acquired joint ventures net assets, the difference is treated as a Capital Reserve.

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

Sr No.	Name of the Company		Incorporated In	Percentage Holding (%)	
				For the year ended 31st March, 2009	For the year ended 31st March, 2008
1	Forbes Infotainment Limited.....	See Footnote No.1	India	49.00	49.00
2	Nypro Forbes Moulds Private Limited	See Footnote No.3	India	50.00	50.00
3	Nypro Forbes Products Private Limited	See Footnote No.3	India	50.00	50.00
4	Edumetry Inc.		USA	50.00	50.00
5	Forbes Edumetry Limited.....	See Footnote No.3	India	50.00	50.00
6	SCI Forbes Ltd		India	25.00	25.00
7	Forbes Aquatech Limited	See Footnote No.2	India	50.00	50.00
8	Forbes Concept Hospitality Services Private Limited.....	See Footnote No.2	India	50.00	50.00
9	Forbes Lux Group AG, BAAR	See Footnote No.2	Switzerland	50.00	50.00
10	Meadows Shipping Private Limited (erstwhile Forbes Sea Consortium India Private Limited)	See Footnote No.4	India	50.00	50.00
11	Infinite Water Solutions Pvt. Ltd.....	See Footnote No.2	India	50.00	-

Footnote:-

- During the year a co-owner in one of the jointly controlled entities viz. Forbes Infotainment Limited (FIL) has contributed Rs 2,124.51 lakhs by way of subscription to the preference share capital in FIL. This has resulted in reduction in the Group's share of accumulated losses in FIL. Therefore this sum is shown as an adjustment to the Profit and Loss Account balance in Schedule 2 to the financial statements.
- Jointly controlled entities of Eureka Forbes Limited.
- Jointly controlled entities of Forbes Finance Limited.
- Jointly controlled entities of Sea Speed Shipping Agencies Limited
- During the year, the Company consolidated Meadows Shipping Services Private Limited, associate of subsidiary Sea Speed Shipping Services Limited. Meadows Shipping Private Limited was not consolidated in the past since Sea Speed Shipping Services Limited had been consolidated in the past as associates on the basis of the shareholding structure of Forbes Finance Limited (a wholly owned subsidiary of the Company). As a result of the change in evaluation there is a net credit of Rs 57.41 Lakhs to the Profit and Loss Account in respect of past profits not recorded which has been described as prior period adjustment.

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

	Year ended 31st March, 2009 (Rs. in Lakhs)	Year ended 31st March, 2008 (Rs. in Lakhs)
Proportionate Reserves and Surplus as at the beginning of the year.....	(5,257.63)	(3,514.24)
Proportionate Translation Reserves.....	(283.28)	(3.75)
Proportionate deficit in Profit and Loss Account (net of dividend).....	(2,271.19)	(1,739.64)
Proportionate Reserves and Surplus as at the end of the year.....	<u>(7,812.10)</u>	<u>(5,257.63)</u>

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

	2008-09 (Rs. in Lakhs)	2007-08 Rs. in Lakhs
ASSETS		
Net Block (including Capital Work in Progress).....	8,944.48	4,291.90
Investments.....	314.29	185.16
Deferred Tax Asset.....	0.24	1.17
Current Assets, Loans and Advances.....	4,017.66	2,306.42
Miscellaneous Expenditure.....	8.73	7.69
	<u>13,285.40</u>	<u>6,792.34</u>
LIABILITIES		
Reserves & Surplus.....	(7,714.74)	(5,247.99)
Secured Loans.....	6,064.57	1,344.47
Unsecured Loans.....	4,297.07	4,717.74
Deferred Tax Liability.....	21.30	22.02
Current Liabilities & Provisions.....	3,990.30	2,858.10
	<u>6,658.50</u>	<u>3,694.34</u>
INCOME		
Sales.....	4,805.76	8,307.92
Services and Other Income.....	423.26	220.62
	<u>5,229.02</u>	<u>8,528.54</u>
EXPENSES		
Manufacturing, Trading and Other expenses.....	6,060.17	8,950.76
Interest.....	996.19	316.02
Depreciation.....	257.90	696.38
Prior Period Items.....	-	(302.30)
Taxes – Wealth Tax.....	1.04	0.01
– Income Tax – Current.....	42.45	14.61
– Fringe Benefits Tax.....	5.34	5.26
– Income Tax – Deferred.....	1.60	4.98
	<u>7,364.69</u>	<u>9,685.72</u>

Name of the Joint Venture Company	2008-09		2007-08	
	Contingent Liabilities (Rs. in Lakhs)	Capital Commitment (Rs. in Lakhs)	Contingent Liabilities Rs. in Lakhs	Capital Commitment Rs. in Lakhs
Forbes Infotainment Limited.....	15.06	-	14.76	-
Nypro Forbes Moulds Private Limited....	128.59	-	23.26	-
Nypro Forbes Products Private Limited..	311.75	34.77	6.18	3.71
Forbes Edumetry Limited.....	-	-	-	-
Meadows Shipping Private Limited (erstwhile Forbes Sea Consortium India Pvt. Limited).....	-	-	-	-
Edumetry Inc.....	-	-	-	-
SCI Forbes Limited.....	-	6,432.44	-	7,818.13

SCHEDULE "11" – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

(xi) Associate Companies:

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

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

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

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

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

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

Name of the Company		Nature of Business	Percentage Holding (%)	
			For the year ended 31st March, 2009	For the year ended 31st March, 2008
The Svadeshi Mills Company Limited	See Footnote 1	Textile industry – under liquidation	23.00	23.00
P. T. Gokak Indonesia.....	See Footnote 2	Textile industry	22.00	22.00
Next Gen Publishing Ltd.....		Publication and Media	40.90	40.90
Euro P2P Direct (Thailand) Co. Ltd.....	See Footnote 3	Electrical Appliance	49.00	49.00

Footnote :-

- The investments in these associates have been fully provided for since the Group's share of losses exceeds the carrying amounts of the investment. Since the Management does not expect any further obligation to devolve on the Company on the basis of amounts guaranteed or otherwise committed.
- The entity is an associate of Forbes Finance Limited. The investments in this entity has been fully provided for as the management has not received the financial statement for period, no adjustment has been made to the carrying amount of investments and loss of the Group for the year.
- The entity is an associate of Eureka Forbes Limited (a wholly owned subsidiary of the Company)
- During the year, the Company consolidated Sea Speed Shipping Services Limited, Sea Falcon Shipping Services Limited and Trident Shipping Agencies Limited as its subsidiaries on the basis of the cross holdings amongst them and the absence of minority shareholding. These entities had been consolidated in the past as associates on the basis of the shareholding structure of Forbes Finance Limited (a wholly owned subsidiary of the Company). As a result of the change in evaluation there is a net credit of Rs 927.17 Lakhs to the Profit and Loss Account in respect of past profits not recorded which has been described as prior period adjustment.

The details of investment in associates are as under:

(Rs. in Lakhs)

Particulars	The Svadeshi Mills Company Limited	P.T.Gokak Indonesia	Euro P2P Direct (Thailand) Co. Ltd.	Next Gen Publishing Ltd.
Number of equity shares.....	1,769,430	1,375	4,802	4,908,240
Cost of investments in equity	177.75	112.88	11.98	688.44
Post acquisition share in profits / (losses)	(177.75)	(112.88)	(11.98)	(655.16)
Carrying cost of equity.....	-	-	-	33.28

SCHEDULE "11" – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

C. FIXED ASSETS AND DEPRECIATION / AMORTISATION

(a) Tangible Fixed Assets

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

The acquisition value includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the acquisition value are delivery and handling costs, installation, legal services and consultancy services. Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalised up to the date when the asset is ready for its intended use.

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

(b) Intangible Assets and Amortisations

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

Costs incurred for applying research results or other knowledge to develop new products, are capitalised to the extent that these products are expected to generate future financial benefits. Other development costs are expensed as and when they arise."

Expenditure on tangible fixed assets for research and development is capitalised in accordance with the policy stated under tangible fixed assets and depreciation above. Intangible assets are reported at acquisition value with deductions for accumulated amortisation and any impairment losses.

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

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

DEPRECIATION AND AMORTISATION :

I The Company : (32.79% of Total Depreciation)

The methods and the rates of depreciation are as under :

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

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, Volkart Fleming Shipping & Services Limited, Aquamall Water Solutions Limited, Forbes Aquamall Limited and Forbes Facility Services Private Limited, Sea Speed Shipping Agencies Limited (52.14% of total depreciation).

- (ii) Depreciation has been provided on straight line method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956 by Forbes Doris & Naess Maritime Limited, Forbes Technosys Limited, Forbes Infotainment Limited, Nypro Forbes Moulds Private Limited, Nypro Forbes Products Private Limited, Forbes Edumetry Limited, SCI Forbes, Forbes Bumi Armada Limited and Meadows Shipping Private Limited (14.61 % of total depreciation).
- (iii) Depreciation has not been provided as per Schedule XIV to the Companies Act, 1956 by , Forbes Container Line Pte. Ltd, Euro Forbes International Pte Ltd. and Edumetry Inc as they are not incorporated in India (0.46% of total depreciation).
- (iv) Leasehold improvements are amortised on straight line basis over the period of the lease.
- (v) Depreciation has been provided on intellectual property/ distribution rights by Forbes Technosys Limited over the period of 20 quarters.

D. FINANCIAL INCOME AND BORROWING COSTS:

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

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

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

E. INVESTMENTS:

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

F. INVENTORIES:

I. The Company :- (14.26% 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:

Sl. No.	Type	Division (Refer footnote)	Basis of determining costs
1	Stores, spare parts, components and loose tools		
	Components (Accessories)	Personal Wear	Specific identification method
	Others	Others	Continuous Weighted Average Method
2	Raw and packing materials		
	(i) Others	Personal Wear	Specific identification method
	(ii) Others	Others	Continuous Weighted Average Method
3	Stock-in-Process	All	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) upto stage of completion
4	Finished goods		
	(i) Produced	All	Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) and excise duty
	(ii) Traded	Personal Wear	Specific identification method
		Others	Continuous Weighted Average method

Footnotes:

The divisions of the Company comprise Engineering, Business Automation, Motor Manufacturing, Logistics, Personal Wear and Investment and Financing.

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 and handling and sales overheads. 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 Eureka Forbes Limited, Forbes Facility Services Private Limited (Formerly known as Forbes Abans Cleaning Solutions Private Limited), Forbes Infotainment Limited and Forbes Technosys Limited (60.34% of total Inventory) are valued at lower of cost or net realisable value. Cost is determined using first-in-first-out method. 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 (25.40% of total Inventory) are valued at lower of cost or net realisable value. Cost is determined using Weighted Average Method.

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 rights connected with ownership have been transferred to the buyer. This usually occurs upon dispatch, after the price has been determined and collection of the receivable is reasonably certain. Income recognition for services takes place as and when the services are performed.

H. FOREIGN CURRENCY TRANSACTIONS:

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

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

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

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

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

I. TAXES ON INCOME:

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

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all 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 probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be 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 probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised

J. SEGMENT REPORTING:

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

K. 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.

Preliminary Expenses:

Preliminary Expenses are written off over a period of 5 to 10 years from commencement of commercial production.

SCHEDULE "11" – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)**L. IMPAIRMENT OF ASSETS:**

The carrying values of assets of the 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.

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

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

N. EMPLOYEE BENEFITS:**(i) 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.

(ii) Defined-contribution plans

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

(iii) Defined-benefit plans

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

(iv) Short term benefits

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

(v) Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of benefits after deducting amounts already paid. Where there are restrictions on 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.

O. DISCONTINUING OPERATIONS:

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

SCHEDULE "11" – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

P. EARNINGS PER SHARE:

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

Q. DERIVATIVES:

The fair value of derivative contracts is not ascertained as these instruments are not held for trade or speculative purposes. The premium or discount arising at the inception of such forward exchange contracts are amortised as expense or income over the life of contract. The gain or loss arising from translation of foreign currency exposure irrespective of underlying principal, as at the end of the period, is recognised as part of income or loss for the period.

R. CASH FLOW STATEMENTS:

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

S. 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.

T. LEASE ACCOUNTING:

(i) Operating Leases

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

(ii) Finance Leases

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

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

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

U. 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.

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.

2. CONTINGENT LIABILITY & PROVISION FOR WARRANTIES AND OTHER CONTINGENCIES

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

SCHEDULE "11" – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

b) Other Contingent Liabilities not provided for:

	For the year ended 31st March, 2009 (Rs. in Lakhs)	For the year ended 31st March, 2008 (Rs. in Lakhs)
(A) Bills discounted	181.00	108.35
(B) Guarantees issued by bank	2,139.11	1,365.41
(C) Taxes in dispute :-		
(i) Sales Tax [Advance paid Rs 66.97 lakhs; (Previous year Rs. 12.90 lakhs)]	7,244.67	5,095.42
(ii) Property Tax.....	409.81	148.04
(iii) Income-tax [Advance paid Rs Nil ; (Previous year Rs. 142.37 lakhs)]......	1,525.15	1,843.21
(iv) Wealth-tax.....	36.12	19.75
(v) Excise demand [Advance paid against the demand Rs.9.38 lakhs; (Previous year Rs.21.45 lakhs)]	5,690.39	4,951.19
(vi) Consumption Tax in West Bengal	8.82	8.82
(vii) Professional Tax in Karnataka	3.85	3.85
(D) Labour matters in dispute	49.31	14.75
(E) Gujarat Electricity Board has raised a claim for alleged diversion of fraction of the power consumed and the same has been contested by the Company in the Court	188.69	188.69
(F) Share of contingent liabilities of associates.....	-	11.11
(G) 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	2,973.00	2,428.00
(H) In respect of guarantees given in favour of customs authorities.....	6.00	6.00
(I) The Company has given Guarantee Bonds on behalf of others.....	53.41	8.69
(J) The Company has given Bonds in favour of Excise/Customs Authorities	695.00	-
(K) Guarantees given in respect of jointly controlled entity.....	-	1,200.00
(L) Pat Hire Charges – Montiko Marine (Patchart Hire)	389.89	337.25
(M) Guarantee given in respect of EPCG scheme for Import.....	23.26	23.26
(N) ICD Kanpuri.....	136.52	-
(O) Bank Guarantee for which the Company has given counter guarantee.....	2,117.09	2.09
(P) Other demands contested by the Company :-		
(i) Rent.....	3.00	3.00
(ii) Creditors Claim	164.00	164.00
(iii) Other	92.30	75.97

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

c) Provision for Contingencies, in schedule 8, comprises provisions made in respect of pending disputes with an employee and on another party.

	For the year ended 31st March, 2009 (Rs. in Lakhs)	For the year ended 31st March, 2008 (Rs. in Lakhs)
Opening Balance.....	9.65	59.45
Payment made during the year.....	-	-
Amount written back.....	(9.65)	49.80
Closing Balance.....	-	9.65

SCHEDULE "11" – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

d) Movement of Provision for Warranty	For the year ended 31st March, 2009 (Rs. in Lakhs)	For the year ended 31st March, 2008 (Rs. in Lakhs)
Opening Balance.....	451.15	567.95
Additional Provision made.....	–	451.15
Amount Utilised/ Reversed.....	(38.40)	567.95
Closing Balance.....	412.75	451.15

The above movement has been presented on the basis that the opening provision for warranty is reversed at the beginning of the year and the expenditure during the year is charged to the natural heads of accounts, with the year end provision being re-instated based on the estimates as on that date.

3 Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 7,542.42 Lakhs (Previous year Rs. 9,489.37 Lakhs) net of advances Rs.6.22 Lakhs ; (Previous year Rs.376.77 Lakhs).

4 Expenditure on interest of Rs.3,259.32 Lakhs(Previous year Rs.1,806.79 Lakhs) is arrived at as under:

	(Rs. in Lakhs)	For the year ended 31st March, 2009 (Rs. in Lakhs)	For the year ended 31st March, 2008 (Rs. in Lakhs)
1 Interest on Fixed Deposits and other Fixed Loans.....		906.29	936.62
2 Other Interest.....		2,944.27	1,546.21
		3,850.56	2,482.83
Less:			
(i) Interest Capitalised.....	288.51		181.46
(ii) Interest received from customers and others.....	8.40		22.85
(iii) Interest on Bank Deposit/Inter Corporate Deposit.....	172.20		415.30
(iv) Others.....	122.13		56.42
		591.24	676.03
		3,259.32	1,806.80

5 Earnings Per Share

S. No.	Particulars	Remarks	For the year ended 31st March, 2009	For the year ended 31st March, 2008
1	Profit / (Loss) after share of Associates and Minority Interest.	A	(5,109.78)	472.14
2	Total No. of Equity shares outstanding during the year.....	B	127.32	127.32
3	Earning per share (Face value being Rs.10 per share)– (Basic & Diluted).....	C=A/B	(40.13)	3.71

6 Break-up of deferred tax assets and liabilities.

	For theyear ended 31st March,2009 Deferred Tax Assets (Rs. in Lakhs)	For theyear ended 31st March,2009 Deferred Tax Liabilities (Rs. in Lakhs)	For theyear ended 31st March,2008 Deferred Tax Assets (Rs. in Lakhs)	For theyear ended 31st March,2008 Deferred Tax Liabilities (Rs. in Lakhs)
– Depreciation.....	52.07	61.49	(1,511.88)	62.56
– Voluntary Retirement Compensation.....	–	–	415.10	–
– Inadmissible provisions and liabilities allowed on payment basis.....	306.31	(16.31)	1,149.93	(16.70)
– Unabsorbed Depreciation (See foot note)	21.29	(16.77)	635.72	(16.77)
	379.67	28.41	688.87	29.09

Footnotes:

- During the year, the Company has offset the deferred tax assets aggregating to Rs 398.15 Lakhs against General Reserve. These deferred tax assets were recognised in respect of voluntary retirement compensation liabilities which were offset against General Reserves as at 31st March, 2007 in terms of the order of the Honourable High Court of Karnataka dated 13th July, 2007.
- The Company 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 "11" – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

7 Prior Period Items includes:

	For the year ended 31st March, 2009 (Rs. in Lakhs)	For the year ended 31st March, 2008 (Rs. in Lakhs)
Power and Fuel.....	-	(10.96)
Repairs and Maintenance.....	-	(7.28)
Legal & Professional Charges.....	-	(15.27)
Income from Services.....	-	13.21
Share in Opening reserves of entities consolidated as subsidiary as against equity accounting followed in earlier years as explained in note no. 1B (x) and (xi).....	984.58	-
Others.....	-	(326.81)
	984.58	(347.11)

8 Bank balances with scheduled banks on deposit:

- (a) (i) Rs. 7.88 Lakhs; (Previous year Rs. 13.47 Lakhs) being amounts withheld as retention money against product warranties.
(ii) Rs. 34.77 Lakhs; (Previous year Rs. 41.25 Lakhs) representing funds towards the unpaid dividend; and
(b) Rs. Nil; (Previous year Rs. 8.51 Lakhs) held pursuant to Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975.

9 Land and building with a written down value of Rs. 1.91 Lakhs (original cost Rs. 4.04 Lakhs) as at 31st March, 2006, were revalued as on that date at Rs. 365.23 Lakhs based on a valuation carried out by independent valuers and the difference of Rs. 363.32 Lakhs was credited to the Revaluation Reserve. These assets were sold during the previous year for consideration aggregating Rs. 391.00 Lakhs. Consequently a sum of Rs. Nil (Previous Year Rs 363.32 Lakhs) was transferred from the Revaluation Reserve to the General Reserve and a net sum of Rs. Nil (Previous Year Rs. 363.32 Lakhs) was transferred from the Revaluation Reserve to the General Reserve and a net sum of Rs. Nil (Previous Year Rs. 25.77 Lakhs) was credited to the Profit and Loss Account.

10 Exceptional Items

The Income and Expenditure for the year included exceptional items in respect of :

Nature and Head of Exceptional Items	Year ended 31st March, 2009	Year ended 31st March, 2008
a. Expenses:		
Power & Fuel.....	0.48	-
Salaries, Wages, Bonus and Commission	0.56	-
Workmen and Staff Welfare Expenses	1.64	-
Freight and Forwarding Charges	0.39	-
Repairs to Others	0.81	-
Rent	8.91	-
Rates and Taxes	6.75	-
Stamps, Telegrams, Stationery, Printing and Telephones	1.75	-
Legal and Professional Charges	35.82	-
Insurance Premium	0.16	-
Travelling & Conveyance	7.05	-
Bad Debts/Advances written off	49.32	-
Loss on Sale of Fixed Assets (Net)	(0.73)	-
Auditors' Remuneration	1.02	-
Provision for reduction in value of inventory	474.45	-
Miscellaneous Charges	70.77	-
Interest	54.82	-
Depreciation	9.55	-
	723.54	-
Income:		
Rent	(5.20)	-
Miscellaneous Income.....	(18.17)	-
	(23.37)	-

SCHEDULE "11" – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

Nature and Head of Exceptional Items	Year ended 31st March, 2009	Year ended 31st March, 2008
b. Restructuring Cost		
Legal and Professional Charges	30.00	—
c. Voluntary Retirement Compensation amortised.....	178.14	—
d. Provision for		
Doubtful Loans & Advances	426.57	—
Diminution in the value of Investments	35.48	—
e. Arrears of payment on account of Wage revision Salaries, Wages, Bonus and Commission	59.00	—
	1,429.36	—
f Included in bad debts/ advances written off is irrecoverable advances is written off pursuant to management decision to exit from a subsidiary, Prohandyman India Ltd, in which the company had 70% shareholding.....	—	149.00
g Included in miscellaneous expenses is an amount incurred as expenses for acquiring an overseas company in an auction bid which was abandoned in the last leg of auction bid as a result of technical due diligence carried out by the company.....	—	118.96
h Provision for reduction in value of inventory includes loss due to heavy flooding of warehouse at Hyderabad.....	—	76.84
Total	1,429.36	344.80

11 Details of expenses capitalised are as under

Sr. No.	Head of Accounts	Gross Expenses Amount	Less amount Capitalised Amount	(Rs. in Lakhs)
				Net Debit to P & L For the year ended 31st March
i)	Interest cost.....	3,547.83 1,806.80	288.51 —	3,259.32 1,806.80
ii)	Insurance Premium.....	614.14 780.33	1.77 —	612.37 780.33
iii)	Travel and Conveyance.....	2,172.58 2,029.76	18.79 —	2,153.79 2,029.76
iv)	Miscellaneous Charges.....	6,433.68 5,759.82	143.51	6,290.17 5,759.82
v)	Depreciation & Amortisation.....	3,656.97 3,690.82	— 5.73	3,656.97 3,685.09
		16,425.20 14,067.53	452.58 5.73	15,972.62 14,061.80

12. 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 family pension fund and superannuation fund except in some cases superannuation fund are made only by the Group. The contributions are normally based on a certain proportion of the employee's salary. A sum of Rs. 857.91 Lakhs (Previous Year Rs. 848.29 Lakhs) has been charged to the revenue account respect of the same.

SCHEDULE "11" – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

Defined-Benefits Plans:

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

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

	(Rs. in Lakhs)					
	For the year ended 31st March, 2009			For the year ended 31st March, 2008		
	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	1,808.44	23.03	739.77	1,676.77	18.28	636.86
Fair Value of Plans.....	1,421.05	-	-	1,330.64	-	-
Employees above 60 yrs not covered in valuation.....	-	-	-	13.93	-	-
Net Liability in the balance sheet.....	387.39	23.03	739.77	360.06	18.28	636.86
Defined Benefit Commitments:						
Opening Balance as at 1st April.....	1,690.69	18.28	636.86	1,573.49	17.14	348.57
Benefits earned during the year.....	0.03	-	-	-	-	-
Current Service Cost.....	158.62	4.81	70.36	125.99	1.00	54.22
Interest expenses.....	130.07	0.73	54.35	119.33	0.03	29.85
Paid benefits	(323.64)	-	(110.32)	(348.35)	-	(91.79)
Actuarial (gain) / loss.....	152.65	(0.79)	94.02	187.27	0.12	296.00
Transfer to other divisions.....	-	-	(5.49)	32.96	-	-
Closing balance as at 31st March.....	1,808.44	23.03	739.77	1,690.69	18.28	636.86
Plan Assets						
Opening balance as at 1st April	1,330.64	-	-	1,311.72	-	-
Expected return on scheme assets.....	118.39	-	-	104.93	-	-
Contributions by the Company.....	323.00	-	-	206.59	-	-
Paid funds	(323.64)	-	-	(348.35)	-	-
Actuarial gain / (loss).....	(27.33)	-	-	13.92	-	-
Transfer Received.....	-	-	-	41.83	-	-
Closing balance as at 31st March.....	1,421.05	-	-	1,330.64	-	-
Return on Plan Assets						
Expected return on plan assets	51.19	-	-	-	-	-
Actuarial gain / (loss).....	(5.66)	-	-	104.84	-	-
Actual return on plan assets	45.54	-	-	13.92	-	-

SCHEDULE "11" – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

	For the year ended 31st March, 2009			For the year ended 31st March, 2008		
	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)
Expenses on defined benefit plan:						
Current service costs	158.62	4.81	70.36	<i>125.99</i>	<i>1.00</i>	<i>54.22</i>
Past service cost.....	–	–	–	–	–	–
Interest expense.....	130.07	0.73	54.35	<i>119.33</i>	<i>0.03</i>	<i>29.85</i>
Expected return on investment	(118.23)	–	–	<i>(104.93)</i>	–	–
Net actuarial (gain) / loss.....	189.27	(0.79)	94.02	<i>159.42</i>	<i>0.12</i>	<i>296.00</i>
Plan amendment / curtailment / settlement.....	(31.17)	–	–	–	–	–
Employees above 60 yrs not covered in valuation.....	–	–	–	<i>13.93</i>	–	–
Expenses charged to the profit and loss account....	328.56	4.75	218.73	<i>313.74</i>	<i>1.15</i>	<i>380.07</i>

Investments Details

	% invested 31st March 2009	% invested 31st March 2008
Funds Managed by Insurer.....	56	<i>77</i>
Public Sector Unit Bonds	–	<i>2</i>
Private Sector Bonds	36	<i>2</i>
Special deposit schemes.....	8	<i>4</i>
Other (excluding bank balances).....	–	<i>15</i>
	100	<i>100</i>

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 2009	Weighted Average 31st March 2008
Rate for discounting liabilities.....	8.00%	<i>8% to 8.25%</i>
Expected salary increase rate.....	6.00%	<i>4% to 6%</i>
Expected return on scheme assets.....	8.00%	<i>8% to 9%</i>
Mortality rates.....	LIC 94-96 Table	<i>LIC 94-96 Table</i>

Experience Adjustment:

Gratuity

	2008-09	2007-08
Defined benefit obligation.....	1,808.44	<i>1,676.77</i>
Plan Asset.....	1,421.05	<i>1,330.64</i>
Experience adjustment on plan assets.....	(6.26)	<i>*</i>
Experience adjustment on plan liabilities.....	(3.82)	<i>*</i>

* The figures in respect of previous two periods are not available.

The basis used to determined overall expected rate of return on plan assets and the effect on major categories of plan assets is as follows: The major portions of the assets are invested in Special deposit schemes and with LIC Based on the asset allocation and prevailing yield rates on these assets classes, the long term estimate of expected rate of return on the fund assets have been arrived at. Assumed rate of return on assets expected to vary from year to year reflecting the returns on matching Govt. bonds.

The charge to Profit & Loss Account and liabilities included are in respect of one subsidiary and two jointly controlled entities where the disclosure in respect of (AS 15) are not disclosed in their respective financial statements. Accordingly the amount stated in the above disclosure does not reconcile to the corresponding charge in Profit & Loss Account and provision for employee benefits stated in schedule 10 and schedule 8 respectively.

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

The contribution expected to be made by the Group during the financial year 2009-10 has not been ascertained.

SCHEDULE "11" - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (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 & Machinery under a finance lease amounting to Rs.77.95 Lakhs . The total minimum lease payments (MLP) in respect thereof and the present value of future lease payments, discounted at interest rates implicit in the lease are as follows:

Period	Total MLP		Interest		Principal	
	As at 31st March, 2009 Rs. in Lakhs	As at 31st March, 2008 Rs. in Lakhs	As at 31st March, 2009 Rs. in Lakhs	As at 31st March, 2008 Rs. in Lakhs	As at 31st March, 2009 Rs. in Lakhs	As at 31st March, 2008 Rs. in Lakhs
Not later than one year	5.25	9.65	0.06	0.06	5.19	9.59
Later than one year but not later than five years	-	-	-	-	-	-
Total	5.25	9.65	0.06	0.06	5.19	9.59

- B. (i) The Company has taken certain office premises on operating lease basis. Lease payments in respect of such leases recognised in Profit & Loss Account Rs.1,432.12 Lakhs; (Previous Year Rs.240.31 lakhs).
- (ii) Future minimum lease payments under non-cancellable operating lease period (for lease entered into subsequent to 1st April,2001) are as follows:

Period	As at 31st March, 2009 Rs. in Lakhs	As at 31st March, 2008 Rs. in Lakhs
Not later than one year.	91.80	65.17
Later than one year but not later than five years.	254.83	242.90
Later than five years.	1,026.43	1,082.09
Total	1,373.06	1,390.16

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

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

Class of Asset:	Building (Pro-rata)	
	As at 31st March, 2009 Rs. in Lakhs	As at 31st March, 2008 Rs. in Lakhs
Gross Carrying Amount:	2,250.93	993.81
Accumulated Depreciation:	721.99	250.80
Depreciation for the year.	52.67	11.71

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

Period	As at 31st March, 2009 Rs. in Lakhs	As at 31st March, 2008 Rs. in Lakhs
Not later than one year	83.78	91.79
Later than one year but not later than five years.	-	21.05
Total	83.78	112.84

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 the other companies. The normal tenure of the arrangement is upto three years.

SCHEDULE "11" - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

14. 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, 2009		For the year ended 31st March, 2008	
	Rs .in Lakhs	FC	Rs .in Lakhs	FC
Export of goods	123.72	US\$ 245,093	634.21	US\$ 1,606,821
	42.12	GBP 58,860	55.67	GBP 71,438
	2.17	EUR 3,253	2.89	EUR 4,703
Commission receivable	0.39	CHF 769	0.39	US\$ 1,012
Loans receivable	60.58	US\$ 120000	47.36	US\$ 120,000
Interest receivable	969,000	US \$ 19,200	7.57	US\$ 19,200

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

Import of goods and services	214.31	USD 415,136	183.11	USD 444,756
	5.31	GBP 7,585	20.27	GBP 24,867
	16.33	EUR 23,729	179.60	USD 218,860
	2.24	GBP 4,934	–	–
Loans Payable	17,226.08	USD 32,938,092	22.40	USD 55,336
Deposits payable	–	–	0.17	USD 430

(c) Advances Given

For Capital Goods	0.17	EUR 250	306.01	EUR 497,417
	0.79	USD 1,559	16.15	USD 40,935

(d) Advances Received

From Supplier	5.12	USD 9,911	18.93	USD 46,772
	0.05	GBP 60	0.01	EUR 11

(e) Investments

Forbes Sterling Star Ltd.	–	–	0.45	USD 1,000
Edumetry INC.	35.48	USD 80,000	35.48	USD 80,000
Forbes Container Lines Ltd.	108.12	SGD 3,80,000	108.12	USD 380,000
Euro Forbes International Pte Ltd	938.85	SGD 3,500,000	938.85	USD 3,500,000
Forbes Lux Group	186.21	CHF 500,000	186.20	USD 500,000

(f) Cash & Bank Balances

Forbes Container Lines Ltd.	103.08	SGD 300,352	59.75	USD 151,396
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Note:

FC	Foreign Currency
US \$	United States Dollar
GBP	Great British Pound
CHF	Swiss Franc
EUR	Euros

SCHEDULE "11" - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

15 (a) Related Party Disclosures

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

(A) Holding Company / Ultimate Holding Company

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

(B) Fellow Subsidiaries:

- | | |
|---|---|
| 1 Abhipreet Trading Co. Pvt. Ltd. | 36 Manjri Horse Breeders Farm Pvt. Ltd. |
| 2 Afcons (Overseas) Constructions and Investments Pvt. Ltd. | 37 Mazsons Builders & Developers Pvt. Ltd. |
| 3 Afcons Arethusa Offshore Services Ltd. | 38 Meriland Estates Pvt. Ltd. |
| 4 Afcons BOT Construction Pvt. Ltd. | 39 Mileage Properties Pvt. Ltd. |
| 5 Afcons Dredging & Marine Services Ltd. | 40 Niel Properties Pvt. Ltd. |
| 6 Afcons Infrastructure Ltd. | 41 Palchin Real Estates Pvt.Ltd. |
| 7 Archaic Properties Pvt. Ltd. | 42 Precaution Properties Pvt. Ltd. |
| 8 Bengal Shapoorji Business Parks Pvt. Ltd. | 43 Ramili Investments Pvt. Ltd. |
| 9 Bengal Shapoorji Infrastructure Development Pvt. Ltd. | 44 Relationship Properties Pvt. Ltd. |
| 10 Blue Riband Properties Pvt. Ltd. | 45 S.C. Impex Pvt. Ltd. |
| 11 Cama Properties Pvt. Ltd. | 46 Shachin Real Estate Pvt. Ltd. |
| 12 Chinsha Properties Pvt. Ltd. | 47 Shapoorji & Co.Pvt.Ltd. |
| 13 Corporate Apparel USA, Inc. | 48 Shapoorji Data Processing Pvt.Ltd. |
| 14 Cyrus Chemicals Pvt.Ltd. | 49 Shapoorji Drilling Enterprises Pvt.Ltd. |
| 15 Cyrus Engineers Pvt.Ltd. | 50 Shapoorji Hotels Pvt. Ltd. |
| 16 Cyrus Investments Ltd. | 51 Shapoorji Pallonji Infrastructure Capital Co. Ltd. |
| 17 Delna Finance & Investments Pvt. Ltd. | 52 Shapoorji Pallonji (Gwalior) Pvt.Ltd. |
| 18 Doris Properties Pvt. Ltd. | 53 Shapoorji Pallonji Biotech Park Pvt. Ltd |
| 19 East View Estate Pvt. Ltd. | 54 Shapoorji Pallonji Finance Ltd |
| 20 Euphoria Properties Pvt. Ltd. | 55 Shapoorji Pallonji Ports Pvt. Ltd. |
| 21 First Future Properties Pvt. Ltd. | 56 Shapoorji Pallonji Power Co.Ltd. |
| 22 Firstrock Infrastructure Pvt. Ltd. | 57 Sharus Building Services Pvt.Ltd. |
| 23 Flooraise Developers Pvt. Ltd. | 58 Shatranj Properties Pvt. Ltd. |
| 24 Floral Finance Pvt. Ltd. | 59 SP Agri Management Services Pvt. Ltd. |
| 25 Floreat Investments Ltd. | 60 SP Aluminium Systems Pvt. Ltd. |
| 26 Flotilla Finance Pvt. Ltd. | 61 SP Architectural Coatings Ltd. |
| 27 Forvol International Services Ltd. | 62 SP Bioscience Pvt. Ltd. |
| 28 Gokak Textiles Ltd. | 63 SP Fabricators Pvt. Ltd. |
| 29 Gossip Properties Pvt. Ltd. | 64 SP Infocity Developers Pvt. Ltd. |
| 30 Hazarat & Company Pvt. Ltd. | 65 SSS Electricals (India) Ltd. |
| 31 Highstreat Developers Pvt. Ltd. | 66 Sterling Generators Pvt. Ltd. |
| 32 Khajrana Ganesh Properties Pvt. Ltd. | 67 Sunny View Estates Pvt. Ltd. |
| 33 Lucrative Properties Pvt. Ltd. | 68 Think Ahead Properties Pvt. Ltd. |
| 34 Magpie Finance Pvt. Ltd. | 69 United Motors (India) Ltd. |
| 35 Manjri Developers Pvt. Ltd. | |

(C) Associate Companies

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

(D) Key Management Personnel

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

SCHEDULE "11" - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

15 (a) (ii) Transactions with related parties

(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	
Purchases					
1 Goods and Materials	—	50.61	—	—	50.61
2 Services Rendered	—	—	—	—	—
3 Fixed Assets	—	—	—	—	—
4 Investment	200.00	—	—	—	200.00
Sales					
5 Goods and Materials	2.05	—	—	—	2.05
6 Services Rendered	—	18.10	—	—	18.10
7 Fixed Assets	0.22	—	—	—	0.22
8 Investment	3,099.76	151.41	—	—	3,251.17
Expenses					
9 Rent	28.98	0.78	—	—	29.76
10 Repairs and other Expenses	41.62	102.26	—	—	143.88
11 Recovery of Expenses	—	49.47	—	—	49.47
12 Dim. in Value of Investment	—	—	—	—	—
13 Agency Commission	—	—	—	—	—
14 Interest Paid	265.96	0.32	—	—	266.28
15 Dividend Paid	—	—	—	—	—
16 Professional Fees	—	—	—	—	—
17 Directors Fees	—	—	—	—	—
18 Provision /Write offs	—	0.56	0.75	—	1.31
19 Loss on sale of Investments	—	—	—	—	—
Income					
20 Rent and Other Service Charges	—	50.81	—	—	50.81
21 Interest Received	—	—	—	—	—
22 Dividend Received	—	—	—	—	—
23 Profit on sale of Investment	—	—	—	—	—
24 Provision /Write backs	—	—	—	—	—
25 Misc. Income	13.01	0.36	2.70	—	16.07
Other Receipts					
26 Deputation of Staff	—	—	—	—	—
27 Other Reimbursements	7.59	10.51	—	—	18.10

SCHEDULE "11" - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

Finance						
28	Loans and Advances Given	-	0.73	-	-	0.73
29	Loans and Advances Taken	835.52	-	-	-	835.52
30	Deposits Given	-	-	-	-	-
31	Deposits Taken	1,175.00	-	-	-	1,175.00
32	Repayment of Deposits Taken	3,293.34	151.56	-	-	3,444.90
33	Repayment of Deposits Given	-	-	-	-	-
Outstandings						
34	Sundry Creditors	-	8.02	-	-	8.02
35	Interest accrued and due	3.75	-	-	-	3.75
36	Sundry Debtors	3.50	7.30	20.15	-	30.96
37	Loans and Advances	327.20	4.04	4,391.78	0.24	4,723.26
38	Advance for Capital Purchase	-	-	-	-	-
39	Prov. for Doubtful Loans and Adv.	-	-	4,391.78	-	4,391.78
40	Provision for Doubtful Debts	-	-	20.15	-	20.15
41	Deposits Payable	1,175.00	-	-	-	1,175.00
42	Deposits Receivable	-	-	-	-	-
43	Prepaid Expenses	-	-	-	-	-
Remuneration						
44	Paid / Payable	-	-	-	534.64	534.64
45	Outstanding	-	-	-	-	-
46	Recoverable	-	-	-	-	-
Guarantees						
47	Given	-	-	-	-	-
48	Outstanding	-	-	-	-	-

Note:

Above transactions have been reported to extent such reporting was included in standalone financial statements of the Company, its subsidiaries / joint ventures. The disclosure in the respective subsidiaries / joint ventures is for related parties as applicable to the standalone financial statements and not the "Group".

SCHEDULE "11" - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

15. (a) Related Party Disclosures

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

	Nature of Transactions	A	A	B	B
		Shapoorji Pallonji & Company Limited	Sterling Investment Corporation Private Limited	Forvol International Services Ltd.	Gokak Textiles Ltd.
	Purchases				
1	Goods and Materials	--	--	--	50.61
2	Services Rendered	--	--	--	--
3	Fixed Assets	--	--	--	--
4	Investment	200.00	--	--	--
	Sales				
5	Goods and Materials	2.05	--	--	--
6	Services Rendered	--	--	--	--
7	Fixed Assets	0.22	--	--	--
8	Investment	--	3,096.98	--	--
	Expenses				
9	Rent	28.98	--	--	--
10	Repairs and other Expenses	--	41.62	98.89	--
11	Recovery of Expenses	--	--	47.85	--
12	Dim. in Value of Investment	--	--	--	--
13	Agency Commission	--	--	--	--
14	Interest Paid	80.94	185.03	--	--
15	Dividend Paid	--	--	--	--
16	Professional Fees	--	--	--	--
17	Directors Fees	--	--	--	--
18	Provision /Write offs	--	--	0.56	--
19	Loss on sale of Investments	--	--	--	--
	Income				
20	Rent and Other Service Charges	--	--	20.00	30.81
21	Interest Received	--	--	--	--
22	Dividend Received	--	--	--	--
23	Profit on sale of Investment	--	--	--	--
24	Provision /Write backs	--	--	--	--
25	Misc. Income	13.01	--	--	--
	Other Receipts				
26	Deputation of Staff	--	--	--	--
27	Other Reimbursements	7.59	--	10.07	--
	Finance				
28	Loans and Advances Given	--	--	0.73	--
29	Loans and Advances Taken	308.70	526.82	--	--
30	Deposits Given	--	--	--	--
31	Deposits Taken	1,175.00	--	--	--
32	Repayment of Deposits Taken	--	3,036.99	--	--
33	Repayment of Deposits Given	--	--	--	--
	Outstandings				
34	Sundry Creditors	--	--	6.50	1.53
35	Interest accrued but not due	1.67	2.08	--	--
36	Sundry Debtors	3.50	--	4.18	--
37	Loans and Advances	--	--	--	--
38	Advance for Capital Purchase	--	--	--	--
39	Prov. for Doubtful Loans and Adv.	--	--	--	--
40	Provision for Doubtful Debts	--	--	--	--
41	Deposits Payable	1,175.00	--	--	--
42	Deposits Receivable	--	--	--	--
43	Prepaid Expenses	--	--	--	--
	Remuneration				
44	Paid / Payable	--	--	--	--
45	Outstanding	--	--	--	--
46	Recoverable	--	--	--	--
	Guarantees				
47	Given	--	--	--	--
48	Outstanding	--	--	--	--
		2,996.66	6,889.52	188.78	82.95

SCHEDULE "11" - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

B	C	C	D	D	D	TOTAL
SP Fabricators Pvt. Ltd.	Next Gen Publishing Ltd.	The Svadeshi Mills Company Ltd.	Executive Director (Finance), Mr.C.G. Shah	Managing Director of Eureka Forbes Ltd., Mr. S.L. Goklaney.	Managing Director, Mr. Ashok Barat	
-	-	-	-	-	-	50.61
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	200.00
-	-	-	-	-	-	-
16.46	-	-	-	-	-	2.05
-	-	-	-	-	-	16.46
-	-	-	-	-	-	0.22
-	-	-	-	-	-	3,096.98
-	-	-	-	-	-	-
-	-	-	-	-	-	28.98
-	-	-	-	-	-	140.51
-	-	-	-	-	-	47.85
-	-	-	-	-	-	-
-	-	-	-	-	-	265.97
-	-	-	-	-	-	-
-	-	0.75	-	-	-	1.31
-	-	-	-	-	-	-
-	-	-	-	-	-	50.81
-	-	-	-	-	-	-
-	2.70	-	-	-	-	15.71
-	-	-	-	-	-	-
-	-	-	-	-	-	17.66
-	-	-	-	-	-	-
-	-	-	-	-	-	0.73
-	-	-	-	-	-	835.52
-	-	-	-	-	-	-
-	-	-	-	-	-	1,175.00
-	-	-	-	-	-	3,036.99
-	-	-	-	-	-	-
-	-	-	-	-	-	8.03
-	-	-	-	-	-	3.75
-	-	20.15	-	-	-	27.83
-	-	4,391.78	-	-	-	4,391.78
-	-	-	-	-	-	-
-	-	4,391.78	-	-	-	4,391.78
-	-	20.15	-	-	-	20.15
-	-	-	-	-	-	1,175.00
-	-	-	-	-	-	-
-	-	-	212.54	260.10	89.99	562.63
-	-	-	-	-	-	-
-	-	-	-	-	-	-
16.46	2.70	8,824.61	212.54	260.10	89.99	19,564.31

SCHEDULE "11" - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

15 (b) Related Party Disclosures

(i) Names of related parties and nature of related party relationship year ended 31st March 2008.

(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:

- | | |
|---|---|
| 1 Abhipreet Trading Co. Pvt. Ltd. | 36 Manjri Developers Pvt. Ltd. |
| 2 Afcons (Overseas) Constructions and Investments Pvt. Ltd. | 37 Manjri Horse Breeders Farm Pvt. Ltd. |
| 3 Afcons Arethusa Offshore Services Ltd. | 38 Manjri Stud Farm Pvt.Ltd. |
| 4 Afcons BOT Construction Pvt. Ltd. | 39 Mazsons Builders & Developers Pvt. Ltd. |
| 5 Afcons Dredging & Marine Services Ltd. | 40 Meriland Estates Pvt. Ltd. |
| 6 Afcons Infrastructure Ltd. | 41 Mileage Properties Pvt. Ltd. |
| 7 Archaic Properties Pvt. Ltd. | 42 Niel Properties Pvt. Ltd. |
| 8 Bengal Shapoorji Business Parks Pvt. Ltd. | 43 Palchin Real Estates Pvt.Ltd. |
| 9 Bengal Shapoorji Infrastructure Development Pvt. Ltd. | 44 Precaution Properties Pvt. Ltd. |
| 10 Blue Riband Properties Pvt. Ltd. | 45 Ramili Investments Pvt. Ltd. |
| 11 Cama Properties Pvt. Ltd. | 46 Relationship Properties Pvt. Ltd. |
| 12 Chinsha Properties Pvt. Ltd. | 47 S.C. Impex Pvt. Ltd. |
| 13 Corporate Apparel USA, Inc. | 48 Shachin Real Estate Pvt. Ltd. |
| 14 Cyrus Chemicals Pvt.Ltd. | 49 Shapoorji & Co.Pvt.Ltd. |
| 15 Cyrus Engineers Pvt.Ltd. | 50 Shapoorji Data Processing Pvt.Ltd. |
| 16 Cyrus Investments Ltd. | 51 Shapoorji Drilling Enterprises Pvt.Ltd. |
| 17 Delna Finance & Investments Pvt. Ltd. | 52 Shapoorji Hotels Pvt. Ltd. |
| 18 Doris Properties Pvt. Ltd. | 53 Shapoorji Pallonji Infrastructure Capital Co. Ltd. |
| 19 East View Estate Pvt. Ltd. | 54 Shapoorji Pallonji (Gwalior) Pvt.Ltd. |
| 20 Euphoria Properties Pvt. Ltd. | 55 Shapoorji Pallonji Biotech Park Pvt. Ltd |
| 21 First Future Properties Pvt. Ltd. | 56 Shapoorji Pallonji Finance Ltd |
| 22 Firstrock Infrastructure Pvt. Ltd. | 57 Shapoorji Pallonji Ports Pvt. Ltd. |
| 23 Flooraise Developers Pvt. Ltd. | 58 Shapoorji Pallonji Power Co.Ltd. |
| 24 Floral Finance Pvt. Ltd. | 59 Sharus Building Services Pvt.Ltd. |
| 25 Floreat Investments Ltd. | 60 Shatranj Properties Pvt. Ltd. |
| 26 Flotilla Finance Pvt. Ltd. | 61 SP Agri Management Services Pvt. Ltd. |
| 27 Forvol International Services Ltd. | 62 SP Aluminium Systems Pvt. Ltd. |
| 28 Gokak Textiles Ltd. | 63 SP Architectural Coatings Ltd. |
| 29 Gossip Properties Pvt. Ltd. | 64 SP Bioscience Pvt. Ltd. |
| 30 Grand View Estate Pvt. Ltd. | 65 SP Fabricators Pvt. Ltd. |
| 31 Hazarat & Company Pvt. Ltd. | 66 SP Infocity Developers Pvt. Ltd. |
| 32 Highstreet Developers Pvt. Ltd. | 67 SSS Electricals (India) Ltd. |
| 33 Khajrana Ganesh Properties Pvt. Ltd. | 68 Sterling Generators Pvt. Ltd. |
| 34 Lucrative Properties Pvt. Ltd. | 69 Sunny View Estates Pvt. Ltd. |
| 35 Magpie Finance Pvt. Ltd. | 70 Think Ahead Properties Pvt. Ltd. |
| | 71 United Motors (India) Ltd. |

(C) Associate Companies

- 1 Euro P2P Direct (Thailand) Co. Ltd. (Associate of a subsidiary)
- 2 High Point Properties Ltd. (Associate of a subsidiary)
- 3 Next Gen Publishing Ltd.(from 10.07.2007)
- 4 P T Gokak Indonesia (Associate of a subsidiary)
- 5 Sea-Falcon Shipping Services Ltd. (Associate of a subsidiary)
- 6 Sea-Speed Shipping Agencies Ltd. (Associate of a subsidiary)
- 7 The Svadeshi Mills Company Ltd.
- 8 Trident Shipping Agencies Ltd. (Associate of a subsidiary)

(D) Key Management Personnel

- 1 Deputy Chairman and Managing Director, Mr. K. C. Mehra – Forbes & Company Ltd.
- 2 Executive Director (Finance), Mr. C. G. Shah. – Forbes & Company Ltd.
- 3 Managing Director of Eureka Forbes Ltd., Mr. S.L. Goklaney.

SCHEDULE "11" - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

15 (b) (ii) Transactions with related parties

(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	
Purchases					
1 Goods and Materials	--	242.08	--	--	242.08
2 Services Rendered	--	57.49	4.23	--	61.72
3 Fixed Assets	2.58	--	--	--	2.58
Sales					
4 Goods and Materials	--	--	--	--	--
5 Services Rendered	1.37	39.32	3.09	--	43.78
6 Fixed Assets	38.54	--	--	--	38.54
Expenses					
7 Rent	18.00	5.59	3.32	--	26.91
8 Repairs and other Expenses	26.31	106.79	2.72	--	135.82
9 Recovery of Expenses	--	5.74	--	0.06	5.80
10 Interest Paid	176.98	23.38	63.88	--	264.24
11 Dividend Paid	311.27	12.41	--	--	323.68
12 Professional Fees	--	--	--	--	--
13 Directors Fees	--	--	--	0.07	0.07
14 Provision /Write offs	--	--	6.98	--	6.98
15 Loss on sale of Investments	--	--	--	--	--
Income					
16 Rent and Other Service Charges	212.50	50.35	8.51	--	271.36
17 Interest Received	--	4.45	14.07	--	18.52
18 Dividend Received	--	--	--	--	--
19 Profit on sale of Investment	--	--	--	--	--
20 Provision /Write backs	--	--	2.57	--	2.57
21 Misc. Income	--	--	5.40	--	5.40
Other Receipts					
22 Deputation of Staff	--	--	8.22	--	8.22
23 Other Reimbursements	--	9.51	6.48	--	15.99
Finance					
24 Loans and Advances Given	--	163.19	17.20	--	180.39
25 Loans and Advances Taken	531.24	--	0.53	--	531.77
26 Deposits Given	--	--	6.98	--	6.98
27 Deposits Taken	700.00	--	50.50	--	750.50
28 Repayment of Deposits Taken	170.00	--	12.00	--	182.00
29 Repayment of Deposits Given	--	--	553.00	--	553.00
Outstandings					
30 Sundry Creditors	41.72	13.81	2.72	--	58.25
31 Interest accrued and due	203.47	34.31	--	--	237.78
32 Sundry Debtors	36.91	39.93	20.15	--	96.99
33 Loans and Advances	2,559.98	176.01	4,422.73	--	7,158.72
34 Prov. for Doubtful Loans and Adv.	--	--	4,391.03	--	4,391.03
35 Provision for Doubtful Debts	--	--	20.15	--	20.15
36 Deposits Payable	4,383.15	275.00	723.00	--	5,381.15
37 Deposits Receivable	--	--	--	--	--
38 Prepaid Expenses	--	--	--	--	--
Remuneration					
39 Paid / Payable	--	--	--	666.93	666.93

Note:

Above transactions have been reported to extent such reporting was included in standalone financial statements of the Company, its subsidiaries / joint ventures. The disclosure in the respective subsidiaries / joint ventures is for related parties as applicable to the standalone financial statements and not the "Group".

SCHEDULE "11" - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

15 (b) Related Party Disclosures

(iii) Transactions with related parties for the year ended 31st March, 2008:

Nature of Transactions	A	A	B	B	B	B
	Shapoorji Pallonji & Company Limited	Sterling Investment Corporation Private Limited	Forvol International Services Ltd.	Gokak Textiles Ltd.	Shapoorji Pallonji Ports Pvt. Ltd.	United Motors (India) Ltd.
Purchases						
1 Goods and Materials	--	--	--	242.08	--	--
2 Services Rendered	--	--	57.49	--	--	--
3 Fixed Assets	2.58	--	--	--	--	--
Sales						
6 Services Rendered	--	--	--	35.39	--	--
7 Fixed Assets	38.54	--	--	--	--	--
Expenses						
9 Rent	--	17.41	5.59	--	--	--
10 Repairs and other Expenses	--	17.08	104.18	--	--	--
11 Recovery of Expenses	--	--	5.74	--	--	--
14 Interest Paid	--	171.39	--	--	--	--
15 Dividend Paid	--	291.42	--	--	--	--
17 Directors Fees	--	--	--	--	--	--
18 Provision /Write offs	--	--	--	--	--	--
Income						
20 Rent and Other Service Charges	212.50	--	--	35.66	--	--
21 Interest Received	--	--	--	14.45	--	--
24 Provision /Write backs	--	--	--	--	--	--
25 Misc. Income	--	--	--	--	--	--
Other Receipts						
26 Deputation of Staff	--	--	--	--	--	--
27 Other Reimbursements	--	--	4.52	2.92	2.07	--
Finance						
28 Loans and Advances Given	--	265.00	--	162.06	--	--
29 Loans and Advances Taken	17.59	--	--	--	--	--
30 Deposits Given	--	--	--	--	--	--
31 Deposits Taken	200.00	500.00	--	--	--	--
32 Repayment of Deposits Taken	--	170.00	--	--	--	--
33 Repayment of Deposits Given	--	--	--	--	--	--
Outstandings						
34 Sundry Creditors	--	--	11.74	--	--	0.26
35 Interest accrued but not due	--	195.70	--	--	--	34.31
36 Sundry Debtors	36.91	--	--	42.64	--	--
37 Loans and Advances	--	2,549.55	--	--	--	--
39 Prov. for Doubtful Loans and Adv.	--	--	--	--	--	--
40 Provision for Doubtful Debts	--	--	--	--	--	--
41 Deposits Payable	200.00	330.00	--	--	--	--
Remuneration						
42 Paid / Payable	--	--	--	--	--	--
	708.12	4,507.55	189.26	535.20	2.07	34.57

SCHEDULE "11" - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

C	C	C	C	D	D	D	D	TOTAL
Next Gen Publishing Ltd.	Sea-Speed Shipping Agencies Ltd.	The Svadeshi Mills Company Ltd.	Trident Shipping Agencies Ltd.	Deputy Chairman and Managing Director, Mr.K.C. Mehra	Executive Director (Finance), Mr.C.G. Shah	Chief Operating Officer, Mr.Ashok Barat	Managing Director of Eureka Forbes Ltd., Mr. S.L. Goklaney.	
-	-	-	-	-	-	-	-	242.08
-	-	-	-	-	-	-	-	57.49
-	-	-	-	-	-	-	-	2.58
-	-	-	-	-	-	-	-	35.39
-	-	-	-	-	-	-	-	38.54
-	3.32	-	-	-	-	-	-	26.32
-	-	-	-	-	-	-	-	121.26
-	-	-	-	-	-	-	-	5.74
-	48.92	-	-	-	-	-	-	220.31
-	-	-	-	-	-	-	-	291.42
-	-	-	-	0.07	-	-	-	0.07
-	-	6.98	-	-	-	-	-	6.98
-	-	-	-	-	-	-	-	248.16
14.07	-	-	-	-	-	-	-	28.52
-	-	-	2.57	-	-	-	-	2.57
5.40	-	-	-	-	-	-	-	5.40
-	8.22	-	-	-	-	-	-	8.22
-	6.48	-	-	-	-	-	-	15.99
-	-	-	-	-	-	-	-	427.06
-	-	-	-	-	-	-	-	17.59
-	-	6.98	-	-	-	-	-	6.98
-	-	-	-	-	-	-	-	700.00
-	-	-	-	-	-	-	-	170.00
553.00	-	-	-	-	-	-	-	553.00
2.72	-	-	-	-	-	-	-	14.72
-	-	-	-	-	-	-	-	230.01
-	-	20.15	-	-	-	-	-	99.70
-	-	4,391.03	-	-	-	-	-	6,940.58
-	-	4,391.03	-	-	-	-	-	4,391.03
-	-	20.15	-	-	-	-	-	20.15
-	560.50	-	152.50	-	-	-	-	1,243.00
-	-	-	-	382.84	45.78	48.89	189.42	666.93
575.19	627.44	8,836.32	155.07	382.91	45.78	48.89	189.42	16,837.79

SCHEDULE "11" - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

16 (a) Segment Reporting year ended 31st March 2009

The Company 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 Company's operations predominantly relate to manufacture of "Home appliances", "Personal wear", "Online Lottery business", "Engineering", "Logistics Solutions", "Business Automation" and others which comprise of Real Estate Segment.

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

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

i) Information about Primary Business Segments :

(Rs. in Lakhs)

	Home Appliances	Engineering	Logistics Solutions	Online Lottery	Personal Wear	Business Automation	Others	Unallocated	Elimination	Total
Segment Revenue:	89,562.15	15,407.68	13,452.59	647.73	126.34	243.90	444.29	-	-	119,884.68
Add: Intersegment Revenue	6.51	20.11	354.95	-	-	24.99	164.93	-	(571.49)	
Gross Segment Revenue:	89,568.66	15,427.79	13,807.54	647.73	126.34	268.89	609.22	-	(571.49)	119,884.67
Segment Results:										
(Profit / Loss before Tax , Interest and Investment Income and Prior period items from each Segment)	4,282.97	(1,256.39)	50.76	(149.89)	(2,320.73)	(693.62)	(1,097.04)	-	-	(1,183.94)
Add: Exceptional Items	-	-	-	-	-	-	-	-	-	1,374.55
Add: Other Income	-	-	-	-	-	-	-	614.09	-	614.09
Less: Unallocated Expenses	-	-	-	-	-	-	-	(1,323.18)	-	(1,323.18)
Add / (Less) Prior Period items	-	-	-	-	-	-	-	-	-	1,007.15
Profit/(Loss) before Tax and Interest from each Segments										488.67
Less: Interest (Net)	-	-	-	-	-	-	-	-	-	3,259.32
Profit Before Tax										(2,770.64)
Provision for Taxation										
Current (including Wealth Tax)	-	-	-	-	-	-	-	-	-	2,080.54
Deferred	-	-	-	-	-	-	-	-	-	(89.27)
Profit after Tax										(4,761.91)
Capital Employed										
Segment Assets	54,303.29	13,604.65	15,183.59	80.30	367.10	795.91	4,022.01	-	-	88,356.85
Unallocated Corporate Assets	-	-	-	-	-	-	-	15,409.15	-	15,409.15
Total Segment Assets	54,303.29	13,604.65	15,183.59	80.30	367.10	795.91	4,022.01	15,409.15	-	103,766.00
Segment Liabilities	28,145.88	3,002.65	2,226.42	348.35	228.98	210.40	7,872.92	-	-	42,035.59
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	6,946.40	-	6,946.40
Total Segment Liabilities	28,145.88	3,002.65	2,226.42	348.35	228.98	210.40	7,872.92	6,946.40	-	48,981.99
Net Segment Assets	26,157.41	10,602.01	12,957.18	(268.05)	138.12	585.51	(3,850.91)	8,462.75	-	54,784.02
Capital Expenditure including Capital Work in Progress										
	2,354.19	1,664.99	4,250.81	0.29	0.98	172.78	73.51	-	-	8,517.55
Segment Depreciation	1,893.95	993.93	257.38	34.10	56.01	297.22	124.40	-	-	3,656.99
Non-Cash Expenses other than depreciation	706.25	236.71	187.07	10.96	137.28	12.76	216.11	468.47	-	1,975.61

ii) Information about Primary Business Segments :

	With in India	Outside India	Unallocated	Total
Revenue	109,532.79	9,208.92	-	118,741.71
Assets	74,991.31	13,365.55	15,409.15	103,766.00
Cost of additions to Fixed Assets during the year	8,516.46	1.10	-	8,517.55

SCHEDULE "11" - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

16 (b) Segment Reporting Year ended 31st March, 2008

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

The Company's operations predominantly relate to manufacture of "Home appliances", "Personal wear", "Online Lottery business", "Engineering", "Logistics Solutions", "Business Automation" and others which comprise of Real Estate Segment.

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

Segment Revenue, Segment Results, Segment Assets and Segments Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

i) Information about Primary Business Segments :

(Rs. in Lakhs)

	Home Appliances	Textile and personal wear	Engineering	Logistics Solutions	Online Lottery	Business Automation	Others	Unallocated	Elimination	Total
Segment Revenue :	83,192.35	410.24	9,131.46	7,781.33	5,656.69	160.52	9,934.92	-	-	116,267.50
Add : Intersegment Revenue	556.20	-	2.77	577.00	-	30.46	5,507.65	-	(6,674.08)	-
Gross Segment Revenue :	83,748.55	410.24	9,134.23	8,358.33	5,656.69	190.97	15,442.57	-	(6,674.08)	116,267.50
Segment Results :										
(Profit / Loss before Tax , Interest and Investment Income and Prior period items from each Segment)	4,874.09	(663.31)	1,380.42	(232.48)	(528.55)	(364.21)	1,199.22	-	-	6,029.39
Add: Exceptional Items	-	-	-	-	-	-	-	-	-	-
Add: Other Income	-	-	-	-	-	-	-	844.35	-	844.35
Less : Unallocated Expenses	-	-	-	-	-	-	-	(1,781.76)	-	(1,781.76)
Add / Less Prior Period items	-	-	-	-	-	-	-	-	-	(347.13)
(Profit / Loss before Tax and Interest from each Segment)	-	-	-	-	-	-	-	-	-	4,744.86
Less : Interest (Net)	-	-	-	-	-	-	-	-	-	1,806.80
Profit Before Tax	-	-	-	-	-	-	-	-	-	2,938.06
Provision for Taxation										
Current (including Wealth Tax)	-	-	-	-	-	-	-	-	-	1,778.60
Deferred	-	-	-	-	-	-	-	-	-	135.18
Profit after Tax										1,024.28
Capital Employed										
Segment Assets	52,940.98	1,941.58	9,308.51	11,083.48	91.91	726.28	13,305.03	-	-	89,397.78
Unallocated Corporate Assets								16,654.39		16,654.39
Total Segment Assets	52,940.98	1,941.58	9,308.51	11,083.48	91.91	726.28	13,305.03	16,654.39	-	106,052.16
Segment Liabilities	31,044.31	69.96	1,496.52	3,022.06	463.83	56.58	9,158.70	-	-	45,311.97
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	34,368.00	-	34,368.00
Total Segment Liabilities	31,044.31	69.96	1,496.52	3,022.06	463.83	56.58	9,158.70	34,368.00	-	79,679.97
Net Segment Assets	21,896.67	1,871.62	7,812.00	8,061.42	(371.91)	669.70	4,146.32	(17,713.62)	-	26,372.19
Capital Expenditure including Capital Work in Progress	2,909.25	18.91	1,048.44	1,171.24	2.83	176.48	775.74	-	-	6,102.89
Segment Depreciation	1,727.64	42.92	597.00	222.77	539.62	88.94	466.19	-	-	3,685.09
Non-Cash Expenses other than depreciation	560.69	26.72	5.80	960.75	(8.31)	7.07	324.27	-	-	1,876.99

SCHEDULE "11" - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd.)

ii) *Information about Primary Business Segments :*

	<i>With in India</i>	<i>Outside India</i>	<i>Unal- located</i>	<i>Total</i>
<i>Revenue</i>	109,845.92	6,421.58	844.35	116,267.50
<i>Assets</i>	79,365.37	10,032.41	16,654.39	106,052.16
<i>Cost of additions to Fixed Assets during the year</i>	6,097.24	5.65	-	6,102.89

17 Figures for the previous year have been regrouped / rearranged wherever necessary.

Mumbai, 30th June, 2009

SHAPOORJI P. MISTRY *Chairman*
 ASHOK BARAT *Managing Director*
 ASHOK T. SHAH *Company Secretary*

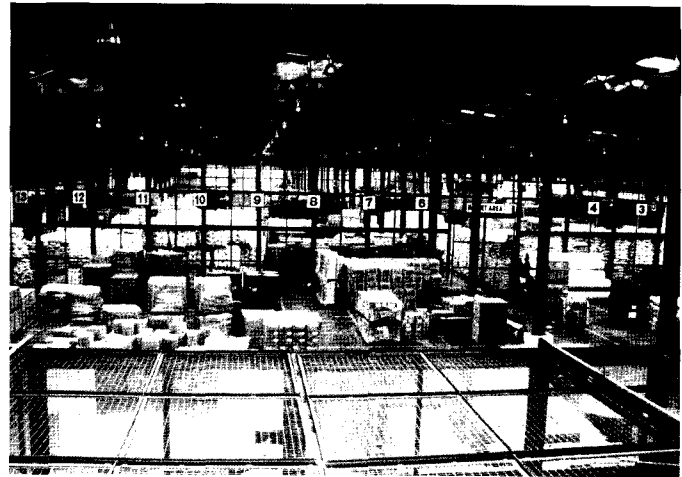
Container Freight Station at Veshvi



Stacking Operations

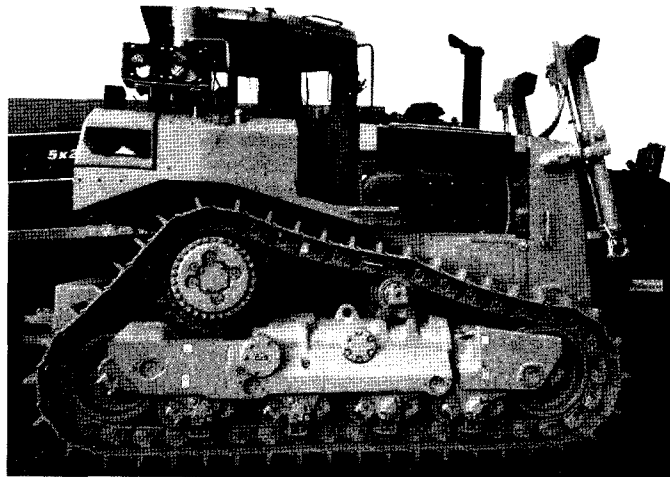


Container Yard



Storage Facilities

Forbes Logistics Services



FORBES & COMPANY LIMITED

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