

Confidential

FORBES & COMPANY LIMITED

Minutes of the 94th Annual General Meeting of the Shareholders of the Company, held at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4th Floor, Churchgate, Mumbai 400020, on Friday, the August 2, 2013 at 4.00 P.M.

PRESENT:

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

List of Shareholders present at the meeting:

Sr. No.	Folio No./ DP ID & Client ID	Name of Shareholder	Sr. No.	Folio No./ DP ID & Client ID	Name of Shareholder
1.	FKA0001476	Aloo Noel Tata	31.	IN30373510001518	Kirti Shah
2.	FKA0001961	Ashok Kumar Jain	32.	IN30109810024599	Leelavati N. Rathi
3.	1201860000310859	Ashok B. Gaikwad	33.	1302590001261386	Michael Philip John Baptist Martins
4.	FKA0005679	Atul K. Shah	34.	FKM0000339	Malini M. Nerurkar
5.	FKA0700267	Ashoke K. Maulik	35.	IN30009510751485	Nalini Y. Phadnis
6.	IN30048411789170	A. T. Shah	36.	FKP0700504	Pushpa R. Merchant
7.	FKA0005648	Abhay K. Agrawal	37.	IN30023950066614	Prabhakar Kuvalekar
8.	IN30047610014773	Aloysius Mascarenas	38.	IN30243710078386	Reema Changrani
9.	IN30068510030250	Ashalata Maheshwari	39.	IN30002010912136	Rasen Y. Clark
10.	FKA0000664	Ajay S. Sahastrabuddhe	40.	IN30154914702517	Shyamala Acharya
11.	FKB0001608	Bimal S Bhutoria	41.	FKS0000772	Shums A. Chinwala
12.	FKB0001229	Balram Chaswal	42.	FKS0006007	Savio Gonsalves
13.	FKB0700212	Balasubramanian V.	43.	IN30009510753329	Shalini Y. Phadnis
14.	IN30122510106303	Beruz F. Pouredahi	44.	IN30051310543512	Shobhana S. Mehta
15.	1202700000084490	Bimal Kumar Agarwal	45.	IN30001110099846	Urvish G. Parikh
16.	FKB0000764	Bharat P. Negandhi	46.	FKV0700239	Vanaja Salomi D.
17.	1601010000062750	Bhadresh G. Parikh	47.	IN30267933194333	Vijendrakumar Mittal
18.	IN30302852834759	Chuttar V. Panalal	48.	1203030000019178	Varsha H. Dedhia



19.	1205140000090218	Celestine E. Mascarenhas	49.	FKV0001497	Vinod Kumar
20.	FKC0000009	Charandas Padmsey	50.	IN30018313349645	Vispi R. Badhniwalla
21.	IN30154930472925	Cyrus M. Udwadia	51.	FKV0001381	Virendra Bhusan
22.	1601010000062746	Chandrika G. Parikh	52.	FKV0000913	Vinitkumar Parikh
23.	IN30075711773320	Deepa J. Hora	53.	1203820000036771	Virendra M. Vyas
24.	FKD0700210	Deepa Majumdar	54.	IN30154937177904	Vispi M. Daver
25.	IN30036020072758	Homayun B. Pouredehi	55.	IN30002011525554	Yomesh M. Clark
26.	IN30075710443145	Jitendra P. Maheshwari	56.	IN30088813118438	Sandeep P. Kadakia
27.	FKJ0700245	Janak Mathuradas	57.	IN30009511503927	D. B. Engineer
28.	1302590001333302	Joseph B. Martins	58.	FKP0700204	Prashant K. Pradhan
29.	FKJ0005029	Jaswanti Negandhi	59.	IN30036021591594	Shapoorji Pallonji & Co. Ltd. (Rep. by Mr. Shapoor P. Mistry)
30.	IN300183101	Khudabux F. Pouredehi			

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

The Chairman welcomed the shareholders to the 94th Annual General Meeting (AGM).

The Chairman apologized on behalf of Mr. S. L. Goklaney and Mr. Jimmy J. Parakh who could not be present at the AGM.

The Chairman informed the meeting that the Company had received 1 representation for 92,95,293 equity shares representing 72.06% of the Paid-up Equity Share Capital of the Company and that no proxy was received.

The Chairman requested the shareholders to take the notice convening the AGM as read and with the permission of the Shareholders it was taken as read. The Chairman requested Mr. A. T. Shah to read the Report of Auditors to the Shareholders. Mr. A. T. Shah read the Report of Auditors.

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 then delivered his opening remarks which included the following:

- There was significant improvement in Total Revenue which had gone up by 12%.
- There was substantial increase in the cost of materials consumed in case of Turbines due to the depreciation in Rupee, as substantial portion of its components were imported. There was marginal operating loss, as against profit in the previous year.



- The Company concluded the sale of a 5-acre of land at a prime location in Chennai and the profit from the sale was accounted for as an exceptional item.
- The Board had proposed payment of dividend, out of reserves and in view of the requirements to set off past losses against the profits for the year before any dividend could be considered. As per the regulations, the Company could declare dividend out of reserves at a rate not exceeding the average dividend paid in the preceding 5 years or 10% whichever was less. The average of last 5 years' dividend worked out to 5% as no dividend was paid for 2008-09, 2009-10 and 2010-11, which had brought down the average.

The Chairman stated that the Directors' Report set out detailed analysis of the results of operations, financial condition of the Company opportunities for various activities and future plans to tap them, as well as challenges ahead. However, he would like to specifically highlight some of those:

- (i) Precision Tools Group of the Engineering Division had reported satisfactory performance despite slowdown in the Automobile Sector. It continued its focus on up-gradation of manufacturing facilities and new product launch. There were continuous efforts to develop new territories for domestic and export markets.

Initiatives were taken to expand product range of Industrial Automation Business. It was now focusing on offering solutions to automobile and engineering industries for better productivity.

Energy Solutions Group reported significant improvement in its turnover, with execution of the projects booked in the previous year. However, delays in execution of these projects due to supply constraints of the supplier's in the previous year had two-fold impact on the division's performance. Firstly, the imports had become costlier due to depreciating Rupee and secondly, there were claims for liquidated damages from the customers. Efforts were being made to minimize the impact by discussions with the suppliers and the customers.

A Memorandum of Understanding was signed with Morgan Solar Inc., a Canada based company, for launch in India, of advanced solar panels and self-ballasted tracking systems which were presently in development stage.

Indian economy continued to face worst ever challenge due to economic downturn particularly in sectors like Auto, Power & Engineering, which continued to impact the overall performance.

The Chairman expressed that he was confident that this Division, with both its activities would continue to perform better in the years to come.

- (ii) Shipping and Logistics Solutions Division had a difficult year.

The performance of both the Container Freight Stations was impacted due to continuing recession in European markets, which resulted in lower export cargo and Depreciating Rupee made imports to India costlier, resulting in lower import cargo.

However, considering future prospects of this activity, the Company continued to invest in building infrastructure to improve operational



efficiencies as well as development of these yards to increase the handling capacity as well as capability to handle project cargo.

The Division faced challenges in Freight Forwarding of cargo due to recession in European and US markets and depreciating Rupee.

The Division was focusing on offering integrated solutions and as a part of the strategy it had commenced warehousing operations - presently at Mumbai and planned to expand, gradually, across the country.

The Division was also looking at the options to form Joint Ventures with reputed international logistics operators.

Both the abovementioned business segments had been affected, either by slowdown in economy or economic recession in Europe and US. Further, the depreciating Rupee, also, had its effect on their operations. Thus, the current financial year had many challenges. However, management was making all efforts to sustain the performance level.

- (iii) There was an out-of-court settlement of the dispute relating to the plot of land at Chandivali and both the parties had decided to jointly develop their respective share in the plot of land. The work would commence after receipt of necessary statutory approvals.

The Company continued to invest in Joint Ventures and subsidiaries, which were yet to provide any returns. Therefore, to balance the requirement and availability of funds, the Company had to issue Non-convertible Debentures of aggregate to Rs. 100 crores.

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

- (iv) The Company had filed an appeal before the Division Bench, against the Order of Hon'ble High Court, Bombay, dismissing the application of the Company, as the promoter of Svadeshi Mills, seeking permission to get it out of liquidation. The Bench had yet to complete hearing of arguments of all the concerned parties.
- (v) Performance of the major subsidiaries and joint ventures of the Company:

(a) **Eureka Forbes Limited (EFL) and its subsidiaries** performed well, despite slowdown of the Indian economy as well as global economic uncertainties and disturbances in many parts of the world. As reported last year, EFL had acquired 25% stake in Lux International AG (Lux), Switzerland with which it had an existing joint venture relationship. EFL had proposed to enter into agreements in relation to the acquisition of the balance 75% of Lux International AG by their existing and to be formed overseas subsidiaries. EFL would get a 'Global Footprint' with this acquisition.

EFL continued to receive awards and recognition from various reputed organizations.

(b) **Forbes Technosys Limited (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 its turnover increased by 83% over the



previous year. This exponential growth had enabled FTL to report nominal profit as against a loss of Rs. 8.83 crores in the previous year.

FTL had established its leadership in e-lobbies, Cash Deposit Kiosks, Pass Book Printing Kiosks, Ticket Vending Kiosks and Information Kiosks.

FTL continued to receive acclaim and recognition for various solutions being offered by them.

FTL's new manufacturing facility in Kalher, Thane, was commissioned during the year, which resulted in a 3-fold increase in its manufacturing capacity for Kiosks and ATMs.

FTL was contemplating further expansion of the manufacturing capacity to cater to the increasing demand.

- (c) **Forbes Container Line Pte. Ltd. (FCL)** - Gross earnings of this company improved by 13% despite a relatively bad year for global shipping which continued to be hit by the general global economic slowdown. To add to the difficult situation many shipping lines deployed their newly built container carriers of large capacities. This led to excess capacity and, in turn, unhealthy competition resulting in fall in freight rates.

To consolidate its position and increase its volumes, it was contemplating to buy new containers as well as enter specialized segment of refrigerated cargo. It had set up a representative office in Shanghai and in Dubai. It had also set up a company in Dubai as an independent shipping agency and logistics provider in the UAE. With this company in Dubai, FCL would also be able to improve its operations from Singapore and China and enter into African market.

- (d) **SCI Forbes Limited (SCI Forbes)** owned 4 new generation brand new chemical tankers. All the 4 vessels owned by SCI Forbes were employed in MARIDA Pool where 21 ships of similar size formed the pool. There was slowdown in international trade in chemicals, especially in European Union region. One of the vessels had to be laid up for an extended period for repairs to the coating of the cargo tanks and, in turn, resulted in loss of earnings.

SCI Forbes had a default in fulfilling some loan covenants and the lenders declared it as an 'event of default', whereby the lenders had accelerated recovery of the amounts due from SCI Forbes and had also demanded sponsorship support from the Joint Venture (JV) partners. Various options were being discussed with the lenders to resolve the matter.

Further, one of the JV partners, had expressed its desire to exit from the JV and had served a notice of dissolution instead of offering their shares to other JV partners who had the first right of refusal, as per the Shareholders' Agreement. Various options were being discussed with the JV partners.

- (e) **Forbes Bumi Armada Offshore Limited** had been awarded 7-year contract by Oil and Natural Gas Corporation (ONGC) for



providing on charter hire, a Floating Processing Storage Offshore (FPSO) Vessel and operating the same.

FPSO "ARMADA STERLING" was commissioned and first oil was struck on board on April 7, 2013 and the test was completed and final acceptance from ONGC was received on April 22, 2013.

The Chairman in his concluding remarks mentioned 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 expected that the results of all the efforts would reflect in the operating performance of the current year.

Thereafter, the Chairman proposed the following resolution as an Ordinary Resolution, which was seconded by Mr. Jitendra. P. Maheshwari.

1. "RESOLVED that the Audited Balance Sheet as at March 31, 2013 and the Profit and Loss Account for the year ended March 31, 2013 and the Reports of the Directors and Auditors as submitted, be and are hereby approved and adopted."

Before putting the Resolution to vote, the Chairman invited questions / suggestions from the shareholders.

The following Shareholders expressed their views:

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|--|------------------------------|
| 1. Mr. Prabhakar Kuvalekar | 7. Mrs. Homayun B. Pouredehi |
| 2. Mr. Ashok Kumar Jain | 8. Mr. Beruz F. Pouredehi |
| 3. Mr. Joseph B. Martins | 9. Mrs. Shobhana S. Mehta |
| 4. Mr. Michael Philip John Baptist Martins | 10. Mr. Vinitkumar Parikh |
| 5. Mrs. Celestine E. Mascarenhas | 11. Mr. Kirti Shah |
| 6. Mr. Jitendra P. Maheshwari | |

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

1. What would be the effect on the turnover and profits of the subsidiaries of EFL due to the proposed acquisition of balance 75% stake of Lux by EFL.
2. Whether it was proposed to list EFL.
3. Which were the premises in respect of which rents were being paid.
4. Whom was the Company paying royalty and for what purpose.
5. What was the status of contingent liability referred to in the Annexure to Auditors' Report.
6. What was the proposed capital expenditure for the year 2014 and what was the expected turnover and segment wise market share.



The Chairman appreciated and thanked the Shareholders for their comments. The Chairman responded to the queries / suggestions and, *inter alia*, mentioned as under:

- Lux was a direct solution company and was very strong internationally and a profitable company. With the proposed acquisition of Lux, EFL would have sales offices all over the world from South America to Europe to Middle East to Thailand to Phillipines.
- There was no plan to list EFL.
- EFL had a market share of 50% in the Water Purifier business.
- Royalty was paid to M.A. Ford for use of machinery provided by them.
- Contingent liabilities referred to in the Annexure to Auditors' Report were in respect of disputes which related to Income tax, Sales Tax, Wealth Tax, Excise Duty and Service tax.
- Turnover of the Company was expected to be in the range of Rs. 320 – Rs. 330 crores in the current financial year.
- Capital expenditure was expected to be Rs. 20 crores in the current financial year.
- Rent payments as reported in the Consolidated Accounts of the Company, primarily related to warehouses and offices of EFL.

After responding to the queries / suggestions, the Chairman put to vote the resolution regarding adoption of the Annual Accounts and Auditors' and Directors' Report and the same was passed *nem con*.

Thereafter, the following propositions were placed before the Meeting:

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

PROPOSED BY: Mr. Joseph B. Martins
SECONDED BY: Mr. Kirti Shah

“Resolved that payment of dividend at the rate of 5% i.e. Re. 0.50 (Paise Fifty only) per equity share on 1,28,98,616 equity shares of Rs. 10 each i.e. aggregate Rs. 64,49,308 (Rupees sixty four lakhs forty nine thousand three hundred eight only) for the year ended March 31, 2013, payable at Yes Bank Limited, India Bulls Finance Centre, Tower 2, 26th Floor, Senapati Bapat Marg, Elphinstone Road, Mumbai 400013 and/or its designated branches in India, on or before, August 31, 2013 to those shareholders whose names appear on the Register of Members on August 2, 2012 and in respect of shares held in dematerialized form to the beneficial owners of the shares as on July 25, 2013, per the details provided by the depositories, be and is hereby approved.”

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

The Chairman mentioned that the next two items concerned the re-appointment of Mr. D. B. Engineer and Mr. R. N. Jha who were retiring by rotation at this meeting.



3. Retirement of Mr. D. B. Engineer as Director:

The Chairman mentioned that Mr. D. B. Engineer was due to retire at this Annual General Meeting. Mr. Engineer had been associated as a Director with Forbes since 1975 and had been the longest serving Director of the Company. He had also been the Chairman of the Audit Committee. He had requested that, due to his other professional commitments, he would not seek 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. Engineer during his tenure as the Director of the Company.

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

4. Retirement of Mr. R. N. Jha as Director:

The Chairman mentioned that Mr. R. N. Jha was due to retire at this Annual General Meeting. Mr. Jha was invited to join the Board of Directors of the Company in 1998 as a representative of Life Insurance Corporation of India (LIC), a major shareholder in the Company. In 2004, when LIC withdrew its nomination, Mr. Jha was invited to join the Board of Directors of the Company as an Independent Director. Mr. Jha was also a member of various Board Committees. He had requested that, due to his other professional commitments, he would not seek 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. Jha during his tenure as the Director of the Company.

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

The Chairman mentioned that the Company would surely miss valuable guidance and insights of Mr. Engineer and Mr. Jha and that he on behalf of the Board of Directors and shareholders wished both of them all the best.

The Chairman requested everyone present in the auditorium to give a standing ovation to Mr. Engineer and Mr. Jha.

The Chairman requested Mr. Engineer and Mr. Jha to address the shareholders and express their sentiments.

Mr. Engineer addressed the shareholders present at the meeting. He mentioned that he had been associated with Forbes for 38 long years and had witnessed various ups and downs of the Company. He was satisfied with his overall performance and contribution. The Company was managed by a professional Board and requested the shareholders to support them in its endeavors. He thanked Mr. Shapoor P. Mistry, Mr. Ashok Barat, Mr. Pallonji S. Mistry and Mr. Cyrus P. Mistry. He expressed that under young dynamic Chairman and competent Managing Director supported by a good team, he was confident that the shareholders faith in this Company would be rewarded. He wished all present at the meeting best of health and happiness.



The Chairman thanked Mr. Engineer for his kind words and thereafter, requested Mr. Jha to address the shareholders.

Mr. Jha addressed the shareholders present at the meeting. He mentioned that his tenure as a Director of the Company had been a good learning experience for him. He appreciated that the shareholders of the Company were very knowledgeable and mentioned that he always valued their suggestions. He wished the Company a very bright future. He thanked the shareholders present at the meeting, the Chairman, the Managing Director and colleagues and wished them all best of luck and a very bright future.

The Chairman thanked Mr. Jha for his kind words and proceeded with the next item on the agenda.

5. As an Ordinary Resolution (Re: Re-appointment of Mr. T.R. Doongaji as Director):

PROPOSED BY: Mr. Jitendra P. Maheshwari

SECONDED BY: Mr. Bharat P. Negandhi

“RESOLVED that Mr. T. R. Doongaji, 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*.

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

PROPOSED BY: The Chairman

SECONDED BY: Mrs. Celestine E. Mascarenhas

“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*.

7. As an Ordinary Resolution (Re: Re-appointment of Mr. Ashok Barat as the Managing Director):

PROPOSED BY: Mrs. Shobhana S. Mehta

SECONDED BY: Mr. Michael Philip John Baptist Martins

“RESOLVED that, pursuant to Sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 (as amended or re-enacted from time to time), read with Schedule XIII thereto, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Ashok Barat as the Managing Director of the



Company for a period of 5 years from April 1, 2013 to March 31, 2018 (both days inclusive) on the remuneration and upon the terms and conditions as set out in the draft of the Agreement to be entered into between the Company and Mr. Ashok Barat placed before this meeting and initialed by the Chairman for the purpose of identification. Notwithstanding the period of appointment or any clause of the Agreement between the Company and Mr. Ashok Barat, his appointment as the Managing Director shall be subject to the retirement policy of the Company for the time being.

RESOLVED FURTHER that the Board of Directors of the Company or a duly constituted Committee thereof be and is hereby authorised to vary, increase, expand, enhance, enlarge, widen or alter the scope of the remuneration and perquisites, including the monetary value thereof, from time to time as it may, in its discretion, deem fit, within the maximum amount payable to Managing and Whole-time Directors in accordance with Section 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto or any amendment made hereafter in this regard and that, the aforesaid draft Agreement between the Company and Mr. Ashok Barat be entered into to give effect to the same in such manner as may be agreed to between the Board and Mr. Ashok Barat."

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

8. As a Special Resolution (Re: Payment of minimum remuneration to Mr. Ashok Barat as the Managing Director):

PROPOSED BY: Mr. Jitendra P. Maheshwari

SECONDED BY: Mr. Joseph B. Martins

"RESOLVED that pursuant to Schedule XIII of the Companies Act, 1956, where in any financial year during a period of 3 years from 1st April, 2013 to 31st March, 2016, or during the tenure of Mr. Ashok Barat as the Managing Director, whichever period is less, the Company has no profits or its profits are inadequate, it shall pay remuneration to Mr. Ashok Barat by way of salary, dearness allowance, perquisites and other allowances as per the Agreement proposed to be entered into between the Company and Mr. Ashok Barat, in terms of the draft of the Agreement placed at this Meeting and referred to in Item 7 of this Notice."

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

The Chairman requested Mr. Ashok Barat to Chair the meeting for the next item on the Agenda.



9. As a Special Resolution (Re: Payment of Commission to Directors other than Managing Director and Whole-time Director):

PROPOSED BY: Mr. Vinitkumar Parikh

SECONDED BY: Mrs. Shobhana S. Mehta

“RESOLVED that pursuant to the provisions of Section 309(4) (as amended or re-enacted from time to time) and other applicable provisions, if any, of the Companies Act, 1956 and, subject to other approvals as may be required, consent be and is hereby accorded to the payment and distribution of such sum by way of commission, not exceeding in aggregate, 1% per annum of the net profits of the Company, computed in the manner referred to in Section 198 of the Companies Act, 1956, for each of the five financial years of the Company, commencing from April 1, 2013, to such Directors of the Company (other than the Managing Director and the Whole-time Directors), the quantum, proportion and manner of such payment and distribution to be made as the Board may from time to time decide.”

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

The Chairman informed the shareholders that the Notice convening the Annual General Meeting also included Items No. 10 and No. 11 which would require their consent by Postal Ballot and hence would not be transacted at the Annual General Meeting.

The Chairman informed the shareholders that Mr. A. T. Shah, Company Secretary, would be retiring after many years of diligent service. He added that Mr. Shah had done a great stellar job during his period of employment. The Chairman requested the shareholders to give a round of applause to Mr. Shah.

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

Shapoor P. Mistry

CHAIRMAN

14th August, 2013

