

**Confidential**

**FORBES & COMPANY LIMITED**

**Minutes of the 93<sup>rd</sup> Annual General Meeting of the Shareholders of the Company, held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20 Kaikhushru Dubash Marg, (Behind Prince of Wales Museum), Mumbai 400001, on Tuesday, the 21<sup>st</sup> August, 2012 at 4.00 P.M.**

**PRESENT:**

Mr. Shapoor P. Mistry : Chairman  
Mr. Ashok Barat : Managing Director  
Mr. D. B. Engineer  
Mr. R. N. Jha  
Mr. T. R. Doongaji  
Mr. Kaiwan D. Kalyaniwalla  
Mr. D. Sivanandhan  
Mr. Jimmy J. Parakh  
Mr. Jai L. Mavani

**List of Shareholders present at the meeting:**

<u>Sr.No.</u>	<u>L. F. No.</u>	<u>Name of Shareholder</u>	<u>Sr.No.</u>	<u>L. F. No.</u>	<u>Name of Shareholder</u>
1.	IN300829 10945053	Jayesh Manek	13.	IN300644 10047046	Chandru Fatnani
2.	IN302679 31255589	Arun Boppana	14.	IN300360 20072758 IN300907 10397958	Homayun Pouredehi
3.	FKV0000913 FKV0001517 FKV0005308 FKV0005288 FKV0005289	Vinitkumar Parikh	15.	IN300749 10937246	Nimesh S. Shah & Pramila S. Shah
4.	IN301151 27926576	Gautam Mukharji	16.	IN300749 10242015	Jagruti S. Shah & Bharati S. Shah
5.	IN300484 11789170	A. T. Shah	17.	12017500000 83651	Dinesh Bhatia
6.	IN300749 10100503	P.S. Mapara & Nila P. Mapara	18.	12027000000 84490	Bimal Kumar Agarwal
7.	IN300095 10753329	Shalini Y. Phadnis & Nalini Y. Phadnis	19.	12027000000 61384	Ronald F. Fernandes
8.	IN300095 10751485	Nalini Y. Phadnis & Shalini Y. Phadnis	20.	12017500003 57459	Narendra M. Dave
9.	IN301549 14762078	Jayesh M. Poladia	21.	IN300513 10543512	Shobhana S. Mehta
10.	FKC0000009	Charandas Padamsey	22.	IN300757 11249737	Sudhir M. Mehta
11.	FKA0000664	Ajay S. Sahastrabuddhe	23.	IN301225 10106303	B. F. Pouredehi
12.	IN300888 13118438	Sandeep Kadakia	24.	FKD0005414	Dilip R. Doshi



25.	FKP0700204	Prashant K. Pradhan	34.	IN303116 10960052	Jayendra Doshi
26.	FKV0000391	Pravin K. Vakil	35.	J700245 J700226 IN301151 13444963 J700231	Janak Mathuradas
27.	IN300685 10030250	Ashalata Maheshwari	36.	12051400000 90218	Celestine E. Mascarenhas
28.	IN300757 10443145	Jitendra P. Maheshwari	37.	IN300476 10014773	Aloysius Mascarenhas
29.	12040000000 08501	Girish Gala & Kalpana Gala	38.	FKR0005464 FKR0005492 FKR0000623	Rohini Parikh
30.	IN300214 10107585	Krishnan V. R.	39.	16010100000 62746	Chandrika G. Parikh Bhadresh G. Parikh Urvish G. Parikh T. M. Davar
31.	IN300011 10099846	Urvish G. Parikh Chandrika G. Parikh	40.	IN300183 10430107	
32.	16010100000 62750	Bhadresh G. Parikh Chandrika G. Parikh	41.	IN300360 21591594 IN300167 10052334	Shapoorji Pallonji & Co. Ltd. (Rep. by Mr. Shapoor P. Mistry)
33.	IN301330 20658029	Manoj J. Bagadia	42.	IN300095115 03927	D. B. Engineer

Mr. Amit Mittal, Director (Finance), Mrs. Sunetra Ganesan, Corporate Controller – Accounts & Finance and Mr. A. T. Shah, Company Secretary, were in attendance.

The Chairman welcomed the shareholders to the 93<sup>rd</sup> Annual General Meeting.

The Chairman announced that before starting the proceedings of meeting he had a sad duty to perform. Mr. D. S. Soman who was a director of the Company for more than 2 decades, had passed away on 9<sup>th</sup> October, 2011. He had also been the Chairman of the Audit Committee and, a member of Share Transfer & Shareholders' Grievance Committee and Remuneration Committee till his retirement from the Board in 2010. Thus, Mr. Soman had provided valuable services and support to the Company as a Director of the Company. The Chairman requested the shareholders present at the meeting to observe silence in the memory and as a mark of respect to the departed soul.

The Chairman mentioned that Shareholders would have observed changes in the Board of Directors of the Company, since last meeting in August 2011. Briefly –

- a) Mr. Pallonji S. Mistry, Chairman – Emeritus for several years, had retired from the Board of Directors after guiding the Board for a decade.
- b) Mr. Cyrus P. Mistry had decided to step down from the Board, upon his appointment as the Deputy Chairman of Tata Sons Ltd.



The Board would, sorely, miss the guidance from Mr. Pallonji S. Mistry and the valuable insights provided by Mr. Cyrus P. Mistry during deliberations at the Board Meetings.

The Chairman then introduced Mr. D. Sivanandhan, Mr. Jimmy J. Parakh and Mr. Jai L. Mavani, who had joined the Board after the last AGM. Mr. Sivanandhan had joined the Board as an Independent Director, and Mr. Parakh and Mr. Mavani had been appointed as Directors upon Mr. Pallonji S. Mistry and Mr. Cyrus P. Mistry ceasing to be on the Board.

The Chairman welcomed the incoming Directors on behalf of the Shareholders and the Board. He further mentioned that their brief profiles were given in the Annual Report.

The Chairman apologized on behalf of Mr. N. D. Khurody and Mr. S. L. Goklaney who could not be present at the AGM.

The Chairman mentioned that the notice dated 29<sup>th</sup> May, 2012 was there with the Shareholders and after inquiring with the Shareholders the same was taken as read with the unanimous consent of the Shareholders.

The Chairman informed the meeting that there was 1 representation covering 92,95,293 shares which was 72.06% of the Paid-up Share Capital of the Company. He added that no proxy was received.

Mr. A. T. Shah read the Report of Auditors to the Shareholders.

The Chairman recorded that the Register of Directors' Shareholding, in compliance with Section 307 of the Companies Act, 1956, had been placed on the table and was open and accessible to the Shareholders present, during the continuance of the meeting.

The Chairman mentioned that the Annual Report of the Company was with the Shareholders for some time and that he was sure that the Shareholders would have noticed the significant improvement in overall performance of the Company for the year. Total Revenue had gone up, so also profit after tax. He added that more significant fact was that the improvement in results was brought in by improvement in the operating performance of all the business segments in which the Company was operating and without any extraordinary items contributing to the profit after tax for the year, unlike in the past.

Commending the performance of the Company, the Chairman, on behalf of the shareholders, congratulated the Management for their tireless efforts of past 3 years which had finally resulted in the successful turnaround of the Company. He added that the Board, encouraged by the turnaround, had proposed a dividend after a gap of 3 years. He added that in view of the requirement to set off past losses against the profits for the year before any dividend could be



considered, the Board had to propose payment of dividend out of reserves, which, as the regulations permitted, could not exceed 10%.

The Chairman mentioned that the Directors' Report set out detailed analysis of the results of operations and financial condition of the Company. He added that it also discussed, in detail, opportunities for various activities and future plans to tap them, as well as challenges ahead and therefore, he did not intend to repeat those details. However, he stated that he would like to specifically mention some of them.

The Chairman mentioned as under:

1. Engineering Division had two major businesses, viz. Engineering Solutions Group and Energy Solutions Group.

Engineering Solutions Group had shown significant improvement in its performance, with continued focus on upgradation and expansion of manufacturing facilities. It had also entered into an arrangement with IIT, Mumbai for research on improving the technological edge in the areas of High Performance Tools and Coating Technology.

There was a renewed focus on Industrial Automation Business. Initiatives were being taken to expand its product range through sales and technology tie-ups with market leaders in the products.

Energy Solutions Group had continued to face supply constraints at the supplier's end. However, it was building in-house capabilities for turnkey execution of projects which enabled it to procure orders for several energy efficiency projects from some of the demanding and high profile customers like, Maruti Suzuki, RCF, BHEL, to name a few. It had also successfully commissioned Steam Turbines of 7 MW capacity for BPCL, IOC, KRIBHCO and others. This spoke of the capabilities of the Group to service them.

It had also taken initiatives in the area of Solar Power as a project developer and had agreed for an association with IIT, Mumbai to validate various design and technology options in the area of Photovoltaic based Solar Power technology.

Indian economy was going through worst ever challenge faced due to economic downturn particularly in sectors like Auto, Power and Engineering, which would impact the overall performance of the Division.

The Chairman expressed that, all in all he was confident that this division, with both its activities, was in a growth phase and would continue to perform better in the years to come.

2. Shipping and Logistics Solutions Division continued its shift from being, predominantly, agency business to CFS owners, full-fledged



Freight Forwarding and Door-to-Door Logistics Operator and, to a considerably reduced extent, as Agents of global shipping lines.

The performance of both the Container Freight Stations had shown an improvement due to upsurge in the volumes for export and import cargo, despite the continued slowdown of US and European economies, and resulted in an improved turnover and profitability. This was possible through focused and aggressive marketing.

The Division had planned development of undeveloped portions of the container yards and procurement of core equipments, such as Reach Stackers.

The Division had expanded its capabilities as Freight Forwarders and Logistics operators, which had resulted in substantial revenue growth. It was repositioning itself as an end-to-end logistics solution provider.

The focus, going forward, was on maintaining the momentum and achieving a reasonable revenue and profitable growth.

The Chairman continued that the current financial year had challenges in terms of falling import and export volumes. Imports were affected mainly due to the depreciating rupee and exports had fallen due to the recessionary trends in most European countries and, at the same time, US economy was looking flat with no immediate signs of buoyancy.

3. The Chairman mentioned that he would like to make a special mention about the successful out-of-court settlement of the long-pending dispute relating to the sale of plot of land at Chandivali, pursuant to which, both the parties would now jointly develop their respective share in the plot of land.

The Company continued to realize value of its real estates, which were not expected to be employed gainfully. After conclusion of the year under review, the Company had concluded the deal for sale of a 5-acre plot in Chennai.

The strict monitoring of utilization of cash generated from operations as well as from monetizing the value of its real estates had helped bring down the debt level significantly despite the need for investment in JVs and subsidiaries, which were in the incubation stage and hence, were yet to provide any returns.

The Company continued to make substantial investments in IT infrastructure and applications to support its businesses which had resulted in significant overall cost saving.

4. As reported in the Directors' Report, the Company, as the promoter of Svadeshi Mills, had made an application to Hon'ble High Court, Bombay, seeking permission to get it out of liquidation, which had been dismissed by the Hon'ble High Court. The Company had filed an appeal against the Order before the Division Bench, which had yet to hear the same and pass final Order.



5. On the performance of the major subsidiaries and joint ventures of the Company the Chairman mentioned as under :

(a) **Eureka Forbes Ltd. and its subsidiaries** had performed commendably well, despite low consumer sentiments and all-round economic slowdown. EFL had acquired 25% stake in Lux International AG, with which it had an existing joint venture relationship. EFL would get a 'Global Footprint' with this acquisition.

EFL had entered into the Packed Drinking Water Business. It had also ventured into solar products for mass markets. Its wholly-owned subsidiary, Aquamall Water Solutions had introduced automated 24x7 water dispensing units which operated with pre-paid smart cards.

(b) **Forbes Technosys Ltd. (FTL)**, another wholly-owned subsidiary of the Company, which was in the business of providing solutions for mass banking and payment collection, continued its march towards growth and doubled its turnover.

During the year, it had obtained large orders from leading nationalized banks, like SBI & Associate Banks, Punjab National Bank, Union Bank of India for e-lobbies and Kiosks, as well as Automatic Ticket Vending Machines (ATVMs) from Western Railway. It had also provided specialized kiosks and enterprise mobility solution to leading corporates such as Volkswagen, Maruti Suzuki, Shriram Finance, Eureka Forbes, Vikram Sarabhai Space Center and Tata Motors Finance Limited.

FTL had forayed into overseas markets, such as Indonesia, Nepal, Bangladesh and parts of Africa, where it was seeing considerable demand for its products and solutions.

The Company had considerably enhanced its product portfolio with the introduction of innovative solutions such as Bulk Cash Deposit kiosks, Coin Dispensing Kiosks, multi-function ATMs etc. The products had received good market response and FTL was currently rolling out the largest Bulk Cash Deposit Kiosk deployment in the country for Punjab National Bank.

To cater to the increased demand and prepare itself for meeting its aggressive growth targets, FTL had set-up an additional manufacturing plant in Kalher, which had 3 times the capacity of the existing Thane plant. This state-of-the-art facility was fully operational and could deliver the entire range of FTL's Kiosks and ATMs.

FTL's core philosophy of creating innovative products and solutions, followed by their market success had received national and international acclaim and recognition. FTL had been included in the "Red Herring Asia Top 100" and then "Red Herring Global Top 100" a prestigious list which was selected from over 2,000 innovative technology start-up companies across the world.



Companies such as Facebook, Twitter, Google, Yahoo, Skype, eBay and YouTube were some of the companies that won this award during their start-up phase. In addition, FTL had won other awards such as e-World 2011 award for "Best Use of ICT for Public Sector Units" and the "Star of the Industry National award" for IT Process excellence.

To make their products environmentally friendly, FTL was also actively pursuing "Go-green" initiatives for its range of products, solutions and operations. Currently, most of FTL's ATMs and Kiosks consume less power and had the ability to function on solar energy.

- (c) **Forbes Container Line Pte. Ltd.** The shipping industry continued to be affected by global financial meltdown. The shipping lines had suffered losses due to lower freights - a result of excess supply of vessels - and rising costs - directly attributable to rising oil prices.

To consolidate its position on its trade routes, it had set up a representative office in Shanghai and was planning to start its own office in Dubai.

- (d) **SCI Forbes Ltd.** SCI Forbes owned 4 new generation brand new chemical tankers. All the vessels had been fully operational. These vessels were deployed through a pooling arrangement in Europe and cross-Atlantic region.

The standby charter arrangement, which had been devolved on the Company as a part of debt covenant in SCI Forbes, was suspended w.e.f. 1<sup>st</sup> July, 2011, and, since then, the vessels were being operated by SCI Forbes Ltd. directly. As a result the cash losses which had to be accounted by the Company as its Loss, had stopped from that date.

The chemical trade had continued to be affected by economic crisis in the west. Further, due to oversupply of tonnage and USA/EU sanctions on Iranian trade of chemicals, the freight rates were at lower levels, while, the oil prices had increased, which had increased operating costs. Added to this were, the costs required to be incurred on anti-piracy measures for shipping in the Arabian Sea.

All these factors had affected earnings and profitability. The Company hoped to see some marginal improvement in freight rates from second half of the current accounting year.

- (e) **Forbes Bumi Armada Offshore Ltd.** This company had been awarded 7-year contract by ONGC for providing on charter hire, an FPSO to ONGC at the specified location, and operating the same. The vessel had been identified and a contract was signed with the overseas company for supply of the vessel to this company. The project was expected to be commissioned by 31<sup>st</sup> December, 2012.



While concluding his statement the Chairman stated that the Company had successfully stabilized its operations and, together with the subsidiaries as well as joint venture companies, it was in a growth phase. He added that he was sure that the results of all the efforts would reflect in the operating performance of the current year.

The Chairman added that several items were included in the notice of AGM for shareholders' consideration and trusted that they would support the same when these came up for their consideration.

The Chairman thanked all the shareholders for their support and understanding and also to the Bankers and Financial Institutions for their support. The Chairman further thanked employees of the Company and its subsidiaries for the hard work put in by them.

Thereafter, the Chairman proposed the following resolution as an Ordinary Resolution, which was seconded by Mr. T. M. Davar.

"RESOLVED that the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2012 and the Reports of the Directors and Auditors as submitted, be and are hereby approved and adopted."

The Chairman then inquired with the shareholders as to whether they had any queries on the Reports and added that he would do his best to respond to their queries, comments and observations.

The following Shareholders spoke:

1.	Dr. Arun Kumar Boppana	7.	Mrs. Homayun Pourdehi
2.	Mr. Vinitkumar Parikh	8.	Mrs. Shobhana Mehta
3.	Mr. Jayesh Manek	9.	Mrs. Celestine Mascarenhas
4.	Mr. Pravin Vakil	10.	Mr. Krishnan V. R.
5.	Mrs. Ashalata Maheshwari	11.	Mr. Janak Mathuradas
6.	Mr. T.M. Davar		

The views expressed / comments made and clarifications requested by them included the following:

1. What were the projections for the current year.
2. When were the entire accumulated losses expected to be wiped out.
3. What was the brand name for Packaged Drinking Water marketed by EFL.
4. What was the status of Svadeshi Mills matter.
5. With the current rupee slide what was the expected loss in the foreign currency during the year and how the company was safeguarding against loss.
6. What was the status with regard to Development of Chandivali property.
7. What was the cost of acquisition of shareholding in Lux International AG paid by EFL.





8. Whether there was any proposal to make EFL a listed company.
9. What were the future plans for Shipping Division and the details of Investment proposed to be made in Logistic activity.
10. What was the response received by the Company for sending annual reports on email.
11. Whether Energy Solution was a new business. How much was the expected margin and what was the future of this activity.
12. How much debt reduction was expected in the current year.
13. How many subsidiary companies were closed down or merged.
14. What were the prospects for improvement in charter hire earnings in SCI Forbes.

The Chairman thanked the Shareholders and responded to their queries / observations as under:

Regarding the projections for the current year he mentioned that the first quarter of the current accounting year was much better than the corresponding quarter of previous year and the Company was expected to achieve a reasonable growth during the Current year. Further, it was the endeavour of the Company to wipe out the accumulated losses as soon as possible and give higher dividend.

Regarding the brand name of the Packaged Drinking Water Business he advised it was "Aquasure".

Regarding Svadeshi Mills matter he said that the High Court had asked the Company to appoint security guards to look after the property.

Regarding loss on foreign currency transaction in the financial year he explained that it was because of the slide in the value of Rupee vis-a-vis USD. The Company was likely to incur a loss of Rs. 7.5 - 8 crores in the Turbine activity.

Regarding plans for Chandivali land development, he said it was premature to talk about it currently. There would be no profit in the current financial year as construction was likely to start in the coming Financial Year and there would be no revenues for the following 2-3 years.

Regarding acquisition of shareholding in Lux International by EFL he advised that Eureka Forbes Ltd. had acquired 25% stake at the cost of € 8.8 million. Its value had appreciated and was, currently, much more.

Referring to the comment on plans for making Eureka Forbes Ltd. a listed company, he mentioned that there was no such proposal.

Regarding proposed investment in the Logistics activity he explained that investment of Rs. 15 crores was mainly for purchasing Reach Stackers for CFSS and for developing Container Yards.



Referring to the comment on sending of Annual Report on email he mentioned that 2000 mails were sent out but only 94 responses were received.

Regarding Energy solutions activity he said that it was not a new business. Earlier, the division had an agency arrangement with Dresser Rand in the India which was converted into reseller arrangement. The activity had earned marginal profit for the year and hoped to do better in the coming year.

Regarding debt reduction he mentioned that there would not be any debt reduction in the current year due to the funds required to be provided to the Subsidiaries and Joint Ventures.

Regarding rationalizing the number of subsidiary companies, he remarked that in the last 3 years 15 subsidiaries, were either closed down or merged. It was an ongoing process.

Regarding prospects for improvement in charter hire earnings of SCI Forbes he mentioned that there was no improvement in charter rates at the current stage.

The Chairman also dealt with the other questions/comments of the Shareholders.

There being no other question on the resolution proposed, the Chairman put to vote the resolution regarding adoption of the Annual Accounts and Auditors' and Directors' Report and the same was carried with requisite majority.

The following propositions were placed before the Meeting:

2. As an Ordinary Resolution (Re: Declaration of Dividend):

PROPOSED BY: Mrs. Celestine Mascarenhas

SECONDED BY: Mrs. Hodayun Pouredehi

"Resolved that payment of dividend at the rate of 10% i.e. Re. 1 (Rupee one only) per equity share on 128,98,616 equity shares of Rs. 10 each i.e. aggregate Rs. 1,28,98,616 (Rupees one crore twenty eight lakhs ninety eight thousand six hundred and sixteen only) for the year ended 31<sup>st</sup> March, 2012, payable at Yes Bank Limited, India Bulls Finance Centre, Tower 2, 26<sup>th</sup> Floor, Senapati Bapat Marg, Elphinstone Road, Mumbai 400013 and/or its designated branches in India, on or after, 25<sup>th</sup> August, 2012 to those shareholders whose names appear on the Register of Members on 6<sup>th</sup> August, 2012 and in respect of shares held in dematerialized form to the beneficial owners as per the list provided by the depositories, be and is hereby approved."

The resolution was put to vote and was carried *nem con*.



3. As an Ordinary Resolution (Re: Appointment of Mr. D. Sivanandhan as Director):

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**PROPOSED BY:** Mr. Jayesh Manek  
**SECONDED BY:** Mr. Janak Mathuradas

"RESOLVED that Mr. D. Sivanandhan, who holds office upto the date of this Annual General Meeting by reason of section 260 of the Companies Act, 1956 read with Article 112 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

The resolution was put to vote and was carried *nem con*.

4. As an Ordinary Resolution (Re: Appointment of Mr. Jimmy J. Parakh as Director):

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**PROPOSED BY:** Mrs. Shobhana Mehta  
**SECONDED BY:** Mr. T. M. Davar

"RESOLVED that Mr. Jimmy J. Parakh, who holds office upto the date of this Annual General Meeting by reason of section 260 of the Companies Act, 1956 read with Article 112 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

The resolution was put to vote and was carried *nem con*

5. As an Ordinary Resolution (Re: Appointment of Mr. Jai L. Mavani as Director):

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**PROPOSED BY:** Mrs. Ashalata Maheshwari  
**SECONDED BY:** Mr. Bhadresh Parikh

"RESOLVED that Mr. Jai L. Mavani, who holds office upto the date of this Annual General Meeting by reason of section 260 of the Companies Act, 1956 read with Article 112 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

The resolution was put to vote and was carried *nem con*.

6. As an Ordinary Resolution (Re: Re-appointment of Mr. N. D. Khurody as Director):

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Mr. N. D. Khurody was due to retire at this Annual General Meeting and was eligible for re-appointment. However, he had requested that, due to his advancing years, he would not like to offer himself for re-appointment. The Board of Directors had accepted his request with deep regret and put on record their sincere appreciation of services rendered by Mr. Khurody during his tenure as the Director of the Company.



The Chairman stated that Company would miss the valuable guidance and benefit of Mr. Khurody's vast experience.

The Board had decided to fill the vacancy in due course.

7. As an Ordinary Resolution (Re: Re-appointment of Mr. S. L. Goklaney as Director):

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PROPOSED BY: Mr. T. M. Davar

SECONDED BY: Mrs. Ashalata Maheshwari

"RESOLVED that Mr. S. L. Goklaney, who retires by rotation from the Board, in accordance with Article 130 of the Articles of Association of the Company, be and is hereby re-appointed a Director of the Company, liable to retire by rotation."

The resolution was put to vote and was carried *nem con*.

8. As an Ordinary Resolution (Re: Appointment of Auditors):

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PROPOSED BY: Mr. Vinitkumar Parikh

SECONDED BY: Mrs. Shobhana S. Mehta

"RESOLVED that Deloitte Haskins and Sells, Chartered Accountants, (Registration No. 117366W) be and is hereby appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, at the remuneration to be determined by the Board of Directors, plus their actual traveling and other expenses in connection with the Company's audit."

The resolution was put to vote and was carried *nem con*.

The meeting terminated with a vote of thanks to the Chairman.

21<sup>st</sup> August, 2012

CHAIRMAN

