Shapoorji Pallonji

# FORBES & COMPANY LIMITED



## ANNUAL REPORT 2019-2020

FORBES

Project Vicinia (MahaRERA Registration No. P51800002564)


Amphitheater View


Rear View


Balcony to Landscape View


Jogging Track View


Pool to Club View


Tennis Court View

Artist's Impression. Not an Actual Image of Site Photograph for Purposes of Advertisement for Sale

EUREKA FORBES
Your friend for life

Delivering the promise of health, safety and security to millions of homes and offices in India and across the world based on Trust and Lasting Relationships with our Customers.

**SHAPOORJI PALLONJI**
**FORBES SHIPPING LIMITED**


M. T. ASAVARI


M. T. BHAIRAVI


M. T. MALHARI

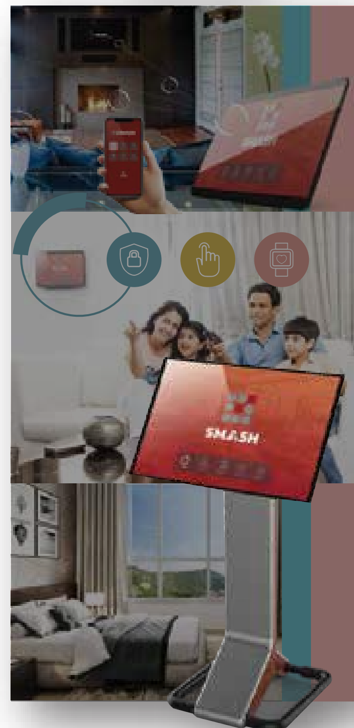

M. T. NEELAMBARI


M. T. SARANGA

# FORBES
TECHNOSYS LIMITED

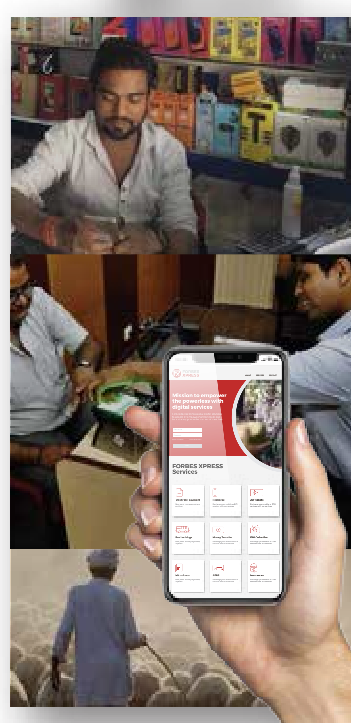
FORBES
KIOSKS


SMASH
SOCIETY MANAGEMENT
AND SMART HOMES




VASP
VERIFICATION
AUTHENTICATION
SECURITY
PRODUCTIVITY


FX FORBES
XPRESS



## Board of Directors

| | |
|---|---|
| Shapoor P. Mistry | Chairman |
| M. C. Tahilyani | Managing Director |
| D. Sivanandhan | Independent Director |
| Jai L. Mavani | Non-Executive Director |
| Rani Ajit Jadhav | Independent Director |
| Nikhil Bhatia | Independent Director |

## Chief Financial Officer

Nirmal Jagawat

## Head Legal & Company Secretary

Pankaj Khattar

## Statutory Auditors

Price Waterhouse Chartered Accountants LLP

## Registered Office

Forbes' Building, Charanjit Rai Marg, Fort, Mumbai 400 001.
Tel: +91 22 6135 8900
Fax: +91 22 6135 8901
Email: investor.relations@forbes.co.in
Website: www.forbes.co.in

## Registrars & Share Transfer Agents

TSR Darashaw Consultants Private Limited
(Formerly known as TSR Darashaw Limited)
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
Email:csg-unit@tsrdarashaw.com

**101st Annual General Meeting of Forbes & Company Limited will be held on Monday, September 28, 2020 at 3.00 p.m. (IST) through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM')**

**The General Circulars issued by the Ministry of Corporate Affairs (MCA) Nos. 14/2020, read with 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020, respectively, and Securities and Exchange Board of India Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 permits sending of the Annual Report (including the Notice of Annual General Meeting) to Members through electronic mode only.**

This Annual Report can be accessed at www.forbes.co.in

# 101ST ANNUAL REPORT 2019-2020

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# NOTICE

NOTICE is hereby given that the 101st Annual General Meeting of the Members of Forbes & Company Limited will be held on Monday, September 28, 2020 at 3.00 p.m. (IST) through Video Conferencing (**'VC'**)/Other Audio Visual Means (**'OAVM'**) to transact the following business:

**ORDINARY BUSINESS:**

**1.** To consider and adopt:

   a. the Audited Financial Statements of the Company for the Financial Year ended March 31, 2020 together with the Report of the Board of Directors and the Auditors thereon; and

   b. the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2020 together with the Report of the Auditors thereon.

**2.** To appoint a Director in place of Mr. Jai Mavani (DIN:- 05260191), who retires by rotation and being eligible, seeks re-appointment.

**SPECIAL BUSINESS**

**3. Ratification of remuneration to Cost Auditor**

To consider and, if thought fit, to pass, the following resolution, as an **Ordinary Resolution**:

**"Resolved that** pursuant to the provisions of Section 148(3) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof) read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, the remuneration of ₹ 4.50 lakhs (Rupees Four Lakhs Fifty Thousand Only) plus applicable taxes and out of pocket expenses payable to M/s. Kishore Bhatia & Associates, Cost Accountants (Firm Registration No. 00294), the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of the cost accounts of the Company for the financial year ending March 31, 2021 be and is hereby ratified and confirmed.

**Resolved further that** the Board of Directors of the Company (including any duly constituted Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**By Order of the Board**

**Pankaj Khattar**
Head Legal & Company Secretary

Mumbai, July 25, 2020

**Registered Office:**
Forbes' Building, Charanjit Rai Marg, Fort,
Mumbai 400 001
Tel: +91 22 6135 8900, Fax: +91 22 6135 8901
Email: investor.relations@forbes.co.in
CIN: L17110MH1919PLC000628
Website: www.forbes.co.in

**NOTES:**

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 ("the Act") with respect to the special business set out in the Notice is annexed hereto. Additional information pursuant to Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), in respect of Director seeking re-appointment at the Annual General Meeting (AGM) is annexed as Annexure to this Notice.

2. Pursuant to General Circular Nos. 14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020, respectively, issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India (SEBI) and in compliance with the provisions of the Act and the SEBI LODR, the 101st AGM of the Company is being conducted through VC/OAVM facility, which does not require physical presence of members at a common venue. **The deemed venue of the AGM shall be registered office of the Company.** In compliance with the aforesaid Circulars issued by MCA and SEBI, Notice of the AGM along with the Annual Report for the Financial Year 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company /Depositories. Notice and Annual Report for the Financial Year 2019-20 are also available on the website of the Company viz. www.forbes.co.in/

   **Members holding shares in physical mode and whose email IDs are not registered, are requested to register their email ID with TSR Darashaw Consultants Private Limited (RTA) at csg-unit@tsrdarashaw.com or investor.relations@forbes.co.in, by sending a duly signed request letter mentioning their Name as registered with the RTA, Address, email ID, Mobile Number, self-attested copy of PAN, DPID/Client ID or Folio Number and number of shares held. Shareholders holding shares in dematerialized mode are requested to register/update their email address with the relevant Depository Participants.**

3. Since the AGM is being held through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly the facility to appoint a proxy by a Member will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the

quorum under Section 103 of the Act. However, the Body Corporates are entitled to appoint authorized representative to attend the AGM though VC/OAVM and participants there at and cast their Vote through remote e-voting.

4. Institutional / Corporate Members are requested to send to the Company a scanned copy (pdf/jpg format) of certified Authorisation / Board Resolution authorising their representative to participate in the AGM through VC/OAVM on their behalf and to vote through remote e-voting the Scrutiniser email to scrutiniser@mmjc.in with copy marked to evoting@nsdl.co.in and investor.relations@forbes.co.in

5. **The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, September 22, 2020 to Monday, September 28, 2020.**

6. Members are requested to immediately notify the REGISTRARS AND SHARE TRANSFER AGENTS or the DEPOSITORY PARTICIPANTS (in case of shares which have been dematerialised) of any change in their address.

7. **Members who wish to claim dividend, which remain unclaimed, are requested to either correspond with the Company or the Registrar and Share Transfer Agents, TSR Darashaw Consultants Private Limited, Unit: Forbes & Company Limited, 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011.**

   **The Company has sent reminder on June 25, 2020 to those Members whose dividend is unclaimed requesting them to claim the outstanding dividend. In terms of Section 124 of the Act, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, the Company would be transferring the dividend for the Financial Year ended March 31, 2013 as per statutory timelines. Members are requested to ensure that they claim the dividends referred above, before it is transferred to the said Fund.**

   Due dates for transfer of unclaimed and unpaid dividends declared by the Company for the Financial Year 2012-13 and thereafter to IEPF are as under:

| Financial Year ended | Date of declaration of dividend | Due date for transfer to IEPF |
|---|---|---|
| March 31, 2013 | August 2, 2013 | September 6, 2020 |
| March 31, 2017 | August 24, 2017 | September 28, 2024 |
| March 31, 2018 | September 25, 2018 | October 30, 2025 |
| March 31, 2019 | August 26, 2019 | September 30, 2026 |

   **Members are requested to send their request for claiming unclaimed dividend atleast 10 (ten) days before the date of transfer to IEPF.**

   Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), the Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on August 26, 2019 (date of last AGM) on the website of the Company, www.forbes.co.in/

   **Members are requested to note that all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to demat account of the IEPF Authority within a period of thirty days of such shares becoming due to be transferred to the IEPF.**

   In accordance with the IEPF Rules, the Company has sent notice to all the shareholders where shares are due to be transferred to the IEPF Authority and has also published newspaper advertisement.

   Members whose unclaimed dividends/shares have been transferred to IEPF, can claim the same from the IEPF Authority by following the procedure as detailed on the website of IEPF Authority http://www.iepf.gov.in/IEPF/refund.html

8. **Members desiring any additional information/clarification on the Financial Statements or any other matter to be placed at the AGM are requested to send such requests at the earliest through email on investor.relations@forbes.co.in on or before September 27, 2020. The same will be replied by the Company suitably at the AGM.**

9. As per Regulation 40 of SEBI LODR, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, TSR Darashaw Consultants Private Limited ("TSRDCPL") for assistance in this regard.

10. Members desiring inspection of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act during the AGM may send their request in writing to the Company to investor.relations@forbes.co.in by September 27, 2020.

11. Since the AGM will be held through VC/OAVM facility, the Route Map is not annexed in this Notice.

12. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

13. National Securities Depositories Limited ("NSDL") will be providing facility for voting through remote e-Voting, for participation in the 101st AGM through VC/OAVM facility and e-Voting during the 101st AGM.

14. Members may join the 101st AGM through VC/OAVM facility by following the procedure as mentioned below which shall be kept open for the Members 30 minutes before the time scheduled to start the 101st AGM and 15 minutes after the scheduled time to start the 101st AGM.

15. Members may note that the VC/OAVM facility, provided by NSDL, allows participation of upto 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the 101st AGM without any restriction on account of first-come first- served principle.

16. **Instructions for remote E-Voting**

I. In compliance with provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI LODR, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means, through e-Voting Services provided by NSDL. Those Members participating in the AGM through VC/OAVM facility and who have not cast their vote by remote e-voting shall be able to exercise their right to vote through e-voting system during the AGM.

II. The Members who have cast their vote by remote e-voting prior to the AGM may also participate in the AGM through VC/OAVM facility but shall not be entitled to cast their vote again.

III. **The remote e-voting period commences on Friday, September 25 , 2020 (9:00 am) (IST) and ends on Sunday, September 27, 2020 (5:00 pm) (IST).** During this period Members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 21, 2020 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

IV. The process and manner for remote e-voting are as under:

A. In case a Member receives an email from NSDL [for Members whose email IDs are registered with the Company/Depository Participants(s)]. The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

**Step 1 : Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/**
**Step 2 : Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 is mentioned below:**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID<br>For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID<br>For example if your Beneficiary ID is 12************** then your user ID is 12************** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the Company<br>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Your password details are given below:

(i) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
(ii) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

(iii) How to retrieve your 'initial password'?

a) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

b) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

a) Click on **"Forgot User Details/Password?"**(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com

b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your Demat account number/folio number, your PAN, your name and your registered address.

d) Members can also use OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting, then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of Company.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1 Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to scrutinisers@mmjc. in with a copy marked to evoting@nsdl.co.in

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in or contact Mr. Amit Vishal or Ms. Pallavi Mhatre or Mr. Pratik Bhatt from NSDL at the designated e-mail IDs: amitv@nsdl.co.in or pallavid@nsdl.co.in or pratikb@nsdl.co.in or at telephone nos.: +91 22 2499 4360/4545/4738.

**17. Instructions for Members for participating in the 101st AGM through VC/OAVM and remote e-voting are as under:**

1. The procedure for remote e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Member will be able to attend the AGM through VC/OAVM facility through the NSDL e-voting system at https://www.evoting.nsdl.com under the Shareholders/ Members login by using the remote e-voting credentials and selecting the displayed EVEN of Company. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote

e-voting instructions mentioned in the Notice of the 101st AGM to avoid last minute rush. Further, Members can also use the OTP based login for logging into the e-voting system of NSDL.

3. Members are encouraged to join the Meeting through Laptops for better experience.

4. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

5. Please note that Members connecting from Mobile Devices or Tablets or through Laptop etc. connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

6. **Members who would like to express their views during the AGM may pre-register themselves as a speaker by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at investor.relations@forbes.co.in between September 18, 2020 (9.00 a.m. IST) to September 25, 2020 (5.00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.**

7. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in /1800-222-990 or contact Mr. Amit Vishal, Senior Manager - NSDL at amitv@nsdl.co.in/ 022-24994360 or Ms. Pallavi Mhatre, Manager – NSDL at pallavid@nsdl.co.in / 022-249945451.

**B. Other Instructions:**

I. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 21, 2020 as per the Register of Members/Statements of beneficial ownership maintained by the Depositories, i.e., NSDL and CDSL. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holds shares as of the cut-off date i.e. September 21, 2020, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or csg-unit@tsrdarashaw.com

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

II. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

III. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or casting vote through e-voting system during the meeting.

IV. Makarand M. Joshi and Co., Practicing Company Secretaries has been appointed as the Scrutinizer for providing facility to the Members of the Company to scrutinize the remote e-voting process and casting vote through the e-voting system during the meeting in a fair and transparent manner.

V. During the AGM, the Chairman shall, after response to the questions raised by the Members in advance, formally propose to the Members participating through VC/OAVM facility to vote on the resolutions as set out in the Notice of the 101st AGM and announce the start of the casting of vote through the remote e-voting system. After the Members participating through VC/OAVM facility, eligible and interested to cast votes, have cast the votes, the e-voting will be disabled by NSDL for voting 15 minutes after conclusion of meeting.

VI. The Scrutinizer shall after the conclusion of voting at the AGM, will first download the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

VII. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of AGM.

## ANNEXURE TO NOTICE

**Statement Pursuant to Section 102 (1) of the Companies Act, 2013 ("Act")**

**The following explanatory statement sets out material facts relating to the special business set out in the accompanying Notice of Annual General Meeting ("AGM")**

**Item No. 3**

The Board of Directors have approved the appointment of M/s. Kishore Bhatia & Associates (Firm Registration No. 00294) as cost auditors of the Company at a remuneration of ₹ 4.50 lakhs (Rupees Four Lakhs Fifty Thousand Only) plus applicable taxes and out of pocket expenses for the financial year ending March 31, 2021.

In accordance with the provisions of Section 148 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2021.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution at Item No. 3 of the Notice.

The Board recommends the passing of this Resolution at Item No. 3 of the accompanying Notice in the interests of the Company.

**By Order of the Board**

**Pankaj Khattar**
Head Legal & Company Secretary
Mumbai, July 25, 2020

**Registered Office:**
Forbes' Building, Charanjit Rai Marg, Fort,
Mumbai 400 001
Tel: +91 22 6135 8900, Fax: +91 22 6135 8901
Email: investor.relations@forbes.co.in
CIN: L17110MH1919PLC000628
Website: www.forbes.co.in

**Details of Directors whose re-appointment is proposed at the forthcoming Annual General Meeting [Pursuant to Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2)]**

| **Name of Director** | **Mr. Jai L. Mavani** | |
|---|---|---|
| Director Identification Number (DIN) | 05260191 | |
| Date of Birth | September 4, 1971 | |
| Date of first Appointment on the Board | May 22, 2012 | |
| Qualification | B.Com, ACA | |
| Relationships between directors inter-se | Not related to any Director/Key Managerial Personnel of the Company | |
| Expertise in specific functional areas | Mr. Jai Mavani has worked with firms like Arthur Andersen, KPMG and PWC and has industry specialization in Infrastructure, Real Estate and Private Equity and his skills include Mergers & Acquisitions, tax & regulatory and investment. | |
| List of other Public Companies in which Directorship | 1. Eureka Forbes Limited<br>2. Forbes Technosys Limited<br>3. Gopalpur Ports Limited | |
| Chairmanship/ Membership of the Committees of Board (includes only Audit Committee and Stakeholders Relationship Committee) of other Indian Public Companies | Nil | |
| No. of shares held in the Company | Nil | |
| Attendance at the Board Meeting in the Financial Year 2019-20 | No of Meetings Held | Attended |
| | 6 | 5 |
| Details of remuneration | Except for payment of Sitting Fees for attending the meetings of the Board and Committees no other remuneration is paid/payable to Mr. Jai Mavani | |

**By Order of the Board**

**Pankaj Khattar**
Head Legal & Company Secretary
Mumbai, July 25, 2020

**Registered Office:**
Forbes' Building, Charanjit Rai Marg, Fort,
Mumbai 400 001
Tel: +91 22 6135 8900, Fax: +91 22 6135 8901
Email: investor.relations@forbes.co.in
CIN: L17110MH1919PLC000628
Website: www.forbes.co.in

## REPORT OF BOARD AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

The Board of Directors (hereinafter referred to as "The Board") hereby submit the report of the business and operations of the Company along with the Audited Financial Statements of the Company for the Financial Year (FY) ended March 31, 2020. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

**Financial Results and Highlights of Performance**

The Company's performance, as per Indian Accounting Standards (IND AS), during the Financial Year under review is summarized as follows:

₹ in Lakhs

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | FY 19-20 | FY 18-19* | FY 19-20@ | FY 18-19* |
| Revenue and Other Income (Total Income) | 20,240.53 | 24,522.49 | 2,79,151.13 | 2,89,091.60 |
| Earnings before Finance Cost, Depreciation, Share of Net Profit of Joint ventures Exceptional Item & Tax | 335.01 | 4,157.64 | 6,813.78 | 18,041.84 |
| Share of Net Profit of joint venture | - | - | 632.35 | 721.30 |
| Profit / (Loss) after Finance Cost, Depreciation, Share of Net profit of Joint ventures and before Exceptional Items & Tax | (2,059.67) | 2,009.73 | (12,607.41) | 2,120.70 |
| Exceptional Items - Income/(Expense) | (518.11) | (970.92) | (21,469.06) | (970.92) |
| Profit before Tax (PBT) | (2,577.78) | 1,038.81 | (34,076.47) | 1,149.78 |
| Profit/(loss) for the year | (2,455.18) | 1027.19 | (33,827.43) | (298.48) |
| Other Comprehensive Income/(Loss) | (13.32) | 0.64 | (1639.79) | 297.40 |
| Total Comprehensive Income | (2,468.50) | 1,027.83 | (35,467.22) | (1.08) |
| Earnings Per Share - Basic and Diluted (₹) | (19.03) | 7.96 | (254.95) | 5.47 |

*Standalone Total Comprehensive Income is derived after a cost of ₹ 1,170 lakhs for marketing and administration costs of Project Vicinia, the revenues and profits of which will be partially accounted in FY 2020-2021.

@Consolidated Total Comprehensive Income is derived after an impairment of goodwill of ₹ 21,645.63 lakhs on our investment in Lux acquisition and ₹ 1,169.53 lakhs for marketing and administration costs of Vicinia Project, the revenues and profits of which will be partially accounted in FY 2020-2021.

Note : The above figures are extracted from Standalone and Consolidated Financial Statements as per Indian Accounting Standard ('IND AS") and are prepared in accordance with the principles stated therein as prescribed by the Ministry of Corporate Affairs under section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued therein.

**Management Discussion & Analysis of Financial Conditions, Results of Operations and State of Company Affairs**

**General Performance and Outlook**

The overall general scenario given the reported situation of the Automotive sector coupled with the Non Banking Financial Companies situation with respect to providing finance and consequent liquidity and the onset of COVID-19 are few major events which were the major drivers for the of performance for the Company during the previous year ending on March 31, 2020. Our dependence on Automotive sector exceeds 70% and the trends of de-growth of Automotive sector impacted the Company on revenues substantially.

However, there were some strong and positive factors as well, which will have long term impacts on our operations and profitability. Our marketing and technical investments over the last couple of years in the International market are bearing fruits and we have taken steps to rationalize and consolidate our operations at Waluj, Aurangabad. This has resulted in various operational synergies which will lead to better profitability in the later years once we start using the new facility at its optimal capacity. The effect of relocation to Waluj has also resulted in a high value real estate asset being available for development/ monetization in the future. Each one of these actions are critical for the growth of the operations of the Company.

Needless to state, we have been impacted as much as many other companies and we had to shut our operations in second half of March, 2020 due to the nationwide lockdown. Our manufacturing and sales operations were at a standstill since the last week of March 2020 and these operations have now commenced with limited presence of personnel and activities as on date. As a result of this situation, sales, profitability and liquidity are impacted negatively and we expect that the situation of COVID-19 improves and operations reach at optimal levels of capacity in due course.

According to the International Monetary Fund (IMF), due to the COVID-19 pandemic, the global economy is projected to contract sharply by 3 percent in 2020. In a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 4.0-5.8 percent in 2021 as economic activity normalizes, helped by policy support. There is extreme uncertainty around the global growth forecast. The economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioral changes (such as people avoiding shopping malls and public transportation), confidence effects, and volatile commodity prices.

**Company Outlook and Performance**

The Company has a tradition of excellence and total customer delight as its singular aim. The main businesses of the Company is Engineering and Realty and through its subsidiaries it has offerings for Transaction Management Solutions, Water Purification, transportation of Chemical Tankers etc.

**Engineering Division**

**Precision Tools Group (PTG)**

PTG had a very challenging year on market demand side, resulting in under performance, but your Company took advantage of the situation to build internal capabilities by expanding portfolio into Non- Automotive sector as part of risk mitigation strategy. Custom tools & application specific High Performance Tools portfolio continue to show positive signs of growth and has gained acknowledgement by customers as reliable cutting tools solution providers.

Successful shifting of Chandivali Factory and its personnel to Waluj, Aurangabad has been completed without any major stoppage of factory operations.

We continued our efforts through investments & talent infusion to strengthen technology, new products & design development. Investment in special CNC machines for manufacturing of carbide threading tools, special forming simulation software & designing automation software were significant investment for this financial year which has helped in re-positioning activity of our brand as High Performance Tools providers.

As a part of Company's vision "Providing innovative solution to customers", PTG continued its efforts to introduce new products like Carbide Taps, Special Nip taps for fastener industries, De-burring solution for Customer like Oil and Gas refineries. All these products are outperforming the tool life against competitions by substantial margins, which makes us optimistic of our capabilities.

In this year, TOTEM could further establish Solid Carbide High Performance Tools portfolio for Aerospace international & domestic markets. As part of increased business in Non- Automotive segment, TOTEM High Performance Carbide tooling business has already reached more than 40% through Non – Automotive segments, a total number of 325 new tools were developed in HSS taps for Hard part application, successful launch of High Nickel based alloys tapping Nib Taps portfolio.

PTG portfolio is highly focused on international market & continued its business development in focused geographies which includes Europe, Gulf Co-operation Council (GCC), South East Asia, & Mexico. The Engineering Division also participated in international trade shows in Handover - Germany, Russia & Mexico as part of brand building and business development efforts which have given recognition to our brand positioning as high performance tooling company.

Domestic market coverage through distribution has helped PTG's stability but our mix approach of actual users & distribution resulted into better distribution management and end user segment growth. Our efforts in developing aerospace sector pump & valves sector started paying off in last two quarters. Slowdown in Automotive sector during the year and COVID-19 were two major factors for the reported performance for the financial year in discussion.

PTG will continue to invest in capacity augmentation to meet increased market demand. Initiatives during the year included investment and capacity enhancement in manufacturing HSS drills, HSS Taps & Solid Carbide tools which helped in building volume. Engineering Division initiated to strengthen Supply Chain function to create better customer experience and capacity augmentation for standard product portfolio.

**Industrial Automation and Coding Business Group (CBG)**

As part of Engineering our Industrial Automation business has delivered 22% Year on Year (YOY) growth & could make inroads to Non-Automotive sector automation projects. Large-value automation orders from big Non-Automotive OEM companies are one of the significant achievements in FY'20. The sales funnel is attractive in this area. We are presently focusing to establish presence and we will then ensure that we use our core competencies to take up projects for better efficiencies and margins.

CBG laser portfolio is CE marking compliant which will help us to export our laser solutions to meet international customer requirements. Laser marking solution is well accepted in market within Automotive & Non-Automotive sectors. Bradma is the only brand which has comprehensive laser solutions to mark all metal, plastics & glass materials. CBG has built capability to deliver complete Robotic automation cell for machine tending and pick and place.

Bradma build standard modules for Vehicle Identification numbering system to have better order turnaround. Automation business has ambitious growth plan in scaling up existing solution and introducing new technologies in line with digital manufacturing and Industry 4.0 solutions.

Unprecedented slowdown in automotive sector resulted in lower sales. March month's revenue got washed out due to COVID 19 resulting in loss of sales and consequent loss of contribution margin of approximately ₹ 517 lakhs, Automation business had cost overrun in couple of projects causing loss of approximately ₹ 549 lakhs. During the year there was also write off of the old Turbines inventory resulting in loss of ₹ 721 lakhs.

**Green Manufacturing**

The Company has invested in equipments which has resulted in reduction of Power consumption by upto 5% and improving power factor.

All Factory Compact Florescent Lamp (CFL) Lighting is replaced by Light Emitting Diode (LED) thereby reducing energy consumption by upto 20% for lighting load.

The Company has installed Solar Panels for generating 1MW at Waluj pant roof top of the factory shed. Company started utilizing at full capacity from fourth quarter which also provides some savings to the Company.

Due to consolidation at Waluj, Aurangabad, our Oil Filtration systems for HSS Taps and HSS Drills are now combined which has resulted in potential reduction of Oil consumption by 3600 Liters per annum

In Spring Washers manufacturing unit, the Company has invested in Servo Motors and has achieved reduction in energy consumption and has improved the power factor upto 5%. Wastage reduction is also achieved by reducing the rejection by upto 0.5% through use of Servo Motors.

In Carbon Steel Taps manufacturing, mineral based emulsion is being used as coolant in place of petrochemical based oil. This has helped us to protect environment as well as eliminated risk of Human Hazard.

Sewage Treatment Plant (STP) water is being processed and used for Green Development/Garden. STP is having 10 Concentrated Mineral Drops (CMD) capacities and the water so treated is used for Green Initiatives. Effluent Treatment Plant (ETP) is of capacity 1 CMD and the treated water is disposed-off through Common Effluent Treatment Plant (CETP) & Sludge is disposed-off to Maharashtra Enviro Plant Ltd., (MEPL), Pune.

Energy efficient water cooled Centralized air conditioning system, Energy efficient compressed air piping system, Mist collectors for all CNC machines to maintain clean environment on shop floor are now installed in new plant.

The Company ensures that all waste is sent only to Government-authorised disposal agencies. Effluents generated are treated to meet the most stringent state and central regulatory requirements. The Company has invested in ETP & STP to reduce pollution by using that water for its green initiative.

All Environment, Health & safety (EHS) norms are strictly followed to maintain statutory regulations, aiming for 'Go Green' manufacturing company.

**Quality Certifications:**

- Spring washer facility certified for IATF 16949 certification.
- Spring washer facility approved by key customer in automotive and ancillaries sector
- HSS drill facility certified for ISO 9001-2015 certification along with recertification of cutting tools business.
- CE certification for laser marking systems.
- Totem was awarded in CII national level competition on Cost competitiveness.

**Project Vicinia, Chandivali**

The Company believes that the demand for Real Estate in the country would remain strong in areas which are prime locations and which are undertaken by strong developers in every metropolitan city in the country.

The Company has completed major works for Phase 1 (5 buildings) till middle March 2020 for Phase-I comprising of A, B, C, D and F and had obtained necessary No Objection Certificates from various bodies to proceed with the application for the Occupation Certificate for these towers which has already been made. Due to the outbreak of the pandemic COVID-19 and lockdown announced by the government, the Company is now expecting that it would be able to obtain the Occupation Certificate for Phase I only in second quarter of FY 2020 -2021. This will enable the Company to book the revenue and profits for Phase 1 in the current financial year.

Phase II of the Project Vicinia comprising of E, G and H Towers has progressed adequately in terms of RCC structure / Brick work, but the progress hinges on permissions for construction in this Covid19 lockdown period.

The real estate development of Project Vicinia at Chandivali is registered with Maharashtra Real Estate Regulatory Authority and which was expected to be completed by June' 2021 would be delayed due to COVID-19 lockdown and its spiraling effect and now is expected to be completed by Q3/Q4 of FY 2020-21.

**Eureka Forbes Limited & its Subsidiaries (Collectively 'EFL')**

The year of 2019 has been a journey of ups and downs. Even though the end of this fiscal year saw an unprecedented event in our lives, EFL hopes to look back and only think of positive moments from the peaks and constructive learning's from the troughs. Eureka Forbes delivered a gross sales growth for the EFL group India at 1.7 % and globally at 1% for the year 2019-20.

The transformation journey continued successfully as EFL accrued saving worth several crores since the inception of 'Project Pride'. Project Pride focusses on strengthening the enablers of Leadership, Digital and Analytics, and Change Management through the principles of Competitiveness, Growth and Profitability.

**Businesses**

**Direct Sales Division:** EFL's Direct Sales channel saw the introduction of stylish, premium and futuristic products (such as Aquaguard with Active Copper-helping Indians boast their immunity), the workforce got leaner with prime focus on high value product sales. FY 2019-2020 also witnessed the re-aligning of Business Model. A major share of business brought by the new scale partners made EFL leverage this opportunity and appointment of numerous new scale partners since April 2019 thus extending Eureka Forbes family.

Relationship is the one thread that binds all together at Eureka Forbes, be it employees or customers. A campaign was designed with dual benefits for both the customer and the Eurochamp called 'Share a Smile'. The Direct Sales team observed a positive increase in leads with the launch and effective implementation of this program. This is a referral program for generating leads using existing customer base to provide referrals and seek a pipeline of potential customers. Post closure of a "referred" sale, awarding the customer with a coupon, provides impetus to the referral program. This program was launched in mid-January 2020, for all the customers of Direct Sales Eurochamps to avail.

As for the roadmap ahead, the Direct Sales channel shall be focusing on the following for FY 2020-2021:

- Re-working on the appropriate manpower and leadership structure in addition to developing other models such as Single Level Marketing (free lancers);
- Performance - based corrections to be implemented across organisation;
- Attaining organisation and capability transformation for process improvements;
- Establishing programs to win in the commercial segment; and promoting extended warranty sales.

**Consumer Division:** EFL's Retail arm also witnessed some laurels as it achieved incremental business from over 8,000 new outlets, recorded in November'2019. FY 2019-2020 also marked a year where EFL protracted into new ventures and gave customers the Health Conditioner. The first of its kind, Forbes Health Conditioner is a step ahead on everything that regular Air Conditioners offer to consumers and provide them the benefits of healthy air as well. EFL's sincere efforts to provide the best products were well received as we witnessed a warm welcome in states like Kerala and Gujarat, enjoying an overall market share of 2.5% and 2.8% respectively, where the product was launched initially and is now available across the country.

Continuous efforts are also being deployed in the **Eurosmile Service** Division to enhance customer experience. We witnessed steady progress through web AMC.

EFL envisage a structural shift in the role of Service going forward and the team plans to pull their efforts into areas such as:

- Leveraging service advantage through Social Media platforms
- Improving spares availability to enhance the Cx (consumer experience)
- Recruitment and retention of Service Technicians
- Focus on Business Partner architecture and economics
- Promotion of Extended Warranty sales through CRC (Direct Sales)
- Health protect model design and ramp-up

Service will become the custodian of lifetime value for our consumer base. This would imply a significant uptake in the following:

- Service/AMC conversion
- Replacement sales – including product sales
- Cross selling of other categories

In the year 2019-20, we also brought home awards to fill our heart with pride as we were bestowed with the "Flipkart TBBD'19" - Best Brand Service Performance Recognition Award for the Best NPS in the Water Purifier Category Award under Customer's Choice Award. Our target of 5 hours installation drive was the single largest contributing factor for winning this award.

We were also announced as the winner of the Best Customer Experience Transformation category at the 13th edition of Customer FEST Show 2020, the award was judged on parameters such as Process Improvement, Cultural Improvement and Business Metric Improvement.

In the currently thriving industry of **E-commerce,** EFL has laid down roots deep into the business and are now reaping the benefits and gained a 4.0+ rating on Amazon and Flipkart, simultaneously warding off un-authorised sellers by a good 83% reduction. Q3 also indicated a shift in digital strategy from all India campaigns to market specific campaigns. This was aimed at reducing lead wastage as saliency of lead generation is in line with dispersion of Eurochamps on field.

EFL, understands the need to implement the latest technologies in day-to-day life to improve our ongoing methods; employees in the **Forbes Professional** vertical were trained for the Microsoft Dynamics 365 CRM implementation under Project Evolve. The sole objective was to have a single CRM view, across the consumer lifecycle for sharper targeting and internally moving from silos to unified views for integrated customer journeys.

EFL's **Manufacturing and Research and Development** team has been a strong pillar and continuously evolving to cater to large customer base. EFL crossed the 17 million water purifier production mark and also introduced a new production facility for Forbes Enviro Solutions Ltd., at Bangalore. The manufacturing units are all equipped with high speed production line that are pilot commissioned, multi product and flexible. EFL have always been a promoter of the Green initiative. Our perpetual quest for initiatives for giving back to the society found a companion in Republic TV with the project "Har Ek Boond", an initiative to reach the common man and spread awareness about the water crisis in our country. An association between Aquaguard and Republic Media Network that was started in the year 2019-2020 had the prime objective to re-iterate the concept that every drop of water is important.

In the perpetual pursuit to enhance Customer Experience, EFL introduced a feature on e-commerce portal where customers can now track their orders in real time on www.eurekaforbes.com/ EFL's customers have been showing increasing interest in using digital modes for payment like net-banking, credit cards, debit cards or UPI. To support our customers and enhance the digital payment portfolio of EFL and providing seamless processing of orders, EFL has integrated Airpay payment gateway with Eurovandana (SAP Service CRM) and Technician Mobile App (TSA) through which customers can make payments digitally. Currently this solution has been integrated with two revenue objects (AMC and unit sales) through which ~80% of our service revenue are being collected.

Field force mobility solutions have also been implemented in the form of JOS App for security systems sales and technical team in the Direct Sales channel. For the Consumer Division, EFL has technology for real time access to field activity and reports as well as integrating with other applications like BAMS. And lastly, artificial intelligence for analysing photos and auto-rating of in-store execution.

**Product Categories**

EFL's flagship product categories, continued to maintain the market leadership with an overall 55.2% market share enjoyed by brand Aquaguard in the EWP (Electric Water Purifier) category during April- November 2019. The overarching thought for the year 2019-2020 was to accelerate market share gains. Apart from continued investments in the proposition of 'Goodness of Copper in your Water', Aquaguard also showcased leadership in technological innovations and introduced products based on innovative technological platforms. Brand Aquaguard introduced 'India's first inline UV giving instant hot water'. This technological innovation was launched across 3 SKU's in the Direct as well as the Retail channel. The initial response has been positive with a sell-out of over 400+ units in just 3 markets within 3 weeks of the launch. Apart from the current innovations, EFL team is ready with a strong pipeline of products for the coming FY 2020-2021.

With shift in global trends towards upright Vacuum Cleaners, EFL accelerated spends and drive towards this subcategory. A series of videos were made and promoted with a well-known celebrity couple on multiple digital platforms to reach out to the target group. EFL reached around 20 million target consumers with over 17 million video views.

The Air Category was re-launched in Q2 of 2019-20 with new models. The strategy for air was to focus on conversions rather than need creation. The investment was made to aid conversions like smoke chamber display and exclusive ISPs for key retail outlets in metro cities. The core product feature also aided the conversions as our air purifiers products come with 'Filter Maxx Technology, Maximum Filtration for Maximum Purification'.

Currently, the COVID-19 pandemic and the subsequent lockdown measures have flung the world economy in turmoil. The pandemic, which has infected about 15 million people worldwide, led countries to order citizens to stay at home and businesses to a grind halt. But EFL's 'never say die' spirit coupled with the need to safeguard customers health at all costs will help EFL sail through these tough times as well.

**EFL Group Performance**

During the year 2019-20, EFL group net sales have almost remained flat. There has been an impairment of goodwill of ₹ 21,645.63 lakhs *(previous Year Nil)* on account of impairment of investment in our overseas subsidiary. The net loss for the group before impairment is ₹ 3,424.32 lakhs *(previous year profit of ₹ 657.77 lakhs)*. The amount of loss after impairment is ₹ 25,069.95 lakhs However, during the year the cash profit for the EFL group for the year 2019-20 was ₹ 776.83 lakhs *(Previous year ₹ 3,549.46 lakhs)*.

**Forbes Technosys Limited (FTL)**

During the year under review, FTL focused its efforts on 3 strategic priorities. First, to improve competitiveness of its products and address emerging needs of its marketplace, FTL invested in design led product innovation, thus not only nurturing its blue-chip client base with better value solutions, but also entered better margin segments e.g. retail. Focus on technology helped FTL innovate and bring to market new products e.g. Facial Recognition (FR) and Internet of Things (IOT) based solutions brand named viz. VASP (Verification, Authentication, Security and Productivity) and SMASH (Society Management and Smart Homes).

Further, to improve overall cost competitiveness, agility and responsiveness to market dynamics, FTL took steps to right size the organization reducing staff by over 30 percent. Second, FTL made efforts to improving its service capabilities by bringing in experts and outsourcing service activities to improve efficiency and also address its large receivables. Efforts were made to collect on old dues and acquire new businesses with favorable payment terms. Finally, FTL has focused on evaluating its processes and addressing gaps to better manage its business operations. To meet the above strategic objectives, FTL initiated several work streams, related to business growth, cost optimization and internal processes improvements.

FTL's Kiosk business saw several innovative launches and entry into new segments. FTL acquired large contracts from the Railways and Banks, with design led solutions for ticketing and passbook printing. It also retained business from key customers in the Banking, Financial Services and Insurance (BFSI) segments with innovative new multi-function kiosks. A key new business acquisition was led by design in the health sector. This is FTL's first entry into the fast growing healthcare and diagnostics segment. FTL also created refreshed designs for the banking segment, which were well received.

FTL's e-payments business, or Forbes Xpress (FX), was repurposed with upgrades in systems, processes, along with introduction of new services by Q3. FX business showed very encouraging 61% growth in Q3 and Q4, before lockdown and COVID-19 issues impacted the business in March 2020.

FTL's strength and differentiators are its software and engineering capabilities. As part of the Software-as-a-Service business, niche software products, such as Forbes Collect, debt management solution, continues to be used by over 30 thousand collectors of our customer a leading high technology bank. FTL's cheque truncation solution or CTS is used by many banks in India and processes over 30% of India's cheque volumes, and innovations in cutting-edge facial recognition technology, Artificial Intelligence (AI), Machine Learning (ML) and Internet of Things (IOT), that were developed to address future trends and enhance our basic kiosk and transaction management solutions are finding interest from an array of customers from airports, retailers, schools, and government offices.

The self-service automation business and the e-payments businesses had seen growth in demand before the onset of the COVID-19 related lockdown. Many of these products have found new relevance given the COVID-19 situation, either in their existing form, or with upgrades. Organizations across industries, and especially across retail, transit, healthcare and government, are looking at ways to enable self-service and digital transaction modes for their customers in a safe manner. FTL is seeing early but consistent enquiries for offerings relevant to the COVID-19 situation such as healthcare and diagnostics kiosks; platforms that minimize physical interaction and promote contactless modes of transaction processing. Customers are now even more focused on increasing efficiencies and reducing costs. In the e-payments industry, the nation-wide push to provide last mile delivery of banking, financial and digital services to citizens is providing an additional impetus to this business. The large gap of such services in rural India is as an exciting new segment that FTL is targeting. Along with existing services such as money transfer, recharge and ticketing, FTL is adding several new services, such as Aadhaar enabled payment system (AEPS), micro-insurance and micro-credit. This business is poised to address the pressing need for cash collection points for BFSI and e-Commerce, where FTL's franchisee network can serve as their extended arm, in remote areas. These services will give a boost to transaction volumes and enhance franchisee stickiness. As part of its Software-as-a-Service business, FTL's new products VASP and SMASH are being seen as very relevant solutions in the COVID-19 context, wherein they can enable the following of social distancing norms, temperature monitoring, contactless interactions and remote collaboration. These products leverage AI, ML and analytics to make for compelling offerings in areas such as contact-less attendance management, access control, security management, connected and smart homes, and smart offices. FTL is also working on a detailed plan to give a new avatar to its Cheque Truncation business, by introducing a slew of features such as intelligent fraud detection.

The company has incurred losses during the year under review. Cash losses were a result of muted demand in Q1 from our traditional customers in the BFSI, Railways, and Telecom segment. While demand picked up in Q2, and the company won several contracts, it was not able to execute these contracts as supplies from China were delayed because of COVID-19 since January 2020. Further, as part of prudent accounting practices, the company is making provisions towards receivables and inventory, capitalisation of its intangible assets and other accounting adjustments resulting in increased non-cash losses.

**Shapoorji Pallonji Forbes Shipping Limited (SPFSL, formerly SCI Forbes Limited)**

SPFSL currently owns 5 specialized chemical tankers with a total dwt capacity of 73,424 mt. These 5 vessels are foreign going Indian flag ships making SPFSL the only company in India that owns chemical tankers. The main trade routes of these vessels are Middle East – India, South East Asia – Far East and across Atlantic. SPFSL is committed to the safe and efficient transportation of chemical cargoes for all its customers and partners. All the five vessels maintain approvals from Oil Majors including Shell, Exxon, Chevron, BP and Total for carrying their products.

Geo-political tensions and attack on merchant ships in Middle East Gulf turned the area in to High Risk Area for the marine insurers thereby demanding AWRP (Additional War Risk Premium) for 7 days as high as the insurance premium for the ship for the whole year. This severely impacted the trade in/around the region. When the low crude oil prices and cheaper fuel for ships started in achieving better earnings per voyage, the world came under lockdown due to COVID-19 severely impacting the global sea trade.

Now, looking at the SPFSL Fleet, the earnings per ship for marine line coated tankers averaged at US$ 8,372 per day in year 2019-2020 as compared to US$ 8,688 per day during previous year whereas the earnings for MT Saranga (Stainless Steel Tankers) averaged at US$ 12,471 per day as compared to US$ 11,058 per day during previous year.

Three of SPFSL's ships namely Asavari, Bhairavi and Neelambari completed their 2nd special survey/dry docking on completing 10 years of age this year.

**Forbes Bumi Armada Limited (FBAL)**

FBAL maintains qualified and experienced manpower which continues to provide quality manning services to FPSO Business located in Mumbai High. The manning team has brought laurels to the Company by maintaining both the FPSO with zero loss time injury (LTI) and 100% commercial uptime. Manpower resources of company are delivering international standard services to client maintaining top notch HSE records.

Annual Audit was performed in December'2019 and there was NIL non-conformance. Validity of Recruitment and Placement Services License (RPSL) was extended till December, 2024. During the year FBAL was award with Manning Contract for Pre-Commissioning activities for FPSO with Armada 98/2 Pte. Limited with effect from May 2, 2019.

**Assets of Svadeshi Mills Company Limited (Svadeshi)**

The Assets of Svadeshi continue to be in the hands of the Official Liquidator, High Court, Bombay. The Company is exploring its options available.

## Financial Performance

The Consolidated Financial Statements of the Company and its subsidiaries, its joint ventures and associate companies are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act. The Notes to Consolidated Financial Statements are disclosed and forms part of the Consolidated Financial Statements.

### Segment wise performance

The summarized performance of segment revenues and segment results is as under:

₹ in Lakhs

| Particulars | Segment Revenue | | Segment Results | |
|---|---|---|---|---|
| | FY 19-20 | FY 18-19 | FY 19-20 | FY 18-19 |
| Health, Hygiene, Safety Products and its services | 2,36,995.61 | 2,38,842.56 | (20,111.65) | 5,753.44 |
| Engineering | 17,640.59 | 20,912.42 | (894.17) | 2,672.45 |
| Real Estate | 1,954.50 | 1,902.93 | 633.91 | 332.67 |
| IT Enabled Services and Products | 7,538.22 | 12,385.34 | (4,161.58) | 1,473.16 |
| Shipping and Logistics Services | 11,468.06 | 11,414.04 | 119.33 | 207.23 |
| Others | 33.20 | 33.15 | 8.77 | (30.84) |

### Key Financial performance, Operational Information and Ratio Analysis

| Key Ratios/ Indicators | Standalone | | Explanation for change of 25% or more |
|---|---|---|---|
| | FY 19-20 | FY 18-19 | |
| Debtors Turnover (in days) | 47 | 66 | The Change is due to improved collections from customers and improved credit policy. |
| Interest Coverage Ratio | 0.51 | 2.82 | The change is due to reduction in revenue and loss in Engineering Segment. |
| Operating Profit Margin % | -8% | 6% | |
| Net Profit Margin % | -13% | 5% | |
| Return on Net Worth | -12% | 4% | |

*Inventory excludes Real Estate Inventory, as corresponding revenue is accounted as per IND AS 115 in the FY2019-20 & FY2018-19.

| Key Ratios/ Indicators | Consolidated | | Explanation for change of 25% or more |
|---|---|---|---|
| | FY 19-20 | FY 18-19 | |
| Interest Coverage Ratio | 0.71 | 2.12 | The change is due to losses by Health, Hygiene, Safety Products and its services, IT Enabled Services and Products and Engineering Segment. |
| Debt Equity Ratio | 62.58 | 2.09 | The change is due to reduction in equity on account of losses by Health, Hygiene, Safety Products and its services, IT Enabled Services and Products and Engineering Segment. |
| Operating Profit Margin % | -2% | 2% | The change is due to losses by Health, Hygiene, Safety Products and its services, IT Enabled Services and Products and Engineering Segment. |
| Net Profit Margin % | -12% | 0% | |
| Return on Net Worth | -3268% | -1% | |

**Revenue**

During the year, standalone revenues decreased to ₹ 19,488.00 Lakhs *(previous year ₹ 22,711.26 Lakhs)* mainly due to reduction in revenue in Engineering segment on account of unprecedented slowdown in auto sector and also the impact of Covid19. Consolidated revenues decreased to ₹ 275,457.84 Lakhs *(previous year ₹ 285,325.57 Lakhs)* mainly due to decrease in revenue in IT Enabled Services and Products, Engineering & Health, Hygiene, Safety segment.

**Earnings Before Interest, Depreciation, Taxation and Amortization ("EBIDTA")**

During the year, standalone EBIDTA decreased to ₹ 335.01 Lakhs *(previous year ₹ 4,157.64 Lakhs)* mainly due to loss incurred by Engineering segment. Consolidated EBIDTA decreased to of ₹ 7,446.13 Lakhs *(previous year ₹ 18,763.14 Lakhs)* mainly due to losses incurred by Health, Hygiene, Safety, IT Enabled Services and Products & Engineering segment.

**Profit/(Loss) Before Tax ("PBT")**

During the year, standalone PBT decreased to loss of ₹ 2,577.78 Lakhs *(previous year profit of ₹ 1,038.81 Lakhs)* mainly due to loss incurred by Engineering segment. Consolidated PBT decreased to loss of ₹ 34,076.47 Lakhs *(previous year profit of ₹ 1,149.78 Lakhs)* mainly due to losses incurred by Health, Hygiene, Safety, IT Enabled Services and Products & Engineering segment.

**Fixed Assets**

The standalone year end Gross Block increased to ₹ 17,287.98 Lakhs *(previous year ₹ 11,409.49 Lakhs)* mainly due to additions to property, plant & equipment. The consolidated year end Gross Block increased to ₹ 1,08,453.98 Lakhs *(previous year ₹ 96,278.43 Lakhs)* mainly due to additions to property, plant & equipment and Right-of-use assets.

**Profit/(Loss)**

During the year, standalone profit decreased to loss of ₹ 2,455.18 Lakhs *(previous year profit of ₹ 1,027.19 Lakhs)* mainly due to loss incurred by Engineering segment. Consolidated loss increased to ₹ 33,827.52 Lakhs *(previous year loss of ₹ 298.48 Lakhs)* mainly due to increase in Health, Hygiene, Safety, IT Enabled Services and Products & Engineering segment loss.

**Current Liabilities**

The standalone net current liabilities increased to ₹ 58,415.18 Lakhs from ₹ 44,190.39 Lakhs primarily due to advances from customer of Real Estate. The consolidated net current liabilities increased to ₹ 218,259.29 Lakhs from ₹ 174,541.85 Lakhs primarily due to borrowings and advances from Customer of Real Estate.

**Loan Funds**

During the year, standalone loan funds increased to ₹ 18,530.41 Lakhs *(previous year ₹ 17,002.19 Lakhs)* registering marginal increase in current borrowings and consolidated loan funds increased to ₹ 109,266.94 Lakhs *(previous year ₹ 106,949.46 Lakhs)* on account of increase in current of borrowings.

**OPPORTUNITIES & RISKS**

Our success as an organization depends on our ability to identify opportunities and leverage them while mitigating the risks that arise while conducting our business. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. Some of the key risks, anticipated impact on the Company and mitigation strategy are as follows:

**COVID-19 Recovery cycle**

This event was a black swan event and the recovery of the situation will have an impact on the performance of the Company. We have been in this situation since March'2020 and we are hopeful that all the actions of the Government related to the economic package and on the control of the pandemic will be effective soon to bring the economy to its past glory.

**Market Development**

Your Company monitors external market trends and collates consumer insights to develop category and brand strategies.

The Company actively searches for ways to translate the trends in consumer preference and taste into new technologies for incorporation into future products. We develop product ideas both in-house and with selected partners to enable us to respond to rapidly changing consumer trends with speed.

Given our dependency on Automative sector, one more aspect of risk is the way the development of this industry will evolve. The trends of this industry moving to different fuel options, the impact of COVID-19 e.g. work from home option, social distancing norms will definitely impact the demand of the consumer and we will have to align ourselves and remain abreast of the happenings to be able to have an important share in contributing to this aspect.

**Political and Global Uncertainty**

Political uncertainty or volatile economic uncertainty may adversely affect the reduced demand and could restrict revenue growth opportunities.

The Company has broad based diversified businesses catering to various industry segments and diverse markets and hence may not get affected by these uncertainties.

**Legal and Regulatory**

Compliance with laws and regulations is an essential part of your Company's business operations. We are subject to laws and regulations in diverse areas as product safety, product claims, trademarks, copyright, patents, competition, employee health and safety, the environment, corporate governance, listing and disclosure, employment and taxes.

Frequent changes in legal and regulatory regime and introduction of newer regulations with multiple authorities regulating same areas lead to complexity in compliance.

We closely monitor and review our practices to ensure that we remain complaint with relevant laws and legal obligations.

**Systems and Information**

Your Company's operations are increasingly dependent on IT systems and the management of information.

Increasing digital interactions with customers, suppliers and consumers place even greater emphasis on the need for secure and reliable IT systems and infrastructure, and careful management of the information that is in our possession.

The cyber-attack threat of unauthorised access and misuse of sensitive information or disruption to operations continue to increase.

To reduce the impact of external cyber-attacks impacting our business, we have firewalls and threat monitoring systems in place, complete with immediate response capabilities to mitigate identified threats. Our employees are trained to understand these requirements.

**Internal control systems and their adequacy**

Your Company has an internal control system, which ensures that all transactions are recorded satisfactorily and reported and that all assets are protected against loss from unauthorized use or otherwise. The internal control systems are supplemented by an internal audit system carried out by a team under the direct supervision of the Head of Internal Audit. The findings of such internal audits are periodically reviewed by the management and suitable actions taken to address the gaps, if any. The Audit Committee of the Board meets at regular intervals and addresses significant issues raised by both the Internal Auditors and the Statutory Auditors. The process of internal control and systems, statutory compliance, information technology, risk analysis and risk management are inter-woven to provide a meaningful support to the management of the business.

Price Waterhouse Chartered Accountants LLP, the statutory auditors of the Company has audited the financial statements included in this annual report and has issued a report on our internal financial controls over financial reporting as defined in Section 143 of the Act.

**Material Development in Human Resources and Industrial Relations**

The focus during the year was on trying to manage performance in an adverse business scenario, attract talent especially for the Coding & Automation business, enhance productivity through the long term settlement at Waluj. Substantial gains were made in terms of productivity norms and improvements as also elimination of certain unproductive and old practices.

Another major strategy and action area was shifting of Chandivali operations including men & machinery to Waluj. This major project was completed in Q4 without any problems involving shifting of more than two hundred employees/associates. Industrial Relations continued to be cordial with focus on productivity and improving discipline & work practices.

**Investment in Subsidiaries/Joint Ventures**

During the year under review, the Company invested ₹ 1,000 lakhs in Equity Shares of Forbes Technosys Limited, a wholly owned subsidiary of the Company.

**Subsidiaries/ Associates /Joint Ventures**

During FY 19-20 the following company(s) have become or ceased to be subsidiaries, joint ventures or associates:

| Name of Company | Nature of Relationship |
|---|---|
| Lux Welity Polska sp.zoo | A wholly owned subsidiary of Lux International AG (a step down subsidiary of Eureka Forbes Limited) became subsidiary with effect from July 29, 2019. |

Details of subsidiaries, associate companies and joint venture companies are set out in the statement in Form AOC-1, pursuant to Section 129 of the Act and, is attached, herewith, as Annexure "I". Financial Statements of these subsidiaries are available for inspection at the registered office of the Company and that of the subsidiary company concerned and the same would be also available on the website of the Company, www.forbes.co.in/

**Dividend & Transfer to Reserves**

In view of the losses and requirements of liquidity for existing businesses of the Company, the Directors regret their inability to recommend any dividend. In accordance with SEBI (Listing Obligations and Disclosure Regulations), 2015 ("SEBI LODR"), the Board of Directors of the Company has adopted a Dividend Distribution Policy, which is annexed as Annexure "II". The policy is also available on the website of the Company, viz. www.forbes.co.in/

No amount has been transferred to the reserves during the year.

**Share Capital**

The paid-up Equity Share Capital of the Company as on March 31, 2020 was ₹1289.86 Lakhs. During the year under review, the Company has not issued any shares with differential voting rights or 'sweat equity shares' and has not granted any stock options. As on March 31, 2020 none of the Directors of the Company hold shares or convertible instruments of the Company.

**Finance**

The Company continues to focus on judicious management of its working capital. Relentless focus on receivables, inventories, strict cost control and, use of alternative borrowing instruments has helped in keeping the borrowings and effective interest cost under control.

- **Redeemable Non-convertible Debentures**

  The Non- Convertible Redeemable Debentures (NCDs) aggregating to ₹4000 lakhs were redeemed during the year ended March 31, 2020.

- **Deposits**

  The Company has not accepted deposits from public falling within the ambit of Section 73 of the Act and The Companies (Acceptance of Deposits) Rules, 2014. Unclaimed matured deposits were transferred to Investor Education and Protection Fund as per the provisions of the Companies Act, 1956 / 2013.

**Particular of loans, guarantees and investments**

Particular of Loans, Guarantees and Investments covered under provisions of section 186 of the Act are given in the notes to the Financial Statements.

**Related Party Transactions**

All related party transactions were were on arm's length basis and were in the ordinary course of business. There were no material related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for transactions which are of a foreseen and repetitive nature. The transactions entered pursuant to the omnibus approval so granted are placed before the Audit Committee on a quarterly basis.

Form AOC-2 is annexed as Annexure 'III' to this report, pursuant to Section 188 of the Act. The policy is also available on the website of the Company viz. www.forbes.co.in/

**Vigil Mechanism/Whistle Blower Policy**

The Company has Whistle Blower Policy/Vigil Mechanism to deal with instances of fraud and mismanagement, if any. The Policy is also available on the website of the Company at www.forbes.co.in/

**Internal Complaints Committee**

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace as per with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. Internal Compliant Committee (ICC) has been setup to redress complaints received regarding sexual harassment as per Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the ICC includes external member. During FY 19-20, no complaints on sexual harassment were received.

**Corporate Governance and Management Discussion and Analysis**

The guiding principle of the Code of Corporate Governance is 'harmony' i.e. balancing the need for transparency with the need to protect the interests of the Company and balancing the need for empowerment at all levels with the need for accountability. A detailed report on Corporate Governance forms part of Annual Report. The 'Management Discussion and Analysis' forms part of this report.

**Corporate Social Responsibility (CSR)**

The Company is committed to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.

The Company is committed to inclusive, sustainable development and contributing to building and sustaining economic, social and environmental capital and to pursue CSR projects, as and when required, that are replicable, scalable and sustainable with a significant multiplier impact on sustainable livelihood creation and environmental replenishment.

The Company during the FY 2019-2020 undertook infrastructure funding project and committed and earmarked funds for partial reconstruction of school building and funding partial cost of construction of class rooms and toilet block/s in the secondary school building of Mahanagar Palika Prathamik and Madhyamik Vidyalaya, a government educational institution run by Aurangabad Municipal Corporation. The said projects undertaken by the Company are in accordance with Schedule VII of the Act.

The Report on CSR activities, in terms of Section 135 of the Act, 2013 is annexed as Annexure IV to this report.

**Risk Management**

The Board of Directors of the Company has formed a Risk Management Committee for identification, evaluation and mitigation of external and internal material risks. The Committee shall establish a framework for the company's risk management process and to ensure its implementation. The Committee shall periodically review the risk management processes and practices of the Company and establish procedures to mitigate risks on a continuing basis.

**Significant and Material Orders Passed By the Regulators or Courts**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

**Directors and Key Managerial Personnel**

As per provisions of Section 152(6) of the Act, Mr. Jai L. Mavani is due to retire by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The Board of Directors recommends his re-appointment as Director of the Company.

Mr. Nikhil Bhatia was appointed as an Additional and Independent Director of the Company with effect from May 16, 2019. His appointment as an Independent Director for a period of 5 years was approved by the Shareholders by Postal Ballot on July 17, 2019.

Mr. D Sivanandhan was re-appointment an Independent Director for second term of five years commencing from August 6, 2019 by the shareholders by Postal Ballot on July 17, 2019.

The specific areas of skills/expertise/competence of the individual Directors are given in the Corporate Governance Report.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed both under the Act and SEBI LODR, and there has been no change in the circumstances which may affect their status as Independent Directors during the year.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of Board/ Committee of the Company.

Independent Directors are familiarized with their roles, rights and responsibilities in the Company through induction programmes at the time of their appointment as Directors and through presentations made to them from time to time. The details of familiarization programmes conducted have been hosted on the website of the Company and can be accessed at www.forbes.co.in/

**Audit Committee of the Board of Directors**

The details pertaining to the composition of the Audit Committee of the Board of Directors are included in the Corporate Governance Report which forms part of this Annual Report.

**Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and SEBI LODR the Board has carried out an annual performance evaluation of its own performance, the directors individually, as well as, the evaluation of the working of its Audit, Nomination and Remuneration, Stakeholders' Relationship Committees.

The performance of the Board was evaluated by the Board after seeking feedback from all the Directors on the basis of the parameters/criteria, such as, degree of fulfillment of key responsibility by the Board, Board Structures and Composition, establishment and delineation of responsibilities to the Committees, effectiveness of Board processes, information and functioning, Board culture and dynamics and quality of relationship between the Board and the Management.

The performance of the committees viz. Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility and Stakeholders Relationship Committee was evaluated by the Board after seeking feedback from Committee members on the basis of parameters/criteria such as degree of fulfillment of key responsibilities, adequacy of committee composition, effectiveness of meetings, committee dynamics and, quality of relationship of the committee with the Board and the Management.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of self- assessment questionnaire and feedback/inputs from other Directors (without the concerned director being present).

In a separate meeting of Independent Directors, performance of Non-Independent Directors of the Board as a whole and the performance of the Chairman were evaluated.

**Nomination and Remuneration Policy**

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, senior management personnel and their remuneration. Nomination Remuneration Policy of the Company acts as a guideline for determining, inter alia, qualification, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of the performance of the Director, Key Managerial Personnel and senior managerial personnel. Nomination and Remuneration Policy is annexed as Annexure "V" to this report.

Disclosure as required under Section 197 (12) of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as Annexure 'VI' to this Report.

**Meetings of the Board**

The Board met at least once in each quarter and six (6) meetings of the Board were held during the year and the maximum time gap between two Board meetings did not exceed the time limit prescribed in the Act. The details have been provided in the Corporate Governance Report.

**Directors' Responsibility Statement**

Pursuant to the provisions of Section 134(5) of the Act, the Directors, based on the representations received from the operating management, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) they have selected such accounting policies and applied them consistently and made judgments 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;

(iii) 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 this Act, for safeguarding the assets of the Company and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts on a going concern basis;

(v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

(vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**Auditors and Audit Report**

**Statutory Auditors**

Pursuant to the provisions of section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Price Waterhouse Chartered Accountants LLP (PWC)(ICAI Firm Registration No.012754N/N500016) were appointed as the Statutory Auditors of the Company for a term of 5 years till the conclusion of 103rd Annual General Meeting of the Company.

The Audit Report forms part of the Annual Report. The Auditors have referred to certain matters in their report on Financial Statements to the shareholders, which read with relevant notes forming part of the accounts, is self - explanatory.

**Cost Auditors**

As per the requirements of Section 148 of the Act read with The Companies (Cost Records and Audit) Rules, 2014, the cost accounts of the Engineering Division and Project Vicinia of the Company are required to be audited by a Cost Accountant. The Board of Directors of the Company have, on the recommendation of the Audit Committee, appointed Kishore Bhatia & Associates, Cost Accountants, as Cost Auditors for the FY 2020-21 on a remuneration of ₹ 4.50 lakhs plus taxes and out of pocket expenses. As required under the 2013, necessary resolution seeking members' ratification for the remuneration to the Cost Auditor is included in the Notice convening the Hundred and First Annual General Meeting of the Company.

**Secretarial Audit**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Makarand M. Joshi & Co, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed herewith as Annexure 'VII'.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer.

The Secretarial Audit Report of Eureka Forbes Limited (Material Subsidiary) for the FY 2019-20 was carried out pursuant to section 204 of the Act and Regulation 24A of the SEBI LODR. The Report of the Secretarial Auditor of Eureka Forbes Limited does not contain any qualification, reservation or adverse remark or disclaimer.

**Particular of Employees and Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo**

(a) The information required pursuant to Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during the business hours on working days of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

(b) Information relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo stipulated under Section 134(3)(m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014 is annexed herewith as Annexure 'VIII'.

**Extract of Annual Return**

The details forming part of the extract of the Annual Report in Form MGT-9, as per the provisions of the Companies At, 2013 and Rules thereto, is annexed herewith as Annexure 'IX' and forms part of this Report. The said extract is also available on the website of the Company viz. www.forbes.co.in/.

**Business Responsibility Report**

A separate section on Business Responsibility Report forms part of this Annual Report as required under Regulation 34(2)(f) of SEBI LODR.

**Cautionary Statement**

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply, input costs, availability, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

**Acknowledgements**

Your Directors acknowledge and thank all stakeholders of the Company viz. customers, members, employees, employee union, dealers, vendors, banks and other business partners for their valuable sustained support and encouragement. Your Directors look forward to receiving similar support and encouragement from all stakeholders in the years ahead. Your Directors express sincere gratitude to every individual who have risked their lives and safety and have performed their duties selflessly to fight this COVID-19 pandemic.

**For and on behalf of the Board**

**Shapoor P. Mistry**
Chairman
DIN: 00010114
Mumbai, July 25, 2020

**ANNEXURE "I"**
**FORM AOC-I**
**[Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]**
**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**
**PART "A" SUBSIDIARIES**

| | Name of Subsidiary | Aquaignis Technologies Private Limited | Campbell Properties & Hospitality Services Limited | Eureka Forbes Limited | EFL Mauritius Limited | | | Euro Forbes Financial Services Limited | Euro Forbes Limited Dubai | | | Forbes Bumi Armada Limited | Forbes Campbell Services Limited | Forbes Enviro Solutions Limited | Forbes Facility Services Private Limited | Forbes Lux FZCO | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reporting Period of Subsidiary concerned, if different from the holding company's reporting period | March 31, 2020 | March 31, 2020 | March 31, 2020 | March 31, 2020 | | | March 31, 2020 | December 31, 2019 | | | March 31, 2020 | March 31, 2020 | March 31, 2020 | March 31, 2020 | December 31, 2019 | | |
| | Reporting Currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | ₹ In Lakhs | ₹ In Lakhs | ₹ In Lakhs | EUR | Rate | ₹ In Lakhs | ₹ In Lakhs | in USD $ | Rate | ₹ In Lakhs | ₹ In Lakhs | ₹ In Lakhs | ₹ In Lakhs | ₹ In Lakhs | in USD $ | Rate | ₹ In Lakhs |
| | | | | | | AVG | | | | AVG | | | | | | | AVG | |
| (a) | Share Capital | 585.57 | 48.75 | 377.80 | 287.20 | 73.93 | 21,234.26 | 5.00 | 513.07 | 67.69 | 34,732.26 | 550.00 | 5.00 | 482.73 | 100.00 | 444.60 | 67.87 | 30,173.42 |
| (b) | Reserves & Surplus | *(276.24) | 133.94 | *(19,674.57) | *(256.01) | 69.07 | *(17,684.19) | * (2.84) | *(493.13) | 67.79 | * (33,428.84) | 928.19 | 17.04 | * (307.46) | 632.00 | *(388.15) | 67.38 | *(26,153.46) |
| (c) | Total Assets ◣ | 604.72 | 186.67 | 1,04,330.21 | 35.56 | 109.95 | 3,909.17 | 2.28 | 20.00 | 65.39 | 1,307.49 | 2,714.93 | 26.61 | 992.97 | 6,680.75 | 58.52 | 71.20 | 4,167.02 |
| (d) | Total Liabilities | 295.39 | 3.98 | 1,23,626.98 | 4.37 | 82.21 | 359.09 | 0.12 | 0.06 | 71.18 | 4.07 | 1,236.74 | 4.57 | 817.70 | 5,948.76 | 2.07 | 71.20 | 147.06 |
| (e) | Investments | - | - | 9,964.27 | 33.86 | 111.33 | 3,769.89 | - | 15.38 | 63.64 | 978.65 | 1,203.53 | - | 1.37 | - | - | - | - |
| (f) | Turnover | 730.91 | 13.06 | 1,88,539.67 | - | - | - | - | - | - | - | 5,113.77 | 33.20 | 1,634.15 | 18,335.44 | 22.15 | 69.95 | 1,549.58 |
| (g) | Profit before Taxation | (35.54) | 2.45 | (39,668.15) | (0.16) | 79.30 | (12.46) | (0.25) | (140.69) | 69.95 | (9,840.78) | 228.97 | 4.62 | (56.82) | (194.39) | (3.91) | 69.59 | (272.00) |
| (h) | Provision for Taxation | - | 0.64 | 172.63 | - | - | - | - | - | - | - | 28.42 | 1.19 | 32.42 | 4.38 | - | - | - |
| (i) | Profit after Taxation | (35.54) | 1.80 | (39,840.78) | (0.16) | 79.30 | (12.46) | (0.25) | (140.69) | 69.95 | (9,840.78) | 200.55 | 3.43 | (89.25) | (198.77) | (3.91) | 69.59 | (272.00) |
| (j) | Proposed Dividend | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (k) | % of Shareholding | 100 | 100 | 100 | 100 | | | 100 | 100 | | | 51.00 | 98.00 | 100.00 | 100.00 | 100 | | |

**ANNEXURE "I"**
**FORM AOC-I**
**[Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]**
**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**
**PART "A" SUBSIDIARIES**

| | Name of Subsidiary | Forbes Lux International AG | | | Forbes Technosys Limited | Forbes Campbell Finance Limited | Lux International AG | | | Lux Deutschland GmbH | | | Lux Del Paraguay S.A. | | | Lux Professional Paraguay | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reporting Period of Subsidiary concerned ,if different from the holding company's reporting period | December 31, 2019 | | | March 31, 2020 | March 31, 2020 | December 31, 2019 | | | December 31, 2019 | | | December 31, 2019 | | | December 31, 2019 | | |
| | Reporting Currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | CHF | Rate | ₹ In Lakhs | ₹ In Lakhs | ₹ In Lakhs | CHF | Rate | ₹ In Lakhs | EUR | Rate | ₹ In Lakhs | PYG | Rate | ₹ In Lakhs | PYG | Rate | ₹ In Lakhs |
| (a) | Share Capital | 710.00 | 66.01 | 46,869.43 | 3,689.72 | 386.41 | 195.00 | 66.84 | 13,033.78 | 71.53 | 84.96 | 6,077.19 | 1,25,000.00 | 0.01 | 1,370.75 | 25,000.00 | 0.01 | 271.50 |
| (b) | Reserves & Surplus | * (576.02) | 83.46 | *(48,074.56) | *(6,149.70) | *1,913.78 | *(152.70) | 64.97 | *(9,921.28) | (63.11) | 85.63 | *(5,404.62) | *(74,790.00) | 0.01 | (826.97) | *(26,019.40) | 0.01 | *(282.53) |
| (c) | Total Assets ◣ | 559.60 | 53.81 | 30,113.23 | 19,604.50 | 3,805.15 | 384.45 | 73.58 | 28,289.52 | 85.23 | 79.84 | 6,805.51 | 2,92,670.00 | 0.01 | 3,169.57 | 23,570.00 | 0.01 | 255.27 |
| (d) | Total Liabilities | 425.62 | 73.58 | 31,318.36 | 22,064.48 | 1,504.96 | 342.16 | 73.58 | 25,177.02 | 76.80 | 79.84 | 6,132.94 | 2,42,460.00 | 0.01 | 2,625.79 | 24,589.40 | 0.01 | 266.30 |
| (e) | Investments | 485.65 | 50.80 | 24,671.96 | - | 2,524.56 | 270.87 | 73.58 | 19,931.83 | - | - | - | - | - | - | - | - | - |
| (f) | Turnover | - | - | - | 7,538.23 | 5.99 | 98.61 | 71.11 | 7,011.77 | 108.74 | 78.18 | 8,501.82 | 2,67,720.00 | 0.01 | 2,918.15 | 10,260.00 | 0.01 | 111.83 |
| (g) | Profit before Taxation | (297.05) | 71.11 | (21,122.59) | (6,014.92) | (258.94) | (106.42) | 71.11 | (7,567.45) | (16.84) | 78.18 | (1,316.76) | (55,270.00) | 0.01 | (602.44) | (9,560.00) | 0.01 | (104.22) |
| (h) | Provision for Taxation | (3.53) | 71.11 | (250.96) | - | - | 0.30 | 71.10 | 21.32 | 0.03 | 78.28 | 2.22 | 4,150.00 | 0.01 | 45.24 | 50.00 | 0.01 | 0.55 |
| (i) | Profit after Taxation | (300.58) | 71.11 | (21,373.55) | (6,014.92) | (258.94) | (106.72) | 71.11 | (7,588.77) | (16.87) | 78.18 | (1,318.98) | (59,420.00) | 0.01 | (647.68) | (9,610.00) | 0.01 | (104.77) |
| (j) | Proposed Dividend | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (k) | % of Shareholding | 100 | | | 100.00 | 100.00 | 100.00 | | | 100 | | | 80 | | | 100 | | |

**ANNEXURE "I"**
**FORM AOC-I**
**[Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]**
**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**
**PART "A" SUBSIDIARIES**

| | Name of Subsidiary | Lux Hungaria Kereskedelmi Kft | | | Lux Italia srl | | | Lux Norge A/s | | | Lux Osterreich GmbH (Austria) | | | Lux Schweiz AG | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reporting Period of Subsidiary concerned ,if different from the holding company's reporting period | December 31, 2019 | | | December 31, 2019 | | | December 31, 2019 | | | December 31, 2019 | | | December 31, 2019 | | |
| | Reporting Currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | HUF | Rate | ₹ In Lakhs | EUR | Rate | ₹ In Lakhs | NOK | Rate | ₹ In Lakhs | EUR | Rate | ₹ In Lakhs | CHF | Rate | ₹ In Lakhs |
| | | | | | | | | | | | | | | | | |
| (a) | Share Capital | 300.00 | 0.29 | 85.96 | 1.10 | 84.96 | 93.46 | 215.00 | 8.10 | 1,741.54 | 5.00 | 84.96 | 424.80 | 3.00 | 72.18 | 216.54 |
| (b) | Reserves & Surplus | 12,435.40 | 0.24 | 3,017.14 | *(3.80) | 81.33 | *(309.07) | *(206.27) | 8.10 | *(1,670.88) | *(3.50) | 87.15 | *(304.89) | *(3.55) | 72.40 | *(257.01) |
| (c) | Total Assets | 24,149.93 | 0.24 | 5,849.56 | 1.65 | 79.85 | 131.75 | 91.18 | 8.01 | 730.01 | 18.75 | 79.85 | 1,497.54 | 2.49 | 73.58 | 183.22 |
| (d) | Total Liabilities | 11,414.53 | 0.24 | 2,746.46 | 4.35 | 79.85 | 347.36 | 82.45 | 8.09 | 667.35 | 17.25 | 79.85 | 1,377.63 | 3.04 | 73.58 | 223.69 |
| (e) | Investments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (f) | Turnover | 46,456.39 | 0.24 | 11,084.49 | 2.60 | 78.18 | 203.27 | 298.41 | 7.97 | 2,382.44 | 34.96 | 78.18 | 2,733.53 | 3.99 | 71.11 | 283.72 |
| (g) | Profit before Taxation | 1,159.68 | 0.24 | 276.70 | (3.16) | 78.18 | (247.06) | (12.06) | 7.97 | (96.24) | (4.97) | 78.18 | (388.51) | (4.00) | 71.11 | (284.43) |
| (h) | Provision for Taxation | 50.70 | 0.24 | 12.10 | - | - | - | - | - | - | 0.02 | - | 1.37 | 0.03 | 71.00 | 2.13 |
| (i) | Profit after Taxation | 1,108.98 | 0.24 | 264.60 | (3.16) | 78.18 | (247.06) | (12.06) | 7.97 | (96.24) | (4.99) | 78.18 | (389.88) | (4.03) | 71.11 | (286.56) |
| (j) | Proposed Dividend | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (k) | % of Shareholding | 100 | | | 100 | | | 100 | | | 100 | | | 100 | | |

**ANNEXURE "I"**
**FORM AOC-I**
**[Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]**
**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**
**PART "A" SUBSIDIARIES**

| | Name of Subsidiary | Lux International Services & Logistic GmbH | | | LIAG Trading and Investment Limited | | | Lux Welity Polska sp.zoo • | | | Shapoorji Pallonji Forbes Shipping Limited | Volkart Fleming Shipping & Services Limited. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reporting Period of Subsidiary concerned ,if different from the holding company's reporting period | December 31, 2019 | | | December 31, 2019 | | | December 31, 2019 | | | March 31, 2020 | March 31, 2020 |
| | Reporting Currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | EUR | Rate | ₹ In Lakhs | in USD $ | Rate | ₹ In Lakhs | PLN | Rate | ₹ In Lakhs | ₹ In Lakhs | ₹ In Lakhs |
| | | | | | | | | | | | | |
| (a) | Share Capital | 0.25 | 73.80 | 18.45 | 0.28 | 64.93 | 18.18 | 1.00 | 18.76 | 18.76 | 8,200.00 | 50.39 |
| (b) | Reserves & Surplus | 0.19 | 87.77 | 16.78 | 0.78 | 73.44 | 57.28 | *(4.85) | 18.76 | *(91.00) | *4,782.69 | 552.31 |
| (c) | Total Assets ◣ | 26.74 | 79.85 | 2,135.21 | 15.60 | 71.20 | 1,110.77 | 2.41 | 18.76 | 45.21 | 41,916.36 | 663.41 |
| (d) | Total Liabilities | 26.30 | 79.85 | 2,099.98 | 14.54 | 71.20 | 1,035.31 | 6.26 | 18.76 | 117.45 | 28,933.68 | 60.71 |
| (e) | Investments | - | - | - | - | - | - | - | - | - | - | 183.91 |
| (f) | Turnover | 107.32 | 78.18 | 8,390.50 | 0.82 | 69.95 | 57.36 | 0.48 | 18.19 | 8.73 | 11,468.06 | 86.29 |
| (g) | Profit before Taxation | (1.97) | 78.18 | (153.67) | 3.45 | 69.94 | 241.31 | (4.85) | 18.19 | (88.24) | (1,440.46) | 42.53 |
| (h) | Provision for Taxation | 0.01 | 78.67 | 0.66 | - | - | - | - | - | - | 30.61 | 13.67 |
| (i) | Profit after Taxation | (1.97) | 78.18 | (154.33) | 3.45 | 69.94 | 241.31 | (4.85) | 18.19 | (88.24) | (1,471.07) | 28.86 |
| (j) | Proposed Dividend | - | - | - | 8.00 | 69.95 | 559.57 | - | - | - | - | - |
| (k) | % of Shareholding | 100 | | | 100 | | | 100 | | | 25 | 100 |

All Foreign currencies are in Lakhs.

- ● Lux Welity Polska sp.zo.o. a subsidiary of EFL's Subsidiary, incorporated with effect from July 29, 2019.
- * Net of Debit balance of Profit & Loss Accounts.
- ◣ Includes Investments

**ANNEXURE "I"**
**FORM AOC-I**
**[Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]**
**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**
**Part "B" Associates and Joint Ventures**

**₹ in Lakhs**

| Sr. No. | Name of Joint Ventures / Associates | Forbes Aquatech Limited | Forbes Concept Hospitality Services Private Limited | Infinite Water Solutions Private Limited | AMC Cookware PTE Limited | Euro P2P Direct (Thailand) Company Limited | Nuevo Consultancy Services Private Limited | Dhan Gaming Solution (India) Private Ltd. |
|---|---|---|---|---|---|---|---|---|
| 1 | Latest Audited Balance sheet Date | March 31, 2020 | March 31, 2020 | March 31, 2020 | December 31, 2019 | December 31, 2019 | March 31, 2020 | March 31, 2020 |
| 2 | Share of Associate/ Joint Venture held by the company on the year end | | | | | | | |
| | Number of shares held | 5,00,000 | 26,25,000 | 35,00,000 | 5,000 | 19,596 | 58,849 | 4,900 |
| | Amount of Investment (₹ in Lakhs) | 50.00 | 262.50 | 350.00 | 0.00 | 26.68 | 5.88 | 0.49 |
| | Extend of Holding % | 50% | 50% | 50% | 50% | 49% | 49% | 49% |
| 3 | Description of how there is significant influence | Joint Venture | Joint Venture | Joint Venture | Joint Venture | Associate | Associate | Associate |
| 4 | Reason why the Associate/Joint venture is not consolidated | NA | NA | NA | NA | NA | NA | NA |
| 5 | Networth attributable to shareholding as per latest audited Balance Sheet (₹ in Lakhs) | 993.30 | 0.34 | 1,984.11 | 4,502.26 | (3,187.72) | 418.53 | (0.17) |
| 6 | Profit/Loss for the year | | | | | | | |
| | (1) Consider in Consolidation (₹ in Lakhs) | 170.34 | (5.99) | 283.77 | 240.03 | - | 449.00 | (0.13) |
| | (2) Not Considered in Consolidation (₹ in Lakhs) | - | - | - | - | - | - | - |

**For and on behalf of the Board**

**Shapoor P. Mistry**
Chairman
DIN: 00010114
Mumbai, July 25, 2020

**Annexure "II"**

## DIVIDEND DISTRIBUTION POLICY

1. **Background, Scope and Applicability**

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") require the top 500 listed companies (by market capitalisation) to disclose a Dividend Distribution Policy ("Policy") in the annual report and on the corporate website. The entities other than top 500 listed companies may adopt and disclose their dividend distribution policies on voluntary basis.

The Company currently has only one class of shares, viz. equity, for which this policy is applicable. The policy is subject to review if and when the Company issues different classes of shares.

The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.

2. **Dividend**

Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend includes Interim Dividend.

3. **Circumstances under which shareholders can expect Dividend**

The Board shall before declaring any dividend assess the Company's financial performance, long term strategy, present and future organic and inorganic growth plans and other relevant factors (as mentioned elsewhere in this policy) and ensure that sufficient funds are retained for growth of the Company.

The Dividend for any financial year shall normally be paid out of the Company profits for that year. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable.

4. **Parameters for declaration of Dividend**

The Board of Directors of the Company, shall consider the following parameters for declaration of Dividend:

**Financial Parameters / Internal Factors :**

The Board of Directors of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

(a) Net operating profit after tax;
(b) Distributable surplus available as per the Act and Regulations;
(c) Working capital requirements;
(d) Capital expenditure requirements;
(e) Resources required to fund acquisitions and / or new businesses;
(f) Cash flow required to meet contingencies;
(g) Outstanding borrowings;
(h) Additional investment in subsidiaries and associates of the company;
(i) Stipulations/ Covenants of loan agreements; and
(j) Past Dividend Trends.

**External Factors:**

The Board of Directors of the Company would consider the following external factors before declaring or recommending dividend to shareholders:

(a) Prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws;
(b) Global conditions; and
(c) Dividend pay-out ratios of companies in the same industry.

5. **Utilization of Retained Earning**

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Increase in production capacity;
- Modernization plan;
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- Dividend payment; and
- Such other criteria as the Board may deem fit from time to time.

6. **Manner of Dividend Payout**

**Interim dividend:** Interim dividend, if any, shall be declared by the Board. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.

**Final dividend:** Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

**7. Disclosures**

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company i.e. at www.forbes.co.in. The Company shall also make appropriate disclosures as required under the SEBI Regulations.

**8. General**

This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**9. Disclaimer**

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

**For and on behalf of the Board**

**Shapoor P. Mistry**
Chairman
DIN: 00010114
Mumbai
July 25, 2020

**Annexure “III”**

**FORM NO. AOC.2**

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

***(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)***

| | | | |
|---|---|---|---|
| 1 | Details of contracts or arrangements or transactions not at arm’s length basis | | Nil |
| 2 | Details of material contracts or arrangement or transactions at arm’s length basis: | | |
| | a | Name(s) of the related party and nature of relationship | Nil |
| | b | Nature of contracts/arrangements/transactions | Nil |
| | c | Duration of the contracts/arrangements/transactions | Nil |
| | d | Salient terms of the contracts or arrangements or transactions including the value, if any | Nil |
| | e | Date(s) of approval by the Board, if any: | Nil |
| | f | Amount paid as advances, if any: | Nil |

**For and on behalf of the Board**

**Shapoor P. Mistry**
Chairman
DIN: 00010114
Mumbai
July 25, 2020

**Annexure "IV"**

**Annual Report on Corporate Social Responsibility (CSR) Activities**
**(Pursuant to Section 135 of the Companies Act, 2013)**

1. **A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web- link to the CSR policy and project or programs.**

CSR Policy ('Policy') was adopted by the Board of Directors of the Company on March 23, 2015.

The Company is committed to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.

The Company is committed to inclusive, sustainable development and contributing to building and sustaining economic, social and environmental capital and to pursue CSR projects that are replicable, scalable and sustainable, with a significant multiplier impact on sustainable livelihood creation and environmental replenishment.

The Company's CSR activities focus on :

- Health.
- Education.
- Environment Preservation.
- Rehabilitation of families affected by natural calamities.
- General improvement in quality of life.

**Health** shall cover WaSH that is, Water, Sanitation, and Hygiene leading to better Health. Our goal here will be to work towards long-term impact by changing habits, inculcating awareness of safe drinking water, good sanitation and hygiene. Providing necessary infrastructural support, for example, community level drinking water plants, filters, educating and creating awareness on need for safe water and hygiene. To enable sustainability, the local community will be equal participants in such programmes, contributing to actual construction, monitoring, maintaining and reporting on impact and usage. Also, providing affordable world-class health care facilities to the under privileged.

**Education** shall seek to mainstream children, with special focus on children of underprivileged sections of the society, by providing them with non-formal schooling opportunities which can translate later to formal school admissions. Also, supporting tribal schools in the far-flung hamlets and convert them into 'model' educational institutions. Skill based training to young adults will be achieved through livelihoods skills' programmes.

**Environment Preservation** includes adopting energy conservation practices, measuring and reducing carbon footprint, involving employees in conservation practices, utilizing environment-friendly materials and rainwater harvesting and water conservation. Setting a goal to 'green our planet' consciously by planting trees.

**Rehabilitation of families affected by natural calamities** includes providing assistance to Government agencies involved in 'Search and Rescue' operations in areas of our country that are struck by natural calamities like floods, earthquakes or cyclone and providing psychological or material assistance to help distressed persons of such areas to return to their natural ways of living.

**General improvement in quality of life will include** development of the urban poor specially those who are impacted by re-development projects, differently abled youth to make them employment worthy, financial inclusion facilities for the poor workers.

The Company may also undertake other CSR activities as permitted in Schedule VII of the Companies Act, 2013.

The Policy is available on the Company's website at www.forbes.co.in/

CSR projects of the Company in the financial year included Promoting Education.

2. **The Composition of the CSR Committee**

| | | |
|---|---|---|
| Mr. D. Sivanandhan | - | Chairman - Independent Director |
| Mr. Jai Mavani | - | Member- Non-Executive Director |
| Mr. M. C. Tahilyani | - | Member- Managing Director |

3. **Average net profit of the Company for last three financial years.-**

Average net profit: ₹ 2798 lakhs

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above).**

The Company has committed ₹ 56 lakhs towards CSR initiatives for the Financial Year 2019-20.

5. **Details of CSR spent during the financial year:**

   a) Total amount to be spent for the financial year 2019-20 : ₹ 56 Lakhs

   b) Amount unspent: ₹ 53.18 Lakhs. The said amount is committed and earmarked for the partial cost of construction of class rooms and toilet block/s in the secondary school building of Mahanagar Palika Prathamik and Madhyamik Vidyalaya, a government educational institution run by Aurangabad Municipal Corporation.

c) Manner in which the amount spent/committed during the FY 19-20 is as follows:

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|
| **SI. No** | **CSR Project or activity Identified** | **Sector in which the Project is covered** | **Local area/ the State and district where projects or programs were undertaken** | **Amount outlay project or programs wise** | **Direct expenditure on projects** | **Cumulative expenditure upto to the reporting period** | **Amount spent: Direct or through implementing agency** |
| | | | | | | | (₹ in Lakhs) |
| 1 | Supporting Schools (FY 2017-18 & FY 2018-19) | Promoting Education | Aurangabad Maharashtra | 57.41* | 57.41* | 57.41* | Direct |
| 2 | Supporting Schools (FY 2019-20) | Promoting Education | Aurangabad Maharashtra | 56.00 | 2.82@ | 2.82@ | Direct |

* Includes ₹ 24.14 Lakhs pertaining to FY 2018-19 spent in FY 2019-2020.

@ The Company has committed and earmarked balance unspent amount of ₹ 53.18 Lakhs of FY 2019 -20 towards the partial cost of construction of class rooms and toilet block/s in the secondary school building of Mahanagar Palika Prathamik and Madhyamik Vidyalaya, a government educational institution run by Aurangabad Municipal Corporation.

**6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount in its Board report.**

The Company had entered into a Memorandum of Understanding (MOU) with Aurangabad Municipal Corporation towards reconstruction of a municipal school building in Aurangabad and during the FY 19-20 has also committed towards the partial cost of construction of class rooms and toilet block/s in the secondary school building of the said municipal school. The construction work is ongoing and is subject to requisite approvals. As the construction work is undertaken in phases, the unspent amount of ₹ 53.18 lakhs is expected to be utilised by March’2021.

**7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.**

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the monitoring of CSR policy, is in compliance with our CSR objectives and policy of the Company.

**D. Sivanandhan**
Chairman of the CSR Committee
DIN:03607203
Mumbai, July 25, 2020

**M. C. Tahilyani**
Managing Director
DIN: 01423084

Annuexure "V"

## Nomination and Remuneration Policy

### REGULATORY FRAMEWORK

### I SECTION 178 OF THE COMPANIES ACT, 2013

- The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- The Nomination and Remuneration Committee shall, while formulating the policy as aforesaid shall ensure that:

  (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

  (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

  (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

### II SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Schedule II Part D of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that role of Nomination and Remuneration Committee shall, inter-alia, include the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity; and
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

Regulation 18(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that the appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

### DEFINITIONS & INTERPRETATION

In this Policy unless the context otherwise requires:

**Act** shall mean Companies Act, 2013.

**Board** shall mean Board of Directors of the Company (Forbes & Company Limited).

**Charter** shall mean Charter for Performance Evaluation of the Directors, Committees and Board of Directors adopted by the Board of Directors of the Company as amended from time to time.

**KMPs** or Key Managerial Personnel shall mean following:

a. Managing Director (MD), or Chief Executive Officer or Manager and in their absence, Whole time Director;
b. Company Secretary; and
c. Chief Financial Officer

**NRC** shall mean Nomination and Remuneration Committee.

**Senior Management Personnel** shall mean employees comprising of all members of management one grade below the MD, including the functional/ vertical heads.

### INTERPRETATION

i. The provisions of the Act and the SEBI (Listing Obligations Disclosure Requirements) Regulations 2015 (SEBI LODR) shall be deemed to have been mutatis mutandis specifically incorporated in this Policy and in case any of the provision of this Charter is inconsistent with the provisions of Act and/or the SEBI LODR, the provisions of Act and/or the SEBI LODR shall prevail.

ii. The capitalized words not specifically defined in the Policy shall have the same meaning as under the Act or the SEBI LODR or the Charter.

iii. For interpretation of this Policy, reference and reliance may be placed upon circulars/clarifications issued by the Ministry of the Corporate Affairs or SEBI and/or any other authority.

**OBJECTIVES**

The Objective of this Policy is to act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, KMPs, Senior Management Personnel and includes:

- Ensuing that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- Ensuing that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- Ensuing that the remuneration to Directors, KMPs, and other Senior Management Personnel of the Company involves a fine balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, KMPs and to determine their remuneration;
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in the industry;
- To carry out evaluation of the performance of Directors;
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage; and
- To lay down criteria for appointment, removal of directors, KMPs and Senior Management Personnel and evaluation of their performance.

**FUNCTIONS OF NOMINATION AND REMUNERATION COMMITTEE**

The NRC shall, inter-alia, perform the following functions:

- Identify persons who are qualified to become Directors in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- Determine the criteria for selection, attributes and broad parameters for appointment of KMPs, evaluation and measurement of performance of KMPs and to recommend appointments of KMPs to the Board.
- Determine the criteria for selection, compensation structure, evaluation and measurement of performance of Senior Management Personnel.
- Ensure that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors and also the Independent Directors;
- Devise framework to ensure that Directors are inducted through suitable familiarization process covering their roles, responsibility and liability;
- Oversee the formulation and implementation of ESOP Schemes, its administration, supervision, and formulating detailed terms and conditions in accordance with SEBI Guidelines;
- Devise a policy/criteria on Board diversity;
- The NRC shall assist the Board in ensuring that plans are in place for orderly succession for appointments to the Board and to senior management; and
- Set up mechanism to carry out its functions and is further authorized to delegate any / all of its powers to any of the Directors and / or officers of the Company, as deemed necessary for proper and expeditious execution.

**APPOINTMENT OF DIRECTORS**

- The NRC shall ensure that Board has appropriate balance of skills, experience and diversity of perspectives that are imperative for the execution of its business strategy, and consider various factors including but not limited to skills, industry experience, background, race and gender for balanced and diversified Board.
- The NRC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMPs and recommend to the Board his/her appointment.
- An Independent Director shall also have experience and knowledge in one or more fields of finance, law, management, marketing, sales, administration, corporate governance, or any other disciplines related to the business of the Company.
- Appointment of Independent Directors shall be subject to compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder. An Independent Director shall hold office for a term up to

five consecutive years on the Board of the Company and will be eligible for re- appointment on passing of a special resolution by the Company and disclosure(s) of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

- The NRC shall recommend appointment or re-appointment of Managing Director (MD) for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- The NRC shall carry out evaluation of performance of every Director on an annual basis.

- The NRC may recommend, to the Board with reasons recorded in writing, removal of a Director, KMPs or Senior Management Personnel subject to the provisions of the Companies Act, 2013, and all other applicable Acts, Rules and Regulations, if any.

- The Directors, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Regulations and the prevailing policy of the Company. The NRC shall from time to time recommend, review and revise, if required the retirement policy for Directors, KMPs and Senior Management Personnel.

- The Board will have the discretion to retain the Director, KMPs and Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

- The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

**REMUNERATION OF MD**

- The remuneration/ to the Managing Director will be determined by the NRC and recommended to the Board for approval. The remuneration/ compensation/profit-linked commission etc. shall be in accordance with the percentage/slabs/conditions laid down in the Articles of Association of the Company, Act and shall be subject to the prior/post approval of the members of the Company and Central Government, wherever required.

- Increments to the MD should be within the slabs approved by the members and shall be made after taking into consideration the Company's overall performance, MD's contribution for the same, trends in the industry in general and in a manner which would ensure and support a high performance culture. The MD shall be eligible for remuneration as may be approved by the members of the Company on the recommendation of the NRC and the Board of Directors. The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the NRC and shall be within the overall remuneration approved by the members and Central Government, wherever required. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its MD in accordance with the provisions of the Companies Act, 2013 and if it is not able to comply with such provisions, then with the approval of the Central Government.

- The Remuneration to MD shall involve a balance between fixed and incentive pay reflecting short and long term performance and objectives appropriate to working of the Company and its goals.

- The Non-Executive Directors (Including Independent Directors) of the Company shall be paid sitting fees as per the applicable Regulations as approved by the Board from time to time. The boarding and lodging expenses of Directors for attending meetings shall be reimbursed to the Directors based out of Mumbai.

- The profit-linked Commission shall be paid within the monetary limit approved by the members of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Regulations.

- Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company.

- Only such employees of the Company and its subsidiaries as approved by the NRC will be granted ESOPs.

**FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

- Company's Corporate Profile, Organizational structure, the latest Annual Report, Code of Conduct, Policies and Charters applicable to Directors shall be provided to all Directors at the time of joining.

- A detailed Appointment Letter incorporating the role, duties and responsibilities, remuneration and performance evaluation process, code of conduct and obligations on disclosures shall be issued to the Independent Directors.

- The company shall provide suitable training to Independent Directors/Non-Executive Directors to familiarize them with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. and they shall be formally introduced to the Business/ Unit Heads and Corporate Functional Heads.

**UPDATING THE DIRECTORS ON A CONTINUING BASIS**

- The Company shall periodically arrange Board Strategy discussions at any of the Company's plants or off-site locations. At such Meetings, the Directors also get an opportunity to see the Company's operations, interact with the Plant Heads and review the sustainability aspects of the Plant. This would enable them to gain an understanding and appreciation of the operations of the Company and initiatives taken on safety, quality, environment issues, CSR, Sustainability, etc.

- At the Board Strategy Meeting, presentations shall be made to the Directors on the Company's long term Vision and Strategy. Business Heads may also present their plans and priorities with the Board. This would enable the Directors to get a deeper insight in the operations of the Company.

- Periodic presentations on operations to the Board shall include information on business performance, operations, market share, financial parameters, working capital management, fund flows, senior management changes, major litigation, compliances, subsidiary data, etc.

- Business Heads and Company Executives may be invited at Board or Committee Meetings and meetings of Directors for better understanding of the business and operations of the Company.

**REMUNERATION TO KMPs AND SENIOR MANAGEMENT**

- The level and composition to be paid to KMPs and Senior Management shall be reasonable and sufficient to attract, retain and motivate them and shall be also guided by external competitiveness and internal parity.

- The remuneration of KMPs and Senior Management Personnel shall be guided by the external competitiveness and internal parity. Internally, performance rating of all employees would be spread across a normal distribution curve.

- The remuneration of KMPs and Senior Management shall comply with the guidelines approved by the NRC.

- The terms of remuneration of the Chief Internal Auditor shall comply with the guidelines approved by the Audit Committee.

**For and on behalf of the Board**

**Shapoor P. Mistry**
Chairman
DIN: 00010114
Mumbai, July 25, 2020

**Annexure "VI"**

**Disclosure under Section 197 (12) and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1. a. **Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year ended March 31, 2020:**

Non-Executive Directors of the Board were paid only sitting fees during the financial year ended March 31, 2020 as follows:

| Director | Sitting Fees (₹ in lakhs) | Ratio to Median (No. of times to Median Salary) |
|---|---|---|
| **Non- Executive Directors** | | |
| Mr. Shapoor P. Mistry | 1.50 | 0.24 : 1 |
| Mr. D. Sivanandhan | 6.50 | 1.05 : 1 |
| Mr. Jai L. Mavani | 3.50 | 0.57 : 1 |
| Ms. Rani Ajit Jadhav | 4.00 | 0.65 : 1 |
| Mr. Nikhil Bhatia (Appointed with effect from May 16, 2019) | 6.50 | 1.05 : 1 |

**Remuneration to Executive Director**

| Director | (₹ in lakhs) | Ratio to Median (No. of times to Median Salary) |
|---|---|---|
| Mr. M. C. Tahilyani | 242.33 | 39.28 |

b. **Percentage increase in remuneration of Key Managerial Personnel (KMPs) in the financial year 2019-2020:**

| Executive Director, Chief Financial Officer and Company Secretary | % increase on Cost To Company |
|---|---|
| Mr. M. C. Tahilyani, Managing Director | 9.88 % |
| Mr. Nirmal Jagawat, Chief Financial Officer | 7.99 % |
| Mr. Pankaj Khattar, Company Secretary | 10 % |

2. **Percentage increase in the median remuneration of employees in the financial 2019-2020:**

The increase in median remuneration was 12 %. The range of increase was from 1 % to 38.3 % (average 9.7 %) barring a few employees who were given a higher percentage increase/market correction for market parity. New employees were given pro-rata increase proportionate to the period of their stay in the Company.

3. **Number of permanent employees on the rolls of Company as on March 31, 2020 were 492 and in the previous year were 452.**

4. **Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Average increase in remuneration of employees (other than KMPs) was 9.7 %. The increase in remuneration is based on the Company's performance, individual performance, inflation, prevailing industry trends and benchmarks.

5. **The Company affirms remuneration is as per the remuneration policy of the Company.**

**For and on behalf of the Board**

**Shapoor P. Mistry**
Chairman
DIN: 00010114
Mumbai, July 25, 2020

**Annexure "VII"**

**FORM NO. MR.3**
**SECRETARIAL AUDIT REPORT**
For the Financial Year Ended 31st March, 2020
[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
**Forbes & Company Limited**
Forbes Building, Charanjit Rai Marg,
Fort, Mumbai - 400001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Forbes & Company Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 (hereinafter called the '**Audit Period**') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (**the Act**) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('**SCRA**') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment **(Overseas Direct Investment and External Commercial Borrowing are Not Applicable to the Company during the Audit Period)**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 **('SEBI Act'):**

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

(d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable to the Company during the Audit Period)**

(e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the Audit Period)**

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; **(Not Applicable to the Company during the Audit Period)**

(h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)**

(j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the Company during the Audit Period)** and

(vi) As identified, no law is specifically applicable to the Company.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Company has altered its Object Clause of the Memorandum of Association of the Company by taking shareholder approval by Postal Ballot dated 23rd December, 2019.

**For Makarand M. Joshi & Co.**
**Practicing Company Secretaries**

**Kumudini Bhalerao**
Partner
FCS No. 6667
CP No. 6690
UDIN: F006667B000501535
Peer Review No: P2009MH007000

Place: Mumbai
Date: July 25, 2020

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**'Annexure A'**

To
The Members,
**Forbes & Company Limited**
Forbes Building, Charanjit Rai Marg,
Fort, Mumbai - 400001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Makarand M. Joshi & Co.**
**Practicing Company Secretaries**

**Kumudini Bhalerao**
Partner
FCS No. 6667
CP No. 6690
UDIN: F006667B000501535
Peer Review No: P2009MH007000

Place: Mumbai
Date: July 25, 2020

**Annexure 'VIII'**

**Particulars of Technology Absorption and Foreign Exchange Earnings and Outgo, as per section 134(3)(m) of the Companies Act,2013 and the Rules made therein and forming part of Directors' Report for the year ended March 31, 2020.**

**(A) Conservation of Energy:**

**(i) Steps taken or impact on conservation of energy:**

**(a) Energy Conservation Measures Taken:**

1. In Spring Washers manufacturing unit, the Company has invested in Servo Motors and has achieved reduction in energy consumption and has improved the power factor by 5%. Wastage reduction is also achieved by reducing the rejection by 0.5% through use of Servo Motors.
2. The Company has invested in new transformer, and Automatic Power Factor Correction (APFC) panels which has resulted in reduction of Power consumption by 5% and improving power factor.
3. All Factory CFL Lighting is replaced by LED thereby reducing energy consumption by 20% for lighting load.

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

1. Improved Power factor by 5%
2. Reduction of Power consumption
3. Lighting load reduction by 20%

**(ii) Steps taken by the Company for utilising alternate sources of energy:**

The Company has installed Solar Panels for generating 1 MW at Waluj plant on the roof top of the factory shed. Company started utilizing at full capacity from fourth quarter which also provides some savings to the Company.

**(iii) Capital investment on energy conservation equipment:** ₹ 475 Lacs

**(B) Technology Absorption and Research and Development (R & D):**

**i. Efforts, in brief, made towards technology & Benefits derived as result of below activities**

**Research & Development**

This year, Company have implemented virtual simulation software for thread forming. Which provides benefits as under

- This helps to speed up new product development activity.
- This also helps to choose best manufacturing concept for achieving better tool life against competition at customer end.
- Assists in decision-making of optimum process parameters such as cutting speed and feed for the specific application material for achieving better tool life and surface finish at customer end.
- Reduces process development and manufacturing time, hence shorter time-to-market and better customer satisfaction.

**(ii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)**

a) the details of technology imported )
b) the year of import ) NA
c) whether the technology been fully absorbed )
d) if not fully absorbed, areas where absorption has not taken place and the reasons thereof, and )

**(iii) the expenditure incurred on Research and Development :** NA

| | | | |
|---|---|---|---|
| **(C)** | **Foreign exchange earnings and outgo:** | | **(₹ In Lakhs)** |
| **(a)** | **Foreign exchange earnings:** | | |
| | 1 | Export of goods calculated on FOB basis | 1,960 |
| | 2 | Freight and Insurance recoveries | 33 |
| | **Total** | | **1,993** |
| **(b)** | **Foreign exchange outgo:** | | |
| | 1 | Imports calculated on CIF basis – Raw material | 2,565 |
| | 2 | Imports calculated on CIF basis – stores, spares and tools | 91 |
| | 3 | Imports calculated on CIF basis – purchase for re-sale | 202 |
| | 4 | Imports calculated on CIF basis – Capital Goods | 589 |
| | 5 | Commission to overseas agents | 11 |
| | 6 | Foreign travel | 29 |
| | 7 | Royalty | 175 |
| | **Total** | | **3,662** |

**For and on behalf of the Board**

**Shapoor P. Mistry**
Chairman
DIN: 00010114
Mumbai, July 25, 2020

Annexure 'IX'

**Form No. MGT-9**
**EXTRACT OF ANNUAL REPORT**
**As at March 31, 2020**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| (i) | CIN | L17110MH1919PLC000628 |
| (ii) | Date of Incorporation | November 18, 1919 |
| (iii) | Name of the Company | Forbes & Company Limited |
| (iv) | Category | Company Limited by Shares |
| (v) | Sub-category of the Company | Indian Non-Government Company |
| (vi) | Address of the Registered Office and Contact Details | Forbes' Building, Charanjit Rai Marg, Fort Mumbai 400 001<br>Telephone No : +91 22 61358900<br>Fax No: +91 22 61358901<br>E-mail: investors.relations@forbes.co.in<br>Website: www.forbes.co.in |
| (vii) | Whether Listed or Not | Yes |
| (viii) | Name, Address and Contact Details of Registrar and Transfer Agent, if any | TSR Darashaw Consultants Private Limited<br>(Formerly known as TSR Darashaw Limited)<br>Address:6-10, Haji Moosa Patrawala Industrial Estate, 20,<br>Dr. E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai-400 011.<br>Telephone No: +91 22 66568484<br>Fax No: +91 22 66568494<br>E-mail: csg-unit@tsrdarashaw.com<br>Website : www.tsrdarashaw.com |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

| Name/Description of Main Products/ Services | NIC Code of Product/Service | % to total turnover of the Company |
|---|---|---|
| Threading Tools | 28221 | 39 % |
| Carbide Tools | 25939 | 21 % |
| Automated Impact Markers | 28399 | 15 % |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATES COMPANIES:

| Sr. No. | Name of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of Shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Shapoorji Pallonji and Company Private Ltd.<br>70, Nagindas Master Road, Fort, Mumbai-400023 | U45200MH1943PTC003812 | Holding | 72.56 | 2(46) |
| 2 | Aquaignis Technologies Private Limited<br>B1/B2, 7th Floor, 701, Marathon Innova Off<br>Ganpatrao Kadam Marg, Lower Parel<br>Mumbai-400 013 | U31908MH2012PTC331823 | Subsidiary | 100 | 2(87) |
| 3 | Campbell Properties and Hospitality Services Ltd.<br>Forbes' Building, Charanjit Rai Marg, Fort,<br>Mumbai-400 001. | U70102MH2014PLC260490 | Subsidiary | 100 | 2(87) |

| Sr. No. | Name of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of Shares held | Applicable Section |
|---|---|---|---|---|---|
| 4 | EFL Mauritius Ltd<br>4th Floor, Raffles Tower, 19th Bank Street, Cybercity Ebene, Mauritius | Not Applicable | Subsidiary | 100 | 2(87) |
| 5 | Eureka Forbes Ltd.<br>7, Chakraberia Road Chakraberia Road<br>Kolkata – 700025 | U27109WB1931PLC007010 | Subsidiary | 100 | 2(87) |
| 6 | Euro Forbes Financial Services Ltd.<br>B1/B2, 7th Floor, 701, Marathon Innova Off Ganpatrao Kadam Marg, Lower Parel<br>Mumbai- 400 013 | U67190MH2011PLC214424 | Subsidiary | 100 | 2(87) |
| 7 | Euro Forbes Ltd.<br>Suit 408, BB11, Bay Square, Business Bay, P.O.Box. 118767, Dubai, United Arab Emirates | Not Applicable | Subsidiary | 100 | 2(87) |
| 8 | Forbes Bumi Armada Ltd.<br>Forbes' Building, Charanjit Rai Marg, Fort,<br>Mumbai 400 001 | U35100MH2006PLC159958 | Subsidiary | 51 | 2(87) |
| 9 | Forbes Campbell Finance Ltd.<br>Forbes' Building, Charanjit Rai Marg, Fort,<br>Mumbai-400 001. | U51103MH1977PLC259702 | Subsidiary | 100 | 2(87) |
| 10 | Forbes Campbell Services Ltd.<br>Cassinath Building, A K Nayak Marg, Fort,<br>Mumbai 400 001 | U74140MH1975PLC018077 | Subsidiary | 98 | 2(87) |
| 11 | Forbes Enviro Solutions Ltd.<br>B1/B2, 7th Floor, 701, Marathon Innova Off Ganpatrao Kadam Marg, Lower Parel,<br>Mumbai-400 013 | U27310MH2008PLC188478 | Subsidiary | 100 | 2(87) |
| 12 | Forbes Facility Services Private Ltd.<br>Rupam Building, 5th Floor, 239, P. D' Mello Road, Fort, Mumbai-400 001 | U74930MH2004PTC147742 | Subsidiary | 100 | 2(87) |
| 13 | Forbes Lux International AG<br>Seestrasse 39, CH-8700, Kusnacht Zurish Switzerland | Not Applicable | Subsidiary | 100 | 2(87) |
| 14 | Forbes Lux FZCO<br>LOB 17, Office 207, PO Box 261698, Jebel Ali, Dubai, United Arab Emirates | Not Applicable | Subsidiary | 100 | 2(87) |
| 15 | Forbes Technosys Ltd<br>Forbes' Building, Charanjit Rai Marg, Fort,<br>Mumbai-400 001. | U29290MH1991PLC062425 | Subsidiary | 100 | 2(87) |
| 16 | LIAG Trading & Investments Ltd<br>409, City Tower 1 Sheikh Zayed Road, P.O. Box 118767, Dubai, United Arab Emirates | Not Applicable | Subsidiary | 100 | 2(87) |
| 17 | Lux (Deutschland) GmbH<br>Petersberger Strasse 21 36037 Fulda, Germany | Not Applicable | Subsidiary | 100 | 2(87) |
| 18 | Lux Hungaria Kereskedelmi.kft<br>Budapest ,Javor u. 5a, 1145, Hungary | Not Applicable | Subsidiary | 100 | 2(87) |
| 19 | Lux Professional SA (Formerly Lux Aqua Paraguay SA) Estrella 764 casi Ayolas, Asunción, Paraquay | Not Applicable | Subsidiary | 100 | 2(87) |
| 20 | Lux del Paraguay S.A (Formerly known as Hoger Paraguay Electrodomesticos S.A)<br>Estrella 764 Casi Ayolas, Asuncion, Paraguay | Not Applicable | Subsidiary | 50 | 2(87) |

| Sr. No. | Name of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of Shares held | Applicable Section |
|---|---|---|---|---|---|
| 21 | Lux International AG<br>Seestrasse 39, CH-8700, Kusnacht Zurish Switzerland | Not Applicable | Subsidiary | 100 | 2(87) |
| 22 | Lux International Services & Logistics GmbH<br>(Formerly: Lux Service GmbH)<br>Petersberger Strasse 2136037 Fulda, Germany | Not Applicable | Subsidiary | 100 | 2(87) |
| 23 | Lux Italia s.r.l<br>Via Paracelso N, 26, Palazzo Cassiopea, ING 3<br>I-20864, Agrate Brianza MB/ MiIan, Italy | Not Applicable | Subsidiary | 100 | 2(87) |
| 24 | Lux Norge AS<br>PB 6731, Etterstad, N-0609, Oslo, Norway | Not Applicable | Subsidiary | 100 | 2(87) |
| 25 | Lux Osterreich GmbH<br>Concorde Park, 1, 2320 Schwechat, Vienna, Austria | Not Applicable | Subsidiary | 100 | 2(87) |
| 26 | Lux Schweiz AG<br>Oberdorfstrasse 19, 6260 Reiden/Lucerne, Switzerland | Not Applicable | Subsidiary | 100 | 2(87) |
| 27 | Lux Welity Polska sp.zoo<br>Miedzborska 27a, PL-60-161, Poznan, Poland | Not Applicable | Subsidiary | 100 | 2(87) |
| 28 | Shapoorji Pallonji Forbes Shipping Ltd<br>A-113, Floor - 11th, Plot 244, A Wing, Mittal Court,<br>Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400021 | U61100MH2006PLC163149 | Subsidiary | 25 | 2(87) |
| 29 | Volkart Fleming Shipping and Services Ltd.<br>Cassinath Building, A. K. Nayak Marg, Fort,<br>Mumbai-400001. | U63090MH1920PLC000808 | Subsidiary | 100 | 2(87) |
| 30 | AMC Cookware (Pty) Ltd<br>4, Castor Road, Lansdowne, PO Box. 24200, 7779<br>Cape Town, South Africa | Not Applicable | Associate | 50 | 2(6) |
| 31 | Dhan Gaming Solution (India) Private Limited<br>Shapoorji Pallonji Centre, 41/44, Minoo Desai Marg,<br>Colaba, Mumbai 400 005. | U92490MH2003PTC139673 | Associate | 49 | 2(6) |
| 32 | Euro P2P Direct (Thailand) Co. Ltd<br>98/120-121, Nuanchan Road, Nuanchan, Khet<br>Bungkum, Bangkok 10230 Thailand | Not Applicable | Associate | 49 | 2(6) |
| 33 | Forbes Aquatech Ltd.<br>No. 143, C-4, Bommasandra Industrial Area, Off<br>Hosur Road, Karanataka, 560 099. | U28122KA2003PLC032492 | Associate | 50 | 2(6) |
| 34 | Forbes Concept Hospitality Services Pvt Ltd.<br>B1/B2, 7th Floor, 701, Marathon Innova, Ganpatrao<br>Kadam Marg, Lower Parel, Mumbai 400 013. | U55101MH2006PTC162855 | Associate | 50 | 2(6) |
| 35 | Infinite Water Solutions Pvt Ltd<br>B1/B2, 7th Floor, 701, Marathon Innova, Ganpatrao<br>Kadam Marg, Lower Parel, Mumbai 400 013. | U749999MH2008PTC180918 | Associate | 50 | 2(6) |
| 36 | Nuevo Consultancy Services Private Ltd. (Formerly<br>Forbes Infotainment Ltd)<br>Shapoorji Pallonji Centre, 41/44, Minoo Desai Marg,<br>Colaba, Mumbai 400 005. | U70200MH2003PTC139672 | Associate | 49 | 2(6) |

## IV. SHARE HOLDING PATTERN: (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise / Shareholding

| Sr. No. | Category of Shareholers | No. of Shares held at the beginning of the year i.e 01.04.2019 | | | | No. of Shares held at the end of the year i.e 31.03.2020 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A.** | **Promoters** | | | | | | | | | |
| (a) | Individuals / Hindu Undivided Family | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Central Government / State Governments(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Bodies Corporate | 95,25,691 | 0 | 95,25,691 | 73.85 | 95,25,691 | 0 | 95,25,691 | 73.85 | 0.00 |
| (d) | Financial Institutions / Banks | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | | 0.00 | 0.00 |
| | **Sub-Total (A) (1)** | **95,25,691** | **0** | **95,25,691** | **73.85** | **95,25,691** | **0** | **95,25,691** | **73.85** | **0.00** |
| **(2)** | **Foreign** | | | | | | | | | |
| (a) | Individuals (Non-Resident Individuals / Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Bodies Corporate | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Institutions | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Any Other (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | **Sub-Total (A) (2)** | **0** | **0** | **0** | **0.00** | **0** | **0** | **0** | **0** | **0.00** |
| | **Total Shareholding of Promoter and Promoter Group (A)** | **95,25,691** | **0** | **95,25,691** | **73.85** | **95,25,691** | **0** | **95,25,691** | **73.85** | **0.00** |
| **(B)** | **Public Shareholding** | | | | | | | | | |
| (1) | Institutions | | | | | | | | | |
| (a) | Mutual Funds / UTI | 144 | 250 | 394 | 0.00 | 142 | 200 | 342 | 0.00 | 0.00 |
| (b) | Financial Institutions / Banks | 11,767 | 7,048 | 18,815 | 0.15 | 11,777 | 2,193 | 13,970 | 0.11 | -0.04 |
| (c) | Cental Government / State Governments(s) | 30,363 | 79,980 | 1,10,343 | 0.86 | 30,363 | 79,980 | 1,10,343 | 0.86 | 0.00 |
| (d) | Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Insurance Companies | 0 | 500 | 500 | 0.00 | 0 | 500 | 500 | 0.00 | 0.00 |
| (f) | Foreign Institutional Investors | 0 | 50 | 50 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (i) | Any Other (specify) | | | | | | | | | |
| (a) | Foreign Portfolio Investors (Corporate) | 14,83,801 | 0 | 14,83,801 | 11.50 | 14,92,183 | 0 | 14,92,183 | 11.57 | 0.06 |
| | **Sub-Total (B) (1)** | **15,26,075** | **87,828** | **16,13,903** | **12.51** | **15,34,465** | **82,873** | **16,17,338** | **12.54** | **0.03** |
| **(2)** | **Non-Institutions** | | | | | | | | | |
| (a) | Bodies Corporate | | | | | | | | | |
| | i) Indian | 2,01,365 | 11,241 | 2,12,606 | 1.65 | 2,60,952 | 8,659 | 2,69,611 | 2.09 | 0.44 |
| | ii) Overseas | 0 | 1,580 | 1,580 | 0.01 | 0 | 0 | 0 | 0.00 | -0.01 |
| (b) | Individuals - | | | | | | | | | |
| i | Individual shareholders holding nominal share capital upto ₹ 1 lakh | 9,02,774 | 3,90,024 | 12,92,798 | 10.02 | 9,20,272 | 2,23,585 | 11,43,857 | 8.87 | -1.15 |
| ii | Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 1,89,699 | 0 | 1,89,699 | 1.47 | 2,00,639 | 0 | 2,00,639 | 1.56 | 0.08 |
| (c) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Any Other | | | | | | | | | |
| (i) | Trust | 702 | 0 | 702 | 0.00 | 652 | 0 | 652 | 0.00 | 0.00 |

| Sr. No. | Category of Shareholers | No. of Shares held at the beginning of the year i.e 01.04.2019 | | | | No. of Shares held at the end of the year i.e 31.03.2020 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (ii) | NBFC | 61,637 | 0 | 61,637 | 0.48 | 0 | 0 | 0 | 0.00 | -0.48 |
| (iii) | IEPF Suspense Account | 0 | 0 | 0 | 0.00 | 1,40,828 | 0 | 1,40,828 | 1.09 | 1.09 |
| | **Sub-total (B) (2)** | **13,56,177** | **4,02,845** | **17,59,022** | **13.64** | **15,23,343** | **2,32,244** | **17,55,587** | **13.61** | **0.45** |
| | **Total Public Shareholding (B) = (B)(1)+(B)(2)** | **28,82,252** | **4,90,673** | **33,72,925** | **26.15** | **30,57,808** | **3,15,117** | **33,72,925** | **26.15** | **0.00** |
| | **TOTAL (A)+(B)** | **1,24,07,943** | **4,90,673** | **1,28,98,616** | **100.00** | **1,25,83,499** | **3,15,117** | **1,28,98,616** | **100.00** | **0.00** |
| **(C)** | **Shares held by Custodians and against which Depository Receipts have been issued** | | | | | | | | | |
| (1) | Promoter and Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (2) | Public | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | **GRAND TOTAL (A)+(B)+(C)** | **1,24,07,943** | **4,90,673** | **1,28,98,616** | **100.00** | **1,25,83,499** | **3,15,117** | **1,28,98,616** | **100.00** | **0.00** |

**ii) Shareholding Pattern of Promoters:**

| No Change | Shareholder's Name | Shareholding at the beginning of the year i.e. April 1, 2019 | | | Shareholding at the end of the year i.e. March 31, 2020 | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of Shares of the Company | % of Shares Pledged/ encumbered to total shares | |
| 1 | Shapoorji Pallonji and Company Private Ltd | 93,59,293 | 72.56 | 7.37 | 93,59,293 | 72.56 | 20.03 | No Change |
| 2 | Forbes Campbell Finance Ltd | 1,66,398 | 1.29 | _ | 1,66,398 | 1.29 | _ | No Change |
| | **Total** | **95,25,691** | **73.85** | **7.37** | **95,25,691** | **73.85** | **20.03** | **No Change** |

**(iii) Change in Promoters' Shareholding (Please specify, if there is no change):**

| Sr. No. | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1 | At the beginning of the year | There is no change in Promoters' Shareholding between April 1, 2019 to March 31, 2020 | | | |
| | There is no change in Promoters' Shareholding between April 1, 2019 to March 31, 2020 | | | | |
| 2 | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| 3 | At the End of the year | | | | |

**iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)**

| Sl. No | Name of the Shareholder | Shareholding at the beginning of the year as on 01.04.2019 | | Date | Reason | Increase/Decrease in Shareholding | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | No of Shares | % of total Shares of the Company | | | No of Shares | % of total shares of the company | No of Shares | % of total shares of the company |
| 1 | India Discovery Fund Limited | 1,148,255 | 8.90 | | | | | 1,148,255 | 8.90 |
| | | | | - | No change | 0 | 0.00 | 1,148,255 | 8.90 |
| | | | | 31-03-2020 | At the end of the year | | | 1,148,255 | 8.90 |
| 2 | Antara India Evergreen Fund Ltd | 329,686 | 2.56 | | | | | 329,686 | 2.56 |
| | | | | 19-08-2019 | Purchase of Shares | 3,460 | 0.03 | 333,146 | 2.58 |
| | | | | 20-03-2020 | Sale of Shares | -255 | 0.00 | 332,891 | 2.58 |
| | | | | 31-03-2020 | At the end of the year | | 0.00 | 332,891 | 2.58 |
| 3 | SPS Share Brokers Pvt. Ltd. | 78,411 | 0.61 | | | | | 78,411 | 0.61 |
| | | | | 05-04-2019 | Purchase of Shares | 36 | 0.00 | 78,447 | 0.61 |
| | | | | 05-04-2019 | Sale of Shares | -250 | 0.00 | 78,197 | 0.61 |
| | | | | 12-04-2019 | Purchase of Shares | 76 | 0.00 | 78,273 | 0.61 |
| | | | | 12-04-2019 | Sale of Shares | -25000 | -0.19 | 53,273 | 0.41 |
| | | | | 19-04-2019 | Sale of Shares | -62 | 0.00 | 53,211 | 0.41 |
| | | | | 26-04-2019 | Sale of Shares | -50 | 0.00 | 53,161 | 0.41 |
| | | | | 17-05-2019 | Purchase of Shares | 421 | 0.00 | 53,582 | 0.42 |
| | | | | 07-06-2019 | Sale of Shares | -421 | 0.00 | 53,161 | 0.41 |
| | | | | 09-08-2019 | Purchase of Shares | 6329 | 0.05 | 59,490 | 0.46 |
| | | | | 16-08-2019 | Purchase of Shares | 12000 | 0.09 | 71,490 | 0.55 |
| | | | | 16-08-2019 | Sale of Shares | -12003 | -0.09 | 59,487 | 0.46 |
| | | | | 19-08-2019 | Sale of Shares | -1 | 0.00 | 59,486 | 0.46 |
| | | | | 23-08-2019 | Purchase of Shares | 8121 | 0.06 | 67,607 | 0.52 |
| | | | | 23-08-2019 | Sale of Shares | -8100 | -0.06 | 59,507 | 0.46 |
| | | | | 26-08-2019 | Purchase of Shares | 459 | 0.00 | 59,966 | 0.46 |
| | | | | 30-08-2019 | Sale of Shares | -466 | 0.00 | 59,500 | 0.46 |
| | | | | 06-09-2019 | Sale of Shares | -9 | 0.00 | 59,491 | 0.46 |
| | | | | 13-09-2019 | Purchase of Shares | 1115 | 0.01 | 60,606 | 0.47 |
| | | | | 20-09-2019 | Sale of Shares | -1853 | -0.01 | 58,753 | 0.46 |

| Sl. No | Name of the Shareholder | Shareholding at the beginning of the year as on 01.04.2019 | | Date | Reason | Increase/Decrease in Shareholding | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | No of Shares | % of total Shares of the Company | | | No of Shares | % of total shares of the company | No of Shares | % of total shares of the company |
| | | | | 27-09-2019 | Purchase of Shares | 200 | 0.00 | 58,953 | 0.46 |
| | | | | 27-09-2019 | Sale of Shares | -205 | 0.00 | 58,748 | 0.46 |
| | | | | 30-09-2019 | Purchase of Shares | 14 | 0.00 | 58,762 | 0.46 |
| | | | | 30-09-2019 | Sale of Shares | -14 | 0.00 | 58,748 | 0.46 |
| | | | | 04-10-2019 | Sale of Shares | -4212 | -0.03 | 54,536 | 0.42 |
| | | | | 11-10-2019 | Purchase of Shares | 5 | 0.00 | 54,541 | 0.42 |
| | | | | 18-10-2019 | Sale of Shares | -5 | 0.00 | 54,536 | 0.42 |
| | | | | 01-11-2019 | Purchase of Shares | 435 | 0.00 | 54,971 | 0.43 |
| | | | | 08-11-2019 | Sale of Shares | -435 | 0.00 | 54,536 | 0.42 |
| | | | | 15-11-2019 | Purchase of Shares | 1078 | 0.01 | 55,614 | 0.43 |
| | | | | 22-11-2019 | Purchase of Shares | 200 | 0.00 | 55,814 | 0.43 |
| | | | | 29-11-2019 | Sale of Shares | -1186 | -0.01 | 54,628 | 0.42 |
| | | | | 06-12-2019 | Purchase of Shares | 3467 | 0.03 | 58,095 | 0.45 |
| | | | | 13-12-2019 | Sale of Shares | -9 | 0.00 | 58,086 | 0.45 |
| | | | | 20-12-2019 | Sale of Shares | -24502 | -0.19 | 33,584 | 0.26 |
| | | | | 27-12-2019 | Sale of Shares | -49 | 0.00 | 33,535 | 0.26 |
| | | | | 31-12-2019 | Purchase of Shares | 13490 | 0.10 | 47,025 | 0.36 |
| | | | | 03-01-2020 | Purchase of Shares | 13500 | 0.10 | 60,525 | 0.47 |
| | | | | 03-01-2020 | Sale of Shares | -13500 | -0.10 | 47,025 | 0.36 |
| | | | | 10-01-2020 | Purchase of Shares | 18 | 0.00 | 47,043 | 0.36 |
| | | | | 10-01-2020 | Sale of Shares | -5200 | -0.04 | 41,843 | 0.32 |
| | | | | 17-01-2020 | Sale of Shares | -17 | 0.00 | 41,826 | 0.32 |
| | | | | 24-01-2020 | Purchase of Shares | 13916 | 0.11 | 55,742 | 0.43 |
| | | | | 31-01-2020 | Purchase of Shares | 13916 | 0.11 | 69,658 | 0.54 |
| | | | | 31-01-2020 | Sale of Shares | -13915 | -0.11 | 55,743 | 0.43 |
| | | | | 07-02-2020 | Purchase of Shares | 13924 | 0.11 | 69,667 | 0.54 |
| | | | | 07-02-2020 | Sale of Shares | -13915 | -0.11 | 55,752 | 0.43 |

| Sl. No | Name of the Shareholder | Shareholding at the beginning of the year as on 01.04.2019 | | Date | Reason | Increase/Decrease in Shareholding | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | No of Shares | % of total Shares of the Company | | | No of Shares | % of total shares of the company | No of Shares | % of total shares of the company |
| | | | | 14-02-2020 | Purchase of Shares | 46500 | 0.36 | 102,252 | 0.79 |
| | | | | 14-02-2020 | Sale of Shares | -12 | 0.00 | 102,240 | 0.79 |
| | | | | 21-02-2020 | Purchase of Shares | 7500 | 0.06 | 109,740 | 0.85 |
| | | | | 28-02-2020 | Purchase of Shares | 26458 | 0.21 | 136,198 | 1.06 |
| | | | | 06-03-2020 | Purchase of Shares | 16450 | 0.13 | 152,648 | 1.18 |
| | | | | 13-03-2020 | Purchase of Shares | 8546 | 0.07 | 161,194 | 1.25 |
| | | | | 13-03-2020 | Sale of Shares | -2000 | -0.02 | 159,194 | 1.23 |
| | | | | 20-03-2020 | Purchase of Shares | 9015 | 0.07 | 168,209 | 1.30 |
| | | | | 20-03-2020 | Sale of Shares | -13762 | -0.11 | 154,447 | 1.20 |
| | | | | 27-03-2020 | Purchase of Shares | 100 | 0.00 | 154,547 | 1.20 |
| | | | | 27-03-2020 | Sale of Shares | -33 | 0.00 | 154,514 | 1.20 |
| | | | | 31-03-2020 | Sale of Shares | -100 | 0.00 | 154,414 | 1.20 |
| | | | | 31-03-2020 | At the end of the year | | | 154,414 | 1.20 |
| 4 | Investor Education And Protection Fund Authority Ministry of Corporate Affairs # | 0 | 0.00 | | | | | 0 | 0.00 |
| | | | | 25-10-2019 | Transfer of Shares to IEPF | 140,684 | 1.09 | 140,684 | 1.09 |
| | | | | 13-12-2019 | Transfer of Shares to IEPF | 144 | 0.00 | 140,828 | 1.09 |
| | | | | 31-03-2020 | At the end of the year | | | 140,828 | 1.09 |
| 5 | Governor of Kerala | 79,980 | 0.62 | | | | | 79,980 | 0.62 |
| | | | | - | No change | 0 | 0.00 | 79,980 | 0.62 |
| | | | | 31-03-2020 | At the end of the year | | | 79,980 | 0.62 |
| 6 | Mangal Bhanshali | 75,400 | 0.58 | | | | | 75,400 | 0.58 |
| | | | | - | No change | 0 | 0.00 | 75,400 | 0.58 |
| | | | | 31-03-2020 | At the end of the year | | | 75,400 | 0.58 |
| 7 | Bhanshali Manek HUF | 44,700 | 0.35 | | | | | 44,700 | 0.35 |
| | | | | | No change | 0 | 0.00 | 44,700 | 0.35 |
| | | | | 31-03-2020 | At the end of the year | | | 44,700 | 0.35 |

| Sl. No | Name of the Shareholder | Shareholding at the beginning of the year as on 01.04.2019 | | Date | Reason | Increase/Decrease in Shareholding | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | No of Shares | % of total Shares of the Company | | | No of Shares | % of total shares of the company | No of Shares | % of total shares of the company |
| 8 | A & N Ventures Private Limited | 42,630 | 0.33 | | | | | 42,630 | 0.33 |
| | | | | | No change | 0 | 0.00 | 42,630 | 0.33 |
| | | | | 31-03-2020 | At the end of the year | | | 42,630 | 0.33 |
| 9 | Kerala State Industrial Development Corporation | 30,363 | 0.24 | | | | | 30,363 | 0.24 |
| | | | | | No change | 0 | 0.00 | 30,363 | 0.24 |
| | | | | 31-03-2020 | At the end of the year | | | 30,363 | 0.24 |
| 10 | Kairus Shavak Dadachanji | 23,949 | 0.19 | | | | | 23,949 | 0.19 |
| | | | | | No change | 0 | 0.00 | 23,949 | 0.19 |
| | | | | 31-03-2020 | At the end of the year | | | 23,949 | 0.19 |
| 11 | Marwadi Shares And Finance Ltd. | 18,399 | 0.14 | | | | | 18,399 | 0.14 |
| | | | | 05-04-2019 | Purchase of Shares | 276 | 0.00 | 18,675 | 0.14 |
| | | | | 05-04-2019 | Sale of Shares | -52 | 0.00 | 18,623 | 0.14 |
| | | | | 12-04-2019 | Purchase of Shares | 67 | 0.00 | 18,690 | 0.14 |
| | | | | 12-04-2019 | Sale of Shares | -404 | 0.00 | 18,286 | 0.14 |
| | | | | 19-04-2019 | Sale of Shares | -325 | 0.00 | 17,961 | 0.14 |
| | | | | 26-04-2019 | Purchase of Shares | 2 | 0.00 | 17,963 | 0.14 |
| | | | | 26-04-2019 | Sale of Shares | -70 | 0.00 | 17,893 | 0.14 |
| | | | | 03-05-2019 | Purchase of Shares | 917 | 0.01 | 18,810 | 0.15 |
| | | | | 10-05-2019 | Purchase of Shares | 24 | 0.00 | 18,834 | 0.15 |
| | | | | 10-05-2019 | Sale of Shares | -100 | 0.00 | 18,734 | 0.15 |
| | | | | 17-05-2019 | Purchase of Shares | 25 | 0.00 | 18,759 | 0.15 |
| | | | | 24-05-2019 | Purchase of Shares | 33 | 0.00 | 18,792 | 0.15 |
| | | | | 31-05-2019 | Purchase of Shares | 11 | 0.00 | 18,803 | 0.15 |
| | | | | 31-05-2019 | Sale of Shares | -20 | 0.00 | 18,783 | 0.15 |
| | | | | 07-06-2019 | Purchase of Shares | 21 | 0.00 | 18,804 | 0.15 |
| | | | | 07-06-2019 | Sale of Shares | -2 | 0.00 | 18,802 | 0.15 |
| | | | | 14-06-2019 | Purchase of Shares | 10 | 0.00 | 18,812 | 0.15 |
| | | | | 14-06-2019 | Sale of Shares | -484 | 0.00 | 18,328 | 0.14 |

| Sl. No | Name of the Shareholder | Shareholding at the beginning of the year as on 01.04.2019 | | Date | Reason | Increase/Decrease in Shareholding | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | No of Shares | % of total Shares of the Company | | | No of Shares | % of total shares of the company | No of Shares | % of total shares of the company |
| | | | | 21-06-2019 | Purchase of Shares | 64 | 0.00 | 18,392 | 0.14 |
| | | | | 21-06-2019 | Sale of Shares | -10 | 0.00 | 18,382 | 0.14 |
| | | | | 28-06-2019 | Purchase of Shares | 95 | 0.00 | 18,477 | 0.14 |
| | | | | 05-06-2019 | Purchase of Shares | 20 | 0.00 | 18,497 | 0.14 |
| | | | | 05-07-2019 | Sale of Shares | -30 | 0.00 | 18,467 | 0.14 |
| | | | | 12-07-2019 | Sale of Shares | -58 | 0.00 | 18,409 | 0.14 |
| | | | | 19-07-2019 | Purchase of Shares | 2 | 0.00 | 18,411 | 0.14 |
| | | | | 19-07-2019 | Sale of Shares | -2 | 0.00 | 18,409 | 0.14 |
| | | | | 26-07-2019 | Purchase of Shares | 46 | 0.00 | 18,455 | 0.14 |
| | | | | 26-07-2019 | Sale of Shares | -2 | 0.00 | 18,453 | 0.14 |
| | | | | 02-08-2019 | Purchase of Shares | 13 | 0.00 | 18,466 | 0.14 |
| | | | | 02-08-2019 | Sale of Shares | -463 | 0.00 | 18,003 | 0.14 |
| | | | | 09-08-2019 | Purchase of Shares | 127 | 0.00 | 18,130 | 0.14 |
| | | | | 09-08-2019 | Sale of Shares | -145 | 0.00 | 17,985 | 0.14 |
| | | | | 16-08-2019 | Purchase of Shares | 11 | 0.00 | 17,996 | 0.14 |
| | | | | 16-08-2019 | Sale of Shares | -137 | 0.00 | 17,859 | 0.14 |
| | | | | 19-08-2019 | Purchase of Shares | 64 | 0.00 | 17,923 | 0.14 |
| | | | | 23-08-2019 | Purchase of Shares | 67 | 0.00 | 17,990 | 0.14 |
| | | | | 23-08-2019 | Sale of Shares | -125 | 0.00 | 17,865 | 0.14 |
| | | | | 26-08-2019 | Purchase of Shares | 40 | 0.00 | 17,905 | 0.14 |
| | | | | 26-08-2019 | Sale of Shares | -50 | 0.00 | 17,855 | 0.14 |
| | | | | 30-08-2019 | Purchase of Shares | 1080 | 0.01 | 18,935 | 0.15 |
| | | | | 06-09-2019 | Purchase of Shares | 10 | 0.00 | 18,945 | 0.15 |
| | | | | 06-09-2019 | Sale of Shares | -10 | 0.00 | 18,935 | 0.15 |
| | | | | 13-09-2019 | Purchase of Shares | 71 | 0.00 | 19,006 | 0.15 |
| | | | | 13-09-2019 | Sale of Shares | -30 | 0.00 | 18,976 | 0.15 |

| Sl. No | Name of the Shareholder | Shareholding at the beginning of the year as on 01.04.2019 | | Date | Reason | Increase/Decrease in Shareholding | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | No of Shares | % of total Shares of the Company | | | No of Shares | % of total shares of the company | No of Shares | % of total shares of the company |
| | | | | 20-09-2019 | Purchase of Shares | 90 | 0.00 | 19,066 | 0.15 |
| | | | | 27-09-2019 | Purchase of Shares | 100 | 0.00 | 19,166 | 0.15 |
| | | | | 30-09-2019 | Purchase of Shares | 290 | 0.00 | 19,456 | 0.15 |
| | | | | 30-09-2019 | Sale of Shares | -290 | 0.00 | 19,166 | 0.15 |
| | | | | 04-10-2019 | Purchase of Shares | 18734 | 0.15 | 37,900 | 0.29 |
| | | | | 04-10-2019 | Sale of Shares | -18807 | -0.15 | 19,093 | 0.15 |
| | | | | 11-10-2019 | Sale of Shares | -148 | 0.00 | 18,945 | 0.15 |
| | | | | 18-10-2019 | Purchase of Shares | 16 | 0.00 | 18,961 | 0.15 |
| | | | | 25-10-2019 | Purchase of Shares | 104 | 0.00 | 19,065 | 0.15 |
| | | | | 01-11-2019 | Purchase of Shares | 25 | 0.00 | 19,090 | 0.15 |
| | | | | 01-11-2019 | Sale of Shares | -15 | 0.00 | 19,075 | 0.15 |
| | | | | 08-11-2019 | Purchase of Shares | 214 | 0.00 | 19,289 | 0.15 |
| | | | | 15-11-2019 | Purchase of Shares | 471 | 0.00 | 19,760 | 0.15 |
| | | | | 15-11-2019 | Sale of Shares | -366 | 0.00 | 19,394 | 0.15 |
| | | | | 22-11-2019 | Purchase of Shares | 1632 | 0.01 | 21,026 | 0.16 |
| | | | | 22-11-2019 | Sale of Shares | -2402 | -0.02 | 18,624 | 0.14 |
| | | | | 29-11-2019 | Purchase of Shares | 40 | 0.00 | 18,664 | 0.14 |
| | | | | 29-11-2019 | Sale of Shares | -2167 | -0.02 | 16,497 | 0.13 |
| | | | | 06-12-2019 | Purchase of Shares | 150 | 0.00 | 16,647 | 0.13 |
| | | | | 13-12-2019 | Purchase of Shares | 55 | 0.00 | 16,702 | 0.13 |
| | | | | 20-12-2019 | Purchase of Shares | 435 | 0.00 | 17,137 | 0.13 |
| | | | | 27-12-2019 | Purchase of Shares | 2 | 0.00 | 17,139 | 0.13 |
| | | | | 27-12-2019 | Sale of Shares | -77 | 0.00 | 17,062 | 0.13 |
| | | | | 31-12-2019 | Purchase of Shares | 7 | 0.00 | 17,069 | 0.13 |

| Sl. No | Name of the Shareholder | Shareholding at the beginning of the year as on 01.04.2019 | | Date | Reason | Increase/Decrease in Shareholding | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|---|---|
| | | No of Shares | % of total Shares of the Company | | | No of Shares | % of total shares of the company | No of Shares | % of total shares of the company |
| | | | | 03-01-2020 | Purchase of Shares | 104 | 0.00 | 17,173 | 0.13 |
| | | | | 10-01-2020 | Purchase of Shares | 119 | 0.00 | 17,292 | 0.13 |
| | | | | 10-01-2020 | Sale of Shares | -161 | 0.00 | 17,131 | 0.13 |
| | | | | 17-01-2020 | Purchase of Shares | 98 | 0.00 | 17,229 | 0.13 |
| | | | | 17-01-2020 | Sale of Shares | -132 | 0.00 | 17,097 | 0.13 |
| | | | | 24-01-2020 | Purchase of Shares | 50 | 0.00 | 17,147 | 0.13 |
| | | | | 31-01-2020 | Sale of Shares | -6 | 0.00 | 17,141 | 0.13 |
| | | | | 07-02-2020 | Sale of Shares | -27 | 0.00 | 17,114 | 0.13 |
| | | | | 14-02-2020 | Purchase of Shares | 1131 | 0.01 | 18,245 | 0.14 |
| | | | | 14-02-2020 | Sale of Shares | -731 | -0.01 | 17,514 | 0.14 |
| | | | | 21-02-2020 | Purchase of Shares | 22 | 0.00 | 17,536 | 0.14 |
| | | | | 21-02-2020 | Sale of Shares | -1031 | -0.01 | 16,505 | 0.13 |
| | | | | 28-02-2020 | Purchase of Shares | 36 | 0.00 | 16,541 | 0.13 |
| | | | | 28-02-2020 | Sale of Shares | -76 | 0.00 | 16,465 | 0.13 |
| | | | | 06-03-2020 | Purchase of Shares | 5 | 0.00 | 16,470 | 0.13 |
| | | | | 06-03-2020 | Sale of Shares | -24 | 0.00 | 16,446 | 0.13 |
| | | | | 13-03-2020 | Purchase of Shares | 32 | 0.00 | 16,478 | 0.13 |
| | | | | 13-03-2020 | Sale of Shares | -505 | 0.00 | 15,973 | 0.12 |
| | | | | 20-03-2020 | Purchase of Shares | 122 | 0.00 | 16,095 | 0.12 |
| | | | | 20-03-2020 | Sale of Shares | -277 | 0.00 | 15,818 | 0.12 |
| | | | | 27-03-2020 | Purchase of Shares | 193 | 0.00 | 16,011 | 0.12 |
| | | | | 27-03-2020 | Sale of Shares | -102 | 0.00 | 15,909 | 0.12 |
| | | | | 31-03-2020 | Purchase of Shares | 50 | 0.00 | 15,959 | 0.12 |
| | | | | 31-03-2020 | At the end of the year | | | 15,959 | 0.12 |

# Not in the list of top 10 shareholders as on April 1, 2019. The same is reflected above since the shareholder was one of the top 10 shareholders as on March 31, 2020.

v) **Shareholding of Directors and Key Managerial Personnel:**

| Sr. No. | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1 | **At the beginning of the year** | None of the Directors held shares in the Company at the beginning of the year | | | |
| 2 | **Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):** | None of the Directors had any transaction in the shares of the Company during the year | | | |
| 3 | **At the end of the year** | None of the Directors held shares in the Company at the end of the year | | | |

## V. INDEBTEDNESS:

**Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

₹ in Lakhs

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| (i) Principal Amount | 11689.08 | - | 966.08 | 12655.16 |
| (ii) Interest due but not paid | - | - | - | - |
| (iii)Interest accrued but not due | 84.42 | - | 0.71 | 85.13 |
| (iv)Premium accrued but not due on NCD | - | - | - | - |
| (v) Cash Credit utilization | 5313.12 | - | - | 5313.12 |
| **Total (i+ii+iii+iv+v)** | **17086.62** | **-** | **966.79** | **18053.41** |
| **Change in Indebtedness during the financial year** | | | | |
| • Addition | 6331.08 | 3870.50 | 1.80 | 10203.39 |
| • Reduction | 5534.27 | 3223.58 | - | 8757.85 |
| **Net Change** | **796.81** | **646.92** | **1.80** | **1445.54** |
| **Indebtedness at the end of the financial year** | | | | |
| (i) Principal Amount | 11253.61 | 646.92 | 966.53 | 12867.06 |
| (ii) Interest due but not paid | - | - | - | - |
| (iii)Interest accrued but not due | 9.99 | 10.06 | 2.07 | 22.12 |
| (iv)Premium accrued but not due on NCD | - | - | - | - |
| (v) Cash Credit Utilization | 6619.83 | - | - | 6619.83 |
| **Total (i+ii+iii+iv+v)** | **17883.43** | **656.98** | **968.60** | **19509.01** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole time Director and/or Manager:

₹ in Lakhs

| SI No | Particulars of Remuneration | Name of the Managing Director |
|---|---|---|
| | | **Mr. M. C. Tahilyani** |
| | Gross salary | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act,1961 | 139.88 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act,1961 | 2.90 |
| | (c) Profits in lieu of Salary u/s 17(3)of the Income Tax Act,1961 | - |
| 2 | Stock Option | - |
| 3 | Sweat Equity | - |
| 4 | Commission | |
| | - as % of Profit | - |
| | - others, specify | - |
| 5 | Others - Annual Performance Incentive | 92.26 |
| | **Total (A)** | **235.04** |
| | Ceiling as per the Companies Act, 2013 | NA * |

*The remuneration was approved by the Members in the Annual General Meeting held on August 24, 2016 and is in conformity with the conditions of Notification No. 2922 (E) dated September 12, 2016 issued by Ministry of Corporate Affairs and the approval received from Central Government vide its letter no. SRNG21283759/2016-CL-VII dated March 24, 2017.

### B. Remuneration to other Directors:

₹ in Lakhs

| Sr. No. | Particulars of Remuneration | Fees for attending Board/ Committee Meetings |
|---|---|---|
| 1 | **Independent Directors** | |
| | Mr. D. Sivanandhan | 6.50 |
| | Ms. Rani Ajit Jadhav | 4.00 |
| | Mr. Nikhil Bhatia (appointed Director with effect from May 16, 2019) | 6.50 |
| | **Total (1)** | **17.00** |
| 2 | **Other Non-Executive Directors** | |
| | Mr. Shapoor P. Mistry | 1.50 |
| | Mr. Jai L. Mavani | 3.50 |
| | **Total (2)** | **5.00** |
| | **Total Managerial Remuneration (1+2) *** | **22.00** |
| | Overall Ceiling as per the Companies Act, 2013 | NA |

*During the year under review the Company has not paid any Commission to any of the Directors of the Company.

C. **Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

₹ in Lakhs

| Sr. No | Particulars of Remuneration | Key Managerial Personnel | | |
|---|---|---|---|---|
| | | Chief Financial Officer | Company Secretary | Total |
| | | Mr. Nirmal Jagawat | Mr. Pankaj Khattar | |
| 1 | Gross Salary | | | |
| | (a) Salary as per provision contained in Section 17 (1)of the Income tax Act,1961 | 58.73 | 56.59 | 115.32 |
| | (b) Value of perquisites u/s 17(2) Income tax Act,1961 | - | 0.90 | 0.90 |
| | (c) Profits in lieu of Salary u/s 17(3) Income tax Act,1961 | - | - | - |
| 2 | Stock option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | - others – | - | - | - |
| 5 | Others - Annual Performance Incentive | 13.90 | 18.42 | 32.32 |
| | **Total** | **72.63** | **75.91** | **148.54** |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

| Type | Section of theCompanies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give Details) |
|---|---|---|---|---|---|
| **A. COMPANY** | | | | | |
| Penalty | **None and Not Applicable** | | | | |
| None and Not Applicable | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **B. DIRECTORS** | | | | | |
| Penalty | **None and Not Applicable** | | | | |
| None and Not Applicable | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | **None and Not Applicable** | | | | |
| None and Not Applicable | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

**For and on behalf of the Board**

**Shapoor P. Mistry**
Chairman
DIN: 00010114
Mumbai, July 25, 2020

**Business Responsibility Report FY 2019-2020**
**(As per Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Section A: General information about the Company**

| | | | |
|---|---|---|---|
| 1. | Corporate Identity Number (CIN) of the Company | : | L17110MH1919PLC000628 |
| 2. | Name of the Company | : | Forbes & Company Limited |
| 3. | Registered Address | : | Forbes' Building, Charanjit Rai Marg, Fort, Mumbai 400 001. |
| 4. | Website | : | www.forbes.co.in |
| 5. | E-mail ID | : | investor.relations@forbes.co.in |
| 6. | Financial Year reported | : | April 1, 2019 – March 31,2020 |
| 7. | Sector(s) that the Company is engaged in) industrial activity code-wise) | : | **NIC Code** – **Product Description**<br>28221 – Threading Tools<br>25939 – Carbide Tools<br>28259 – Marking machines<br>28299 – Industrial Automation<br>41001 – Realty |
| 8. | List three key products/services that the Company manufactures/provides (as in balance sheet) | : | Manufacture of Precision Engineering Tools for Industrial Applications, Printing and Embossing (Conventional and Automated) Marking Machines and Development of Real Estate |
| 9. | Total number of locations where business activity is undertaken by the Company<br>(a) Number of International Locations (provide details of major 5)<br>(b) Number of National Locations | :<br><br>: | <br>Nil<br>2 (two) manufacturing plants, 10 offices including Registered Office, Regional Offices and Sales Offices. |
| 10. | Markets served by the Company-Local/State/ National/International | : | India, Middle East, East and Central Europe, South East Asia, Far East, Russia, Israel and North America. |

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

| | | | |
|---|---|---|---|
| 1. | Paid up Capital (INR) | : | ₹ 1,290 Lakhs |
| 2. | Total Turnover (INR) | : | ₹ 19,488 Lakhs (Standalone)<br>₹ 2,75,457.84 Lakhs (Consolidated) |
| 3. | Total loss after taxes (INR) | : | ₹ 2,455.18 Lakhs (Standalone)<br>₹ 33,827.43 Lakhs (Consolidated) |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as percentage of profits after tax (%) | : | For FY 2019-2020, the Company has budgeted ₹ 56 Lakhs (2%) for spending on partial cost of construction of class rooms and toilet block/s in the secondary school building of Mahanagar Palika Prathamik and Madhyamik Vidhalya, a municipal school run by Aurangabad Municipal Council. The construction is expected to be completed in FY 2020-2021. |
| 5. | List of activities in which expenditure in 4 above has been incurred (a) Education | : | |

**SECTION C: OTHER DETAILS**

| | | | |
|---|---|---|---|
| 1. | Does the Company have any Subsidiary Company/ Companies | : | Yes |
| 2. | Do the Subsidiary Company/Companies participate in BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) | : | No. Each Company undertakes CSR activities, if applicable, separately. |
| 3. | Do any other entity/entities (e.g suppliers, distributors etc) that the Company does business, participate in the BR initiatives of the Company ? If yes, then indicate the percentage of such entity/entities? [Less than 30 %, 30-60%, More than 60%] | : | No. Presently the Company individually does actions relating to CSR. |

## SECTION D: BR INFORMATION

| | | |
|---|---|---|
| **1.** | **Details of Director/Directors responsible for BR** | |
| **(a)** | **Details of the Director/Directors responsible for implementation of the BR policy/policies** | |
| | 1. DIN Number | 01423084 |
| | 2. Name | Mr. M. C. Tahilyani |
| | 3. Designation | Managing Director |
| **(b)** | **Details of the BR head** | |
| | 1. DIN Number (if applicable) | Not Applicable |
| | 2. Name | Mr. Ravi Prem |
| | 3. Designation | Chief Operation Officer - Engineering |
| | 4. Telephone number | + 91 22 61358900 |
| | 5. E-mail Id | ravi.prem@forbes.co.in |

**2. Principle –wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted Nine (9) areas of Business Responsibility. These briefly are as follows:

**P 1:** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
**P 2:** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
**P 3:** Businesses should promote the wellbeing of all employees.
**P 4:** Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
**P 5:** Businesses should respect and promote human rights.
**P 6:** Businesses should respect, protect and make efforts to restore the environment.
**P 7:** Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
**P 8:** Businesses should support inclusive growth and equitable development.
**P 9:** Businesses should engage with and provide value to consumers and consumers in a responsible manner.

**(a) Details of Compliance ( Reply in Y/N)**

| Sr. No. | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have a policy/policies for | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national/international standards? If yes, specify ? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 4 | Has the policy being approved by the Board ? If yes, has it been signed by MD / owner / CEO / appropriate Board Director. Indicate the link for the policy to be viewed online?* | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5 | Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 7 | Does the Company have in-house structure to implement the policy/policies | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | N | N | N | N | N | N | N | N | N |

* www.forbes.co.in/

**(b) If the answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

There are no immediate plans to get independent audit/ evaluation of the working of Policy by any internal/external agency.

**3. Governance related to BR**

**a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the company. With 3 months, 3-6 months, Annually, more than 1 year:** Annually.

**b. Does the Company publish a BR or a Sustainability Report ? What is the hyperlink for viewing this report? How frequently it is published?:**

BR Report would be published on an annual basis. The same is also available at the Company's website viz. www.forbes.co.in/

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1**

**1. Does the policy relating to ethics, bribery and corruption cover only the company?** No

**Does it extend to the Group/Joint Ventures/Suppliers/ Contractors /NGOs/Others?** Yes

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?** Nil

**If so, provide details thereof, in about 50 words or so:** Not Applicable

**Principle 2**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

a) Spring Washers
b) HSS Taps
c) Carbon Taps and Dies

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc) per unit of product (optional):**

a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain

i. Due to consolidation of operations at Waluj our Oil Filtration systems for HSS Taps and HSS Drills are now combined which has resulted in reduction of Oil consumption by 300 Ltrs per month.

The consolidation of operations at Waluj has also resulted in reduction in employee transport and, reduction in food & water wastage.

In HSS Drills, in annealing section, the rejection percentage has reduced from 4.4% to 1.2% by post washing of Blanks after annealing.

ii. In Carbide Section, the Company has started using carbide end-pieces for making Burrs which is a finished product, thereby reducing waste generation. The air conditioning unit is also run in phases, so as to reduce power consumption.

**b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company has invested in new transformer and Automatic Power Factor Correction (APFC) panels which has resulted in reduction of Power consumption by 5% and improving power factor.

All Factory Compact Fluorescent Lamp (CFL) Lighting is replaced by Light Emitting Diode (LED) thereby reducing consumption of energy by 20 % for lighting load.

Sewage Treatment Plant (STP) water is being processed and used for Green Development/ Garden. STP is having 10 Concentrated Mineral Drops (CMD) capacities and the water so treated is used for Green Initiatives. Effluent Treatment Plant (ETP) is of capacity 1 CMD and the treated water is disposed-off through Common Effluent Treatment Plant (CETP) & Sludge is disposed-off to Maharashtra Enviro Plant Ltd (MEPL), Pune.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation) ?** Yes, Partially and is a continuous process.

**a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Our sustainable sourcing is aimed at social progress, economic development and reduces environmental impacts by contributing to following strategic focus areas.

Energy Management, Environment Responsibility, Product Stewardship, Occupational Health and Safety and Social Institution Building. Our sustainable sourcing ethos focusses on nine key parameters:

• Green packaging
• Environment protection
• Regeneration/Safe disposal

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• Contract worker care
• Community support
• Supplier collaboration
• Make In India and development of India's Engineering talent

The Company has adopted environmental management system to effectively manage its activities like manufacturing, distribution and the use of chemicals in the products. For improving human health impacts and the protection of environment, the Company ensures 100% compliance to statutory laws and regulations, and labour laws by its contractors.

The Company has policy to select plating vendors who are compliant with pollution norms and have requisite approvals from the Pollution Control Board/s. The Company also endeavours to select vendors who have Quality Management Systems (QMS) Certification.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?** Yes.

a) **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Most of the Job work, consumables, packing materials, maintenance spares & toolings are procured from local and small vendors. Local transportation is being done through small transport service providers who are operating in local industrial area. Company promotes small entrepreneurs to expand their capacity and facility for future business by helping them with technological know-how and hand holding. Most of the producers of semi finish & consumable products are small scale vendors.

The Company has established its supply chain of semi-finished goods in and around Aurangabad. In order to ensure sustainable sourcing practices, Company has launched initiatives like local vendor engagement, and supplier query redressal. We are determined to reinforce local manufacturing and developing import substitutes.

b) **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as < 5%, 5-10%, >10%). Also provide details thereof, in about 50 words or so.**

Sewage Treatment Plant (STP) having 10 Concentrated Mineral Drops (CMD) is available and the water so treated is used for Green Initiatives. ETP is of capacity 1 CMD is available and the treated water is disposed off through Common Effluent Treatment Plant (CETP) and Sludge is disposed off to MEPL, Pune.

In Carbide Section, the Company has started using carbide end-pieces for making Burrs which is a finished product, thereby reducing waste generation. The air conditioning unit is also run in phases, so as to reduce power consumption.

**Principle 3**

1. **Please indicate the total number of permanent employees:** 492

2. **Please indicate the total number of employees hired on temporary/contractual/casual basis:** 233

3. **Please indicate the number of permanent women employees:** 18

4. **Please indicate the number of permanent employees with disabilities:** NIL

5. **Do you have an employee association that is recognised by management:** Yes

6. **What percentage of your permanent employees is member of this recognised employee association?:** 14.71%

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:** Nil

8. **What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?:**

   a) **Permanent Employees:** 92 %;
   b) **Permanent Women Employees:** 90 %;
   c) **Casual /Temporary/Contractual Employees:** 90 %;
   d) **Employees with Disabilities:** Not Applicable

**Principle 4**

1. **Has the company mapped its internal and external stakeholders ?** Yes

2. **Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?** Yes

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable & marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

As part of corporate social responsibility programme following initiatives are identified and implemented:

   a) Education: Support for Construction of an Municipality school building

   b) Sanitation: For society at large in Maharashtra and in Alibag to improved sanitation condition in that area.

**Principle 5**

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors /NGOs /others?**

   The Policy is applicable to the Company and its vendors.

2. **How many stakeholders complaints have been received in the past financial year ?** Nil

3. **what percentage was satisfactorily resolved by the management?** Not Applicable

**Principle 6**

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others.**

   The Policy is applicable to the Company and its vendors.

2. **Does the company have strategies /initiatives to address global environment issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   The Company ensures that all waste is sent only to Government-authorized disposal agencies. Effluents generated are treated to meet the most stringent state and central regulatory requirements. The Company has invested in ETP and STP to extract value from waste water and using that water for its green initiative.

3. **Does the company identify and assess potential environmental risks?** Yes

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?** Not Applicable.

5. **Has the company undertaken any other initiatives on- clean technology, energy efficiency, renewable energy, etc Y/N. If yes, please give hyperlink for web page etc.**

   The Company has installed Solar Panels for generating 1 MW at Waluj plant on the roof top of the factory shed. Company started utilizing at full capacity from fourth quarter which also provides some savings to the Company.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?** Yes

7. **Number of show cause / legal notices received from CB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.** None

**Principle 7**

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those/major ones that your business deals with:**

   Yes. Some of the organisations are:-

   a. Bombay Chamber of Commerce & Industry
   b. Confederation of Indian Industry
   c. Indian Merchants' Chamber
   d. The Council of EU Chambers of Commerce in India and
   e. Indian Cutting Tools Manufacturer's Association.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No, If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)?**

   Yes. The Company participates in consultations on Economic Reforms, Tax and other legislations through the association with which the Company is registered.

**Principle 8**

1. Does the company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8 ? If yes details thereof. No.

2. Are the programmes/projects undertaken through in-house team/ own foundation/external NGO/government structures/ any other organization ? No.

3. Have you done any impact assessment of your initiative? No

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken:

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|
| SI. No | CSR Project or activity Identified | Sector in which the Project is covered | Local area/ the State and district where projects or programs were undertaken | Amount outlay project or programs wise | Direct expenditure on projects | Cumulative expenditure upto to the reporting period | Amount spent: Direct or through implementing agency |
| | | | | | | | (₹ in Lakhs) |
| 1 | Supporting Schools (FY 2017-18 & FY 2018-19) | Promoting Education | Aurangabad Maharashtra | 57.41* | 57.41* | 57.41* | Direct |
| 2 | Supporting Schools (FY 2019-20) | Promoting Education | Aurangabad Maharashtra | 56.00 | 2.82@ | 2.82@ | Direct |

* Includes ₹ 24.14 Lakhs pertaining to FY 2018-19.

@ The Company has committed and earmarked balance unspent amount of ₹ 53.18 Lakhs of FY 19-20 towards the partial cost of construction of class rooms and toilet block/s in the secondary school building of Mahanagar Palika Prathamik and Madhyamik Vidyalaya, a government educational institution run by Aurangabad Municipal Corporation.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community ? Please explain in 50 words, or so.**

The CSR activities are pursued in line with the Company's policy.

**Principle 9**

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year:** Nil

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/ NA /Remarks (additional information):** No, currently the Company displays information as mandated by law.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of financial year. If so provide details thereof, in about 50 words or so:** No

4. **Did your company carry out any consumer survey/consumer satisfaction trends?**

The Company is a Tier 1 supplier to all the automotive Original Equipment Manufactures (OEMs) for Spring washers which is part of their bill of material. These OEMs provide Ratings to the company, as per their satisfaction level.

## CORPORATE GOVERNANCE REPORT FOR FY 2019-2020

**Corporate Governance Policy**

The Company believes in the highest standards of good and ethical corporate governance practices. Good governance practices stem from the culture and mindset of the organization. It is therefore not merely about enacting policies, regulations and procedures but also about establishing an environment of trust and confidence among various shareholders.

The Company's philosophy on the Code of Governance is that the Company should follow contemporary corporate practices 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 interest 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.

**Code of Conduct**

The Company has strong legacy of fair, transparent and ethical governance practices. The Code has been communicated to the Directors and the members of the Senior Management. The Company has also adopted a Code of Conduct for Non-Executive Directors of the Company. All Board members and senior management personnel have confirmed compliance with the Code for the financial year ended March 31, 2020. The Non-Executive Directors of the Company have also confirmed compliance with the Code of Conduct for the Non- Executive Directors for the year ended March 31, 2020. The Annual Report contains a declaration to this effect signed by the Managing Director.

**Code of Practices and Procedures for Fair Disclosure and Conduct**

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has framed a Code for Prevention of Insider Trading & Code of Corporate Disclosure Practices ("Insider Trading Code"), as amended from time to time based on the principle that Directors, Officers, and Employees of the Company owe a fiduciary duty to the members of the Company to place the interest of the members above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The Insider Trading Code also seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investors by the Company to enable them to take informed investment decisions with regard to the Company's securities. The Chief Financial Officer of the Company is Compliance Officer for implementation of the Code.

**Board of Directors**

The Board of Directors as on March 31, 2020 comprised of Six (6) Directors. The Chairman of the Board is Non-Executive. Five (5) (83%) Directors are Non-Executive and three (3) (50%) are Independent Directors.

The composition of the Board is in conformity with Regulation 17 of Securities and Exchange Board of India (Listing Obligations & Disclosures Requirements) Regulations, 2015 (SEBI LODR).

The Company is managed by the Managing Director under the supervision, direction and control of the Board. The Managing Director is assisted by a team of highly qualified and experienced professionals. None of the Independent Directors serve as Independent Director in more than seven listed entities. None of the Directors of the Company are members in more than 10 mandatory committees nor act as a Chairman in more than 5 mandatory committees of public companies.

The Board met at least once in each quarter and the maximum time gap between two Board meetings did not exceed the time limit prescribed in Regulation 17(2) of SEBI LODR. Six meetings were held during the Financial Year (FY) ended March 31, 2020 on May 30, 2019, August 9, 2019, August 26, 2019, November 11, 2019, February 14, 2020 and March 27, 2020. The necessary quorum was present for all the meetings. Video conferencing facility was provided, wherever required to enable Directors to participate in meetings.

The terms and conditions of appointment of the Independent Directors and the details of familiarization programme to them are available on the website of the Company www.forbes.co.in/

Based on the declarations received from the Independent Directors, the Board is of the opinion that the Independent Directors fulfil the conditions specified in the SEBI LODR and are independent of the Management.

All the information required to be placed before the Board of Directors under Regulation 17(7) of SEBI LODR has been duly placed. The Agenda along with explanatory notes are sent in advance to the Directors.

The names and categories of the Directors on the Board, their attendance at the Board Meetings and Annual General Meeting (AGM) held during the year, the number of Chairmanships /Directorships of all Boards excluding alternate directorship, directorship of private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 ('the Act') and the Committees of Board (Chairmanship /Membership of Board Committees include only Audit Committee and Stakeholders Relationship Committee across all public limited companies (listed as well as unlisted) including those of the Company), held by them as on March 31, 2020 are as follows

| Name of the Director | Category | Number of Board Meetings during the F.Y 2019-20 | | Attendance at AGM held on August 26, 2019 | Number of Shares/ Convertible instru-ments held | Relation-ship with Director | No. of Director-ships in all Public Companies | No. of Committee positions held in all Public Companies | | Directorship in other listed entity (Category of Directorship) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Held | Attended | | | | | Chairman | Member | |
| Mr. Shapoor P. Mistry DIN:00010114 | Non-Executive, Non-Independent | 6 | 3 | Yes | Nil | None | 3 | Nil | Nil | Nil |
| Mr. M. C. Tahilyani DIN:01423084 | Non-Independent, Executive | 6 | 6 | Yes | Nil | None | 5 | Nil | 2 | Nil |
| Mr. D. Sivanandhan DIN:03607203 | Non-Executive, Independent | 6 | 5 | Yes | Nil | None | 9 | 2 | 6 | 1. United Sprits Limited (Independent)<br>2. RBL Bank Limited (Independent)<br>3. Kirloskar Industries Limited (Independent)<br>4. Inditrade Capital Limited (Independent) |
| Mr. Jai L. Mavani DIN:05260191 | Non-Executive, Non-Independent | 6 | 5 | No | Nil | None | 4 | Nil | Nil | Nil |
| Ms. Rani Ajit Jadhav DIN:07070938 | Non-Executive, Independent | 6 | 6 | Yes | Nil | None | 4 | 0 | 4 | Procter & Gamble Health Limited (Independent) |
| Mr. Nikhil Bhatia* DIN: 00414281 | Non-Executive, Independent | 6 | 6 | Yes | Nil | None | 3 | 2 | 0 | Gokak Textiles Limited (Independent) |

*Appointed as an Independent Director w.e.f. May 16, 2019.

The specific areas of skills/expertise/competences of the individual Directors is given below:

| Director | Areas of Skills/Expertise/Competence |
|---|---|
| Mr. Shapoor P. Mistry<br>Chairman | Long term Business Strategy and Business Development, Build and nurture talent, Marketing and communications, Business Governance and Administration. |
| Mr. M. C. Tahilyani<br>Managing Director | Business management and Administration, Finance and control, IT-Digital Strategy, Building High Performance Teams, Corporate Governance. |
| Mr. D. Sivanadhan<br>Non-Executive - Independent | Public Policy and General Administration, Business Development, Business and Corporate Governance, Security - IT Domain Expertise. |
| Mr. Jai Mavani<br>Non-Executive Non-Independent Director | Fund raising, business structuring, Finance and Tax, Mergers & Acquisitions and Business Governance. |
| Ms. Rani A. Jadhav<br>Non-Executive - Independent | Public Policy and General Administration, Corporate Governance and Administration. |
| Mr. Nikhil Bhatia<br>Non-Executive - Independent | Risk Management, Taxation and related Regulatory, Business structuring and Governance. |

**Familiarization Programme for Independent Directors**

At the time of appointment of an Independent Director, a formal letter of appointment is given to him/her, which inter alia explains the role, function, duties and responsibilities expected from him/her as a Director of the Company. The Independent Directors of the Company were also provided with necessary documents/ brochures, reports and internal policies to familiarize them about the industry, business operations and functioning of various divisions/departments of the Company. The details of familiarization programme imparted to the Independent Directors are available on the Company's website at www.forbes.co.in/

**Meeting of Independent Directors**

The Independent Directors meet to discuss:

a) Evaluation of the performance of Non-Independent Directors and the Board as a whole.

b) Evaluation of the performance of the Chairman of the Company taking into account the views of the Executive Directors and Non-Executive Directors.

c) Evaluation of quality content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Meeting of Independent Directors held on May 30, 2019 was attended by all Independent Directors.

**CEO/CFO Certification**

As required under Regulation 17(8) of SEBI LODR, the Certificate from Mr. M. C. Tahilyani, Managing Director and Mr. Nirmal Jagawat, Chief Financial Officer was placed before the Board of Directors.

**Audit Committee**

In compliance with section 177 of the Act and Regulation 18 of SEBI LODR the terms of reference of the Audit Committee are as under:

I. the recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

II. review and monitor the auditor's independence and performance, and effectiveness of audit process;

III. examination of the financial statement and the auditors' report thereon;

IV. approval or any subsequent modification of transactions of the Company with related parties;

V. scrutiny of inter-corporate loans and investments;

VI. valuation of undertakings or assets of the Company, wherever it is necessary;

VII. evaluation of internal financial controls and risk management systems;

VIII. monitoring the end use of funds raised through public offers and related matters;

IX. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

X. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

XI. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

XII. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

XIII. Discussion with internal auditors of any significant findings and follow up thereon;

XIV. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

XV. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

XVI. To look into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders and creditors;

XVII. To review the functioning of the Whistle Blower mechanism;

XVIII. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

XIX. Reviewing, with the management, financial statements, with particular reference to:

a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Act;

b) Changes, if any, in accounting policies and practices and reasons for the same;

c) Major accounting entries involving estimates based on the exercise of judgment by management;

d) Significant adjustments made in the financial statements arising out of audit findings;

e) Compliance with listing and other legal requirements relating to financial statements;

f) Disclosure of any related party transactions; Qualification in the draft audit report;

XX. Reviewing the utilization of loans and/or advances from/ investment by the Company in the subsidiary exceeding ₹ 100 crores or 10 % of the assets size of the subsidiary, whichever is lower including existing loans/advances/investments; and

XXI. Such other functions/duties as may be prescribed by the Act, or SEBI LODR, (as amended from time to time); and such other functions/duties as may be entrusted by the Board from time to time.

In addition to the above the Audit Committee also reviews the information listed in Schedule II of Part C (B) of SEBI LODR.

**Composition of Audit Committee**

The Audit Committee of the Board has been constituted in compliance with the provision of Regulation 18 of SEBI LODR read with Section 177 of the Act. The Committee comprises of 3 members of whom 2 are Independent Non-Executive Directors and 1 Executive Director. The Chairman of the Audit Committee is an Independent Director.

All members are financially literate and at least one member has Accounting expertise.

The Audit Committee meetings are attended by Chief Financial Officer, Statutory Auditors and Head of Internal Audit and the functional heads as and when required. The Company Secretary acts as the Secretary to the Committee. The gap between two consecutive meetings was not more than four months. Audit Committee meetings were held on May 30, 2019, August 9, 2019, November 14, 2019, and February 14, 2020.

The Composition of the Committee and details of meeting attended by its members is as follows:

| Name of the Director | Category | No. of Audit Committee meetings held | No. of meetings attended |
|---|---|---|---|
| Mr. Nikhil Bhatia Chairman* | Non-Executive, Independent Director | 4 | 4 |
| Mr. D. Sivanandhan | Non-Executive, Independent Director | 4 | 4 |
| Mr. M. C. Tahilyani | Non-Independent, Executive Director | 4 | 4 |

* Appointed Director and Chairman of the Committee w.e.f. May 16, 2019.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

**Nomination and Remuneration Committee**

In compliance with Section 178 of the Act and Regulation 19 of SEBI LODR, the Board had constituted Nomination and Remuneration Committee. The Committee comprises of 3 members of whom 2 are Independent Non-Executive Directors. The Chairman of the Nomination and Remuneration Committee is an Independent Director.

The meeting of Nomination and Remuneration Committee was held on May 30, 2019. The Composition of the Committee and details of meeting attended by its members is as follows:

| Name of the Director | Category | No. of Nomination & Remuneration Committee meetings held | No. of meetings attended |
|---|---|---|---|
| Mr. D. Sivanandhan Chairman | Non-Executive, Independent Director | 1 | 1 |
| Mr. Shapoor P. Mistry | Non-Executive, Non-Independent Director | 1 | - |
| Mr. Nikhil Bhatia * | Non- Executive, Independent Director | 1 | 1 |

* Appointed Director and Member of the Committee w.e.f. May 16, 2019.

The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting.

The terms of reference of Nomination and Remuneration Committee inter-alia includes:

a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

b) Formulation of criteria for evaluation of Independent Directors and the Board;

c) Devising a policy on Board diversity;

d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

e) To recommend extending or continuing the terms of appointment of Independent Directors, on the basis of report of performance evaluation of Independent Director;

f) Recommend to the Board, all remuneration, in whatever form payable to senior management; and

g) Such other functions/duties as may be entrusted by the Board from time to time.

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Board Report.

The Committee determines and recommends to the Board the compensation of the Managing Director. The Committee makes periodic appraisal of the performance of the Managing Director. The Company does not have stock options.

Details of remuneration paid to Directors during the FY 2019-20 are as follows:

**a) Non-Executive Directors:**

(₹ in Lakhs)

| Name of Director | Sitting Fees |
|---|---|
| Mr. Shapoor P. Mistry | 1.50 |
| Mr. D. Sivanandhan | 6.50 |
| Mr. Jai L. Mavani | 3.50 |
| Ms. Rani A. Jadhav | 4.00 |
| Mr. Nikhil Bhatia * | 6.50 |

* Appointed as Director w.e.f. May 16, 2019.

No commission was paid to any Non-executive Director during FY 2019-20.

**b) Managing Director**

(₹ in Lakhs)

| Sr. No | Particulars | Mr. M. C. Tahilyani |
|---|---|---|
| a. | Salary and allowance | 142.78 |
| b. | Pension Contribution to PF & Superannuation Fund | 7.29 |
| c. | Annual Performance Incentive & Ex-Gratia | 92.26 |
| | Total | 242.33 |
| d. | 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 profits, reduction of costs, improvement of liquidity, steps taken for growth of business of the Company and its subsidiaries. |
| e. | Service contracts | April 28, 2016 to April 27, 2021 (subject to retirement policy of the Company) |
| f. | Notice Period | Six months |
| g. | Severance fees | Nil |
| h. | Stock options | Nil |

## Stakeholders' Relationship Committee

In compliance with the provisions of section 178 of the Act and Regulation 20 of SEBI LODR, the terms of reference of the 'Stakeholders Relationship Committee' inter-alia includes:

a) Approval of Share Transfers / Deletion of Name/s / Transposition of Name/s, Dematerialization / Re-materialization of Shares;

b) Approval of Transmission of Shares;

c) Approval for issue of Duplicate/Replacement/Renewal of Share Certificates;

d) Resolution of all the grievances of the security holders;

e) Review of measures taken for effective exercise of voting rights by shareholders;

f) Review of adherence to the service standards adopted in respect of various services being rendered by Registrar & Share Transfer Agents;

g) Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividend s and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company; and

h) Such other functions/duties as may be entrusted by the Board from time to time.

The Stakeholders' Relationship Committee meeting was held on October 11, 2019.

The Composition of Stakeholders' Relationship Committee is as follows:

| Name | Category | No. of Meetings Held | No. of meetings attended |
|---|---|---|---|
| Mr. D. Sivanandhan - Chairman | Non-Executive, Independent Director | 1 | 1 |
| Mr. M. C. Tahilyani | Executive | 1 | 1 |
| Ms. Rani Jadhav * | Non-Executive, Independent Director | 1 | 1 |

* Appointed Member w.e.f. May 14, 2019.

The Company Secretary also functions as Compliance Officer.

During the year under review, no complaints were received by the Company from any shareholder and there were no pending complaints at the end of the year. Further no transfers were pending as on March 31, 2020.

## Corporate Social Responsibility Committee

Pursuant to section 135 of the Companies Act, a Corporate Social Responsibility (CSR) Committee of the Board was constituted. The Company has formulated a policy for its CSR activities and the duties and responsibilities of the Committee inter-alia include-

a) Review of the CSR activities to be undertaken by the Company. The CSR Committee shall be guided by the list of activities specified in Schedule VII to the Act and this Policy;

b) Formulate and recommend the projects to be supported to the Board and the CSR activities/programs to be undertaken by the Company;

c) Recommend the CSR expenditure to be incurred on the CSR activities/programs;

d) Institute a mechanism for implementation of the CSR projects and activities and effectively monitor the execution of the CSR activities;

e) Appointment of a working group called the CSR Team to help it enable the implementation of the CSR projects/activities; and

f) Such other responsibilities as may be entrusted by the Board from time to time.

The CSR meeting was held on February 14, 2020.

The CSR committee comprises of 1 Independent Director and 2 Non Independent Directors.

The Composition of the Committee and details of meeting attended by its members is as follows:

| Name of Director | Category | No. of Meetings Held | No. of meetings attended |
|---|---|---|---|
| Mr. D. Sivanandhan Chairman | Non-Executive, Independent Director | 1 | 1 |
| Mr. M. C. Tahilyani | Executive, Non-Independent Director | 1 | 1 |
| Mr. Jai Mavani | Non-Executive, Non – Independent Director | 1 | 1 |

## Risk Management Committee

Pursuant to the requirements under SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, Risk Management Committee was constituted. The role and responsibility of the Risk Management Committee shall inter-alia include:

a. Establishing a framework for the company's risk management process and to ensure its implementation and monitor the risk management plan;

b. Identification, evaluation and mitigation of external and internal material risks;

c. Periodically review the risk management processes and its effectiveness;

d. Evaluate risks related to cyber security and establish procedures to mitigate these risks;

e. Such other responsibilities as may be entrusted by the Board from time to time.

The Risk Management Committee meeting was held on October 11, 2019.

The Composition of the Committee is as follows:

| Name of Director | Category | No. of Meetings Held | No. of meetings attended |
|---|---|---|---|
| Mr. Nikhil Bhatia Chairman | Non-Executive, Independent Director | 1 | 1 |
| Mr. M.C.Tahilyani | Executive Director | 1 | 1 |
| Mr. Jai L Mavani | Non-Executive, Non-Independent Director | 1 | 1 |

**General Body Meetings**

The details of date, time and venue of the Annual General Meeting (AGM) held during the last three years till March 31, 2020 are as under:

| Particulars | Date | Time | Venue |
|---|---|---|---|
| 98th AGM | August 24, 2017 | 4.00 p.m. | Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4th Floor, IMC Marg, Churchgate, Mumbai 400 020. |
| 99th AGM | September 25, 2018 | 4.00 p.m. | Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4th Floor, IMC Marg, Churchgate, Mumbai 400 020. |
| 100th AGM | August 26, 2019 | 4.00 p.m. | Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4th Floor, IMC Marg, Churchgate, Mumbai 400 020. |

**Details of Special Resolutions passed in the General Meeting during previous 3 years**

| | |
|---|---|
| September 25, 2018 (AGM) | Authority to Borrow upto ₹ 1,000 Crores |
| | Authority to Create Charges upto ₹ 1,000 Crores |
| | Issue of Non-convertible Debentures/Bonds through Private Placement |
| March 29, 2019 (Extraordinary General Meeting) | Sale of 50 % of the Business Undertaking in Project Vicinia |

**Details of Special Resolutions passed through Postal Ballot:**

**i. Postal Ballot Notice dated May 30, 2019**
**Date of declaration of result: July 17, 2019**
**Voting Pattern**

| **Resolution (1)** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Appointment of Mr. Nikhil Bhatia (DIN: 00414281) as an Independent Director.** | | | | | | | | |
| **Category** | **Mode of Voting** | **No. of Shares Held** | **No. of votes polled *** | **% of Votes Polled on outstanding shares** | **No. of Votes - in favour** | **No. of Votes – against** | **% of Votes in favour on votes polled** | **% of Votes against on votes polled** |
| | | **(1)** | **(2)** | **(3)=[(2)/(1)]*100** | **(4)** | **(5)** | **(6)=[(4)/(2)]*100** | **(7)=[(5)/(2)]*100** |
| Promoter and Promoter Group | E-Voting | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot (if applicable) | | 9359293 | 98.25 | 9359293 | 0 | 100.00 | 0.00 |
| | **Total** | **9525691** | **9359293** | **98.25** | **9359293** | **0** | **100.00** | **0.00** |

| Resolution (1) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Appointment of Mr. Nikhil Bhatia (DIN: 00414281) as an Independent Director.** | | | | | | | | | |
| **Category** | **Mode of Voting** | **No. of Shares Held** | **No. of votes polled *** | **% of Votes Polled on outstanding shares** | **No. of Votes - in favour** | **No. of Votes – against** | **% of Votes in favour on votes polled** | **% of Votes against on votes polled** |
| | | **(1)** | **(2)** | **(3)=[(2)/(1)]*100** | **(4)** | **(5)** | **(6)=[(4)/(2)]*100** | **(7)=[(5)/(2)]*100** |
| Public - Institutional holders | E-Voting | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot (if applicable) | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | **Total** | **1613908** | **0** | **0.00** | **0** | **0** | **0.00** | **0.00** |
| Public-Others | E-Voting | | 4685 | 0.27 | 4081 | 604 | 87.11 | 12.89 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot (if applicable) | | 3702 | 0.21 | 3702 | 0 | 100.00 | 0.00 |
| | **Total** | **1759017** | **8387** | **0.48** | **7783** | **604** | **92.80** | **7.20** |
| Total | E-Voting | | 4685 | 0.04 | 4081 | 604 | 87.11 | 12.89 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot (if applicable) | | 9362995 | 72.59 | 9362995 | 0 | 100.00 | 0.00 |
| | **Total** | **12898616** | **9367680** | **72.63** | **9367076** | **604** | **99.99** | **0.01** |

*No of votes polled does not include invalid votes and those who abstained

| Resolution (2) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Re-appointment of Mr. D. Sivanandhan (DIN: 03607203) as an Independent Director** | | | | | | | | |
| **Category** | **Mode of Voting** | **No. of Shares Held** | **No. of votes polled *** | **% of Votes Polled on outstanding shares** | **No. of Votes - in favour** | **No. of Votes - against** | **% of Votes in favour on votes polled** | **% of Votes against on votes polled** |
| | | **(1)** | **(2)** | **(3)=[(2)/(1)]*100** | **(4)** | **(5)** | **(6)=[(4)/(2)]*100** | **(7)=[(5)/(2)]*100** |
| Promoter and Promoter Group | E-Voting | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot (if applicable) | | 9359293 | 98.25 | 9359293 | 0 | 100.00 | 0.00 |
| | **Total** | **9525691** | **9359293** | **98.25** | **9359293** | **0** | **100.00** | **0.00** |
| Public - Institutional holders | E-Voting | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot (if applicable) | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | **Total** | **1613908** | **0** | **0.00** | **0** | **0** | **0.00** | **0.00** |
| Public-Others | E-Voting | | 4685 | 0.27 | 4081 | 604 | 87.11 | 12.89 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot (if applicable) | | 3647 | 0.21 | 3547 | 100 | 97.26 | 2.74 |
| | **Total** | **1759017** | **8332** | **0.47** | **7628** | **704** | **91.55** | **8.45** |
| Total | E-Voting | | 4685 | 0.04 | 4081 | 604 | 87.11 | 12.89 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot (if applicable) | | 9362940 | 72.59 | 9362840 | 100 | 100.00 | 0.00 |
| | **Total** | **12898616** | **9367625** | **72.63** | **9366921** | **704** | **99.99** | **0.01** |

*No of votes polled does not include invalid votes and those who abstained

| Resolution (3) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Remuneration of Mr. M. C. Tahilyani (DIN: 01423084) as Managing Director** | | | | | | | | |
| **Category** | **Mode of Voting** | **No. of Shares Held** | **No. of votes polled *** | **% of Votes Polled on outstanding shares** | **No. of Votes - in favour** | **No. of Votes - against** | **% of Votes in favour on votes polled** | **% of Votes against on votes polled** |
| | | **(1)** | **(2)** | **(3)=[(2)/(1)]*100** | **(4)** | **(5)** | **(6)=[(4)/(2)]*100** | **(7)=[(5)/(2)]*100** |
| Promoter and Promoter Group | E-Voting | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot (if applicable) | | 9359293 | 98.25 | 9359293 | 0 | 100.00 | 0.00 |
| | **Total** | **9525691** | **9359293** | **98.25** | **9359293** | **0** | **100.00** | **0.00** |

| Resolution (3) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Remuneration of Mr. M. C. Tahilyani (DIN: 01423084) as Managing Director** | | | | | | | | |
| **Category** | **Mode of Voting** | **No. of Shares Held** | **No. of votes polled *** | **% of Votes Polled on outstanding shares** | **No. of Votes - in favour** | **No. of Votes - against** | **% of Votes in favour on votes polled** | **% of Votes against on votes polled** |
| | | **(1)** | **(2)** | **(3)=[(2)/(1)]*100** | **(4)** | **(5)** | **(6)=[(4)/(2)]*100** | **(7)=[(5)/(2)]*100** |
| Public - Institutional holders | E-Voting | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot (if applicable) | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | **Total** | **1613908** | **0** | **0.00** | **0** | **0** | **0.00** | **0.00** |
| Public-Others | E-Voting | | 4685 | 0.27 | 4081 | 604 | 87.11 | 12.89 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot (if applicable) | | 3647 | 0.21 | 3540 | 107 | 97.07 | 2.93 |
| | **Total** | **1759017** | **8332** | **0.47** | **7621** | **711** | **91.47** | **8.53** |
| Total | E-Voting | | 4685 | 0.04 | 4081 | 604 | 87.11 | 12.89 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot (if applicable) | | 9362940 | 72.59 | 9362833 | 107 | 100.00 | 0.00 |
| | **Total** | **12898616** | **9367625** | **72.63** | **9366914** | **711** | **99.99** | **0.01** |

*No of votes polled does not include invalid votes and those who abstained

**ii. Postal Ballot Notice dated November 11, 2019**
**Date of declaration of results : December 23, 2019**
**Voting Pattern**

| Resolution (1) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Alteration of the Object Clause of the Memorandum of Association of the Company** | | | | | | | | |
| **Category** | **Mode of Voting** | **No. of Shares Held** | **No. of votes polled *** | **% of Votes Polled on outstanding shares** | **No. of Votes - in favour** | **No. of Votes - against** | **% of Votes in favour on votes polled** | **% of Votes against on votes polled** |
| | | **(1)** | **(2)** | **(3)=[(2)/ (1)]*100** | **(4)** | **(5)** | **(6)=[(4)/(2)]*100** | **(7)=[(5)/(2)]*100** |
| Promoter and Promoter Group | E-Voting | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot (if applicable) | | 9359293 | 98.25 | 9359293 | 0 | 100.00 | 0.00 |
| | **Total** | **9525691** | **9359293** | **98.25** | **9359293** | **0** | **100.00** | **0.00** |
| Public - Institutional holders | E-Voting | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot (if applicable) | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | **Total** | **1749660** | **0** | **0.00** | **0** | **0** | **0.00** | **0.00** |
| Public-Others | E-Voting | | 4545 | 0.28 | 4486 | 59 | 98.70 | 1.30 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot (if applicable) | | 2774 | 0.17 | 2774 | 0 | 100.00 | 0.00 |
| | **Total** | **1623265** | **7319** | **0.45** | **7260** | **59** | **99.19** | **0.81** |
| Total | E-Voting | | 4545 | 0.04 | 4486 | 59 | 98.70 | 1.30 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot (if applicable) | | 9362067 | 72.58 | 9362067 | 0 | 100.00 | 0.00 |
| | **Total** | **12898616** | **9366612** | **72.62** | **9366553** | **59** | **100.00** | **0.00** |

*No of votes polled does not include and those who abstained

**Person who conducted the Postal Ballot exercise:** Postal Ballots were conducted by Mr. Makarand M. Joshi, Partner, M/s Makarand M Joshi & Co. Practicing Company Secretaries.

**Whether any special resolution is proposed to be conducted through postal ballot:**

None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

**Procedure for postal ballot**

The postal ballot was carried out as per the provisions of sections 108 and 110 and other applicable provisions of the Companies Act, 2013 read with the Rules framed thereunder.

**Fees paid by the Company and its Subsidiaries, on consolidated basis, to Statutory Auditors and all entities in the network firm/ network entity of which the statutory auditor is a part:** Price Waterhouse Chartered Accountants LLP (Firm Registration No. 012754N/N500016) is the Statutory Auditors' of the Company. The particulars of payment of Statutory Auditors' fees on consolidated basis is given below:

| Particulars | Amount (₹ in lakhs) |
|---|---|
| Statutory Audit (including quarterly audit) | 83.25 |
| Reimbursement of out-of-pocket expenses | 10.60 |

**Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, as amended**

The required disclosures have been made in the Boards' Report for the year ended March 31, 2020 which forms part of this Annual Report for FY 2019-2020.

**Related Party Transactions**

All related party transactions entered into during the financial year were on arm's length basis and were in the ordinary course of business and does not attract the provisions of Section 188 of the Act.

All related party transaction are placed before the Audit Committee for prior approval.

The Board has approved policies for determining material subsidiaries and related party transactions which has been uploaded on the Company website viz www.forbes.co.in/

**Statutory Compliances**

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.

**Vigil Mechanism/Whistle Blower Policy**

Pursuant to Section 177 of the Act and Regulation 22 of SEBI LODR, the Board has established a vigil mechanism for the Directors and employees of the Company to report genuine concerns about unethical behaviour actual or suggested fraud or violation of the Company's Code of Conduct or ethics. The Company has in place Whistle Blower Policy to provide mechanism to approach the Chairman of the Audit Committee. No personnel has been denied access to the Audit Committee. The Policy is available on the Company's website viz. www.forbes.co.in/

**Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause**

The Company has complied with all the mandatory requirements of SEBI LODR. The status of compliance with discretionary requirements under Regulation 27(1) and Part E Schedule II of SEBI LODR is provided below:

- Shareholders' Rights: As the quarterly and half yearly financial results are published in the newspapers and are also posted on the Company's website, the same are not sent to the shareholders.

- Audit Qualifications: The Company's standalone financial statement for the financial year 2019-20 does not contain any audit qualification.

- Separate posts of Chairman and CEO: The Chairman of the Board is a Non- Executive Director. The Company has appointed Managing Director to take care of the day-to-day affairs of the Company. The position of the Chairman and Managing Director are separate.

**Means of Communication**

The quarterly, half yearly and annual results are generally published in the Financial Express (English daily) and Navshakti or Mumbai Lakshadeep (regional language newspaper). The financial results, shareholding patterns are also available on the website of the Company, i.e. www.forbes.co.in/

The Company does not have a practice of making presentation to institutional investors and analysts. Management Discussion and Analysis forms part of Annual Report.

**General Shareholders Information**

| | |
|---|---|
| AGM-Date, time and Venue | Next Annual General Meeting of the Company is scheduled on Monday, the September 28, 2020 at 3.00 p.m. through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM) |
| Financial Year | The Company follows the April – March financial year |
| Book Closure Date | The Register of Members and the Share Transfer Book of the Company will remain closed from Tuesday, September 22, 2020 to Monday, September 28, 2020 |
| Listing on Stock Exchange | BSE Limited, P.J. Towers, Dalal Street, Mumbai – 400 001. |
| Stock Code | 502865 (ISIN-INE518A01013) |

Equity shares of the Company are listed on BSE Limited only and Company has paid the annual listing fees before the due date.

**Market price data for the Shares of face value ₹ 10 each is as under:**

| Month | Forbes High | Forbes Low | No. of Shares | BSE Index High | BSE Index Low | BSE 500 High | BSE 500 Low |
|---|---|---|---|---|---|---|---|
| April' 2019 | 2550.00 | 2237.00 | 57976 | 39487.45 | 38460.25 | 15570.55 | 15170.57 |
| May' 2019 | 2383.95 | 1951.00 | 15430 | 40124.96 | 36956.10 | 15657.45 | 14424.10 |
| June' 2019 | 2125.05 | 1715.00 | 13504 | 40312.07 | 38870.96 | 15742.11 | 15008.73 |
| July' 2019 | 1875.00 | 1592.95 | 16242 | 40032.41 | 37128.26 | 15527.12 | 14144.39 |
| August' 2019 | 1929.00 | 1570.00 | 29472 | 37807.55 | 36102.35 | 14424.42 | 13678.41 |
| September' 2019 | 1824.00 | 1630.00 | 16510 | 39441.12 | 35987.80 | 15151.94 | 13860.19 |
| October' 2019 | 1715.00 | 1560.00 | 18226 | 40392.22 | 37415.83 | 15456.77 | 14291.12 |
| November' 2019 | 2284.00 | 1552.00 | 94875 | 41163.79 | 40014.23 | 15676.36 | 15228.68 |
| December' 2019 | 1920.00 | 1451.00 | 54764 | 41809.96 | 40135.37 | 15786.44 | 15193.17 |
| January' 2020 | 1825.00 | 1642.80 | 28270 | 42273.87 | 40476.55 | 16158.41 | 15399.68 |
| February' 2020 | 1684.40 | 1275.00 | 63420 | 41709.30 | 38219.97 | 15977.95 | 14597.05 |
| March' 2020 | 1374.70 | 642.00 | 64843 | 39083.17 | 25638.90 | 14947.11 | 9758.33 |

**Registrars and Share Transfer & Agents**

The Company has appointed TSR Darashaw Consultants Private Limited (TSRDCPL) as its Registrar & Share Transfer Agents. Shareholders are advised to approach TSRDCPL on the following address for any queries and problems related to shares held in physical form:

TSR Darashaw Consultants Private Limited
(formerly TSR Darashaw Limited)
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E.Moses Road, Near Famous Studio,
Mahalaxmi, Mumbai-400 011.
Tel.: +91 22 6656 8484 Fax.: +91 22 6656 8496
E-mail: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

**Share Transfer System**

The Stakeholders Relationship Committee of the Board of Directors of the Company inter alia monitors Share Transfers/Deletion of Name/s/Transposition of Name/s, Transmission, dematerialization and re-materialization of shares. Shares of the Company are traded compulsorily in dematerialized form.

Regulation 40 of SEBI LODR mandates transfer of securities only in dematerialized form.

The shareholders holding shares in physical forms are requested to get their shares dematerialised to avoid any inconvenience in the future while transferring their shares

**Distribution of Shareholding as on March 31, 2020**

| Category | No. of Shares | % |
|---|---|---|
| Promoters | 95,25,691 | 73.85 |
| Central/State Government Institutions | 1,10,343 | 0.86 |
| Financial Institutions/ Banks | 13,970 | 0.11 |
| Insurance Companies | 500 | 0.00 |
| Mutual Fund | 342 | 0.00 |
| FII & NRI/FBC | 15,19,024 | 11.78 |
| Investor Education and Protection Fund | 1,40,828 | 1.09 |
| Public | 15,87,918 | 12.31 |
| **Total** | **1,28,98,616** | **100.00** |

**Distribution by size as on March 31, 2020**

| Holding | No. of Shareholders | No. of Shares | % to Shares |
|---|---|---|---|
| 1 to 500 | 13,097 | 7,21,704 | 5.59 |
| 501 to 1000 | 250 | 1,75,000 | 1.36 |
| 1001 to 2000 | 90 | 1,23,518 | 0.96 |
| 2001 to 3000 | 24 | 61,762 | 0.48 |
| 3001 to 4000 | 11 | 38,399 | 0.30 |
| 4001 to 5000 | 7 | 32,041 | 0.25 |
| 5001 to 10000 | 11 | 74,562 | 0.58 |
| 10001 & above | 19 | 1,16,71,630 | 90.48 |
| **Total** | **13,509** | **1,28,98,616** | **100.00** |

**Status of dematerialization of shares and liquidity as on March 31, 2020**

| Details | No. of shares | % of Share Capital | No. of Accounts |
|---|---|---|---|
| Nationalized Securities Depository Ltd. (NSDL) | 1,19,88,353 | 92.94 | 6,201 |
| Central Depository Services(India) Ltd. (CDSL) | 5,95,146 | 4.62 | 4,597 |
| Total dematerialized | 1,25,83,499 | 97.56 | 10,798 |
| Physical | 3,15,117 | 2.44 | 2,711 |
| **Total** | **1,28,98,616** | **100** | **13,509** |

**Outstanding Employee Stock Options, GDRs, ADRs, etc.**

The Company has not issued any GDRs/ADRs/Warrants. There are no outstanding Foreign Currency Convertible Bonds ("FCCBs") and Employee Stock Options.

No funds were raised during the year through preferential allotment or qualified institutional placement.

**Foreign exchange risk and hedging activities**

The Company has a foreign exchange risk management policy for managing foreign currency exposure. The Company identifies risks and exposures to be hedged from time to time and hedges these exposures. During the year, the Company has managed foreign exchange risk and hedged in compliance with its extant foreign exchange risk management policy. The open foreign exchange exposures are reviewed at a regular interval. Note No. 2 (xviii) to the standalone financial statements describes the accounting policy relating to the foreign currency transactions and translations.

The Company does not deal in commodities. Disclosures regarding commodity price risk and hedging activities are not applicable.

**Credit rating**

Credit ratings obtained along with revisions thereto during FY 2019-2020, for all debt instruments in India.

| Rating Agency | Date | Credit Rating | |
|---|---|---|---|
| | | Short Term | Long term |
| CARE Rating Limited | April 9, 2019 | -- | CARE A+; Stable |
| CARE Rating Limited | October 10, 2019 | -- | CARE A+; (Negative) |
| ICRA Rating Limited | July 1, 2019 | [ICRA]A1 | [ICRA] A (Negative) |
| CARE Rating Limited | November 28, 2019 | CARE A1 (A One) | CARE A; Stable |
| ICRA Rating Limited | December 10, 2019 | [ICRA]A2 | [ICRA]BBB+ (Negative) |
| CARE Rating Limited | May 12, 2020 | CARE A2+ (A Two plus) Credit Watch with negative implications | CARE A- Single A Minus Credit Watch with negative implications |

**Plant Locations**

Plot B-13,Waluj Industrial Area
Waluj,
Aurangabad-431 133

A7, MIDC Area
Chikalthana, Aurangabad – 431 210

**Address for correspondence**

Shareholders holding shares in physical mode are requested to direct all equity shares related correspondence /queries to TCTL and only the non-shares related correspondence and complaints regarding TCTL should be addressed to the Compliance Officer at the registered office of the Company. Shareholders holding shares in electronic mode (dematerialized form) should address all shares related correspondence to their respective Depository Participants only.

**Auditors' Certificate**

1. Certificate dated June 11, 2020 issued by Makarand M Joshi & Co., Practicing Company Secretaries certifying that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors by the Board/ Ministry of Corporate Affairs or any such statutory authority.
2. The certificate dated July 25, 2020 issued by Makarand M Joshi & Co., Practicing Company Secretaries on compliance with the Corporate Governance requirements by the Company is annexed herewith.

**DECLARATION UNDER REGULATION 26(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

As provided under Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 March 31, 2020.

**For Forbes & Company Limited**

**M. C. Tahilyani**
Managing Director
DIN: 01423084

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members,
**Forbes & Company Limited**

We have examined the compliance of conditions of Corporate Governance by Forbes & Company Limited ("the Company") for the year ended on March 31, 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and representations made by the management, we certify that the Company, to the extent applicable, has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**For Makarand M. Joshi & Co.**

**Kumudini Bhalerao**
Partner
FCS No. 6667
CP No. 6690

Place: Mumbai
Date: July 25, 2020

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*(Pursuant to Regulation 34 (3) and Schedule V Para C Clause (10) (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,
The Members
**Forbes & Company Limited**

We have examined the relevant disclosures provided by the Directors (as enlisted in Table A) to Forbes & Company Limited having CIN L17110MH1919PLC000628 and having registered office at Forbes Building, Charanjit Rai Marg, Fort Mumbai MH 400001 IN (hereinafter referred to as 'the Company') for the purpose of issuing this Certificate, in accordance with Regulation 34 (3) read with Schedule V Para C clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and based on the disclosures of the Directors, we hereby certify that none of the Directors on the Board of the Company (as enlisted in Table A) have been debarred or disqualified from being appointed or continuing as Directors of the companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority for the period ended as on March 31, 2020.

**Table A**

| Sr. No. | Name of the Directors | Director Identification Number | Date of appointment in Company |
|---|---|---|---|
| 1 | Shapoorji Pallonji Mistry | 00010114 | 03/09/2001 |
| 2 | Nikhil Jaysinh Bhatia | 00414281 | 16/05/2019 |
| 3 | Mahesh Tahilyani Chelaram | 01423084 | 28/04/2016 |
| 4 | Sivanandhan Dhanushkodi | 03607203 | 14/03/2012 |
| 5 | Jai Laxmikant Mavani | 05260191 | 22/05/2012 |
| 6 | Rani Jadhav Ajit | 07070938 | 01/09/2018 |

**For Makarand M. Joshi & Co.**
Practicing Company Secretaries

**Kumudini Bhalerao**
Partner
FCS No. 6667
CP No. 6690
UDIN- F006667B000334577

Place: Mumbai
Date: June 11, 2020

# STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS FORMING PART OF ANNUAL REPORT OF FORBES & COMPANY LIMITED FOR THE YEAR ENDED MARCH 31, 2020

**Independent Auditors' Report**

**To the Members of Forbes & Company Limited**

**Report on the audit of the Standalone Financial Statements**

**Opinion**

1. We have audited the accompanying standalone financial statements of Forbes & Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

4. We draw your attention to Note 52 to the standalone financial statements which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The Company believes that no additional adjustments are required in the financial statements, however, in view of various preventive measures taken (such as complete lock-down including travel restrictions) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Further, our attendance at the physical verification of inventory carried out by the management was impracticable under the current lockdown restrictions imposed by the government and we have therefore relied on the related alternative audit procedure to obtain comfort over the existence and condition of inventory at the year end. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **(a) Impairment risk of investment in and receivables from a wholly owned subsidiary and (b) Financial exposure relating to guarantee given to the same subsidiary**<br>(Refer Notes 8, 9, 10, 11, 32B, 39, 40 and 53 to the standalone financial statements)<br><br>The Company has investment aggregating ₹ 7,650.01 Lakhs (net of impairment) in Forbes Technosys Limited (FTL), a wholly owned subsidiary and also has financial exposure by way of outstanding receivables (including inter-corporate deposits outstanding) aggregating ₹ 472.25 Lakhs and financial guarantees given to FTL aggregating ₹ 12,962.00 Lakhs as on March 31, 2020.<br><br>During the year ended March 31, 2020, FTL has earned total comprehensive loss aggregating ₹ 6,014.92 Lakhs and FTL's current liabilities exceeded its current assets by ₹ 13,306.25 Lakhs. This is an indicator of potential impairment of the investments, outstanding receivables and financial exposure relating to financial guarantees given. | Our procedures in relation to management's assessment of impairment risk and financial exposures included the following:<br><br>• Evaluating and validating the design and operating effectiveness of the controls over determination of recoverable value of investments and receivables (including valuation model, assumptions and judgements);<br><br>• Assessing the accuracy and reasonableness of the input data provided by the Management by way of agreeing with approved budgets;<br><br>• Analysis of past trends by comparing the historical results vis-à-vis corresponding budgets; |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| The Company has recognised an impairment charge of ₹ 1,216.29 Lakhs for the year ended March 31, 2020 towards decline in the recoverable value of investments in FTL considering the recoverable value determined by management as described below, after considering the present market situation including the impact of Covid-19 on FTL's future business prospects.<br><br>The management has estimated that the balance recoverable value of FTL is sufficient to cover the cumulative carrying value of total exposure in FTL's remaining investments, outstanding receivables (including inter-corporate deposits outstanding) and liability, if any, towards financial guarantees, basis valuation performed by the management considering inputs from an independent professional valuer.<br><br>The recoverable value of the investment has been determined using the discounted cash flow method which involved significant estimates and judgement, including earning growth rate, cost escalation/savings, discount rate, terminal growth rate etc. and is highly dependent on the management's assumptions and management expert's inputs and assumptions and hence considered as a Key Audit Matter. | • Evaluating management expert's independence, competence, capabilities and objectivity;<br><br>• Assessing along with the auditors' experts the reasonableness of the Company's process regarding impairment assessment and assumptions used in the impairment model;<br><br>• Developing independent expectations regarding the impairment testing based on our understanding of the business, external industry trends and the subsidiary's historic business activity and evaluating the Company's impairment testing results against our expectations;<br><br>• Performing sensitivity analysis and evaluating whether any reasonably foreseeable change in assumptions could lead to any additional impairment;<br><br>• Testing the mathematical accuracy of the underlying calculations; and<br><br>• Assessing the adequacy of disclosures in the financial statements.<br><br>Based on the above procedures performed, the management's assessment in respect of impairment risk of investment in and receivables (including inter-corporate deposits outstanding) from a wholly owned subsidiary, and financial exposure relating to guarantee is considered to be reasonable. |
| **(b) Implementation of Revenue recognition standard (Ind-AS 115) for Real Estate Development Activities** (Refer Notes 25 and 51 to the standalone financial statements)<br><br>Consequent to the implementation of Ind-AS 115, effective April 1, 2018, there has been change in the Company's policy for revenue recognition in respect of its real estate development projects.<br><br>The determination of the period over which revenue from real estate development activities should be recognized, the timing of transfer of control to the customer; and determination of whether the Company has an enforceable right to payment as per requirements of Ind-AS 115 involves significant judgement by the Management.<br><br>Revenue recognition for real estate development activities is considered as a key audit matter considering significance of amounts involved, substantial transitional impact due to implementation of Ind-AS 115 along with related disclosures and involvement of management judgement in establishing enforceable right to payment for performance completed to date. | Our audit procedures included obtaining a listing of contracts with customers from the Management, and carrying out a combination of testing of internal financial controls with reference to financial statements for revenue recognition over real estate projects and test of details on a sample of transactions, which included:<br><br>• Obtaining an understanding of the process and testing key controls followed by the management over revenue recognition for real estate development projects including controls surrounding implementation of Ind-AS 115;<br><br>• Evaluating existence and completeness of the list of contracts with customers, and examining the mathematical accuracy thereof;<br><br>• Obtaining evidence regarding the transfer of control considering the criteria as per Ind-AS 115 for ensuring existence of enforceability of payment for work completed to date; and<br><br>• Testing the accuracy and completeness of disclosures in the standalone financial statements.<br><br>Based on the above audit procedures performed, we did not come across any significant exceptions with regard to the implementation of Ind-AS 115 in respect of real estate development activities. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **(c) Assessment of Provisions and Contingent Liabilities**<br>(Refer to Notes 19A and 39 to the standalone financial statements)<br><br>As at March 31, 2020, in respect of certain direct and indirect tax matters and other litigations, the Company has recognised provisions aggregating ₹ 311.50 Lakhs and disclosed contingent liabilities aggregating ₹ 15,042.44 Lakhs.<br><br>The Company undergoes assessment proceedings and related litigations with direct and indirect tax authorities and with certain other parties. There is a high level of management judgement required in estimating the probable outflow of economic resources and the level of provisioning and/or the disclosures required. The judgement of the management is supported by advice from independent tax and legal consultants, as considered necessary by the management. Any unexpected adverse outcomes could significantly impact the Company's reported profit and financial position.<br><br>We considered the above area as the key audit matter due to associated uncertainty of the ultimate outcome and significant management judgement involved. | Our audit procedures included the following:<br><br>• Understanding and evaluating the process and controls designed and implemented by the management including testing the operating effectiveness of the relevant controls;<br><br>• Obtaining the details of the related matters, inspecting the supporting evidences and assessing management's evaluation through discussions with management on both the likelihood of outcome and the magnitude of potential outflow of economic resources;<br><br>• Understanding the current status of the direct and indirect tax assessments/ litigations;<br><br>• Reading recent orders and/ or communication received from the tax authorities and with certain other parties and management responses to such communication;<br><br>• Where relevant, reading the most recent available independent tax / legal advice obtained by management and evaluating the grounds presented therein;<br><br>• Evaluating independence, objectivity and competence of the management's tax / legal consultants;<br><br>• Obtaining direct written confirmations from the Company's legal/ tax consultants (internal/ external) to confirm the status of the assessments as well as had direct discussion with them as and when required.<br><br>• Together with the auditor's tax experts, assessed the likelihood of the potential financial exposures.<br><br>• Assessing the adequacy of disclosure in the standalone financial statements.<br><br>Based on the above procedures we did not identify any material exceptions relating to management's assessment of provisions and contingent liabilities. |

**Other Information**

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the board report and corporate governance report but does not include the standalone financial statements and our auditors' report thereon.

   Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of management and those charged with governance for the financial statements**

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and

application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditors' responsibilities for the audit of the financial statements**

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

15. As required by Section 143(3) of the Act, we report that:

(a) We have sought and 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 Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Notes 19A and 39 to the standalone financial statements;

ii. The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses and did not have any derivative contracts as at March 31, 2020;

iii. Except as referred to in Note 18B to the standalone financial statements, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.

16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**Sarah George**
Partner
Membership Number: 045255
UDIN: 20045255AAAAGZ8605

Place: Mumbai
Date: July 25, 2020

## Annexure A to Independent Auditors' Report

**Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of Forbes & Company Limited on the standalone financial statements for the year ended March 31, 2020**

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of Forbes & Company Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

**Meaning of Internal Financial Controls with reference to financial statements**

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to financial statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraph 4 of our main audit report.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**Sarah George**
Partner
Membership Number: 045255
UDIN: 20045255AAAAGZ8605

Place: Mumbai
Date: July 25, 2020

**Annexure B to Independent Auditors' Report**
**Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Forbes & Company Limited on the standalone financial statements for the year ended March 31, 2020**

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a programme designed to cover all the items once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, all the fixed assets have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, other than self-constructed properties, as disclosed in Notes 5, 6 and 45 on fixed assets to the standalone financial statements, are held in the name of the Company, except in respect of the following:

₹ in Lakhs

| Particulars | Gross Block (Cost) | Net Block (WDV) | Remarks |
|---|---|---|---|
| Land and building in Mumbai and Delhi | 26.88 | 12.25 | Held in the name of Gokak Patel Volkart Limited, 2nd erstwhile name of the Company. (includes land cost ₹ 7.80 Lakhs and WDV – ₹ 4.55 Lakhs under 'Right-of-use assets' in Note 45 – Leases and Investment Properties costing ₹ 19.08 Lakhs and WDV- ₹ 7.70 Lakhs reflected under Note 6 – Investment Properties). |
| Lease rights for land and self-constructed building at Fort, Mumbai in the possession of the Company | 1,129.42 | 401.43 | The property is in the name of 'Forbes Forbes Campbell & Co. Limited' and the Company has made an application for renewal of lease, for which approval is awaited from authorities. Building cost - ₹ 976.95 Lakhs and WDV - ₹ 347.24 Lakhs reflected under Note 6 – Investment Properties and Building costing ₹ 152.47 Lakhs and WDV - ₹ 54.19 Lakhs are reflected in Note 5 – Property, Plant and Equipment. |
| Land, factory building and office premises at Mumbai, Thane, Ahmedabad, Bangalore and Chennai | 1,624.96 | 1,563.79 | The premises are in the name of Forbes Gokak Limited, the 3rd erstwhile name of the Company, (includes Building cost – ₹ 7.92 Lakhs and WDV - ₹ 3.83 Lakhs classified under Note 5 – Property, Plant & Equipment, Investments Properties costing ₹ 1,615 .38 Lakhs, WDV - ₹ 1,559.28 Lakhs included in Note 6 and cost of ₹ 1.65, WDV – ₹ 0.68 Lakhs under 'Right-of-use assets' in Note 45 – Lease. |
| Premises at Chennai | 40.76 | - | This investment property is in the name of Facit Asia Limited, an entity merged with FAL Industries Limited (this entity was subsequently merged with Forbes Gokak Limited, the Company's 3rd erstwhile name). |
| Premises at Tuticorin | 27.36 | 12.71 | This investment property is in the name of Volkart India Limited, an entity merged with Patel Volkart Limited (which was subsequently amalgamated with Gokak Mills Limited, the Company's 1st erstwhile name). |

ii. The physical verification of inventory (excluding stocks with third parties and real estate work-in-progress) have been conducted at reasonable intervals by the Management during the year and subsequent to the year end. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material. Further, in respect of real estate work-in-progress inventories (comprising of expenditure incurred on acquisition of development rights and other expenditure on construction and development thereof) have been physically verified by the management during the year by way of site visits and certification of extent of work completed by competent persons at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. Also refer paragraph 4 of our main audit report.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of income tax, goods and service tax and profession tax, though there has been a slight delay in few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Also refer Note 39 to the standalone financial statements regarding management's assessment on certain matters relating to provident fund. Further, for the period March 1 to 31, 2020, the Company has paid goods and service tax and filed GSTR-3B (after the due date but) within the timelines allowed by the Central Board of Indirect Taxes and Customs under the Notification Number 35/2020 – Central Tax dated April 3, 2020 on fulfilment of conditions specified therein.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax as at March 31, 2020, which have not been deposited on account of a dispute, are as follows:

| Name of the Statute | Nature of dues | Amount (₹ in Lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| The Income Tax Act, 1961 | Income Tax | 25.69 | Financial Years 2000-01 and 2011-12 | Commissioner of Income Tax (Appeals) |
| The Finance Act, 1994 | Service Tax (including interest and penalty, as applicable) | 2,293.35 | Financial Years 2007-08 to 2012-13 | Customs, Excise & Service Tax Appellate Tribunal |
| | | 1,038.89 | Financial Year 2005-06, to 2012-13 | Commissioner of Service Tax |
| The Customs Act, 1962 | Penalty | 1.00 | Financial Year 2012-13 | Commissioner (Appeals) |
| | | 100.00 | Financial Year 2011-12 | High Court of Kerala |
| The Central Excise Act, 1944 | Excise Duty (including interest and penalty) | 2,724.52 | Financial Years 2005-06 and 2006-07 | Customs, Excise & Service Tax Appellate Tribunal |
| Sales Tax Laws | Sales Tax (including interest and penalty, as applicable) | 465.98 | Financial Years 1990-91 to 1994-95, 1997-98 to 2006-07, 2008-09 to 2009-10 and 2013-14. | Appellate Authority – up to Sales Tax Appellate Tribunal |

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank or dues to debenture holders as at the Balance Sheet date. The Company neither has any loans or borrowings from financial institutions or Government as at the Balance Sheet date, therefore the provisions of Clause 3(viii) of the Order, to that extent, are not applicable to the Company.

ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied on an accrual basis for the purposes for which they were obtained. As the Company has not raised any moneys by way of initial public offer and further public offer (including debt instruments), the provisions of Clause 3(ix) of the Order, to that extent, are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**Sarah George**
Partner
Membership Number 045255
UDIN: 20045255AAAAGZ8605

Place: Mumbai
Date: July 25, 2020

**BALANCE SHEET AS AT 31ST MARCH, 2020**

| Particulars | Note No. | ₹ in Lakhs | | As at 31st Mar., 2020 ₹ in Lakhs | *As at 31st Mar., 2019 ₹ in Lakhs* |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **1 Non-current assets** | | | | | |
| Property, plant and equipment | **5** | | | **10,139.51** | *5,090.86* |
| Right-of-use assets | **45** | | | **358.95** | *-* |
| Capital work-in-progress | **5.1** | | | **115.47** | *409.79* |
| Investment Properties | **6** | | | **2,483.04** | *2,560.12* |
| Other Intangible assets | **7** | | | **222.42** | *224.73* |
| Intangible assets under development | **7.1** | | | **13.36** | *23.09* |
| Financial Assets: | | | | | |
| i) Investments | | | | | |
| Investments in subsidiaries | **8A** | 24,159.99 | | | *24,289.84* |
| Investments in associates | **8B** | 5.88 | | | *-* |
| Other Investments | **C** | 0.68 | | | *0.68* |
| | | | 24,166.55 | | *24,290.52* |
| ii) Loans | **10A** | | 190.50 | | *134.46* |
| iii) Other financial assets | **11A** | | 1.61 | | *2.49* |
| | | | | **24,358.66** | *24,427.47* |
| Tax assets | | | | | |
| i) Deferred tax assets (net) | **20** | | 5,116.59 | | *4,992.42* |
| ii) Income tax assets (net) | **24** | | 1,784.69 | | *1,303.53* |
| | | | | **6,901.28** | *6,295.95* |
| Other non-current assets | **14A** | | | **399.57** | *1,145.74* |
| **Total Non-current assets** | | | | **44,992.26** | *40,177.75* |
| **2 Current assets** | | | | | |
| Inventories | **12** | | | **36,153.91** | *28,308.95* |
| Financial Assets: | | | | | |
| i) Trade receivables | **9** | | 2,507.02 | | *4,113.50* |
| ii) Cash and cash equivalents | **13A** | | 190.59 | | *824.18* |
| iii) Bank balances other than (ii) above | **13B** | | 186.99 | | *164.69* |
| iv) Loans | **10B** | | 269.37 | | *23.07* |
| v) Other financial assets | **11B** | | 1,104.40 | | *332.41* |
| | | | | **4,258.37** | *5,457.85* |
| Other current assets | **14B** | | | **993.96** | *670.14* |
| | | | | **5,252.33** | *6,127.99* |
| Asset classified as held for sale | **6.1** | | | **-** | *4.42* |
| Total Current assets | | | | **41,406.24** | *34,441.36* |
| **Total Assets** | | | | **86,398.50** | *74,619.11* |

| Particulars | Note No. | ₹ in Lakhs | | **As at 31st Mar., 2020 ₹ in Lakhs** | *As at 31st Mar., 2019 ₹ in Lakhs* |
|---|---|---|---|---|---|
| **Equity and Liabilities** | | | | | |
| **Equity** | | | | | |
| Equity share capital | **15** | | 1,289.86 | | *1,289.86* |
| Other equity | **16** | | 18,875.86 | | *22,121.85* |
| **Total Equity** | | | | **20,165.72** | *23,411.71* |
| **Liabilities** | | | | | |
| **1 Non-current liabilities** | | | | | |
| Financial liabilities: | | | | | |
| i) Borrowings | **17** | 6,775.83 | | | *6,226.21* |
| ii) Lease liability | **45** | 284.88 | | | *-* |
| iii) Other financial liabilities | **18A** | 122.33 | | | *230.16* |
| | | | 7,183.04 | | *6,456.37* |
| Provisions | **19A** | | 634.56 | | *560.64* |
| **Total Non-current liabilities** | | | | **7,817.60** | *7,017.01* |
| **2 Current liabilities** | | | | | |
| Financial liabilities: | | | | | |
| i) Borrowings | **22** | 7,276.81 | | | *5,313.11* |
| ii) Trade payables | **23** | | | | |
| a) total outstanding dues of micro enterprises and small enterprises; and | | 402.46 | | | *438.75* |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises | | 4,809.76 | | | *4,149.19* |
| iii) Lease liability | **45** | 68.93 | | | *-* |
| iv) Other financial liabilities | **18B** | 5,947.57 | | | *6,629.97* |
| | | | 18,505.53 | | *16,531.02* |
| Other current liabilities | **21** | | 39,311.36 | | *27,097.03* |
| Provisions | **19B** | | 505.73 | | *500.49* |
| Current tax liabilities (net) | **24** | | 92.56 | | *61.85* |
| **Total Current Liabilities** | | | | **58,415.18** | *44,190.39* |
| **Total Liabilities** | | | | **66,232.78** | *51,207.40* |
| **Total Equity and Liabilities** | | | | **86,398.50** | *74,619.11* |

Significant Accounting Policies **2**

The accompanying notes form an integral part of the financial statements

In terms of our report of even date

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No. 012754N/N500016
Chartered Accountants

**Sarah George**
*Partner*
Membership Number: 045255

Place: Mumbai
Date: 25th July, 2020

NIRMAL JAGAWAT
*Chief Financial Officer*

PANKAJ KHATTAR
*Company Secretary*
Membership No : F5300

**For and on behalf of the Board of Directors**

M. C. TAHILYANI
*Managing Director*
DIN : 01423084

JAI L. MAVANI
*Director*
DIN : 05260191

Place: Mumbai
Date: 25th July, 2020

FORBES

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

| | Particulars | Note No. | ₹ in Lakhs | Year ended 31st Mar., 2020 ₹ in Lakhs | *Year ended 31st Mar., 2019 ₹ in Lakhs* |
|---|---|---|---|---|---|
| **I** | Revenue from operations | **25** | 19,488.00 | | *22,711.26* |
| **II** | Other income | **26** | 752.53 | | *1,811.23* |
| **III** | **Total Income (I + II)** | | | **20,240.53** | *24,522.49* |
| **IV** | **Expenses:** | | | | |
| | Real estate development costs | **27** | 8,731.26 | | *7,554.91* |
| | Cost of materials consumed | **28A** | 8,270.01 | | *8,709.34* |
| | Purchases of stock-in-trade | | 240.39 | | *14.36* |
| | Changes in inventories of finished goods, work-in-progress and stock-in-trade | **28B** | (8,718.34) | | *(8,412.92)* |
| | Employee benefits expenses | **29** | 4,708.12 | | *4,446.98* |
| | Finance costs | **30** | 1,184.27 | | *1,200.94* |
| | Depreciation and amortisation expense | **31** | 1,210.41 | | *946.97* |
| | Other expenses | **32A** | 6,674.08 | | *8,052.18* |
| | **Total expenses (IV)** | | | **22,300.20** | *22,512.76* |
| **V** | **Profit/(Loss) before exceptional items and tax (III - IV)** | | | **(2,059.67)** | *2,009.73* |
| **VI** | Exceptional items (net) | **32B** | | **(518.11)** | *(970.92)* |
| **VII** | **Profit/(Loss) before tax (V + VI)** | | | **(2,577.78)** | *1,038.81* |
| **VIII** | **Tax expense / (credit):** | | | | |
| | (a) Current tax (including MAT credit utilised ₹ 651.46 Lakhs *(Previous year ₹ 670.97 Lakhs)* | **33** | - | | *188.00* |
| | (b) Deferred tax | **33** | (122.60) | | *(176.38)* |
| | | | | **(122.60)** | *11.62* |
| **IX** | **Profit/(Loss) for the year** | | | **(2,455.18)** | *1,027.19* |
| **X** | **Other Comprehensive Income** | | | | |
| | **(i) Items that will not be reclassified to Statement of Profit and Loss** | | | | |
| | Remeasurement of the defined benefit plans | | | **(14.89)** | *0.98* |
| | **(ii) Income tax relating to these items** | | | **(1.57)** | *0.34* |
| | | | | **(13.32)** | *0.64* |
| **XI** | **Total Comprehensive Income for the year (X + XI)** | | | **(2,468.50)** | *1,027.83* |
| **XII** | **Earning per equity share :** | | | | |
| | Basic and diluted earnings per equity share | **34** | | **₹ (19.03)** | *₹ 7.96* |

Significant Accounting Policies **2**

The accompanying notes form an integral part of the financial statements

In terms of our report of even date

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No. 012754N/N500016
Chartered Accountants

**Sarah George**
*Partner*
Membership Number: 045255

Place: Mumbai
Date: 25th July, 2020

NIRMAL JAGAWAT
*Chief Financial Officer*

PANKAJ KHATTAR
*Company Secretary*
Membership No : F5300

**For and on behalf of the Board of Directors**

M. C. TAHILYANI
*Managing Director*
DIN : 01423084

JAI L. MAVANI
*Director*
DIN : 05260191

Place: Mumbai
Date: 25th July, 2020

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020

| | Year ended 31st Mar., 2020 ₹ in Lakhs | | *Year ended 31st Mar., 2019 ₹ in Lakhs* | |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| **Profit/(Loss) before tax** | | **(2,577.78)** | | *1,038.81* |
| **Adjustments for -** | | | | |
| Depreciation and amortisation expense | **1,210.41** | | *946.97* | |
| Interest income earned on financial assets that are not designated as at fair value through profit or loss : | | | | |
| (i) Bank deposits | **(25.85)** | | *(32.62)* | |
| (ii) Inter-corporate deposits | **(32.08)** | | *(9.38)* | |
| Interest on Income Tax/ Wealth Tax refund | **(193.17)** | | - | |
| Finance costs | **1,184.27** | | *1,200.95* | |
| Dividend Income from long-term investments | **(0.06)** | | *(0.04)* | |
| (Gain)/loss on disposal of property, plant and equipment | **(145.18)** | | *(124.37)* | |
| (Gain)/loss on disposal of current investments | **-** | | *(137.08)* | |
| Provision for doubtful trade receivables | **155.33** | | *26.38* | |
| Provision for doubtful loans and advances | **-** | | *52.05* | |
| Gain on fair value of long-term investments in a subsidiary company | **(157.10)** | | *(140.05)* | |
| Net (gain) arising on financial assets designated as at FVTPL | **-** | | *(76.50)* | |
| Credit balances / excess provision written back | **(25.90)** | | *(749.12)* | |
| Net unrealised exchange loss | **(5.63)** | | *(20.79)* | |
| | | **1,965.04** | | *936.40* |
| Exceptional items: | | | | |
| - Gain on transfer of interest | **-** | | *(84.90)* | |
| - Provision for impairment in the value of the investments | **1,216.29** | | - | |
| - Expected out flow for disputed matters | **(698.18)** | | *1,055.82* | |
| | | **518.11** | | *970.92* |
| | | **2,483.15** | | *1,907.32* |
| **Operating profit before working capital changes** | | **(94.63)** | | *2,946.13* |
| **Changes in working capital:** | | | | |
| (Increase)/ decrease in trade and other receivables | **1,361.01** | | *(323.09)* | |
| (Increase)/ decrease in inventories | **(7,844.97)** | | *(8,355.68)* | |
| (Increase)/ decrease in other assets | **(29.49)** | | *(182.18)* | |
| Increase/ (decrease) in trade and other payables | **626.07** | | *1,004.95* | |
| Increase/ (decrease) in provisions | **19.80** | | *(86.63)* | |
| Increase/ (decrease) in other liabilities | **12,214.38** | | *10,939.91* | |
| | | **6,346.80** | | *2,997.28* |
| **Cash inflow / (outflow) from operations** | | **6,252.17** | | *5,943.41* |
| Income taxes (paid)/ refunds received (net) | | **(301.93)** | | *166.69* |
| **(a) Net cash flow inflow / (outflow) from operating activities** | | **5,950.24** | | *6,110.10* |
| **Cash flows from investing activities:** | | | | |
| Payments for property, plant and equipment (net of capital creditors and including capital advances, capital work-in-progress, investment properties and intangible assets) | **(5,020.99)** | | *(1,711.69)* | |
| Proceeds from disposal of property, plant and equipment | **219.97** | | *126.51* | |
| Restitution for termination of agreement for development of project (net of incidental expenses incurred) | **-** | | *(15,300.00)* | |
| Proceeds from slump sale (Refer Note 50) | **-** | | *15,384.90* | |
| Purchase / subscription of long-term investments | | | | |
| - in subsidiaries | **(1,000.00)** | | *(3,505.00)* | |
| - others | **-** | | *(0.03)* | |
| Payment for disputed matters | **-** | | *(1,055.82)* | |
| Purchase of current investments | **-** | | *(7,563.00)* | |
| Proceeds from sale of current investments | **-** | | *7,700.08* | |
| Loans and advances given to related parties | **(2,262.00)** | | *(700.00)* | |
| Loans and advances given to related parties realised | **2,002.00** | | *700.00* | |
| Bank balances not considered as cash and cash equivalents | **(21.31)** | | *(48.07)* | |
| Interest received | **43.61** | | *35.17* | |
| Dividend received | **0.06** | | *0.04* | |
| (b) **Net cash (outflow) / inflow from investing activities** | | **(6,038.66)** | | *(5,936.91)* |

| | Year ended 31st Mar., 2020 ₹ in Lakhs | | *Year ended 31st Mar., 2019 ₹ in Lakhs* | |
|---|---|---|---|---|
| **Cash flows from financing activities:** | | | | |
| Proceeds from long-term borrowings | **5,024.37** | | *7,700.00* | |
| Repayment of long-term borrowings | **(5,467.90)** | | *(6,000.00)* | |
| Proceeds from short-term borrowings | - | | *12,748.75* | |
| Repayment of short-term borrowings | - | | *(19,639.58)* | |
| Net Increase in cash credit, overdraft balances, credit card facilities and commercial papers | **1,963.70** | | *5,313.11* | |
| Finance costs paid | **(1,200.07)** | | *(1,268.04)* | |
| Payment of Lease Liabilities | **(96.31)** | | - | |
| Dividend paid on equity shares | **(636.40)** | | *(305.18)* | |
| Tax on dividend | **(132.56)** | | *(66.28)* | |
| **(c) Net cash inflow / (outflow) from financing activities** | | **(545.17)** | | *(1,517.22)* |
| **(d) Net increase/ (decrease) in cash and cash equivalents (a + b + c)** | | **(633.59)** | | *(1,344.03)* |
| **(e) Cash and cash equivalents as at the commencement of the year** | | **824.18** | | *2,168.21* |
| **(f) Cash and cash equivalents as at the end of the year (d + e)** (Refer Note 13A) | | **190.59** | | *824.18* |

**Reconciliation of cash and cash equivalents as per the cash flow statements**

| **Cash and cash equivalents as per above comprise of the following** | **31st Mar., 2020 ₹ in Lakhs** | *31st Mar., 2019 ₹ in Lakhs* |
|---|---|---|
| Balances with bank | | |
| - In current accounts | **150.93** | *509.05* |
| - In EEFC Accounts | **38.59** | *15.79* |
| Cheques, drafts on hand | - | *296.02* |
| Cash on hand | **1.07** | *3.32* |
| **Balances as per statement of cash flows** | **190.59** | *824.18* |

**Notes:**

1. The above Cash Flow Statement has been prepared under the "Indirect Method" setout in Indian Accounting Standard - 7 on Statement of Cash Flows.

2. Previous year figures have been regrouped/ reclassified, wherever necessary to confirm to current year classification.

3. Other bank balances (Refer Note 13B) at the end of the year includes: (i) earmarked balances towards unpaid dividends ₹ 25.82 Lakhs *(Previous year ₹17.28 Lakhs)* and (ii) margin money deposits ₹ 159.11 Lakhs *(Previous year ₹ 147.43 Lakhs)* includes security against license for import of goods under EPCG Scheme and hence are not available for immediate use by the Company.

4. The interest paid during the year excludes ₹ 252.79 Lakhs *(Previous year Nil)* in respect of interest costs capitalised for the property, plant and equipment in accordance with Ind AS 23 and interest expense on loans for real estate development activites amounting to ₹ 393.89 Lakhs *(Previous year ₹ 507.47 Lakhs).*

The accompanying notes form an integral part of the financial statements

In terms of our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016
Chartered Accountants

**Sarah George**
*Partner*
Membership Number: 045255

NIRMAL JAGAWAT
*Chief Financial Officer*

PANKAJ KHATTAR
*Company Secretary*
Membership No : F5300

Place: Mumbai
Date: 25th July, 2020

**For and on behalf of the Board of Directors**
M. C. TAHILYANI
*Managing Director*
DIN : 01423084

JAI L. MAVANI
*Director*
DIN : 05260191

Place: Mumbai
Date: 25th July, 2020

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

**a. Equity share capital** ₹ in Lakhs

| Particulars | Amount |
|---|---|
| **Balance as at 31st March, 2018** | **1,289.86** |
| Changes in equity share capital | - |
| **Balance as at 31st March, 2019** | **1,289.86** |
| Changes in equity share capital | - |
| **Balance as at 31st March, 2020** | **1,289.86** |

**b. Other equity** ₹ in Lakhs

| Particulars | Reserves and surplus | | | |
|---|---|---|---|---|
| | **General Reserves** | **Debenture redemption reserve** | **Retained earnings** | **Total** |
| **Balance as at 31st March, 2018 (as originally presented)** | **16,188.60** | **2,500.00** | **7,877.29** | **26,565.89** |
| Change in accounting policy (Refer Note 51) | - | - | (5,083.12) | (5,083.12) |
| **Restated Balance at 1st April, 2018 (a)** | **16,188.60** | **2,500.00** | **2,794.17** | **21,482.77** |
| Profit for the year | - | - | 1,027.19 | 1,027.19 |
| Other comprehensive income for the year, net of income tax | - | - | 0.64 | 0.64 |
| **Total comprehensive income for the year (b)** | **-** | **-** | **1,027.83** | **1,027.83** |
| **Transactions with owners in their capacity as owners** | | | | |
| Payment of dividends on equity shares | - | - | (322.47) | (322.47) |
| Dividend Distribution Tax | - | - | (66.28) | (66.28) |
| **Total transactions with owners in their capacity as owners (c)** | **-** | **-** | **(388.75)** | **(388.75)** |
| **Balance as at 31st March, 2019 (a+b+c)** | **16,188.60** | **2,500.00** | **3,433.25** | **22,121.85** |
| Profit for the year | - | - | (2,455.18) | (2,455.18) |
| Other comprehensive income for the year, net of income tax | - | - | (13.32) | (13.32) |
| **Total comprehensive income for the year** | **-** | **-** | **(2,468.50)** | **(2,468.50)** |
| **Transactions with owners in their capacity as owners** | | | | |
| Payment of dividends on equity shares | - | - | (644.93) | (644.93) |
| Dividend Distribution Tax | - | - | (132.56) | (132.56) |
| **Total transactions with owners in their capacity as owners** | **-** | **-** | **(777.49)** | **(777.49)** |
| Less:- Transfer to Retained earnings | - | (2,500.00) | - | (2,500.00) |
| Add: Transfer from Debenture Redemption Reserve | - | - | 2,500.00 | 2,500.00 |
| **Balance as at 31st March, 2020** | **16,188.60** | **-** | **2,687.26** | **18,875.86** |

For significant accounting policies, Refer Note 2
The accompanying notes form an integral part of the financial statements

In terms of our report of even date

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No. 012754N/N500016
Chartered Accountants

**Sarah George**
*Partner*
Membership Number: 045255

Place: Mumbai
Date: 25th July, 2020

NIRMAL JAGAWAT
*Chief Financial Officer*

PANKAJ KHATTAR
*Company Secretary*
Membership No : F5300

**For and on behalf of the Board of Directors**

M. C. TAHILYANI
*Managing Director*
DIN : 01423084

JAI L. MAVANI
*Director*
DIN : 05260191

Place: Mumbai
Date: 25th July, 2020

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

### 1. GENERAL INFORMATION

Forbes & Company Limited ("the Company") is one of the oldest companies of the world that is still in existence. The Company traces its origin to the year 1767 when John Forbes of Aberdeenshire, Scotland started his business in India. Over the years, the Management of the Company moved from the Forbes Family to the Campbells to the Tata Group and now finally to the well known Shapoorji Pallonji Group. Its parent and ultimate holding company is Shapoorji Pallonji and Company Private Limited. The Company is mainly engaged in the business of manufacturing and trading of engineering products, real estate development projects and leasing of premises. It is listed on the Bombay Stock Exchange. The address and registered office and principal place of business are disclosed in the Annual Report.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### i) Statement of Compliance with Ind AS

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 ('the Act') read together with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

These financial statements are presented in addition to the consolidated financial statements presented by the Company.

#### ii) Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis except for the following;

- Certain financial assets and liabilities (including derivative instruments) is measured at fair value;
- assets held for sale - measured at fair value less cost to sell or their carrying amount whichever is lower;
- defined benefit plans - plan asset measured at fair value

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products/activities of the Company and the normal time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for engineering business and 48 months for real estate business for the purpose of classification of its assets and liabilities as current and non current .

These financial statements are presented in Indian Rupees (₹) which is the Company's functional currency. All amounts are rounded off to the nearest lakhs (including two decimals), unless otherwise stated. The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous year.

#### iii) Investments in subsidiaries, associates and joint ventures

**Subsidiaries:**

Subsidiaries are all entities over which the Company has control, including through its subsidiaries. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

Investments in subsidiaries are accounted at cost less provision for impairment.

**Associates:**

An associate is an entity over which the Company has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are accounted at cost less provision for impairment.

**Joint Arrangements:**

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company had joint ventures.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in Joint ventures are accounted at cost less provision for impairment.

The Company has elected the exemption of previous GAAP carrying value of all its investments in subsidiaries, associates and joint ventures recognised as of 1st April, 2015 (transition date) as deemed cost except in case of Shapoorji Pallonji Forbes Shipping Limited.

### iv) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost of acquisition, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price (excluding refundable taxes), borrowing costs if capitalization criteria are met and includes directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Freehold land is not depreciated.

Subsequent expenditures related to an item of property, plant and equipment are added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Company and cost can be reliably measured. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Losses arising from the retirement of, and gains or losses arising from disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

Depreciation on property, plant and equipment has been provided on straight line method as per the useful lives estimated by management. The life of the assets has been assessed based on technical evaluation which are higher than those specified by Schedule II to the Act, taking into account the nature of the assets, the estimated usage of the assets, the operating conditions of the assets, past history of replacement, anticipated technological changes, etc.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains and losses on disposals are determined by comparing proceeds on sale with carrying amount. These are included in Statement of Profit and Loss within other gains / losses.

The estimated useful lives of the property, plant and equipment are as under:

| Sr. No. | Class of assets | Estimated useful life |
|---|---|---|
| a | Building including investment properties | 30 - 60 years |
| b | Plant and Equipment | 10 - 15 years |
| c | Furniture and Fixtures | 10 years |
| d | Vehicles | 4 years |
| e | Office equipment, Data processing equipments:- | |
| | - Owned | Office equipments 5 years and Data processing equipments 3 years. |
| | - Leased | Lower of lease term and useful life as stated above |
| f | Buildings on leasehold land (including investment properties) | Lower of the useful life in the range of 30 - 60 years and the lease term building useful life is based on technical certification |
| g | Temporary structures (included in building) | 4 years |
| h | Solar Power Plant | 25 years |

Fixed assets individually costing ₹ 5,000 and less are depreciated fully in the year of purchase.

### v) Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their use are carried at cost, comprising direct cost, related incidental expenses and attributable interest, if any.

### vi) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs and where applicable borrowing cost. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

The estimated useful life of lease hold land is equivalent to the lease term.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss in the period in which the property is derecognised.

**vii) Intangible Assets**

Intangible assets, being computer software, are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. The cost comprises acquisition and implementation cost of software for internal use (including software coding, installation, testing and certain data conversion).

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Statement of Profit and Loss.

Research costs are charged to the Statement of Profit and Loss as they are incurred.

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

**viii) Intangible assets under development**

Expenditure on development eligible for capitalisation is carried as intangible assets under development where such assets are not yet ready for their intended use.

**ix) Impairment of Assets**

The Company assesses at end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount (cash generating unit). The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the lower of recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised. Non financial asset other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating unit).

**x) Deemed cost for property, plant and equipment, investment property and intangible assets**

The Company has elected to continue with the carrying value of all of its property, plant and equipment, investment properties and intangible assets recognised as of 1st April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**xi) Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Classification**:
Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and amounts that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in the Statement of Profit and Loss and is included in the "Other income" line item.

**Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the Statement of Profit and Loss. The net gain or loss recognised in the Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, loan commitments, trade receivables, financial guarantees not designated as FVTPL and other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from revenue transactions, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss ("ECL") allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109 Financial Instruments. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

**Derecognition of financial assets**

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or

- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

**Foreign exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in the Statement of Profit and Loss.

**Financial liabilities and equity instruments**

**Classification as debt or equity**

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

**Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. Borrowings are intially recognised at fair value, net of transaction costs incurred.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

**Derivative financial instruments**

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a financial liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation where appropriate.

The Fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

**xii) Inventories**

Inventories are valued at the lower of the acquisition / production cost and net realisable value. Costs of inventories are determined on weighted average basis. Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

Real estate development work-in-progress :-

Cost of real estate business is charged to the Statement of Profit and Loss in proportion to the revenue recognised during the year and the balance cost is carried forward as "Real Estate Work in Progress" under Note 12 Inventories.

Real estate development work-in-progress cost includes construction and development cost, allocated interest and other overheads related to projects under construction and is valued at lower of cost and net realizable value

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**xiii) Earnings per share**

Basic Earnings per share are calculated by dividing the net profit / (loss) after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**xiv) Employee Benefits**

**a) Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the undiscounted amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

**b) Other long-term employee benefits**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**c) Post-employment obligations**

The Company operates the following post-employment schemes:

- Defined Contribution plans such as superannuation and employee state insurance scheme.

- Defined Benefit plans such as gratuity, provident fund, post-retirement medical benefits and non-compete fees (eligible whole-time directors and on their demise their spouses are entitled to medical benefits subject to certain limits and fixed monthly payment as non-compete fee).

**Defined Contribution Plans**

The Company's contribution to superannuation fund, pension and employee state insurance scheme are considered as defined contribution plans, as the Company does not carry any further obligations apart from the contributions made on a monthly basis and are charged as an expense based on the amount of contribution required to be made.

In case of Superannuation, contributions are made to the Life Insurance Corporation of India (LIC).

**Defined Benefit Plans**

In case of Provident fund, contributions are made to a Trust administered by the Company. The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity, post-retirement medical benefits and non-compete fees plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by actuaries using the projected unit credit method.

Eligible employees receive benefits from a provident fund which is defined benefit plan. Both the employees of the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employees' salary. The Company contributes a part of the contributions to Forbes & Company Ltd. Employees Provident Fund. The rate at which the annual interest is payable to the beneficiaries by the Trust is being determined by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. Any obligation in this respect is measured on the basis of an independent acturial valuation. The remaining portion is contributed to the Government administered pension fund in respect of which the Company has no further obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments are available.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit and Loss as past service cost.

**d)** A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

**xv) Provisions and Contingent Liabilities**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Onerous Contracts**

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made, unless the possibility of outflows of resources embodying economic benefits are remote.

**xvi) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

**1 Sale of goods:**

Revenue from the sale of goods is recognised when control of the products has been transferred based on agreed terms and there is no unfulfilled obligation which could affect the customers acceptance of the products.

Further the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

Sales are recognised, net of estimated returns, trade discounts, taxes as applicable.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

At contract inception, since for most of the contracts it is expected that the period between the transfer of the promised goods or services to a customer and payment for these goods or services by the customer will be one year or less, practical expedient in IND AS 115 have been applied and accordingly:

a) The Company does not adjust the promised amount of consideration for the effects of a significant financing component

b) The Company recognises the incremental costs of obtaining a contract as an expense when incurred

c) No information on remaining performance obligations as of the year end that have an expected original term of one year or less was reported.

A contract liability is the Company's obligation to transfer goods or services to a customer, for which the Company has already received consideration from customers.

**2 Sale of Services:**

Income from other services is recognised as and when the services are performed as per the terms of agreement with the respective parties.

**3 Interest and Dividend Income:**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

**4 <u>Export Incentives:</u>**

Income from export incentives is recognised on accrual basis to the extent the ultimate realisation is reasonably certain.

**xvii) Revenue from real estate contracts:**

In respect of real estate development projects undertaken by the Company, the control of real estate units is said to be satisfied over time, if any one of the following criteria is met:

a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs

b) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced

c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

In all other cases, where the above criterias for satisfaction of performance obligation and recognising revene over time are not met, revenue would be recognised when control of the real estate units has been transferred and there is no unfulfilled obligation which could affect the customers acceptance of the real estate units.

Revenue is measured at fair value and recognized with respect to executed agreements for sale of residential units on transfer of control of the real estate units to the customers.

**xviii) Foreign currency transactions and balances**

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency viz. Indian Rupee are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

**xix) Lease accounting**

**Lease accounting (applicable for the year ended 31 March 2020):**

*As a lessee:*

From 1 April 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non lease components. The Company allocates the consideration in the contracts to the lease and non-lease components based on their relative standalone prices. However, the Company has elected not to separate lease and non-lease components and instead account for these as a single lease components.

Assets and liabilities arising from a lease are initially measured on present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in substances fixed payments), less any lease incentive receivable
- the exercise price of the purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension option are also included in the measurement of the liability. The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that lessee would have to pay to borrow the fund necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar term, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third party financing received by the lessee as a starting point, adjusted to reflects changes in financing condition since third party financing received
- use a build-up approach that starts with the risk-free interest rate adjusted for credit risk for leases, which does not have recent third party financing, and

- make adjustments specific to the leases, e.g. term, security, currency etc.

The Company is exposed to potential future increases in variable lease payments based on index or rate, which are not included in the lease liability until they take effect. When adjustment to lease payments based on index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. Finance cost is charged to Statement of Profit and Loss over the lease period so as to produce a constant periodical rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of initial measurement of lease liability

- any lease payments made at or before the commencement date less any lease incentives received

- any initial direct costs, and

- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the Company is reasonably certain to exercise purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognized on a straight-line basis in the Statement of Profit and Loss. Short term leases are leases with a lease term of 12 months or less.

*As a lessor:*
Lease income from operating leases where the Company is a lessor is recognized in income on a straight line basis over the lease term. Initial direct costs incurred in obtaining an operating leases are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as a lessor as a result of adopting the new leasing standard.

**Lease accounting (applicable for the year ended 31 March 2019):**

**Operating Leases**
Leases, where the lessor retains, substantially all the risks and rewards incidental to ownership of the leased assets, are classified as operating lease. Operating lease expense / income are recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

**Finance leases**
Leases, where the lessor transfers, substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance lease.

Assets taken on finance lease are capitalised at fair value or net present value of the minimum lease payments, whichever is lower. Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease.

**xx) Taxes on Income**

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in the Statment of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. The Company recognises Minimum Alternate Tax credit under the Income Tax Act, 1961 as an asset only when and to the extent there is convincing evidence that the Company will be liable to pay normal income tax during the specified period.

**xxi) Government grants**

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. These are recognised in the Statement of Profit and Loss on a systematic basis over the period in line with the related costs.

**xxii) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale, are added to the cost of those assets; until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

**xxiii) Segment Reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Company’s chief operating decision maker in order to effectively allocate the Company’s resources and assess performance.

**xxiv) Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

**xxv) Cash and cash equivalents**

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

**xxvi) Principles of business combinations**

The acquisition method of accounting under Ind AS is used to account for business combinations by the Company from the date of transition to Ind AS i.e. 1st April, 2015. Prior to the date of transition to Ind AS, business acquisitions have been accounted based on previous GAAP.

**xxvii) Dividend**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see note 3.2 below), that the directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

3.1.1. The Svadeshi Mills Company Limited (Svadeshi) is not an associate of the Company although the Company owns a 23% ownership interest (including indirect) in Svadeshi, as the Assets of Svadeshi continue to be in the hands of the Official Liquidator, High Court, Bombay. The Review Petition had been filed against the Order dated 23rd February, 2016 whereby the Special Leave Petition (SLP) was dismissed. The said Review Petition filed before the Hon'ble Supreme Court was dismissed vide Order dated 26th August, 2016. The records of Svadeshi are in the custody of the Official Liquidator. Hence, the Company does not have significant influence over Svadeshi as Svadeshi is under liquidation.

3.2 Key sources of estimation uncertainty

3.2.1 Real Estate Development

The determination of the period over which revenue from real estate development activities should be recognized, the timing of transfer of control to the customer; and determination of whether the Company has an enforceable right to payment as per requirements of Ind AS 115 involves significant judgement.

3.2.2 Contingent Liabilities and Provisions

Contingent Liabilities and Provisions are liabilities of uncertain timing or amount and therefore in making a reliable estimate of the quantum and timing of liabilities judgement is applied and re-evaluated at each reporting date.

3.2.3 Useful life and residual value of Property, Plant and Equipment (including investment properties)

As described in Note 2(iv) and 2(vi), the Company reviews the estimated useful life and residual values of property, plant and equipment at each reporting date.

3.2.4 Fair value measurement and valuation process

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The management of the Company determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent it is available. Where such inputs are not available, the Company engages third party qualified valuers to perform the valuation.

3.2.5 Impairment

Determining whether an asset is impaired requires as estimation of fair value/value in use. Such valuation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

3.2.6 Impairment of Trade Receivables

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3.2.7 Defined Benefit Obligations

The present value of defined benefit obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of reporting period that have terms approximating to the terms of the related obligation.

3.2.8 Deferred Tax Asset

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The Company recognises Minimum Alternate Tax credit under the Income Tax Act, 1961 as an asset only when and to the extent there is convincing evidence that the Company will be liable to pay normal income tax during the specified period.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**4. ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS**

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April, 2019:

- Ind AS 116, leases
- Appendix C, Uncertainty over Income Tax Treatments to Ind AS 12
- Prepayment Features with Negative Compensation, Amendments to Ind AS 109
- Long-term Interests in Associates and Joint Ventures, Amendments to Ind AS 28
- Plan Amendment, Curtailment or Settlement, Amendments to Ind AS 19
- Annual Improvements to Ind AS comprising Ind AS 23 Borrowing Cost, Ind AS 103 Business Combination, Ind AS 111 Joint arrangements and Ind AS 12 Income Taxes.

The Company had to change its accounting policies as a result of adopting Ind AS 116. This is disclosed in Note 45. The other amendments listed above did not have any impact on the amounts recognised in prior periods and current year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**5A. Property, plant and equipment (Own, unless otherwise stated) for the year ended 31st March, 2020.**

₹ In Lakhs

| | Freehold Land | Building and structures | Vehicles | Data processing equipments | Office equipments | Furniture and fixtures | Plant and equipment | Data processing equipments (Finance Lease) | As at 31st Mar., 2020 |
|---|---|---|---|---|---|---|---|---|---|
| **Cost or Deemed cost** | | | | | | | | | |
| **Balance at 1st April, 2019** | **38.62** | **1,219.75** | **45.18** | **98.75** | **241.52** | **170.84** | **5,932.48** | **1.02** | **7,748.16** |
| Additions | - | 3,556.98 | 24.92 | 76.30 | 9.97 | 47.04 | 2,359.20 | - | 6,074.41 |
| Disposals | - | 226.49 | 8.92 | 0.38 | 51.52 | 20.34 | 79.86 | - | 387.51 |
| **Balance at 31st March, 2020** | **38.62** | **4,550.24** | **61.18** | **174.67** | **199.97** | **197.54** | **8,211.82** | **1.02** | **13,435.06** |
| **Accumulated depreciation** | | | | | | | | | |
| **Balance at 1st April, 2019** | **-** | **535.24** | **28.87** | **61.50** | **186.72** | **125.74** | **1,718.21** | **1.02** | **2,657.30** |
| Eliminated on disposals of assets | - | 191.04 | 8.92 | 0.38 | 51.52 | 20.14 | 79.61 | - | 351.61 |
| Depreciation expense for the year | - | 194.15 | 13.59 | 27.30 | 29.60 | 21.13 | 704.09 | - | 989.86 |
| **Balance at 31st March, 2020** | **-** | **538.35** | **33.54** | **88.42** | **164.80** | **126.73** | **2,342.69** | **1.02** | **3,295.55** |
| **Carrying Amount** | | | | | | | | | |
| **Balance at 31st March, 2020** | **38.62** | **4,011.89** | **27.64** | **86.25** | **35.17** | **70.81** | **5,869.13** | **-** | **10,139.51** |

**Notes:**

1. Plant and equipment includes assets that are jointly owned having carrying amount of ₹ 0.32 Lakhs.

**5B.** *Property, plant and equipment (Own, unless otherwise stated) for the previous year ended 31st March, 2019.*

*₹ In Lakhs*

| | *Freehold Land* | *Building and structures* | *Vehicles* | *Data processing equipments* | *Office equipments* | *Furniture and fixtures* | *Plant and equipment* | *Data processing equipments (Finance Lease)* | *As at 31st Mar., 2019* |
|---|---|---|---|---|---|---|---|---|---|
| *Cost or Deemed cost* | | | | | | | | | |
| *Balance at 1st April, 2018* | *38.62* | *1,215.39* | *57.14* | *68.76* | *238.73* | *175.25* | *5,056.23* | *1.02* | *6,851.14* |
| *Additions* | *-* | *4.36* | *-* | *30.02* | *5.12* | *0.13* | *906.62* | *-* | *946.25* |
| *Disposals* | *-* | *-* | *11.96* | *0.03* | *2.33* | *4.54* | *30.37* | *-* | *49.23* |
| *Balance at 31st March., 2019* | *38.62* | *1,219.75* | *45.18* | *98.75* | *241.52* | *170.84* | *5,932.48* | *1.02* | *7,748.16* |
| *Accumulated depreciation* | | | | | | | | | |
| *Balance at 1st April, 2018* | *-* | *344.47* | *29.98* | *45.99* | *161.35* | *113.64* | *1,173.11* | *1.02* | *1,869.56* |
| *Eliminated on disposals of assets* | *-* | *-* | *11.96* | *0.03* | *2.33* | *4.23* | *26.14* | *-* | *44.69* |
| *Depreciation expense for the year* | *-* | *190.77* | *10.85* | *15.54* | *27.70* | *16.33* | *571.24* | *-* | *832.43* |
| *Balance at 31st March., 2019* | *-* | *535.24* | *28.87* | *61.50* | *186.72* | *125.74* | *1,718.21* | *1.02* | *2,657.30* |
| *Carrying Amount* | | | | | | | | | |
| *Balance at 31st March., 2019* | *38.62* | *684.51* | *16.31* | *37.25* | *54.80* | *45.10* | *4,214.27* | *-* | *5,090.86* |

**Notes**:

*1. Plant and equipment includes assets that are jointly owned having carrying amount of ₹ 1.27 Lakhs.*

**5.1 Capital work-in-progress**

₹ In Lakhs

| **Particulars** | **As at 1st Apr., 2019** | **Additions** | **Amounts Capitalised** | **As at 31st Mar., 2020** |
|---|---|---|---|---|
| Capital work in progress | 409.79 | 5,780.09 | 6,074.41 | 115.47 |

*Previous year*

| *Particulars* | *As at 1st Apr., 2018* | *Additions* | *Amounts Capitalised* | *As at 31st Mar., 2019* |
|---|---|---|---|---|
| *Capital work in progress* | *105.73* | *1,335.16* | *1,031.10* | *409.79* |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### 6. Investment properties (Own, unless otherwise stated)

₹ In Lakhs

| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| Completed investment properties | 2,483.04 | *2,560.12* |
| **Total** | **2,483.04** | *2,560.12* |

| | | |
|---|---|---|
| **Cost or Deemed Cost** | | |
| **Balance at 1st April, 2019 / 1st April, 2018** | **2,845.28** | *2,765.28* |
| Disposals | 14.48 | *-* |
| Additions | - | *84.85* |
| Property classified as held for sale (Refer Note 6.1) | - | *4.85* |
| **Balance at 31st March, 2020 / 31st March, 2019** | **2,830.80** | *2,845.28* |

| | | |
|---|---|---|
| **Accumulated depreciation** | | |
| **Balance at 1st April, 2019 / 1st April, 2018** | **285.16** | *222.37* |
| Property classified as held for sale (Refer Note 6.1) | - | *0.43* |
| Disposals | 3.11 | *-* |
| Depreciation expense for the year | 65.71 | *63.22* |
| **Balance at 31st March, 2020 / 31st March, 2019** | **347.76** | *285.16* |

| | | |
|---|---|---|
| **Carrying amount** | **-** | *-* |
| **Balance at 31st March, 2020 / 31st March, 2019** | **2,483.04** | *2,560.12* |

**Notes:**

(i) Investment properties include premises on freehold land where the Company is yet to be registered as the owner of a proportionate share in the land with carrying amount ₹ 16.76 Lakhs *(Previous year ₹ 17.26 Lakhs)*, Jointly owned Residential Premises and Land with carrying amount ₹1,551.85 Lakhs *(Previous year ₹ 1,552.01 Lakhs)* and Shares in Co-operative Housing Societies, Association of apartment owners and in a company ₹ 0.17 Lakh *(Previous year ₹ 0.17 Lakh)*.

(ii) Investment properties includes the lease rights in respect of the land and building at Fort, Mumbai with net carrying value of ₹ 347.24 Lakhs *(Previous year ₹ 385.82 Lakhs)* of which ₹ 54.19 Lakhs *(Previous year ₹ 60.21 Lakhs)* has been disclosed under property, plant and equipment (Refer Note 5) for which the Company has made an application for renewal of lease and approval from authorities awaited thereon.

**6.1** The Company had entered into an agreement for sale of a flat and accordingly in the previous year the carrying value aggregating ₹ 4.42 Lakhs of the asset has been shown as "Asset classified as held for sale" on the face of Balance Sheet. The fair value of the aforesaid asset was ₹ 211 Lakhs.

**6.2 Fair value measurement of the Company's investment properties**

The fair value of the Company's investment properties as at 31st March, 2020 and 31st March, 2019 have been arrived at on the basis of a valuation carried out as on the respective dates by V.S.Modi, independent valuer not related to the Company. V.S. Modi is registered with the authority which governs the valuers in India, and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties as well as other lettings of similar properties in the neighbourhood. In estimating the fair value of the properties, the highest and best use of the properties is their current use. Thus, the significant unobservable inputs are recent transaction price, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the properties. Details of the Company's investment properties and information about the fair value hierarchy as at 31st March, 2020 and 31st March, 2019 are as follows:

₹ In Lakhs

| | **Level 3** | |
|---|---|---|
| **Particulars** | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
| Andhra Pradesh - Land | 28.51 | *28.51* |
| Delhi- Building | 193.16 | *199.68* |
| Gujarat- Land and Building | 515.24 | *515.24* |
| Kerala- Building | 185.00 | *213.16* |
| Maharashtra- Land and Building | 62,550.12 | *63,505.46* |
| Tamil Nadu- Land and Building | 883.64 | *913.18* |
| West Bengal- Building | 654.39 | *672.97* |
| **Total** | **65,010.06** | *66,048.20* |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**7. Other intangible assets (Own, unless otherwise stated)**

₹ In Lakhs

| | **As at 31st Mar., 2020**<br>**Software / Licences acquired** | *As at 31st Mar., 2019*<br>*Software / Licences acquired* |
|---|---|---|
| **Cost or Deemed cost** | | |
| **Balance at 1st April, 2019 / 1st April, 2018** | **383.18** | *203.18* |
| Additions during the year | 71.24 | *180.00* |
| **Balance at 31st March, 2020 / 31st March, 2019** | **454.42** | *383.18* |
| **Accumulated amortisation** | | |
| **Balance at 1st April, 2019 / 1st April, 2018** | **158.45** | *105.93* |
| Amortisation charge for the year | 73.55 | *52.52* |
| **Balance at 31st March, 2020 / 31st March, 2019** | **232.00** | *158.45* |
| **Carrying Amount** | | |
| **Balance at 31st March, 2020 / 31st March, 2019** | **222.42** | *224.73* |

**7.1 Intangible assets under development**

₹ In Lakhs

| **Particulars** | **As at 1st Apr., 2019** | **Additions** | **Amounts Capitalised** | **Amounts written off** | **As at 31st Mar., 2020** |
|---|---|---|---|---|---|
| Intangible asset under development | **23.09** | 84.60 | 71.24 | 23.09 | **13.36** |

*Previous year*

| *Particulars* | *As at 1st Apr., 2018* | *Additions* | *Amounts Capitalised* | *As at 31st Mar., 2019* |
|---|---|---|---|---|
| *Intangible asset under development* | *85.60* | *117.49* | *180.00* | *23.09* |

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

## 8. Non Current Investments

### 8A. Investments in Subsidiaries

₹ In Lakhs

| Particulars | As at 31st Mar., 2020 Qty | As at 31st Mar., 2020 Amount | *As at 31st Mar., 2019 Qty* | *As at 31st Mar., 2019 Amount* |
|---|---|---|---|---|
| **Unquoted Investments (all fully paid)** | | | | |
| **a) Equity Instruments (at cost less impairment)** | | | | |
| 1. Equity shares of ₹ 100 each in Volkart Fleming Shipping and Services Limited | **50,385** | **6.82** | *50,385* | *6.82* |
| 2. Equity shares of ₹ 10 each in Forbes Campbell Finance Limited | **38,64,131** | **1,781.78** | *38,64,131* | *1,781.78* |
| 3. Equity component in 0.1% Optionally Convertible Redeemable Debentures of Forbes Campbell Finance Limited | **-** | **1,686.26** | - | *1,686.26* |
| 4. Equity shares of ₹ 10 each in Eureka Forbes Limited (Refer Note 2 below) | **37,78,000** | **6,572.86** | *37,78,000* | *6,572.86* |
| 5. Equity shares of ₹ 10 each in Forbes Technosys Limited (Refer Note 4 below) | **2,50,00,000** | **2,250.00** | *1,50,00,000* | *1,500.00* |
| [Provision for impairment in value ₹ 250.00 Lakhs; *(Previous year Nil)*] | | | | |
| 6. Equity shares of ₹ 10 each in Campbell Properties & Hospitality Services Limited | **4,87,500** | **180.00** | *4,87,500* | *180.00* |
| 7. Equity shares of ₹ 10 each in Shapoorji Pallonji Forbes Shipping Limited (Refer Note 1 below) | **2,05,00,000** | **2,050.00** | *2,05,00,000* | *2,050.00* |
| 8. Equity component in Zero Percent Redeemable Preference Shares of Shapoorji Pallonji Forbes Shipping Limited | **-** | **2,770.17** | - | *2,770.17* |
| 9. Equity component in Financial Guarantee given to Forbes Technosys Limited | **-** | **-** | - | *419.30* |
| [Provision for impairment in value ₹ 350.78 Lakhs; *(Previous year Nil)*] | | | | |
| 10. 10% Optionally Redeemable compulsorily Convertible, Non cumulative Preference Shares of ₹ 10 each in Forbes Technosys Limited | **6,00,00,000** | **5,400.01** | *6,00,00,000* | *6,015.52* |
| [Provision for impairment in value ₹ 615.51 Lakhs; *(Previous year Nil)*] | | | | |
| 11. Equity component in Financial Guarantee given to Shapoorji Pallonji Forbes Shipping Limited | **-** | **1.29** | - | *1.70* |
| **b) Preference Shares (at amortised cost)** | | | | |
| 1. Zero Percent Redeemable Preference Shares of ₹ 10 each in Shapoorji Pallonji Forbes Shipping Limited | **3,09,00,000** | **1,016.29** | *3,09,00,000* | *907.12* |
| **c) Debentures (at fair value through profit or loss)** | | | | |
| 1. 0.1% Optionally Convertible Redeemable Debentures of ₹ 10 each in Forbes Campbell Finance Limited | **1,72,67,500** | **444.51** | *1,72,67,500* | *398.31* |
| **Total** | | **24,159.99** | | *24,289.84* |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**8B. Investments in associates**

| Particulars | As at 31st Mar., 2020 Qty | As at 31st Mar., 2020 Amount | *As at 31st Mar., 2019 Qty* | *As at 31st Mar., 2019 Amount* |
|---|---|---|---|---|
| **Unquoted Investments (all fully paid)** | | | | |
| Equity Instruments (at cost less impairment) | | | | |
| 1. Equity shares of ₹ 10 each in Neuvo Consultancy Services Limited | **58,849** | **5.88** | *58,849* | - |
| [Provision for impairment in value Nil; *(Previous year ₹ 5.88 Lakhs)*] | | | | |
| **Total** | | **5.88** | | - |

**8C. Other investments**
**Non Current**

| Particulars | As at 31st Mar., 2020 Qty | As at 31st Mar., 2020 Amount | *As at 31st Mar., 2019 Qty* | *As at 31st Mar., 2019 Amount* |
|---|---|---|---|---|
| **Unquoted Investments (all fully paid)** | | | | |
| **Equity Instruments (at fair value through Profit or Loss)** | | | | |
| **1.** Equity shares of ₹ 10 each in New India Co-operative Bank Limited | **5,500** | **0.55** | *5,500* | *0.55* |
| **2.** Equity shares of ₹ 500 each in Tuticorin Chamber of Commerce | **10** | **0.00*** | *10* | *0.00** |
| [Provision for impairment in value ₹ 0.05 Lakhs; *(Previous year ₹ 0.05 Lakhs)*] | | | | |
| **3.** Equity Shares of ₹ 10 each in Simar Port Private Limited | **1,000** | **0.10** | *1,000* | *0.10* |
| **4.** Equity shares of ₹ 10 each in The Svadeshi Mills Company Limited | **4,20,170** | **0.00*** | *4,20,170* | *0.00** |
| [Provision for impairment in value ₹150.33 Lakhs; *(Previous year ₹150.33 Lakhs)*] (Refer Note 43) | | | | |
| **5.** Equity shares of SGD 1 each in Forbes Container Lines Pte. Limited | **8,64,960** | **0.00*** | *8,64,960* | *0.00** |
| [Provision for impairment in value ₹ 271.26 Lakhs; *(Previous year ₹271.26 Lakhs)*] (Refer Note 3 below) | | | | |
| **6.** Equity shares of USD 1 each in Edumetry Inc. USA | **2,500** | **0.00*** | *2,500* | *0.00** |
| [Provision for impairment in value ₹ 35.48 Lakhs; *(Previous year ₹ 35.48 Lakhs)*] (Refer Note 5 below) | | | | |
| **7.** Equity shares of ₹ 25 each in Zoroastrian Co-operative Bank Limited | **100** | **0.03** | *100* | *0.03* |
| **Total** | | **0.68** | | *0.68* |

* Amount is below the rounding off norm adopted by the Company.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**Notes:**

1. During one of the earlier year the Board of Directors of the Company had given their acceptance for a scheme of Capital reduction in Shapoorji Pallonji Forbes Shipping Limited ('SPFSL'), a subsidiary of the Company whereby 1,95,00,000 equity shares of ₹ 10 each were to be cancelled out of aggregate investment of 4,00,00,000 equity shares held by the Company. A petition was filed by SPFSL in the High Court of Judicature at Bombay on 2nd September, 2016. The scheme was approved by the Honorable Bombay High Court vide order dated 2nd December, 2016. Accordingly, the Company has recognized ₹ 1,931.50 Lakhs as loss on capital reduction of investment in equity shares and correspondingly, reversed the existing provisions of ₹ 2,380.00 Lakhs. The same was disclosed as an exceptional item in the Statement of Profit and Loss for the year ended 31st March, 2017.

2. The Board vide resolution dated 22nd December, 2018 accorded its approval to subscribe to 50,000 equity shares of ₹10 each of Eureka Forbes Limited, subsidiary of the Company, offered to the Company on a rights basis in the proportion of 100 new equity share for every 7,456 equity shares held (100:7456) at a price of ₹5,010 per share. Accordingly the Company has invested ₹2,505 Lakhs in Eureka Forbes Limited in the previous year.

3. Forbes Container Line Pte. Ltd., Singapore ("FCLPL"), a foreign subsidiary of the Company has been ordered to be wound by the High Court of Republic of Singapore on 19th August, 2016. An official liquidator has been appointed by the court. The Company has made full provision for investments made and loans given to FCLPL. Accordingly, this entity is no longer a related party for the Company and not consolidated in these financial statements.

4. The Board vide resolution dated 9th August, 2019 accorded its approval to subscribe to 1,00,00,000 equity shares of ₹10 each of Forbes Technosys Limited, subsidiary of the Company, at a price of ₹ 10 per share. Accordingly the Company has invested ₹1,000 Lakhs in Forbes Technosys Limited during the year.

5. Edumetry Inc., USA , a foreign joint venture of the Company has been dissolved vide Certificate of Dissolution dated 28th October, 2015 issued by the State of Delaware. Consequently, the Company does not have any significant influence or control over Edumetry Inc. as on date. Accordingly, this entity is no longer a related party for the Company and not consolidated in these financial statements. The Company has made full provision for these investments in earlier years.

6. The Company has 25% ownership in Shapoorji Pallonji Forbes Shipping Limited (SPFSL) by virtue of joint venture agreement. However, SPFSL is consolidated as a subsidiary due to the Company's ability to appoint majority of directors on the Board of SPFSL and control activities / returns of this entity.

**D. Category-wise investments – as per Ind AS 109 classification**

₹ In Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **Financial assets carried at fair value through profit or loss** | | |
| Equity Instruments | **0.68** | *0.68* |
| Debentures | **444.51** | *398.31* |
| | **445.19** | *398.99* |
| **Financial assets carried at cost less impairment** | | |
| Equity components in preference shares / debentures | **4,456.43** | *4,456.43* |
| Equity components in financial guarantee | **1.29** | *421.00* |
| Preference shares classified as equity | **5,400.01** | *6,015.52* |
| Equity shares (Unquoted) | **12,847.34** | *12,091.46* |
| | **22,705.07** | *22,984.41* |
| **Financial assets carried at amortised cost** | | |
| Preference shares | **1,016.29** | *907.12* |
| | **1,016.29** | *907.12* |
| **Total** | **24,166.55** | *24,290.52* |
| **Note:** | | |
| Aggregate amount of unquoted investments (net of impairment) | **24,166.55** | *24,290.52* |
| Aggregate amount of impairment in value of investments | **1,673.41** | *463.00* |

**9. Trade receivables**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **Trade receivables** | | |
| a) Secured, considered good | **76.88** | *16.50* |
| b) Unsecured, considered good | **2,430.14** | *4,097.00* |
| c) Doubtful | **1,002.14** | *851.57* |
| | **3,509.16** | *4,965.07* |
| Less: Allowance for doubtful debts (expected credit loss allowance) | **1,002.14** | *851.57* |
| **Total** | **2,507.02** | *4,113.50* |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### 9.1 Trade receivables

| | | |
|---|---|---|
| Debts due by private companies in which a director is a director / member (₹ in Lakhs) (Refer Note 40) | **24.91** | *22.71* |
| Less : Allowance for doubtful debts (expected credit loss allowance) | **10.18** | *10.18* |
| Net Debts | **14.73** | *12.53* |

For trade receivables from related parties (Refer Note 40).
The average credit period on sales is approximately 75 days *(Previous year 80 days)*. No interest is charged on trade receivables overdue.

There are no customers who represent more than 5% of the total balance of trade receivables.

**Expected credit loss for trade receivables for the year ended 31st March, 2020**

| Ageing | Not Due | 0-90 | 91-180 | 181-365 | Above 365 | Total |
|---|---|---|---|---|---|---|
| Gross carrying amount | 1,063.78 | 1,009.21 | 208.01 | 300.59 | 927.57 | 3,509.16 |
| Expected credit losses (loss allowance provision) | 0.17 | 0.41 | 35.21 | 51.06 | 915.29 | 1,002.14 |
| **Carrying amount of trade receivable (net of impairment)** | **1,063.61** | **1,008.80** | **172.80** | **249.53** | **12.28** | **2,507.02** |

*Expected credit loss for trade receivables for the year ended 31st March, 2019*

| *Particulars* | *Not Due* | *0-90* | *91-180* | *181-365* | *Above 365* | *Total* |
|---|---|---|---|---|---|---|
| *Gross carrying amount* | *2,795.91* | *878.91* | *197.00* | *213.16* | *880.07* | *4,965.07* |
| *Expected credit losses* | *0.11* | *0.11* | *0.10* | *0.15* | *851.10* | *851.57* |
| *Carrying amount of trade receivable (net of impairment)* | *2,795.80* | *878.80* | *196.90* | *213.01* | *28.97* | *4,113.50* |

**Movement in the allowance for doubtful debts**

₹ in Lakhs

| Particulars | **Year ended 31st Mar., 2020** | *Year ended 31st Mar., 2019* |
|---|---|---|
| Opening balance | **851.57** | *863.59* |
| Impairment losses recognised on receivables | **199.48** | *104.41* |
| Amounts written off during the year as uncollectible | **(4.76)** | *(38.38)* |
| Amounts recovered during the year | **(44.15)** | *(78.05)* |
| **Balance at end of the year** | **1,002.14** | *851.57* |

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Trade receivables of ₹ 1,002.14 Lakhs *(Previous year ₹ 851.57 Lakhs)* were impaired. The individually impaired receivables were mainly due to unexpected difficult economic situations. It was assessed that a portion of these receivables is expected to be recovered.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### 10. Loans

#### 10A. Non Current

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **a) Security deposits** | | |
| - Unsecured, considered good | **190.50** | *134.46* |
| - Unsecured, considered doubtful | **9.80** | *9.80* |
| Less : Allowance for bad and doubtful loans | **9.80** | *9.80* |
| **Total (a)** | **190.50** | *134.46* |
| **b) Loans to others** | | |
| Secured, considered doubtful (Refer Notes 43 and 44) | **4,391.78** | *4,756.77* |
| Less : Allowance for bad and doubtful loans | **4,391.78** | *4,756.77* |
| **Total (b)** | **-** | *-* |
| **Total (a+b)** | **190.50** | *134.46* |

#### 10B. Current

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **a) Loans to related parties** | | |
| - Unsecured, considered good | **260.00** | *-* |
| **sub total (a)** | **260.00** | *-* |
| **b) Loans and advances to employees** | | |
| - Unsecured, considered good | **7.68** | *19.72* |
| - Doubtful | **-** | *3.13* |
| Less : Allowance for doubtful loans and advances | **-** | *3.13* |
| **Total (b)** | **7.68** | *19.72* |
| **c) Security deposits** | | |
| Unsecured, considered good | **1.69** | *3.35* |
| **Total (c)** | **1.69** | *3.35* |
| **d) Loans to others** | | |
| Unsecured, considered doubtful (Refer Notes 8 and 46) | **375.00** | *375.00* |
| Less : Allowance for bad and doubtful loans | **375.00** | *375.00* |
| **Total (d)** | **-** | *-* |
| **Total (a+b+c+d)** | **269.37** | *23.07* |

**Note:** The above loans are carried at amortised cost.

**Movement in the allowance for bad and doubtful loans and advances**

₹ in Lakhs

| Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| Balance at beginning of the year | **5,144.70** | *4,779.46* |
| Amounts reversed during the year | **(368.12)** | *365.24* |
| **Balance at end of the year** | **4,776.58** | *5,144.70* |

### 11. Other financial assets

#### 11A. Non current

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| Balance held as margin money with banks with remaining maturity period of more than 12 months | | |
| - Unsecured, considered good | **1.61** | *2.49* |
| **Total** | **1.61** | *2.49* |

#### 11B. Current

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **a) Accruals:** | | |
| i) Interest accrued on deposits with bank | **0.80** | *0.72* |
| ii) Interest accrued on investments | **0.77** | *0.68* |
| iii) Interest accrued on loans (Refer Note 40) | **24.31** | *8.44* |
| **Total (a)** | **25.88** | *9.84* |
| **b) Contractually reimbursable expenses from related parties** | **333.40** | *321.84* |
| **Total (b)** | **333.40** | *321.84* |
| **c) Other current receivables** | | |
| Unsecured, considered good (Refer Note 44) | **745.12** | *0.73* |
| **Total (c)** | **745.12** | *0.73* |
| **Total (a+b+c)** | **1,104.40** | *332.41* |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### 12. Inventories

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **Inventories (lower of cost and net realisable value)** | | |
| Raw materials including packing materials [In transit ₹ 181.35 Lakhs; *(Previous year ₹ 13.41 Lakhs)*] | **891.42** | *1,745.42* |
| Work-in-progress | **805.96** | *774.49* |
| Finished goods [In transit ₹ 159.86 Lakhs; *(Previous year ₹ 205.11 Lakhs)*] | **1,083.26** | *1,248.09* |
| Stock-in-trade | **120.44** | *-* |
| Stores and spares | **217.26** | *236.64* |
| Real estate work-in-progress (Refer Note 51) | **33,035.57** | *24,304.31* |
| **Total** | **36,153.91** | *28,308.95* |

**Note:**

The cost of inventories recognised as an expense includes ₹ 1,016.95 Lakhs *(Previous year ₹ (-)101.57 Lakhs)* in respect of write-downs / (reversal of write down) to net realisable value respectively.

### 13. 13A. Cash and cash equivalents

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| Balances with Banks | | |
| a) In Current Accounts | **150.93** | *509.05* |
| b) In EEFC Account [USD 51,582.99; *(Previous year USD 16,268.49)* and EUR Nil; *(Previous year EUR 5,765.76)*] | **38.59** | *15.79* |
| | **189.52** | *524.84* |
| Cheques on hand | **-** | *296.02* |
| Cash on hand | **1.07** | *3.32* |
| **Total** | **190.59** | *824.18* |

### 13B. Other Bank balances

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| a) Earmarked balance with the banks: | | |
| -Unpaid dividends | **25.82** | *17.28* |
| b) Balances held as margin money / under lien with remaining maturity of less than 12 months | **161.17** | *147.41* |
| **Total** | **186.99** | *164.69* |

### 14. Other assets

### 14A. Non Current

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| a) Capital Advances | **113.71** | *586.70* |
| b) Prepaid expenses | **77.71** | *96.79* |
| c) Prepaid lease hold assets | **-** | *23.44* |
| d) Balances with government authorities | | |
| - Unsecured, considered good | **115.89** | *30.52* |
| - Doubtful | **98.49** | *98.49* |
| Less : Allowance for doubtful balances | **98.49** | *98.49* |
| | **115.89** | *30.52* |
| e) Advance wealth tax | **92.26** | *408.29* |
| **Total** | **399.57** | *1,145.74* |

### 14B. Current

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| a) Advances for supply of goods and services | | |
| - Unsecured, considered good | **180.92** | *239.61* |
| - Doubtful | **7.09** | *8.55* |
| Less : Allowance for doubtful advances | **7.09** | *8.55* |
| | **180.92** | *239.61* |
| b) Prepaid expenses | **331.19** | *213.65* |
| c) Prepaid lease hold assets | **-** | *0.16* |
| d) Balances with government authorities | **372.30** | *99.48* |
| e) Export incentives receivables | **105.05** | *117.24* |
| f) Others | **4.50** | *-* |
| **Total** | **993.96** | *670.14* |

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**15. Equity share capital**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **Authorised Share capital :** | | |
| 1,50,00,000 fully paid equity shares of ₹ 10 each | **1,500.00** | *1,500.00* |
| **Issued, subscribed and paid-up share capital:** | | |
| 1,28,98,616 fully paid equity shares of ₹ 10 each | | |
| *(Previous year 1,28,98,616)* | **1,289.86** | *1,289.86* |
| | **1,289.86** | ***1,289.86*** |

**Notes:**

**1 Fully paid equity shares**

| Particulars | Number of shares | Share Capital ₹ in Lakhs |
|---|---|---|
| Balance as at the year end | **1,28,98,616** | **1,289.86** |

**Rights, preferences and restrictions attached to equity shares**

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**2 Details of shares held by the holding company, its subsidiaries and associates**

| | Fully paid ordinary shares | |
|---|---|---|
| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
| Shapoorji Pallonji and Company Private Limited, the holding company | **93,59,293** | *93,59,293* |
| Forbes Campbell Finance Limited, subsidiary of the company | **1,66,398** | *1,66,398* |
| **Total** | **95,25,691** | *95,25,691* |

**3 Details of shares held by each shareholder holding more than 5% shares**

| | As at 31st Mar., 2020 | | *As at 31st Mar., 2019* | |
|---|---|---|---|---|
| Particulars | Number of shares held | % holding in the class of shares | *Number of shares held* | *% holding in the class of shares* |
| **Fully paid equity shares** | | | | |
| Shapoorji Pallonji and Company Private Limited | **93,59,293** | **72.56** | *93,59,293* | *72.56* |
| India Discovery Fund Limited | **11,48,255** | **8.90** | *11,48,255* | *8.90* |
| **Total** | **1,05,07,548** | **81.46** | *1,05,07,548* | *81.46* |

4 The Company has not alloted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

## 16. Other equity

₹ in Lakhs

| | Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|---|
| a) | **General reserve** | | |
| | Balance as at the year end | **16,188.60** | *16,188.60* |
| b) | **Debenture redemption reserve** (Refer Note 1 below) | | |
| | Balance at beginning of the year | **2,500.00** | *2,500.00* |
| | Less:- Transfer to Retained earnings | **(2,500.00)** | - |
| | Balance as at the year end | - | *2,500.00* |
| c) | **Retained earnings** | | |
| | Balance at beginning of the year (as origninally presented) | **3,433.25** | *7,877.29* |
| | Change in accounting policy (Refer Note 51) | - | *(5,083.12)* |
| | **Restated Balance** | **3,433.25** | *2,794.17* |
| | Profit for the year | **(2,455.18)** | *1,027.19* |
| | Other comprehensive income | **(13.32)** | *0.64* |
| | Add: Transfer from Debenture Redemption Reserve (Refer Note 1 below) | **2,500.00** | - |
| | Payment of dividends on equity shares | **(644.93)** | *(322.47)* |
| | Dividend distribution tax | **(132.56)** | *(66.28)* |
| | **Balance at end of the year** | **2,687.26** | *3,433.25* |
| | **Total** | **18,875.86** | *22,121.85* |

**Note 1:** The Company had Redeemable Non-convertible Debentures which have been repaid during the year ended 31st March, 2020 and consequently the Debenture Redemption Reserve created in past years has been transferred to Retained Earnings.

*₹ in Lakhs*

| | 31st Mar., 2020 | *31st Mar., 2019* |
|---|---|---|
| (i) Equity shares | | |
| Dividend for the year 31st March, 2019 of ₹ 2.50 and an additional Special Centenary Year Dividend of ₹ 2.50 per equity share *(Previous year: dividend of ₹ 2.50)* per fully paid share had been proposed by the directors in their meeting held on 30th May, 2019 *(Previous year: 28th May, 2018)* which has been approved by share holders at the Annual General Meeting held on 26th August, 2019 *(Previous year: 25th September, 2018)*. | **644.93** | *322.47* |
| Dividend distribution tax paid | **132.56** | *66.28* |
| **Proposed dividend** | | |
| (ii) Dividend not recognised at the end of reporting year | | |
| In addition to the above dividends, since year end, the board of directors have recommended the payment of a dividend of ₹ Nil per equity share for the year ended 31st March, 2020 *(Previous year dividend of ₹ 2.50 per equity share and an additional Special Centenary Year Dividend of ₹ 2.50 per equity share)*. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting. | - | *644.93* |
| Dividend Distribution Tax on proposed dividend | - | *132.56* |

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**17. Non-current Borrowings**

₹ in Lakhs

| Particulars | Non-current portion | | Current maturities | |
|---|---|---|---|---|
| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
| **Secured – at amortised cost** | | | | |
| **(a) Debentures (Refer Note 1 below)** | | | | |
| Redeemable Non-Convertible Debentures - Secured by mortgage of premises being the land and factory situated at Waluj, Aurangabad together with plant and machinery and other support facilities. | - | - | - | *3,994.97* |
| **(b) Term loans** | | | | |
| **From banks** | | | | |
| **i) Federal Bank -** Secured by first charge by way of hypothecation of certain investment properties of the Company (Refer Note 49). [Repayable in 8 quaterly installments, after a moratorium period of 12 months. First installment is due in November 2019 and last installment is due in August 2021. Rate of interest is MCLR + 0.5% spread] | **1,997.14** | *4,994.11* | **3,000.00** | *1,000.00* |
| **ii) Zoroastrian Bank -** Secured by an exclusive charge by way of hypothecation of certain investment properties of the Company (Refer Note 49). [Repayable in 30 monthly installments after a moratorium period of 6 months. First installment is due in July 2019 and last installment is due in January, 2022. Rate of interest is 9.50% p.a.] | **554.32** | *1,232.10* | **677.77** | *467.90* |
| **iii) DCB Bank Limited Term Loan -** Secured by first Pari-passu charge on leasehold land and factory building together with Plant & Machinery and other support facilities situated at Waluj, MIDC, Aurangabad. [Repayable in 15 equal quarterly installments of ₹ 400 Lakhs each. First installment is due in 31st October, 2020 and last installment is due in 30th April, 2024. Rate of interest in the range of 10.09% p.a. to 10.45% p.a.] | **4,224.37** | - | **800.00** | - |
| | **6,775.83** | *6,226.21* | **4,477.77** | *5,462.87* |
| Less: Amount disclosed under "Other current financial liabilities | - | - | **(4,477.77)** | *(5,462.87)* |
| **Total** | **6,775.83** | *6,226.21* | - | - |

**Note:**

**1. Details of Redeemable Non-Convertible Debentures issued by the Company:**

| Sr. No. | Face Value per Debenture and Date of Allotment | As at 31.03.2020 ₹ in Lakhs | *As at 31.03.2019 ₹ in Lakhs* | Coupon | Terms of Repayment |
|---|---|---|---|---|---|
| 1 | 400 Debentures of face value of ₹ 10,00,000 each - 20th July, 2016 | - | *4,000.00* | 9.10% payable half yearly (till 26th October, 2018) 9.35% payable half yearly (w.e.f 27th October, 2018) | Repaid on 22nd July, 2019. |
| | | - | *4,000.00* | | |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**18. Other financial liabilities**

**18A. Non Current**

₹ in Lakhs

| **Particulars** | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| Security deposits | **122.33** | *218.75* |
| Financial guarantee contracts | **-** | *11.41* |
| **Total** | **122.33** | *230.16* |

**18B. Current**

₹ in Lakhs

| **Particulars** | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| a) Current maturities of long term borrowings | **4,477.77** | *5,462.87* |
| b) Interest accrued but not due on borrowings | **9.99** | *84.42* |
| c) Unpaid dividends ** | **25.82** | *17.28* |
| d) Others :- | | |
| - Payables on purchase of fixed assets | **536.77** | *166.04* |
| - Security deposits | **844.20** | *747.34* |
| - Financial guarantee contracts | **-** | *57.52* |
| - Other Payables | **53.02** | *94.50* |
| **Total** | **5,947.57** | *6,629.97* |

** The Company has transferred ₹ 0.01 Lakhs pertaining to unpaid dividend of 2011-12 to the Investor Education and Protection Fund (IEPF) on 22nd June, 2020. This represents demand drafts issued to shareholders not encashed upto the due date of transfer to IEPF and were credited back to the unpaid dividend account of the Company on expiry.

**19. Provisions**

**19A. Non current**

*₹ in Lakhs*

| **Particulars** | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| **a) Employee benefits** | | |
| Gratuity (Refer Note 35) | **61.87** | *22.62* |
| Other post retirement benefits (Refer Note 35) | **261.19** | *260.04* |
| **b) Other Provisions (Refer Note 1 below)** | **311.50** | *277.98* |
| **Total (a+b)** | **634.56** | *560.64* |

**19B. Current**

*₹ in Lakhs*

| **Particulars** | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| **Employee benefits** | | |
| Compensated absences | **340.09** | *351.29* |
| Gratuity (Refer Note 35) | **122.16** | *105.72* |
| Other post retirement benefits (Refer Note 35) | **43.48** | *43.48* |
| **Total** | **505.73** | *500.49* |

**Note : 1**

**Other Provisions**

*₹ in Lakhs*

| **Particulars** | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| Balance at the beginning of the year | **277.98** | *1,007.62* |
| Add: Provisions made during the year (Refer Note 44) | **46.00** | *22.00* |
| Less: Utilisation / reversal during the year | **12.48** | *751.64* |
| Balance at the end of the year | **311.50** | *277.98* |

This provision represent the Company's best estimate of the future outflow of economic benefits that will be required for certain indirect tax and legal matters. The outflow would depend on settlement / conclusion of respective matters / cessation of expected events with respective authorities.

**20. Deferred tax balances**

The following is the analysis of deferred tax assets/(liabilities) presented in the Balance Sheet:

*₹ in Lakhs*

| **Particulars** | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| Deferred tax assets | **6,020.52** | *5,756.39* |
| Deferred tax liabilities | **(903.93)** | *(763.97)* |
| **Net** | **5,116.59** | *4,992.42* |

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**Current Year (2019-20)**

₹ in Lakhs

| Particulars | Opening balance | Adjustment on adoption of Ind AS 116 | Recognised in Statement of Profit and Loss | Recognised in Other Comprehensive Income | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax (liabilities)/assets in relation to:** | | | | | |
| a) Property, plant and equipment | (763.97) | - | (36.93) | - | (800.90) |
| b) Right of Use Assets | - | 98.34 | (0.55) | - | 97.79 |
| c) Lease Liability | - | (98.34) | (4.69) | - | (103.03) |
| d) Allowances for doubtful debts and advances | 290.84 | - | (5.02) | - | 285.82 |
| e) Defined benefit obligation | 44.88 | - | 7.14 | 1.57 | 53.59 |
| f) Provisions and liabilities to be allowed on payment basis | 343.77 | - | (234.98) | - | 108.79 |
| g) Voluntary Retirement Scheme | 51.41 | - | (29.98) | - | 21.43 |
| h) Tax losses | - | - | - | - | - |
| i) Others (MAT Credit) | 1,022.18 | - | (470.24) * | - | 551.94 |
| j) Profits from Real Estate Business | 4,003.31 | - | 897.85 | - | 4,901.16 |
| **Total** | **4,992.42** | **-** | **122.60** | **1.57** | **5,116.59** |

* Net off ₹ 181.22 Lakhs *(Previous year Nil)* MAT credit recognised based on the return of income filed for AY 2019-20.

*Previous Year (2018-19)*

*₹ in Lakhs*

| *Particulars* | *Opening balance* | *Recognised in Retained Earnings* | *Recognised in Statement of Profit and Loss* | *Recognised in Other Comprehensive Income* | *Closing balance* |
|---|---|---|---|---|---|
| *Deferred tax (liabilities)/assets in relation to:* | | | | | |
| *a) Property, plant and equipment* | *(762.22)* | - | *(1.75)* | - | *(763.97)* |
| *b) Allowances for doubtful debts and advances* | *275.31* | - | *15.53* | - | *290.84* |
| *c) Defined benefit obligation* | *52.71* | - | *(7.49)* | *(0.34)* | *44.88* |
| *d) Provisions and liabilities to be allowed on payment basis* | *422.04* | - | *(78.27)* | - | *343.77* |
| *e) Voluntary Retirement Scheme* | *76.39* | - | *(24.98)* | - | *51.41* |
| *f) Tax losses* | *368.84* | - | *(368.84)* | - | - |
| *g) Others (MAT Credit)* | *1,693.15* | - | *(670.97)* | - | *1,022.18* |
| *h) Profits from Real Estate Business (Refer Note 51 below)* | - | *2,690.18* | *1,313.13* | - | *4,003.31* |
| *Total* | *2,126.22* | *2,690.18* | *176.38* | *(0.34)* | *4,992.42* |

**Note:**

There are no unrecognised deductible temporary differences, unused tax losses and unused tax credits.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### 21. Other liabilities
**Current**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| a) Advances from customers [includes ₹ 38,594.46 Lakhs; *(Previous year ₹ 25,461.61 Lakhs)* towards installments received from customers towards real estate development projects in progress] (Refer Note 51) | **39,062.37** | *26,153.89* |
| b) Statutory remittances | **171.47** | *264.90* |
| c) Others | | |
| - Payable to Employees | **72.82** | *678.24* |
| - Others | **4.70** | - |
| **Total** | **39,311.36** | *27,097.03* |

### 22. Borrowings

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **Unsecured - at amortised cost** | | |
| **a) Credit card facility availed from Axis Bank** | **656.99** | - |
| (Tenure of 51 days) | | |
| **b) Loans from other parties** | | |
| Commercial papers including interest accrued aggregating ₹ Nil; *(Previous year ₹ Nil)* [maximum amount outstanding during the year ₹ Nil; *(Previous year ₹ 8,000 Lakhs)*] | - | - |
| **Total** | **656.99** | - |
| [Loans for the Previous year had a tenure upto 91 days, interest rate in the range of 7.80% p.a. to 9.86% p.a. and settlement through bullet repayment on respective due dates] | | |
| **Secured - at amortised cost** | | |
| **Loans repayable on demand** | | |
| **From banks** | | |
| **i) Cash credit from consortium of banks -** Secured against pari passu charge by way of hypothecation of all stocks including raw materials, stock-in-process, finished goods, stores and spares, goods in transit, trade receivables and other current assets, except receivables of project Vicinia (Refer Note 49). | **1,678.07** | *971.05* |
| **ii) Overdraft facility from Axis Bank -** Secured by first charge on project Vicinia receivables to the extent pertaining to Forbes & Company Limited (Refer Note 49). | **4,941.75** | *4,342.06* |
| **Total** | **7,276.81** | *5,313.11* |

### 23. Trade payables
**Current**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| Micro and small enterprises | **402.46** | *438.75* |
| Others (includes due to related parties as per Note 40) | **4,809.76** | *4,149.19* |
| **Total** | **5,212.22** | *4,587.94* |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

The information as required under Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by Auditors, is as follows:-

*₹ in Lakhs*

| Particulars | 31st Mar., 2020 | *31st Mar., 2019* |
|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | **328.26** | *379.83* |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | **11.69** | *1.30* |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | **810.05** | *497.83* |
| Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | **-** | *-* |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | **-** | *91.91* |
| Interest due and payable towards suppliers registered under MSMED Act, for payments already made | **3.59** | *26.06* |
| Further interest remaining due and payable for earlier years | **58.92** | *31.56* |

### 24. Income tax assets and liabilities

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **Current tax assets** | | |
| Tax refund receivable (net) | **1,784.69** | *1,303.53* |
| | **1,784.69** | *1,303.53* |
| **Current tax liabilities** | | |
| Income tax payable (net) | **92.56** | *61.85* |
| | **92.56** | *61.85* |
| **Net Asset** | **1,692.13** | *1,241.68* |
| **Movement during the year** | | |
| Balance at the beginning of the year | **1,241.68** | *1,596.36* |
| Add: Taxes paid (including tax deducted at source / self assessment tax) | **301.93** | *481.39* |
| Add: Interest receivable accounted in current year | **148.52** | *-* |
| Less: Refund received (net of taxes paid / adjusted) | **-** | *(648.07)* |
| Less: Current tax payable for the year | **-** | *(188.00)* |
| Balance at the year end | **1,692.13** | *1,241.68* |

### 25. Revenue from operations

The following is an analysis of the Company's revenue for the year from continuing operations.

₹ in Lakhs

| Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| **a) Income from real estate contracts** | **-** | *-* |
| **b) Sales** | | |
| **Sale of products** (including excise duty) | | |
| i) Finished Goods | **17,228.56** | *20,541.20* |
| ii) Traded Good | **165.46** | *19.06* |
| | **17,394.02** | *20,560.26* |
| **Sale of services** | | |
| i) Service income | **102.43** | *139.42* |
| | **102.43** | *139.42* |
| **c) Other operating revenues** | | |
| i) Rent and amenities | **1,847.40** | *1,798.83* |
| ii) Export incentives | **117.57** | *158.57* |
| iii) Others (mainly includes scrap sales) | **26.58** | *54.18* |
| | **1,991.55** | *2,011.58* |
| **Total** | **19,488.00** | *22,711.26* |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### 26. Other Income

₹ in Lakhs

| Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| **a) Interest Income** | | |
| **Interest income earned on financial assets that are not designated as at fair value through profit or loss:** | | |
| i) Bank deposits | **25.85** | *32.62* |
| ii) Inter-corporate deposit | **32.08** | *9.38* |
| iii) Customers and others | **15.47** | *8.41* |
| **Total (a)** | **73.40** | *50.41* |
| **b) Dividend Income** | | |
| i) from long-term investments | **0.06** | *0.04* |
| **Total (b)** | **0.06** | *0.04* |
| **c) Other Non-Operating Income** | | |
| i) Credit balances / excess provision written back | **25.90** | *749.13* |
| ii) Interest on Income Tax/ Wealth Tax refund | **193.17** | *366.31* |
| iii) Miscellaneous income (mainly includes recoveries from group companies) | **57.31** | *167.38* |
| **Total (c)** | **276.38** | *1,282.82* |
| **d) Other gains and losses** | | |
| i) Gain on disposal of property, plant and equipment | **145.18** | *124.37* |
| ii) Gain on disposal of current investments | **-** | *137.08* |
| iii) Gain on fair value / interest of long-term investments in subsidiaries | **157.10** | *140.05* |
| iv) Guarantee Commission (including notional income recognised) | **100.41** | *76.46* |
| **Total (d)** | **402.69** | *477.96* |
| **Total (a + b + c + d)** | **752.53** | *1,811.23* |

### 27. Real estate development costs

₹ in Lakhs

| Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| i) Material and Contractual Payments | **6,148.92** | *4,881.12* |
| ii) Fees for technical services / design and drawings | **109.08** | *100.81* |
| iii) Project Management Consultancy Fees | **247.31** | *451.23* |
| iv) Fees-filing with Statutory Authourities | **1,649.32** | *1,431.71* |
| v) Interest on borrowings | **393.90** | *507.47* |
| vi) Operation and maintenance expenses | **182.73** | *182.57* |
| **Total** | **8,731.26** | *7,554.91* |

### 28.
### A. Cost of materials consumed (raw and packing materials)

₹ in Lakhs

| Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| Opening stock of raw materials including packing materials | **1,745.42** | *1,816.65* |
| Purchases | **7,416.02** | *8,638.11* |
| | **9,161.44** | *10,454.76* |
| Less: Closing stock of raw materials including packing materials | **891.43** | *1,745.42* |
| | **8,270.01** | *8,709.34* |

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### B. Changes in inventories of finished goods, work-in-progress and stock-in-trade.

| | | | |
|---|---|---|---|
| **a)** | **Inventories at the end of the year:** | | |
| i) | Finished goods | **1,083.26** | *1,248.09* |
| ii) | Work-in-progress | **805.96** | *774.49* |
| iii) | Stock-in-trade | **120.44** | - |
| iv) | Real estate development work-in-progress | **33,035.57** | *24,304.31* |
| | | **35,045.23** | *26,326.89* |
| **b)** | **Inventories at the beginning of the year:** | | |
| i) | Finished goods | **1,248.09** | *708.36* |
| ii) | Work-in-progress | **774.49** | *456.20* |
| iii) | Real estate development work-in-progress | **24,304.31** | *5,586.14* |
| | | **26,326.89** | *6,750.70* |
| **c)** | **Increase in real estate work-in-progress inventories due to adoption of Ind AS 115** (Refer Note 51) | - | *11,163.27* |
| **Net increase (b)+(c)-(a)** | | **(8,718.34)** | *(8,412.92)* |

### 29. Employee benefits expense

₹ in Lakhs

| | Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|---|
| i) | Salaries and Wages | **3,997.90** | *3,793.39* |
| ii) | Contribution to provident and other funds | **342.87** | *293.28* |
| iii) | Staff Welfare Expenses | **367.35** | *360.31* |
| | **Total** | **4,708.12** | *4,446.98* |

### 30. Finance costs

₹ in Lakhs

| Particulars | | | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|---|---|
| **(a)** | **Interest costs :-** | | | |
| | i) | Interest on bank overdrafts and loans | **1,353.21** | *1,117.66* |
| | ii) | Interest expenses on lease liabilities | **33.75** | - |
| | iii) | Delayed payment of taxes | **8.73** | *1.17* |
| | iv) | Other interest expense | **23.67** | *27.35* |
| | | | **1,419.36** | *1,146.18* |
| | | Less: amounts included in the cost of qualifying assets | **252.79** | - |
| | | **Sub Total** | **1,166.57** | *1,146.18* |
| (b) | Other borrowing costs | | **17.70** | *54.76* |
| | **Total** | | **1,184.27** | *1,200.94* |

The weighted average capitalisation rate on borrowed funds generally is 10.50% p.a. *(Previous Year Nil)*.

### 31. Depreciation and amortisation expense

₹ in Lakhs

| | Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|---|
| i) | Depreciation on property, plant and equipment (Refer Note 5) | **989.86** | *832.43* |
| ii) | Depreciation of investment properties (Refer Note 6) | **65.71** | *63.22* |
| iii) | Depreciation Right-of-use assets | **81.35** | - |
| iv) | Amortisation of intangible assets (Refer Note 7) | **73.55** | *52.51* |
| Less: Transfered to Real Estate work-in-progress | | **(0.06)** | *(1.19)* |
| | **Total** | **1,210.41** | *946.97* |

## 32. A. Other expenses

₹ in Lakhs

| Particulars | | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|---|
| Consumption of stores and spare parts | | **772.28** | *883.34* |
| Processing charges | | **856.77** | *1,386.39* |
| Power and fuel | | **573.38** | *628.71* |
| Service charges | | **402.72** | *411.96* |
| Rent and hire charges | | **13.44** | *183.50* |
| **Repairs and maintenance to :** | | | |
| i) Buildings | 88.50 | | *181.33* |
| ii) Plant and machinery | 175.31 | | *268.48* |
| iii) Others | 227.51 | | *164.78* |
| | | **491.32** | *614.59* |
| Insurance | | **38.53** | *31.63* |
| Rates and taxes | | **131.47** | *151.67* |
| Selling expenses, commission and brokerage | | **452.17** | *455.47* |
| Freight and outward charges | | **420.94** | *479.76* |
| Advertisement and sales promotion | | **731.97** | *803.04* |
| Printing and Stationery | | **65.24** | *85.03* |
| Communication | | **91.52** | *92.79* |
| Legal and professional charges | | **411.23** | *593.10* |
| Travelling and conveyance | | **379.24** | *453.19* |
| Trade receivables written off | 4.76 | | *38.38* |
| Less: Provision held | 4.76 | | *38.38* |
| | | **-** | *-* |
| Provision for doubtful trade receivables | | **155.33** | *26.36* |
| Provision for doubtful loans and advances | | **-** | *52.05* |
| Corporate social responsibility expenditure (Refer Note 2 below) | | **26.96** | *47.25* |
| Net loss on Foreign currency transactions and translations | | **11.66** | *28.06* |
| Security Expenses | | **228.84** | *215.04* |
| Miscellaneous expenses | | **329.40** | *367.93* |
| Auditors remuneration | | | |
| To Statutory Auditors | | | |
| i) For audit | 79.55 | | *52.60* |
| ii) For reimbursement of expenses | 6.24 | | *4.69* |
| | | **85.79** | *57.29* |
| To cost auditors | | **3.88** | *4.03* |
| | | **89.67** | *61.32* |
| **Total** | | **6,674.08** | *8,052.18* |

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

₹ in Lakhs

| Particulars | **Year ended 31st Mar., 2020** | *Year ended 31st Mar., 2019* |
|---|---|---|
| **Note 1:** Included in other expenses are the below: | | |
| Direct operating expenses arising from investment property that generated rental income during the year | **74.30** | *157.35* |
| Direct operating expenses arising from investment property that did not generate rental income during the year | **11.09** | *14.79* |
| **Total** | **85.39** | *172.14* |
| **Note 2:** Details of Corporate social responsibility expenditure: | | |
| As per Section 135 of the Act, a Company meeting the applicability threshold, needs to spend atleast 2% of its average net profit for the immediately preceding three financial years on CSR activities. The major areas for CSR activities are promoting education facilities. A CSR committee has been formed by the Company as per the Act. | | |
| Amount required to be spent as per section 135 of the Act. | **55.97** | *52.00* |
| Amount spent during the year: | | |
| (i) Constructions/ Acquisition of an asset | **26.96** | *47.25* |
| (ii) For the purposes other than (i) above | **-** | *-* |
| **Total** | **26.96** | *47.25* |
| Agreements entered for construction / acquisition of assets | **-** | *4.75* |
| **B. Exceptional items** | | |
| Expected inflow / (outflow) for disputed matters (Net) (Refer Note 44) | **698.18** | *(1,055.82)* |
| Gain on transfer of interest (Refer Note 50) | **-** | *84.90* |
| Impairment of investment in subsidiary company (Refer Note 53) | **(1,216.29)** | *-* |
| | **(518.11)** | *(970.92)* |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### 33. Income taxes

**33.1 Income tax recognised in profit or loss**

₹ in Lakhs

| Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| **For Continuing operations** | | |
| **Current tax** | | |
| In respect of the current year | - | *188.00* |
| **Deferred tax** | | |
| In respect of the current year | **(122.60)** | *(176.38)* |
| | **(122.60)** | *11.62* |

**The income tax expense for the year can be reconciled to the accounting profit as follows:**

| Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| **Profit before tax from total operations** | **(2,577.78)** | *1,038.81* |
| Income tax expense calculated at 29.12% (2018-19: 34.94%) | **(750.65)** | *362.96* |
| Effect of expense that is non deductible in determining taxable profit | **366.48** | *27.29* |
| Effect of tax incentives and concession | **(109.25)** | *(83.44)* |
| Effects of Ind AS adjustments due to notional gains/ loss recognised during the year | **(43.31)** | *(62.18)* |
| Effect of disallowances / (deduction) on which deferred tax assets was not recognised in past | **(96.53)** | *(135.10)* |
| Effect on deferred tax assets due to change in tax rates | **661.32** | *(29.93)* |
| MAT credit recognised based on the return of income filed for AY 2019-20 | **(200.34)** | - |
| Others | **49.68** | *(67.98)* |
| Income tax expense recognised in the Statement of Profit and Loss | **(122.60)** | *11.62* |

**33.2 Income tax recognised in other comprehensive income**

| Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| **Others** | | |
| **Deferred tax** | | |
| Re-measurement of defined benefit obligation | **(1.57)** | *0.34* |
| **Total income tax expense recognised in other comprehensive income** | **(1.57)** | *0.34* |

### 34. Earnings per share

| Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| Profit for the year (A) (₹ in Lakhs) | **(2,455.18)** | *1,027.19* |
| Weighted average number of equity shares for the purposes of basic/ diluted earnings per share (Quantity in Lakhs) (B) | **128.99** | *128.99* |
| **Basic/ Diluted Earnings per equity share C=(A/B) (₹)** | **(19.03)** | *7.96* |

### 35. Employee Benefits :

**Brief description of the Plans:**

The Company has various schemes for long term employees benefits such as Provident Fund, Gratuity, Superannuation, Employees State Insurance Fund (ESIC) and Employees' Pension Scheme, Compensated absences and Post Retirement Medical and Non Compete fees. The Company's defined contribution plans are Superannuation, Employees State Insurance Fund and Employees' Pension Scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The Company has no further obligation beyond making the contributions to such plans. The Company's defined benefit plans include Provident Fund, Gratuity, Post Retirement Medical and Non Compete fees.

The Company provides for gratuity payable to employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

The gratuity plan is a funded plan and the Company had obtained insurance policies with Life Insurance Corporation of India (LIC) and makes a contribution to LIC for amounts notified by LIC. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the Projected Unit Credit method.

The Company's Gratuity Plan is administered by an insurer and the Investments are made in various schemes of the trust. The Company funds the plan on a periodical basis.

The eligible employees of the Company are entitled to receive post-employment benefits in respect of provident fund, in which both the employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary. The contributions are made to the provident fund managed by the trust set up by the Company which are charged to the Statement of Profit and Loss as incurred.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

A large portion of provident fund trust assets consists of government and corporate bonds, although the Company also invests in equities, cash and mutual funds. The plan asset mix is in compliance with the requirements of the regulations in case of Provident fund.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations, with the objective that assets of the gratuity / provident fund obligations match the benefit payments as they fall due.

Under the post-retirement medical and non-compete fees, eligible whole-time directors and on their demise, their spouses are entitled to medical benefits subject to certain limits and fixed monthly payment as non-compete fee. The Company accounts for these benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the Projected Unit Credit method.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk**
The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is a mix of investments in government securities, and other debt instruments.

**Interest risk**
A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

**Longevity risk**
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk**
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**I. Charge to the Statement of Profit and Loss based on contributions:**

₹ in Lakhs

| Particulars | **Year Ended 31st Mar., 2020** | *Year Ended 31st Mar., 2019* |
|---|---|---|
| Employer's contribution to Regional Provident Fund Office | **69.91** | *52.91* |
| Employer's contribution to Superannuation Fund | **64.28** | *74.51* |
| Employer's contribution to Employees' State Insurance Corportion and other funds | **32.33** | *20.10* |

Included in Contribution to Provident and Other Funds (Refer Note 29)

**II. Disclosures for defined benefit plans based on actuarial valuation reports :-**

**A. Change in Defined Benefit Obligation**

₹ in Lakhs

| | **Gratuity (Funded)** | | **Others (Post Retirement medical and non compete fees) (Non funded)** | |
|---|---|---|---|---|
| **Particulars** | **Year Ended 31st Mar., 2020** | *Year Ended 31st Mar., 2019* | **Year Ended 31st Mar., 2020** | *Year Ended 31st Mar., 2019* |
| Present Value of Defined Benefit Obligation as at beginning of the year | **825.83** | *829.40* | **303.52** | *334.11* |
| Interest Cost | **62.45** | *64.35* | **22.77** | *25.61* |
| Current Service Cost | **63.74** | *43.96* | **-** | *-* |
| Benefits Paid | **(180.99)** | *(115.39)* | **(41.91)** | *(41.09)* |
| Remeasurement of defined benefit obligation | **8.05** | *3.51* | **20.29** | *(15.11)* |
| **Present Value of Defined Benefit Obligation as at the end of the year** | **779.08** | *825.83* | **304.67** | *303.52* |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**B. Changes in the Fair Value of Assets**

₹ in Lakhs

| Particulars | Gratuity (Funded) | | Others (Post Retirement medical and non compete fees) (Non funded) | |
|---|---|---|---|---|
| | **Year Ended 31st Mar., 2020** | *Year Ended 31st Mar., 2019* | **Year Ended 31st Mar., 2020** | *Year Ended 31st Mar., 2019* |
| Fair Value of Plan Assets as at beginning of the year | **697.49** | *677.18* | **-** | - |
| Interest Income | **53.29** | *52.82* | **-** | - |
| Contributions from employer | **11.81** | *93.50* | **-** | - |
| Benefits Paid | **(180.99)** | *(115.39)* | **-** | - |
| Return on Plan Assets, excluding Interest Income | **13.45** | *(10.62)* | **-** | - |
| **Fair Value of Plan Assets as at the end of the year** | **595.05** | *697.49* | **-** | - |

**C. Amount recognised in the Balance Sheet**

₹ in Lakhs

| Particulars | Gratuity (Funded) | | Others (Post Retirement medical and non compete fees) (Non funded) | |
|---|---|---|---|---|
| | **Year Ended 31st Mar., 2020** | *Year Ended 31st Mar., 2019* | **Year Ended 31st Mar., 2020** | *Year Ended 31st Mar., 2019* |
| Present Value of Defined Benefit Obligation as at the end of the year | **779.08** | *825.83* | **304.67** | *303.52* |
| Fair Value of Plan Assets as at end of the year | **595.05** | *697.49* | **-** | - |
| **Net Liability recognised in the Balance Sheet** (Refer Note 19A and 19B) | **184.03** | *128.34* | **304.67** | *303.52* |
| **Recognised under:** | | | | |
| **Non - current provision** (Refer Note 19A) | **61.87** | *22.62* | **261.19** | *260.04* |
| **Current provision** (Refer Note 19B) | **122.16** | *105.72* | **43.48** | *43.48* |

**D. Expenses recognised in Statement of Profit and Loss**

₹ in Lakhs

| Particulars | Gratuity (Funded)* | | Others (Post Retirement medical and non compete fees) (Non funded)# | |
|---|---|---|---|---|
| | **Year Ended 31st Mar., 2020** | *Year Ended 31st Mar., 2019* | **Year Ended 31st Mar., 2020** | *Year Ended 31st Mar., 2019* |
| Current Service Cost | **63.74** | *43.96* | **-** | - |
| Net interest | **9.16** | *11.53* | **22.77** | *25.61* |
| **Total Expenses recognised in the Statement of Profit and Loss** | **72.90** | *55.49* | **22.77** | *25.61* |

* Included in Contribution to Provident and Other Funds (Refer Note 29)
# included in Salaries and Wages (Refer Note 29)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**E. Expenses Recognized in the Other Comprehensive Income (OCI) for the Year**

₹ in Lakhs

| Particulars | Gratuity (Funded) | | Others (Post Retirement medical and non compete fees) (Non funded) | |
|---|---|---|---|---|
| | **Year Ended 31st Mar., 2020** | *Year Ended 31st Mar., 2019* | **Year Ended 31st Mar., 2020** | *Year Ended 31st Mar., 2019* |
| Actuarial (Gains)/Losses on Obligation for the Year - Due to changes in financial assumptions | **(37.79)** | *5.72* | **14.59** | *2.27* |
| Actuarial (Gains)/Losses on Obligation for the Year - Due to experience adjustment | **36.41** | *(2.21)* | **5.70** | *(17.38)* |
| Return on Plan Assets, excluding Interest Income | **(13.45)** | *10.62* | **-** | *-* |
| Actuarial (Gains)/Losses on Obligation for the Year - Due to changes in demographic assumptions | **9.43** | *-* | **-** | *-* |
| **Net (Income)/Expense For the year Recognized in OCI** | **(5.40)** | *14.13* | **20.29** | *(15.11)* |

**F. Principal actuarial assumptions used:**

₹ in Lakhs

| Particulars | Gratuity (Funded) | | Others (Post Retirement medical and non compete fees) (Non funded) | |
|---|---|---|---|---|
| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
| Discount Rate (per annum) | **6.43%** | *7.64%* | **6.43% & 6.89%** | *7.48% - 7.79%* |
| Salary escalation rate | **3.50%** | *6.00%* | **0.00%** | *0.00%* |
| Rate of employee turnover | **11.89%** | *8.00%* | **0.00%** | *0.00%* |

**G. Movements in the present value of net defined benefit obligation are as follows:**

₹ in Lakhs

| Particulars | Gratuity (Funded) | | Others (Post Retirement medical and non compete fees) (Non funded) | |
|---|---|---|---|---|
| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
| Opening Net Liability | **128.34** | *152.22* | **303.52** | *334.11* |
| Expenses Recognized in Statement of Profit or Loss | **72.90** | *55.49* | **22.77** | *25.61* |
| Expenses Recognized in OCI | **(5.40)** | *14.13* | **20.29** | *(15.11)* |
| Benefit Paid Directly by the Employer | **-** | *-* | **(41.91)** | *(41.09)* |
| Employer's Contribution | **(11.81)** | *(93.50)* | **-** | *-* |
| **Net Liability Recognized in the Balance Sheet** | **184.03** | *128.34* | **304.67** | *303.52* |

**H. Category of Assets**

₹ in Lakhs

| Particulars | Gratuity | |
|---|---|---|
| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
| Government of India Assets (Central and State) | | |
| Insurance fund | **595.05** | *697.49* |
| **Total** | **595.05** | *697.49* |

The Plan Asset for the funded gratuity plan are administered by Life Insurance Corporation of India ('LIC') as per the Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance Regulatory Development Authority Regulations.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**I. Other Details**

₹ in Lakhs

| Particulars | Gratuity | | Others (Post Retirement medical and non compete fees) | |
|---|---|---|---|---|
| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
| Number of Active Members | **436** | *448* | **-** | *-* |
| Per Month Salary for Active Members (₹ in Lakhs) | **92.31** | *97.25* | **-** | *-* |
| Weighted Average Duration of the Projected Benefit Obligation | **5** | *7* | **-** | *-* |
| Average Expected Future Service (Years) | **6** | *8* | **-** | *-* |
| Projected Benefit Obligation (PBO) (₹ in Lakhs) | **779.08** | *825.83* | **304.67** | *303.52* |
| Prescribed Contribution For Next Year (12 Months) (₹ in Lakhs) | **92.31** | *97.25* | **-** | *-* |

**J. Cash Flow Projection: From the Fund**

₹ in Lakhs

| Projected Benefits Payable in Future Years From the Date of Reporting | Estimated for the Year Ended 31st Mar., 2020 | *Estimated for the Year Ended 31st Mar., 2019* | Estimated for the Year Ended 31st Mar., 2020 | *Estimated for the Year Ended 31st Mar., 2019* |
|---|---|---|---|---|
| | Gratuity | | Other Post Employment Benefits | |
| 1st Following Year | **155.02** | *166.27* | **43.48** | *43.48* |
| 2nd Following Year | **92.83** | *97.88* | **43.48** | *43.48* |
| 3rd Following Year | **105.80** | *86.67* | **43.48** | *43.48* |
| 4th Following Year | **121.45** | *82.31* | **43.48** | *43.48* |
| 5th Following Year | **109.37** | *114.00* | **43.48** | *43.48* |
| Sum of Years 6 To 10 | **244.98** | *347.11* | **217.40** | *217.40* |
| Sum of Years 11 and above | **156.29** | *372.39* | **-** | *-* |

**K. Sensitivity Analysis**

₹ in Lakhs

| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| | Gratuity | |
| Impact of +1% Change in Rate of Discounting | **(25.76)** | *(34.30)* |
| Impact of -1% Change in Rate of Discounting | **28.03** | *38.04* |
| Impact of +1% Change in Rate of Salary Increase | **28.57** | *38.28* |
| Impact of -1% Change in Rate of Salary Increase | **(26.70)** | *(35.12)* |
| Impact of +1% Change in Rate of Employee Turnover | **3.60** | *2.97* |
| Impact of -1% Change in Rate of Employee Turnover | **(3.94)** | *(3.33)* |

The above sensitivity analysis are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

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

**L. Provident Fund**

The Company has established 'Forbes & Company Ltd. Employees Provident Fund' in respect of all the employees to which both the employee and employer make contribution equal to 12% of the employees' basic salary respectively. The Company's contribution to the

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

provident fund for all employees, are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company. In accordance with the recent actuarial valuation, there is no deficiency in the interest cost as the present value of expected future earnings of the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest.

₹ in Lakhs

| Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| Company's contribution to the provident fund | **103.44** | *90.27* |

Assumptions used in determining the present value obligation of the interest rate guarantee are as follows:

| Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| Approach used | **Deterministic** | *Deterministic* |
| Increase in compensation levels | **3.50%** | *6.00%* |
| Discount Rate | **6.43%** | *7.64%* |
| Attrition Rate | **11.89%** | *8.00%* |
| | | |
| Weighted Average Yield | **8.08%** | *8.20%* |
| Weighted Average YTM | **8.14%** | *8.32%* |
| Reinvestment Period on Maturity | **5 years** | *5 years* |
| Expected Guaranteed Interest Rate | **8.50%** | *8.65%* |
| Average Expected Future Service | **6 years** | *8 years* |
| Average term to Maturity | **5.36 years** | *5.44 years* |
| Mortality Rate | **Indian Assured Lives Mortality (2006-08) Ultimate** | *Indian Assured Lives Mortality (2006-08) Ultimate* |

**M.** The liability for Compensated absences (Non – Funded) as at year end is ₹ 340.09 Lakhs *(Previous year ₹ 351.29 Lakhs)* (Refer Note 19B).

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Company makes provision for compensated absences based on an actuarial valuation carried out at the end of the year using the Projected Unit Credit method. Leave obligations not expected to be settled in the next 12 months is ₹ 250.55 Lakhs *(Previous year ₹ 260.20 Lakhs)*.

**36. Financial Instruments**

**36.1 Capital Management**

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in Notes 17, 18B and 22 offset by cash and bank balances) and total equity of the Company.

The Company determines the amount of capital required on the basis of annual as well as long term operating plans and other strategic investment plans. The funding requirements are met through non convertible debt securities or other long-term /short-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The capital components of the Company are as given below:

₹ in Lakhs

| | 31st Mar., 2020 | *31st Mar., 2019* |
|---|---|---|
| **Total Equity** | **20,165.72** | *23,411.71* |
| Short Term Borrowings | **7,276.81** | *5,313.11* |
| Long Term Borrowings | **6,775.83** | *6,226.21* |
| Current Maturities of Long Term Borrowings | **4,477.77** | *5,462.87* |
| **Total Debt** | **18,530.41** | *17,002.19* |
| Cash and Cash equivalents | **190.59** | *824.18* |
| Bank balances other than above | **186.99** | *164.71* |
| **Balance held as margin money with banks with remaining maturity period of more than 12 months** | **1.61** | *2.57* |
| **Net Debt** | **18,151.22** | *16,010.73* |
| **Debt Equity ratio** | **0.56** | *0.50* |

Debt Equity Ratio = Long Term Borrowings (including current maturities) / Total Equity

**36.2 Financial risk management objectives**

The Management monitors and manages the financial risks to the operations of the Company. These risks include market risk, credit risk and liquidity risk.

**36.3 Market Risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (Refer Note 36.6) and interest rates (Refer Note 36.7). The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk.

**36.4 Credit risk management**

**Trade receivables**

Trade receivables are generally unsecured and are derived from revenue earned from customers. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix and forward-looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables. Historical experience of collecting receivables of the Company is supported by low level of past default and hence the credit risk is perceived to be low.

**Investments in subsidiaries, associates and joint ventures**

The Company had invested in various subsidiaries, associates and joint ventures. The approved future business plans and cash flow projections of these entities are evaluated by the management of the Company on an ongoing basis and based on this evaluation the recoverability of the investments is considered to be good.

**Other Financial assets**

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are mutual funds and banks with high credit-ratings assigned by credit-rating agencies.

In addition, the Company is exposed to credit risk in relation to the financial guarantees given to banks on behalf of subsidiaries by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on is ₹ 13,365.60 Lakhs as at 31st March, 2020 *(Previous year as at 31st March, 2019 is ₹ 18,294.67 Lakhs)*. Based on expectations at the end of the reporting period, the Company considers that it is more likely that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

**36.5 Liquidity Risk**

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Company manages liquidity risk by banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The below table sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

The Company has the following undrawn credit lines available as at the end of the reporting period.

₹ in Lakhs

| | **31st Mar., 2020** | *31st Mar., 2019* |
|---|---|---|
| - Expiring within one year | **2,272.00** | *8,750.00* |
| - Expiring beyond one year | **976.00** | - |
| | **3,248.00** | *8,750.00* |

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the earliest date on which the Company can be required to pay. The tables include both principal and interest cash flows.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

₹ in Lakhs

| Maturities of Financial Liabilities as at the Balance Sheet date | 31st Mar., 2020 | | | |
|---|---|---|---|---|
| | Upto 1 year | 1 to 3 years | 3 to 5 years | 5 years & above |
| Borrowings (includes interest) | 12,673.01 | 6,347.68 | 1,054.66 | - |
| Trade Payables | 5,212.22 | - | - | - |
| Other Financial Liabilities | 1,459.80 | 122.33 | - | - |
| Lease liability | 99.00 | 156.61 | 127.55 | 81.73 |
| | **19,444.03** | **6,626.62** | **1,182.21** | **81.73** |

₹ in Lakhs

| *Maturities of Financial Liabilities as at the Balance Sheet date* | *31st Mar., 2019* | | | |
|---|---|---|---|---|
| | *Upto 1 year* | *1 to 3 years* | *3 to 5 years* | *5 years & above* |
| *Borrowings (includes interest)* | *11,662.43* | *6,723.85* | - | - |
| *Trade Payables* | *4,587.94* | - | - | - |
| *Other Financial Liabilities* | *1,082.67* | *230.16* | - | - |
| | *17,333.04* | *6,954.01* | - | - |

**36.6 Derivatives Instruments and unhedged Foreign Currency (FC) exposure**

The Company is exposed to Currency Risk arising from its trade exposures and capital/Loan receipt/payments denominated, in other than the Functional Currency. The Company has a Foreign Exchange Risk Management policy within which the treasury has to perform and also lays down the checks and controls to ensure the continuing success of the treasury function. The Company has defined strategies for addressing the risks for each category of exposures (e.g. for exports , for imports, for loans, etc.). The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macro-economic conditions.

**a) Particulars of unhedged foreign currency exposures as at the reporting date**

| | As at 31st Mar., 2020 | | | | *As at 31st Mar., 2019* | | | |
|---|---|---|---|---|---|---|---|---|
| | Advances from customers | | Trade receivables | | *Advances from customers* | | *Trade receivables* | |
| Currencies | FC in Lakhs | ₹ In Lakhs | FC in Lakhs | ₹ In Lakhs | *FC in Lakhs* | *₹ In Lakhs* | *FC in Lakhs* | *₹ In Lakhs* |
| USD | **0.19** | **14.04** | **6.08** | **454.59** | *0.13* | *9.34* | *7.84* | *544.80* |
| GBP | - | - | **0.19** | **17.30** | - | - | *0.98* | *89.00* |
| EUR | **0.00** | **0.04** | - | - | *0.08* | *6.10* | *0.75* | *58.59* |

| | As at 31st Mar., 2020 | | | | *As at 31st Mar., 2019* | | | |
|---|---|---|---|---|---|---|---|---|
| | Advances to vendors | | Trade payables | | *Advances to vendors* | | *Trade payables* | |
| Currencies | FC in Lakhs | ₹ In Lakhs | FC in Lakhs | ₹ In Lakhs | *FC in Lakhs* | *₹ In Lakhs* | *FC in Lakhs* | *₹ In Lakhs* |
| USD | **0.16** | **11.77** | **5.45** | **407.49** | *0.08* | *5.75* | *7.75* | *538.04* |
| EUR | **0.02** | **1.76** | **2.53** | **208.13** | *0.06* | *4.67* | *2.14* | *166.67* |
| CHF | - | - | **0.04** | **3.03** | - | - | *0.01* | *0.96* |
| CNY | - | - | - | - | *0.43* | *4.45* | - | - |
| AUD | - | - | - | - | - | - | *0.10* | *5.12* |
| AED | **0.14** | **2.82** | **0.70** | **14.26** | - | - | - | - |

| | As at 31st Mar., 2020 | | *As at31st Mar., 2019* | |
|---|---|---|---|---|
| | Current Account Balances | | *Current Account Balances* | |
| Currencies | FC in Lakhs | ₹ In Lakhs | *FC in Lakhs* | *₹ In Lakhs* |
| USD | **0.52** | **38.59** | *0.16* | *11.30* |
| EUR | - | - | *0.06* | *4.49* |

Of the above, the Company is mainly exposed to USD, GBP and EUR. Hence the following table analyses the Company's Sensitivity to a 5% increase and a 5% decrease in the exchange rates of these currencies against INR.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**(b) Sensitivity**
**As at 31st Mar., 2020**

₹ in Lakhs

| **Currencies** | **Increase/ Decrease** | **Total Assets in FC** | **Total Liabilities in FC** | **Impact on exchange rate** | **Impact on Profit or Loss for the year** |
|---|---|---|---|---|---|
| USD | Increase by 5% | 6.75 | 5.63 | 3.74 | 4.19 |
| USD | Decrease by 5% | 6.75 | 5.63 | (3.74) | (4.19) |
| GBP | Increase by 5% | 0.19 | - | 4.68 | 0.89 |
| GBP | Decrease by 5% | 0.19 | - | (4.68) | (0.89) |
| EUR | Increase by 5% | 0.02 | 2.53 | 4.11 | (10.32) |
| EUR | Decrease by 5% | 0.02 | 2.53 | (4.11) | 10.32 |

*As at 31st Mar., 2019*

₹ in Lakhs

| *Currencies* | *Increase/ Decrease* | *Total Assets in FC* | *Total Liabilities in FC* | *Impact on exchange rate* | *Impact on Profit or Loss for the year* |
|---|---|---|---|---|---|
| *USD* | *Increase by 5%* | *8.08* | *7.88* | *3.47* | *0.69* |
| *USD* | *Decrease by 5%* | *8.08* | *7.88* | *(3.47)* | *(0.69)* |
| *GBP* | *Increase by 5%* | *0.98* | - | *4.53* | *4.44* |
| *GBP* | *Decrease by 5%* | *0.98* | - | *(4.53)* | *(4.44)* |
| *EUR* | *Increase by 5%* | *0.87* | *2.22* | *3.90* | *(5.27)* |
| *EUR* | *Decrease by 5%* | *0.87* | *2.22* | *(3.90)* | *5.27* |

**36.7 Interest rate risk**

Interest rate risk results from changes in prevailing market interest rates, which can cause a change in the fair value of fixed-rate instruments and changes in the interest payments of the variable-rate instruments.

**(a) Interest rate risk exposure**

The exposure of Company's borrowing to interest rate changes at the end of the year are as follows:

| **Particulars** | **As at 31st Mar., 2020** | | | *As at 31st Mar., 2019* | | |
|---|---|---|---|---|---|---|
| | **Weighted average interest rates** | **% of total loans** | **Total Borrowings** | *Weighted average interest rates* | *% of total loans* | *Total Borrowings* |
| Term Loans from Banks | **9.98%** | **61%** | **11,253.60** | *9.31%* | *42%* | *7,694.11* |
| Non Convertible Debentures | - | - | - | *9.27%* | *22%* | *3,994.97* |
| Cash Credit Facilities | **10.59%** | **9%** | **1,678.07** | *11.79%* | *5%* | *971.05* |
| Overdraft Facilities | **9.45%** | **27%** | **4,941.75** | *9.12%* | *23%* | *4,342.06* |
| Credit card Facilities | - | **4%** | **656.99** | - | - | - |
| **Total** | | | **18,530.41** | | | *17,002.19* |

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**(b) Sensitivity**

The sensitivity of profit / (loss) to changes in interest rates/exchange rates:

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| Rates increase by 100 basis points* | **166.41** | *113.13* |
| Rates decrease by 100 basis points* | **(166.41)** | *(113.13)* |

* Holding all other variables constant.

**36.8 Fair Value Disclosures**

**a) Categories of Financial Instruments:**

₹ in Lakhs

| | 31st Mar., 2020 | | | *31st Mar., 2019* | | |
|---|---|---|---|---|---|---|
| | **FVTPL** | **FVTOCI** | **Amortised Cost** | *FVTPL* | *FVTOCI* | *Amortised Cost* |
| **Financial Assets** | | | | | | |
| Investments* | **445.19** | - | **1,016.29** | *398.99* | - | *907.12* |
| Loans | - | - | **459.87** | - | - | *157.45* |
| Cash and Bank Balances | - | - | **377.58** | - | - | *988.89* |
| Trade Receivables | - | - | **2,507.02** | - | - | *4,113.48* |
| Other Financial Assets | - | - | **1,106.01** | - | - | *334.98* |
| | **445.19** | - | **5,466.77** | *398.99* | - | *6,501.92* |
| **Financial liabilities** | | | | | | |
| Borrowings | - | - | **14,052.64** | - | - | *11,539.32* |
| Trade Payables | - | - | **5,212.22** | - | - | *4,587.94* |
| Other Financial Liabilities | - | - | **6,069.90** | - | - | *6,860.13* |
| Lease liability | - | - | **353.81** | - | - | - |
| | - | - | **25,688.57** | - | - | *22,987.39* |

* Excludes investments in equity instruments of ₹ 22,705.07 Lakhs *(Previous year ₹ 22,984.41 Lakhs)* carried at cost less impairment.

**b) Fair Value Hierarchy and Method of Valuation**

Except as detailed in the following table, the Company considers that the carrying amounts of financial instruments recognised in the financial statements approximate their fair values.

₹ in Lakhs

| | 31st Mar., 2020 | | | | |
|---|---|---|---|---|---|
| **Financial Assets** | **Carrying Value** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Measured at FVTPL** | | | | | |
| **Investments** | | | | | |
| Investments in Equity Instruments | 0.68 | - | - | 0.68 | 0.68 |
| Investments in debentures | 444.51 | - | - | 444.51 | 444.51 |

| | *31st Mar., 2019* | | | | |
|---|---|---|---|---|---|
| *Financial Assets* | *Carrying Value* | *Level 1* | *Level 2* | *Level 3* | *Total* |
| *Measured at FVTPL* | | | | | |
| *Investments* | | | | | |
| *Investments in Equity Instruments* | *0.68* | - | - | *0.68* | *0.68* |
| *Investments in debentures* | *398.31* | - | - | *398.31* | *398.31* |

There are no transfers between level 1, level 2 and level 3 during the year.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**c) Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the changes in level 3 items for the years ended 31st March, 2020 and 31st March, 2019.

₹ in Lakhs

| | Equity Instruments | Optionally Convertible Debentures | Total |
|---|---|---|---|
| **As at 31st Mar., 2019** | **0.68** | **398.31** | **398.99** |
| Additions during the year | - | - | - |
| Fair value Gains / Losses recognised in profit or loss | - | 46.20 | 46.20 |
| **As at 31st Mar., 2020** | **0.68** | **444.51** | **445.19** |

₹ in Lakhs

| | *Equity Instruments* | *Optionally Convertible Debentures* | *Total* |
|---|---|---|---|
| *As at 31st Mar., 2018* | *0.65* | *357.18* | *357.83* |
| *Additions during the year* | *0.03* | *-* | *0.03* |
| *Fair value Gains / Losses recognised in profit or loss* | *-* | *41.13* | *41.13* |
| *As at 31st Mar., 2019* | *0.68* | *398.31* | *398.99* |

**d) Valuation Process**

The Company engages external valuation consultants to fair value financial instruments measured at FVTPL. The main level 3 inputs used for unlisted equity securities, preference shares and debentures are as follows:

The current market borrowing rates of the Company are compared with relevant market matrices as at the reporting dates to arrive at the discounting rates.

**e) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)**

The Company consider that the carrying amounts of financial assets and financial liabilities recognised in Note (a) above approximate their fair values.

**f) Valuation inputs and relationships to fair value**

| Particulars | Fair values as at (₹ in Lakhs) | | Unobservable inputs | Probability - weighted range | | Sensitivity |
|---|---|---|---|---|---|---|
| | **31st Mar., 2020** | *31st Mar., 2019* | | **31st Mar., 2020** | *31st Mar., 2019* | |
| Optionally convertible debentures | 444.51 | *398.31* | Risk adjusted discount rate | 10.5%-12% | *10.5%-12%* | **2020:** Higher discount rate by 100 bps would decrease the FV by ₹ 44.68 Lakhs and lower discount rate by 100 bps would increase the FV by ₹ 50.26 Lakhs.<br>2019: Higher discount rate by 100 bps would decrease the FV by ₹ 43.06 Lakhs and lower discount rate by 100 bps would increase the FV by ₹ 48.86 Lakhs. |

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**37. Operating lease arrangements**

**37.1 (i) The Company as lessor**

The Company has entered into operating lease arrangements, consisting of surplus space in buildings to others. The normal tenure of the arrangement is upto five years. The rental income from the assets given on lease of ₹ 1,847.40 Lakhs *(Previous year ₹ 1,798.83 Lakhs)* has been disclosed as "Rent and amenities" under Revenue from operations in Note 25 to the Statement of Profit and Loss.

The details of the premises leased are as follows:

**37.1 (ii) Non-cancellable operating lease receivables**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| Not later than 1 year | **438.94** | *297.11* |
| Later than 1 year and not later than 5 years | **367.08** | *455.01* |
| **Total** | **806.02** | *752.12* |

**38. Commitments**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance paid aggregating ₹ 112.86 Lakhs; *(Previous year ₹ 586.69 Lakhs)* | **162.44** | *2,739.18* |
| **Total** | **162.44** | *2,739.18* |

**b) Other Commitments**

The Company has outstanding bank guarantees of ₹ 254.86 Lakhs *(Previous Year ₹ 190.74 Lakhs)*.

The Company has outstanding performance guarantees of ₹ 134.34 Lakhs *(Previous Year ₹ 479.90 Lakhs)*.

**39. Contingencies and other commitments**
(To the extent not provided for)

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **(a) Claims against the Company not acknowledged as debts** | | |
| 1 **Taxes in dispute:-** | | |
| i) Excise demand [Advance paid against the demand Nil; *(Previous year ₹ 7.89 Lakhs)*] | **2,724.52** | *2,790.26* |
| ii) Sales tax [Advance paid against the demand ₹ 42.85 Lakhs; *(Previous year ₹ 59.20 Lakhs)*] | **465.98** | *586.54* |
| iii) Income-tax [Advance paid against the demand ₹ 242.10 Lakhs; *(Previous year ₹ 242.10 Lakhs)*] | **4,492.95** | *4,267.18* |
| iv) Service-tax (Advance paid ₹ 92.25 Lakhs) *(Previous year Nil)* | **3,424.49** | *808.45* |
| v) Customs duty [Advance paid Nil; *(Previous year Nil)*] | **101.00** | *100.00* |
| vi) Wealth tax [Advance paid ₹ 92.26 Lakhs; *(Previous year ₹ 409.86 Lakhs)*] | **409.86** | *409.86* |
| 2 Labour matters in dispute | **11.07** | *19.77* |
| 3 Customer claims | **3,177.17** | *3,169.04* |
| 4 Other legal matters | **235.40** | *281.40* |
| (b) **Other commitments :-** | | |
| ii) Guarantee on behalf of related parties (Secured by exclusive charge on certain investment properties)* | **16,713.39** | *21,402.37* |

**Note:**

1. In respect of the above mentioned items, till the matters are finally decided, the timings of outflow of economic benefits cannot be ascertained.
   * Excludes guarantees of ₹ 4,958.00 Lakhs *(Previous Year Nil)* which were taken against loans that have been repaid during the year.
2. The Company has evaluated the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir and Others v/s The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated 20th March, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

## 40. Related Party Disclosures

### Current Year

### (a) Name of the Related Parties and Description of Relationship:

| | Nature of Relationship | Name of Entity |
|---|---|---|
| A | Holding Company | Shapoorji Pallonji and Company Private Limited |
| B | Subsidiaries - Direct | Eureka Forbes Limited*<br>Forbes Campbell Finance Limited<br>Shapoorji Pallonji Forbes Shipping Limited<br>Forbes Technosys Limited*<br>Campbell Properties & Hospitality Services Limited<br>Volkart Fleming Shipping and Services Limited |
| B | Subsidiaries - Indirect | Aquadiagnostics Water Research & Technology Centre Limited (Upto 25.06.2018)<br>Aquaignis Technologies Private Limited (Subsidiary w.e.f. 13.06.2018)<br>Forbes Lux International AG<br>Forbes International AG (Formerly Forbes Lux Group AG) (Merged with Lux International AG in the previous year)<br>Lux International AG<br>Lux del Paraguay S.A.<br>Lux Welity Polska sp.zo.o. (w.e.f. 29.07.2019)<br>Lux Italia srl<br>Lux Schweiz AG<br>Lux (Deutschland) GmbH<br>Lux International Services and Logistics GmbH (Formerly Lux Service GmbH)<br>Lux Norge A/s<br>Lux Oesterreich GmbH<br>Lux Hungaria Kereskedelmi Kft<br>Lux Aqua Hungaria KFT (Upto 30.04.2018)<br>LIAG Trading & Investment Limited<br>Lux Aqua Czech s.r.o., Czech (Upto 30.04.2018)<br>Lux Professional International Gmbh, Switzerland (Formerly Lux Aqua GmbH) (Merged with Lux International AG in the previous year)<br>Lux Professional SA (formerly Lux Aqua Paraguay SA )<br>Lux International Service Kft, Hungary (Ceased during previous year)<br>EFL Mauritius Limited<br>Euro Forbes Limited Dubai<br>Forbes Lux FZCO<br>Forbes Facility Services Private Limited<br>Forbes Enviro Solutions Limited<br>Euro Forbes Financial Services Limited<br>Forbes Campbell Services Limited<br>Forbes Edumetry Limited (Under liquidation) |
| C | Fellow Subsidiaries<br>(where there are transactions) | Afcons Infrastructure Limited<br>Forvol International Services Limited<br>Gokak Textiles Limited<br>Shapoorji Pallonji Oil and Gas Private Limited<br>Sterling and Wilson Private Limited<br>SP Fabricators Private Limited |

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

| | | | |
|---|---|---|---|
| | | United Motors (India) Private Limited<br>Lucrative Properties Private Limited<br>Shapoorji Pallonji Infrastructure Capital Company Limited<br>Paikar Real Estates Private Limited<br>Sterling and Wilson Solar Limited | |
| D | Associates - Direct | Neuvo Consultancy Service Limited | |
| D | Associates - Indirect | Dhan Gaming Solutions (India) Private Limited<br>Euro P2P Direct (Thailand) Company Limited | |
| E | Joint Ventures - Indirect | Forbes Bumi Armada Limited<br>Forbes Aquatech Limited<br>Forbes Concept Hospitality Services Private Limited<br>Infinite Water Solutions Private Limited<br>AMC Cookware Proprietary Limited | |
| E | Joint Ventures of Holding Company/<br>Follow Subsidiary<br>(where there are transactions) | Shapoorji Pallonji Bumi Armada Offshore Limited (fomerly known as Forbes Bumi Armada Offshore Limited)<br>HPCL Shapoorji Energy Private Limited | |
| F | Key Management Personnel (“KMP”) | M. C. Tahilyani | Managing Director |
| | | **Non Executive Directors** | |
| | | Shapoor P.Mistry | Chairman |
| | | Jai L. Mavani | Non-Executive Director |
| | | Kaiwan D. Kalyaniwalla | Independent Director (Upto 31.03.2019) |
| | | D. Sivanandhan | Independent Director |
| | | Aslesha Gowariker | Independent Director (w.e.f. 30.06.2016 Upto 12.06.2018) |
| | | Rani Jadhav | Independent Director (w.e.f. 01.09.2018) |
| | | Nikhil Bhatia | Independent Director (w.e.f. 16.05.2019) |
| G | Post employment benefit plan | Forbes & Company Limited Employees Provident Fund | |

*The Company has provided letter of support to these subsidiaries and would finance them as and when required after obtaining board approval.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**40. Related party disclosures (contd.)**
**Current Year**
**(b) transactions/ balances with above mentioned related parties**

₹ 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 |
|---|---|---|---|---|---|---|---|---|
| | **Balances** | | | | | | | |
| 1 | Trade Payables and Capital Creditors | 975.89 | 13.22 | 57.77 | 653.15 | - | - | **1,700.03** |
| 2 | Advances received for real estate project | - | - | 2,635.81 | - | - | - | **2,635.81** |
| 3 | Interest accrued on investment / loan | - | 25.09 | - | - | - | - | **25.09** |
| 4 | Trade Receivables | 14.73 | 51.25 | 12.21 | - | - | - | **78.19** |
| 5 | Advance for Supply of Goods and Services and Prepaid Exps. | 76.69 | - | - | - | - | - | **76.69** |
| 6 | Contractually reimbursable expenses | - | 147.88 | 185.52 | - | - | - | **333.40** |
| 7 | Provision for Doubtful Trade Receivables | - | - | 10.18 | - | - | - | **10.18** |
| 8 | Deposits Payable | - | - | 49.25 | - | 23.79 | - | **73.04** |
| 9 | Deposits Receivable | - | 260.00 | - | - | - | - | **260.00** |
| 10 | Guarantees Given | - | 13,365.60 | - | - | 3,347.79 | - | **16,713.39** |
| 11 | Guarantees Taken | 3,740.55 | - | - | - | - | - | **3,740.55** |
| | **Transactions** | | | | | | | |
| | **Purchases / Services** | | | | | | | |
| 12 | Real estate development expenses | 5,756.06 | - | - | 816.09 | - | - | **6,572.15** |
| 13 | Fixed Assets/ Goods & Materials | 32.34 | 2.13 | 356.23 | - | - | - | **390.70** |
| | **Sales / Services** | | | | | | | |
| 14 | Fixed Assets / Investments /Business | - | 1.50 | - | - | - | - | **1.50** |
| | **Expenses** | | | | | | | |
| 15 | Rent | - | 2.25 | - | - | - | - | **2.25** |
| 16 | Travelling and conveyance expenses | - | 2.29 | 90.08 | - | - | - | **92.37** |
| 17 | Legal and professional charges | 89.54 | - | - | - | - | - | **89.54** |
| 18 | Repairs and Maintenance | 87.51 | - | - | - | - | - | **87.51** |
| 19 | Selling expenses, commission and brokerage | - | - | - | 194.71 | - | - | **194.71** |
| 20 | Impairment in value of Investment in Subsidiary | - | 1,216.29 | - | - | - | - | **1,216.29** |
| 21 | Advertisement and sales promotion | - | - | 117.04 | - | - | - | **117.04** |
| 22 | Remuneration | - | - | - | - | - | 242.33 | **242.33** |
| 23 | Miscellaneous expenses and security expenses | - | 59.30 | 0.36 | - | - | - | **59.66** |
| 24 | Dividend paid | 467.96 | 8.32 | - | - | - | - | **476.28** |
| | **Income** | | | | | | | |
| 25 | Rent and amenities | 28.10 | 66.00 | 124.71 | - | 104.69 | - | **323.50** |
| 26 | Gain on fair value / interest of long-term investments in a subsidiary company / Interest on Inter Corporate Deposits | - | 189.18 | - | - | - | - | **189.18** |
| 27 | Guarantee Commission (including Notional Income recognised) | - | 74.93 | 25.49 | - | - | - | **100.42** |
| 28 | Miscellaneous Income | - | 32.40 | 0.00 | - | - | - | **32.40** |
| | **Other Receipts / Payments** | | | | | | | |
| 29 | Other Reimbursements (Receipt) | - | 16.17 | 123.76 | - | - | - | **139.93** |
| 30 | Other Reimbursements (Payment) | - | 0.58 | 72.39 | 157.59 | - | - | **230.56** |
| | **Finance** | | | | | | | |
| 31 | Deposit Given | - | 2,262.00 | - | - | - | - | **2,262.00** |
| 32 | Repayment of Deposits Given | - | 2,002.00 | - | - | - | - | **2,002.00** |
| 33 | Purchase / Subscriptions to Investments | - | 1,000.00 | - | - | - | - | **1,000.00** |
| 34 | Real estate advances received from customers | - | - | 611.12 | - | - | - | **611.12** |

For details of investments in subsidiaries, associates and joint ventures Refer Note 8

Terms and conditions:-

a) All outstanding balances are unsecured and are repayable as per terms of credit and settlement occurs in cash.

b) All related party transactions entered during the year were in ordinary course of business and on arms length basis.

c) The Company has not recorded any impairment of receivables related to amounts owed by related parties except as stated above.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**40. Related party disclosures (contd.)**

**Current Year**

**(b) transactions/ balances with above mentioned related parties**

₹ in Lakhs

| | | A | B | B | B | B | B | B | B | B | C | C | C | C | C | C | C | C | D | E | E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Shapoorji Pallonji and Company Private Ltd. | Eureka Forbes Ltd. | Forbes Facility Services Private Ltd. | Forbes Campbell Finance Ltd. | Forbes Campbell Services Ltd. | Forbes Technosys Ltd. | Shapoorji Pallonji Forbes Shipping Ltd. | Campbell Properties & Hospitality Services Ltd. | Volkart Fleming Shipping & Services Ltd. | Forvol International Services Ltd. | Gokak Textiles Ltd. | Paikar Real Estates Pvt. Ltd. | Shapoorji Pallonji Infrastructure Capital Co. Ltd. | Shapoorji Pallonji Oil & Gas Private Ltd. | Sterling and Wilson Private Ltd. | Sterling and Wilson Solar Limited | United Motors (India) Ltd. | Nuevo Consultancy Service Ltd. | Shapoorji Pallonji Bumi Armada Offshore Ltd | HPCL Shapoorji Energy Ltd. |
| | **Balances** | | | | | | | | | | | | | | | | | | | | |
| 1 | Trade Payables and Capital Creditors | 975.89 | - | *** | - | *** | - | - | - | - | *** | - | - | - | - | - | *** | - | 653.15 | - | - |
| 2 | Advances received for real estate project | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,635.81 | - | - | - |
| 3 | Interest accrued on investment / loan | - | - | - | *** | - | 24.31 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Trade Receivables | 14.73 | *** | - | - | - | 44.98 | *** | - | - | *** | *** | - | *** | - | 10.18 | - | - | - | - | - |
| 5 | Advance for Supply of Goods and Services and Prepaid Exps. | 76.69 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Contratually reimbursable expenses | - | - | - | - | *** | 142.96 | *** | - | *** | *** | *** | 127.23 | - | 48.86 | - | - | - | - | - | - |
| 7 | Provision for Doubtful Trade Receivables | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 10.18 | - | - | - | - | - |
| 8 | Deposits Payable | - | - | - | - | - | - | - | - | - | - | - | - | *** | 48.25 | - | - | - | - | - | 23.79 |
| 9 | Deposits Receivable | - | - | - | - | - | 260.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Guarantees Given | - | - | - | - | - | 12,962.00 | *** | - | - | - | - | - | - | - | - | - | - | - | 3,347.79 | - |
| 11 | Guarantees Taken | 3,740.55 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Transactions** | | | | | | | | | | | | | | | | | | | | |
| | **Purchases / Services** | | | | | | | | | | | | | | | | | | | | |
| 12 | Real estate developement expenses | 5,756.06 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 816.09 | - | - |
| 13 | Fixed Assets/ Goods & Materials | *** | *** | - | - | - | - | - | - | - | *** | - | - | - | - | - | 328.62 | - | - | - | - |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

| | | A | B | B | B | B | B | B | B | B | C | C | C | C | C | C | C | C | D | E | E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Shapoorji Pallonji and Company Private Ltd. | Eureka Forbes Ltd. | Forbes Facility Services Private Ltd. | Forbes Campbell Finance Ltd. | Forbes Campbell Services Ltd. | Forbes Technosys Ltd. | Shapoorji Pallonji Forbes Shipping Ltd. | Campbell Properties & Hospital-ity Services Ltd. | Volkart Fleming Shipping & Services Ltd. | Forvol Inter-national Services Ltd. | Gokak Textiles Ltd. | Paikar Real Estates Pvt. Ltd. | Shapoorji Pallonji Infra-structure Capital Co. Ltd. | Shapoorji Pallonji Oil & Gas Private Ltd. | Sterling and Wilson Pri-vate Ltd. | Sterling and Wil-son Solar Limited | United Motors (India) Ltd. | Nuevo Con-sul-tancy Service Ltd. | Shapoorji Pallonji Bumi Armada Offshore Ltd | HPCL Shapoorji Energy Ltd. |
| | **Sales / Services** | | | | | | | | | | | | | | | | | | | | |
| 14 | Fixed Assets / Investments / Business | - | 1.50 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Expenses** | | | | | | | | | | | | | | | | | | | | |
| 15 | Rent | - | - | - | 2.25 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 16 | Travelling and conveyance expenses | - | *** | - | - | - | - | - | *** | - | 90.08 | - | - | - | - | - | - | - | - | - | - |
| 17 | Legal and professional charges | 89.54 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18 | Repairs and Maintenance | 87.51 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | Selling expenses, commission and brokerage | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 194.71 | - | - |
| 20 | Impairment in value of Investment in Subsidiary | - | - | - | - | - | 1,216.29 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Advertisement and sales promotion | - | - | - | - | - | - | - | - | - | 117.04 | - | - | - | - | - | - | - | - | - | - |
| 22 | Remuneration | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | Miscellaneous expenses and security expenses | - | *** | 30.51 | - | 28.70 | - | - | - | - | - | *** | - | - | - | - | - | - | - | - | - |
| 24 | Dividend paid | 467.96 | - | - | *** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Income** | | | | | | | | | | | | | | | | | | | | |
| 25 | Rent and amenities | *** | - | - | - | - | 54.00 | *** | - | - | *** | *** | - | *** | 112.01 | - | - | - | - | - | 104.69 |
| 26 | Gain on fair value / interest of long-term investments in a subsidiary company / Interest on Inter Corporate Deposit | - | - | - | 47.93 | - | 32.08 | 109.17 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 27 | Guarantee Commission (including Notional Income recognised) | - | - | - | - | - | 71.88 | *** | - | - | - | - | - | - | 25.49 | - | - | - | - | - | - |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

| | | A | B | B | B | B | B | B | B | B | C | C | C | C | C | C | C | C | D | E | E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **Shapoorji Pallonji and Company Private Ltd.** | **Eureka Forbes Ltd.** | **Forbes Facility Services Private Ltd.** | **Forbes Campbell Finance Ltd.** | **Forbes Campbell Services Ltd.** | **Forbes Technosys Ltd.** | **Shapoorji Pallonji Forbes Shipping Ltd.** | **Campbell Properties & Hospital-ity Services Ltd.** | **Volkart Fleming Shipping & Services Ltd.** | **Forvol Inter-national Services Ltd.** | **Gokak Textiles Ltd.** | **Paikar Real Estates Pvt. Ltd.** | **Shapoorji Pallonji Infra-structure Capital Co. Ltd.** | **Shapoorji Pallonji Oil & Gas Private Ltd.** | **Sterling and Wilson Pri-vate Ltd.** | **Sterling and Wil-son Solar Limited** | **United Motors (India) Ltd.** | **Nuevo Con-sul-tancy Service Ltd.** | **Shapoorji Pallonji Bumi Armada Offshore Ltd** | **HPCL Shapoorji Energy Ltd.** |
| 28 | Miscellaneous Income | - | *** | - | *** | *** | 27.00 | 5.40 | - | *** | - | *** | - | - | - | - | - | - | - | - | - |
| | **Other Receipts / Payments** | | | | | | | | | | | | | | | | | | | | |
| 29 | Other Reim-bursements (Receipt) | - | - | - | - | *** | - | - | - | 14.35 | *** | - | 121.85 | - | - | - | - | - | - | - | - |
| 30 | Other Reim-bursements (Payment) | - | - | - | - | - | *** | - | - | - | - | - | 72.39 | - | - | - | - | - | 157.59 | - | - |
| | **Finance** | | | | | | | | | | | | | | | | | | | | |
| 31 | Deposit Given | - | - | - | - | - | 2,262.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 32 | Repayment of Deposits Given | - | - | - | - | - | 2,002.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 33 | Purchase / Subscriptions to Investments | - | - | - | - | - | 1,000.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 34 | Real estate advances received from customers | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 611.12 | - | - | - |

*** Amounts are below the threshold adopted by the Company (i.e. less than 10% of the respective category of transactions).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**Parties in F :**

**Key Managerial Personnel Remuneration**

₹ in Lakhs

| Particulars | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Short-term employee benefits | 232.54 | 217.45 |
| Post-employment benefits * | 5.79 | 4.59 |
| Long-term employee benefits | 4.00 | 2.97 |
| | **242.33** | 225.01 |

* The above amounts do not include expenses for gratuity and leave encashment since acturial valuation is carried out at an overall level.

**Directors Sitting Fees:**

| Name | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Kaiwan D. Kalyaniwalla | - | 9.00 |
| D. Sivanandhan | 6.50 | 8.00 |
| Aslesha Gowariker | - | 1.00 |
| Shapoor P. Mistry | 1.50 | 2.50 |
| Jai L. Mavani | 3.50 | 3.50 |
| Rani Jadhav | 4.00 | 2.00 |
| Nikhil Bhatia | 6.50 | - |
| **Total** | **22.00** | 26.00 |

**Parties in G**

**Contribution to Post Employment Benefit Plan:**

| Particulars | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Forbes & Company Limited Employees Provident Fund | 103.44 | 90.27 |
| | **103.44** | 90.27 |

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

*40. Related party disclosures (contd.)*

*Previous Year*

*(b) transactions/ balances with above mentioned related parties*

| | | 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 |
|---|---|---|---|---|---|---|---|---|
| | **Balances** | | | | | | | |
| 1 | Trade Payables | 364.04 | 17.08 | 33.74 | 434.24 | - | - | 849.10 |
| 2 | Advances received for real estate project | - | - | 2,024.69 | - | - | - | 2,024.69 |
| 3 | Interest accrued on investment / loan | - | 9.12 | - | - | - | - | 9.12 |
| 4 | Trade Receivables | 4.60 | 86.65 | 17.19 | - | 7.93 | - | 116.37 |
| 5 | Advance for Supply of Goods and Services and Prepaid Exps. | 76.58 | - | 60.00 | - | - | - | 136.58 |
| 6 | Contractually reimbursable expenses | - | 243.00 | 79.07 | - | - | - | 322.07 |
| 7 | Provision for Doubtful Trade Receivables | - | - | 10.18 | - | - | - | 10.18 |
| 8 | Deposits Payable | - | - | 49.25 | - | 23.79 | - | 73.04 |
| 9 | Deposits Receivable | - | 5.00 | - | - | - | - | 5.00 |
| 10 | Guarantees Given | - | 18,294.67 | - | - | 3,107.70 | - | 21,402.37 |
| 11 | Guarantees Taken | 3,472.30 | - | - | - | - | - | 3,472.30 |
| | **Transactions** | | | | | | | |
| | **Purchases / Services** | | | | | | | |
| 12 | Real estate development expenses | 4,637.90 | - | - | 622.13 | - | - | 5,260.03 |
| | **Sales / Services** | | | | | | | |
| 13 | Fixed Assets / Investments /Business | - | - | 15,500.00 | - | - | - | 15,500.00 |
| | **Expenses** | | | | | | | |
| 14 | Rent | - | 6.00 | - | - | - | - | 6.00 |
| 15 | Travelling and conveyance expenses | - | 4.54 | 201.31 | - | - | - | 205.85 |
| 16 | Legal and professional charges | 113.69 | - | - | - | - | - | 113.69 |
| 17 | Repairs and Maintenance | 42.45 | - | - | - | - | - | 42.45 |
| 18 | Selling expenses, commission and brokerage | - | - | - | 162.90 | - | - | 162.90 |
| 19 | Remuneration | - | - | - | - | - | 225.01 | 225.01 |
| 20 | Miscellaneous expenses | - | 59.14 | 61.73 | - | - | 26.00 | 146.87 |
| 21 | Dividend paid | 233.98 | 4.16 | - | - | - | - | 238.14 |
| | **Income** | | | | | | | |
| 22 | Rent and amenities | 16.63 | 65.70 | 160.01 | - | 100.31 | - | 342.65 |
| 23 | Gain on fair value / interest of long-term investments in a subsidiary company / Interest on Inter Corporate Deposits | - | 149.43 | - | - | - | - | 149.43 |
| 24 | Profit on sale of Business | - | - | 84.90 | - | - | - | 84.90 |
| 25 | Guarantee Commission (including Notional Income recognised) | - | 51.04 | 25.42 | - | - | - | 76.46 |
| 26 | Miscellaneous Income | - | 113.40 | 1.70 | - | - | - | 115.10 |
| | **Other Receipts / Payments** | | | | | | | |
| 27 | Other Reimbursements (Receipt) | - | 7.75 | 23.51 | - | - | - | 31.26 |
| 28 | Other Reimbursements (Payment) | - | - | 253.32 | 576.72 | - | - | 830.04 |
| | **Finance** | | | | | | | |
| 29 | Deposit Given | - | 700.00 | - | - | - | - | 700.00 |
| 30 | Repayment of Deposits Given | - | 700.00 | - | - | - | - | 700.00 |
| 31 | Purchase / Subscriptions to Investments | - | 3,505.00 | - | - | - | - | 3,505.00 |
| 32 | Real estate advances received from customers | - | - | 323.87 | - | - | - | 323.87 |
| 33 | Advances refunded to Customers | - | - | 185.52 | - | - | - | 185.52 |

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

40. *Related party disclosures (contd.)*

*Previous Year*

*(b) transactions/ balances with above mentioned related parties*

| | | A | B | B | B | B | B | B | B | B | C | C |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Shapoorji Pallonji and Company Private Ltd. | Eureka Forbes Ltd. | Forbes Facility Services Private Ltd. | Forbes Campbell Finance Ltd. | Forbes Campbell Services Ltd. | Forbes Technosys Ltd. | Shapoorji Pallonji Forbes Shipping Limited | Campbell Properties & Hospitality Services Ltd. | Volkart Fleming Shipping & Services Ltd. | Afcons Infra-structure Ltd. | Forvol Interna-tional Services Ltd. |
| | **Balances** | | | | | | | | | | | |
| 1 | Trade Payables | 364.04 | *** | *** | *** | *** | *** | - | *** | - | - | *** |
| 2 | Advances received for real estate project | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Interest accrued on investment / loan | - | - | - | *** | - | 8.44 | - | - | - | - | - |
| 4 | Trade Receivables | *** | *** | - | *** | *** | 86.65 | - | - | *** | - | - |
| 5 | Advance for Supply of Goods and Services and Prepaid Exps. | 76.58 | - | - | - | - | - | - | - | - | - | 60.00 |
| 6 | Contratually reimbursable expenses | - | - | - | - | - | 242.76 | - | - | *** | - | *** |
| 7 | Provision for Doubtful Trade Receivables | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Deposits Payable | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Deposits Receivable | - | - | - | 5.00 | - | - | - | - | - | - | - |
| 10 | Guarantees Given | - | - | - | - | - | 17,920.00 | *** | - | - | - | - |
| 11 | Guarantees Taken | 3,472.30 | - | - | - | - | - | - | - | - | - | - |
| | **Transactions** | | | | | | | | | | | |
| | **Purchases / Services** | | | | | | | | | | | |
| 12 | Real estate development expenses | 4,637.90 | - | - | - | - | - | - | - | - | - | - |
| | **Sales / Services** | | | | | | | | | | | |
| 13 | Fixed Assets / Investments / Business | - | - | - | - | - | - | - | - | - | - | - |
| | **Expenses** | | | | | | | | | | | |
| 14 | Rent | - | - | - | 6.00 | - | - | - | - | - | - | - |
| 15 | Travelling and conveyance expenses | - | - | - | - | - | - | - | *** | - | - | 201.31 |
| 16 | Legal and professional charges | 113.69 | - | - | - | - | - | - | - | - | - | - |
| 17 | Repairs and Maintenance | 42.45 | - | - | - | - | - | - | - | - | - | - |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

| | | A | B | B | B | B | B | B | B | B | C | C |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | *Shapoorji Pallonji and Company Private Ltd.* | *Eureka Forbes Ltd.* | *Forbes Facility Services Private Ltd.* | *Forbes Campbell Finance Ltd.* | *Forbes Campbell Services Ltd.* | *Forbes Technosys Ltd.* | *Shapoorji Pallonji Forbes Shipping Limited* | *Campbell Properties & Hospitality Services Ltd.* | *Volkart Fleming Shipping & Services Ltd.* | *Afcons Infra-structure Ltd.* | *Forvol Interna-tional Services Ltd.* |
| 18 | *Selling expenses, commission and brokerage* | - | - | - | - | - | - | - | - | - | - | - |
| 19 | *Remuneration* | - | - | - | - | - | - | - | - | - | - | - |
| 20 | *Miscellaneous expenses* | - | *** | 23.08 | - | 28.50 | *** | - | - | - | - | 60.55 |
| 21 | *Dividend paid* | 233.98 | - | - | *** | - | - | - | - | - | - | - |
| | **Income** | | | | | | | | | | | |
| 22 | *Rent and amenities* | *** | - | - | - | - | 53.50 | *** | - | - | 39.60 | *** |
| 23 | *Gain on fair value / interest of long-term investments in a subsidiary company / Interest on Inter Corporate Deposit* | - | - | - | 42.86 | - | *** | 97.19 | - | - | - | - |
| 24 | *Profit on sale of Business* | - | - | - | - | - | - | - | - | - | - | - |
| 25 | *Guarantee Commission (including Notional Income recognised)* | - | - | - | - | - | 50.05 | *** | - | - | - | - |
| 26 | *Miscellaneous Income* | - | *** | - | *** | *** | 108.00 | *** | - | *** | - | - |
| | ***Other Receipts / Payments*** | | | | | | | | | | | |
| 27 | *Other Reimbursements (Receipt)* | - | - | - | - | 3.47 | - | - | *** | 3.75 | 16.17 | *** |
| 28 | *Other Reimbursements (Payment)* | - | - | - | - | - | - | - | - | - | - | - |
| | ***Finance*** | | | | | | | | | | | |
| 29 | *Deposit Given* | - | - | - | - | - | 700.00 | - | - | - | - | - |
| 30 | *Repayment of Deposits Given* | - | - | - | - | - | 700.00 | - | - | - | - | - |
| 31 | *Purchase / Subscriptions to Investments* | - | 2,505.00 | - | - | - | 1,000.00 | - | - | - | - | - |
| 32 | Real estate advances received from customers | - | - | - | - | - | - | - | - | - | - | - |
| 33 | *Advances refunded to Customers* | - | - | - | - | - | - | - | - | - | - | - |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

| | | C | C | C | C | C | C | C | D | E | E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Gokak Textiles Ltd. | Lucrative Properties Private Ltd. | Paikar Real Estates Pvt. Ltd. | Shapoorji Pallonji Infrastructure Capital Co. Ltd. | Shapoorji Pallonji Oil & Gas Private Ltd. | Sterling and Wilson Private Ltd. | United Motors (India) Ltd. | Neuvo Consultancy Service Ltd. | Shapoorji Pallonji Bumi Armada Offshore Ltd | HPCL Shapoorji Energy Ltd. |
| | ***Balances*** | | | | | | | | | | |
| 1 | *Trade Payables* | - | - | - | - | - | - | - | 434.24 | - | - |
| 2 | *Advances received for real estate project* | - | - | - | - | - | - | 2,024.69 | - | - | - |
| 3 | *Interest accrued on investment / loan* | - | - | - | - | - | - | - | - | - | - |
| 4 | *Trade Receivables* | *** | - | *** | *** | - | *** | - | - | - | *** |
| 5 | *Advance for Supply of Goods and Services and Prepaid Exps.* | - | - | - | - | - | - | - | - | - | - |
| 6 | *Contratually reimbursable expenses* | *** | - | - | - | 71.34 | - | - | - | - | - |
| 7 | *Provision for Doubtful Trade Receivables* | - | - | - | - | - | 10.18 | - | - | - | - |
| 8 | *Deposits Payable* | - | - | - | *** | 48.25 | - | - | - | - | 23.79 |
| 9 | *Deposits Receivable* | - | - | - | - | - | - | - | - | - | - |
| 10 | *Guarantees Given* | - | - | - | - | - | - | - | - | 3,107.71 | - |
| 11 | *Guarantees Taken* | - | - | - | - | - | - | - | - | - | - |
| | ***Transactions*** | | | | | | | | | | |
| | ***Purchases / Services*** | | | | | | | | | | |
| 12 | *Real estate development expenses* | - | - | - | - | - | - | - | 622.13 | - | - |
| | ***Sales / Services*** | | | | | | | | | | |
| 13 | *Fixed Assets / Investments / Business* | - | - | 15,500.00 | - | - | - | - | - | - | - |
| | ***Expenses*** | | | | | | | | | | |
| 14 | *Rent* | - | - | - | - | - | - | - | - | - | - |
| 15 | *Travelling and conveyance expenses* | - | - | - | - | - | - | - | - | - | - |
| 16 | *Legal and professional charges* | - | - | - | - | - | - | - | - | - | - |
| 17 | *Repairs and Maintenance* | - | - | - | - | - | - | - | - | - | - |
| 18 | *Selling expenses, commission and brokerage* | - | - | - | - | - | - | - | 162.90 | - | - |
| 19 | *Remuneration* | - | - | - | - | - | - | - | - | - | - |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

| | | C | C | C | C | C | C | C | D | E | E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | *Gokak Textiles Ltd.* | *Lucrative Properties Private Ltd.* | *Paikar Real Estates Pvt. Ltd.* | *Shapoorji Pallonji Infrastructure Capital Co. Ltd.* | *Shapoorji Pallonji Oil & Gas Private Ltd.* | *Sterling and Wilson Private Ltd.* | *United Motors (India) Ltd.* | *Neuvo Consultancy Service Ltd.* | *Shapoorji Pallonji Bumi Armada Offshore Ltd* | *HPCL Shapoorji Energy Ltd.* |
| 20 | *Miscellaneous expenses* | *** | - | - | - | - | *** | - | - | - | - |
| 21 | *Dividend paid* | - | - | - | - | - | - | - | - | - | - |
| | ***Income*** | | | | | | | | | | |
| 22 | *Rent and amenities* | *** | - | - | *** | 104.95 | - | - | - | - | 100.31 |
| 23 | *Gain on fair value / interest of long-term investments in a subsidiary company / Interest on Inter Corporate Deposit* | - | - | - | - | - | - | - | - | - | - |
| 24 | *Profit on sale of Business* | - | - | 84.90 | - | - | - | - | - | - | - |
| 25 | *Guarantee Commission (including Notional Income recognised)* | - | - | - | - | 25.42 | - | - | - | - | - |
| 26 | *Miscellaneous Income* | *** | *** | - | - | - | - | - | - | - | - |
| | ***Other Receipts / Payments*** | | | | | | | | | | |
| 27 | *Other Reimbursements (Receipt)* | - | - | 5.28 | - | - | - | - | - | - | - |
| 28 | *Other Reimbursements (Payment)* | - | - | 253.32 | - | - | - | - | 576.72 | - | - |
| | ***Finance*** | | | | | | | | | | |
| 29 | *Deposit Given* | - | - | - | - | - | - | - | - | - | - |
| 30 | *Repayment of Deposits Given* | - | - | - | - | - | - | - | - | - | - |
| 31 | *Purchase / Subscriptions to Investments* | - | - | - | - | - | - | - | - | - | - |
| 32 | Real estate advances received from customers | - | - | - | - | - | - | 323.87 | - | - | - |
| 33 | *Advances refunded to Customers* | - | 185.52 | - | - | - | - | - | - | - | - |

**** Amounts are below the threshold adopted by the Company (i.e. less than 10% of the respective category of transactions).*

**41. Segment reporting**

The Chief Operating Decision maker of the Company examines Company's performance both from a product and from a geographic perspective. From a product perspective, the management has identified the reportable segments Engineering and Real Estate at standalone level.

Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

Details of product categories included in each segment comprises:

Engineering Segment includes manufacture/ trading in Precision Cutting Tools, Spring Lock Washers and Marking Systems. The Company caters to the needs of domestic and export markets.

Real Estate includes income from renting out investment properties and revenue from real estate development project.

Unallocable Corporate Assets mainly comprises of investments, tax receivables and other unallocable assets.

Unallocable Liabilities comprise borrowings, provisions and other unallocable liabilities not identifiable to any specific segment.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### (a) Information about reportable segments for the year:

₹ in Lakhs

| Particulars | Engineering | | Real Estate | | Total | | Elimination | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* |
| Segment Revenue | **17,640.60** | *20,912.43* | **1,847.40** | *1,798.83* | **19,488.00** | *22,711.26* | **-** | - | **19,488.00** | *22,711.26* |
| Inter segment revenue | **-** | - | **1.76** | *2.11* | **1.76** | *2.11* | **(1.76)** | *(2.11)* | **-** | - |
| **Revenue from operations** | **17,640.60** | *20,912.43* | **1,849.16** | *1,800.94* | **19,489.76** | *22,713.37* | **(1.76)** | *(2.11)* | **19,488.00** | *22,711.26* |
| **Segment Results** | **(901.64)** | *2,658.08* | **636.42** | *357.72* | **(265.22)** | *3,015.80* | **-** | - | **(265.22)** | *3,015.80* |
| Exceptional items allocated to segments | **-** | - | **-** | - | **-** | - | **-** | - | **-** | - |
| **Segment Results - (including exceptional items relating to segment)** | **(901.64)** | *2,658.08* | **636.42** | *357.72* | **(265.22)** | *3,015.80* | **-** | - | **(265.22)** | *3,015.80* |
| Add: Unallocated income - Refer Note below | | | | | | | | | **573.00** | *1,547.29* |
| Add/Less: Unallocated expenses | | | | | | | | | **(1,183.18)** | *(1,352.42)* |
| Add/Less: Exceptional items other than related to segments (net) | | | | | | | | | **(518.11)** | *(970.92)* |
| **Profit before tax and finance costs** | | | | | | | | | **(1,393.51)** | *2,239.75* |
| Less: Finance costs | | | | | | | | | **1,184.27** | *1,200.94* |
| **Profit before tax** | | | | | | | | | **(2,577.78)** | *1,038.81* |
| **Provision for taxation:** | | | | | | | | | | |
| Current tax expense | | | | | | | | | **-** | *188.00* |
| Deferred tax | | | | | | | | | **(122.60)** | *(176.38)* |
| **Profit after tax** | | | | | | | | | **(2,455.18)** | *1,027.19* |
| **Capital employed** | | | | | | | | | | |
| **Segment assets** | **15,946.50** | *14,063.63* | **36,764.00** | *28,120.71* | | | | | **52,710.50** | *42,184.34* |
| Unallocated corporate assets | | | | | | | | | **33,688.00** | *32,434.77* |
| **Total assets** | | | | | | | | | **86,398.50** | *74,619.11* |
| **Segment liabilities** | **10,045.52** | *4,305.66* | **46,805.78** | *32,618.64* | | | | | **56,851.30** | *36,924.30* |
| Unallocated corporate liabilities | | | | | | | | | **9,381.48** | *14,283.10* |
| **Total liabilities** | | | | | | | | | **66,232.78** | *51,207.40* |
| **Capital employed** | **5,900.98** | *9,757.97* | **(10,041.78)** | *(4,497.93)* | | | | | **20,165.72** | *23,411.71* |
| **Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress** | **5,822.85** | *1,268.95* | **0.29** | *96.18* | | | | | **5,823.14** | *1,365.13* |
| Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress | | | | | | | | | **18.46** | *87.53* |
| **Total capital expenditure (including investment properties)** | | | | | | | | | **5,841.60** | *1,452.66* |
| **Segment depreciation / amortisation** | **880.22** | *676.98* | **226.84** | *224.06* | | | | | **1,107.06** | *901.04* |
| Unallocated corporate depreciation / amortisation | | | | | | | | | **103.34** | *45.93* |
| **Total depreciation / amortisation** | | | | | | | | | **1,210.40** | *946.97* |
| **Non-cash segment expenses other than depreciation** | **155.33** | *78.41* | **-** | - | | | | | **155.33** | *78.41* |
| Unallocated non-cash expenses other than depreciation | | | | | | | | | **-** | - |
| **Total non-cash expenses other than depreciation** | | | | | | | | | **155.33** | *78.41* |

**Note:**
Other income allocable to respective segments has been considered as part of Segment Results.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### (b) Information about geographical segment for the year

| | Within india | | Outside india | | Total | |
|---|---|---|---|---|---|---|
| | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* |
| **Revenue** | **17,645.61** | *20,217.93* | **1,842.39** | *2,493.33* | **19,488.00** | *22,711.26* |
| **Total Non-current Assets (excluding Financial Assets, Tax Assets and Post Employment Benefits)** | **13,732.32** | *9,454.33* | **-** | *-* | **13,732.32** | *9,454.33* |
| **Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress** | **5,841.60** | *1,452.66* | **-** | *-* | **5,841.60** | *1,452.66* |

### (c) Information about major customers

No single customers contributed 10% or more to the Company's revenue for the year ended 31st March, 2020 and 31st March, 2019.

**42. Additional disclosure as required by Regulation 34(3) and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

**₹ in Lakhs**

| S. No. | Name | | Balance as at 31st Mar., 2020 | Maximum amount outstanding during the year | No. of shares of the Company held by the loanees as at 31st Mar., 2020 |
|---|---|---|---|---|---|
| | Loans and advances in the nature of loans to Subsidiaries, Associates and companies in which Directors are interested: | | | | |
| 1. | Svadeshi Mills Company Limited | * | **4,391.78** | **4,391.78** | - |
| | (carrying no interest) | * | *4,391.78* | *4,391.78* | - |
| 2. | Coromondal Garments Limited | | **-** | **364.99** | - |
| | (carrying no interest) | * | *364.99* | *364.99* | - |
| 3. | Edumetry Inc. | * | **72.53** | **72.53** | - |
| | (carrying no interest) | * | *72.53* | *72.53* | - |
| 4. | Forbes Container Lines Pte. Limited | * | **302.47** | **302.47** | - |
| | (carrying no interest) | * | *302.47* | *302.47* | - |
| 5. | Forbes Technology Limited (including interest accrued) | | **284.31** | **1288.11** | **-** |
| | (carrying interest) | | *8.44* | *707.94* | - |

**Note:** * Provided as doubtful
The above excludes loans to employees.
Figures in italics are in respect of the previous years.

**43.** Svadeshi Mills is not considered as a related party of the Company as per Note 3.1.1. Secured Loans include interest free loans granted to The Svadeshi Mills Company Limited, relating to which full provision exists in the financial statements, aggregating ₹ 4,391.78 Lakhs as at 31st March, 2020 *(31st March, 2019 ₹ 4,391.78 Lakhs)*. The Company, being a secured creditor, with adjudicated dues by the Official Liquidator, expects to receive the dues when the matter is ultimately disposed off.

**44.** The Company had received ₹ 1,017.04 Lakhs in the year ended 31st March, 2016 from the Hon'ble Debt Recovery Tribunal, Mumbai, towards principal and interest for loan given to Coromandel Garments Limited (presently under liquidation).

The Company had made a provision of ₹ 364.99 Lakhs in earlier years which was reversed on receipt of ₹ 1,017.04 Lakhs from Coromandel Garments Limited and accounted the balance as interest income during the year ended 31st March, 2016 on the belief that it was a remote future possibility that ₹ 1,017.04 Lakhs would become refundable upon the final outcome of this matter.

In July 2018, in a separate proceeding the Hon'ble High Court, Mumbai had directed the Company to refund the aforesaid amount of ₹ 1,017.04 Lakhs with interest. Consequently, the Company refunded ₹ 1,055.82 Lakhs [including interest calculated from the date of the order till the date of payment aggregating ₹ 38.78 Lakhs] and recorded this as an exceptional expense during the year ended 31st March, 2019. The Company was subsequently directed by the Hon'ble High Court to pay interest from the date the amount was received by the Company, which was appealed by the Company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

The Company had separately filed its Affidavit of Claim for receipt ₹ 325.00 Lakhs along with interest at the bank rate with the Official Liquidator.

During the current year, the Official Liquidator vide order dated 23rd December, 2019 adjudicated and admitted a claim of ₹ 744.18 Lakhs (comprising ₹ 325.00 Lakhs towards loan and ₹ 419.18 Lakhs as interest). Accordingly, the Company has recorded ₹ 698.18 Lakhs (i.e. ₹ 744.18 Lakhs recoverable based on adjudication order from the Official Liquidator, net of interest provided of ₹ 46.00 Lakhs - reflected under 'Other Provisions' under Note 19A) as exceptional income during the year ended 31st March, 2020.

**45. Leases**

**Lessee accounting**

The Company leases various offices premises and land. Rental contracts typically range from 9 months to 15 years but may have extension options. The Company has adopted Ind AS 116 using the modified retrospective approach from 1st April, 2019. On adoption of Ind AS 116, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 10% as of 1st April, 2019.

For leases previously classified as finance leases the entity recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of Ind AS 116 are only applied after that date.

The Company has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

(i) Practical Expedients applied on initial application date

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- the Company has utilized the exemptions provided for short-term leases (less than a year) and leases for low value assets.
- Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application.
- the Company has used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- the Company has applied practical expedients on not to separate non-lease component from leases on initial application and instead accounts for these as a single lease component.
- the Company has relied on its previous assessment on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as on 1st April, 2019.
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contract entered into before the transition date the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an arrangement contains a lease.

(ii) Adjustments recognized in the Balance Sheet on 1st April, 2019:

The change in accounting policy affected the following items in the Balance Sheet on 1st April, 2019.

- Right-of-use assets - increased by ₹ 361.31 Lakhs
- Prepaid Leasehold Land - decreased by ₹ 23.61 Lakhs
- Lease liabilities - increased by ₹ 337.70 Lakhs

(iii) Reconciliation of lease commitment to lease liability

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31st March, 2020 compared to the lease liability as accounted as at 1st April, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

| Particulars | As at 1st Apr., 2019 |
|---|---|
| Operating lease commitments disclosed as at 31st March, 2019 | - |
| Add/(less): Adjustments as a result of a different treatment of extension and termination options | 579.70 |
| Discounted using the lessee's incremental borrowing rate at the date of initial application | (242.00) |
| **Lease liability recognized as at 1st April, 2019** | **337.70** |
| Of which are: | |
| Current lease liabilities | 62.73 |
| Non-current lease liabilities | 274.97 |
| | **337.70** |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

(iv) Amounts recognized in Balance Sheet

The balance sheet shows the following amounts relating to leases:

| Particulars | 31st Mar., 2020 | 1st Apr., 2019 |
|---|---|---|
| **Right-of-use assets** | | |
| Building | 358.95 | 361.31 |
| **Total** | **358.95** | **361.31** |

| Particulars | 31st Mar., 2020 | 1st Apr., 2019 |
|---|---|---|
| **Lease liabilities** | | |
| Non-current | 284.88 | 274.97 |
| Current | 68.93 | 62.73 |
| **Total** | **353.81** | **337.70** |

Additions to right-of-use asset during the current financial year were ₹ 94.78 Lakhs

(v) Right-of-use assets for the year ended 31st March, 2020.

| Particulars | Office Premises 31st Mar., 2020 | Land 31st Mar., 2020 |
|---|---|---|
| Cost or Deemed cost | | |
| Balance at 1st April, 2019 | - | - |
| Adjustment for change in accounting policy as on 1st April, 2019 | 337.70 | 23.61 |
| Additions | 94.77 | - |
| Disposals | 17.21 | - |
| **Balance at 31st March, 2020** | **415.26** | **23.61** |
| Accumulated depreciation | | |
| Balance at 1st April, 2019 | - | - |
| Depreciation expense for the year | 81.19 | 0.16 |
| Disposals | 1.43 | - |
| **Balance at 31st March, 2020** | **79.76** | **0.16** |
| Carrying Amount | | |
| **Balance at 31st March, 2020** | **335.50** | **23.45** |

(vi) Amounts recognized in Statement of Profit and Loss.

The Statement of Profit and Loss shows the following amounts relating to leases:

| Particulars | 31st Mar., 2020 | 1st Apr., 2019 |
|---|---|---|
| Depreciation charge of right-of-use assets | 81.35 | - |
| **Total** | **81.35** | **-** |
| Interest expense on lease liability (included in finance cost) | 33.75 | - |
| Expense relating to short term leases (Included in Other Expenses) | 0.04 | - |
| Expense relating to low value assets that are not shown above as short term leases (Included in Other Expenses) | 13.40 | - |
| **Total** | **128.54** | **-** |

In the previous year ended 31st March, 2019, lease rent of ₹ 199.82 Lakhs towards cancellable leases has been included under “Rent and hire charges” in Note 32. A to the Financial Statements.

The total cash outflow for leases in year ended 31st March, 2020 was ₹ 96.32 Lakhs.

(vii) Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that creates an economic incentive to exercise an extension option, or not to exercise a termination option. Extension option (or period after termination option) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

For the leases of offices premises, the following factors are normally the most relevant:

1. If there is significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).

2. If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate)

3. Otherwise, the Company considers the other factors including historical lease duration and the costs and business disruption required to replace the leased asset.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise it. The assessment of reasonably certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within control of lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was a decrease in lease liabilities and right-of-use assets by ₹ 16.82 Lakhs and ₹ 15.78 Lakhs respectively.

**Lessor accounting as a lessor**

The Company did not need to make any adjustments to the accounting for assets held as lessor under operating leases (Refer note 37) as a results of the adoption of Ind AS 116.

For maturity profile of Lease liabilities as of 31st March, 2020, (Refer Note 36.5).

**46.** Particulars of loan given / Investments made / guarantees given, as required by clause (4) of Section 186 of the Companies Act, 2013

**₹ in Lakhs**

| Name | | During the year | | Closing balance | | Period | Rate of Interest (%) | Purpose |
|---|---|---|---|---|---|---|---|---|
| | | Given | Returned | | | | | |
| A | **Investments made (refer Note 8)** | **1,000.00** | **-** | | | | | General corporate purpose |
| | | *3,505.00* | | | | | | |
| B | **Loans given** | | | | | | | |
| 1 | Svadeshi Mills Company Limited | **-** | **-** | **4,391.78** | * | **N.A.** | **N.A.** | |
| | | *-* | *-* | *4,391.78* | * | *N.A.* | *N.A.* | General corporate |
| 2 | Coromandal Garments Limited | **-** | **-** | **-** | # | **N.A.** | **N.A.** | |
| | | *-* | *-* | *364.99* | | | | General corporate |
| 3 | Edumetry Inc. USA | - | - | **72.53** | * | **N.A.** | **N.A.** | |
| | | *-* | *-* | *72.53* | * | *N.A.* | *N.A.* | General corporate |
| 4 | Forbes Container Lines Pte Limited | - | - | **302.47** | * | **On Demand** | **12%** | |
| | | *-* | *-* | *302.47* | * | *On Demand* | *12%* | General corporate |
| 5 | Forbes Technosys Limited | **2,262.00** | **2,002.00** | **260.00** | | **On Demand** | **10.80%** | |
| | | *700.00* | *700.00* | *-* | | *On Demand* | *10.80%* | General corporate |
| C | **Guarantees given** | | | | | | | |
| 1 | Shapoorji Pallonji Bumi Armada Offshore Limited | - | - | **3,347.79** | | **N.A.** | **N.A.** | N.A. |
| | | *-* | *-* | *3,107.71* | @ | *N.A.* | *N.A.* | *N.A.* |
| 2 | Forbes Technosys Limited | - | **667.00** | **3,753.00** | | **Continuing** | **N.A.** | |
| | | *-* | *-* | *4,420.00* | | *Continuing* | *N.A.* | Working Capital |
| | | - | **4,291.00** | **9,209.00** | | **3 years** | **N.A.** | |
| | | *-* | *-* | *13,500.00* | | *3 years* | *N.A.* | General corporate |
| 3 | Shapoorji Pallonji Forbes Shipping Limited | **Nil** | **-** | **403.60** | | **1 year** | **N.A.** | |
| | | *374.66* | *-* | *374.66* | ** | | | General corporate |

**Note:**

* Provided as doubtful

@ Guarantee given $ 44,75,000 *(Previous year $ 44,75,000)* difference on conversion is on account of foreign exchange fluctuations.

** Guarantee given $ 5,39,500 *(Previous year $ 5,39,500)* difference on conversion is on account of foreign exchange fluctuations.

\# Refer note 44 for further details.

Figures in italics are in respect of the previous years.

## 47. Net debt reconciliation

₹ in Lakhs

| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| Short Term Borrowings | **(7,276.81)** | *(5,313.11)* |
| Long Term Borrowings | **(6,775.83)** | *(6,226.21)* |
| Current Maturities of Long Term Borrowings | **(4,487.77)** | *(5,547.28)* |
| Lease Liability | **(353.81)** | *-* |
| **Total debt** | **(18,894.22)** | *(17,086.60)* |
| Cash and Cash equivalents | **190.59** | *824.18* |
| **Net debt** | **(18,703.63)** | *(16,262.42)* |

₹ in Lakhs

| | **Other assets** | **Liabilities from financing activities** | | | |
|---|---|---|---|---|---|
| | **Cash and cash equivalents** | **Long term borrowing including current maturity** | **Short term borrowing** | **Lease Liability** | **Total** |
| **Net debt as at 1st April, 2019** | **824.18** | **(11,773.49)** | **(5,313.11)** | **-** | **(16,262.42)** |
| Recognised on adoption of Ind AS 116 (refer Note 45) | - | - | - | (337.70) | **(337.70)** |
| Cash flows | (633.59) | 443.53 | (1,963.70) | 96.31 | **(2,057.45)** |
| Interest expense | - | (1,087.92) | (659.20) | (33.75) | **(1,780.87)** |
| Interest paid * | - | 1,154.28 | 659.20 | - | **1,813.48** |
| Non cash movements for acquisitions and disposals | - | - | - | (78.67) | **(78.67)** |
| **Net debt as at 31st March, 2020** | **190.59** | **(11,263.60)** | **(7,276.81)** | **(353.81)** | **(18,703.63)** |

* The interest paid during the year includes ₹ 252.79 Lakhs *(Previous year Nil)* in respect of interest costs capitalised for the property, plant and equipment in accordance with Ind AS 23 and interest expense on loans for real estate development activites amounting to ₹ 393.89 Lakhs *(Previous year ₹ 507.47 Lakhs)*.

*₹ in Lakhs*

| | *Other assets* | *Liabilities from financing activities* | | |
|---|---|---|---|---|
| | *Cash and cash equivalents* | *Long term borrowing including current maturity* | *Short term borrowing* | *Total* |
| *Net debt as at 1st April, 2018* | *2,168.21* | *(10,077.48)* | *(6,890.84)* | *(14,800.11)* |
| *Cash flows* | *(1,344.03)* | *(1,700.00)* | *1,577.73* | *(1,466.30)* |
| *Interest expense* | *-* | *(1,009.11)* | *(615.84)* | *(1,624.95)* |
| *Interest paid* | *-* | *1,013.10* | *615.84* | *1,628.94* |
| *Net debt as at 31st March, 2019* | *824.18* | *(11,773.49)* | *(5,313.11)* | *(16,262.42)* |

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**48. Offsetting financial assets and financial liabilities**

₹ in Lakhs

| | Gross amounts | Gross amounts set off in the Balance Sheet | Net amounts presented in Balance Sheet |
|---|---|---|---|
| | (Financial Assets -Trade Receivables) | (Financial Liabilities - Rebates/ Discounts) | (Net Financial Assets - Trade Receivables) |
| **31st March, 2020** | **3,651.96** | **142.80** | **3,509.16** |
| **Total** | **3,651.96** | **142.80** | **3,509.16** |
| *31st March, 2019* | *5,427.82* | *462.77* | *4,965.05* |
| *Total* | *5,427.82* | *462.77* | *4,965.05* |

The Company gives rebates/ discounts mainly for Engineering segment. Under the terms of contract, the amounts payable by the Company are offset against receivables from customers and only the net amount is settled (i.e. after adjustment towards rebates/ discounts). The relevant amounts have therefore been presented net in the Balance Sheet.

**49. Assets pledged as security**

The carrying amounts of assets pledged as security for current and non-current borrowings are:

₹ in Lakhs

| Particulars | Notes | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|---|
| **Current** | | | |
| **Floating charge** | | | |
| **Financial Assets** | | | |
| - Trade receivables | 9 | 2,507.02 | *4,113.48* |
| - Cash and cash equivalents | 13A | 190.59 | *824.18* |
| - Bank balances other than above | 13B | 186.99 | *164.71* |
| - Loans | 10B | 269.37 | *23.07* |
| - Other financial assets | 11B | 1,104.40 | *332.41* |
| - Other current assets | 14B | 993.96 | *670.14* |
| | | **5,252.33** | *6,127.99* |
| **Non-financial assets** | | | |
| - Inventories | 12 | 3,118.35 | *4,004.65* |
| **Total current assets pledged as security** | | **8,370.68** | *10,132.64* |
| **Non-current** | | | |
| **Specific charge** | | | |
| - Leasehold land | 5 | 10.65 | *10.82* |
| - Freehold buildings | 5 | 3,786.12 | *208.30* |
| - Plant & Machinery | 5 | 5,799.79 | *2,652.01* |
| - Furniture & fixtures | 5 | 49.34 | *26.76* |
| - Office equipments | 5 | 19.04 | - |
| - Investment properties | 6 | 198.00 | 216.16 |
| - Capital work-in-progress | 5.1 | 115.47 | - |
| **Total non-currents assets pledged as security** | | **9,978.41** | *3,114.05* |
| **Total assets pledged as security** | | **18,349.09** | *13,246.69* |

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**50.** The real estate development operations under "Project Vicinia" was being executed at a plot of land situated at Chandivali, Mumbai as per the terms of the development agreement between the Company and Videocon Realty and Infrastructure Limited ("VRIL") forming part of the consent terms filed with the Hon'ble Bombay High Court in 2011 for the then existing dispute. Subject to compliance with the terms of the said development agreement, VRIL was entitled to 50% of the saleable area and 50% of the rights in the permissible Floor Space Index in Project Vicinia.

During the year ended 31st March, 2019, considering delays in making critical payments by VRIL, to protect the interests of all stakeholders including the Company and purchasers of individual flats, the Company terminated the aforesaid development agreement. Consequently the matter was referred to arbitration and vide the arbitration award dated 25th February, 2019 the Company was directed to pay an amount of ₹ 15,300.00 Lakhs to VRIL for restitution and that on payment of aforesaid amount, VRIL would have no interest, rights, title or any claim in respect of Project Vicinia.

Additionally, the Company entered into a Business Transfer Agreement ("BTA") with Paikar Real Estates Private Limited (hereinafter known as "PREPL"), (a fellow subsidiary) dated 27th February, 2019 to transfer 50% interest in the aforesaid real estate development project (which the Company got through restitution), by way of slump sale on an as-is-where-is basis as a going concern for an aggregate consideration of ₹ 15,500.00 Lakhs. The board of directors and shareholders' approved this transaction with PREPL on 27th February, 2019 and 29th March, 2019 respectively. As per the terms of BTA, the Company did not have ability to control or rights to variable returns over VRIL's interest in the Project Vicinia which the Company got pursuant to the arbitration award.

Subsequently, on receipt of the consideration from PREPL, the Company made payment of ₹ 15,300.00 Lakhs to VRIL on 2nd March, 2019 as per terms stated in the arbitration award and consequently, VRIL's interest in the development agreement was transferred to PREPL.

The Company and PREPL are each independently entitled to 50% of the saleable area, 50% of the rights in the permissible Floor Space Index and for their own individual development and consequent sale of their respective individual flats for the specified land being developed.

Pursuant to the aforesaid transaction, the Company incurred legal and administrative costs aggregating ₹ 115.10 Lakhs which have been netted off against the gain on the aforesaid transfer and reflected the net gain on this transaction, aggregating ₹ 84.90 Lakhs as an exceptional item during the year ended 31st March, 2019.

**51.** Ind AS 115 'Revenue from Contracts with Customers', a new accounting standard notified by the Ministry of Corporate Affairs (MCA) on 28th March, 2018 was effective from accounting period beginning on or after 1st April, 2018 and replaced the then existing revenue recognition standards. The application of Ind AS 115 had significant bearing on the Company's accounting for recognition of revenue from real estate development projects.

The Company had applied the modified retrospective approach as on 1st April, 2018 and recorded a transitional impact in retained earnings towards the reversal of profits aggregating ₹ 5,083.12 Lakhs (comprising reversal of income from real estate contracts aggregating ₹ 18,936.56 Lakhs, partially offset by real estate development costs aggregating ₹ 11,163.27 Lakhs and deferred tax asset aggregating ₹ 2,690.18 Lakhs) on real estate projects under development (i.e. flats under construction) for contracts not completed as on 1st April, 2018.

Had the company continued application of earlier standards for revenue recognition for its real estate projects instead of Ind AS 115, the following line items would have been higher by amounts as disclosed below:

(₹ in Lakhs)

| **Financial Statement Line Item** | **Year ended 31st Mar., 2020** | *Year ended 31st Mar., 2019* |
|---|---|---|
| Revenue | **13,545.59** | *8,880.18* |
| Changes in inventory of finished goods, WIP and stock in trade | **8,172.23** | *5,195.81* |
| Net profit before tax | **5,373.36** | *3,684.37* |

Additionally, as at 31st March, 2020, real estate work-in-progress included in Inventories is higher by ₹ 24,531.31 Lakhs *(Previous year ₹ 16,359.08 Lakhs)* and advances from customers included in Other Current Liabilities is higher by ₹ 37,948.86 Lakhs *(Previous year ₹ 24,265.08 Lakhs)* and unbilled revenue included in other financial assets is lower by ₹ 3,413.47 Lakhs *(Previous year ₹ 3,557.89 Lakhs)*.

Further, certain indirect costs (e.g. Selling expenses, commission & brokerage, advertisement and sales promotion, depreciation and other administrative expenses) pertaining to real estate development project for the year ended 31st March, 2020 aggregating ₹ 1,169.53 Lakhs *(Previous year ₹ 1,200.54 Lakhs)* are being recognized as an expense in the Statement of Profit and Loss as and when incurred.

**52.** The COVID-19 pandemic has severely disrupted business operations due to global lockdown and other emergency measures imposed by the various governments. The operations of the Company were impacted due to the shutdown of plants, real estate development project and offices following the nationwide lockdown. The Company commenced with its operations in a phased manner starting from 23rd April, 2020 in line with the directives from the authorities.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

The Company has evaluated the impact of this pandemic on its business operations, liquidity and recoverability/ carrying values of its assets including property, plant and equipment, trade receivables, inventory and investments as at the Balance Sheet date and based on the management's review of the current indicators and economic conditions there is no additional adjustments on its financial statements for the year ended 31st March, 2020. The Company has adequate unutilized fund-based credit facilities available, to take care of any urgent requirement of funds.

The Company throughout the lockdown period and even subsequently has been able to maintain adequate control of its assets and there are no significant changes to its control environment during the period. In the case of inventory, management has performed the 'wall to wall' verification for all its locations and again at date subsequent to the year end in the presence of an external firm of Chartered Accountants to obtain comfort over the existence and condition of inventories as at 31st March, 2020 including appropriate roll backward procedures.

However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly, the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions.

**53.** During the year ended 31st March, 2020, Forbes Technosys Limited (FTL) has incurred a total comprehensive loss of ₹ 6,014.92 Lakhs, has accumulated losses of ₹ 14,263.82 Lakhs, its current liabilities exceeded current assets by ₹ 13,306.25 Lakhs. The Company has infused and additional capital of ₹ 1,000.00 Lakhs to support FTL's cash flow and aid it to meet its liabilities in the current year.

FTL has suffered a setback in the last few years which is temporary in nature due to muted demand and stress in some of the key sectors that FTL has been traditionally dependent on, such as banking and telecom. The entry of several local players in the e-payments space and heightened competition has put additional pressure on the margin of FTL.

The Covid-19 pandemic has severely disrupted business operations around the world due to global lockdown and other emergency measures imposed by various governments. This has also impacted the operations of FTL as its manufacturing units and offices had to be completely shut-down multiple times between March and July 2020. Also, supply chain for critical electronic components required for sales and services were affected since January 2020, which eventually affected performance during the year ended 31st March, 2020 as well as during the continued extended lockdown restrictions till date. The present situation coupled with the impact of Covid-19 has resulted in a decline in the recoverable value of investment in FTL, consequent to which an impairment provision of ₹ 1,216.29 Lakhs has been created in the financial statement for the year ended 31st March, 2020.

The Management have carried out a detailed evaluation in respect of the future business prospects of FTL coupled with innovative software solutions, large value orders secured, gradual increase in sales orders executed including those in pipeline, cost rationalization, product portfolio diversification strategies implemented by FTL management etc. These initiatives make FTL well poised to reap in benefits in the long run, despite some challenges including Covid-19. Accordingly, the management are confident of recovering the remaining carrying value of amounts recoverable from FTL.

**54.** Previous year figures have been regrouped/ reclassified, wherever necessary to conform to current year classification.

**55.** The financial statements were approved by the Board of Directors of the Company at their respective meetings held on 25th July, 2020.

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Signature to Notes 1 to 55

In terms of our report of even date

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No. 012754N/N500016
Chartered Accountants

**Sarah George**
*Partner*
Membership Number: 045255

NIRMAL JAGAWAT
*Chief Financial Officer*

PANKAJ KHATTAR
*Company Secretary*
Membership No : F5300

Place: Mumbai
Date: 25th July, 2020

**For and on behalf of the Board of Directors**

M. C. TAHILYANI
*Managing Director*
DIN : 01423084

JAI L. MAVANI
*Director*
DIN : 05260191

Place: Mumbai
Date: 25th July, 2020

Independent Auditors' Report

**To the Members of Forbes & Company Limited**
**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

1. We have audited the accompanying consolidated financial statements of Forbes & Company Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures (refer Note 2.2 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2020 and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2020, of consolidated total comprehensive income (comprising of loss and other comprehensive loss), consolidated changes in equity and its consolidated cash flows for the year then ended.

**Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 23 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

4. The following paragraph in respect of "material uncertainty related to going concern" was included in the audit report dated July 20, 2020 issued on the financial statements of Forbes Technosys Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants reproduced as under:

"We draw attention to Note 34 of the financial statements which indicates that the Company has incurred a net loss of ₹ 6,014.92 lakhs during the current year and the Company's current liabilities exceeded its current assets by ₹ 13,306.25 lakhs as at March 31, 2020. The Company has accumulated losses of ₹ 14,263.82 lakhs and its net worth has been fully eroded as at March 31, 2020. These conditions indicate the existence of material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter."

Note 34 as described above corresponds to Note 68 to the Consolidated Financial Statements for the year ended March 31, 2020.

5. The following paragraph in respect of "material uncertainty related to going concern" was included in the audit report dated July 13, 2020, issued on the consolidated financial statements of Eureka Forbes Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants reproduced as under:

**"Material uncertainty related to Going Concern in respect of subsidiaries**

The auditor's report on the standalone financial statements of Forbes Lux International AG ("FLIAG") and consolidated financial statements of Lux International Limited ('Lux International group'), subsidiary group of the Parent, contains an emphasis of matter paragraph by the component auditor, stating as under, which in the context of Generally Accepted Auditing Standards in India relates to a material uncertainty related to Going Concern:

We draw attention to Note 33-t in the financial statements describing the liquidity difficulties of FLIAG and Lux group during the financial year ended December 31, 2019. This fact together with the other matters described in note 33-t indicate the existence of a material uncertainty that may cast significant doubt about FLIAG and Lux group's ability to continues as a going concern.

Our opinion is not modified in respect of this matter."

Note 33-t as described above corresponds to Note 70 to the Consolidated Financial Statements for the year ended March 31, 2020.

**Emphasis of Matter**

6. We draw your attention to Note 52 to the standalone financial statements of the Holding Company which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on its business operations. The Holding Company believes that no additional adjustments are required in

the financial statements, however, in view of various preventive measures taken (such as complete lock-down including travel restrictions) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Further, our attendance at the physical verification of inventory carried out by the management was impracticable under the current lockdown restrictions imposed by the government and we have therefore relied on the related alternative audit procedure to obtain comfort over the existence and condition of inventory at the year-end. Our opinion is not modified in respect of this matter.

7. The following emphasis of matter was included in the audit report dated June 30, 2020 issued on the financial statements of Forbes Bumi Armada Limited, a joint venture of the Holding Company reproduced as under:

“We draw your attention to Note 34 to the financial statements, which describes the management’s assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.”

Note 34 as described above corresponds to Note 77 to the Consolidated Financial Statements for the year ended March 31, 2020.

8. The following emphasis of matter included in the audit report dated July 13, 2020, issued on the consolidated financial statements of Eureka Forbes Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants reproduced as under:

“We draw attention to note 33-s in the consolidated financial statements, which describes the uncertainties and the impact of COVID-19 pandemic on the Group’s operations and results and the internal and external information the Group’s Management has considered upto the date of this report, in respect of the current and estimated future economic indicators, both global and Indian, to make an assessment of the recoverability of certain assets of the Group, consequent to the global health pandemic. The actual impact of the pandemic may be different from that considered in assessing the recoverability of these assets. Attention is also invited to note 33-u which describes the basis of the assessment made by the Management of the Parent Company that no material uncertainty exists that may cast significant doubt on the Parent Company’s ability to continue as a going concern, despite accumulated losses, erosion of net worth and net current liability position at the reporting date and that the going concern assumption is appropriate in the preparation of these financial statements.

Our opinion is not modified in respect of these matters.”

Note 33-s and 33-u as described above correspond to Note 78 and 71 respectively, to the Consolidated Financial Statements for the year ended March 31, 2020.

**Key Audit Matters**

9. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **(a) Impairment risk of investment in and receivables from a wholly owned subsidiary and (b) Financial exposure relating to guarantee given to the same subsidiary**<br>(Refer Notes 8, 9, 10, 11, 32B, 39, 40 and 53 to the standalone financial statements)<br><br>The Holding Company has investment aggregating ₹ 7,650.01 Lakhs (net of impairment) in Forbes Technosys Limited (FTL), a wholly owned subsidiary and also has financial exposure by way of outstanding receivables (including inter-corporate deposits outstanding) aggregating ₹ 472.25 Lakhs and financial guarantees given to FTL aggregating ₹ 12,962.00 Lakhs as on March 31, 2020.<br>During the year ended March 31, 2020, FTL has earned total comprehensive loss aggregating ₹ 6,014.92 Lakhs and FTL’s current liabilities exceeded its current assets by ₹ 13,306.25 Lakhs. This is an indicator of potential impairment of the investments, outstanding receivables and financial exposure relating to financial guarantees given. | Our procedures in relation to management’s assessment of impairment risk and financial exposures included the following:<br><br>• Evaluating and validating the design and operating effectiveness of the controls over determination of recoverable value of investments and receivables (including valuation model, assumptions and judgements);<br><br>• Assessing the accuracy and reasonableness of the input data provided by the Management by way of agreeing with approved budgets;<br><br>• Analysis of past trends by comparing the historical results vis-à-vis corresponding budgets;<br><br>• Evaluating management expert’s independence, competence, capabilities and objectivity; |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| The Holding Company has recognised an impairment charge of ₹ 1,216.29 Lakhs for the year ended March 31, 2020 towards decline in the recoverable value of investments in FTL considering the recoverable value determined by management as described below, after considering the present market situation including the impact of Covid-19 on FTL's future business prospects.<br><br>The management has estimated that the balance recoverable value of FTL is sufficient to cover the cumulative carrying value of total exposure in FTL's remaining investments, outstanding receivables (including inter-corporate deposits outstanding) and liability, if any, towards financial guarantees, basis valuation performed by the management considering inputs from an independent professional valuer. The recoverable value of the investment has been determined using the discounted cash flow method which involved significant estimates and judgement, including earning growth rate, cost escalation/savings, discount rate, terminal growth rate etc. and is highly dependent on the management's assumptions and management expert's inputs and assumptions and hence considered as a Key Audit Matter. | • Assessing along with the auditors' experts the reasonableness of the Holding Company's process regarding impairment assessment and assumptions used in the impairment model;<br><br>• Developing independent expectations regarding the impairment testing based on our understanding of the business, external industry trends and the subsidiary's historic business activity and evaluating the Holding Company's impairment testing results against our expectations;<br><br>• Performing sensitivity analysis and evaluating whether any reasonably foreseeable change in assumptions could lead to any additional impairment;<br><br>• Testing the mathematical accuracy of the underlying calculations; and<br><br>• Assessing the adequacy of disclosures in the financial statements.<br><br>Based on the above procedures performed, the management's assessment in respect of impairment risk of investment in and receivables (including inter-corporate deposits outstanding) from a wholly owned subsidiary, and financial exposure relating to guarantee is considered to be reasonable. |
| **(b) Implementation of Revenue recognition standard (Ind-AS 115) for Real Estate Development Activities** (Refer Notes 28 and 63 to the consolidated financial statements)<br><br>Consequent to the implementation of Ind-AS 115, effective April 1, 2018, there has been change in the Holding Company's policy for revenue recognition in respect of its real estate development projects.<br><br>The determination of the period over which revenue from real estate development activities should be recognized, the timing of transfer of control to the customer; and determination of whether the Holding Company has an enforceable right to payment as per requirements of Ind-AS 115 involves significant judgement by the Management.<br><br>Revenue recognition for real estate development activities is considered as a key audit matter considering significance of amounts involved, substantial transitional impact due to implementation of Ind-AS 115 along with related disclosures and involvement of management judgement in establishing enforceable right to payment for performance completed to date. | Our audit procedures included obtaining a listing of contracts with customers from the Management, and carrying out a combination of testing of internal financial controls with reference to financial statements for revenue recognition over real estate projects and test of details on a sample of transactions, which included:<br><br>• Obtaining an understanding of the process and testing key controls followed by the management over revenue recognition for real estate development projects including controls surrounding implementation of Ind-AS 115;<br><br>• Evaluating existence and completeness of the list of contracts with customers, and examining the mathematical accuracy thereof;<br><br>• Obtaining evidence regarding the transfer of control considering the criteria as per Ind-AS 115 for ensuring existence of enforceability of payment for work completed to date; and<br><br>• Testing the accuracy and completeness of disclosures in the consolidated financial statements.<br><br>Based on the above audit procedures performed, we did not come across any significant exceptions with regard to the implementation of Ind-AS 115 in respect of real estate development activities. |

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>(c) Assessment of Provisions and Contingent Liabilities<br>(Refer to Notes 22A and 41 to the consolidated financial statements)<br><br>As at March 31, 2020, in respect of certain direct and indirect tax matters and other litigations, the Holding Company has recognised provisions aggregating ₹ 311.50 Lakhs and disclosed contingent liabilities aggregating ₹ 15,042.44 Lakhs.<br><br>The Holding Company undergoes assessment proceedings and related litigations with direct and indirect tax authorities and with certain other parties. There is a high level of management judgement required in estimating the probable outflow of economic resources and the level of provisioning and/or the disclosures required. The judgement of the management is supported by advice from independent tax and legal consultants, as considered necessary by the management. Any unexpected adverse outcomes could significantly impact the Holding Company's reported profit and financial position.<br><br>We considered the above area as the key audit matter due to associated uncertainty of the ultimate outcome and significant management judgement involved.</td><td>Our audit procedures included the following:<br><br>• Understanding and evaluating the process and controls designed and implemented by the management including testing the operating effectiveness of the relevant controls;<br><br>• Obtaining the details of the related matters, inspecting the supporting evidences and assessing management's evaluation through discussions with management on both the likelihood of outcome and the magnitude of potential outflow of economic resources;<br><br>• Understanding the current status of the direct and indirect tax assessments/ litigations;<br><br>• Reading recent orders and/ or communication received from the tax authorities and with certain other parties and management responses to such communication;<br><br>• Where relevant, reading the most recent available independent tax / legal advice obtained by management and evaluating the grounds presented therein;<br><br>• Evaluating independence, objectivity and competence of the management's tax / legal consultants;<br><br>• Obtaining direct written confirmations from the Company's legal/ tax consultants (internal/ external) to confirm the status of the assessments as well as had direct discussion with them as and when required.<br><br>• Together with the auditor's tax experts, assessed the likelihood of the potential financial exposures.<br><br>• Assessing the adequacy of disclosure in the consolidated financial statements.<br><br>Based on the above procedures we did not identify any material exceptions relating to management's assessment of provisions and contingent liabilities.</td></tr>
</table>

10. The following Key Audit Matters were included in the audit report dated July 20, 2020 issued on the financial statements of Forbes Technosys Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants reproduced as under:

**"a) Capitalisation of internally developed intangible assets (including assets under development) and their impairment testing**

**Description of the Key Audit Matter:**

As on March 31, 2020, the carrying amounts of internally developed intangible assets recognised and intangible assets under development were ₹ 8,028.04 lakhs and ₹ 2,765.79 lakhs respectively, which together represent 55.06% of the total assets of the Company.

Recognition and impairment testing of intangible assets requires the Company to assess the probability of expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

The Company uses judgement to assess the degree of certainty attached to the flow of future economic benefits that are attributable to the use of the asset on the basis of the evidence available at the time of initial recognition, giving greater weight to external evidence.

Refer Note 2.7, Note 2.8, Note 4 of the financial statements for accounting policies and carrying amounts of the said assets and impairment testing.

**Our Response:**

- We evaluated the appropriateness of management's identification of the intangible asset and that the recognition process meets the requirements of Ind AS 38 'Intangible Assets'.

- We held discussions with Company's technical team overseeing the development process to understand the feasibility of the assets under development and other resources currently available as well as resources required to complete the assets.

- We reviewed the process of identifying, measurement and allocation of costs that were directly attributable to the assets under development.

- We used a combination of test of controls and substantive procedures on a test check basis based on selected samples of costs being incurred and capitalised under assets under development.

- We reviewed the impairment testing carried out by the Company while verifying the carrying amount of the intangible assets under development.

**b) Allowance for expected credit loss on trade receivables**

**Description of the Key Audit Matter:**

As on March 31, 2020, the carrying amount of trade receivable was ₹ 4,218.16 lakhs (net of provision for expected credit loss of ₹ 1,295.41 lakhs) which represent 21.52% of the total assets of the Company.

The Company exercises significant judgment in calculating the expected credit losses on trade receivables. The Company determines the allowance for credit losses as per provision matrix based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considers current and anticipated future economic conditions relating to industries the Company deals with. In calculating expected credit loss, the Company has also considered relevant credit information of its customers (to the extent the Company has access to such information) to estimate the probability of default in future and age-wise analysis of outstanding amounts.

In calculating expected credit loss, the Company has taken into account estimates of possible effect from the pandemic relating to COVID -19.

Refer Note 8 of the financial statements for information on trade receivables and provision for expected credit losses.

**Our response:**

- We tested the effectiveness of controls over the development of the provision matrix for the allowance for credit losses, including consideration of the current and estimated future economic conditions.

- We verified the completeness and accuracy of information used while calculating the provision for expected credit loss and ageing of the receivables.

- We analysed the profile of the customers and credit information, to the extent available in respect of certain customers on a sample basis.

- We analysed the reasonability of the provision matrix and tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company.

**c) Inventory existence and valuation**

**Description of the Key Audit Matter:**

As on March 31, 2020, the Company held inventories of ₹ 2,587.06 lakhs. The inventories are carried at lower of cost and net realisable value.

The Company maintains inventory under a perpetual inventory system through its accounting software. Inventories are physically verified by the management once a year at all locations except for spares/parts lying with service technicians and service partners which are not material and are subject to monthly reconciliations and confirmations.

During the year, the Management was unable to conduct physical inventory counting as at year-end as inventories were held in locations which were closed due to Government imposed lockdown for COVID-19 (also refer Note 34 to the financial statements). However the management has conducted physical verification of inventory post year-end with roll-back procedures to the reporting date.

We also draw attention to Note 35 to the financial statements which states that during the year, irregularities in certain business transactions were detected by the Company for which the Company appointed an independent agency to conduct review of the Company's business transactions. The said agency identified fraudulent transactions, over past few years, amounting to approximately ₹ 569 lakhs involving the erstwhile Chief Financial Officer, other employees and certain third party vendors. These fraudulent transactions were primarily related to accounting of purchase of materials without physical receipts of underlying material.

Considering the irregularities identified as above and difficulties faced by the management in conducting physical verification of inventories, we identified inventory existence and valuation as a key audit matter for the year.

Refer Note 2.4 and Note 7 of the financial statement for accounting policies on inventory valuation and details of carrying amount of inventories, respectively.

**Our response:**

- We observed the process of physical verification of inventory by the management at selected locations and performed our own sample test counts.

- We validated that the physical verification process has been carried out at all locations and variances have been appropriately accounted for and are confirmed by the management.

- We reviewed the inventory ageing and held discussion with the management to understand and evaluate the assumptions applied in estimating provisions held for slow moving inventories.

- We tested, on a sample basis, the automated controls in the accounting software of the Company for accounting the receipts and issue of inventories.

- We confirmed that the inventories, held at year-end, are valued at lower of cost and net realisable value by testing a sample number of inventory items to the most recent evidence of selling price."

Notes 2.7, 2.8 and 4 as described above are included in Notes 2.10, 2.11, 2.12 and 9 to the Consolidated Financial Statements for the year ended March 31, 2020.

Note 8 as described above is included in Note 11 to the Consolidated Financial Statements for the year ended March 31, 2020.

Notes 34, 35, 2.4 and 7 as described above are included in Notes 68, 76, 2.17 and 14 to the Consolidated Financial Statements for the year ended March 31, 2020.

11. Audit opinion dated July 13, 2020 on the consolidated financial statements of Eureka Forbes Limited, a subsidiary of the Holding Company was issued by an independent firm of Chartered Accountants and the following key audit matters and related audit procedures communicated to us on July 15, 2020 by the auditors of Eureka Forbes Limited, are reproduced as under:

"

| Key audit matter | How the scope of our audit responded to the Key Audit Matter |
|---|---|
| **Carrying value of Lux goodwill**<br>Refer to Note 4 'Goodwill on Consolidation'.<br><br>Included in the Group's Consolidated Balance Sheet as at 31 March 2020 is goodwill relating to the Lux business of INR 28,110.96 Lakhs.<br>Management has assessed the recoverable amount of the goodwill relating to the Lux business utilising<br><br>discounted cash flow model which incorporate significant judgement in respect of assumptions such as discount rates and future projections, as well as economic assumptions such as growth rates.<br><br>We focused on this area as a key audit matter due to the judgement involved in forecasting future cash flows and the selection of assumptions. | As principal auditors, we had issued written communication to the auditor of the overseas component ('Other Auditors') for audit procedures to be performed.<br>In accordance with such communication, the procedures performed by the Other Auditors, as reported by them, have been provided below:<br>• Tested the reasonableness of the key business projections and valuation assumptions employed in determining the fair value of the Lux group, including testing appropriateness of comparable companies, discount rate, revenue growth rate, EBITDA growth rate, terminal growth rate used in computing the fair value of the segment.<br>• Performed retrospective review of projections by comparison with historical performance, inquiries with management and forecast trends in the industry.<br>• Considered sensitivity to reasonable possibility of changes in the key assumptions and inputs to ascertain whether these possible changes have a material effect on the fair value.<br>• Assessed the appropriateness of the disclosures in the financial information for inclusion in the consolidated financial statements of the Company, in accordance with the applicable financial reporting framework.<br><br>Additionally, we performed audit oversight procedures over the work performed by the Other Auditors in particular:<br>a) Reviewed a written summary of the audit procedures performed by the Other Auditors.<br>b) Evaluated the design and tested operating effectiveness of internal controls relating to the oversight activities of the Parent Company's Management, over the impairment assessment performed by the component management.<br>c) Discussed with the Other Auditors and the Management of the overseas component to understand the reasonableness of the business projections and other inputs used in computing the fair value of the Lux group.<br>d) Involved our internal experts to evaluate robustness of the valuation assumptions.<br>e) Considered the sensitivity to reasonable possibility of changes in the key assumptions and inputs to ascertain whether these possible changes have a material effect on the fair value. |

| Debt Covenants | Our procedures included, amongst others: |
|---|---|
| Refer to Note 31.XIII "Terms of Borrowings".<br><br>Management has classified Borrowings as at the Balance Sheet date, into current and non-current liabilities based on the repayment schedule in accordance with the terms of borrowings.<br><br>Based on the filings done with the bankers, there were breach in maintaining some of the financial ratios which is one of the requirements as per the borrowing terms.<br><br>We focused on this area as a key audit matter due to the judgement involved in presenting borrowings as current/non-current based on the original terms of repayment as per the borrowing schedule. | • Testing of payment of interest and repayment of principal that are due during the year, in order to verify if there is a default in such payments.<br>• Obtaining balance confirmation from banks for confirmation on outstanding loan balances as on 31 March 2020.<br>• Reviewing communications by the management with the lenders during the year, for submission of financial ratios based on the audited financial statements for the financial year 2018-19. |
| **Expected credit losses on trade receivables and advances.**<br><br>As at 31 December 2019, Forbes Lux FZCO "the subsidiary" had past due trade receivables of USD 1,705,923 outstanding from related parties and a dealer and advances to a related party of USD 1,297,569.<br><br>The determination of expected credit loss involved significant estimates and judgement.<br><br>Given the inherently judgmental nature of determining ECL and this being the first year of its application, this is considered a key audit matter. | • We obtained an understanding of the subsidiary's process for estimating impairment loss allowance and assessed the appropriateness of the ECL methodology against the requirements of IFRS 9.<br>• Tested the reasonableness of management's key assumptions and judgments used in determination of impairment loss allowance.<br>• Tested the input data used, both current and historical<br>• Reviewed the aged trade receivables and advances to a related party<br>• Verified payments received subsequent to the year end<br>• Assessed the adequacy of the credit risk disclosure<br>• Tested the adequacy of disclosures pertaining to impairment loss allowance included in the financial statements |

Notes 4 and 31.XIII as described above is included in Notes 8 and 54 to the Consolidated Financial Statements for the year ended March 31, 2020."

**Other Information**

12. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the board report and corporate governance report, but does not include the consolidated financial statements and our auditors' report thereon.

13. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

14. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (refer paragraph 23 below), we conclude that there is a material misstatement of this other information, we are required to report that fact.

    We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

15. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

16. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

17. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

18. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

19. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

    - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

20. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

21. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

22. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

23. We did not audit the financial statements of 27 subsidiaries whose financial statements (before eliminating intercompany transactions) reflect total assets of ₹ 242,824.50 Lakhs and net assets of ₹ (-) 2,832.21 Lakhs as at March 31, 2020, total revenue of ₹ 267,844.02 Lakhs, total comprehensive loss (comprising of net loss and other comprehensive loss) of ₹ 98,739.61 Lakhs and net cash flows amounting to ₹ (-) 3,897.27 Lakhs for the

year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of ₹ 566.50 Lakhs for the year ended March 31, 2020 as considered in the consolidated financial statements, in respect of 3 associate companies and 4 joint ventures respectively, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associate companies and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

24. The following other matter was included in the audit report dated July 13, 2020 issued on the consolidated financial statements of Eureka Forbes Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants reproduced as under:

"Due to the COVID-19 related lock-down restrictions, the management of the parent company was able to perform year-end physical verification of inventories, only subsequent to the year-end. Also, we were not able to physically observe the stock verification, when carried out by the management. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Financial Statements.

Our Opinion is not modified in respect of this matter."

**Report on Other Legal and Regulatory Requirements**

25. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive loss), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) The following matter was included in the audit report dated July 20, 2020 issued on the financial statements of Forbes Technosys Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants reproduced as under:

"The matter described in the 'Material Uncertainty Related to Going Concern' section above, in our opinion, may have an adverse effect on the functioning of the Company."

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint ventures incorporated in India, none of the directors of the Group companies, its associate companies and joint ventures incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

(g) With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

(h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group, its associates and joint ventures– Refer Note 22 and 41 to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2020 – Refer Note 21B to the consolidated financial statements in respect of such items as it relates to the Group, its associates and joint ventures.

iii. Except as referred to in Note 21B to the consolidated financial statements, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2020.

26. The Group, its associates and joint ventures has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act, except as mentioned in paragraph 27 below.

27. The following matter was included in the audit report dated July 13, 2020 issued on the consolidated financial statements of Eureka Forbes Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants reproduced as under:

"Details of remuneration paid in excess of the limit laid down under this section are as given below:

| Financial year ended | Amount of Excess remuneration (₹ in lakhs) | Remarks |
|---|---|---|
| March 31, 2020 | 197.14 | Remuneration paid /payable to Mr. Marzin R Shroff (Managing Director & CEO) approved in the meeting of Nomination and Remuneration committee on June 25, 2020 and Board of Directors on July 8, 2020 exceeds the limit prescribed under Section 197 by ₹ 197.14 lakhs (including provision for commission of Rs 140.00 lakhs) and is subject to shareholders approval. The company has charged off the excess remuneration paid/payable in the Statement of Profit and loss account for the year ended March 31, 2020. Pending such approval, the remuneration already paid in excess of the limit amounting to Rs 57.14 lakhs is being held in trust by Mr. Marzin R Shroff (Managing Director & CEO). |
| March 31, 2020 | 6.42 | Remuneration payable to non-whole time directors is approved by the meeting on Nomination and Remuneration committee on June 25, 2020 and Board of Directors on July 8, 2020 exceeds the limit prescribed under section 197 by Rs 6.42 lakhs and is subject to shareholders approval. The company has charged off the excess remuneration payable in the Statement of Profit and loss account for the year ended March 31, 2020. |

"

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**Sarah George**
Partner
Membership Number: 045255
UDIN: 20045255AAAAHA2765

Place: Mumbai
Date: July 25, 2020

**Annexure A to Independent Auditors' Report**
**Referred to in paragraph 25(g) of the Independent Auditors' Report of even date to the members of Forbes & Company Limited on the consolidated financial statements for the year ended March 31, 2020**

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of Forbes & Company Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

1. The respective Board of Directors of the Holding Company, its subsidiary companies, its associate companies and joint ventures, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

2. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

3. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

4. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

**Meaning of Internal Financial Controls with reference to financial statements**

5. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to financial statements**

6. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

7. In our opinion, the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraphs 6 and 7 of our main audit report.

**Other Matters**

8. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to 11 subsidiary companies, 2 associate companies and 3 joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

**Sarah George**
Partner
Membership Number: 045255
UDIN: 20045255AAAAHA2765

Place: Mumbai
Date: July 25, 2020

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

| Particulars | Note No. | ₹ in Lakhs | | As at 31st Mar., 2020 ₹ in Lakhs | *As at 31st Mar., 2019 ₹ in Lakhs* |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **1 Non-current assets** | | | | | |
| Property, Plant and Equipment | **5** | | | **57,179.08** | *55,274.87* |
| Right-of-use assets | **6** | | | **4,354.31** | *-* |
| Capital work-in-progress | | | | **115.47** | *409.79* |
| Investment Properties | **7** | | | **2,487.57** | *2,564.89* |
| Goodwill | **8** | | | **28,110.96** | *49,840.03* |
| Other Intangible assets | **9** | | | **10,586.80** | *5,670.28* |
| Intangible assets under development | | | | **2,779.14** | *8,323.57* |
| Financial Assets: | | | | | |
| i) Investments | | | | | |
| a) Investments in associates | **10A** | 418.35 | | | *-* |
| b) Investments in joint ventures | **10B** | 8,210.77 | | | *7,850.20* |
| c) Other Investments | **10C** | 17.46 | | | *223.81* |
| | | | 8,646.58 | | *8,074.01* |
| ii) Trade receivables | **11A** | | 2,362.16 | | *5,300.43* |
| iii) Loans | **12A** | | 2,383.39 | | *3,326.42* |
| iv) Other financial assets | **13A** | | 1,075.72 | | *3,454.13* |
| | | | | **14,467.85** | *20,154.99* |
| Tax assets | | | | | |
| i) Deferred tax assets (net) | **23A** | | 7,785.95 | | *6,651.77* |
| ii) Income tax assets (net) | **27** | | 7,448.85 | | *6,131.03* |
| | | | | **15,234.80** | *12,782.80* |
| Other non-current assets | **16A** | | | **5,058.97** | *6,449.70* |
| **Total Non-current assets** | | | | **1,40,374.95** | *1,61,470.92* |
| **2 Current assets** | | | | | |
| Inventories | **14** | | | **71,358.03** | *59,653.32* |
| Financial Assets: | | | | | |
| i) Investments | **10D** | | 3,702.56 | | *1.88* |
| ii) Trade receivables | **11B** | | 40,702.38 | | *46,510.85* |
| iii) Cash and cash equivalents | **15A** | | 3,452.69 | | *7,056.00* |
| iv) Bank balances other than (iii) above | **15B** | | 3,001.81 | | *433.25* |
| v) Loans | **12B** | | 1,157.46 | | *328.84* |
| vi) Other financial assets | **13B** | | 1,365.23 | | *1,132.70* |
| | | | | **53,382.13** | *55,463.52* |
| Other current assets | **16B** | | | **9,664.99** | *11,327.35* |
| | | | | **63,047.12** | *66,790.87* |
| Assets classified as held for sale | **17** | | | **0.99** | *4.42* |
| Total Current assets | | | | **1,34,406.14** | *1,26,448.61* |
| **Total Assets** | | | | **2,74,781.09** | *2,87,919.53* |

| Particulars | Note No. | ₹ in Lakhs | | As at 31st Mar., 2020 ₹ in Lakhs | *As at 31st Mar., 2019 ₹ in Lakhs* |
|---|---|---|---|---|---|
| **Equity and Liabilities** | | | | | |
| **Equity** | | | | | |
| Equity share capital | **18** | | 1,289.86 | | *1,289.86* |
| Other equity | **19** | | (10,104.74) | | *25,073.79* |
| Equity attributable to owners of the Company | | | | **(8,814.88)** | *26,363.65* |
| Non-controlling interests | **51** | | | **9,850.04** | *10,922.90* |
| **Total Equity** | | | | **1,035.16** | *37,286.55* |
| **Liabilities** | | | | | |
| **1 Non-current liabilities** | | | | | |
| Financial liabilities: | | | | | |
| i) Borrowings | **20** | 34,382.85 | | | *57,851.82* |
| ii) Lease liability | **64** | 2,613.46 | | | *-* |
| iii) Other financial liabilities | **21A** | 4,263.49 | | | *4,668.02* |
| | | | 41,259.80 | | *62,519.84* |
| Provisions | **22A** | | 1,281.63 | | *1,048.88* |
| Deferred tax liabilities (net) | **23B** | | 351.73 | | *486.47* |
| Other non-current liabilities | **24A** | | 12,593.48 | | *12,035.94* |
| **Total Non-current liabilities** | | | | **55,486.64** | *76,091.13* |
| **2 Current liabilities** | | | | | |
| Financial liabilities: | | | | | |
| i) Borrowings | **25** | 44,488.70 | | | *28,897.24* |
| ii) Trade payables | **26** | | | | |
| a) total outstanding dues of micro enterprises and small enterprises; and | | 2,831.74 | | | *1,897.03* |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises | | 37,802.71 | | | *39,132.18* |
| iii) Lease liability | **64** | 1,855.44 | | | *-* |
| iv) Other financial liabilities | **21B** | 48,143.80 | | | *38,437.72* |
| | | | 1,35,122.39 | | *1,08,364.17* |
| Provisions | **22B** | | 4,285.41 | | *3,100.69* |
| Current tax liabilities (net) | **27** | | 497.85 | | *500.39* |
| Other current liabilities | **24B** | | 78,353.64 | | *62,576.60* |
| **Total Current Liabilities** | | | | **2,18,259.29** | *1,74,541.85* |
| **Total Liabilities** | | | | **2,73,745.93** | *2,50,632.98* |
| **Total Equity and Liabilities** | | | | **2,74,781.09** | *2,87,919.53* |

Significant Accounting Policies **2**

The accompanying notes form an integral part of the financial statements

In terms of our report of even date

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No. 012754N/N500016
Chartered Accountants

**Sarah George**
*Partner*
Membership Number: 045255

NIRMAL JAGAWAT
*Chief Financial Officer*

PANKAJ KHATTAR
*Company Secretary*
Membership No : F5300

Place: Mumbai
Date: 25th July, 2020

**For and on behalf of the Board of Directors**

M. C. TAHILYANI
*Managing Director*
DIN : 01423084

JAI L. MAVANI
*Director*
DIN : 05260191

Place: Mumbai
Date: 25th July, 2020

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

| | Particulars | Note No. | ₹ in Lakhs | Year Ended 31st Mar., 2020 ₹ in Lakhs | *Year Ended 31st Mar., 2019 ₹ in Lakhs* |
|---|---|---|---|---|---|
| I | Revenue from operations | 28 | 2,75,457.84 | | *2,85,325.57* |
| II | Other income | 29 | 3,693.29 | | *3,766.03* |
| III | **Total Income (I + II)** | | | **2,79,151.13** | *2,89,091.60* |
| IV | **Expenses:** | | | | |
| | Real estate development costs | 30 | 8,731.26 | | *7,554.91* |
| | Cost of materials consumed | 31A | 77,147.79 | | *75,930.23* |
| | Purchases of stock-in-trade | | 27,488.98 | | *26,629.28* |
| | Changes in inventories of finished goods, work-in-progress and stock-in-trade | 31B | (11,055.02) | | *(3,588.42)* |
| | Employee benefits expense | 32 | 69,521.48 | | *68,592.80* |
| | Finance costs | 33 | 10,137.70 | | *8,937.79* |
| | Depreciation, amortisation and impairment expense | 34 | 9,915.84 | | *7,704.65* |
| | Other expenses | 35 | 1,00,502.86 | | *95,930.96* |
| | Total expenses (IV) | | | **2,92,390.89** | *2,87,692.20* |
| V | **Profit before exceptional items, share of net profit of investment accounted for using equity method and tax (III - IV)** | | | **(13,239.76)** | *1,399.40* |
| VI | **Add: Share of profit of joint ventures and associates accounted for using equity method** | | | **632.35** | *721.30* |
| VII | **Profit before exceptional items and tax (V + VI)** | | | **(12,607.41)** | *2,120.70* |
| VIII | **Exceptional items - Income /(Expense)** | 36 | | **(21,469.06)** | *(970.92)* |
| IX | **Profit /(Loss) before tax for the year (VII + VIII)** | | | **(34,076.47)** | *1,149.78* |
| X | **Tax expense/ (credit):** | | | | |
| | (a) Current tax (Net of MAT credit utilised of ₹ 651.46 Lakhs *(Previous Year ₹ 672.71 Lakhs)* and including prior period charge/ credit of ₹ 0.99 Lakhs *(Previous Year ₹ (-) 0.72 Lakhs)*) | 37 | 894.34 | | *2,637.18* |
| | (b) Deferred tax | 37 | (1,143.38) | | *(1,188.92)* |
| | | | | **(249.04)** | *1,448.26* |
| XI | **Profit/(Loss) after tax for the year (IX - X)** | | | **(33,827.43)** | *(298.48)* |
| XII | **Other Comprehensive Income / (Loss)** | | | | |
| | **A (i) Items that will not be reclassified to Statement of Profit and Loss** | | | | |
| | (a) Remeasurement of the defined benefit plans | | | **(187.69)** | *(63.00)* |
| | (b) Share of other comprehensive income in associates and joint ventures, to the extent not to be reclassified to profit or loss | | | **(0.32)** | *(0.01)* |
| | (c) Equity instruments through other comprehensive income | | | **(206.35)** | *(89.16)* |
| | (d) Income Tax relating to the above items | | | **111.27** | *54.17* |
| | | | | **(283.09)** | *(98.00)* |
| | **B (i) Items that may be reclassified to Statement of Profit and Loss** | | | | |
| | (a) Exchange differences in translating the financial statements of foreign operations | | | **(1,356.70)** | *395.40* |
| | | | | **(1,356.70)** | *395.40* |
| | **Total Other Comprehensive Income** | | | **(1,639.79)** | *297.40* |
| XIII | **Total Comprehensive Income/ (Loss) for the year (XI + XII)** | | | **(35,467.22)** | *(1.08)* |

| Particulars | | Note No. | ₹ in Lakhs | Year Ended 31st Mar., 2020 ₹ in Lakhs | *Year Ended 31st Mar., 2019 ₹ in Lakhs* |
|---|---|---|---|---|---|
| **XIV** | **Profit/ (Loss) for the year attributable to:** | | | | |
| | - Owners of the Company | | | **(32,460.16)** | *696.43* |
| | - Non-controlling interests | | | **(1,367.27)** | *(994.91)* |
| | | | | **(33,827.43)** | *(298.48)* |
| **XV** | **Other Comprehensive Income for the year attributable to:** | | | | |
| | - Owners of the Company | | | **(1,745.75)** | *293.43* |
| | - Non-controlling interests | | | **105.96** | *3.97* |
| | | | | **(1,639.79)** | *297.40* |
| **XVI** | **Total Comprehensive Income/ (Loss) for the year attributable to:** | | | | |
| | - Owners of the Company | | | **(34,205.91)** | *989.86* |
| | - Non-controlling interests | | | **(1,261.31)** | *(990.94)* |
| | | | | **(35,467.22)** | *(1.08)* |
| **XVII** | **Earning per equity share** | | | | |
| | Basic and diluted earnings per equity share (₹) | **39** | | **(254.95)** | *5.47* |

Significant Accounting Policies **2**
The accompanying notes form an integral part of the financial statements

In terms of our report of even date

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No. 012754N/N500016
Chartered Accountants

**Sarah George**
*Partner*
Membership Number: 045255

Place: Mumbai
Date: 25th July, 2020

NIRMAL JAGAWAT
*Chief Financial Officer*

PANKAJ KHATTAR
*Company Secretary*
Membership No : F5300

**For and on behalf of the Board of Directors**

M. C. TAHILYANI
*Managing Director*
DIN : 01423084

JAI L. MAVANI
*Director*
DIN : 05260191

Place: Mumbai
Date: 25th July, 2020

## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2020

| | Year Ended 31st Mar., 2020 ₹ in Lakhs | | *Year Ended 31st Mar., 2019 ₹ in Lakhs* | |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| **Profit/(Loss) before tax** | | (34,076.47) | | 1,149.78 |
| **Adjustments for -** | | | | |
| Depreciation and amortisation expense | 9,915.84 | | 7,704.65 | |
| Post acquisition share of profit/(loss) of Joint Venture (using Equity Method) | (632.35) | | (721.30) | |
| Interest income earned on financial assets that are not designated as at fair value through profit or loss: | | | | |
| i) Bank deposits | (177.99) | | (142.76) | |
| ii) Interest income from financial assets and others at amortised cost | (85.71) | | (260.82) | |
| Interest on Income Tax/ Wealth Tax refund | (317.13) | | (386.38) | |
| Finance costs | 10,137.70 | | 8,937.60 | |
| Dividend Income | | | | |
| i) from long-term investments | (0.06) | | (0.04) | |
| ii) from current investments | - | | (0.04) | |
| Net (Gain)/ Loss on disposal of property, plant and equipment | (447.57) | | (56.30) | |
| Net (Gain)/ Loss on disposal of Right-of-use assets | (7.94) | | - | |
| Provision for doubtful trade receivables | 1,564.33 | | 266.78 | |
| Provision for doubtful loans and advances | 1,000.48 | | 707.89 | |
| Gain on disposal of current investments | (105.04) | | (412.94) | |
| Gain on disposal of subidiary | - | | (84.56) | |
| Bad trade receivables / advances written off (net) | 714.40 | | - | |
| Credit balances / excess provision written back | (155.51) | | (749.37) | |
| Net foreign exchange gain/(loss) including effect of exchange difference on consolidation of foreign entities | (1,411.56) | | (508.28) | |
| | | 19,991.89 | | 14,294.13 |
| Exceptional items: | | | | |
| - Gain on transfer of interest | - | | (84.90) | |
| - Expected outflow/ (inflow) for disputed matters | (698.18) | | 1,055.82 | |
| - Impairment of Goodwill | 21,645.63 | | - | |
| - Provision for impairment of certain intangible assets under development | 521.61 | | - | |
| | | 21,469.06 | | 970.92 |
| | | 41,460.95 | | 15,265.05 |
| **Operating profit before working capital changes** | | 7,384.48 | | 16,414.83 |
| **Changes in working capital:** | | | | |
| Movements in working capital: | | | | |
| (Increase)/Decrease in trade and other receivables | 6,633.38 | | (5,575.68) | |
| (Increase)/Decrease in inventories | (11,704.68) | | (4,879.50) | |
| (Increase)/Decrease in other loans and advances | 383.66 | | (611.63) | |
| (Increase)/Decrease in other financial assets | 3,150.13 | | (906.74) | |
| (Increase)/Decrease in other assets | 2,772.48 | | 1,833.26 | |
| Increase/ (Decrease) in trade and other payables | (253.20) | | 1,210.09 | |
| Increase/ (Decrease) in other financial liabilities | (1,047.35) | | 917.75 | |
| Increase/ (Decrease) in provisions | 1,183.78 | | 41.21 | |
| Increase/ (Decrease) in other liabilities | 16,334.58 | | 13,900.11 | |
| | | 17,452.78 | | 5,928.87 |
| **Cash generated from operations** | | 24,837.26 | | 22,343.70 |
| Income taxes paid (net of refunds) | | (1,896.12) | | (1,597.92) |
| **(a) Net cash flow generated from operating activities** | | 22,941.14 | | 20,745.78 |
| **Cash flows from investing activities:** | | | | |
| Payments for property, plant and equipment (including investment properties and intangible assets) | (9,370.26) | | (6,393.42) | |
| Payments for Long Term Investments | - | | (198.21) | |
| Proceeds from disposal of property, plant and equipment (including investment properties and intangible assets) | 971.46 | | 1,967.45 | |
| Restitution for termination of agreement for development of project | - | | (15,300.00) | |
| Proceeds from slump sale (net of incidental expenses incurred) | - | | 15,384.90 | |
| Payment for disputed matters | - | | (1,055.82) | |
| Proceeds from sale of investments | | | | |
| - in Subsidiaries | - | | 221.52 | |
| - in Others | - | | 21.00 | |
| Purchase of current investments | (12,000.00) | | (35,613.00) | |
| Proceeds from sale of current investments | 8,404.36 | | 36,043.45 | |
| Bank balances not considered as cash and cash equivalents | (2,568.56) | | (8.19) | |
| Interest received | 251.37 | | 401.29 | |
| Dividend received | 0.06 | | 0.08 | |
| **(b) Net cash flow generated from/(used in) investing activities** | | (14,311.57) | | (4,528.95) |

| | | Year Ended 31st Mar., 2020 ₹ in Lakhs | | *Year Ended 31st Mar., 2019 ₹ in Lakhs* | |
|---|---|---|---|---|---|
| | **Cash flows from financing activities:** | | | | |
| | Proceeds from long-term borrowings | **5,024.36** | | *18,502.11* | |
| | Repayment of long-term borrowings | **(20,521.09)** | | *(31,238.36)* | |
| | Proceeds from short-term borrowings | **16,600.00** | | *25,484.48* | |
| | Repayment of short-term borrowings | **(6,540.00)** | | *(25,139.58)* | |
| | Net increase/ (decrease) in Cash credit facilities, Buyers Credit, Overdraft facility, commercial papers and Loans repayable on demand | **5,196.51** | | *(1,407.95)* | |
| | Finance costs paid | **(9,184.59)** | | *(8,795.85)* | |
| | Payment of Lease Liabilities | **(2,034.01)** | | - | |
| | Expenses on Issue of Shares by subsidiary | **(15.00)** | | - | |
| | Dividend paid on equity shares | **(628.07)** | | *(301.03)* | |
| | Tax on dividend | **(132.56)** | | *(66.28)* | |
| **(c)** | **Net cash flow generated from/ (used) in financing activities** | | **(12,234.45)** | | *(22,962.46)* |
| **(d)** | **Net increase/ (decrease) in cash and cash equivalents (a + b + c)** | | **(3,604.88)** | | *(6,745.63)* |
| **(e)** | **Cash and cash equivalents as at the commencement of the year** | | **7,056.00** | | *13,699.70* |
| **(f)** | **Cash and cash equivalents on disposal of subsidiary** | | **-** | | *(33.93)* |
| **(g)** | **Effects of exchange rate changes on cash and cash equivalents** | | **1.57** | | *135.86* |
| **(h)** | **Cash and cash equivalents as at the end of the year (d + e + f + g) (Refer Note 15A)** | | **3,452.69** | | *7,056.00* |

**Reconciliation of cash and cash equivalents as per the cash flow statements**

| **Cash and cash equivalents as per above comprise of the following** | **31st Mar., 2020 ₹ in Lakhs** | *31st Mar., 2019 ₹ in Lakhs* |
|---|---|---|
| Balances with Banks | | |
| - In current accounts | **3,262.49** | *5,838.64* |
| - In EEFC accounts | **38.59** | *15.79* |
| Deposits accounts (with original maturity upto 3 months) | **41.32** | *44.00* |
| Cheques, drafts on hand | **56.49** | *929.87* |
| Cash on hand | **53.80** | *227.70* |
| Balances as per statement of cash flows | **3,452.69** | *7,056.00* |

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" setout in Indian Accounting Standard - 7 on Statement of Cash Flows.

2. Previous year figures have been regrouped/ reclassified, wherever necessary to conform to current year classification.

3. Other bank balances (Refer Note 15B) at the end of the year includes: (i) earmarked balances towards unpaid dividends ₹ 25.82 Lakhs *(Previous Year ₹ 17.28 Lakhs)* and (ii) margin money deposits ₹ 159.11 Lakhs *(Previous Year ₹ 147.43 Lakhs)* includes as security against license for import of goods under EPCG Scheme and hence are not available for immediate use by the Group.

4. The interest paid during the year excludes ₹ 474.78 Lakhs *(Previous Year ₹ 404.54 Lakhs)* in respect of interest costs capitalised for the property, plant and equipment and intangible assets in accordance with Ind AS 23 and interest expense on loans for real estate development activites amounting to ₹ 393.89 Lakhs *(Previous Year ₹ 507.47 Lakhs)*.

The accompanying notes form an integral part of the financial statements

In terms of our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016
Chartered Accountants

**Sarah George**
*Partner*
Membership Number: 045255

NIRMAL JAGAWAT
*Chief Financial Officer*

PANKAJ KHATTAR
*Company Secretary*
Membership No : F5300

**For and on behalf of the Board of Directors**
M. C. TAHILYANI
*Managing Director*
DIN : 01423084

JAI L. MAVANI
*Director*
DIN : 05260191

Place: Mumbai
Date: 25th July, 2020

Place: Mumbai
Date: 25th July, 2020

# Statement of changes in equity for the year ended 31st March, 2020

**a. Equity share capital**

₹ in Lakhs

| Particulars | Amount |
|---|---|
| **Balance as at 31st Mar., 2018** | **1,289.86** |
| Changes in equity share capital during the year | - |
| **Balance as at 31st Mar., 2019** | **1,289.86** |
| Changes in equity share capital during the year | - |
| **Balance as at 31st Mar., 2020** | **1,289.86** |

**b. Other equity**

₹ in Lakhs

| Particulars | Equity component of compound financial instruments | Treasury Shares | Reserves and surplus | | | | | | | | | Items of other comprehensive income | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Capital reserve | Capital reserve on merger * | Capital contribution reserve | Securities premium reserve | Debenture redemption reserve | General reserve | Capital reserve for bargain purchase business combinations | Retained earnings | Sub-total | Equity instrument through other comprehensive income | Foreign currency translation reserve | Sub-total | Attributable to owners of the parent | Non-controlling interests | Total |
| **Balance as at 31st March, 2018 (as originally presented)** | **894.42** | **(32.55)** | **158.25** | **-** | **493.54** | **161.76** | **2,500.00** | **42,594.28** | **1,221.43** | **(21,735.47)** | **25,393.79** | **(23.10)** | **4,058.51** | **4,035.41** | **30,291.07** | **11,922.69** | **42,213.76** |
| Change in accounting policy (Refer Note 63) | - | - | - | - | - | - | - | - | - | (5,161.67) | (5,161.67) | - | - | - | (5,161.67) | - | (5,161.67) |
| **Restated Balance as at 1st April, 2018** | **894.42** | **(32.55)** | **158.25** | **-** | **493.54** | **161.76** | **2,500.00** | **42,594.28** | **1,221.43** | **(26,897.14)** | **20,232.12** | **(23.10)** | **4,058.51** | **4,035.41** | **25,129.40** | **11,922.69** | **37,052.09** |
| Profit for the year | - | - | - | - | - | - | - | - | - | 696.43 | 696.43 | - | - | - | 696.43 | (994.91) | (298.48) |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | - | - | (45.46) | (45.46) | (52.54) | 391.43 | 338.89 | 293.43 | 3.97 | 297.40 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **650.97** | **650.97** | **(52.54)** | **391.43** | **338.89** | **989.86** | **(990.94)** | **(1.08)** |
| Exchange difference on translation of foreign operations arising during the year | - | - | - | - | - | - | - | - | - | (475.91) | (475.91) | - | - | - | (475.91) | - | (475.91) |
| Adjustment on conversion of Joint Venture into Subsidiary | | | | | | | | | | (193.82) | (193.82) | | | | (193.82) | | (193.82) |
| Other Adjustment on account change in controlling interest | - | - | - | - | - | - | - | - | - | 8.85 | 8.85 | - | - | - | 8.85 | (8.85) | - |
| Cumulative gain/(loss) reclassified to retained earning on sale of Equity Instruments through FVOCI | - | - | - | - | - | - | - | - | - | 5.74 | 5.74 | (5.74) | - | (5.74) | - | - | - |
| **Transactions with owners in their capacity as owners** | | | | | | | | | | | | | | | | | |
| Payment of dividends on equity shares | - | - | - | - | - | - | - | - | - | (318.31) | (318.31) | - | - | - | (318.31) | - | (318.31) |
| Tax on Intra group dividends | - | - | - | - | - | - | - | - | - | (66.28) | (66.28) | - | - | - | (66.28) | - | (66.28) |
| **Total transactions with owners in their capacity as owners** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(384.59)** | **(384.59)** | **-** | **-** | **-** | **(384.59)** | **-** | **(384.59)** |
| **Balance as at 31st March, 2019** | **894.42** | **(32.55)** | **158.25** | **-** | **493.54** | **161.76** | **2,500.00** | **42,594.28** | **1,221.43** | **(27,285.90)** | **19,843.36** | **(81.38)** | **4,449.94** | **4,368.56** | **25,073.79** | **10,922.90** | **35,996.69** |
| Profit/ (Loss) for the year | - | - | - | - | - | - | - | - | - | (32,460.16) | (32,460.16) | - | - | - | (32,460.16) | (1,367.27) | (33,827.43) |
| Other comprehensive income for the year, net of income tax | - | - | - | - | - | - | - | - | - | (140.36) | (140.36) | (142.73) | (1,462.66) | (1,605.39) | (1,745.75) | 105.96 | (1,639.79) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(32,600.52)** | **(32,600.52)** | **(142.73)** | **(1,462.66)** | **(1,605.39)** | **(34,205.91)** | **(1,261.31)** | **(35,467.22)** |
| Adjustment on increase in shareholding in a subsidiary | - | - | - | - | - | - | - | - | - | (188.45) | (188.45) | - | - | - | (188.45) | 188.45 | - |
| Transfer from/to retained earnings | - | - | - | - | - | - | (2,500.00) | - | - | 2,500.00 | - | - | - | - | - | - | - |

| Particulars | Equity component of compound financial instruments | Treasury Shares | Reserves and surplus | | | | | | | | | Items of other comprehensive income | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Capital reserve | Capital reserve on merger * | Capital contribution reserve | Securities premium reserve | Debenture redemption reserve | General reserve | Capital reserve for bargain purchase business combinations | Retained earnings | Sub-total | Equity instrument through other comprehensive income | Foreign currency translation reserve | Sub-total | Attributable to owners of the parent | Non-controlling interests | Total |
| Expenses related to issue of shares by a subsidiary | - | - | - | - | - | - | - | - | - | (15.00) | (15.00) | - | - | - | (15.00) | - | (15.00) |
| **Transactions with owners in their capacity as owners** | | | | | | | | | | | | | | | | | |
| Payment of dividends on equity shares | - | - | - | - | - | - | - | - | - | (636.61) | (636.61) | - | - | - | (636.61) | - | (636.61) |
| Tax on Intra group dividends | - | - | - | - | - | - | - | - | - | (132.56) | (132.56) | - | - | - | (132.56) | - | (132.56) |
| **Total transactions with owners in their capacity as owners** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(769.17)** | **(769.17)** | **-** | **-** | **-** | **(769.17)** | **-** | **(769.17)** |
| **Balance as at 31st March, 2020** | **894.42** | **(32.55)** | **158.25** | **-** | **493.54** | **161.76** | **-** | **42,594.28** | **1,221.43** | **(58,359.04)** | **(13,729.78)** | **(224.11)** | **2,987.28** | **2,763.17** | **(10,104.74)** | **9,850.04** | **(254.70)** |

* Amount is below the rounding off norm adopted by the Group.

Significant Accounting Policies 2

The accompanying notes form an integral part of the financial statements

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016
Chartered Accountants

**Sarah George**
*Partner*
Membership Number: 045255

Place: Mumbai
Date: 25th July, 2020

NIRMAL JAGAWAT
*Chief Financial Officer*

PANKAJ KHATTAR
*Company Secretary*
Membership No : F5300

**For and on behalf of the Board of Directors**
M. C. TAHILYANI
*Managing Director*
DIN : 01423084

JAI L. MAVANI
*Director*
DIN : 05260191

Place: Mumbai
Date: 25th July, 2020

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

### 1. CORPORATE INFORMATION

Forbes & Company Limited ("the Company") is one of the oldest companies of the world that is still in existence. The Company traces its origin to the year 1767 when John Forbes of Aberdeenshire, Scotland started his business in India. Over the years, the Management of the Company moved from the Forbes Family to the Campbells to the Tata Group and now finally to the well known Shapoorji Pallonji Group. Its parent and ultimate holding company is Shapoorji Pallonji and Company Private Limited. The principal activities of the Company and its subsidiaries ("the Group") includes Health, Hygiene, Safety Products and its services, manufacturing and sale of engineering products, real estate development project and leasing of premises, IT Enabled Services and Products and Shipping and Logistics Services. The address and registered office and principal place of business are disclosed in the Annual Report.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

#### 2.1 Statement of Compliance with Ind AS

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the Act) read together with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

#### 2.2 Basis of Preparation and Presentation of Consolidated Financial Statements

The consolidated financial statements have been prepared on a historical cost basis except for the following;

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value;
- assets held for sale - measured at fair value less cost to sell or their carrying amount whichever is lower;
- defined benefit plans - plan asset measured at fair value

  Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

  For financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

  All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products/activities of the Group and the normal time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for engineering business, shipping and logistics services, health, hygiene, safety products and its services, IT enabled services and products and 48 months for real estate business for the purpose of classification of its assets and liabilities as current and non current .

  These financial statements are presented in Indian Rupees (₹) which is the Group's functional currency. All amounts are rounded off to the nearest lakhs (including two decimals), unless otherwise stated. The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous year.

  Also refer Note 2.5 and 2.6 below.

#### 2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above."

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Statement of Profit and Loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra Group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The excess of cost of investment in the subsidiary over the Group's portion of equity of the subsidiary, at the date on which investment is made, is recognised in the consolidated financial statements as Goodwill on Consolidation

The excess of Group's portion of equity of the subsidiary over the cost of the investments by the Group, at the date on which investments is made, is treated as Capital Reserve on Consolidation.

Non-controlling Interests in the net assets of the subsidiaries consist of :

(i) The amount of equity attributable to non-controlling interest at the date on which investment is made; and

(ii) The non-controlling interest's share of movements in the equity since the date the parent-subsidiary relationship came into existence. The losses applicable to the non-controlling interest in a consolidated subsidiary may exceed the non-controlling interest in the equity of subsidiary. The excess, and any further losses applicable to the non-controlling interest, are adjusted against the controlling interest except to the extent that the non-controlling interest has a binding obligation to, and is able to, make good the losses.

Figures pertaining to the subsidiaries have been reclassified wherever necessary to bring them in line with the Company's financial statements.

Changes in the Group's ownership interests in existing subsidiaries :

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as transactions with equity owners of the Group. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

## 2.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquired business and the equity interests issued by the Group and fair value of any asset/ liability resulting from contingent consideration arrangement in exchange of control of the acquired business. Acquisition-related costs are generally recognised in Statement of Profit and Loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payment at the acquisition date ; and

- assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

at the acquisition date that, if known, would have affected the amounts recognised at that date.

The Goodwill/ Capital Reserve is determined separately for each subsidiary company and such amounts are not set off between different entities.

**2.5** The financial statements of the Company, its subsidiaries, Joint ventures and associates used in the consolidation are drawn upto the same reporting date i.e. 31st March, 2020, other than Euro Forbes Ltd., Forbes Lux International AG, Lux International AG, Lux Italia srl, Lux Schweiz AG, Lux (Deutschland) GmbH, Lux International Services and Logistics GmbH, Lux Norge A/S, Lux Osterreich GmbH, Lux Hungária Kereskedelmi Kft., Forbes Lux FZCO, AMC Cookware (Proprietary) Limited, Lux Del Paraguay S.A., LIAG Trading & Investment Ltd., Lux Professional Paraguay S.A. (formerly Lux Aqua Paraguay SA), Lux Welity Polska Sp z o o, whose reporting dates are 31st December, 2019. Necessary material adjustments have been made, for the effects of significant transactions and other events between the reporting dates of such financial statements and these consolidated financial statements.

**Subsidiaries:**

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

| Sr No. | Name of the Company | Refer Footnote No. | Incorporated In | Percentage of Holding and Voting power either directly or indirectly through subsidiary (%) As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|---|---|---|
| 1 | Eureka Forbes Limited and its subsidiaries: | | India | **100.00** | *100.00* |
| | - Aquaignis Technologies Private Limited (w.e.f. 13th June, 2018) | 1 | India | **100.00** | *100.00* |
| | - Forbes Lux International AG | 2 | Switzerland | **100.00** | *100.00* |
| | - Lux International AG | | Switzerland | **100.00** | *100.00* |
| | - Lux del Paraguay S.A. | | Paraguay | **80.00** | *50.00* |
| | - Lux Italia srl | 3 | Italy | **100.00** | *100.00* |
| | - Lux Schweiz AG | | Switzerland | **100.00** | *100.00* |
| | - Lux (Deutschland) GmbH | 4 | Germany | **100.00** | *100.00* |
| | - Lux International Services and Logistics GmbH (formerly Lux Service GmbH) | | Germany | **100.00** | *100.00* |
| | - Lux Norge A/S | | Norway | **100.00** | *100.00* |
| | - Lux Osterreich GmbH | | Austria | **100.00** | *100.00* |
| | - Lux Hungária Kereskedelmi Kft. | | Hungary | **100.00** | *100.00* |
| | - LIAG Trading & Investment Ltd. | | UAE | **100.00** | *100.00* |
| | - Lux Welity Polska Sp z o o (w.e.f. 29th July, 2019) | 5 | Poland | **100.00** | - |
| | - Lux Professional Paraguay S.A. (formerly Lux Aqua Paraguay S.A.) | | Paraguay | **100.00** | *90.00* |
| | - EFL Mauritius Limited | | Mauritius | **100.00** | *100.00* |
| | - Euro Forbes Financial Services Limited | | India | **100.00** | *100.00* |
| | - Euro Forbes Limited | | UAE | **100.00** | *100.00* |
| | - Forbes Lux FZCO | | UAE | **100.00** | *100.00* |
| | - Forbes Facility Services Private Limited | | India | **100.00** | *100.00* |
| | - Forbes Enviro Solutions Limited | | India | **100.00** | *100.00* |
| 2 | Forbes Campbell Finance Limited and its subsidiaries: | | India | **100.00** | *100.00* |
| | - Forbes Campbell Services Limited | | India | **98.00** | *98.00* |
| 3 | Forbes Technosys Limited | | India | **100.00** | *100.00* |
| 4 | Volkart Fleming Shipping and Services Limited | | India | **100.00** | *100.00* |
| 5 | Shapoorji Pallonji Forbes Shipping Limited | 6 | India | **25.00** | *25.00* |
| 6 | Campbell Properties & Hospitality Services Limited | | India | **100.00** | *100.00* |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**Footnotes:**

1 Aquaignis Technologies Private Limited, a joint venture of Eureka Forbes Limited (EFL), became a wholly owned subsidiary of EFL w.e.f. 13th June, 2018.

2 The share capital was increased by Lux International AG unilaterally and share percentage increased to 80% as at 31st October, 2019. Full consolidation remained as operational lead is still ongoing.

3 Lux Italia srl is under voluntary liquidation.

4 Lux (Deutschland) GmBH - refer note 72.

5 A new Subsidiary was opened during the year in Poland under the name Lux Welity Polska Sp zoo.

6 The Group has 25% ownership in Shapoorji Pallonji Forbes Shipping Limited (SPFSL) by virtue of joint venture agreement. However, SPFSL is consolidated as a subsidiary due to the Group's ability to appoint majority of directors on the Board of SPFSL.

7 AquadiagnosticsWater Research & Technology Centre Limited, ceased to be subsidiary of EFL w.e.f. 25th June, 2018.

8 Lux Aqua Hungária Kft ceased to be a subsidiary w.e.f. 30th April, 2018 on account of sale to third party.

9 Lux Aqua Czech s.r.o. ceased to be a subsidiary w.e.f. 30th April, 2018 on account of sale to third party.

10 Lux International Services Kft Hungary ceased to be subsidiary during the previous year.

Forbes Edumetry Limited, a subsidiary, has initiated voluntary winding up under section 500 and other applicable sections of the Companies Act, 1956.

**Foreign Subsidiaries**

The consolidated financial statements includes sixteen subsidiaries *(previous year: twenty subsidiaries)* incorporated outside India whose financial statements have been drawn up in accordance with the generally accepted accounting practices (GAAP) as applicable in those countries. These financial statements have been re-stated in Indian Rupees (presentation currency) and the resultant exchange gain/loss on conversion has been accounted in total comprehensive income and foreign currency 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.

### 2.6 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. When necessary, adjustments are made to the financial statements of associates and joint ventures to bring their accounting policies into line with the Group's accounting policies. All intra Group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there any is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests. When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The financial statements of the following companies which are in the nature of Joint ventures have been considered in the consolidated financial statements.

| Sr No. | Name of the Company | Refer Footnote No. | Incorporated In | Percentage of Holding and Voting power either directly or indirectly through subsidiary (%) As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|---|---|---|
| 1 | Forbes Aquatech Limited | 1 | India | **50.00** | *50.00* |
| 2 | Forbes Concept Hospitality Services Private Limited | 1 | India | **50.00** | *50.00* |
| 3 | Infinite Water Solutions Private Limited | 1 | India | **50.00** | *50.00* |
| 4 | AMC Cookware (Proprietary) Limited $ | 2 | South Africa | **50.00** | *50.00* |
| 5 | Forbes Bumi Armada Limited | 3 | India | **51.00** | *51.00* |

**Footnotes:**

1 Joint ventures of Eureka Forbes Limited
2 Joint venture of Lux International AG
3 Joint venture of Forbes Campbell Finance Limited
4 Aquaignis Technologies Private Limited, a joint venture of Eureka Forbes Limited (EFL), became a wholly owned subsidiary of EFL w.e.f. 13th June, 2018.
$ Reporting date is 31st December, 2019

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

The financial statements of the following associates are considered in the consolidated financial statements.

| Sr No. | Name of the Entity | Incorporated In | Percentage of Holding and Voting power either directly or indirectly through subsidiary (%) As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|---|---|
| 1 | Euro P2P Direct (Thailand) Co. Limited * | Thailand | **49.00** | *49.00* |
| 2 | Nuevo Consultancy Services Private Limited | India | **49.00** | *49.00* |
| 3 | Dhan Gaming Solution (India) Private Limited | India | **49.00** | *49.00* |

* Investment in above associate has been fully provided. Losses (if any), in excess of the investment made by the group have not been provided since the group has not incurred obligations or made payments on behalf of the associate to satisfy obligations of the associate that the group has guaranteed or to which the group is otherwise committed. Therefore, no amounts have been included in the consolidated financial statements on account of this associate in the current year.

### 2.7 Property, Plant and Equipment (including Investment Properties)

Property, Plant and Equipment are stated at cost of acquisition, less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price (excluding refundable taxes), borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Freehold land is not depreciated.

Subsequent expenditures related to an item of property, plant and equipment are added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Group and cost can be reliably measured. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Losses arising from the retirement of, and gains or losses arising from disposal of property, plant and equipment are recognised in the Statement of Profit and Loss.

Depreciation on property, plant and equipment has been provided on straight line method as per the useful lives estimated by management, the life of the assets has been assessed based on technical evaluation which are higher than those specified by Schedule II to the Act, taking into account the nature of the assets, the estimated usage of the assets, the operating conditions of the assets, past history of replacement, anticipated technological changes, etc.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss within other gains / losses.

The estimated useful lives of the property, plant and equipment are as under:

| Sr. No. | Class of assets | Estimated useful life |
|---|---|---|
| a | Building including investment properties | 20 - 60 years |
| b | Plant and Equipment | |
| | - Owned | 5-15 years |
| | - Leased | 6 years |
| c | Furniture and Fixtures | 2-10 years |
| d | Vehicles | 3-5 years |
| e | Office equipments | 3-5 years |
| f | Data processing equipments | |
| | - Owned and leased | 3-6 years |
| g | Buildings on leasehold land (including Investment Properties) | Lower of the useful life in the range of 30 - 60 years and the lease term |
| h | Shipping vessels | 20 years |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

| Sr. No. | Class of assets | Estimated useful life |
|---|---|---|
| i | Temporary structures (included in building) | 4 years |
| j | Drydock expenses incurred on Intermediate survey (included in Shipping vessels) | 2.5 years |
| k | Drydock expenses incurred on Special survey (included in Shipping vessels) | 5 years |
| l | Solar Power Plant | 25 years |
| m | Leasehold Land | Over the period of lease |
| n | Leasehold Improvements | Over the period of lease |

Property, plant and equipment individually costing ₹ 5,000 and less are depreciated fully in the year of purchase.

**2.8 Capital work-in-progress**

Projects under which tangible Property, plant and equipment are not yet ready for their use are carried at cost, comprising direct cost, related incidental expenses and attributable interest, if any.

**2.9 Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs and where applicable borrowing cost. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

The estimated useful life of lease hold land is equivalent to the lease term.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss in the period in which the property is derecognised.

**2.10 Intangible Assets**

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. The cost of an intangible asset comprises its purchase price (net of any trade discounts and rebates), implementation cost for internal use (including software coding, installation, testing and certain data conversion) and any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred, unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Statement of Profit and Loss.

Research costs are charged to the Statement of Profit and Loss as they are incurred.

Indirect development costs for products are charged to Statement of Profit and Loss in the year in which incurred. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sales, its intention to complete and its ability to use or sell the asset, how the asset will generate economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

<u>Intangible assets internally generated</u>

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale

- its intention to complete and its ability and intention to use or sell that asset

- how the asset will generate future economic benefits

- the availability of resources to complete the asset

- the ability to measure reliably the expenditure during the development. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of the expected future benefit. Amortisation expense is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between sales proceeds and the carrying amount of the assets and is recognised in Statement of Profit and Loss.

The estimated useful lives of intangible assets are as under:

| Sr. No. | Class of assets | Estimated useful life |
|---|---|---|
| a | Software acquired | 3 - 5 years |
| b | Internally generated software (comprising Bill Payment and Cheque Deposits software, Forbes Xpress and Cash based Ticketing Solutions and other peripherals relating to banking) | 3 - 7 years |
| c | Brand Names / Trademarks | 3 - 5 years |
| d | Product Development expenditure and Other Intangible assets | On straight line basis over the best estimate of their useful lives basis expected future benefits but not exceeding 10 years |
| e | Technical know-how | 5 years |

**2.11 Intangible assets under development**

Expenditure on development eligible for capitalisation is carried as intangible assets under development where such assets are not yet ready for their intended use.

**2.12 Impairment of Assets**

The Group assesses at end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate pre-tax discount factor. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separate identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of asset (cash-generating unit). If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the lower of recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised. Non financial asset other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**2.13 Deemed cost for property, plant and equipment, investment properties and intangible assets**

The Group has elected to continue with the carrying value of all of its property, plant and equipment, investment properties and intangibles assets recognised as of 1st April, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**2.14 Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Classification**

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and amounts that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss. Interest income is recognised in the Statement of Profit and Loss and is included in "Other income".

**Investments in equity instruments at FVOCI**

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'.

**Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the Statement of Profit and Loss. The net gain or loss recognised in the Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**Impairment of financial assets**

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, loan commitments, trade receivables, financial guarantees not designated as FVTPL and other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from revenue transactions, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss ("ECL") allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109 Financial Instruments. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

**Derecognition of financial assets**

A financial asset is derecognised only when

- The Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

**Foreign exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in the Statement of Profit and Loss.

**Financial liabilities and equity instruments**

**Classification as debt or equity**

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

**Compound financial instruments**

The component parts of compound financial instruments (preference shares) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the preference shares, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option. Transaction costs that relate to the issue of the preference shares are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the preference shares using the effective interest method.

**Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. Borrowings are initially recognised at fair value, net of transaction costs incurred.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

**Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

**Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

(whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

**Derivative financial instruments**

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a financial liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation where appropriate.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

**2.15 Borrowing Cost**

Borrowing costs includes interest, amortisation of ancillary cost incurred in connection with the arrangement of borrowings and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale, are added to the cost of those assets; until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

**2.16 Foreign Currency Transactions and Translation**

In preparing the financial statements of each entity, transactions in currencies other than the that entity's functional currency viz. Indian Rupee (₹) are recognised at the rates of exchange prevailing at the dates of the transactions. Exchange difference on monetary items in respective entities is recognised in the Statement of Profit and Loss in the period in which they arise. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to the Statement of Profit and Loss.

**2.17 Inventories**

Inventories are valued at the lower of the acquisition / production cost and net realisable value. Costs of inventories are determined on weighted average basis. Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials, stores and spares and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

Real estate development work-in-progress :-

Cost of real estate business is charged to the Statement of Profit and Loss in proportion to the revenue recognised during the year and the balance cost is carried forward as "Real Estate Work in Progress" under Note 14 Inventories.

Real estate development work-in-progress cost includes construction and development cost, allocated interest and other overheads related to projects under construction and is valued at lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**2.18 Earnings Per Share**

Basic Earnings per share are calculated by dividing the consolidated net profit / (loss) after tax for the year attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**2.19 Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable.

**A. Revenue from real estate contracts**

In respect of real estate development projects undertaken by the Group, the control of real estate units is said to be satisfied over time, if any one of the following criteria is met:

a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs

b) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced

c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

In all other cases, where the above criterias for satisfaction of performance obligation and recognising revenue over time are not met, revenue would be recognised when control of the real estate units has been transferred and there is no unfulfilled obligation which could affect the customers acceptance of the real estate units.

Revenue is measured at fair value and recognized with respect to executed agreements for sale of residential units on transfer of control of the real estate units to the customers.

**B. Sale of goods:**

Revenue from the sale of goods is recognised when control of the products has been transferred based on agreed terms and there is no unfulfilled obligation which could affect the customers acceptance of the products.

Further the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

Sales are recognised, net of estimated returns, trade discounts, taxes, incentives and rebates as applicable.

A refund liability (included in other current liabilities) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. In relation to certain contracts where installation services are provided by the group, same is accounted as a separate performance obligation. Payment of the transaction price is due immediately when the customer purchases the goods/services except in certain cases where a credit term is agreed between group and customers.

Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. An estimate is made for goods that will be returned and a liability has been recognised for this amount as refund liability (included in other current liabilities).

An asset has also been recorded (included in other current assets) for the corresponding inventory that is estimated to return to the group using a best estimate based on accumulated experience. Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as provision.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

At contract inception, since for most of the contracts it is expected that the period between the transfer of the promised goods or services to a customer and payment for these goods or services by the customer will be one year or less, practical expedient in IND AS 115 have been applied and accordingly:

a) The Company does not adjust the promised amount of consideration for the effects of a significant financing component

b) The Company recognises the incremental costs of obtaining a contract as an expense when incurred

c) No information on remaining performance obligations as of the year end that have an expected original term of one year or less was reported.

As part of the adoption of the new standard, contract assets and contract liabilities are new additions to the Balance Sheet disclosure. A contract liability is the Company's obligation to transfer goods or services to a customer, for which the Company has already received consideration from customers.

Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as provision.

**C. Sale of services:**

a) Charter hire earnings are recognized as the service is performed and accrued on time basis as per terms stated in pool agreement.

b) Income from other services is recognised as and when the services are performed as per the terms of agreement with the respective parties. For fixed price contracts, revenue is recognised based on actual service provided to the end of the reporting period as a proportion of the total services to be provided.

c) Commission income is recognised as per terms of agreement with repective party and in the period in which services are rendered.

Unbilled revenue with respect to Maintenance Contract is recognised to the extent not billed at the year end and unbilled revenue from sale of customised software is recognised to the extent of stage of completion of development.

**D. Income from Recharge sales:**

Revenue on sale of recharge recognised when the pins are downloaded by the customer. The Group recognises revenue at gross amount of recharge sale where it is acting as principal and revenue is recognised to the extent of commission amount where the Group is acting as an agent as per the terms of agreements with various distributors.

**E. Interest and Dividend Income:**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

**F. Export Incentives:**

Income from export incentives is recognised on accrual basis to the extent the ultimate realisation is reasonably certain.

**2.20 Employee Benefits**

**a) <u>Short-term employee benefits</u>**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the undiscounted amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

**b) <u>Other long-term employee benefits</u>**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

The obligations are presented as current liabilities in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**c) Post-employment obligations**

The Group operates the following post-employment schemes:

- Defined Contribution plans such as superannuation, pension, provident fund (in case of certain employees) and Employee State Insurance Corporation (ESIC).

- Defined Benefit plans such as gratuity, provident fund (in case of certain employees), post-retirement medical benefits and non-compete fees (eligible whole-time directors and on their demise, their spouses are entitled to medical benefits subject to certain limits and fixed monthly payment as non-compete fee).

**Defined Contribution Plans**

The Group's contribution to superannuation fund, pension, provident fund (in case of certain employees) and employee state insurance scheme are considered as defined contribution plans, as the Group does not carry any further obligations apart from the contributions made on a monthly basis and are charged as an expense based on the amount of contribution required to be made.

In case of Superannuation, pension, provident fund (in case of certain employees) and employee state insurance scheme, contributions are made to the Life Insurance Corporation of India (LIC).

**Defined Benefit Plans**

In case of Provident fund (in case of certain employees), contributions are made to a Trust administered by the Group. The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity, post-retirement medical benefits and non-compete fees plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by actuaries using the projected unit credit method.

Eligible employees receive benefits from a provident fund which is defined benefit plan. Both the employees and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the covered employees' salary. The Group contributes a part of the contributions to Employees Provident Fund. The rate at which the annual interest is payable to the beneficiaries by the Trust is being determined by the Government. The Group has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate. Any obligation in this respect is measured on the basis of an independent actuarial valuation. The remaining portion is contributed to the Government administered pension fund in respect of which the Group has no further obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments are available.

The present value of the defined benefit obligation in respect of gratuity, post-retirement medical benefits and non-compete fees plans is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit or Loss as past service cost.

In the case of subsidiary namely Eureka Forbes Limited, the subsidiary operates a defined benefit gratuity plan for employees. The subsidiary contributes to a separate Trust administered by the subsidiary towards meeting the Gratuity obligation. The subsidiary's liability is determined on the basis of an actuarial valuation. Remeasurements of the net defined benefit liability as per the actuarial valuation report, which comprise actuarial gains and losses are recognised in OCI.

**Pension policy**

Lux Group companies operate various pension schemes. The schemes are generally funded by payments to insurance companies or trustee-administered funds. There are two different categories of such pension schemes:

- Swiss pension plans
- Foreign pension plans

**Swiss pension plans**

Swiss pension plans are stated according to SWISS GAAP FER 16.

Employees and former employees receive different employee benefits and retirement pensions, which are determined in accordance with the legislative provision in Switzerland. All risks are reinsured and underfunding is not possible.

**Foreign pension plans**

Pension plans were restated according to Swiss GAAP FER 16 in 2014.

The following companies have pension plans: Lux Austria

There are other Lux Group companies that have internal or external pension plans. However these plans are not material for the Group and therefore no further information is disclosed.

Since the above pension plans are operated as per the laws of respective countries, no adjustment has been carried out for differences.

**d)** A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the group recognises any related restructuring costs.

### 2.21 Taxes on Income

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. The Group recognises Minimum Alternate Tax credit under the Income Tax Act, 1961 as an asset only when and to the extent there is convincing evidence that the Group will be liable to pay normal income tax during the specified period.

Pursuant to the introduction of Section 115 VA under the Income Tax Act, 1961, Shapoorji Pallonji Forbes Shipping Limited (subsidiary) has opted for computation of it's income from shipping activities under the Tonnage Tax Scheme. Thus income from business of operating ships is assessed on the basis of deemed Tonnage Income of the Group and no deferred tax is applicable to such income as there are no timing differences. The timing difference in respect of the non-tonnage activities of the subsidiary are not material, in view of which deferred taxation is not considered as necessary.

**2.22 Lease Accounting**

**Lease accounting (applicable for the year ended 31 March, 2020):**

*As a lessee:*

From 1 April, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The Group has entered into lease arrangements as a lessee for premises for operating customer relationship center, guest houses, head office and regional offices, residential premises for their employees so as to help the employees to get settled to new location and warehouse for receiving, storing and dispatch of goods and vehicles. Incase of warehouses, on the basis of past practice the entire period of the contract has been considered for lease term depending on the reasonable certainty to continue with the same service provider. Generally, these lease contracts do not include extension or early termination options.

Contracts may contain both lease and non lease components. The Group allocates the consideration in the contracts to the lease and non-lease components based on their relative standalone prices. However, the Group has elected not to separate lease and non-lease components and instead account for these as a single lease components.

Assets and liabilities arising from a lease are initially measured on present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in substances fixed payments), less any lease incentive receivable
- the exercise price of the purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension option are also included in the measurement of the liability. The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that lessee would have to pay to borrow the fund necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar term, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third party financing received by the lessee as a starting point, adjusted to reflects changes in financing condition since third party financing received
- use a build-up approach that starts with the risk-free interest rate adjusted for credit risk for leases, which does not have recent third party financing, and
- make adjustments specific to the leases, e.g. term, security, currency etc.

The Group is exposed to potential future increases in variable lease payments based on index or rate, which are not included in the lease liability until they take effect. When adjustment to lease payments based on index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Lease payments are allocated between principal and finance cost. Finance cost is charged to Statement of Profit and Loss over the lease period so as to produce a constant periodical rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the Group is reasonably certain to exercise purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognized on a straight-line basis in the Statement of Profit and Loss. Short term leases are leases with a lease term of 12 months or less.

*As a lessor:*

Lease income from operating leases where the Group is a lessor is recognized in income on a straight line basis over the lease term. Initial direct costs incurred in obtaining an operating leases are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the Balance Sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as a lessor as a result of adopting the new leasing standard.

**Lease accounting (applicable for the year ended 31 March 2019):**

**Operating Leases**

Leases, where the lessor retains, substantially all the risks and rewards incidental to ownership of the leased assets, are classified as operating lease. Operating lease expense / income are recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

**Finance leases**

Leases, where the lessor transfers, substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance lease.

Assets taken on finance lease are capitalised at fair value or net present value of the minimum lease payments, whichever is lower. Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease.

### 2.23 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group’s chief operating decision maker in order to effectively allocate the Group’s resources and assess performance.

### 2.24 Provisions and Contingent Liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Onerous Contracts**

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

**Warranties**

Provisions for the expected cost of warranty obligations under local sale of good legislations are recognised at the date of sale of the relevant products, at the management’s best estimate of the expenditure required to settle the Group’s obligation.

Contingent liability is disclosed for

(i) Possible obligations which will be confirmed only by future events not wholly within the control of the Group or

(ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made, unless the possibility of outflow of resources embodying economic benefits are remote.

### 2.25 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 and joint ventures is included in the value of the Group's holdings in the associate and joint ventures.

Goodwill is deemed to have an indefinite useful life and is reported at acquisition value with deduction for accumulated impairments. Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

Any impairment loss for goodwill is recognised directly in the Statement of Profit and Loss, and is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the Statement of Profit and Loss on disposal.

### 2.26 Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. These are recognised in the Statement of Profit and Loss on a systematic basis over the period in line with the related costs.

### 2.27 Cash and Cash Equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

### 2.28 Non-Current Assets Held For Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Current assets are not depreciated or amortised while they are classified as held for sale.

### 2.29 Principles of business combinations

The acquisition method of accounting under Ind AS is used to account for business combinations by the Group from the date of transition to Ind AS i.e. 1st April, 2015. Prior to the date of transition to Ind AS, business acquisitions have been accounted based on previous GAAP.

### 2.30 Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the accounting policies, which are described in Note 2, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (refer Note 3.2 below), that the directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

3.1.1 The Svadeshi Mills Company Limited (Svadeshi) is not an associate of the Group although the Group owns a 23% ownership interest (including indirect) in Svadeshi, as the Assets of Svadeshi continue to be in the hands of the Official Liquidator, High Court, Bombay. The Review Petition had been filed against the Order dated 23rd February, 2016 whereby the Special Leave Petition (SLP) was dismissed. The said Review Petition filed before the Hon'ble Supreme Court was dismissed vide Order dated 26th August, 2016. The records of Svadeshi are in the custody of the Official Liquidator. Hence, the Group does not have significant influence over Svadeshi as Svadeshi is under liquidation.

3.2 Key sources of estimation uncertainty

3.2.1 Real Estate Development

The determination of the period over which revenue from real estate development activities should be recognized, the timing of transfer of control to the customer; and determination of whether the Group has an enforceable right to payment as per requirements of Ind AS 115 involves significant judgement.

3.2.2 Contingent Liabilities and Provisions

Contingent Liabilities and Provisions are liabilities of uncertain timing or amount and therefore in making a reliable estimate of the quantum and timing of outflow of liabilities, judgement is applied and re-evaluated at each reporting date.

3.2.3 Useful life and residual value of Property, Plant and Equipment, Intangible Assets and Investment Properties

As described in Notes 2.7, 2.9 and 2.10, the Group reviews the estimated useful life and residual values of property, plant and equipment, intangibles and investment properties at each reporting date.

3.2.4 Fair value measurement and valuation process

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The management of the Group determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where such inputs are not available, the Group engages third party qualified valuers to perform the valuation.

3.2.5 Impairment of Goodwill on consolidation

Determining whether goodwill is impaired requires an estimation of fair value/ value in use of cash-generating units to which goodwill has been allocated. Such valuation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

3.2.6 Impairment of Trade Receivables

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3.2.7 Defined Benefit Obligations

The present value of defined benefit obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of reporting period that have terms approximating to the terms of the related obligation.

3.2.8 Deferred Tax Asset

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The Group recognises Minimum Alternate Tax credit under the Income Tax Act, 1961 as an asset only when and to the extent there is convincing evidence that the Group will be liable to pay normal income tax during the specified period.

3.2.9 Refund Liabilities

Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. An estimate is made for goods that will be returned and a liability has been recognised for this amount as refund liability (included in other current liabilities). An asset has also been recorded (included in other current assets) for the corresponding inventory that is estimated to return to the group using a best estimate based on accumulated experience.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

3.2.10 Intangible assets under development

The Group capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

### 4. ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS

**The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April, 2019:**

- Ind AS 116, leases
- Appendix C, Uncertainty over Income Tax Treatments to Ind AS 12
- Prepayment Features with Negative Compensation, Amendments to Ind AS 109
- Plan Amendment, Curtailment or Settlement, Amendments to Ind AS 19
- Annual Improvements to Ind AS comprising Ind AS 23 Borrowing Cost, Ind AS 103 Business Combination, Ind AS 111 Joint arrangements and Ind AS 12 Income Taxes.

The Group had to change its accounting policies as a result of adopting Ind AS 116. This is disclosed in Note 64. The other amendments listed above did not have any impact on the amounts recognised in prior periods and current year.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### 5. Property, Plant and Equipment (own, unless otherwise stated)

₹ in Lakhs

| Particulars | Freehold Land | Leasehold Land | Leasehold Improve ments | Buildings * | Plant and Equipment (Owned) $ | Plant and Equipment (Given On Operating Lease) | Furniture and Fixtures | Vehicles | Office Equipments | Data Processing Equipments | Shipping Vessels | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost or Deemed cost** | | | | | | | | | | | | |
| **Balance as at 31st Mar., 2018** | **353.83** | **42.15** | **-** | **9,332.00** | **10,316.92** | **745.29** | **2,257.45** | **2,842.60** | **1,023.52** | **2,263.68** | **44,338.65** | **73,516.09** |
| Additions | - | - | - | *24.04* | *1,267.42* | *6.79* | *451.02* | *878.75* | *60.37* | *150.67* | *412.53* | *3,251.59* |
| Additions on account of business combination (Refer Note 67) | - | - | *1.36* | - | *184.07* | - | *4.18* | - | *0.07* | *0.21* | - | *189.89* |
| Effect of foreign currency exchange difference | - | - | - | *55.58* | - | - | *158.95* | - | - | - | - | *214.53* |
| Disposals | - | - | - | *(232.03)* | *(396.60)* | *(355.78)* | *(1,139.39)* | *(889.52)* | *(61.19)* | *(84.34)* | - | *(3,158.85)* |
| Deletion on account of disposal of subsidiary (Refer Note 66) | - | - | - | - | *(135.41)* | - | *(20.42)* | - | - | *(1.31)* | - | *(157.14)* |
| **Balance as at 31st Mar., 2019** | **353.83** | **42.15** | **1.36** | **9,179.59** | **11,236.40** | **396.30** | **1,711.79** | **2,831.83** | **1,022.77** | **2,328.91** | **44,751.18** | **73,856.11** |
| **Additions** | **-** | **-** | **-** | **3,573.92** | **2,811.90** | **-** | **280.98** | **1,017.18** | **35.57** | **308.35** | **737.26** | **8,765.16** |
| **Transferred to Asset Held for sale** | **(0.99)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(0.99)** |
| **Effect of foreign currency exchange difference** | **-** | **-** | **-** | **213.72** | **-** | **-** | **(241.97)** | **1.46** | **2.24** | **-** | **-** | **(24.55)** |
| **Reclassification as Right-of-use assets** | **-** | **(42.15)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(42.15)** |
| **Disposals** | **-** | **-** | **-** | **(226.49)** | **(120.31)** | **(249.45)** | **(98.44)** | **(1,554.89)** | **(692.42)** | **(655.51)** | **-** | **(3,597.51)** |
| **Balance as at 31st Mar., 2020** | **352.84** | **-** | **1.36** | **12,740.74** | **13,927.99** | **146.85** | **1,652.36** | **2,295.58** | **368.16** | **1,981.75** | **45,488.44** | **78,956.07** |
| | | | | | | | | | | | | |
| **Accumulated depreciation and Impairment** | | | | | | | | | | | | |
| **Balance as at 31st Mar., 2018** | **-** | **1.76** | **-** | **1,109.22** | **2,819.62** | **173.69** | **253.48** | **638.54** | **598.30** | **1,241.35** | **6,572.46** | **13,408.42** |
| Depreciation expense | - | *0.12* | *1.36* | *466.72* | *1,122.33* | *49.90* | *358.59* | *775.69* | *228.80* | *422.02* | *3,107.10* | *6,532.63* |
| Disposals | - | - | - | *(192.43)* | *(352.57)* | - | *(4.24)* | *(703.45)* | *(57.19)* | *(76.54)* | - | *(1,386.42)* |
| Deletion on account of disposal of subsidiary (Refer Note 66) | - | - | - | - | *(96.99)* | - | *(7.81)* | - | - | *(0.94)* | - | *(105.74)* |
| Effect of foreign currency exchange difference | - | - | - | *32.21* | - | - | *100.14* | - | - | - | - | *132.35* |
| **Balance as at 31st Mar., 2019** | **-** | **1.88** | **1.36** | **1,415.72** | **3,492.39** | **223.59** | **700.16** | **710.78** | **769.91** | **1,585.89** | **9,679.56** | **18,581.24** |
| **Depreciation expense** | **-** | **-** | **-** | **461.15** | **1,221.90** | **27.92** | **277.87** | **731.23** | **117.37** | **356.57** | **3,132.13** | **6,326.14** |
| **Disposals** | **-** | **-** | **-** | **(191.04)** | **(108.61)** | **(124.83)** | **(74.61)** | **(1,381.51)** | **(647.03)** | **(609.12)** | **-** | **(3,136.75)** |
| **Effect of foreign currency exchange difference** | **-** | **-** | **-** | **143.27** | **-** | **-** | **(138.70)** | **1.42** | **2.25** | **-** | **-** | **8.24** |
| **Reclassification as Right-of-use assets** | **-** | **(1.88)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(1.88)** |
| **Balance as at 31st Mar., 2020** | **-** | **-** | **1.36** | **1,829.10** | **4,605.68** | **126.68** | **764.72** | **61.92** | **242.50** | **1,333.34** | **12,811.69** | **21,776.99** |
| | | | | | | | | | | | | |
| **Carrying Amount** | | | | | | | | | | | | |
| **Balance as at 31st Mar., 2020** | **352.84** | **-** | **-** | **10,911.64** | **9,322.31** | **20.17** | **887.64** | **2,233.66** | **125.66** | **648.41** | **32,676.75** | **57,179.08** |
| **Balance as at 31st Mar., 2019** | **353.83** | **40.27** | **-** | **7,763.87** | **7,744.01** | **172.71** | **1,011.63** | **2,121.05** | **252.86** | **743.02** | **35,071.62** | **55,274.87** |

Footnotes:

1 Plant and equipment (Owned) include jointly owned assets having carrying value of ₹ 0.32 Lakhs *(Previous Year ₹ 1.27 Lakhs)*.
2 Data Processing Equipments includes equipments under lease.
* Includes a property for which co-operative society is yet to be formed.
$ Includes moulds given on Lease having useful life of 15 years.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### 6. Right-of-use assets

₹ in Lakhs

| Particulars | Premises | Land | Vehicles | Total |
|---|---|---|---|---|
| **Cost or Deemed Cost** | | | | |
| **Balance as at 31st Mar., 2019** | - | - | - | - |
| Adjustment for change in accounting policy as on 1st April, 2019 (Refer Note 64) | 4,147.95 | 63.88 | 360.37 | 4,572.20 |
| Additions | 1,657.23 | - | 247.33 | 1,904.56 |
| Disposals | (244.67) | - | - | (244.67) |
| Effect of foreign currency exchange difference | (10.23) | - | (5.12) | (15.35) |
| **Balance as at 31st Mar., 2020** | **5,550.28** | **63.88** | **602.58** | **6,216.74** |

| | | | | |
|---|---|---|---|---|
| **Accumulated depreciation** | | | | |
| **Balance as at 31st Mar., 2019** | - | - | - | - |
| Depreciation expense for the year | 1,620.52 | 2.42 | 239.49 | 1,862.43 |
| **Balance as at 31st Mar., 2020** | **1,620.52** | **2.42** | **239.49** | **1,862.43** |

| | | | | |
|---|---|---|---|---|
| **Carrying amount** | | | | |
| **Balance as at 31st Mar., 2020** | **3,929.76** | **61.46** | **363.09** | **4,354.31** |

### 7. Investment Properties (Own, unless otherwise stated)

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| Completed investment properties | **2,487.57** | *2,564.89* |
| | | |
| **Total** | **2,487.57** | *2,564.89* |

| **Cost or Deemed Cost** | | *₹ in Lakhs* |
|---|---|---|
| **Balance as at 1st Apr., 2019/1st Apr., 2018** | **2,851.00** | *2,771.00* |
| Additions | **-** | *84.85* |
| Property classified as held for sale | **-** | *(4.85)* |
| Disposal | **(14.49)** | - |
| **Balance as at 31st Mar., 2020/31st Mar., 2019** | **2,836.51** | *2,851.00* |

| **Accumulated depreciation and impairment** | | *₹ in Lakhs* |
|---|---|---|
| **Balance as at 1st Apr., 2019/1st Apr., 2018** | **286.11** | *223.09* |
| Depreciation expense | **65.94** | *63.45* |
| Property classified as held for sale | **-** | *(0.43)* |
| Disposal | **(3.11)** | - |
| **Balance as at 31st Mar., 2020/31st Mar., 2019** | **348.94** | *286.11* |

| **Carrying amount** | | *₹ in Lakhs* |
|---|---|---|
| **Balance as at 31st Mar., 2020/31st Mar., 2019** | **2,487.57** | *2,564.89* |

Notes:

**a.** Investment properties (Cost) include: (i) Premises on freehold land where the Group is yet to be registered as the owner of a proportionate share in the land ₹ 16.76 Lakhs *(Previous Year ₹ 17.26 Lakhs)*; (ii) Jointly owned Residential Premises including land aggregating ₹ 1,551.85 Lakhs *(Previous Year ₹ 1,552.01 Lakhs)*; (iii) Shares in Co-operative Housing Societies, Association of apartment owners and in a Company ₹ 0.17 Lakh *(Previous Year ₹ 0.17 Lakh)*.

**b.** Investment properties includes the lease rights in respect of the land and building at Fort, Mumbai with net carrying value of ₹ 347.24 Lakhs *(Previous Year ₹ 385.82 Lakhs)* of which ₹ 54.19 Lakhs *(Previous Year ₹ 60.21 Lakhs)* has been disclosed under property, plant and equipment (Refer Note 5) for which the Company has made an application for renewal of lease and approval from authorities awaited thereon.

**c.** **Fair value measurement of the Group's investment properties**

The fair value of the Group's investment properties as at 31st March, 2020 and 31st March, 2019 have been arrived at on the basis of a valuation carried out as on the respective dates by V. S. Modi, independent valuer not related to the Group. V. S. Modi is registered with the authority which governs the valuers in India, and have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties as well as other lettings of similar properties in the neighbourhood. In estimating the fair value of the properties, the highest and best use of the properties is their

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

current use. Thus, the significant unobservable inputs are recent transaction price, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the properties. Details of the Group's investment properties and information about the fair value hierarchy as at 31st March, 2020 and 31st March, 2019 are as follows:

₹ in Lakhs

| **Particulars** | **Level 3** | |
|---|---|---|
| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
| Andhra Pradesh - Land | **28.51** | *28.51* |
| Delhi - Building | **1,047.86** | *1,081.68* |
| Gujarat - Land and Building | **515.24** | *515.24* |
| Kerala - Building | **185.00** | *213.16* |
| Maharashtra - Land and Building | **63,817.01** | *64,811.50* |
| Tamil Nadu - Land and Building | **883.64** | *913.18* |
| West Bengal - Building | **654.39** | *672.97* |
| Office Units located in India-Pune City | **159.00** | *162.00* |
| Karnataka - Building | **155.00** | *160.00* |
| **Total** | **67,445.65** | ***68,558.24*** |

**8. Goodwill**

₹ in Lakhs

| **Particulars** | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| Cost (or deemed cost) | **55,512.09** | *55,595.53* |
| Accumulated impairment losses | **27,401.13** | *5,755.50* |
| **Total** | **28,110.96** | *49,840.03* |

| **Cost or Deemed Cost** | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| **Balance at beginning of year** | **55,595.53** | *53,497.69* |
| Additional amounts recognised from business combinations (Refer Note 55) | **-** | *9.67* |
| Effect of foreign currency exchange differences (Refer Note 55) | **(83.44)** | *2,088.17* |
| **Balance at end of year** | **55,512.09** | *55,595.53* |

| **Accumulated depreciation and impairment** | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| **Balance at beginning of year** | **5,755.50** | *5,755.50* |
| Impairment losses recognised in the year (Refer Note 55) | **21,645.63** | *-* |
| **Balance at end of year** | **27,401.13** | *5,755.50* |

**9 Other Intangible assets**

₹ in Lakhs

| Particulars | Technical Knowhow | Product Development Expenditure | Brands/ Trade Marks | Computer Software (Acquired) | Computer Software (Internally Generated) | Other Intangible Assets | Total |
|---|---|---|---|---|---|---|---|
| **Cost or Deemed cost** | | | | | | | |
| **Balance as at 31st Mar., 2018** | **60.00** | **2,710.59** | **399.89** | **922.00** | **2,771.04** | **114.55** | **6,978.07** |
| Additions | - | *568.97* | - | *262.78* | *2,305.45* | *3.18* | *3,140.38* |
| Disposal | - | *(0.79)* | - | - | - | - | *(0.79)* |
| Effect of foreign currency exchange difference | - | *701.16* | - | - | - | *19.03* | *720.19* |
| **Balance as at 31st Mar., 2019** | **60.00** | **3,979.93** | **399.89** | **1,184.78** | **5,076.49** | **136.76** | **10,837.85** |
| **Additions** | **-** | **508.66** | **-** | **425.25** | **5,598.93** | **46.31** | **6,579.15** |
| **Disposal** | **-** | **-** | **-** | **(41.50)** | **-** | **-** | **(41.50)** |
| **Effect of foreign currency exchange difference** | **-** | **209.64** | **-** | **-** | **-** | **(35.09)** | **174.55** |
| **Balance as at 31st Mar., 2020** | **60.00** | **4,698.23** | **399.89** | **1,568.53** | **10,675.42** | **147.98** | **17,550.05** |
| | | | | | | | |
| **Accumulated Depreciation and Impairment** | | | | | | | |
| **Balance as at 31st Mar., 2018** | **20.13** | **1,460.53** | **399.89** | **547.48** | **926.48** | **80.88** | **3,435.39** |
| Depreciation expense | *7.97* | *298.80* | - | *231.87* | *547.70* | *23.42* | *1,109.76* |
| Effect of foreign currency exchange difference | - | *602.12* | - | - | - | *20.30* | *622.42* |
| **Balance as at 31st Mar., 2019** | **28.10** | **2,361.45** | **399.89** | **779.35** | **1,474.18** | **124.60** | **5,167.57** |
| **Depreciation expense** | **6.38** | **247.06** | **-** | **207.28** | **1,207.49** | **9.38** | **1,677.59** |
| **Disposal** | **-** | **-** | **-** | **(17.26)** | **-** | **-** | **(17.26)** |
| **Effect of foreign currency exchange difference** | **-** | **174.85** | **-** | **-** | **-** | **(39.50)** | **135.35** |
| **Balance as at 31st Mar., 2020** | **34.48** | **2,783.36** | **399.89** | **969.37** | **2,681.67** | **94.48** | **6,963.25** |
| | | | | | | | |
| **Carrying Amount** | | | | | | | |
| **Balance as at 31st Mar., 2020** | **25.52** | **1,914.87** | **-** | **599.16** | **7,993.75** | **53.50** | **10,586.80** |
| **Balance as at 31st Mar., 2019** | **31.90** | **1,618.48** | **-** | **405.43** | **3,602.31** | **12.16** | **5,670.28** |

Carrying amount of internally developed product related softwares and related technologies for one of the subsidiary, Forbes Technosys Limited, is as follows:

₹ in Lakhs

| Particulars | As at 31st Mar,2020 | *As at 31st Mar,2019* |
|---|---|---|
| Cheque truncation system | **1,835.52** | *2,296.61* |
| Financial Inclusion | **450.63** | - |
| Insurance and Banking Kiosks | **3,220.95** | - |
| Internet of Things | **640.85** | *801.33* |
| Online money transfer and utility recharge | **1,533.79** | *116.61* |
| Queue management system | **216.21** | *387.76* |
| Other computer softwares | **95.80** | - |
| **Total** | **7,993.75** | *3,602.31* |

Also Refer Note 52.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**10 Non Current Investments**

**10A. Investments in associates**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 Qty | As at 31st Mar., 2020 Amount | *As at 31st Mar., 2019 Qty* | *As at 31st Mar., 2019 Amount* |
|---|---|---|---|---|
| **Unquoted Investments (all fully paid)** | | | | |
| 1. Equity Shares of THB 100 each in Euro P2P Direct (Thailand) Co. Limited | **19,596** | **26.68** | *19,596* | *26.68* |
| Provision for impairment | | **(26.68)** | | *(26.68)* |
| | | - | | - |
| 2. Equity shares of ₹ 10 each in Neuvo Consultancy Services Limited | **58,849** | **5.88** | *58,849* | *5.88* |
| Provision for impairment | | - | | *(5.88)* |
| Post acquisition share in profits | | **412.47** | | - |
| | | **418.35** | | - |
| **TOTAL INVESTMENTS** | | **418.35** | | - |

**10B. Investments in joint ventures**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 Qty | As at 31st Mar., 2020 Amount | *As at 31st Mar., 2019 Qty* | *As at 31st Mar., 2019 Amount* |
|---|---|---|---|---|
| **Unquoted Investments (all fully paid)** | | | | |
| **Equity instrument (at cost less impairment)** | | | | |
| 1. Equity shares of ₹ 10 each in Forbes Bumi Armada Limited | **28,05,000** | **280.56** | *28,05,000* | *280.56* |
| Post acquisition share in profits | | **473.32** | | *371.12* |
| | | **753.88** | | *651.68* |
| 2. Equity shares of ₹ 10 each fully paid up in Forbes Aquatech Limited | **5,00,000** | **50.00** | *5,00,000* | *50.00* |
| Post acquisition share in profits | | **943.30** | | *772.03* |
| | | **993.30** | | *822.03* |
| 3. Equity shares of ₹ 10 each fully paid up in Forbes Concept Hospitality Services Private Limited | **26,25,000** | **262.50** | *26,25,000* | *262.50* |
| Post acquisition share in (Losses) | | **(262.11)** | | *(256.17)* |
| | | **0.39** | | *6.33* |
| 4. Equity shares of ₹ 10 each fully paid up in Infinite Water Solutions Private Limited | **35,00,000** | **350.00** | *35,00,000* | *350.00* |
| Post acquisition share in profits | | **1,633.47** | | *1,874.50* |
| | | **1,983.47** | | *2,224.50* |
| 5. Equity shares of ₹ 10 each fully paid up in Aquaignis Technologies Private Limited (Refer Note 5 below) | - | - | - | *292.79* |
| Adjustment on conversion from Joint venture to Subsidiary | | - | | *(292.79)* |
| | | - | | - |
| 6. Equity shares of Rand 1 each in AMC Cookware (Proprietary) Limited | **5,000** | - * | *5,000* | - * |
| Post acquisition share in profits | | **4,479.73** | | *4,145.66* |
| | | **4,479.73** | | *4,145.66* |
| **TOTAL INVESTMENTS** | | **8,210.77** | | *7,850.20* |

* Amount is below rounding off norm adopted by the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**10C. Other investments**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 Qty | As at 31st Mar., 2020 Amount | *As at 31st Mar., 2019 Qty* | *As at 31st Mar., 2019 Amount* |
|---|---|---|---|---|
| **Unquoted Investments (all fully paid)** | | | | |
| **Investments in Equity Instruments - measured at FVOCI** | | | | |
| Equity shares of ₹ 1 each fully paid up in Idea Bubbles Consulting Services Private Limited | **17,822** | **12.15** | *17,822* | *218.50* |
| Equity shares of ₹ 10 each fully paid up in Water Quality Association (Refer Note 2 below) | **7,143** | **0.71** | *7,143* | *0.71* |
| Equity shares of ₹ 10 each fully paid up in Forbes G4S Solutions Private Limited (Refer Note 6 below) | **5,000** | **-** | *5,000* | *-* |
| [Provision for impairment in value ₹ 0.50 Lakh; *(Previous Year ₹ 0.50 Lakh)*] | | | | |
| | | **12.86** | | *219.21* |
| **Investments in Preference Units- measured at FVOCI** | | | | |
| Series C Preferred Units of USD 0.15 each in Econopure Water Systems LLC | **16,66,667** | **-** | *16,66,667* | *-* |
| | | **-** | | *-* |
| **Investments in Equity Instruments - measured at FVTPL** | | | | |
| Equity shares of ₹ 10 each in New India Co-operative Bank Limited | **5,500** | **0.55** | *5,500* | *0.55* |
| Equity shares of ₹ 500 each in Tuticorin Chamber of Commerce | **10** | **-** | *10* | *-* |
| [Provision for impairment in value ₹ 0.05 Lakh; *(Previous Year ₹ 0.05 Lakh)*] | | | | |
| Equity Shares of ₹ 10 each in Simar Port Private Limited | **1,000** | **0.10** | *1,000* | *0.10* |
| Equity shares of ₹ 10 each in The Svadeshi Mills Company Limited | **17,69,430** | **-** | *17,69,430* | *-* |
| [Provision for impairment in value ₹ 285.26 Lakhs *(Previous Year ₹ 285.26 Lakhs)*] (Refer Note 57) | | | | |
| Equity Share of SGD 1 each in Forbes Container Lines Pte. Limited | **8,64,960** | **-** | *8,64,960* | *-* |
| [Provision for impairment in value ₹ 271.26 Lakhs *(Previous Year ₹ 271.26 Lakhs)*] (Refer Note 1 below) | | | | |
| Equity shares of ₹ 25 each in Zoroastrian Co-operative Bank Limited | **100** | **0.03** | *100* | *0.03* |
| Equity shares of USD 1 each in Edumetry Inc. USA | **2,500** | **-** | *2,500* | *-* |
| [Provision for impairment in value ₹ 35.48 Lakhs *(Previous Year ₹ 35.48 Lakhs)*] (Refer Note 3 below) | | | | |
| Equity shares of ₹ 10 each in Forbes Edumetry Ltd (Refer Note 7 below) | **16,56,000** | **-** | *-* | *-* |
| [Provision for impairment in value ₹ 144.36 Lakhs; *(Previous Year ₹ Nil Lakh)*] | | | | |
| | | **0.68** | | *0.68* |
| **Investments in Equity Instruments (at amortised cost)** | | | | |
| Equity shares of ₹ 10 each in Carmel Properties Private Limited (Refer Note 4 below) | **1,125** | **0.03** | *1,125* | *0.03* |
| | | **0.03** | | *0.03* |
| **Investment in Debentures (at amortised cost)** | | | | |
| Irredeemable debentures of ₹ 100 each in Carmel Properties Private Limited (Refer Note 4 below) | **3,089** | **3.89** | *3,089* | *3.89* |
| | | **3.89** | | *3.89* |
| **TOTAL INVESTMENTS** | | **17.46** | | *223.81* |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**Note**:

1. Forbes Container Lines Pte. Limited., Singapore ("FCLPL"), a foreign subsidiary of the Company has been ordered to be wound by the High Court of Republic of Singapore on 19th August, 2016. An official liquidator has been appointed by the court. The Company has made full provision for investments made and loans given to FCLPL. Accordingly, this entity is no longer a related party for the Group and not consolidated in these financial statements.

2. The Group has invested in 7,143 shares of face value ₹ 10 each in Water Quality Association which is a non profit making organisation hence the fair value of this investment has been considered similar to its carrying value.

3. Edumetry Inc., USA, a foreign joint venture of the Group has been dissolved vide Certificate of Dissolution dated 28th October, 2015 issued by the State of Delaware. Consequently, the Group does not have any significant influence or control over Edumetry Inc. as on date. Accordingly, this entity is no longer a related party for the Group and not consolidated in these financial statements. The group has made full provision for these investments in earlier years.

4. The market value of Carmel Properties, a residential flat at Mumbai, as at 31st March, 2020 is ₹ 1,019.48 Lakhs, *(Previous Year ₹ 1,050.93 Lakhs)* as per valuation report issued by V. S. Modi Associates, Chartered Engineers, Government Approved Valuers, Mumbai.

5. Aquaignis Technologies Private Limited (erstwhile joint venture) has become a subsidiary w.e.f. 13th June, 2018.

6. Effective holding in Forbes G4S Solution Private Limited has been reduced from 50% to 10.87% w.e.f. 18th May, 2018.

7. Forbes Edumetry Limited, a subsidiary, has initiated voluntary winding up under section 500 and other applicable sections of the Companies Act, 1956. Consequently, the Company does not have any significant influence or control over Forbes Edumetry Limited and therefore it is being reclassified from subsidiary to other investment. Further, Investments made in Forbes Edumetry Limited are fully provided.

**10D. Current Investments**

₹ in Lakhs

| | **As at 31st Mar., 2020** | | *As at 31st Mar., 2019* | |
|---|---|---|---|---|
| **Particulars** | **Qty** | **Amount** | *Qty* | *Amount* |
| **Quoted Investments (all fully paid)** | | | | |
| **Investments in Mutual Funds at FVTPL** | | | | |
| Units of Tata Overnight Fund - Regular Growth | **3,51,741.701** | **3,701.19** | - | - |
| **Unquoted Investments (all fully paid)** | | | | |
| **Investments in Mutual Funds at FVTPL** | | | | |
| Units of ₹ 10 each fully paid up in Reliance Vision Fund Growth Plan Growth Option | **357.856** | **1.37** | *357.856* | *1.88* |
| **TOTAL INVESTMENTS** | | **3,702.56** | | *1.88* |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### 10E. Category-wise investments as per Ind AS 109 classification

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **Financial assets carried at fair value through Other Comprehensive Income (FVOCI)** | | |
| Equity Instruments | **12.86** | *219.21* |
| Preference units | **-** | *-* |
| | **12.86** | *219.21* |
| **Financial assets carried at fair value through profit or loss (FVTPL)** | | |
| Equity Instruments | **0.68** | *0.68* |
| Mutual Funds | **3,702.56** | *1.88* |
| | **3,703.24** | *2.56* |
| **Financial assets carried at amortised cost** | | |
| Debentures | **3.89** | *3.89* |
| Equity Instruments | **0.03** | *0.03* |
| | **3.92** | *3.92* |
| **Financial assets carried at cost less impairment** | | |
| Equity Instruments | **8,629.12** | *7,850.20* |
| | **8,629.12** | *7,850.20* |
| **Total** | **12,349.14** | *8,075.89* |

**Footnotes:**

| | | |
|---|---|---|
| Aggregate amount of quoted non current investments (net of impairment) and market value thereof | **-** | - |
| Aggregate amount of unquoted non current investments (net of impairment) and market value thereof | **8,646.58** | 8,074.01 |
| Aggregate amount of quoted current investments (net of impairment) | **3,701.19** | - |
| Aggregate amount of unquoted current investments (net of impairment) | **1.37** | 1.88 |
| Aggregate amount of impairment in value of investments | **763.59** | 625.11 |

### 11. Trade receivables

### 11A. Non Current

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **Trade receivables** | | |
| a) Unsecured, considered good | **2,362.16** | *5,300.43* |
| b) Doubtful | **1,409.70** | *17,347.12* |
| | **3,771.86** | *22,647.55* |
| Allowance for doubtful debts (expected credit loss allowance) | **1,409.70** | *17,347.12* |
| **Total** | **2,362.16** | *5,300.43* |

### 11B. Current

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **Trade receivables** | | |
| a) Secured, considered good | **76.88** | *16.50* |
| b) Unsecured, considered good | **40,625.50** | *46,494.35* |
| c) Doubtful | **4,027.01** | *2,768.58* |
| | **44,729.39** | *49,279.43* |
| Allowance for doubtful debts (expected credit loss allowance) | **4,027.01** | *2,768.58* |
| **Total** | **40,702.38** | *46,510.85* |

| | | | |
|---|---|---|---|
| i) | Debts due by private companies in which a director is a director / member (₹ in Lakhs) (Refer Note 48) | **346.82** | 785.78 |
| | Less : Allowance for doubtful debts (expected credit loss allowance) | **10.18** | 10.18 |
| | Net Debts | **336.64** | 775.60 |

ii) The Group applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of lifetime expected loss provision for all trade receivables. The Group has computed expected credit losses based on provision matrix which uses historical credit loss experience of the Group. Forward looking information has been incorporated into the determination of expected credit losses.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

The Group has written off / provided for receivable where non-recoverability is established. Group believes that the unimpaired amounts that are past due are still collectible in full, based on historical payment behaviour.

In shipping business, historical credit loss experience has been considered and in past, no credit loss is suffered. In future, there will be no expected credit loss as vessels are under pool agreement.

iii) There are no customers who represents more than 5% of the total balance of trade receivables. For one of the subsidiary, Forbes Technosys Limited, of the trade receivables balance as at 31st March, 2020, ₹ 2,451.79 Lakhs *(Previous Year ₹ 2,463.88 Lakhs)* is due from five customers.

iv) **The ageing of receivables is as follows:**

₹ in Lakhs

| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| 0-1 Year | **35,942.37** | *46,396.65* |
| More than 1 Year | **7,122.17** | *5,414.63* |
| | **43,064.54** | *51,811.28* |

v) **Movement in expected credit allowance**

₹ in Lakhs

| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| Balance at beginning of the year | **20,115.70** | *19,887.29* |
| Impairment losses recognised on receivables (including impact of foreign currency fluctuations) | **1,608.48** | *344.84* |
| Amounts written off during the year as uncollectible | **(16,243.32)** | *(38.38)* |
| Amounts recovered during the year | **(44.15)** | *(78.05)* |
| Balance at end of the year | **5,436.71** | *20,115.70* |

vi) For one of the subsidiary, Forbes Technosys Limited, the following customer types are considered while making such assessment for the purpose of determining the expected credit loss allowance.

₹ in Lakhs

| **Category of Customers** | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| Banks | **3,934.77** | *3,981.96* |
| Dealers | **92.91** | *110.41* |
| Forbes Xpress | **27.30** | *8.73* |
| Government | **1,013.19** | *1,058.52* |
| Related Party | **23.42** | *473.13* |
| Others | **422.00** | *655.36* |
| | **5,513.59** | *6,288.11* |

**12. Loans**

**12A. Non Current**

₹ in Lakhs

| **Particulars** | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| **a) Security deposits** | | |
| - Unsecured, considered good (Refer Note 1 below) | **2,383.39** | *2,489.65* |
| - Unsecured, considered doubtful | **9.80** | *9.80* |
| Less : Allowance for bad and doubtful deposits | **9.80** | *9.80* |
| **Total A** | **2,383.39** | *2,489.65* |
| **b) Loans to others** | | |
| - Secured, considered doubtful | **4,391.78** | *4,756.77* |
| - Unsecured, considered good | **-** | *836.77* |
| - Unsecured, considered doubtful | **39.54** | *3,750.47* |
| Less : Allowance for bad and doubtful loans | **4,431.32** | *8,507.24* |
| **Total B** | **-** | *836.77* |
| **Total (A+B)** | **2,383.39** | *3,326.42* |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### 12B. Current

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **a) Loans and advances to employees** | | |
| - Unsecured, considered good | **24.71** | *44.41* |
| - Unsecured, considered doubtful | **-** | *3.13* |
| Less : Allowance for doubtful loans and advances | **-** | *3.13* |
| A | **24.71** | *44.41* |
| **b) Security deposits** | | |
| - Unsecured, considered good | **234.05** | *271.79* |
| **c) Loans to others** | | |
| - Unsecured, considered good | **898.70** | *12.64* |
| - Unsecured, considered doubtful | **420.38** | *375.00* |
| Less : Allowance for bad and doubtful loans | **420.38** | *375.00* |
| B | **898.70** | *12.64* |
| **Total (A+B)** | **1,157.46** | *328.84* |

**Note**

1 Security deposit includes deposit given to Marida Tankers Inc and Stainless Tanker Inc. (the pool) in the form of bunker as well as deposit and in USD provided by a subsidiary, on its four vessels at the time of their entry in the Marida Tankers Inc. pool and on its one vessel at time of entry in the Stainless Tankers Inc towards working capital funds for vessels operation.

### 12C. Movement in the allowance for bad and doubtful loans

| | Year Ended 31st Mar., 2020 | *Year Ended 31st Mar., 2019* |
|---|---|---|
| Balance at beginning of the year | **8,895.17** | *8,187.28* |
| Impairment losses recognised on receivables (including impact of foreign currency fluctuations) | **-** | *707.89* |
| Amounts Utilised/ Reversed | **(4,033.67)** | *-* |
| **Balance at end of the year** | **4,861.50** | *8,895.17* |

### 13. Other financial assets

### 13A. Non current

(unsecured, considered good unless otherwise stated)

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| a) Interest accrued on deposits with bank | **0.97** | *0.37* |
| b) Bank deposits with more than 12 months maturity | **49.17** | *56.53* |
| c) Balance held with banks as margin money deposits with remaining maturity of more than 12 months (Refer Note below) | **1,025.58** | *3,397.23* |
| **Total** | **1,075.72** | *3,454.13* |

**Note:**

₹ 1,960.10 Lakhs as on 31st March, 2019 is deposited with Axis Bank (Dubai) under Debt Service Reserve to be maintained as part of loan agreement which has been marked under lien with bank.

### 13B. Current

(unsecured, considered good unless otherwise stated)

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **a)** Interest accrued on deposits with bank | **32.09** | *20.36* |
| **b)** Contractually reimbursable expenses from related parties | **185.52** | *78.83* |
| **c)** Other current receivables * | | |
| - Unsecured, considered good | **1,044.65** | *944.04* |
| - Unsecured, considered doubtful | **0.48** | *-* |
| Less : Allowance for doubtful debts | **0.48** | *-* |
| | **1,044.65** | *944.04* |
| **d)** Earnest Money Deposits | **102.97** | *89.47* |
| **Total** | **1,365.23** | *1,132.70* |

* Other current receivables includes the insurance claim receivable from the insurance company towards vessel break down repair cost. Also refer note 53.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**14. Inventories**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| Inventories (lower of cost and net realisable value) | | |
| Raw materials and Components [includes in transit ₹ 2,577.60 Lakhs *(Previous Year ₹ 1,336.37 Lakhs)*] | **7,595.93** | *6,926.86* |
| Work-in-progress | **944.97** | *788.97* |
| Finished goods [includes in transit ₹ 1,297.84 Lakhs *(Previous Year ₹ 399.15 Lakhs)*] | **10,059.06** | *8,226.07* |
| Stock-in-trade [includes in transit ₹ 845.04 Lakhs *(Previous Year ₹ 1,216.36 Lakhs)*] | **11,813.63** | *10,873.96* |
| Spares and accessories [includes in transit ₹ 393.28 Lakhs *(Previous Year ₹ 543.51 Lakhs)*] | **7,691.61** | *8,296.51* |
| Stores and spares | **217.26** | *236.64* |
| Real estate development work-in-progress (Refer Note 63) | **33,035.57** | *24,304.31* |
| **Total** | **71,358.03** | *59,653.32* |

Refer Note 29, 30A for details of cost of inventories recognised as an expense during the year in respect of continuing operations.

The cost of inventories recognised as an expense includes ₹ 1,619.27 Lakhs *(Previous Year ₹ 27.15 Lakhs)* in respect of write back/write-downs of inventory to net realisable value respectively.

**15. Cash and cash equivalents**

**15A. Cash and cash equivalents**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **Balances with Banks** | | |
| a) In current accounts | **3,262.49** | *5,838.64* |
| b) In EEFC Account | **38.59** | *15.79* |
| c) Deposits accounts (with original maturity upto 3 months) | **41.32** | *44.00* |
| | **3,342.40** | *5,898.43* |
| Cheques, drafts on hand | **56.49** | *929.87* |
| Cash on hand | **53.80** | *227.70* |
| | **110.29** | *1,157.57* |
| **Total** | **3,452.69** | *7,056.00* |

**15B. Bank balances**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| a) In deposit accounts with original maturity of more than 3 months but less than 12 months # | **128.52** | *101.95* |
| b) In deposit accounts with original maturity of more than 12 months ** # | **110.85** | *103.02* |
| c) Balances held as margin money / under lien with remaining maturity of less than 12 months* | **2,736.62** | *211.00* |
| d) Earmarked balance with the banks: | | |
| -Unpaid dividends | **25.82** | *17.28* |
| **Total** | **3,001.81** | *433.25* |

** Includes deposits pledged as security against borrowings.

# Includes deposits lodged as security with government authorities.

* Includes amounts deposited with Axis Bank (Dubai) under Debt Service Reserve to be maintained as part of loan agreement which has been marked under lien with bank.

**16. Other assets**

**16A. Non Current**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| a) Capital advances | **574.34** | *867.41* |
| b) Prepaid expenses | **116.43** | *136.72* |
| c) Prepaid leasehold assets | **-** | *23.44* |
| d) Advances for supply of goods and services | | |
| - Unsecured, considered good | **1,397.36** | *2,288.04* |
| - Unsecured, considered doubtful | **1,000.00** | *-* |
| Less : Allowance for doubtful advances | **1,000.00** | *-* |
| | **1,397.36** | *2,288.04* |
| e) Balances with statutory / government authorities | | |
| - Unsecured, considered good | **2,878.58** | *2,725.80* |
| - Unsecured, considered doubtful | **98.49** | *98.49* |
| Less : Allowance for doubtful balances | **98.49** | *98.49* |
| | **2,878.58** | *2,725.80* |
| f) Advance wealth tax | **92.26** | *408.29* |
| **Total** | **5,058.97** | *6,449.70* |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### 16B. Current

₹ in Lakhs

| Particulars | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| a) Advances to related parties | **0.04** | *0.04* |
| b) Advances for supply of goods and services | | |
| - Unsecured, considered good | **3,657.49** | *4,667.41* |
| - Unsecured, considered doubtful | **1,084.55** | *1,619.34* |
| Less : Allowance for doubtful advances | **1,084.55** | *1,619.34* |
| | **3,657.49** | *4,667.41* |
| c) Contract assets | **357.83** | *534.85* |
| d) Other advances | **26.31** | *34.79* |
| e) Prepaid expenses | **1,967.23** | *1,752.86* |
| f) Prepaid lease hold assets | **-** | *0.17* |
| g) Balances with statutory / government authorities | **3,461.02** | *4,127.92* |
| h) Export incentives receivables | **105.05** | *117.24* |
| i) Advances to employees | **9.02** | *7.02* |
| j) Right to recover returned goods (Refer Note 1 below) | **81.00** | *85.05* |
| **Total** | **9,664.99** | *11,327.35* |

Note:

1 A return right gives the Group a contractual right to recover the goods from a customer (return assets) if the customer exercises his right to return the goods and the right to recover returned goods is accounted for the products that are expected to be returned.

### 17. Asset classified as held for sale

₹ in Lakhs

| Particulars | **As at 31st Mar., 2020 refer Note (i) below** | *As at 31st Mar., 2019 refer Note (ii) below* |
|---|---|---|
| Freehold Land | **0.99** | *-* |
| Investment Properties | **-** | *4.42* |
| **Total** | **0.99** | *4.42* |

**Note:**

(i) The Group has free hold land at Jeedimetla, Hyderabad which has been classified as held for sale as the sale transaction is under process.

(ii) The Group had entered into an agreement for sale of a flat and accordingly in the previous year the carrying value aggregating ₹ 4.42 Lakhs of the asset has been shown as "Asset classified as held for sale" on the face of Balance Sheet. The fair value of the aforesaid asset was ₹ 211 Lakhs.

### 18. Equity Share Capital

₹ in Lakhs

| Particulars | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| **Authorised Share capital :** | | |
| 1,50,00,000 fully paid equity shares of ₹ 10 each | **1,500.00** | *1,500.00* |
| **Issued, subscribed and paid-up share capital:** | | |
| 1,28,98,616 fully paid equity shares of ₹ 10 each | | |
| *(Previous Year 1,28,98,616)* | **1,289.86** | *1,289.86* |
| | **1,289.86** | *1,289.86* |

### 18.1 Fully paid equity shares

| Particulars | Number of shares | Share Capital ₹ in Lakhs |
|---|---|---|
| Balance as at the year end | 128,98,616 | 1,289.86 |

**Rights, preferences and restrictions attached to equity shares**

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 18.2 Details of shares held by the holding company, its subsidiaries and associates

| Particulars | **Fully paid ordinary shares** | |
|---|---|---|
| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
| Shapoorji Pallonji and Company Private Limited, the holding company | **93,59,293** | *93,59,293* |
| **Total** | **93,59,293** | *93,59,293* |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**18.3 Details of shares held by each shareholder holding more than 5% shares**

| **Particulars** | **As at 31st Mar., 2020** Number of shares held | **As at 31st Mar., 2020** % holding in the class of shares |
|---|---|---|
| **Fully paid equity shares** | | |
| Shapoorji Pallonji and Company Private Limited | **93,59,293** | **72.56** |
| India Discovery Fund Limited | **11,48,255** | **8.90** |
| **Total** | **105,07,548** | **81.46** |

| | *As at 31st Mar., 2019* Number of shares held | *As at 31st Mar., 2019* % holding in the class of shares |
|---|---|---|
| Fully paid equity shares | | |
| Shapoorji Pallonji and Company Private Limited | *93,59,293* | *72.56* |
| India Discovery Fund Limited | *11,48,255* | *8.90* |
| **Total** | *105,07,548* | *81.46* |

**18.4** The Company has not alloted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

## 19. Other equity

₹ in Lakhs

| Particulars | | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|---|
| a) | **Capital reserve** | | |
| | Balance as at the year end | **158.25** | *158.25* |
| b) | **Capital contribution reserve** | | |
| | Balance as at the year end | **493.54** | *493.54* |
| c) | **Securities premium reserve** | | |
| | Balance as at the year end | **161.76** | *161.76* |
| d) | **Debenture redemption reserve** | | |
| | Balance at beginning of year | **2,500.00** | *2,500.00* |
| | Add: Transferred to retained earnings (Refer Note 1 below) | **(2,500.00)** | - |
| | **Balance at end of the year** | - | *2,500.00* |
| e) | **General reserve** | | |
| | Balance as at the year end | **42,594.28** | *42,594.28* |
| f) | **Foreign currency translation reserve** | | |
| | Balance at beginning of year | **4,449.94** | *4,058.51* |
| | Exchange differences in translating the financial statements of foreign operations | **(1,462.66)** | *391.43* |
| | **Balance as at the year end** | **2,987.28** | *4,449.94* |
| g) | **Capital reserve for bargain purchase business combinations** | | |
| | Balance as at the year end | **1,221.43** | *1,221.43* |
| h) | **Capital reserve on Merger*** | | |
| | Balance as at the year end | - | - |
| i) | **Reserve for equity instruments through other comprehensive income** | | |
| | Balance at beginning of year | **(81.38)** | *(23.10)* |
| | Cumulative gain/(loss) reclassified to retained earning for Equity Instruments through OCI | - | *(5.74)* |
| | Fair value gain on investments in equity instruments at FVOCI (net of tax) | **(142.73)** | *(52.54)* |
| | **Balance as at the year end** | **(224.11)** | *(81.38)* |
| j) | **Retained earnings** | | |
| | Balance at beginning of year (as originally presented) | **(27,285.90)** | *(21,735.47)* |
| | Change in accounting policy (Refer Note 63) | - | *(5,161.67)* |
| | Restated Balance | **(27,285.90)** | *(26,897.14)* |
| | Exchange difference on translation of foreign operations arising during the year | - | *(475.91)* |
| | Other adjustment on account change in controlling interest | - | *8.85* |
| | Adjustment on increase in shareholding in a subsidiary | **(188.45)** | - |
| | Adjustment on conversion of joint venture into subsidiary | - | *(193.82)* |
| | Cumulative gain/(loss) reclassified to reserves for Equity Instruments through OCI | - | *5.74* |
| | Profit/(Loss) attributable to owners of the Company | **(32,460.16)** | *696.43* |
| | Other comprehensive income (net of tax) | **(140.36)** | *(45.46)* |
| | Expenses related to issue of shares by a subsidiary | **(15.00)** | - |
| | Payment of dividends on equity shares | **(636.61)** | *(318.31)* |
| | Tax on dividends | **(132.56)** | *(66.28)* |
| | Transferred from debenture redemption reserve (refer Note 1 below) | **2,500.00** | - |
| | **Balance as at the year end** | **(58,359.04)** | *(27,285.90)* |
| k) | **Equity component of preference shares** | | |
| | Balance as at the year end | **894.42** | *894.42* |
| l) | **Treasury shares** | | |
| | Balance as at the year end (1,66,398 equity shares of parent company held by a subsidiary) | **(32.55)** | *(32.55)* |
| | **Total** | **(10,104.74)** | *25,073.79* |

* Amount is below the rounding off norm adopted by Group.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**Note 1 :**
The Group had Redeemable Non-convertible Debentures which have been repaid during the year ended 31st March, 2020 and consequently the Debenture Redemption Reserve created in past years has been transferred to Retained Earnings.

**Description of nature and purpose of reserves**

(i) Capital reserve

The Group recognises profit or loss on purchase, sale, issue or cancellation of Group's own equity instruments to capital reserve. Grants received from the Government in the nature of promoter's contribution towards fixed capital investment are recognised as capital reserve and treated as part of total equity.

(ii) Capital contribution reserve

Capital contribution reserve represents the difference of value on account of foreign currency conversion on account of capital contribution as per local laws of foreign entity and treated as part of total equity.

(iii) Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

(iv) Debenture redemption reserve

The Group had issued Redeemable Non-convertible Debentures. Accordingly, the Companies (Share Capital and Debenture) Rules, 2014 (as amended), required the Group to create Debenture redemption reserve out of profits of the Group available for payment of dividend for an amount equal to 25% of the value of debentures issued, which has been accordingly reflected above.

(v) General reserve

The Group created a General Reserve in earlier years pursuant to the provision of the Companies Act wherein certain percentage of profits were required to be transferred to General Reserve before declaring dividend. As per Companies Act, 2013 the requirement to transfer profits to General Reserve is not mandatory. General Reserve is a free reserve available to the Group.

(vi) Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of Group's foreign operations from their functional currencies to the Group's presentation currency (i.e.₹) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Gain and losses on derivatives that are designated as hedging instruments for hedges of net investments in foreign operations are included in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) are reclassified to profit or loss on the disposal of foreign operations.

(vii) Capital reserve for bargain purchase business combinations

The holding company's interest in the pre acquisition reserves and profits (or losses) is adjusted against cost of control to arrive at goodwill or capital reserve on consolidation.

(viii) Reserve for equity instruments through other comprehensive income

Reserve for equity instruments through other comprehensive income represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed of.

(ix) Equity component of preference shares

The reserve represents the Equity component of preference share issued by the Group, being the difference between the fair value of the financial instrument and its carrying value, adjusted for amortisation of interest cost upto the date of transition.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**19.1**

₹ in Lakhs

| | | **31st Mar., 2020** | *31st Mar., 2019* |
|---|---|---|---|
| (i) | Equity shares | | |
| | Dividend for the year 31st March, 2019 of ₹ 2.50 and an additional Special Centenary Year Dividend of ₹ 2.50 per equity share *(Previous Year: dividend of ₹ 2.50)* per fully paid share had been proposed by the directors in their meeting held on 30th May, 2019 *(Previous Year: 28th May, 2018)* which has been approved by share holders at the Annual General Meeting held on 26th August, 2019 *(Previous Year: 25th September, 2018)*. | **636.61** | *318.31* |
| | [excludes dividend on 1,66,398 equity shares held by a subsidiary, which have been eliminated on consolidation] | | |
| | Dividend Distribution Tax paid | **132.56** | *66.28* |
| | **Proposed dividend** | | |
| (ii) | Dividend not recognised at the end of reporting year | | |
| | In addition to the above dividends, since year end, the board of directors have recommended the payment of a dividend of ₹ Nil per equity share for the year ended 31st March, 2020 *(Previous Year dividend of ₹ 2.50 per equity share and an additional Special Centenary Year Dividend of ₹ 2.50 per equity share)*. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting. | - | *636.61* |
| | [excludes dividend on 1,66,398 equity shares held by a subsidiary, which have been eliminated on consolidation] | | |
| | Dividend Distribution Tax on proposed dividend | - | *132.56* |

**20. Non-current Borrowings**

₹ in Lakhs

| | Non-current portion | | Current maturities | |
|---|---|---|---|---|
| **Particulars** | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
| **A - Secured – at amortised cost** | | | | |
| **(a) Debentures** | - | - | - | *3,994.97* |
| Redeemable Non-Convertible Debentures - Secured by mortgage of premises being the land and factory situated at Waluj, Aurangabad together with plant and machinery and other support facilities. | | | | |
| 400 debentures of face value ₹ 10,00,000 each amounting to ₹ 4,000.00 lakhs were alloted on 20th July, 2016 carrying coupon rate of 9.10% payable half yearly (till 26th October, 2018) and 9.35% payable half yearly (w.e.f. 27th October, 2018). The debentures was repaid on 22nd July, 2019. | | | | |
| **(b) Term loans** | | | | |
| **From banks** | | | | |
| **i) Axis Bank, Dubai Foreign currency Term loan -** Secured by first charge on the vessels refinanced under the loan and a first charge over Designated Earnings Account, receivables, earnings, claims against third parties, revenues of the Vessels of whatsoever nature. The second ECB term loan is secured by first charge on the stainless steel vessel acquired in January, 2018 and pari passu charge on one marinline coated vessel, further first charge over designated earnings account, receivables, earnings, claims against third parties, revenues of the stainless steel vessel. | **5,993.08** | *19,264.11* | **14,817.90** | *4,188.63* |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

| Particulars | | Non-current portion | | Current maturities | |
|---|---|---|---|---|---|
| | | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
| | The foreign currency term loan from Axis Bank, DIFC Branch, Dubai was obtained in July 2014 at Libor plus a Margin of 4.15%, which was revised to 3.50% with effect from 2nd January, 2016 and further revised to 3.00% with effect from 1st April, 2017. A subsidiary has prepaid an amount of USD 3 million on 29th March 2016. The loan is repayable in 12 consecutive unequal semi-annual instalments starting at the end of 6 months from the initial utilisation date i.e. July 2, 2014. The repayment of instalment follow an increasing pattern culminating in a bullet repayment instalment of USD 187.28 Lakhs on July 2, 2020. | | | | |
| | The second ECB loan was availed from Axis Bank, DIFC Branch, Dubai in January 2018 at Libor plus a Margin of 2.76%. The loan is repayable in 12 equal semi-annual instalments starting at the end of 1 year from the initial utilisation date i.e January 10, 2018. The repayment of instalment follow a constant pattern culminating in a bullet repayment instalment of USD 43.16 Lakhs on Jan 10, 2025. | | | | |
| | One of the subsidiary of the Group namely Shapoorji Pallonji Forbes Shipping Limited ('SPFSL'), is required to maintain as on the last date of each financial reporting period, a Fixed Asset Coverage Ratio of atleast 1.25:1. | | | | |
| | SPFSL shall ensure that its payment obligations under the refinancing agreement rank and continue to rank at least pari passu with the claims of all of its other unsecured and unsubordinated creditors, except for the obligations mandatorily preferred by law applied to companies generally. | | | | |
| | SPFSL is required to establish and maintain a Designated Earning Account and ensure that all Earnings are paid in respect of each vessel are paid into the Designated Earning Account. | | | | |
| | SPFSL is also required to establish and maintain a Debt Service Reserve Account, an interest bearing USD - denominated bank account to be opened with Axis Bank Ltd., DIFC Branch, Dubai. The account should have an amount equal to the aggregate of the next immediate schedule Repayment Instalment to be paid and the next immediate scheduled interest due and payable which has been complied with. | | | | |
| **ii)** | **Federal Bank -** Secured by first charge by way of hypothecation of certain investment properties of the Company (Refer Note 65). | **1,997.14** | *4,994.11* | **3,000.00** | *1,000.00* |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

| Particulars | Non-current portion | | Current maturities | |
|---|---|---|---|---|
| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
| [Repayable in 8 quaterly installments, after a moratorium period of 12 months. First installment is due in November 2019 and last installment is due in August 2021. Rate of interest is MCLR + 0.5% spread] | | | | |
| iii) **Zoroastrian Bank -** Secured by an exclusive charge by way of hypothecation of certain investment properties of the Company (Refer Note 65).<br>[Repayable in 30 monthly installments after a moratorium period of 6 months. First installment is due in July 2019 and last installment is due in January, 2022. Rate of interest is 9.50% p.a.] | **554.32** | *1,232.10* | **677.77** | *467.90* |
| **iv) DCB Bank Limited Term Loan -** Secured by first Pari-passu charge on leasehold land and factory building together with Plant & Machinery and other support facilities situated at Waluj, MIDC, Aurangabad.<br>[Repayable in 15 equal quarterly installments of ₹ 400 Lakhs each. First installment is due in 31st October, 2020 and last installment is due in 30th April, 2024. Rate of interest in the range of 10.09% p.a. to 10.45% p.a.] | **4,224.37** | - | **800.00** | - |
| **v) Axis Bank Ltd -** Secured by a mortgage over Primary : Exclusive 1st charge on movable and immovable fixed assets (tangible and intangible), present and future, of a subsidiary. Collateral: Extension of pari passu 1st charge on current assets of one of the subsidiary.<br>[Floating rate loans with Axis bank Limited with remaining maturity in the previous year not exceeding 12 months. The interest rate on these loans was in the range of 10.20% to 10.25% per annum. The loan was repayable in quarterly repayments of 14 tranches starting from December 2016. The subsidiary has fully repaid the loan in March, 2020.] | **-** | - | **-** | *570.00* |
| **vi) ICICI Bank -** Secured against pari passu charge on tangible assets and brand name/ trade marks (Excluding vehicles and two wheelers purchased under Employee Benefit Scheme) of one of the subsidiary.<br>[Term Loan from ICICI Bank amounting to ₹ 10,000.00 Lakhs (Outstanding as on 31.03.2020 ₹ 10,000.00 Lakhs) carries interest rate of 1 year MCLR + Spread. The loan is repayable in 16 equal quartely instalments starting from 18th June 2021.] | **9,849.85** | *9,801.71* | **-** | - |
| **vii) DCB Bank Limited Long Term Working Capital Loan** - Secured by 1st Pari-passu charge on all the present and future current assets of a subsidiary along with Axis Bank Limited. The Maturity of term loan - March - 2021.<br>[Floating rate loans with DCB bank with remaining maturity periods not exceeding 1 Year. The interest rate on these loans is in the range of 10.23% to 10.90% per annum. The loan is repayable in 18 monthly equal instalments from October 2019]. | **-** | *333.32* | **333.32** | *166.68* |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

| Particulars | Non-current portion | | Current maturities | |
|---|---|---|---|---|
| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
| viii) **Foreign Currency External Commercial Borrowings - I** - Secured by first mortgage / pari-passu charge on the immovable properties of a subsidiary situated at Andhra Pradesh, Gujarat, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal secured against pari passu charge over all fixed assets (excluding movable assets for employee benefits). Negative lien on all other assets except suitable carve outs for working capital facilities and pledge over brands owned by one of the subsidiary. [External Commercial Borrowing (ECB) borrowed from The Hongkong and Shangai Banking Corporation and Societe Generale Bank, amounting to Euro Nil (outstanding as on 31st March, 2019 Euro 290.00 Lakhs). The loan is repayable in 11 Equal Semi Annual instalments of Euro 24.16 Lakhs and last instalment of Euro 24.27 Lakhs starting from 12th February 2014 carrying interest rate of Euribor + Margin 2.5% p.a. ] | **-** | | **-** | *1,883.11* |
| **ix) Foreign Currency External Commercial Borrowings II -** The loan is secured against pari passu charge on tangible and brand names / trademarks of one of the subsidiary. [Foreign Currency External Commercial Borrowings (ECB) from ICICI Bank UK Plc amounting to EURO 80.00 Lakhs *(Previous Year Euro 80.00 Lakhs)* [outstanding as on 31st March, 2020 Euro 24 Lakhs (outstanding as on 31st March, 2019 Euro 46.40 Lakhs)] carrying interest rate of Euribor + Margin (2.0%) The loan is repayable in 6 half yearly instalments of Euro 11.20 Lakhs and last instalment of Euro 12.80 Lakhs, beginning from 11th December 2017.] | **-** | *162.05* | **1,971.76** | *3,440.61* |
| | **22,618.76** | *35,787.40* | **21,600.75** | *15,711.90* |
| **B - Unsecured – at amortised cost** | | | | |
| **(i) Yes Bank Ltd.** [Floating rate loans with Yes Bank Limited has effective interest rate in the range of 10.85% to 11.55% per annum *(Previous Year : 11.55%)*. The term Loan shall be repayable in 18 equal quarterly installments of ₹150.00 Lakhs from May 2017. Maturity of term loan - August 2021.] | **450.00** | *900.00* | **450.00** | *600.00* |
| **(ii) Term Loan from Axis Bank** [The loan is repayable in 3 annual instalments of USD 20.00 Lakhs each commencing from the year 2019-20. Loan carries interest rate of LIBOR plus 375 bps per annum.] | **1,429.05** | *2,775.17* | **1,429.05** | *1,390.14* |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

| Particulars | Non-current portion | | Current maturities | |
|---|---|---|---|---|
| | As at 31st Mar., 2020 | *As at 31st Mar., 2019* | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
| (iii) **Bank Debts** | **6,529.46** | *11,919.81* | **3,422.48** | - |
| [Multicurrency Term Facility Agreement amounting to Euro 150 Lakhs. The Loan is repayable in 7 equal instalments, first time in December 2019, and last time in December 2022.] (a part of the loan is secured by pledge of shares of Lux International AG) The loan carries interest rate of 6 month Libor + 2%. | | | | |
| (iv) **Debentures** | | | | |
| a) India Bulls (250 debentures of face value of ₹ 10,00,000 each) | - | - | - | *2,498.36* |
| [Debentures are Unsecured, Redeemable and Non Convertible. Date of allotment of Debentures : March 20, 2017. One time bullet repayment on March 20, 2020. The debentures carry interest at 10.38% p.a payable on quarterly basis. The debentures have been repaid on maturity date.] | | | | |
| b) Axis Bank (350 debentures of face value of ₹ 10,00,000 each) | - | *3,480.57* | **3,493.11** | - |
| [Debentures are Unsecured, Redeemable and Non Convertible. Date of allotment of Debentures : October 18, 2017. One time bullet repayment on October 18, 2020. The debentures carry interest at 9.90% p.a payable on quarterly basis. Interest rate has been revised to 10.40% w.e.f. 18th July, 2019 and 10.15% p.a w.e.f. October 27, 2018.] | | | | |
| (v) **Liability component of Redeemable Preference Share Capital (Refer Note 49 and 50)** | **3,355.58** | *2,988.87* | - | - |
| | - | - | | |
| | **11,764.09** | *22,064.42* | **8,794.64** | *4,488.50* |
| **Total (A+B)** | **34,382.85** | *57,851.82* | **30,395.39** | *20,200.40* |
| Less: Amount disclosed under "Other current financial liabilities" in Note 21B. | - | - | **(30,395.39)** | *(20,200.40)* |
| **Total Non-current borrowings** | **34,382.85** | *57,851.82* | - | - |

## 21. Other financial liabilities

### 21A. Non Current

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| a) Security deposits | **122.33** | *218.74* |
| b) Others: - | | |
| - Pension liability | **4,068.49** | *4,320.54* |
| - Liability towards employee and other contractual liabilities | - | *54.84* |
| - Other payables | **72.67** | *73.90* |
| **Total** | **4,263.49** | *4,668.02* |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**21B. Current**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| a) Current maturities of long-term borrowings | **30,395.39** | *20,200.40* |
| b) Interest accrued but not due on borrowings | **409.35** | *634.71* |
| c) Unpaid dividends ** | **25.82** | *17.28* |
| d) Others :- | | |
| - Payables on purchase of fixed assets | **536.77** | *166.04* |
| - Security deposits | **5,641.30** | *5,626.59* |
| - Liability towards derivative contracts | **96.96** | *310.05* |
| - Liability towards employee and other contractual liabilities | **7,476.70** | *8,236.50* |
| - Dues on account of customer rebate schemes and other contractual liabilities | **1,687.34** | *1,568.65* |
| - Other accrued liabilities | **1,874.17** | *1,677.50* |
| | **17,313.24** | *17,585.33* |
| Total | **48,143.80** | *38,437.72* |

** The Company has transferred ₹ 0.01 Lakh pertaining to unpaid dividend of 2011-12 to the Investor Education and Protection Fund (IEPF) on 22nd June, 2020. This represents demand drafts issued to shareholders not encashed upto the due date of transfer to IEPF and were credited back to the unpaid dividend account of the Company on expiry.

**22. Provisions**

**22A. Non current**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **a) Employee benefits** | | |
| Gratuity (Refer Note 44) | **161.01** | *150.53* |
| Other post retirement benefits (Refer Note 44) | **261.19** | *260.04* |
| | **422.20** | *410.57* |
| **b) Other provisions** | | |
| For Warranty (Refer Note 43) | **204.66** | *229.20* |
| Other provisions (Refer Note 43) | **654.77** | *409.11* |
| | **859.43** | *638.31* |
| Total | **1,281.63** | *1,048.88* |

**Note:**

Other provisions comprises provision for contingencies, restructuring and other provisions which represents the present value of the Group's best estimate of the future outflow of economic benefits that will be required for certain indirect tax and legal matters. The outflow would depend on settlement / conclusion of respective matters / cessation of expected events with respective authorities. The movement of provision for contingencies is depicted under Note 43.

**22B. Current**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **a) Employee benefits** | | |
| Compensated absences | **1,125.86** | *1,119.76* |
| Gratuity (Refer Note 44) | **630.10** | *484.87* |
| Other post retirement benefits (Refer Note 44) | **43.48** | *43.48* |
| | **1,799.44** | *1,648.11* |
| **b) Other provisions** | | |
| For Warranty (Refer Note 43) | **1,562.86** | *1,071.83* |
| Other provisions (Refer Note 43) | **923.11** | *380.75* |
| | **2,485.97** | *1,452.58* |
| Total | **4,285.41** | *3,100.69* |

**23. Deferred tax**

**23A. Deferred tax assets**

The following is the analysis of deferred tax assets presented in the balance sheet:

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| Deferred tax assets (Refer Note 40) | **7,785.95** | *6,651.77* |
| **Total** | **7,785.95** | *6,651.77* |

**23B. Deferred tax liabilities**

The following is the analysis of deferred tax (liabilities) presented in the balance sheet:

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| Deferred tax liabilities (Refer Note 40) | **(351.73)** | *(486.47)* |
| **Total** | **(351.73)** | *(486.47)* |

**24. Other liabilities**

**24A. Non-current**

₹ in Lakhs

| Particulars | | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|---|
| a) | Income received in advance | **11,581.85** | *10,886.80* |
| b) | Others | | |
| | - Payable to employees | **1,011.63** | *1,149.14* |
| | **Total** | **12,593.48** | *12,035.94* |

**24B. Current**

₹ in Lakhs

| Particulars | | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|---|
| a) | Income received in advance | **32,861.04** | *30,274.44* |
| b) | Advances from customers (includes ₹ 38,594.46 Lakhs *(Previous Year ₹ 25,461.61 Lakhs)* towards installments received from customers towards real estate development projects in progress) (Refer Note 63) | **40,556.74** | *26,909.22* |
| c) | Statutory remittances | **1,559.87** | *1,847.16* |
| d) | Others | | |
| | - Payable to employees | **1,645.45** | *1,952.30* |
| | - Contract liabilities (Refer Note 1 below) | **6.00** | *62.00* |
| | - Refund liabilities (Refer Note 2 below) | **1,104.46** | *1,019.68* |
| | - Other payables | **620.08** | *511.80* |
| | **Total** | **78,353.64** | *62,576.60* |

Notes:

1 Contract liabilities pertains to deferred revenue arising as a separate performance obligation.

2 The Group recognises a refund liability for the amount of consideration received when a customer has a right to return products within a given period. Refund liabilities also include amount recognised for various discounts and incentives payable to customers.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**25. Current Borrowings**

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| **A - Secured - at amortised cost** | | |
| a) Loans repayable on demand | | |
| - from banks | | |
| Cash credit facilities/ Buyers Credit | **29,968.87** | *19,947.28* |
| Cash credit facilities/ buyers credit amounting to ₹ 18,674.00 Lakhs *(Previous Year ₹ 9,995.38 Lakhs)* is secured by pari-passu charge on a subsidiary's immovable properties, current assets, hypothecation of stock-in-trade and book debts and carries interest at 9.00% to 12.70% p.a. *(Previous Year 8.33% to 13% p.a.)*. In case of Foreign entities of a subsidiary, the interest rate for all bank overdrafts were between 1.69% and 13% *(Previous Year 1.69% and 12%. p.a.)*. | | |
| Cash credit facilities amounting ₹ 4,675.05 Lakhs *(Previous Year ₹ 4,638.79 Lakhs)* from Axis Bank and Development Credit Bank Limited Bank are secured by pari-passu hypothecation charge on all inventory and trade receivables of a subsidiary with carrying amount of ₹ 6,805.22 Lakhs *(Previous Year ₹ 9,803.61 Lakhs)*. Average rate of interest on facilities ranges from 10.20% to 10.74% *(Previous Year 10.20% to 10.74%)*. | | |
| Cash credit from consortium of banks amounting to ₹ 1,678.07 Lakhs *(Previous Year ₹ 971.05 Lakhs)* is secured against pari-passu charge by way of hypothecation of all stocks including raw materials, stock-in-process, finished goods, stores and spares, goods in transit, trade receivables and other current assets, except receivables of project Vicinia of the parent company (Refer Note 65). | | |
| Overdraft facility from Axis Bank ₹ 4,941.75 Lakhs *(Previous Year ₹ 4,342.06 Lakhs)* is secured by first charge on project Vicinia receivables to the extent pertaining to Forbes & Company Limited (Refer Note 65). | | |
| The loan of Lux Hungary is secured by the pledge of total assets in Lux Hungary upto a maximum amount of ₹ 3,716.60 Lakhs *(Previous Year ₹ 3,716.60 Lakhs)*. | | |
| | **29,968.87** | *19,947.28* |
| **B - Unsecured - at amortised cost** | | |
| a) Loans repayable on demand | **986.31** | *6,476.82* |
| - from banks | | |
| Unsecured short term borrowing from banks carries interest at 7.87 % to 8.95 % p.a. *(Previous Year 7.50 % to 10.50 % p.a.)* | | |
| b) Credit card facility availed from Axis Bank (Tenure of 51 days) | **656.99** | - |
| c) Loans from related parties (refer Note 48) (refer Notes 1, 2 and 3 below) | **12,876.53** | *2,473.14* |
| | **14,519.83** | *8,949.96* |
| **Total** | **44,488.70** | *28,897.24* |

**Notes:**

1. Fixed rate loan with Shapoorji Pallonji Development Managers Private Limited (formerly Lucrative Properties Private Limited) is repayable on demand. The effective rate of interest is 12.50% p.a *(Previous Year 12.50% p.a)*.
2. Fixed rate loan with Shapoorji Pallonji and Company Private Limited is repayable on demand. The effective rate of interest ranges from 10.50% p.a to 11.50% p.a. *(Previous Year 11.50% p.a)*.
3. Fixed rate loan with Infinite Water Solutions is repayable on demand. The effective rate of interest ranges from 10.25% p.a.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### 26. Trade payables
### 26 Current

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | As at 31st Mar., 2019 |
|---|---|---|
| Trade payables | | |
| - Others | **37,802.71** | *39,132.18* |
| - Micro and small enterprises | **2,831.74** | *1,897.03* |
| **Total** | **40,634.45** | *41,029.21* |

The information as required under Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Group and relied upon by Auditors, is as follows:-

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | As at 31st Mar., 2019 |
|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | **2,650.13** | *1,762.62* |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | **119.10** | *76.79* |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | **1,054.86** | *1,098.21* |
| Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | *91.91* |
| Interest due and payable towards suppliers registered under MSMED Act, for payments already made | **3.59** | *26.06* |
| Further interest remaining due and payable for earlier years | **58.92** | *31.56* |

### 27. Current tax assets and liabilities

₹ in Lakhs

| Particulars | As at 31st Mar., 2020 | As at 31st Mar., 2019 |
|---|---|---|
| Current tax assets (net) | | |
| Tax refund receivable | **7,448.85** | *6,131.03* |
| | **7,448.85** | *6,131.03* |
| Current tax liabilities (net) | | |
| Income tax payable | **497.85** | *500.39* |
| | **497.85** | *500.39* |
| Net Asset | **6,951.00** | *5,630.64* |
| Movement during the year | | |
| Balance at the beginning of the year | **5,630.64** | *6,281.78* |
| Add: Taxes paid (including tax deducted at source / self assessment tax) | **2,066.16** | *2,634.11* |
| Add: Interest receivable accounted in current year | **148.54** | - |
| Less: Refund received (net of taxes paid / adjusted) | - | *(648.07)* |
| Less: Current tax payable for the year | **(894.34)** | *(2,637.18)* |
| Balance at the year end | **6,951.00** | *5,630.64* |

### 28. Revenue from operations

The following is an analysis of the Group's revenue for the year

₹ in Lakhs

| Particulars | Year Ended 31st Mar., 2020 | Year Ended 31st Mar., 2019 |
|---|---|---|
| **a) Income from real estate contracts (Refer Note 63)** | - | - |
| **b) Sale of products (including excise duty)** | **1,93,031.31** | *2,00,604.68* |
| **c) Sale of services** | | |
| i) Charter hire income | **11,468.06** | *11,414.04* |
| ii) Maintenance and support service charges | **63,799.50** | *63,317.45* |
| iii) Transaction charges | **249.25** | *243.03* |
| iv) Commission income | **2,258.26** | *4,043.05* |
| | **77,775.07** | *79,017.57* |
| **d) Other operating revenues** | | |
| i) Rent and amenities | **1,921.13** | *2,009.11* |
| ii) Export incentives | **117.57** | *158.57* |
| iii) Others (mainly includes scrap sales, interest on instalments and income from renting of products) | **2,612.76** | *3,535.64* |
| | **4,651.46** | *5,703.32* |
| **Total** | **2,75,457.84** | *2,85,325.57* |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

## 29. Other income

₹ in Lakhs

| Particulars | | Year Ended 31st Mar., 2020 | *Year Ended 31st Mar., 2019* |
|---|---|---|---|
| **a)** | **Interest Income** | | |
| | **Interest income earned on financial assets that are not designated as at fair value through profit or loss:** | | |
| (i) | Bank deposits | **177.99** | *142.76* |
| (ii) | Interest income from financial assets and others at amortised cost | **85.71** | *260.82* |
| (iii) | Customers and others | **15.50** | *8.43* |
| | | **279.20** | *412.01* |
| **b)** | **Dividend Income** | | |
| (i) | from long-term investments | **0.06** | *0.04* |
| (ii) | from current investments | **-** | *0.04* |
| | | **0.06** | *0.08* |
| **c)** | **Other Non-Operating Income** | | |
| (i) | Credit balances / excess provision written back | **155.51** | *749.37* |
| (ii) | Rent Income | **31.61** | *32.65* |
| (iii) | Interest on Income Tax/ Wealth Tax refund | **317.13** | *386.38* |
| (iv) | Miscellaneous income (includes Government grants ₹ 211.80 Lakhs *(Previous Year ₹ 415.41 Lakhs)*. | **1,410.23** | *1,606.32* |
| | | **1,914.48** | *2,774.72* |
| **d)** | **Other gains and losses** | | |
| (i) | Gain on disposal of property, plant and equipment | **447.57** | *56.30* |
| (ii) | Gain on disposal of Right-of-use assets | **7.94** | *-* |
| (iii) | Gain on disposal of current investments | **105.04** | *412.94* |
| (iv) | Gain on disposal of subidiary | **-** | *84.56* |
| (v) | Net foreign exchange gains | **913.51** | *-* |
| (vi) | Guarantee Commission | **25.49** | *25.42* |
| | | **1,499.55** | *579.22* |
| | **Total** | **3,693.29** | *3,766.03* |

## 30. Real estate development costs

₹ in Lakhs

| Particulars | Year Ended 31st Mar., 2020 | Year Ended 31st Mar., 2019 |
|---|---|---|
| **Real estate development costs** | | |
| i) Material and contractual payments | **6,148.92** | 4,881.12 |
| ii) Fees for technical services / design and drawings | **109.08** | 100.81 |
| iii) Project management consultancy fees | **247.31** | 451.23 |
| iv) Fees-filing with statutory authorities | **1,649.32** | 1,431.71 |
| v) Interest on borrowings | **393.90** | 507.47 |
| vi) Operation and maintenance expenses | **182.73** | 182.57 |
| **Total** | **8,731.26** | 7,554.91 |

## 31. A. Cost of materials consumed (raw and packing materials)

₹ in Lakhs

| Particulars | Year Ended 31st Mar., 2020 | *Year Ended 31st Mar., 2019* |
|---|---|---|
| Opening Stock of of raw materials including packing materials | **6,926.86** | *5,649.77* |
| Purchases | **77,816.86** | *77,207.32* |
| | **84,743.72** | *82,857.09* |
| Less: Closing stock of raw materials including packing materials | **7,595.93** | *6,926.86* |
| | **77,147.79** | *75,930.23* |
| **Total** | **77,147.79** | *75,930.23* |

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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### B. Changes in inventories of finished goods, work-in-progress and stock-in-trade.

| Particulars | | Year Ended 31st Mar., 2020 | *Year Ended 31st Mar., 2019* |
|---|---|---|---|
| **a)** | **Inventories at the end of the year:** | | |
| i) | Finished goods | **10,059.06** | *8,226.07* |
| ii) | Work-in-progress | **944.97** | *788.97* |
| iii) | Stock-in-trade | **11,813.63** | *10,873.96* |
| iv) | Spares and accessories | **7,691.61** | *8,296.51* |
| v) | Real estate development work-in-progress | **33,035.57** | *24,304.31* |
| | | **63,544.84** | *52,489.82* |
| **b)** | **Inventories at the beginning of the year:** | | |
| i) | Finished goods | **8,226.07** | *6,945.55* |
| ii) | Work-in-progress | **788.97** | *569.40* |
| iii) | Stock-in-trade | **10,873.96** | *15,526.70* |
| iv) | Spares and accessories | **8,296.51** | *9,110.34* |
| iv) | Real estate development work-in-progress | **24,304.31** | *5,586.14* |
| | | **52,489.82** | *37,738.13* |
| **c)** | **Increase in Inventory due to adoption of Ind AS 115** | **-** | *11,163.27* |
| | **Net increase (b+c-a)** | **(11,055.02)** | *(3,588.42)* |

### 32. Employee benefits expense

₹ in Lakhs

| Particulars | | Year Ended 31st Mar., 2020 | *Year Ended 31st Mar., 2019* |
|---|---|---|---|
| i) | Salaries and wages | **64,413.42** | *64,120.46* |
| ii) | Contribution to provident and other funds | **3,579.98** | *2,801.68* |
| iii) | Staff welfare expenses | **1,528.08** | *1,670.66* |
| | **Total** | **69,521.48** | *68,592.80* |

### 33. Finance costs

₹ in Lakhs

| Particulars | | Year Ended 31st Mar., 2020 | *Year Ended 31st Mar., 2019* |
|---|---|---|---|
| (a) | Interest Cost | | |
| (i) | Interest on borrowings | **8,801.14** | *8,272.85* |
| | Less: amounts included in the cost of qualifying assets | **(474.78)** | *(404.54)* |
| | | **8,326.36** | *7,868.31* |
| (ii) | Interest expense on lease liabilities | **357.29** | *-* |
| (iii) | Interest expense on delayed payment of taxes | **8.73** | *1.17* |
| (iv) | Other interest expense | **127.85** | *148.65* |
| (v) | Interest on preference share classified as borrowing | **366.71** | *306.21* |
| (b) | Exchange differences regarded as an adjustment to borrowing costs | **416.08** | *377.09* |
| (c) | Other borrowing costs | **534.68** | *236.36* |
| | **Total** | **10,137.70** | *8,937.79* |

The weighted average capitalisation rate on borrowed funds generally is 10.50% to 10.75% p.a. *(Previous Year 10.14% p.a.)*.

### 34. Depreciation, amortisation and impairment expense

₹ in Lakhs

| Particulars | | Year Ended 31st Mar., 2020 | *Year Ended 31st Mar., 2019* |
|---|---|---|---|
| i) | Depreciation of property, plant and equipment (Refer Note 5) | **6,326.14** | *6,532.63* |
| ii) | Depreciation of Right of use assets (Refer Note 6) | **1,862.43** | *-* |
| iii) | Depreciation of investment properties (Refer Note 7) | **65.94** | *63.45* |
| iv) | Amortisation of intangible assets (Refer Note 9) | **1,677.59** | *1,109.76* |
| v) | Less : Transferred to real estate work-in-progress | **(16.26)** | *(1.19)* |
| | **Total** | **9,915.84** | *7,704.65* |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**35. Other expenses**

₹ in Lakhs

| Particulars | | Year Ended 31st Mar., 2020 | *Year Ended 31st Mar., 2019* |
|---|---|---|---|
| Consumption of stores and spare parts | | **1,850.23** | *2,077.38* |
| Processing charges (including contract labour charges) | | **2,758.09** | *3,293.20* |
| Power and fuel | | **1,259.83** | *1,281.18* |
| Operating costs for shipping business | | | |
| a) Crew and other related expenses | | **169.63** | *182.04* |
| b) Others | | **241.95** | *256.18* |
| Rent and hire charges (Refer Note 64) | | **1,694.44** | *3,060.93* |
| Repairs to : | | | |
| a) Buildings | **182.20** | | *289.43* |
| b) Plant and machinery | **695.61** | | *687.31* |
| c) Others | **1,378.61** | | *1,115.29* |
| | | **2,256.42** | *2,092.03* |
| Insurance | | **942.53** | *787.82* |
| Rates and taxes | | **567.41** | *525.48* |
| Selling expenses, sales promotion, commission and brokerage | | **15,659.40** | *13,193.70* |
| Printing and stationery | | **388.77** | *451.07* |
| Communication | | **1,332.43** | *1,789.86* |
| Advertisement | | **4,879.30** | *5,277.61* |
| Legal and professional charges | | **7,115.23** | *4,990.77* |
| Travelling and conveyance | | **4,389.58** | *4,364.59* |
| Trade receivables / advances written off | **21,156.59** | | *38.38* |
| Less: Provision held | **20,442.19** | | *38.38* |
| | | **714.40** | - |
| Provision for doubtful trade receivables | | **1,564.33** | *266.78* |
| Provision for doubtful loans and advances | | **1,000.48** | *707.89* |
| Managed assets service provider's charges | | **521.18** | *226.13* |
| Service Charges | | **28,246.33** | *25,951.20* |
| Freight and outward charges | | **5,347.45** | *5,597.54* |
| Information technology expenses | | **3,611.12** | *2,959.61* |
| Conference Expenses | | **1,964.78** | *2,034.89* |
| Logistics charges (Refer Note 64) | | **1,773.48** | *2,999.99* |
| Money transfer business expenses | | **578.04** | *408.04* |
| Corporate social responsibility expenditure (Refer Note 2 below) | | **175.36** | *160.25* |
| Net foreign exchange loss | | **-** | *539.75* |
| Other establishment and miscellaneous expenses | | **8,981.59** | *10,153.23* |
| Auditor remuneration | | | |
| To statutory auditors | | | |
| i) For audit | **397.01** | | *246.70* |
| ii) For taxation matters | **6.20** | | *5.78* |
| iii) For other services | **98.49** | | *32.98* |
| iv) For reimbursement of expenses | **8.75** | | *7.58* |
| | | **510.45** | *293.04* |
| To cost auditors | | **8.63** | *8.78* |
| **Total** | | **1,00,502.86** | *95,930.96* |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

Note : Included in other expenses are the below:

₹ in Lakhs

| Particulars | Year Ended 31st Mar., 2020 | *Year Ended 31st Mar., 2019* |
|---|---|---|
| 1. Direct operating expenses arising from investment properties that generated rental income during the year | **90.24** | *173.66* |
| Direct operating expenses arising from investment properties that did not generate rental income during the year | **13.81** | *17.55* |
| **Total** | **104.05** | *191.21* |

2. Details of Corporate social responsibility expenditure:

As per Section 135 of the Act, a Company meeting the applicability threshold, needs to spend atleast 2% of its average net profit for the immediately preceding three financial years on CSR activities. A CSR committee has been formed by the Company as per the Act

₹ in Lakhs

| | Year Ended 31st Mar., 2020 | *Year Ended 31st Mar., 2019* |
|---|---|---|
| Amount required to be spent as per section 135 of the Act. | **204.37** | *164.60* |
| Amount spent/commitments during the year: | | |
| i) Construction/acquisition of an asset | **26.96** | *47.25* |
| ii) Purpose other than (i) above | **148.39** | *113.00* |
| **Total** | **175.35** | *160.25* |
| Agreements entered for construction/ acquisition of assets | - | *4.75* |

## 36. Exceptional items

₹ in Lakhs

| Particulars | Year Ended 31st Mar., 2020 | *Year Ended 31st Mar., 2019* |
|---|---|---|
| a) Expected inflow/ (outflow) for disputed matters (Refer Note 53) | **698.18** | *(1,055.82)* |
| b) Gain on transfer of interest (Refer Note 56) | - | *84.90* |
| c) Provision for impairment of certain intangible assets under development (Refer Note 52) | **(521.61)** | - |
| d) Impairment of Goodwill (Refer Note 8, 55 and 73) | **(21,645.63)** | - |
| **Total** | **(21,469.06)** | *(970.92)* |

## 37. Income taxes

### 37.1 Income tax recognised in Statement of Profit and Loss

₹ in Lakhs

| Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| Current tax (including MAT credit utilised ₹ 651.46 Lakhs *(Previous year ₹ 672.71 Lakhs)* | **894.34** | *2,637.18* |
| Deferred tax | **(1,143.38)** | *(1,188.92)* |
| **Total income tax expense recognised in the current year** | **(249.04)** | *1,448.26* |
| The income tax expense for the year can be reconciled to the accounting profit as follows: | | |
| Profit/ (Loss) before tax | **(34,076.47)** | *1,149.78* |
| Income tax expense calculated at corporate tax rate at 29.12 % *(Previous Year: 34.94%)* | **(9,923.07)** | *401.73* |
| Effect of amounts which are exempt in calculating taxable income | **80.12** | *161.48* |
| Effect of expenses that are not deductible in determining taxable profit | **782.20** | *66.05* |
| Effect of tax incentives and concessions | **(115.05)** | *(88.13)* |
| Tax not payable for loss making entities | **2,183.71** | *415.81* |
| Effect of different tax rates in companies | **6,348.85** | *657.36* |
| Effects of entities consolidated using equity method | **(184.12)** | *(252.02)* |
| Effect on deferred tax assets due to change in tax rates | **696.19** | - |
| MAT credit / brought forward losses recognised based on the return of income filed for AY 2019-20 | **(200.34)** | - |
| Others (mainly comprises effect of impact of elimination and adjustments on consolidation) | **82.47** | *85.98* |
| Income tax expense recognised in Statement of Profit and Loss | **(249.04)** | *1,448.26* |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**37.2 Income tax recognised in other comprehensive income**

**Others**

**Deferred tax**

**Arising on income and expenses recognised in other comprehensive income:**

| Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| Re-measurement of defined benefit obligation | **47.65** | *17.55* |
| Equity instruments through other comprehensive income | **63.62** | *36.62* |
| **Total income tax expense recognised in other comprehensive income** | **111.27** | *54.17* |

**38. Leases**

**(a) Operating lease: Group as lessor**

The Group has entered into operating lease arrangements, consisting of various residential/commercial premises, vehicles, buidlings, offices and equipment to others. None of the lease agreement entered into by the group contain a clause on contingent rent. The Group has taken more than 200 premises and each agreement contain an escalation clause which varies depending upon the specific arrangement with each lessor. In all the rent agreements there are no terms for purchase option or any restriction such as those concerning dividend and additional debts. The Group also gives certain products on operating lease. The rental income from the assets given on lease of ₹ 1,921.13 Lakhs *(Previous Year ₹ 2,009.11 Lakhs)* has been disclosed as "Rent and amenities" under Revenue from operations in Note 28 and ₹ 31.61 Lakhs *(Previous Year ₹ 32.65 Lakhs)* has been disclosed as "Rent Income" under Other Income in Note 29 to the Statement of Profit and Loss.

The Group has entered the business of giving products on operating lease and the details are as under :

| Class of Assets | Gross Carrying Amount | Accumulated Depreciation | Depreciation For the year |
|---|---|---|---|
| | ₹ in Lakhs | ₹ in Lakhs | ₹ in Lakhs |
| Products | 37.11 | 16.96 | 27.92 |
| Moulds | 35.66 | 24.70 | 1.70 |

**Non-cancellable operating lease receivables**

| Period | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| | **₹ in Lakhs** | *₹ in Lakhs* |
| Not later than 1 year | **438.94** | *297.11* |
| Later than 1 year and not later than 5 years | **367.08** | *455.01* |
| **TOTAL** | **806.02** | *752.12* |

**(b) The Group as lessee :**

The Group has taken certain office premises, vehicles, residential flats and equipment on operating lease basis. Future minimum lease payable under non-cancellable operating lease are as follows:

| Period | *As at 31st Mar., 2019* |
|---|---|
| | *₹ in Lakhs* |
| Not later than 1 year | *708.24* |
| Later than 1 year and not later than 5 years | *1291.32* |
| Later than 5 years | *318.99* |
| **TOTAL** | *2318.55* |

Also Refer Note 64.

**39. Earnings per share**

The earnings and weighted average number of equity shares used in the calculation of earnings per share are as follows.

| Particulars | Year Ended 31st Mar., 2020 | *Year Ended 31st Mar., 2019* |
|---|---|---|
| **Profit/(Loss) for the year (A)** (₹ in Lakhs) | **(33,827.43)** | *(298.48)* |
| Weighted average number of equity shares (Net of 1,66,398 equity shares held by a subsidiary) (Quantity in Lakhs) (B) | **127.32** | *127.32* |
| **Basic/ Diluted Earnings per share (A/B) (₹)** | **(265.68)** | *(2.34)* |
| **Profit/(Loss) for the year attributable to owners of the Group (A)** (₹ in Lakhs) | **(32,460.16)** | *696.43* |
| Weighted average number of equity shares (Net of 1,66,398 equity shares held by a subsidiary) (Quantity in Lakhs) (B) | **127.32** | *127.32* |
| **Basic/ Diluted earnings per share attributable to owners of the Group (A/B) (₹)** | **(254.95)** | *5.47* |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**40A. Deferred tax Assets**

The following is the movement of deferred tax assets presented in the Balance Sheet:

**Current Year (2019-20)**

₹ in Lakhs

| | Particulars | Opening balance | Recognised in Statement of Profit and Loss | Foreign Exchange Adjustment | Adjustment on adoption of Ind AS 116 | Recognised in Other Comprehensive Income | MAT Credit utilised against Tax Payable | Closing balance |
|---|---|---|---|---|---|---|---|---|
| **Deferred tax (liabilities)/ assets in relation to:** | | | | | | | | |
| a) | Property, plant and equipment | (673.02) | (47.36) | - | - | - | - | (720.38) |
| b) | Right of Use Assets | - | (0.55) | - | 98.34 | - | - | 97.79 |
| c) | Lease Liability | - | 16.36 | - | (98.34) | - | - | (81.98) |
| d) | Allowance for Doubtful debts and advances | 290.84 | (5.02) | - | - | - | - | 285.82 |
| e) | Provisions and liabilities to be allowed on payment basis | 1,391.06 | (184.72) | - | - | 65.19 | - | 1,271.53 |
| f) | Voluntary retirement scheme | 51.41 | (29.98) | - | - | - | - | 21.43 |
| g) | MAT Credit * | 1,022.25 | (470.16) | - | - | - | - | 552.09 |
| h) | Profits from Real Estate Business | 4,003.31 | 897.85 | - | - | - | - | 4,901.16 |
| i) | Others (includes tax losses) | 1,313.27 | 936.37 | 25.40 | - | 46.08 | - | 2,321.12 |
| | **Total** | **7,399.12** | **1,112.79** | **25.40** | **-** | **111.27** | **-** | **8,648.58** |

* Net off ₹ 181.22 Lakhs *(Previous Year Nil)* MAT credit recognised based on the return of income filed for AY 2019-20.

*Previous Year (2018-19)*

***₹ in Lakhs***

| | *Particulars* | *Opening balance* | *Recognised in Statement of Profit and Loss* | *Foreign Exchange Adjustment* | *Recognised in Retained Earnings* | *Recognised in Other Comprehensive Income* | *MAT Credit utilised against Tax Payable* | *Closing balance* |
|---|---|---|---|---|---|---|---|---|
| *Deferred tax (liabilities)/ assets in relation to:* | | | | | | | | |
| *a)* | *Property, plant and equipment* | *(681.73)* | *8.71* | - | - | - | - | *(673.02)* |
| *b)* | *Allowance for Doubtful debts and advances* | *275.31* | *15.53* | - | - | - | - | *290.84* |
| *c)* | *Provisions and liabilities to be allowed on payment basis* | *1,431.61* | *(76.83)* | - | - | *36.28* | - | *1,391.06* |
| *d)* | *Voluntary retirement scheme* | *76.39* | *(24.98)* | - | - | - | - | *51.41* |
| *e)* | *MAT Credit* | *1,694.96* | *(670.97)* | - | - | - | *(1.74)* | *1,022.25* |
| *f)* | *Profits from Real Estate Business* | - | *1,313.13* | - | *2,690.18* | - | - | *4,003.31* |
| *g)* | *Others (includes tax losses)* | *559.50* | *763.62* | *(27.74)* | - | *17.89* | - | *1,313.27* |
| | *Total* | *3,356.04* | *1,328.21* | *(27.74)* | *2,690.18* | *54.17* | *(1.74)* | *7,399.12* |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**40B. Deferred tax Liabilities**

The following is the movement of deferred tax liabilities presented in the Balance Sheet:
**Current Year (2019-20)**

₹ in Lakhs

| Particulars | Opening balance | Recognised in Statement of Profit and Loss | Recognised in Other Comprehensive Income | Foreign Exchange Adjustment | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax liabilities in relation to:** | | | | | |
| a) Property, plant and equipment | (1,025.48) | 200.98 | - | - | (824.50) |
| b) Others (includes tax losses) | (208.35) | (170.39) | - | (11.12) | (389.86) |
| **Total** | **(1,233.83)** | **30.59** | **-** | **(11.12)** | **(1,214.36)** |

*Previous Year (2018-19)*

*₹ in Lakhs*

| *Particulars* | *Opening balance* | *Recognised in Statement of Profit and Loss* | *Recognised in Other Comprehensive Income* | *Foreign Exchange Adjustment* | *Closing balance* |
|---|---|---|---|---|---|
| *Deferred tax liabilities in relation to:* | | | | | |
| *a) Property, plant and equipment* | *(985.04)* | *(40.44)* | *-* | *-* | *(1,025.48)* |
| *b) Others (includes tax losses)* | *(109.50)* | *(98.85)* | *-* | *-* | *(208.35)* |
| *Total* | *(1,094.54)* | *(139.29)* | *-* | *-* | *(1,233.83)* |

**Note:**
Deferred tax assets and liabilities aggregating to ₹ 862.63 Lakhs *(Previous Year ₹ 747.35 Lakhs)* of certain subsidiaries have been offset due to the netting off provisions applicable in those jurisdictions. Accordingly, the value of deferred tax asset/ liabilities as reflected in the financial statements would reconcile on a net basis with the amount reflected above.

**40C**. Unrecognised deductible temporary differences, unused tax losses and unused tax credits

₹ in Lakhs

| **Particulars** | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following: | | |
| a) Deductible temporary differences (will never expire) | | |
| -Unaborbed depreciation | **4,454.59** | *2,828.15* |
| b) Deductible temporary differences (will expire) | | |
| -Unused tax losses (for which Deferred Tax Asset has not been recognised) | **7,061.34** | *5,537.09* |
| -Unused tax losses (capital in nature) | **2,003.38** | *2,006.80* |
| | **13,519.31** | *10,372.04* |

**Notes** :

1 In respect of Lux Group, deferred tax assets amounting to ₹ 4,894.96 Lakhs *(Previous Year ₹ 2,856.82 Lakhs)* from tax losses carried forward are not capitalised as their recoverability is uncertain.

2 In respect of EFL Mauritius Limited, at 31st March 2020, the Company had accumulated tax losses amounting to ₹ 50.34 Lakhs *(Previous Year ₹ 31.56 Lakhs)* and is therefore not liable to income tax. The accumulated tax losses are available for net off against taxable income arising in the forthcoming five years only.

3 In respect of Forbes Enviro Solutions Limited, owing to losses in the current year, no provision for current tax has been made. Further, unrecognised deferred tax on tax losses and unabsorbed depreciation is ₹ 14.43 Lakhs *(Previous Year ₹ 38.06 Lakhs)* - Expiry date - 31st March 2028

4 In respect of Forbes Lux International AG, at 31st March 2020, the entity had accumulated tax losses amounting to ₹ 43,210.44 Lakhs *(Previous Year ₹ 20,675.76 Lakhs)* and is therefore not liable to income tax.The accumulated tax losses are available for net off against taxable income arising in the forthcoming five years only.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**40D.** Pursuant to the introduction of Section 115 VA under the Income Tax Act 1961, a subsidiary has opted for computation of its income from shipping activities under the Tonnage Tax Scheme. Thus income from business of operating ships is assessed on the basis of deemed tonnage income of that entity and no deffered tax is applicable to such income as there are no temporary differences. The temporary difference in respect of the non-tonnage activities of that entity are not material, in view of which deferred taxation has not been accounted for that entity.

**40E.** Certain subsidiaries and joint ventures of the group have undistributed earnings as at 31st March, 2020 of ₹ 3,693.75 Lakhs *(Previous Year ₹ 3,644.51 Lakhs)* which, if paid out as dividends or Group's interests in them if sold outright, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from these subsidiaries and joint ventures. These entities are not expected to distribute dividends out of their reserves in the foreseeable future. Certain subsidiaries, joint ventures and associates of the group are currently in accumulated deficit, the set-off of those temporary differences is not available against temporary differences of other entities in the group. Also, certain entities who have suffered losses during the year ended 31st March, 2020 which would have restrictions for dividend distribution have been excluded from the aforesaid undistributed earnings calculation.

**41 Contingent liabilities:**

₹ in Lakhs

| | | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|---|
| (a) | Claims against the Group not acknowledged as debts | | |
| 1 | Taxes in dispute:- | | |
| | (i) Excise demand | **4,167.34** | *4,294.87* |
| | (ii) Sales tax and Goods and Service Tax | **4,568.46** | *6,361.97* |
| | (iii) Income-tax * | **6,188.43** | *6,071.63* |
| | (iv) Service-tax | **4,913.10** | *3,041.18* |
| | (v) Customs duty | **101.00** | *100.00* |
| | (vi) Wealth tax | **409.86** | *409.86* |
| 2 | Labour matters in dispute | **11.07** | *19.77* |
| 3 | Customer claims | **3,177.17** | *3,169.04* |
| 4 | Other legal matters ** | **423.40** | *357.98* |

* In calculating the tax expense for the current year, certain subsidiaries in the Group have considered taxability of certain income and allowability of certain expenditure for tax purpose based on the orders/judgments passed in further appeals in its own assessment of earlier years. Based on the same, no additional provision is envisaged necessary as on 31st March, 2020 in respect of earlier years and current year.

** excludes an amount for eviction suit which was filed against a subsidiary namely, Volkart Fleming Shipping & Services Limited, as a tenant and a claim for mense profit. The claim amount is not ascertainable.

(b) Share in contingent liability of Joint Ventures and associates:

The Contingent Liabilities as on 31st March, 2020 is ₹ 219.35 Lakhs *(Previous Year ₹ 182.17 Lakhs)*.

In respect of one of the Joint Venture, pursuant to recent judgement by Hon'ble Supreme Court dated 28th February, 2019, it was held that basic wages for the purpose of Provident Fund, to include special allowances which are common for all employees. However, there is uncertainty with respect to the applicability of the judgement and period from which the same applies.

Owing to the aforesaid uncertainty and pending clarification from the authorities in this regard, the Joint Venture has not recognized any provision for previous years. Further, management also believes that impact of the same on the entity will not be material.

| | | | |
|---|---|---|---|
| (c) | Guarantees given: | | |
| | (i) Guarantee on behalf of related parties | **3,347.79** | *3,107.71* |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**Notes:**

1 In respect of items mentioned above, till the matters are finally decided, the timing of outflow of economic benefits cannot be ascertained.

2 (i) A subsidiary had entered into an agreement with Nayati Multi Super Speciality for providing the Sanitary House Keeping Services at their Hospital. There is a dispute regarding non payment from the customer to this entity for an amount of ₹ 75.46 Lakhs *(Previous Year ₹ 75.46 Lakhs)*. This matter has been referred for arbitration.

(ii) In respect of a subsidiary, Forbes Facility Services Pvt. Ltd., Statutory Liabilities include an amount of ₹ 44.85 Lakhs *(Previous Year ₹ Nil)* towards employee provident fund which is unpaid as on the Balance Sheet date, since the Universal Account Number (UAN) of certain employees could not be generated due to inconsistencies in the personal identity documents of those employees. Subsequently those employees have resigned from the subsidiary. The subsidiary has approached the Provident Fund authorities for resolving this technical matter and are in the process of discharging the liability.

3 The Company has evaluated the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir and Others v/s The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated 20th March, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

**42 Other Commitments**

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 513.58 Lakhs *(Previous Year ₹ 2,903.77 Lakhs)* (net of advances).

(b) The group has issued performance guarantee of ₹ 6,800.93 Lakhs *(Previous Year ₹ 7,848.94 Lakhs)*.

(c) The group has outstanding bank guarantees of ₹ 271.26 Lakhs (Previous Year ₹ 285.38 Lakhs).

(d) Commitment as per share purchase agreement for purchase of shares in a Joint Venture Infinite Water Solutions Limited ₹ 2,124.15 Lakhs (Previous Year Nil).

**43 Details of Provisions**

The Group has made provisions for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

₹ in Lakhs

| Particulars | As at 31st Mar., 2019 | Additions | Utilization | Reversal (withdrawn as no longer required) | As at 31st Mar., 2020 |
|---|---|---|---|---|---|
| Provision for warranty (Refer Note 1 below) | **1,301.03** | **1,661.88** | **(663.18)** | **(532.21)** | **1,767.52** |
| | *1,232.95* | *1,184.21* | *(1,115.16)* | *(0.97)* | *1,301.03* |
| Other Provision (Refer Note 2 below) | **789.86** | **1,083.39** | **(124.28)** | **(171.09)** | **1,577.88** |
| | *1,691.32* | *293.78* | *(843.81)* | *(351.43)* | *789.86* |
| Total | **2,090.89** | **2,745.27** | **(787.46)** | **(703.30)** | **3,345.40** |
| Previous Year | *2,924.27* | *1,477.99* | *(1,958.97)* | *(352.40)* | *2,090.89* |

**Note:**

1. The Group gives warranty on certain products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Warranty provisions are made for expected future outflows where no reimbursements are expected and estimated based on using historical information on the nature of frequency and average cost of warranty claims.
2. Other provisions include provision for contingencies as disclosed above which represent the Group's best estimate of the future outflow of economic benefits that will be required for certain indirect tax, restructuring and legal matters. The outflow would depend on settlement / conclusion of respective matters / cessation of expected events with respective authorities.

Figures in italics relate to the previous year.

**44. Employee Benefits :**

**Brief description of the Plans:**

The Group has various schemes for long term benefits such as Provident Fund (in case of certain employees), Superannuation, Gratuity, Employees State Insurance Fund (ESIC), Employees Pension Scheme, Leave Encashment, Pension and Long Term Service Award and Post Retirement Medical and Non Compete Fees. The Group's defined contribution plans are Provident Fund (in case of certain employees), Superannuation, Employees State Insurance Fund and Employees' Pension Scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The Group has no further obligation beyond making the contributions to such plans. The Group's defined benefit plans include Provident Fund (in case of certain employees), Gratuity, Post Retirement Medical and Non Compete Fees.

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, of 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

The Group operates a defined benefit gratuity plan for employees of certain subsidiaries. The gratuity liability is funded and in some cases, it is unfunded. In case of certain subsidiaries, where the gratuity liability is funded, the Group contributes to a separate trust administered by the Group towards meeting the Gratuity obligation. The Group's liability is determined on the basis of an actuarial valuation. Remeasurements of the net defined benefit liability as per the actuarial valuation report, which comprise actuarial gains and losses are recognised in OCI.

In case of Forbes & Company Limited and certain subsidiaries, the group has obtained insurance policy with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC for amounts notified by LIC. The group accounts for gratuity benefits payable in future based on the calculation performed annually by a qualified actuary using the projected unit credit method at the end of the year. Actuarial Gains and Losses are recognized in OCI.

The Group's Gratuity Plan is administered by an insurer and the Investments are made in various schemes of the trust. The Group funds the plan on a periodical basis.

The eligible employees of the Group are entitled to receive post-employment benefits in respect of provident fund, in which both the employees and the Group make monthly contributions at a specified percentage of the employees' eligible salary. The contributions are made to the Government Family Pension Fund / provident fund managed by the trust set up by the Group which are charged to the Statement of Profit and Loss as incurred.

A large portion of assets managed by the group consists of government and corporate bonds, although the Group also invests in equities, cash and mutual funds. The plan asset mix is in compliance with the requirements of the regulations in case of Provident fund.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations, with the objective that assets of the gratuity / provident fund obligations match the benefit payments as they fall due.

Under the post-retirement medical and non-compete fees, eligible whole-time directors and on their demise, their spouses are entitled to medical benefits subject to certain limits and fixed monthly payment as non-compete fee. The Group accounts for these benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the Projected Unit Credit method.

No other post-retirement benefits are provided to these employees except agreed pension payouts to former Executive Vice Chairman.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk**

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is a mix of investments in government securities, and other debt instruments. For other defined benefit plans, the discount rate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in Government Securities, Special deposit Scheme, Debt instrument and Corporate bonds. Due to the long-term nature of the plan liabilities, the board of the Eureka Forbes Limited Employees Gratuity Fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the Fund.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**Interest risk**

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

**Longevity risk**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

I. Charge to the Statement of Profit and Loss based on contributions:

₹ in Lakhs

| Particulars | Year Ended 31st Mar., 2020 | *Year Ended 31st Mar., 2019* |
|---|---|---|
| Employer's contribution to Provident Fund | **220.64** | *199.98* |
| Employer's contribution to Pension Fund | **1,324.99** | *856.56* |
| Employer's contribution to Superannuation Fund | **206.72** | *202.23* |
| Employer's contribution to ESIC and other funds | **32.84** | *21.95* |

Included in Contribution to Provident and Other Funds (Refer Note 32)

**II. Disclosures for defined benefit plans based on actuarial valuation reports as on 31st March, 2020.**

**A. Change in Defined Benefit Obligation**

₹ in Lakhs

| Particulars | Gratuity (Funded) | | Gratuity (Non-Funded) | | Gratuity (partly funded) | | Others (Post Retirement medical and non compete fees) (non funded) | |
|---|---|---|---|---|---|---|---|---|
| | Year Ended | | Year Ended | | Year Ended | | Year Ended | |
| | 31st Mar., 2020 | *31st Mar., 2019* | 31st Mar., 2020 | *31st Mar., 2019* | 31st Mar., 2020 | *31st Mar., 2019* | 31st Mar., 2020 | *31st Mar., 2019* |
| Present Value of Defined Benefit Obligation as at beginning of the year | **2,433.31** | *2,359.24* | **170.70** | *313.06* | **198.70** | - | **303.52** | *334.11* |
| Amount tranferred to/(from) Gratuity (non funded) | **-** | - | **-** | *(137.62)* | **-** | *137.62* | **-** | - |
| Interest Cost | **187.49** | *178.78* | **11.88** | *13.01* | **13.23** | *9.12* | **22.77** | *25.61* |
| Current Service Cost | **201.82** | *171.51* | **14.27** | *15.43* | **39.98** | *29.43* | **-** | - |
| Liabilities Transferred In/ Acquisition | **-** | - | **-** | *(2.24)* | **-** | - | **-** | - |
| Benefits Paid | **(360.25)** | *(313.46)* | **(63.77)** | *(39.28)* | **(18.07)** | *(15.88)* | **(41.91)** | *(41.09)* |
| Remeasurement of Defined Benefit Obligation | **194.16** | *37.24* | **(11.02)** | *8.34* | **77.24** | *38.41* | **20.29** | *(15.11)* |
| **Present Value of Defined Benefit Obligation as at the end of the year** | **2,656.53** | *2,433.31* | **122.06** | *170.70* | **311.08** | *198.70* | **304.67** | *303.52* |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**B. Changes in the Fair Value of Assets**

₹ in Lakhs

| Particulars | Gratuity (Funded) | | Gratuity (Non-Funded) | | Gratuity (partly funded) | | Others (Post Retirement medical and non compete fees) (non funded) | |
|---|---|---|---|---|---|---|---|---|
| | Year Ended | | Year Ended | | Year Ended | | Year Ended | |
| | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* |
| Fair Value of Plan Assets as at beginning of the year | **2,150.63** | *2,055.86* | **-** | - | **20.00** | - | **-** | - |
| Return on Plan Assets (excluding interest income/ expense) | **95.56** | *5.88* | **-** | - | **(2.58)** | - | **-** | - |
| Interest income | **166.32** | *169.40* | **-** | - | **1.33** | - | **-** | - |
| Contributions from employer | **229.47** | *232.95* | **-** | - | **4.46** | *20.00* | **-** | - |
| Benefits Paid | **(360.25)** | *(313.46)* | **-** | - | **(4.62)** | - | **-** | - |
| Fair Value of Plan Assets as at the end of the year | **2,281.73** | *2,150.63* | **-** | - | **18.59** | *20.00* | **-** | - |

**C. Amount recognised in the Balance Sheet**

₹ in Lakhs

| Particulars | Gratuity (Funded) | | Gratuity (Non-Funded) | | Gratuity (partly funded) | | Others (Post Retirement medical and non compete fees) (Non funded) | |
|---|---|---|---|---|---|---|---|---|
| | Year Ended | | Year Ended | | Year Ended | | Year Ended | |
| | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* |
| Present Value of Defined Benefit Obligation as at the end of the year | **2,656.53** | *2,433.31* | **122.06** | *170.70* | **311.08** | *198.70* | **304.67** | *303.52* |
| Fair Value of Plan Assets as at end of the year | **2,281.73** | *2,150.63* | **-** | - | **18.59** | *20.00* | **-** | - |
| **Net Liability recognised in the Balance Sheet** | **374.80** | *282.68* | **122.06** | *170.70* | **292.49** | *178.70* | **304.67** | *303.52* |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**D. Expenses recognised in Statement of Profit and Loss**

₹ in Lakhs

| Particulars | Gratuity (Funded) | | Gratuity (Non-Funded) | | Gratuity (partly funded) | | Others (Post Retirement medical and non compete fees) (Non funded) | |
|---|---|---|---|---|---|---|---|---|
| | Year Ended | | Year Ended | | Year Ended | | Year Ended | |
| | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* |
| Current Service Cost | **201.82** | *171.51* | **14.27** | *15.43* | **39.98** | *29.43* | **-** | *-* |
| Net interest | **21.17** | *9.38* | **11.88** | *13.01* | **11.90** | *9.12* | **22.77** | *25.61* |
| **Total Expenses / (Income) recognised in the Statement of Profit And Loss*** | **222.99** | *180.89* | **26.15** | *28.44* | **51.88** | *38.55* | **22.77** | *25.61* |

*Included in Salaries and Wages and Contribution to Provident and Other Funds (Refer Note 32).

**E. Expenses Recognized in the Other Comprehensive Income (OCI)**

₹ in Lakhs

| Particulars | Gratuity (Funded) | | Gratuity (Non-Funded) | | Gratuity (partly funded) | | Others (Post Retirement medical and non compete fees) (Non funded) | |
|---|---|---|---|---|---|---|---|---|
| | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* |
| Actuarial (Gains)/Losses on Obligation For the Year - Due to changes in demographic assumptions | **9.43** | *-* | **-** | *-* | **(17.00)** | *-* | **-** | *-* |
| Actuarial (Gains)/Losses on Obligation For the Year - Due to changes in financial assumptions | **97.14** | *17.19* | **5.16** | *2.72* | **94.24** | *(0.40)* | **14.59** | *2.27* |
| Actuarial (Gains)/Losses on Obligation For the Year - Due to experience adjustment | **87.59** | *20.05* | **(16.18)** | *5.62* | **-** | *38.81* | **5.70** | *(17.38)* |
| Return on Plan Assets, excluding Interest Income | **(95.56)** | *(5.88)* | **-** | *-* | **2.58** | *-* | **-** | *-* |
| **Net (Income)/Expense For the Year Recognized in OCI** | **98.60** | *31.36* | **(11.02)** | *8.34* | **79.82** | *38.41* | **20.29** | *(15.11)* |

**F. Principal actuarial assumptions used:**

| Particulars | Gratuity | | Others (Post Retirement medical and non compete fees) | |
|---|---|---|---|---|
| | **As at 31st Mar., 2020** | *31st Mar., 2019* | **As at 31st Mar., 2020** | *31st Mar., 2019* |
| Discount Rate (per annum) | **5.76% to 7.78%** | *6.66% to 7.78%* | **6.43% to 6.89%** | *7.48% to 7.79%* |
| Salary escalation rate | **3.5% to 7%** | *3.5% to 6.00%* | **0.00%** | *0.00%* |
| Mortality rates | **Indian Assured lives Mortality (2006-08)** | *Indian Assured lives Mortality (2006-08)* | | |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**G. Movements in the present value of defined benefit obligation are as follows:**

₹ in Lakhs

| Particulars | Gratuity (Funded) | | Gratuity (Unfunded) | | Gratuity (partly funded) | | Others (Post Retirement medical and non compete fees) (Non funded) | |
|---|---|---|---|---|---|---|---|---|
| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
| Opening Net Liability | **282.68** | *303.38* | **170.70** | *313.06* | **178.70** | - | **303.52** | *334.11* |
| Amount tranferred to/(from) Gratuity (non funded) | - | - | - | *(137.62)* | - | *137.62* | - | - |
| Liabilities Transferred In/ Acquisition | - | - | - | *(2.24)* | - | - | - | - |
| Expenses Recognized in Statement of Profit or Loss | **222.99** | *180.89* | **26.15** | *28.44* | **51.88** | *38.55* | **22.77** | *25.61* |
| Expenses Recognized in OCI | **98.60** | *31.36* | **(11.02)** | *8.34* | **79.82** | *38.41* | **20.29** | *(15.11)* |
| (Benefit Paid Directly by the Employer) | - | - | **(63.77)** | *(39.28)* | **(13.45)** | *(15.88)* | **(41.91)** | *(41.09)* |
| (Employer's Contribution) | **(229.47)** | *(232.95)* | - | - | **(4.46)** | *(20.00)* | - | - |
| **Net Liability/(Asset) Recognized in the Balance Sheet** | **374.80** | *282.68* | **122.06** | *170.70* | **292.49** | *178.70* | **304.67** | *303.52* |

**H. Category of Assets**

₹ in Lakhs

| Particulars | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| | **Gratuity (Funded)** | *Gratuity (Funded)* |
| Government of India Assets (Central and State) | **590.38** | *559.90* |
| Special Deposits Scheme | **41.03** | *41.03* |
| Debt Instruments | **179.58** | *202.74* |
| Corporate Bonds | **355.99** | *373.86* |
| Insurance Fund | **612.40** | *717.50* |
| Mutual Fund | **175.20** | *35.24* |
| State Government Securities | **189.21** | *185.29* |
| Others | **137.94** | *35.07* |
| **Total** | **2,281.73** | *2,150.63* |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**I. Cash Flow Projection: From the Fund**

₹ in Lakhs

| Projected Benefits Payable in Future Years From the Date of Reporting | Gratuity: Estimated for the year ended 31st Mar., 2020 | Gratuity: *Estimated for the year ended 31st Mar., 2019* | Others (Post Retirement medical and non compete fees) (Non funded): Estimated for the year ended 31st Mar., 2020 | Others (Post Retirement medical and non compete fees) (Non funded): *Estimated for the year ended 31st Mar., 2019* |
|---|---|---|---|---|
| 1st Following Year | **360.45** | *385.86* | **43.48** | *43.48* |
| 2nd Following Year | **185.16** | *182.27* | **43.48** | *43.48* |
| 3rd Following Year | **275.54** | *206.50* | **43.48** | *43.48* |
| 4th Following Year | **267.38** | *259.34* | **43.48** | *43.48* |
| 5th Following Year | **291.66** | *257.53* | **43.48** | *43.48* |
| Sum of Years 6 and above | **3,516.48** | *3,821.02* | **217.40** | *217.40* |

**J. Sensitivity Analysis**

₹ in Lakhs

| Projected Benefits Payable in Future Years From the Date of Reporting | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| Impact of +1% Change in Rate of Discounting | **(221.97)** | *(176.35)* |
| Impact of -1% Change in Rate of Discounting | **208.24** | *161.91* |
| Impact of +1% Change in Rate of Salary Increase | **234.59** | *185.33* |
| Impact of -1% Change in Rate of Salary Increase | **(204.15)** | *(164.30)* |
| Impact of +1% Change in Rate of Employee Turnover | **49.30** | *55.68* |
| Impact of -1% Change in Rate of Employee Turnover | **(55.49)** | *(63.05)* |

The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

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

Some of the Indian subsidiaries operate defined benefit gratuity plan for its employees, which requires contributions to be made to a separately administered fund or a financial institution. It is governed by the Payment of Gratuity Act, 1972. In the case of Eureka Forbes Limited, the fund has the form of a trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investments of the fund in accordance with the norms prescribed by the Government of India. In case of certain Indian subsidiaries of the group, the fund is managed by Life Insurance Corporation (LIC) and every year the required contribution amount is paid to LIC.

The aforesaid disclosure have been made to the extent information available in the individual financial statements of the Company and its subsidiaries. Accordingly, the net liability and expense in respect of gratuity and other post retirement benefits disclosed in Note 22A and Note 22B would not reconcile with the figures disclosed above.

In respect of foreign subsidiaries of the group, retirement benefits are governed and accrued as per local statutes and there are no defined benefit plans. The amount contributed to the defined contribution plan is charged to the Statement of Profit & Loss on accrual basis. Hence the above table includes the details of Company’s incorporated in India only.

FORBES



**K. Provident Fund**

The Group has established Provident Fund namely Forbes & Company Ltd. Employees Provident Fund and Eureka Forbes Limited Employees' Provident Fund, in respect of eligible employees to which both the employee and employer make contribution equal to 12% of the employees' basic salary respectively. The Group's contribution to the provident fund for eligible employees, are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the administered interest rate, the same is required to be provided for by the Group. In accordance with the recent actuarial valuation, there is no deficiency in the interest cost as the present value of expected future earnings of the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest.

₹ in Lakhs

| Particulars | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| Employer's contribution to the provident fund trust | **630.99** | *538.89* |

The details of Group's provident fund and planned assets position as at year end is given below:

₹ in Lakhs

| Particulars | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| Present value of Defined Benefit Obligation as at year end | **16,391.15** | *14,469.60* |
| Planned assets as at year end | **18,616.39** | *16,770.31* |

Assumptions used in determining the present value obligation of the interest rate guarantee are as follows:

| Particulars | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| Approach used | **Deterministic** | *Deterministic* |
| Increase in compensation levels | **3.5% to 5.5%** | *3.5% to 6.00%* |
| Discount Rate | **6.43% and 6.82%** | *6.66% and 7.78%* |
| Expected Guaranteed Interest Rate | **8.50%** | *8.65%* |
| Average Expected Future Service | **6 and 20 years** | *8 and 20 years* |
| Average Term to Maturity | **5.36 and 5.59 years** | *5.44 and 5.54 years* |
| Mortality Rate | **Indian Assured Lives Mortality (2006-08) Ultimate** | *Indian Assured Lives Mortality (2006-08) Ultimate* |

The Hon'ble Supreme Court of India, through a ruling in February 2019, provided interpretation on the components of Salary on which the Company and its employees are to contribute towards Provident Fund under the Employee's Provident Fund Act. Based on the current evaluation, certain components of salary paid by the Eureka Forbes Limited (EFL) will be subject to contribution towards Provident Fund due to the Supreme Court order. Consequently EFL has started making contribution to provident fund as per the said interpretation of SC order effective 1 April 2019 and will continue to monitor/ evaluate its position based on future events and developments.

L. The liability for Compensated absences (Non – Funded) as at year end is ₹ 1,125.86 Lakhs *(Previous Year ₹ 1,119.76 Lakhs)* (Refer Note 22B).

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Company makes provision for compensated absences based on an actuarial valuation carried out at the end of the year using the Projected Unit Credit method. Leave obligations not expected to be settled in the next 12 months is ₹ 692.84 Lakhs *(Previous Year ₹ 670.76 Lakhs)*.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

## 45 Financial Instruments

### 45.1 Capital Management

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings as detailed in Notes 20, 21B and 25 offset by cash and bank balances) and total equity of the Group.

The Group determines the amount of capital required on the basis of annual as well as long term operating plans and other strategic investment plans. The funding requirements are met through non convertible debt securities or other long-term / short-term borrowings. The Group monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Group.

**The capital components of the Group are as given below:**

₹ in Lakhs

| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| **Total Equity** | **1,035.16** | *37,286.55* |
| Short Term Borrowings | **44,488.70** | *28,897.24* |
| Long Term Borrowings (includes accrued interest) | **34,792.20** | *58,486.53* |
| Current Maturities of Long Term Borrowings | **30,395.39** | *20,200.40* |
| **Total Debt** | **1,09,676.29** | *1,07,584.17* |
| Cash and Cash equivalents | **3,452.69** | *7,056.00* |
| Bank balances other than above | **3,001.81** | *433.25* |
| **Net Debt** | **1,03,221.79** | *1,00,094.92* |
| **Debt Equity ratio** | **62.58** | *2.09* |
| Debt Equity Ratio = Long Term Borrowings (including current maturities) / Total Equity | | |

### 45.2 Financial risk management objectives

The Group monitors and manages the financial risks to the operations of the Group. These risks include market risk, credit risk and liquidity risk.

### 45.3 Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (Refer Note 45.7) and interest rates (Refer Note 45.6). The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

### 45.4 Credit risk management

**Trade receivables**

Trade receivables are generally unsecured and are derived from revenue earned from customers. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix and forward-looking information and an assessment of the credit risk over the expected life of the financial asset to compute the expected credit loss allowance for trade receivables. Historical experience of collecting receivables of the Group is supported by low level of past default and hence the credit risk is perceived to be low.

**Other financial assets**

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are mutual funds and banks with high credit-ratings assigned by credit-rating agencies.

In addition, the Group is exposed to credit risk in relation to the financial guarantees given to banks on behalf of related parties of the Group. The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantee is called on as at 31st Mar., 2020 is ₹ 3,347.79 Lakhs *(Previous Year ₹ 3,107.71 Lakhs)*. Based on expectations at the end of the reporting period, the Group considers that it is more likely that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

### 45.5 Liquidity Risk

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Group manages liquidity risk by banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The below table sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

The Group has undrawn credit lines available as at the end of the reporting period of ₹ 10,133.15 Lakhs *(Previous Year ₹ 8,911.21 Lakhs)*.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the earliest date on which the Group can be required to pay. The tables include principal and interest cash flows. The amounts reflected are gross and undiscounted.

₹ in Lakhs

| | **As at 31st Mar., 2020** | | |
|---|---|---|---|
| Maturities of Financial Liabilities as at the Balance Sheet date | **Upto 1 year** | **1 to 5 years** | **5 years and above** |
| Borrowings (includes interest) | **74,613.77** | **31,316.22** | **5,874.09** |
| Trade Payables | **40,634.45** | **-** | **-** |
| Other Financial Liabilities | **17,242.10** | **4,263.49** | **-** |
| Lease Liabilities | **2,031.43** | **2,703.46** | **173.09** |
| | **1,34,521.75** | **38,283.17** | **6,047.18** |

*₹ in Lakhs*

| | *As at 31st Mar., 2019* | | |
|---|---|---|---|
| *Maturities of Financial Liabilities as at the Balance Sheet date* | *Upto 1 year* | *1 to 5 years* | *5 years and above* |
| *Borrowings (includes interest)* | *51,714.71* | *48,657.77* | *10,212.26* |
| *Trade Payables* | *41,029.21* | *-* | *-* |
| *Other Financial Liabilities* | *17,292.56* | *4,668.02* | *-* |
| | *1,10,036.48* | *53,325.79* | *10,212.26* |

### 45.6 Interest Rate Risk and Sensitivity Analysis

Interest rate risk results from changes in prevailing market interest rates, which can cause a change in the fair value of fixed-rate instruments and changes in the interest payments of the variable-rate instruments.

The Group is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates.

The sensitivity analysis below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period. For floating rate borrowings the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.
If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's

- Profit for the year ended 31st March, 2020 would decrease/increase by ₹ 764.21 Lakhs respectively. This is mainly attributable to the Group's exposure to borrowings at floating interest rates.

- Profit for the year ended 31st March, 2019 would decrease/increase by ₹ 748.51 Lakhs respectively. This is mainly attributable to the Group's exposure to borrowings at floating interest rates.

### 45.7 Derivatives Instruments and unhedged Foreign Currency (FC) exposure

The Group is exposed to Currency Risk arising from its trade exposures and capital/loan receipt/payments denominated, in other than the Functional Currency. The Group has a Foreign Exchange Risk Management policy within which the treasury has to perform and also lays down the checks and controls to ensure the continuing success of the treasury function. The Group has defined strategies for addressing the risks for each category of exposures (e.g. for exports , for imports, for loans, etc.). The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macro-economic conditions.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**Particulars of unhedged foreign currency exposures as at the reporting date**

| | As at 31st Mar., 2020 | | | | *As at 31st Mar., 2019* | | | |
|---|---|---|---|---|---|---|---|---|
| | Advances from customers and Other Liabilities | | Trade receivables | | *Advances from customers and Other Liabilities* | | *Trade receivables* | |
| Currencies | FC (Amount in Lakhs) | ₹ in Lakhs | FC (Amount in Lakhs) | ₹ in Lakhs | *FC (Amount in Lakhs)* | *₹ in Lakhs* | *FC (Amount in Lakhs)* | *₹ in Lakhs* |
| USD | 0.19 | 14.04 | 86.76 | 6,490.93 | 0.13 | 9.34 | 62.87 | 4,365.96 |
| GBP | - | - | 0.19 | 17.30 | - | - | 0.98 | 89.00 |
| EUR | 23.98 | 1,973.76 | - | - | 46.64 | 3,634.00 | 0.75 | 58.59 |

| | As at 31st Mar., 2020 | | As at 31st Mar., 2019 | |
|---|---|---|---|---|
| | Security Deposits | | Security Deposits | |
| Currencies | FC (Amount in Lakhs) | ₹ in Lakhs | FC (Amount in Lakhs) | ₹ in Lakhs |
| USD | 10.58 | 791.48 | 10.58 | 734.72 |

| | As at 31st Mar., 2020 | | | | *As at 31st Mar., 2019* | | | |
|---|---|---|---|---|---|---|---|---|
| | Advances to vendors and Other Advances | | Trade payables | | *Advances to vendors and Other Advances* | | *Trade payables* | |
| Currencies | FC (Amount in Lakhs) | ₹ in Lakhs | FC (Amount in Lakhs) | ₹ in Lakhs | *FC (Amount in Lakhs)* | *₹ in Lakhs* | *FC (Amount in Lakhs)* | *₹ in Lakhs* |
| USD | 24.40 | 1,825.60 | 40.77 | 3,050.39 | 14.08 | 977.67 | 41.46 | 2,879.23 |
| EUR | 0.30 | 24.86 | 6.55 | 538.87 | 247.12 | 19,252.84 | 7.73 | 602.22 |
| CHF | - | - | 0.04 | 3.03 | - | - | 0.01 | 0.96 |
| GBP | - | - | -* | - | - | - | -* | - |
| CNY | - | - | - | - | 0.43 | 4.45 | - | - |
| AUD | - | - | -* | - | - | - | 0.10 | 5.12 |
| AED | 0.14 | 2.82 | 0.70 | 14.26 | - | - | - | - |

* Amount is below rounding off norm adopted by the Group.

| | As at 31st Mar., 2020 | | *As at 31st Mar., 2019* | |
|---|---|---|---|---|
| | Loan from Banks | | *Loan from Banks* | |
| Currencies | FC (Amount in Lakhs) | ₹ In Lakhs | *FC (Amount in Lakhs)* | *₹ In Lakhs* |
| USD | 279.00 | 20,871.97 | 339.31 | 23,563.81 |
| EURO | - | - | 73.99 | 5,764.16 |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

| | **As at 31st Mar., 2020** | | *As at 31st Mar., 2019* | |
|---|---|---|---|---|
| | **Interest Accrued on Borrowings** | | *Interest Accrued on Borrowings* | |
| **Currencies** | **FC (Amount in Lakhs)** | **₹ In Lakhs** | *FC (Amount in Lakhs)* | *₹ In Lakhs* |
| USD | **3.27** | **244.37** | *4.73* | *328.67* |

| | **As at 31st Mar., 2020** | | *As at 31st Mar., 2019* | |
|---|---|---|---|---|
| | **Current Account Balances** | | *Current Account Balances* | |
| **Currencies** | **FC (Amount in Lakhs)** | **₹ In Lakhs** | *FC (Amount in Lakhs)* | *₹ In Lakhs* |
| USD | **40.21** | **3,008.06** | *33.84* | *2,350.11* |
| EURO | **-** | **-** | *0.07* | *5.67* |

Of the above, the Group is mainly exposed to USD, GBP and EUR. Hence the following table analyses the Group's Sensitivity to a 5% increase and a 5% decrease in the exchange rates of these currencies against INR.

**As on 31st March, 2020**

| **Currencies** | **Increase/ Decrease** | **Total Assets in FC (in Lakhs)** | **Total Liabilities in FC (in Lakhs)** | **Impact on Profit or Loss for the year (₹ in Lakhs)** |
|---|---|---|---|---|
| **USD** | **Increase by 5%** | **161.95** | **323.23** | **(603.28)** |
| **USD** | **Decrease by 5%** | **161.95** | **323.23** | **603.28** |
| **GBP** | **Increase by 5%** | **0.19** | **-** | **0.86** |
| **GBP** | **Decrease by 5%** | **0.19** | **-** | **(0.86)** |
| **EUR** | **Increase by 5%** | **0.30** | **30.53** | **(124.39)** |
| **EUR** | **Decrease by 5%** | **0.30** | **30.53** | **124.39** |

*As on 31st March, 2019*

| *Currencies* | *Increase/ Decrease* | *Total Assets in FC (in Lakhs)* | *Total Liabilities in FC (in Lakhs)* | *Impact on Profit or Loss for the year (₹ in Lakhs)* |
|---|---|---|---|---|
| *USD* | *Increase by 5%* | *121.37* | *385.64* | *(946.69)* |
| *USD* | *Decrease by 5%* | *121.37* | *385.64* | *946.69* |
| *GBP* | *Increase by 5%* | *0.98* | *-* | *4.44* |
| *GBP* | *Decrease by 5%* | *0.98* | *-* | *(4.44)* |
| *EUR* | *Increase by 5%* | *247.95* | *128.36* | *329.95* |
| *EUR* | *Decrease by 5%* | *247.95* | *128.36* | *(329.95)* |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**Derivatives Financial Instruments**

The Group has entered into foreign currency options to cover its exchange rate risks pertaining to its foreign currency borrowings.

The following table details the significant derivative financial instruments outstanding at the end of the reporting period.

| **Derivative Financial Instruments** | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| | **Notional Value** | *Notional Value* |
| | **Euro in Lakhs** | *Euro in Lakhs* |
| Foreign Currency Options | **-** | *11.20* |
| | **Fair Value** | *Fair Value* |
| | **₹ in Lakhs** | *₹ in Lakhs* |
| | **-** | *(11.09)* |
| | **Notional Value** | *Notional Value* |
| | **Euro in Lakhs** | *Euro in Lakhs* |
| Cross Currency Interest Rate Swap | **156.69** | *156.69* |
| | **₹ in Lakhs** | *₹ in Lakhs* |
| | **(96.96)** | *(298.96)* |

**45.8 Fair Value Disclosures**

₹ in Lakhs

| | **As at 31st Mar., 2020** | | | *As at 31st Mar., 2019* | | |
|---|---|---|---|---|---|---|
| a) **Categories of Financial Instruments:** | **FVTPL **** | **FVOCI ***** | **Amortised Cost** | *FVTPL *** | *FVOCI **** | *Amortised Cost* |
| **Financial Assets** | | | | | | |
| Investments * | **3,703.24** | **12.86** | **3.92** | *2.56* | *219.21* | *3.92* |
| Loans | **-** | **-** | **3,540.85** | *-* | *-* | *3,655.26* |
| Cash and Bank Balances | **-** | **-** | **6,454.50** | *-* | *-* | *7,489.25* |
| Trade Receivables | **-** | **-** | **43,064.54** | *-* | *-* | *51,811.28* |
| Other Financial Assets | **-** | **-** | **2,440.95** | *-* | *-* | *4,586.83* |
| | **3,703.24** | **12.86** | **55,504.76** | *2.56* | *219.21* | *67,546.54* |
| **Financial liabilities** | | | | | | |
| Borrowings | **-** | **-** | **78,871.55** | *-* | *-* | *86,749.06* |
| Trade Payables | **-** | **-** | **40,634.45** | *-* | *-* | *41,029.21* |
| Other Financial Liabilities | **96.96** | **-** | **52,310.33** | *310.05* | *-* | *42,795.69* |
| Lease Liabilities | **-** | **-** | **4,468.90** | *-* | *-* | *-* |
| | **96.96** | **-** | **1,76,285.23** | *310.05* | *-* | *1,70,573.96* |

* Excludes investment in equity shares of Associates and Joint ventures amounting to ₹ 8,629.12 lakhs *(Previous Year ₹ 7,850.20 lakhs)* accounted using equity method.

** Mandatorily measured at fair value in accordance with Ind AS 109.

*** Investments in equity instruments designated as such upon initial recognition in accordance with paragraph 5.7.5 of Ind AS 109.

These investments in equity instruments are not held for trading. Instead, they are held for medium or long term strategic purpose. Upon the application of IND AS 109, the Group has chosen to designate these investments in equity instruments at FVTOCI as it is believed that this provides a more meaningful presentation for medium or long term strategic investment than reflecting changes in fair value immediately in profit and loss account.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**b) Fair Value Hierarchy and Method of Valuation**

Except as detailed in the following table, the Group considers that the carrying amounts of financial instruments recognised in the financial statements approximate their fair values.

₹ in Lakhs

| Financial Assets | As at 31st Mar., 2020 | | | | |
|---|---|---|---|---|---|
| | Carrying value | Level 1 | Level 2 | Level 3 | Total |
| **Measured at FVTPL** | | | | | |
| **Investments** | | | | | |
| Investments in Equity Instruments | **0.68** | **-** | **-** | **0.68** | **0.68** |
| Investments in Mutual Funds | **3,702.56** | **3,702.56** | **-** | **-** | **3,702.56** |
| **Measured at FVOCI** | | | | | |
| **Investments** | | | | | |
| Investments in Equity Instruments | **12.86** | **-** | **-** | **12.86** | **12.86** |

| Financial Liabilities | As at 31st Mar., 2020 | | | | |
|---|---|---|---|---|---|
| | Carrying value | Level 1 | Level 2 | Level 3 | Total |
| **Other Financial Liabilities** | | | | | |
| Derivatives accounted at FVTPL | **96.96** | **-** | **96.96** | **-** | **96.96** |

₹ in Lakhs

| *Financial Assets* | *As at 31st Mar., 2019* | | | | |
|---|---|---|---|---|---|
| | *Carrying value* | *Level 1* | *Level 2* | *Level 3* | *Total* |
| ***Measured at FVTPL*** | | | | | |
| ***Investments*** | | | | | |
| *Investments in Equity Instruments* | *0.68* | *-* | *-* | *0.68* | *0.68* |
| *Investments in Mutual Funds* | *1.88* | *1.88* | *-* | *-* | *1.88* |
| ***Measured at FVOCI*** | | | | | |
| ***Investments*** | | | | | |
| *Investments in Equity Instruments* | *219.21* | *-* | *-* | *219.21* | *219.21* |

| *Financial Liabilities* | *As at 31st Mar., 2019* | | | | |
|---|---|---|---|---|---|
| | *Carrying value* | *Level 1* | *Level 2* | *Level 3* | *Total* |
| ***Other Financial Liabilities*** | | | | | |
| *Derivatives accounted at FVTPL* | *310.05* | *-* | *310.05* | *-* | *310.05* |

**Note:**
There are no transfers between level 1, level 2 and level 3 during the year.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**c) Fair value measurements using significant unobservable inputs (level 3)**

The following table presents the changes in level 3 items for the period ended 31st March, 2020 and 31st March, 2019.

₹ in Lakhs

| | Total |
|---|---|
| **As at 31st March, 2018** | 326.83 |
| Fair value gain/ (loss) recognised in the Statement of Profit and Loss | (17.81) |
| Fair value gain/ (loss) recognised in Other Comprehensive Income | (89.16) |
| Purchases made during the year | 0.03 |
| **As at 31st March, 2019** | 219.89 |
| Fair value gain/ (loss) recognised in Other Comprehensive Income | *(206.35)* |
| **As at 31st March, 2020** | **13.54** |

Description of significant unobservable inputs to valuations for level 3 items

| Significant unobservable Inputs | Relationship of unobservable Inputs to fair value |
|---|---|
| Long term revenue growth rates taking into accounts managements experience and knowledge of market conditions of the specific industries | A slight increase in the long term revenue growth rates used in isolation would result in increase in fair value |
| Long term pre tax operating margin taking into account managements experience and knowledge of market conditions of the specific industries | A significant increase in the long term pre tax operating margin used in isolation would result in increase in fair value |
| Weighted average cost of capital (WACC), determined using a Capital Asset pricing Model | A slight increase in the WACC used in isolation would result in decrease in Fair value |

**d) Valuation Process**

The main level 3 inputs used for unlisted financial instruments are as follows:

1) the use of quoted market prices or dealer quotes for similar instruments.

2) All of the resulting fair value estimates are included in level 1 except for unlisted equity securities where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

3) The Fair value of financial Instrument that are not traded in an active market is determined using valuation technique. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

**e) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)**

The Group consider that the carrying amounts of financial assets and financial liabilities recognised in Note (a) above approximate their fair values.

**46. Segment reporting**

The Chief Operating Decision maker of the Group examines the Group's performance from a product portfolio and the industries in which they operate and has identified five reportable segments at group level.

The Group has identified business segments as its primary segment and geographical segment as its secondary segment. Business segments are primarily "Health, Hygiene, Safety Products and its services", "Engineering", "Real estate", "IT Enabled Services and Products" and "Shipping and Logistics Services" segment. The Group caters to the needs of the domestic and export markets.

Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis considering the product portfolio and reportable segments when evaluated from the group perspective. Accordingly, certain amounts considered as unallocated by individual subsidiaries of the group have been classified for the purposes of the consolidated segment disclosure based on the product portfolio and industry of the respective subsidiary as this would be more relevant to the users of the financial statements.

**Details of product categories included in each segment comprises:**

Health, Hygiene, Safety Products and its services includes manufacturing, selling, renting and servicing of vacuum cleaners, water filter cum purifiers, water and waste water treatment plant, trading in electronic air cleaning systems, small household appliances, digital security system and fire extinguisher etc.

Engineering Segment includes manufacture/ trading in Precision Cutting Tools, Spring Lock Washers and Marking Systems.

Real Estate includes income from renting out investment properties and revenue from real estate development project.

IT Enabled Services and Products includes trading of note counting machines, electronic cash register, point of sale machine, manufacturing of different types of kiosks, Forbes Xpress consisting of sale of mobile recharge, bill payments and money transfer, transaction network and services comprising of maintenance, servicing and support services for kiosks and other devices. Shipping and Logistics Services segment carries on business of ship owners, charterers etc. Unallocable Corporate Assets mainly comprises of investments, tax receivables and other unallocable assets. Unallocable Liabilities comprise borrowings, provisions and other unallocable liabilities.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### (a) Information about primary business segments for the year:

₹ in Lakhs

| Particulars | Health, Hygiene, Safety Products and its services | | Engineering | | Real estate | | IT Enabled Services and Products | | Shipping and Logistics Services | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* | **31st Mar., 2020** | *31st Mar., 2019* |
| Segment Revenue | **2,36,949.50** | *2,38,807.58* | **17,639.09** | *20,912.42* | **1,862.97** | *1,806.19* | **7,538.22** | *12,385.34* | **11,468.06** | *11,414.04* |
| Inter segment revenue | **46.11** | *34.98* | **1.50** | - | **91.53** | *96.74* | - | - | - | - |
| **Revenue from operations** | **2,36,995.61** | *2,38,842.56* | **17,640.59** | *20,912.42* | **1,954.50** | *1,902.93* | **7,538.22** | *12,385.34* | **11,468.06** | *11,414.04* |
| Segment Results (including exceptional items) | *** (20,111.65)** | *5,753.44* | **(894.17)** | *2,672.45* | **633.91** | *332.67* | **** (4,161.58)** | *1,473.16* | **119.33** | *207.23* |
| Add: Unallocated income (net of unallocated expenses) | | | | | | | | | | |
| Add: Share of profit of joint ventures | | | | | | | | | | |
| Add: Exceptional items other than related to segments (net) | | | | | | | | | | |
| **Profit before tax and finance costs** | | | | | | | | | | |
| Less: Finance costs | | | | | | | | | | |
| **Profit /(Loss) before tax** | | | | | | | | | | |
| **Provision for taxation:** | | | | | | | | | | |
| Tax expense (current & deferred) | | | | | | | | | | |
| Profit /(Loss) for the year | | | | | | | | | | |
| **Capital employed** | | | | | | | | | | |
| **Segment assets** | **1,45,124.42** | *1,64,612.83* | **15,944.69** | *14,063.63* | **37,278.29** | *28,650.27* | **19,471.40** | *23,909.95* | **38,972.82** | *40,478.19* |
| Unallocated corporate assets | | | | | | | | | | |
| **Total assets** | **1,45,124.42** | *1,64,612.83* | **15,944.69** | *14,063.63* | **37,278.29** | *28,650.27* | **19,471.40** | *23,909.95* | **38,972.82** | *40,478.19* |
| **Segment liabilities** | **1,58,234.88** | *1,50,955.28* | **10,045.34** | *4,297.31* | **46,864.13** | *32,677.54* | **20,452.09** | *21,019.00* | **27,714.42** | *27,420.60* |
| Unallocated corporate liabilities | | | | | | | | | | |
| **Total liabilities** | **1,58,234.88** | *1,50,955.28* | **10,045.34** | *4,297.31* | **46,864.13** | *32,677.54* | **20,452.09** | *21,019.00* | **27,714.42** | *27,420.60* |
| **Capital employed** | **(13,110.46)** | *13,657.55* | **5,899.35** | *9,766.32* | **(9,585.84)** | *(4,027.27)* | **(980.69)** | *2,890.95* | **11,258.40** | *13,057.59* |
| **Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress** | **2,859.58** | *2,541.23* | **5,822.85** | *1,268.95* | **0.29** | *96.18* | **588.73** | *1,357.96* | **737.26** | *412.94* |
| Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress | | | | | | | | | | |
| **Total capital expenditure** | **2,859.58** | *2,541.23* | **5,822.85** | *1,268.95* | **0.29** | *96.18* | **588.73** | *1,357.96* | **737.26** | *412.94* |
| **Segment depreciation/ amortisation** | **4,201.15** | *2,891.69* | **880.22** | *676.98* | **228.91** | *225.07* | **1,369.94** | *755.32* | **3,133.69** | *3,109.66* |
| Unallocated corporate depreciation / amortisation | | | | | | | | | | |
| **Total depreciation / amortisation** | **4,201.15** | *2,891.69* | **880.22** | *676.98* | **228.91** | *225.07* | **1,369.94** | *755.32* | **3,133.69** | *3,109.66* |
| **Non-cash segment expenses other than depreciation** | *** 23,633.26** | *764.65* | **155.33** | *78.41* | - | - | **** 1,657.38** | *91.38* | - | - |
| Unallocated non-cash expenses other than depreciation | | | | | | | | | | |
| **Total non-cash expenses other than depreciation** | **23,633.26** | *764.65* | **155.33** | *78.41* | - | - | **1,657.38** | *91.38* | - | - |

## (a) Information about primary business segments for the year: Continued

₹ in Lakhs

| Particulars | Others | | Total | | Elimination | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 31st Mar., 2020 | *31st Mar., 2019* | 31st Mar., 2020 | *31st Mar., 2019* | 31st Mar., 2020 | *31st Mar., 2019* | 31st Mar., 2020 | *31st Mar., 2019* |
| Segment Revenue | - | - | 2,75,457.84 | *2,85,325.57* | - | - | 2,75,457.84 | *2,85,325.57* |
| Inter segment revenue | 33.20 | *33.15* | 172.34 | *164.87* | (172.34) | *(164.87)* | - | - |
| **Revenue from operations** | 33.20 | *33.15* | 2,75,630.18 | *2,85,490.44* | (172.34) | *(164.87)* | 2,75,457.84 | *2,85,325.57* |
| Segment Results (including exceptional items) | 8.77 | *(30.84)* | (24,405.39) | *10,408.11* | - | - | (24,405.39) | *10,408.11* |
| Add: Unallocated income (net of unallocated expenses) | | | | | | | (863.91) | *(70.92)* |
| Add: Share of profit of joint ventures | | | | | | | 632.35 | *721.30* |
| Add: Exceptional items other than related to segments (net) | | | | | | | 698.18 | *(970.92)* |
| **Profit before tax and finance costs** | | | | | | | (23,938.77) | *10,087.57* |
| Less: Finance costs | | | | | | | 10,137.70 | *8,937.79* |
| **Profit /(Loss) before tax** | | | | | | | (34,076.47) | *1,149.78* |
| **Provision for taxation:** | | | | | | | | |
| Tax expense (current & deferred) | | | | | | | (249.04) | *1,448.26* |
| Profit /(Loss) for the year | | | | | | | (33,827.43) | *(298.48)* |
| **Capital employed** | | | | | | | | |
| **Segment assets** | 4.34 | *16.77* | 2,56,795.96 | *2,71,731.64* | | | 2,56,795.96 | *2,71,731.64* |
| Unallocated corporate assets | | | | | | | 17,985.13 | *16,187.89* |
| **Total assets** | 4.34 | *16.77* | 2,56,795.96 | *2,71,731.64* | | | 2,74,781.09 | *2,87,919.53* |
| **Segment liabilities** | 1,040.65 | *2.61* | 2,64,351.51 | *2,36,372.34* | | | 2,64,351.51 | *2,36,372.34* |
| Unallocated corporate liabilities | | | | | | | 9,394.42 | *14,260.64* |
| **Total liabilities** | 1,040.65 | *2.61* | 2,64,351.51 | *2,36,372.34* | | | 2,73,745.93 | *2,50,632.98* |
| **Capital employed** | (1,036.31) | *14.16* | (7,555.55) | *35,359.30* | | | 1,035.16 | *37,286.55* |
| **Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress** | - | - | 10,008.71 | *5,677.26* | | | 10,008.71 | *5,677.26* |
| Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress | | | | | | | 18.46 | *87.52* |
| **Total capital expenditure** | - | - | 10,008.71 | *5,677.26* | | | 10,027.17 | *5,764.78* |
| **Segment depreciation/ amortisation** | - | - | 9,813.91 | *7,658.72* | | | 9,813.91 | *7,658.72* |
| Unallocated corporate depreciation / amortisation | | | | | | | 101.93 | *45.93* |
| **Total depreciation / amortisation** | - | - | 9,813.91 | *7,658.72* | | | 9,915.84 | *7,704.65* |
| **Non-cash segment expenses other than depreciation** | - | - | 25,445.97 | *934.44* | | | 25,445.97 | *934.44* |
| Unallocated non-cash expenses other than depreciation | | | | | | | 0.48 | *40.23* |
| **Total non-cash expenses other than depreciation** | - | - | 25,445.97 | *934.44* | | | 25,446.45 | *974.67* |

* Includes a non-cash charge on account of impairment of goodwill of ₹ 21,645.63 Lakhs for the year ended 31st March, 2020.

** Includes a non-cash charge of impairment of intangible assets under development of ₹ 521.61 Lakhs for the year ended 31st March, 2020.

## (b) Geographical information

| | Within India | | Outside India | | Total | |
|---|---|---|---|---|---|---|
| | 31st Mar., 2020 | *31st Mar., 2019* | 31st Mar., 2020 | *31st Mar., 2019* | 31st Mar., 2020 | *31st Mar., 2019* |
| **Revenue** | 2,28,594.61 | *2,32,484.60* | 46,863.23 | *52,840.97* | 2,75,457.84 | *2,85,325.57* |
| **Non-Current Asset (excluding financial assets and tax assets)** | 46,426.12 | *40,316.42* | 64,246.18 | *88,216.71* | 1,10,672.30 | *1,28,533.13* |
| **Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress** | 9,289.91 | *5,351.84* | 737.26 | *412.94* | 10,027.17 | *5,764.78* |

## (c) Information about major customer

No single customer contributed 10% or more to the group's revenue for the year ended 31st March, 2020 and 31st March, 2019.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### 47. Additional information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/ Associates / Joint Ventures

**Current Year**

| SR. NO. | Particulars | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Net Assets, i.e., total assets minus total liabilities | | Share in profit/(loss) | | Share in other comprehensive income | | Share in total comprehensive income | |
| | Name of the Company | As % of consolidated net assets | Amount ₹ in Lakhs | As % of consolidated profit or loss | Amount ₹ in Lakhs | As % of consolidated other comprehensive income | Amount ₹ in Lakhs | As % of total comprehensive income | Amount ₹ in Lakhs |
| | **Parent** | | | | | | | | |
| | Forbes & Company Limited | 1,948.08 | 20,165.72 | 7.26 | (2,455.18) | 0.81 | (13.32) | 6.96 | (2,468.50) |
| | **Subsidiaries** | | | | | | | | |
| | **Indian** | | | | | | | | |
| 1 | Eureka Forbes Limited | (1,864.14) | (19,296.77) | 117.78 | (39,840.78) | 13.42 | (219.98) | 112.95 | (40,060.76) |
| 2 | Forbes Facility Services Private Limited | 70.71 | 732.00 | 0.59 | (198.77) | 3.64 | (59.73) | 0.73 | (258.50) |
| 3 | Forbes Enviro Solutions Limited | 16.93 | 175.27 | 0.26 | (89.25) | 0.05 | (0.75) | 0.25 | (90.00) |
| 4 | Euro Forbes Financial Services Limited | 0.21 | 2.16 | - | (0.25) | - | - | - | (0.25) |
| 5 | Volkart Fleming Shipping & Services Limited | 58.22 | 602.70 | (0.09) | 28.86 | - | - | (0.08) | 28.86 |
| 6 | Forbes Campbell Finance Limited | 222.21 | 2,300.19 | 0.77 | (258.94) | 144.92 | (2,376.41) | 7.43 | (2,635.35) |
| 7 | Forbes Campbell Services Limited | 2.13 | 22.04 | (0.01) | 3.43 | - | - | (0.01) | 3.43 |
| 8 | Forbes Technosys Limited | (237.64) | (2,459.98) | 17.78 | (6,014.92) | (0.67) | 11.03 | 16.93 | (6,003.89) |
| 9 | Shapoorji Pallonji Forbes Shipping Limited | 1,254.17 | 12,982.69 | 4.35 | (1,471.07) | - | - | 4.15 | (1,471.07) |
| 10 | Campbell Properties & Hospitality Services Limited | 17.65 | 182.69 | (0.01) | 1.80 | - | - | (0.01) | 1.80 |
| 11 | Aquaignis Technologies Private Limited | 29.88 | 309.34 | 0.11 | (35.54) | - | (0.02) | 0.10 | (35.56) |
| | **Foreign** | | | | | | | | |
| 1 | EFL Mauritius Limited | 342.95 | 3,550.08 | 0.04 | (12.46) | 825.70 | (13,539.70) | 38.21 | (13,552.16) |
| 2 | Euro Forbes Limited, Dubai | 125.91 | 1,303.41 | 29.09 | (9,840.78) | (4.37) | 71.60 | 27.54 | (9,769.18) |
| 3 | Forbes Lux FZCO | 388.34 | 4,019.96 | 0.80 | (272.00) | (7.23) | 118.56 | 0.43 | (153.44) |
| 4 | Lux International AG (LIAG) Group | (595.60) | (6,165.42) | 4.81 | (1,626.40) | 25.40 | (416.58) | 5.76 | (2,042.98) |
| 5 | Forbes Lux International AG (FLIAG) Group | (116.42) | (1,205.13) | 63.18 | (21,373.55) | 64.80 | (1,062.66) | 63.26 | (22,436.21) |
| | **Joint Ventures** | | | | | | | | |
| | **Indian** | | | | | | | | |
| 1 | Forbes Bumi Armada Limited | 72.83 | 753.88 | (0.30) | 102.26 | 0.01 | (0.09) | (0.29) | 102.17 |
| 2 | Forbes Concept Hospitality Services Private Limited | 0.03 | 0.35 | 0.02 | (5.94) | - | - | 0.02 | (5.94) |
| 3 | Forbes Aquatech Limited | 95.96 | 993.31 | (0.51) | 171.12 | (0.01) | 0.15 | (0.48) | 171.27 |
| 4 | Infinite Water Solutions Private Limited | 191.61 | 1,983.47 | 0.71 | (240.65) | 0.02 | (0.38) | 0.68 | (241.03) |
| | **Foreign** | | | | | | | | |
| 1 | AMC Cookware (Proprietary) Limited | 436.75 | 4,521.10 | (0.57) | 193.09 | - | - | (0.54) | 193.09 |
| | **Associates** | | | | | | | | |
| | **Indian** | | | | | | | | |
| 1 | Nuevo Consultancy Services Private Limited | 40.42 | 418.36 | (1.22) | 412.47 | - | - | (1.16) | 412.47 |
| | Adjustment/ elimimation on consolidation | (3,352.75) | (34,706.30) | (148.88) | 50,363.29 | (960.03) | 15,742.53 | (186.39) | 66,105.82 |
| | Non-controlling Interest in all subsidiaries | 951.56 | 9,850.04 | 4.04 | (1,367.27) | (6.46) | 105.96 | 3.56 | (1,261.31) |
| | **Total** | 100.00 | 1,035.16 | 100.00 | (33,827.43) | 100.00 | (1,639.79) | 100.00 | (35,467.22) |

* Percentage is below the rounding off norm adopted by Group.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### Previous Year

| SR. NO. | Particulars | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | *Net Assets, i.e., total assets minus total liabilities* | | *Share in profit/(loss)* | | *Share in other comprehensive income* | | *Share in total comprehensive income* | |
| | *Name of the Company* | *As % of consolidated net assets* | *Amount ₹ in Lakhs* | *As % of consolidated profit or loss* | *Amount ₹ in Lakhs* | *As % of consolidated other comprehensive income* | *Amount ₹ in Lakhs* | *As % of total comprehensive income* | *Amount ₹ in Lakhs* |
| | *Parent* | | | | | | | | |
| | *Forbes & Company Limited* | *62.79* | *23,411.71* | *(344.00)* | *1,027.19* | *0.22* | *0.64* | *(95,554.32)* | *1,027.83* |
| | *Subsidiaries* | | | | | | | | |
| | *Indian* | | | | | | | | |
| *1* | *Eureka Forbes Limited* | *55.69* | *20,764.00* | *10,173.11* | *(30,364.60)* | *(21.86)* | *(65.02)* | *28,28,951.80* | *(30,429.62)* |
| *2* | *Forbes Facility Services Private Limited* | *2.66* | *990.50* | *(203.55)* | *607.55* | *(9.15)* | *(27.22)* | *(53,951.56)* | *580.33* |
| *3* | *Aquadiagnostics Water Research & Technology Center Limited* | *-* | *-* | *3.67* | *(10.94)* | *-* | *-* | *1,017.06* | *(10.94)* |
| *4* | *Forbes Enviro Solutions Limited* | *0.17* | *65.25* | *23.30* | *(69.55)* | *0.66* | *1.96* | *6,283.64* | *(67.59)* |
| *5* | *Euro Forbes Financial Services Limited* | *0.01* | *2.41* | *0.02* | *(0.05)* | *-* | | *4.65* | *(0.05)* |
| *6* | *Volkart Fleming Shipping & Services Limited* | *1.54* | *573.84* | *(11.54)* | *34.43* | *-* | *-* | *(3,200.86)* | *34.43* |
| *7* | *Forbes Campbell Finance Limited* | *13.24* | *4,935.55* | *11.98* | *(35.75)* | *(502.18)* | *(1,493.51)* | *1,42,170.78* | *(1,529.26)* |
| *8* | *Forbes Campbell Services Limited* | *0.05* | *18.61* | *(0.58)* | *1.72* | *-* | *-* | *(159.90)* | *1.72* |
| *9* | *Forbes Technosys Limited* | *6.86* | *2,558.95* | *(3.64)* | *10.86* | *(2.56)* | *(7.60)* | *(303.07)* | *3.26* |
| *10* | *Shapoorji Pallonji Forbes Shipping Limited* | *38.76* | *14,453.75* | *396.47* | *(1,183.38)* | *-* | *-* | *1,10,015.34* | *(1,183.38)* |
| *11* | *Campbell Properties & Hospitality Services Limited* | *0.49* | *180.89* | *0.18* | *(0.53)* | *-* | *-* | *49.27* | *(0.53)* |
| *12* | *Aquaignis Technologies Private Limited* | *0.92* | *344.89* | *13.28* | *(39.65)* | *(0.25)* | *(0.74)* | *3,754.94* | *(40.39)* |
| | *Foreign* | | | | | | | | |
| *1* | *EFL Mauritius Limited* | *45.87* | *17,102.24* | *2.95* | *(8.81)* | *230.57* | *685.72* | *(62,930.32)* | *676.91* |
| *2* | *Euro Forbes Limited, Dubai* | *(14.06)* | *(5,240.98)* | *6,602.78* | *(19,707.90)* | *(50.14)* | *(149.12)* | *18,46,048.44* | *(19,857.02)* |
| *3* | *Forbes Lux FZCO* | *(17.66)* | *(6,585.75)* | *259.03* | *(773.16)* | *(3.79)* | *(11.28)* | *72,927.07* | *(784.44)* |
| *4* | *Lux International AG (LIAG) Group* | *(10.04)* | *(3,745.20)* | *550.87* | *(1,644.22)* | *105.59* | *314.04* | *1,23,662.90* | *(1,330.18)* |
| *5* | *Forbes Lux International AG (FLIAG) Group* | *56.94* | *21,231.07* | *120.63* | *(360.07)* | *(608.41)* | *(1,809.43)* | *2,01,692.00* | *(2,169.50)* |
| | *Joint Ventures* | | | | | | | | |
| | *Indian* | | | | | | | | |
| *1* | *Forbes Bumi Armada Limited* | *1.75* | *651.68* | *(38.20)* | *114.01* | *-** | *(0.01)* | *(10,598.51)* | *114.00* |
| *2* | *Forbes Concept Hospitality Services Private Limited* | *0.02* | *6.33* | *0.12* | *(0.36)* | *-* | *-* | *33.47* | *(0.36)* |
| *3* | *Forbes Aquatech Limited* | *2.21* | *822.96* | *(36.40)* | *108.66* | *-* | *-* | *(10,101.80)* | *108.66* |
| *4* | *Infinite Water Solutions Private Limited* | *5.97* | *2,224.51* | *(95.29)* | *284.43* | *-* | *-* | *(26,442.62)* | *284.43* |
| | *Foreign* | | | | | | | | |
| *1* | *AMC Cookware (Proprietary) Limited* | *11.12* | *4,146.26* | *(71.88)* | *214.56* | *-* | *-* | *(19,947.01)* | *214.56* |
| | *Adjustment/ elimimation on consolidation* | *(194.59)* | *(72,549.82)* | *(17,586.58)* | *52,491.99* | *959.96* | *2,855.00* | *(51,45,445.85)* | *55,346.99* |
| | *Non-controlling Interest in all subsidiaries* | *29.29* | *10,922.90* | *333.27* | *(994.91)* | *1.34* | *3.97* | *92,124.46* | *(990.94)* |
| | *Total* | *100.00* | *37,286.55* | *100.00* | *(298.48)* | *100.00* | *297.40* | *100.00* | *(1.08)* |

* Percentage is below the rounding off norm adopted by Group.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**48. Related Party Disclosures**

**Name of the Related Parties and Description of Relationship:**

**(A) Holding Company**

Shapoorji Pallonji & Company Private Limited

**(B) Fellow Subsidiaries/ Enterprises under common control :(where there are transactions in the current/ previous year)**

Afcons Infrastructure Limited
Eureka Forbes Institute of Environment (Trust)
Forvol International Services Limited
Jaykali Developer Private Limited
Shapoorji Pallonji Investment Advisors Private Limited
Gokak Textiles Limited
Gossip Properties Private Limited
Shapoorji Pallonji Development Managers Private Limited (formerly Lucrative Properties Private Limited)
Relationship Properties Private Limited
Samalpatti Power Company Private Limited
Shapoorji Pallonji Infrastructure Capital Company Private Limited
Shapoorji Pallonji Engineering and Construction Private Limited
Shapoorji Infrastructure Private Limited
Shapoorji Pallonji Oil & Gas Private Limited
Sterling and Wilson Private Limited
Sterling and Wilson Solar Limited
SP Fabricators Private Limited
Sterling Investment Corporation Private Limited
Paikar Real Estates Private Limited
Shapoorji Pallonji Rural Solutions Private Limited
United Motors (India) Private Limited
Blue Riband Properties Private Limited
Delphi Properties Private Limited

**(C) Associate Companies:**

Neuvo Consultancy Services Private Limited
Euro P2P Direct (Thailand) Co. Limited
Dhan Gaming Solution (India) Private Limited

**(D) Joint Ventures:**

Forbes Concept Hospitality Services Private Limited
Aquaignis Technologies Private Limited (upto 13th June 2018)
Forbes Aquatech Limited
Infinite Water Solutions Private Limited
AMC Cookware (Proprietary) Limited
Forbes Bumi Armada Limited

**(E) Joint Ventures/ Associates of Holding Company / Fellow Subsidiaries :(where there are transactions)**

Shapoorji Pallonji Bumi Armada Offshore Limited (formerly known as Forbes Bumi Armada Offshore Limited)
HPCL Shapoorji Energy Private Limited
Armada Madura EPC Limited
Transtonnelstroy Afcons Joint Venture

M/s G.S. Enterprise
Joyville Shapoorji Housing Private Limited
SD Corporation Private Limited
Shapoorji Pallonji Finance Private Limited
M/s Sterling Motors
SP Armada Oil Exploration Private Limited

**(F) Key Management Personnel:**

Managing Director of Forbes & Company Limited, Mr. Mahesh Tahilyani
Managing Director and CEO of Eureka Forbes Limited, Mr Marzin R. Shroff

**Non Executive Directors of Forbes & Company Limited**

| | |
|---|---|
| Shapoor P.Mistry | Chairman |
| Jai L. Mavani | Non-Executive Director |
| Kaiwan D. Kalyaniwalla | Independent Director (upto 31.03.2019) |
| D. Sivanandhan | Independent Director |
| Aslesha Gowariker | Independent Director (w.e.f. 30.06.2016 upto 12.06.2018) |
| Rani Jadhav | Independent Director (w.e.f. 01.09.2018) |
| Nikhil Bhatia | Independent Director (w.e.f. 16.05.2019) |

**(G) Post employment benefit plan**

Forbes & Company Limited Employees Provident Fund
Eureka Forbes Limited Employees Gratuity Fund
Eureka Forbes Limited Employees Provident Fund
Eureka Forbes Limited Managing Staff Superannuation Scheme

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**48. Related party disclosures (contd.)**

**Current Year**

**(b) transactions/ balances with above mentioned related parties**

₹ In Lakhs

| Sr. No. | | 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 |
|---|---|---|---|---|---|---|---|---|
| | **Balances** | | | | | | | |
| 1 | Trade Payables and Capital Creditors | 1,417.01 | 59.14 | 653.15 | 3,909.97 | - | - | 6,039.27 |
| 2 | Advances received from customer | - | 2,635.81 | - | - | - | - | 2,635.81 |
| 3 | Interest accrued | 703.07 | 90.85 | - | - | - | - | 793.92 |
| 4 | Trade Receivables | 330.84 | 588.26 | 2,330.66 | 1.06 | 110.12 | - | 3,360.94 |
| 5 | Contractually reimbursable expense | - | 185.52 | - | - | - | - | 185.52 |
| 6 | Preference Shares classified as compound financial instrument | 1,000.00 | 3,090.00 | - | - | 6,180.00 | - | 10,270.00 |
| 7 | Provision for Doubtful Loans and Advances | - | - | 45.38 | - | - | - | 45.38 |
| 8 | Provision for Doubtful Trade Receivables | - | 10.18 | 114.48 | - | - | - | 124.66 |
| 9 | Deposits Payable | 9,475.00 | 459.25 | - | 2,500.00 | 23.79 | - | 12,458.04 |
| 10 | Other Payables | - | - | - | 7.58 | - | - | 7.58 |
| 11 | Inter-corporate deposits receivable | - | - | - | 11.87 | - | - | 11.87 |
| 12 | Guarantees Given | - | - | - | - | 3,347.79 | - | 3,347.79 |
| 13 | Guarantees Taken | 3,740.55 | - | - | - | - | - | 3,740.55 |
| 14 | Advance for Supply of Goods and Services and prepaid expenses | 76.69 | 0.04 | 2,587.68 | - | - | - | 2,664.41 |
| | **Transactions** | | | | | | | |
| | **Purchases / Services** | | | | | | | |
| 15 | Purchase of Fixed Assets/ Goods and Materials | 32.34 | 356.23 | - | 7,449.02 | - | - | 7,837.59 |
| 16 | Receiving of Services | 9.54 | 1.73 | - | - | - | - | 11.27 |
| 17 | Real Estate Developement Expenses | 5,756.06 | - | 816.09 | - | - | - | 6,572.15 |
| | **Sales / Services** | | | | | | | |
| 18 | Goods and Materials | 213.76 | 193.24 | 1,198.42 | 287.09 | 10.66 | - | 1,903.17 |
| 19 | Services Rendered | 846.37 | 1,215.55 | - | 11.44 | 409.64 | - | 2,483.00 |
| | **Expenses** | | | | | | | |
| 20 | Repairs and Other Expenses | 88.37 | 3.55 | - | 1.55 | 0.52 | - | 93.99 |
| 21 | CSR Contribution | - | 25.00 | - | - | - | - | 25.00 |
| 22 | Travelling and conveyance expenses | - | 93.72 | - | - | - | - | 93.72 |
| 23 | Management Fees | 452.94 | - | - | - | - | - | 452.94 |
| 24 | Legal and professional charges | 136.00 | - | - | - | - | - | 136.00 |
| 25 | Recovery of Expenses | - | - | - | 0.18 | - | - | 0.18 |
| 26 | Dividend Paid | 467.96 | - | - | - | - | - | 467.96 |
| 27 | Interest Paid | 503.81 | 142.18 | - | 67.04 | 218.34 | - | 931.37 |
| 28 | Balances written off loans and advances /Trade receivable | - | - | 4,362.05 | - | - | - | 4,362.05 |
| 29 | Remuneration | - | - | - | - | - | 542.42 | 542.42 |
| 30 | Miscellaneous expenses | 0.27 | 0.36 | - | 54.49 | - | 3.60 | 58.72 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

₹ In Lakhs

| Sr. No. | | 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 |
|---|---|---|---|---|---|---|---|---|
| 31 | Selling & Distribution Expenses | - | - | 220.44 | - | - | - | 220.44 |
| 32 | Advertisement and sales promotion | - | 117.04 | - | - | - | - | 117.04 |
| | **Income** | | | | | | | |
| 33 | Rent and Other Service Charges | 33.06 | 124.87 | - | 36.09 | 109.37 | - | 303.39 |
| 34 | Interest Received | - | - | - | 0.10 | - | - | 0.10 |
| 35 | Guarantee Commission | - | 25.49 | - | - | - | - | 25.49 |
| 36 | Miscellaneous Income | 2.67 | - | - | 4.85 | - | - | 7.52 |
| | **Other Receipts** | | | | | | | |
| 37 | Other Reimbursements (Receipts) | - | 123.76 | - | 48.91 | - | - | 172.67 |
| 38 | Other Reimbursements (Payments) | - | 72.39 | 157.59 | - | - | - | 229.98 |
| | **Finance** | | | | | | | |
| 39 | Inter-corporate deposits given | - | - | - | 11.76 | - | - | 11.76 |
| 40 | Inter-corporate deposits taken | 8,850.00 | 280.00 | - | 3,000.10 | - | - | 12,130.10 |
| 41 | Repayment of Deposits Taken | 1,500.00 | 70.00 | - | 500.00 | - | - | 2,070.00 |
| 42 | Advances received from customers | - | 611.12 | - | - | - | - | 611.12 |

For details of investments in associates and joint ventures refer Notes 10A and 10B

Terms and conditions:-

a) All outstanding balances are unsecured and are repayable as per terms of credit and settlement occurs in cash.
b) All related party transactions entered during the year were in ordinary course of business and on arms length basis.
c) The Group has not recorded any impairment of receivables related to amounts owed by related parties except as stated above.

## 48. Related party disclosures (contd.)
**Current Year**

### (b) transactions/ balances with above mentioned related parties

₹ In Lakhs

| | | A | B | B | B | B | B | B | B | B | B | B | B | B | B | B | B | B | B |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Shapoorji Pallonji and Company Private Limited | Afcons Infrastructure Limited | Delphi Properties Private Limited | Blue Riband Properties Private Limited | Eureka Forbes Institute of Environment (Trust) | Forvol International Services Limited | Jaykali Developers Private Limited | Gokak Textiles Limited | Relationship Properties Private Limited | Samalpatti Power Company Private Limited | Shapoorji Pallonji Infrastructure Capital Company Private Limited | Shapoorji Pallonji Engineering and Construction Private Limited | Shappoorji Infrastructure Private Limited | Shapoorji Pallonji Oil & Gas Private Limited | Sterling and Wilson Solar Limited | Sterling and Wilson Private Limited | Sterling Investment Corporation Private Limited | Shapoorji Pallonji Investment Advisors Private Limited |
| | **Balances** | | | | | | | | | | | | | | | | | | |
| 1 | Trade Payables and Capital Creditors | 1,417.01 | - | - | - | - | *** | - | - | - | - | - | - | - | - | *** | - | - | - |
| 2 | Advances received from customer | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Interest accrued | 703.07 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Trade Receivables | *** | 433.96 | - | - | *** | *** | *** | *** | *** | - | *** | *** | *** | *** | - | *** | - | *** |
| 5 | Contractually reimbursable expense | - | - | - | - | - | *** | - | *** | - | - | - | - | - | 48.86 | - | - | - | - |
| 6 | Preference Shares classified as compound financial instrument | *** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 3,090.00 | - |
| 7 | Provision for Doubtful Loans and Advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Provision for Doubtful Trade Receivables | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | *** | - | - |
| 9 | Deposits Payable | 9,475.00 | - | - | - | - | - | - | - | - | - | *** | - | - | *** | - | - | *** | - |
| 10 | Other Payables | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Inter-corporate deposits receivable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | Guarantees Given | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Guarantees Taken | 3,740.55 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Advance for Supply of Goods and Services and prepaid expenses | *** | - | - | - | - | - | - | - | - | - | - | - | - | *** | - | - | - | - |
| | **Transactions** | | | | | | | | | | | | | | | | | | |
| | **Purchases / Services** | | | | | | | | | | | | | | | | | | |
| 15 | Purchase of Fixed Assets/ Goods and Materials | *** | - | - | - | - | *** | - | - | - | - | - | - | - | - | *** | - | - | - |
| 16 | Receiving of Services | 9.54 | - | - | - | - | 1.73 | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Real Estate Developement Expenses | 5,756.06 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Sales / Services** | | | | | | | | | | | | | | | | | | |
| 18 | Goods and Materials | 213.76 | *** | - | - | *** | - | *** | - | *** | - | - | *** | *** | - | - | *** | - | - |
| 19 | Services Rendered | 846.37 | 1,037.45 | - | - | *** | *** | *** | - | *** | *** | - | - | *** | *** | - | *** | - | *** |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

₹ In Lakhs

| | | A | B | B | B | B | B | B | B | B | B | B | B | B | B | B | B | B | B |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Shapoorji Pallonji and Company Private Limited | Afcons Infrastructure Limited | Delphi Properties Private Limited | Blue Riband Properties Private Limited | Eureka Forbes Institute of Environment (Trust) | Forvol International Services Limited | Jaykali Developers Private Limited | Gokak Textiles Limited | Relationship Properties Private Limited | Samalpatti Power Company Private Limited | Shapoorji Pallonji Infrastructure Capital Company Private Limited | Shapoorji Pallonji Engineering and Construction Private Limited | Shappoorji Infrastructure Private Limited | Shapoorji Pallonji Oil & Gas Private Limited | Sterling and Wilson Solar Limited | Sterling and Wilson Private Limited | Sterling Investment Corporation Private Limited | Shapoorji Pallonji Investment Advisors Private Limited |
| | **Expenses** | | | | | | | | | | | | | | | | | | |
| 20 | Repairs and Other Expenses | 88.37 | - | - | - | | *** | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | CSR Contribution | - | - | - | - | 25.00 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Travelling and conveyance expenses | - | - | - | - | - | 93.72 | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | Management Fees | 452.94 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 24 | Legal and professional charges | 136.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 25 | Recovery of Expenses | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 26 | Dividend Paid | 467.96 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 27 | Interest Paid | 503.81 | - | *** | *** | - | - | - | - | - | - | - | - | - | - | - | - | 116.39 | - |
| 28 | Balances written off loans and advances / Trade receivable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 29 | Remuneration | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 30 | Miscellaneous expenses | *** | - | - | - | - | - | - | *** | - | - | - | - | - | - | - | - | - | - |
| 31 | Selling & Distribution Expenses | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 32 | Advertisement and sales promotion | - | - | - | - | - | 117.04 | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Income** | | | | | | | | | | | | | | | | | | |
| 33 | Rent and Other Service Charges | 33.06 | *** | - | - | - | *** | - | *** | - | - | *** | - | - | 112.01 | - | - | - | - |
| 34 | Interest Received | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 35 | Guarantee Commission | - | - | - | - | - | - | - | - | - | - | - | - | - | 25.49 | - | - | - | - |
| 36 | Miscellaneous Income | 2.67 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Other Receipts** | | | | | | | | | | | | | | | | | | |
| 37 | Other Reimbursements (Receipts) | - | - | - | - | - | *** | - | - | - | - | - | - | - | - | - | - | - | - |
| 38 | Other Reimbursements (Payments) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Finance** | | | | | | | | | | | | | | | | | | |
| 39 | Inter-corporate deposits given | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 40 | Inter-corporate deposits taken | 8,850.00 | - | *** | *** | - | - | - | - | - | - | - | - | - | - | - | - | *** | - |
| 41 | Repayment of Deposits Taken | 1,500.00 | - | *** | *** | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 42 | Advances received from customers | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

*** Amounts are below the threshold adopted by the Group (i.e. less than 10% of the respective category of transactions).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

### (b) transactions/ balances with above mentioned related parties

₹ In Lakhs

| | | B | B | B | C | C | D | D | D | E | E | E | E | E | E | E | E | E | F | F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Shapoorji Pallonji Development Managers Private Limited | Paikar Real Estates Private Limited | United Motors (India) Private Limited | Neuvo Consultancy Service Limited | Euro P2P Direct (Thailand) Co.Limited | Forbes Concept Hospitality Services Private Limited | Forbes Aquatech Limited | Infinite Water Solutions Private Limited | Armada Madura EPC Limited | Transtonnelstroy Afcons Joint Venture | M/s G.S. Enterprise | Joyville Shapoorji Housing Private Limited | SD Corporation Private Limited | Shapoorji Pallonji Finance Private Limited | SP Armada Oil Exploration Private Limited | HPCL Shapoorji Energy Private Limited | Shapoorji Pallonji Bumi Armada Offshore Limited | Managing Director, Mr. Mahesh Tahilyani | Managing Director and CEO of Eureka Forbes Limited, Mr Marzin R. Shroff |
| | **Balances** | | | | | | | | | | | | | | | | | | | |
| 1 | Trade Payables and Capital Creditors | - | - | - | 653.15 | - | - | 1,703.80 | 2,206.17 | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Advances received from customer | - | - | 2,635.81 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Interest accrued | 90.85 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Trade Receivables | *** | - | - | - | 2,330.66 | - | *** | *** | *** | - | - | *** | *** | *** | *** | *** | *** | - | - |
| 5 | Contractually reimbursable expense | - | 127.23 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Preference Shares classified as compound financial instrument | - | - | - | - | - | - | - | - | - | - | 6,180.00 | - | - | - | - | - | - | - | - |
| 7 | Provision for Doubtful Loans and Advances | - | - | - | - | 45.38 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Provision for Doubtful Trade Receivables | - | - | - | - | 114.48 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Deposits Payable | *** | - | - | - | - | - | - | 2,500.00 | - | - | - | - | - | - | - | *** | - | - | - |
| 10 | Other Payables | - | - | - | - | - | - | *** | 7.48 | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Inter-corporate deposits receivable | - | - | - | - | - | 11.87 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | Guarantees Given | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 3,347.79 | - | - |
| 13 | Guarantees Taken | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Advance for Supply of Goods and Services and prepaid expenses | - | - | - | - | 2,587.68 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Transactions** | | | | | | | | | | | | | | | | | | | |
| | **Purchases / Services** | | | | | | | | | | | | | | | | | | | |
| 15 | Purchase of Fixed Assets/ Goods and Materials | - | - | - | - | - | - | 2,774.81 | 4,674.21 | - | - | - | - | - | - | - | - | - | - | - |
| 16 | Receiving of Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Real Estate Developement Expenses | - | - | - | 816.09 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Sales / Services** | | | | | | | | | | | | | | | | | | | |
| 18 | Goods and Materials | - | - | - | - | 1,198.42 | - | 284.73 | *** | - | *** | - | - | *** | *** | - | - | - | - | - |
| 19 | Services Rendered | *** | - | - | - | - | - | *** | *** | - | *** | - | *** | *** | *** | *** | *** | *** | - | - |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

₹ In Lakhs

| | | B | B | B | C | C | D | D | D | E | E | E | E | E | E | E | E | E | F | F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Shapoorji Pallonji Development Managers Private Limited | Paikar Real Estates Private Limited | United Motors (India) Private Limited | Neuvo Consultancy Service Limited | Euro P2P Direct (Thailand) Co.Limited | Forbes Concept Hospitality Services Private Limited | Forbes Aquatech Limited | Infinite Water Solutions Private Limited | Armada Madura EPC Limited | Transtonnelstroy Afcons Joint Venture | M/s G.S. Enterprise | Joyville Shapoorji Housing Private Limited | SD Corporation Private Limited | Shapoorji Pallonji Finance Private Limited | SP Armada Oil Exploration Private Limited | HPCL Shapoorji Energy Private Limited | Shapoorji Pallonji Bumi Armada Offshore Limited | Managing Director, Mr. Mahesh Tahilyani | Managing Director and CEO of Eureka Forbes Limited, Mr Marzin R. Shroff |
| | **Expenses** | | | | | | | | | | | | | | | | | | | |
| 20 | Repairs and Other Expenses | - | - | - | - | - | - | *** | - | - | - | - | - | *** | - | - | - | - | - | - |
| 21 | CSR Contribution | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Travelling and conveyance expenses | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | Management Fees | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 24 | Legal and professional charges | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 25 | Recovery of Expenses | - | - | - | - | - | - | 0.18 | - | - | - | - | - | - | - | - | - | - | - | - |
| 26 | Dividend Paid | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 27 | Interest Paid | *** | - | - | - | - | - | - | *** | - | - | 218.34 | - | - | - | - | - | - | - | - |
| 28 | Balances written off loans and advances / Trade receivable | - | - | - | - | 4,362.05 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 29 | Remuneration | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 242.33 | 300.09 |
| 30 | Miscellaneous expenses | - | - | - | - | - | - | 54.49 | - | - | - | - | - | - | - | - | - | - | *** | - |
| 31 | Selling & Distribution Expenses | - | - | - | 194.71 | 25.73 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 32 | Advertisement and sales promotion | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Income** | | | | | | | | | | | | | | | | | | | |
| 33 | Rent and Other Service Charges | - | - | - | - | - | - | *** | 35.91 | - | - | - | - | - | - | *** | 104.69 | *** | - | - |
| 34 | Interest Received | - | - | - | - | - | 0.10 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 35 | Guarantee Commission | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 36 | Miscellaneous Income | - | - | - | - | - | - | 4.85 | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Other Receipts** | | | | | | | | | | | | | | | | | | | |
| 37 | Other Reimbursements (Receipts) | - | 121.85 | - | - | - | - | 23.98 | 24.93 | - | - | - | - | - | - | - | - | - | - | - |
| 38 | Other Reimbursements (Payments) | - | 72.39 | - | 157.59 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Finance** | | | | | | | | | | | | | | | | | | | |
| 39 | Inter-corporate deposits given | - | - | - | - | - | 11.76 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 40 | Inter-corporate deposits taken | - | - | - | - | - | - | *** | 3,000.00 | - | - | - | - | - | - | - | - | - | - | - |
| 41 | Repayment of Deposits Taken | - | - | - | - | - | - | - | 500.00 | - | - | - | - | - | - | - | - | - | - | - |
| 42 | Advances received from customers | - | - | 611.12 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

*** Amounts are below the threshold adopted by the Group (i.e. less than 10% of the respective category of transactions).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**48. Related party disclosures (contd.)**

***Previous Year***
***(b) transactions/ balances with above mentioned related parties***

*₹ In Lakhs*

| Sr. No. | | 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 |
|---|---|---|---|---|---|---|---|---|
| | ***Balances*** | | | | | | | |
| 1 | Trade Payables and Capital Creditors | 998.70 | 33.74 | 434.24 | 5,769.94 | 0.64 | - | 7,237.26 |
| 2 | Advances received from customer | - | 2,024.69 | - | - | - | - | 2,024.69 |
| 3 | Interest accrued | 246.16 | 68.35 | - | - | - | - | 314.51 |
| 4 | Trade Receivables | 774.28 | 232.81 | 4,987.04 | 2.86 | 86.43 | - | 6,083.42 |
| 5 | Contractually reimbursable expense | - | 79.07 | - | - | - | - | 79.07 |
| 6 | Preference Shares classified as compound financial instrument | 1,000.00 | 3,090.00 | - | - | 6,180.00 | - | 10,270.00 |
| 7 | Long Term Loans and Advances | - | 39.54 | - | - | - | - | 39.54 |
| 8 | Provision for Doubtful Loans and Advances | - | 39.54 | 1,613.93 | - | - | - | 1,653.47 |
| 9 | Provision for Doubtful Trade Receivables | - | 10.18 | 2,640.06 | - | - | - | 2,650.24 |
| 10 | Deposits Payable | 2,125.00 | 249.25 | - | - | 23.79 | - | 2,398.04 |
| 11 | Other Payables | 123.83 | - | - | 7.48 | - | - | 131.31 |
| 12 | Guarantees Given | - | - | - | - | 3,107.71 | - | 3,107.71 |
| 13 | Guarantees Taken | 3,472.30 | - | - | - | - | - | 3,472.30 |
| 14 | Advance for Supply of Goods and Services and prepaid expenses | 76.58 | 60.04 | 2,587.68 | - | - | - | 2,724.30 |
| | ***Transactions*** | | | | | | | |
| | ***Purchases / Services*** | | | | | | | |
| 15 | Purchase of Fixed Assets/ Goods and Materials | - | - | - | 7,278.02 | - | - | 7,278.02 |
| 16 | Receiving of Services | 8.10 | 0.61 | - | - | - | - | 8.71 |
| 17 | Real Estate Developement Expenses | 4,637.90 | - | 242.03 | - | - | - | 4,879.93 |
| | ***Sales / Services*** | | | | | | | |
| 18 | Goods and Materials | 421.15 | 145.30 | 1,307.94 | 202.43 | 2.00 | - | 2,078.82 |
| 19 | Services Rendered | 1,056.82 | 652.91 | - | 11.56 | 435.64 | - | 2,156.93 |
| 20 | Fixed Assets / Investments/ Business | - | 15,500.00 | - | - | - | - | 15,500.00 |
| | ***Expenses*** | | | | | | | |
| 21 | Rent | 0.89 | - | - | - | - | - | 0.89 |
| 22 | Repairs and Other Expenses | 226.92 | - | - | 53.96 | 5.45 | - | 286.33 |
| 23 | CSR Contribution | - | 113.00 | - | - | - | - | 113.00 |
| 24 | Travelling and conveyance expenses | - | 201.93 | - | - | - | - | 201.93 |
| 25 | Management Fees | 57.54 | - | - | - | - | - | 57.54 |
| 26 | Legal and professional charges | 113.69 | - | - | - | - | - | 113.69 |
| 27 | Dividend Paid | 233.98 | - | - | - | - | - | 233.98 |
| 28 | Interest Paid | 103.29 | 122.19 | - | - | 194.38 | - | 419.86 |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

*₹ In Lakhs*

| *Sr. No.* | | *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* |
|---|---|---|---|---|---|---|---|---|
| 29 | *Project Management Consultancy Expense* | - | - | 380.10 | - | - | - | 380.10 |
| 30 | *Brokerage and Commission Charges* | - | - | 162.90 | - | - | - | 162.90 |
| 31 | *Provision for doubtful loans and advances / Trade receivable* | - | 1.28 | - | - | - | - | 1.28 |
| 32 | *Remuneration* | - | - | - | - | - | 497.12 | 497.12 |
| 33 | *Miscellaneous expenses* | 0.26 | 61.73 | - | - | - | 21.40 | 83.39 |
| 34 | *Selling & Distribution Expenses* | - | - | 25.15 | - | - | - | 25.15 |
| | ***Income*** | | | | | | | |
| 35 | *Rent and Other Service Charges* | 17.93 | 160.06 | - | 38.49 | 104.52 | - | 321.00 |
| 36 | *Profit on sale of Business* | - | 84.90 | - | - | - | - | 84.90 |
| 37 | *Guarantee Commission* | - | 25.42 | - | - | - | - | 25.42 |
| 38 | *Miscellaneous Income* | 3.05 | 1.70 | - | - | - | - | 4.75 |
| | ***Other Receipts*** | | | | | | | |
| 39 | *Other Reimbursements (Receipts)* | - | 23.51 | - | - | - | - | 23.51 |
| 40 | *Other Reimbursements (Payments)* | - | 253.32 | 576.72 | - | - | - | 830.04 |
| | ***Finance*** | | | | | | | |
| 41 | *Inter-corporate deposits taken* | 2,180.00 | - | - | - | - | - | 2,180.00 |
| 42 | *Repayment of Deposits Taken* | 55.00 | - | - | - | - | - | 55.00 |
| 43 | *Advances received from customers* | - | 323.87 | - | - | - | - | 323.87 |
| 44 | *Advance given during the year* | - | 1.28 | - | - | - | - | 1.28 |
| 45 | *Advances refunded to customer* | - | 185.52 | - | - | - | - | 185.52 |

For details of investments in associates and joint ventures refer Notes 10A and 10B

Terms and conditions:-

a) All outstanding balances are unsecured and are repayable as per terms of credit and settlement occurs in cash.
b) All related party transactions entered during the year were in ordinary course of business and on arms length basis.
c) The Group has not recorded any impairment of receivables related to amounts owed by related parties except as stated above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

## 48. Related party disclosures (contd.)

***Previous Year***

***(b) transactions/ balances with above mentioned related parties***

₹ in Lakhs

| | | A | B | B | B | B | B | B | B | B | B | B | B | B | B | B | B | B |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Shapoorji Pallonji and Company Private Limited | Afcons Infra-structure Limited | Eureka Forbes Institute of Envi-ronment (Trust) | Forbes Edumetry Limited | Forvol Interna-tional Services Limited | Jaykali Devel-opers Private Limited | Gokak Textiles Limited | Gossip Prop-erties Private Limited | Lucrative Prop-erties Private Limited | Rela-tionship Prop-erties Private Limited | Samal-patti Power Company Private Limited | Shapoorji Pallonji Infra-structure Capital Company Private Limited | Shapoorji Pallonji Engineer-ing and Con-struction Private Limited | Shap-poorji Infra-structure Private Limited | Shapoorji Pallonji Oil & Gas Private Limited | Sterling and Wilson Private Limited | Paikar Real Estates Private Limited |
| | **Balances** | | | | | | | | | | | | | | | | | |
| 1 | Trade Payables and Capital Creditors | 998.70 | - | - | - | *** | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Advances received from customer | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Interest accrued | 246.16 | - | - | - | - | - | - | - | 68.35 | - | - | - | - | - | - | - | - |
| 4 | Trade Receivables | 774.28 | *** | *** | - | *** | - | *** | - | - | *** | *** | *** | - | - | *** | *** | *** |
| 5 | Contractually reimbursable expense | - | - | - | - | *** | - | *** | - | - | - | - | - | - | - | 71.34 | - | - |
| 6 | Preference Shares classified as compound financial instrument | *** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Long Term Loans and Advances | - | - | - | 39.54 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Provision for Doubtful Loans and Advances | - | - | - | *** | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Provision for Doubtful Trade Receivables | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | *** | - |
| 10 | Deposits Payable | 2,125.00 | - | - | - | - | - | - | - | *** | - | - | *** | - | - | *** | - | - |
| 11 | Other Payables | 123.83 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | Guarantees Given | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Guarantees Taken | 3,472.30 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Advance for Supply of Goods and Services and prepaid expenses | *** | - | - | - | *** | - | - | - | - | - | - | - | - | - | *** | - | - |
| | **Transactions** | | | | | | | | | | | | | | | | | |
| | **Purchases / Services** | | | | | | | | | | | | | | | | | |
| 15 | Purchase of Fixed Assets/ Goods and Materials | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 16 | Receiving of Services | 8.10 | - | - | - | *** | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Real Estate Developement Expenses | 4,637.90 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Sales / Services** | | | | | | | | | | | | | | | | | |
| 18 | Goods and Materials | 421.15 | *** | *** | - | - | *** | - | *** | - | *** | - | *** | *** | *** | *** | *** | - |
| 19 | Services Rendered | 1,056.82 | 527.84 | *** | - | *** | - | - | - | - | *** | *** | *** | - | - | *** | *** | - |
| 20 | Fixed Assets / Investments/ Business | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 15,500.00 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

₹ in Lakhs

| | | A | B | B | B | B | B | B | B | B | B | B | B | B | B | B | B | B |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Shapoorji Pallonji and Company Private Limited | Afcons Infra-structure Limited | Eureka Forbes Institute of Envi-ronment (Trust) | Forbes Edumetry Limited | Forvol Interna-tional Services Limited | Jaykali Devel-opers Private Limited | Gokak Textiles Limited | Gossip Prop-erties Private Limited | Lucrative Prop-erties Private Limited | Rela-tionship Prop-erties Private Limited | Samal-patti Power Company Private Limited | Shapoorji Pallonji Infra-structure Capital Company Private Limited | Shapoorji Pallonji Engineer-ing and Con-struction Private Limited | Shap-poorji Infra-structure Private Limited | Shapoorji Pallonji Oil & Gas Private Limited | Sterling and Wilson Private Limited | Paikar Real Estates Private Limited |
| | ***Expenses*** | | | | | | | | | | | | | | | | | |
| 21 | *Rent* | 0.89 | - | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | *Repairs and Other Expenses* | 226.92 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | *CSR Contribution* | - | - | 113.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 24 | *Travelling and conveyance expenses* | - | - | - | - | 201.93 | - | - | - | - | - | - | - | - | - | - | - | - |
| 25 | *Management Fees* | 57.54 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 26 | *Legal and professional charges* | 113.69 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 27 | *Dividend Paid* | 233.98 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 28 | *Interest Paid* | 103.29 | - | - | - | - | - | - | - | *** | - | - | - | - | - | - | - | - |
| 29 | *Project Management Consultancy Expense* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 30 | *Brokerage and Commission Charges* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 31 | *Provision for doubtful loans and advances / Trade receivable* | - | - | - | 1.28 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 32 | *Remuneration* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 33 | *Miscellaneous expenses* | *** | - | - | - | 60.55 | - | *** | - | - | - | - | - | - | - | - | *** | - |
| 34 | *Selling & Distribution Expenses* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | ***Income*** | | | | | | | | | | | | | | | | | |
| 35 | *Rent and Other Service Charges* | *** | 39.60 | - | - | *** | - | *** | - | - | - | - | *** | - | - | 105.00 | - | - |
| 36 | *Profit on sale of Business* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 84.90 |
| 37 | *Guarantee Commission* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 25.42 | - | - |
| 38 | *Miscellaneous Income* | 3.05 | - | - | - | - | - | *** | - | 1.69 | - | - | - | - | - | - | - | - |
| | ***Other Receipts*** | | | | | | | | | | | | | | | | | |
| 39 | *Other Reimbursements (Receipts)* | - | 16.17 | - | - | *** | - | - | - | - | - | - | - | - | - | - | - | 5.28 |
| 40 | *Other Reimbursements (Payments)* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 253.32 |
| | ***Finance*** | | | | | | | | | | | | | | | | | |
| 41 | *Inter-corporate deposits taken* | 2,180.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 42 | *Repayment of Deposits Taken* | 55.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 43 | *Advances received from customers* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 44 | *Advance given during the year* | - | - | - | 1.28 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 45 | *Advances refunded to customer* | - | - | - | - | - | - | - | - | 185.52 | - | - | - | - | - | - | - | - |

**** Amounts are below the threshold adopted by the Group (i.e. less than 10% of the respective category of transactions).*

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

***Previous Year***

***(b) transactions/ balances with above mentioned related parties***

₹ in Lakhs

| | | B | C | C | D | D | E | E | E | E | E | E | E | E | E | E | F | F | F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | *United Motors (India) Private Limited* | *Neuvo Consultancy Service Limited* | *Euro P2P Direct (Thailand) Co.Limited* | *Forbes Aquatech Limited* | *Infinite Water Solutions Private Limited* | *HPCL Shapoorji Energy Private Limited* | *Armada Madura EPC Limited* | *Transtonnelstroy Afcons Joint Venture* | *Shapoorji Pallonji Finance Private Limited* | *SP Armada Oil Exploration Private Limited* | *Sterling Motors* | *SD Corporation Private Limited* | *Joyville Shapoorji Housing Private Limited* | *G.S. Enterprise* | *Shapoorji Pallonji Bumi Armada Offshore Limited* | *Managing Director, Mr. Mahesh Tahilyani* | *Shapoor P Mistry* | *Managing Director and CEO of Eureka Forbes Limited, Mr Marzin R. Shroff* |
| | ***Balances*** | | | | | | | | | | | | | | | | | | |
| 1 | *Trade Payables and Capital Creditors* | - | *** | - | 1,421.10 | 4,348.84 | - | - | - | - | - | - | *** | - | - | - | - | - | - |
| 2 | *Advances received from customer* | 2,024.69 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | *Interest accrued* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | *Trade Receivables* | - | - | 4,987.04 | *** | *** | *** | - | - | *** | - | - | *** | *** | - | *** | - | - | - |
| 5 | *Contractually reimbursable expense* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | *Preference Shares classified as compound financial instrument* | - | - | - | - | - | - | - | - | - | - | - | - | - | 6,180.00 | - | - | - | - |
| 7 | *Long Term Loans and Advances* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | *Provision for Doubtful Loans and Advances* | - | - | 1,613.93 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | *Provision for Doubtful Trade Receivables* | - | - | 2,640.06 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | *Deposits Payable* | - | - | - | - | - | *** | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | *Other Payables* | - | - | - | - | *** | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | *Guarantees Given* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 3,107.71 | - | - | - |
| 13 | *Guarantees Taken* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | *Advance for Supply of Goods and Services and prepaid expenses* | - | - | 2,587.68 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | ***Transactions*** | | | | | | | | | | | | | | | | | | |
| | ***Purchases / Services*** | | | | | | | | | | | | | | | | | | |
| 15 | *Purchase of Fixed Assets/ Goods and Materials* | - | - | - | 2,457.08 | 4,820.95 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 16 | *Receiving of Services* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | *Real Estate Developement Expenses* | - | *** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | ***Sales / Services*** | | | | | | | | | | | | | | | | | | |
| 18 | *Goods and Materials* | - | - | 1,307.94 | *** | *** | - | - | *** | - | - | *** | *** | *** | - | - | - | - | - |
| 19 | *Services Rendered* | - | - | - | *** | *** | *** | *** | *** | *** | *** | - | *** | *** | - | *** | - | - | - |
| 20 | *Fixed Assets / Investments/ Business* | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

₹ in Lakhs

| | | B | C | C | D | D | E | E | E | E | E | E | E | E | E | E | F | F | F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | United Motors (India) Private Limited | Neuvo Consultancy Service Limited | Euro P2P Direct (Thailand) Co.Limited | Forbes Aquatech Limited | Infinite Water Solutions Private Limited | HPCL Shapoorji Energy Private Limited | Armada Madura EPC Limited | Transtonnelstroy Afcons Joint Venture | Shapoorji Pallonji Finance Private Limited | SP Armada Oil Exploration Private Limited | Sterling Motors | SD Corporation Private Limited | Joyville Shapoorji Housing Private Limited | G.S. Enterprise | Shapoorji Pallonji Bumi Armada Offshore Limited | Managing Director, Mr. Mahesh Tahilyani | Shapoor P Mistry | Managing Director and CEO of Eureka Forbes Limited, Mr Marzin R. Shroff |
| | **Expenses** | | | | | | | | | | | | | | | | | | |
| 21 | Rent | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Repairs and Other Expenses | - | - | - | 53.96 | - | - | - | - | - | - | - | *** | - | - | - | - | - | - |
| 23 | CSR Contribution | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 24 | Travelling and conveyance expenses | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 25 | Management Fees | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 26 | Legal and professional charges | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 27 | Dividend Paid | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 28 | Interest Paid | - | - | - | - | - | - | - | - | - | - | - | - | - | 194.38 | - | - | - | - |
| 29 | Project Management Consultancy Expense | - | 380.10 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 30 | Brokerage and Commission Charges | - | 162.90 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 31 | Provision for doubtful loans and advances / Trade receivable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 32 | Remuneration | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 225.01 | - | 272.11 |
| 33 | Miscellaneous expenses | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 10.60 | 10.80 | - |
| 34 | Selling & Distribution Expenses | - | - | 25.15 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Income** | | | | | | | | | | | | | | | | | | |
| 35 | Rent and Other Service Charges | - | - | - | *** | 32.65 | 100.31 | - | - | - | - | - | - | - | - | *** | - | - | - |
| 36 | Profit on sale of Business | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 37 | Guarantee Commission | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 38 | Miscellaneous Income | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Other Receipts** | | | | | | | | | | | | | | | | | | |
| 39 | Other Reimbursements (Receipts) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 40 | Other Reimbursements (Payments) | - | 576.72 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Finance** | | | | | | | | | | | | | | | | | | |
| 41 | Inter-corporate deposits taken | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 42 | Repayment of Deposits Taken | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 43 | Advances received from customers | 323.87 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 44 | Advance given during the year | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 45 | Advances refunded to customer | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

*** Amounts are below the threshold adopted by the Group (i.e. less than 10% of the respective category of transactions).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**48. Related party disclosures (contd.)**

**Parties in F :**
**Key Managerial Personnel Remuneration**

₹ In Lakhs

| Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| Short-term employee benefits | **521.46** | *479.44* |
| Post-employment benefits | **5.79** | *4.59* |
| Long-term employee benefits | **15.17** | *13.09* |
| | **542.42** | *497.12* |

The above amounts do not include expenses for gratuity and leave encashment since acturial valuation is carried out at an overall level.

**Directors Sitting Fees:**

₹ In Lakhs

| Name | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| Kaiwan D. Kalyaniwalla | - | *9.00* |
| D. Sivanandhan | **6.50** | *8.00* |
| Aslesha Gowariker | - | *1.00* |
| Shapoor P. Mistry | **5.10** | *13.30* |
| Jai L. Mavani | **3.70** | *3.50* |
| Mahesh Tahilyani | **3.60** | *10.60* |
| Rani Jadhav | **4.00** | *2.00* |
| Nikhil Bhatia | **6.50** | - |
| **Total** | **29.40** | *47.40* |

**Parties in G:**
**Contribution to Post Employment Benefit Plan:**

₹ In Lakhs

| Particulars | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| Forbes & Company Limited Employees Provident Fund | **103.44** | *90.27* |
| Eureka Forbes Limited Employees Gratuity Fund | **252.50** | *157.66* |
| Eureka Forbes Limited Employees Provident Fund | **367.47** | *206.09* |
| Eureka Forbes Limited Managing Staff Superannuation Scheme | **142.44** | *127.72* |
| | **865.85** | *581.74* |

**49** Forbes Technosys Limited (FTL), a wholly owned subsidiary, had issued 1,00,00,000, 0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares of ₹ 10 each in an earlier year outside the Group . The Preference Shares shall be redeemable at par upon the expiry of 20 Years from date of allotment. The Preference Shares shall have right to dividend with Equity shareholders up to 8% after dividend of 0.1% has been paid to Equity shareholders and has voting right only for matters which directly affects the rights attached to Preference shares. Details of the same are as below:

In Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| Proceeds from issue | **1,000.00** | *1,000.00* |
| Liability component at the date of issue | **105.58** | *105.58* |
| **Equity Component** | **894.42** | *894.42* |
| **Liability Component (included in "Non-current borrowing" (refer Note 20)** | **105.58** | *105.58* |
| Interest accrued as at the beginning of the year | **161.94** | *147.30* |
| Interest charged calculated at an effective interest rate | **39.20** | *14.64* |
| **Interest accrued as at the end of the year (included in "Non-current borrowing" (refer Note 20)** | **201.14** | *161.94* |

**50** Shapoorji Pallonji Forbes Shipping Limited (SPFSL), had issued 0%, 9,27,00,000 Redeemable Preference Shares of ₹ 10 each to the promoters on right basis in 2009 and 2010. Since no terms for redemption have been specified for these shares, they will be redeemed at par not later than 20 years from the date of issue as per the provisions of section 55 of the Companies Act, 2013 (erstwhile section 80 of the Companies Act, 1956).

| Date of Allotment | Number of Shares allotted | Date of redemption (Not later than) | Redemption terms |
|---|---|---|---|
| 12-Aug-09 | 1,86,00,000 | 12-Aug-29 | Redeemable at par |
| 06-Nov-09 | 2,40,00,000 | 06-Nov-29 | Redeemable at par |
| 22-Mar-10 | 3,16,50,000 | 22-Mar-30 | Redeemable at par |
| 02-Jul-10 | 1,84,50,000 | 02-Jul-30 | Redeemable at par |
| | **9,27,00,000** | | |

The said shares shall in the event of winding up, be entitled to rank as regards repayment of capital, in priority to equity shares but shall not be entitled to any further participation in profits or assets. The voting rights of the shareholders shall be in accordance with the provisions of section 47 of the Companies Act, 2013 (erstwhile section 87 of the Companies Act, 1956).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

As the redeemable preference shares were issued at zero coupon, the same have been recognised at fair value being the present value of all future cash flows discounted using the prevailing rate of interest for a similar instrument, namely 12%, with a similar credit rating. The difference between the fair value of the said financial instrument as on the issue date and its fair value adjusted for amortisation of interest cost upto the date of transition have been recognised in Equity as on the date of transition.

₹ In Lakhs

| Particulars | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|
| Proceeds of issue | **9,270.00** | *9,270.00* |
| Liability component at the date of issue | **959.50** | *959.50* |
| **Equity Component (Classified as Non-Controlling Interest)** | **8,310.50** | *8,310.50* |
| **Liability Component (included in "Non-current borrowing" (refer Note 20)** | **959.50** | *959.50* |
| Interest accrued as at the beginning of the year | **1,761.85** | *1,470.28* |
| Interest charged calculated at an effective interest rate | **327.51** | *291.57* |
| **Interest accrued as at the end of the year (included in "Non-current borrowing" (Refer Note 20)** | **2,089.36** | *1,761.85* |

**51 Non-controlling interests**

Set out below is summarised financial information for subsidiaries that has non-controlling interests that are material to the Group. The amounts disclosed below are before intercompany eliminations:

₹ in Lakhs

| Summarised Balance Sheet | Shapoorji Pallonji Forbes Shipping Limited | |
|---|---|---|
| | **31st March, 2020** | *31st March, 2019* |
| Current Assets | **4,449.57** | *1,897.40* |
| Current Liabilities | **18,848.95** | *5,430.66* |
| **Net Current Assets** | **(14,399.38)** | *(3,533.26)* |
| Non-Current Assets | **37,466.79** | *40,887.82* |
| Non-Current Liabilities | **10,084.73** | *22,900.81* |
| **Net Non-Current Assets** | **27,382.06** | *17,987.01* |
| **Net Assets** | **12,982.68** | *14,453.75* |
| **Accumulated Non-Controlling Interest** | **9,737.01** | *10,840.31* |

₹ in Lakhs

| Summarised Statement of Profit and Loss | Shapoorji Pallonji Forbes Shipping Limited | |
|---|---|---|
| | **31st March, 2020** | *31st March, 2019* |
| Total Revenue | **11,739.98** | *11,750.38* |
| Profit/(Loss) after tax for the year | **(1,471.07)** | *(1,183.38)* |
| Other Comprehensive Income / (Loss) | - | - |
| **Total Comprehensive Income** | **(1,471.07)** | *(1,183.38)* |
| **Profit/ (Loss) allocated to Non-Controlling Interest** | **(1,103.30)** | *(887.54)* |

₹ in Lakhs

| Summarised Statement of Cash Flow | Shapoorji Pallonji Forbes Shipping Limited | |
|---|---|---|
| | **31st March, 2020** | *31st March, 2019* |
| Cash flow from operating activities | **1,357.42** | *5,277.73* |
| Cash flow from investing activities | **1,477.39** | *(1,130.65)* |
| Cash flow from financing activities | **(3,089.16)** | *(4,046.24)* |
| **Net increase/ (decrease) in cash and cash equivalents** | **(254.35)** | *100.84* |

**52** Forbes Technosys Limited, a subsidiary of the group, during the year, based on management's assessment about the current stage of development, expected time and cost required to complete and expected revenues from the projects of the subsidiary, has concluded that two projects, namely, 'Knowledge Management System' (KMS) and 'Human Resource Management System (HRMS)' having a carrying amount of ₹ 400.50 lakhs and ₹ 121.11 lakhs, respectively, are impaired. Impairment loss on the above projects aggregating to ₹ 521.61 lakhs has been presented as an exceptional item in the Statement of Profit and Loss.

**53** The Company had received ₹ 1,017.04 Lakhs in the year ended 31st March, 2016 from the Hon'ble Debt Recovery Tribunal, Mumbai towards principal and interest towards loan given to Coromandel Garments Limited (presently under liquidation).

The Company had made a provision of ₹ 364.99 Lakhs in earlier years which was reversed on receipt of ₹ 1,017.04 Lakhs from Coromandel Garments Limited and accounted the balance as interest income during the year ended 31st March, 2016 on the belief that it was a remote future possibility that ₹ 1,017.04 Lakhs would become refundable upon the final outcome of this matter.

In July 2018, in a separate proceeding the Hon'ble High Court, Mumbai directed the Company to refund the aforesaid amount of ₹ 1,017.04 Lakhs with interest. Consequently, the Company refunded ₹ 1,055.82 Lakhs [including interest calculated from

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

the date of the order till the date of payment aggregating ₹ 38.78 Lakhs] and recorded this as an exceptional expense during the year ended 31st March 2019. The Company was subsequently directed by the Hon'ble High Court to pay interest from the date the amount was received by the Company, which was appealed by the Company.

The Company has separately filed its Affidavit of Claim for receipt of ₹ 325.00 Lakhs along with interest at the bank rate with the Official Liquidator.

During the current year, the Official Liquidator vide order dated 23rd December, 2019 adjudicated and admitted a claim of ₹ 744.18 Lakhs (comprising ₹ 325.00 Lakhs towards loan and ₹ 419.18 Lakhs as interest). Accordingly, the Company has recorded ₹ 698.18 Lakhs (i.e. ₹ 744.18 Lakhs recoverable based on adjudication order from the Official Liquidator, net of interest provided of ₹ 46.00 Lakhs - reflected under 'Other Provisions' under Note 22A) as exceptional income during the year ended 31st March, 2020.

**54** During the year, the EFL Group has not defaulted in payment of its interest and principal that are due on borrowings. There were breaches in maintaining some of the financial ratios. Outstanding amount as at the year-end in respect of such borrowings amounted to ₹ 14,781.81 Lakhs *(Previous Year ₹ 21,570.89 Lakhs)*. As at the financial year-end and till the date of approval of its financial statements by the Board of Directors, the lender has not demanded for any accelerated repayment of borrowings and the terms of borrowings were not changed.

**55 Goodwill on consolidation**

Goodwill arising on consolidation is attributed to the acquisition of Lux International AG, which is the cash generating unit (CGU) for this goodwill, being the difference between the consideration paid and the net asset value of the acquired company. Goodwill pertaining to the CGU is as follows -

₹ in Lakhs

| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| Goodwill on consolidation | **28,110.96** | *49,840.03* |

The main operations of the CGU is spread across Europe and parts of Latin America. The carrying amount of the goodwill has been tested for impairment based on the business projections of each geography where the operations are based and cash flows arising out of the projections covering a 6 year period. The Group believes this to be the most appropriate timescale for reviewing and considering annual performance before discounting the cashflows and arriving at the terminal value.

The movement in the goodwill is as follows -

| | ₹ in Lakhs |
|---|---|
| **Balance as on 1st April 2018** | *47,742.19* |
| Effect of Foreign Exchange Differences | *2,088.17* |
| Additional goodwill on account of business combination | *9.67* |
| **Balance as on 31st March 2019** | *49,840.03* |
| Effect of Foreign Exchange Differences | **(83.44)** |
| Less : Impairment | **(21,645.63)** |
| **Balance as on 31st March 2020** | **28,110.96** |

The Group believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

Key Assumptions used in the calculation of impairment testing are as follows -

| | **As at 31st Mar., 2020** | *As at 31st Mar., 2019* |
|---|---|---|
| Average net sales growth rate for the forecast period | **6.75%** | *10.00%* |
| Discount rate Average of all geographies | **8%-20%** | *8% to 13%* |

Discount Rates - Management estimates discount rates that reflect the current market assessments of the risk specific to the geography of the CGU taking into consideration the time value of money and risks. The discount rates are derived from the weighted average cost of capital (WACC).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

Growth rates - Management has determined the average Year on Year net sales growth rate for the year ended March 31, 2020 after considering the current Covid-19 situation across the geographies and voluntarily winding up of the Lux Deutschland in April 2020.

**56** The real estate development operations under "Project Vicinia" was being executed at a plot of land situated at Chandivali, Mumbai as per the terms of the development agreement between the Company and Videocon Realty and Infrastructure Limited ("VRIL") forming part of the consent terms filed with the Hon'ble Bombay High Court in 2011 for the then existing dispute. Subject to compliance with the terms of the said development agreement, VRIL was entitled to 50% of the saleable area and 50% of the rights in the permissible Floor Space Index in Project Vicinia.

During the year ended 31st March, 2019, considering delays in making critical payments by VRIL, to protect the interests of all stakeholders including the Company and purchasers of individual flats, the Company terminated the aforesaid development agreement. Consequently the matter was referred to arbitration and vide the arbitration award dated 25th February, 2019 the Company was directed to pay an amount of ₹ 15,300.00 Lakhs to VRIL for restitution and that on payment of aforesaid amount, VRIL would have no interest, rights, title or any claim in respect of Project Vicinia.

Additionally, the Company entered into a Business Transfer Agreement ("BTA") with Paikar Real Estates Private Limited (hereinafter known as "PREPL"), (a fellow subsidiary) dated 27th February, 2019 to transfer 50% interest in the aforesaid real estate development project (which the Company got through restitution), by way of slump sale on an as-is-where-is basis as a going concern for an aggregate consideration of ₹ 15,500.00 Lakhs. The board of directors and shareholders' approved this transaction with PREPL on 27th February, 2019 and 29th March, 2019 respectively. As per the terms of BTA, the Company did not have ability to control or rights to variable returns over VRIL's interest in the Project Vicinia which the Company got pursuant to the arbitration award.

Subsequently, on receipt of the consideration from PREPL, the Company made payment of ₹ 15,300.00 Lakhs to VRIL on 2nd March, 2019 as per terms stated in the arbitration award and consequently, VRIL's interest in the development agreement was transferred to PREPL.

The Company and PREPL are each independently entitled to 50% of the saleable area, 50% of the rights in the permissible Floor Space Index and for their own individual development and consequent sale of their respective individual flats for the specified land being developed.

Pursuant to the aforesaid transaction, the Company incurred legal and administrative costs aggregating ₹ 115.10 Lakhs which have been netted off against the gain on the aforesaid transfer and reflected the net gain on this transaction, aggregating ₹ 84.90 Lakhs as an exceptional item during the year ended 31st March, 2019.

**57** Svadeshi Mills is not considered as a related party of the Group as per Note 3.1.1. Secured Loans include interest free loans, relating to which full provision exists in books of accounts, aggregating ₹ 4,391.78 Lakhs as at 31st March, 2020 (31st March, 2019 ₹ 4,391.78 Lakhs) granted to The Svadeshi Mills Company Limited. The Company, being a secured creditor, with adjudicated dues by the Official Liquidator, expects to receive the dues when the matter is ultimately disposed off.

**58** a. One of the subsidiary viz., Forbes Technosys Limited, in the month of June 2020 and July 2020 has received income tax refund in respect of the A.Y.2017-18 and 2019-20 aggregating ₹ 566.15 Lakhs.

b. In case of one of the subsidiary viz., Forbes Technosys Limited, due to the demise of its Chief Financial Officer, the subsidiary is in the process of filing vacancy of position for the same.

**59** The Board of Directors of the Company has recommended a dividend of ₹ Nil per equity share for the year ended 31st March, 2020 (₹ 2.50 per equity share for the year ended 31st March, 2019 and an additional Special Centenary Year Dividend of ₹ 2.50 per equity share). There is no other material subsequent event occurred after Balance Sheet date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

**60. The aggregate amount of Assets, Liabilities, Income and Expenses related to the Group's interests in the Joint Ventures and associates**

| Sl. No | Name of the Company | Country of Incorporation | Year / Period Ended on | % Holding | Group's Share Assets ₹ in Lakhs | Liabilities ₹ in Lakhs | Income ₹ in Lakhs | Expenses ₹ in Lakhs |
|---|---|---|---|---|---|---|---|---|
| 1 | Forbes Concept Hospitality Services Private Limited | India | 31st March, 2020 | 50% | **8.56** | **8.21** | **0.42** | **0.53** |
| | | | *31st March, 2019* | *50%* | *8.61* | *2.28* | *1.42* | *1.78* |
| 2 | Forbes Aquatech Limited | India | 31st March, 2020 | 50% | **1,207.76** | **214.45** | **1,428.69** | **1,193.48** |
| | | | 31st March, 2019 | *50%* | *1,068.38* | *245.42* | *1,247.09* | *1,095.91* |
| 3 | Infinite Water Solutions Private Limited | India | 31st March, 2020 | 50% | **2,836.70** | **853.23** | **2,388.93** | **1,990.25** |
| | | | 31st March, 2019 | *50%* | *2,724.47* | *499.96* | *2,442.13* | *2,115.35* |
| 4 | AMC Cookware (Proprietary) Limited | South Africa | 31st December,2019 | 50% | ***6,453.08*** | ***1,931.98*** | ***5,178.23*** | ***4,844.96*** |
| | | | 31st December, 2018 | *50%* | *6,179.46* | *2,033.20* | *5,361.76* | *4,971.69* |
| 5 | Forbes Bumi Armada Limited | India | 31st March, 2020 | 51% | **1,384.61** | **630.74** | **2,631.71** | **2,514.93** |
| | | | 31st March, 2019 | *51%* | *1,299.39* | *647.71* | *2,808.33* | *2,677.30* |
| 6 | Nuevo Consultancy Services Private Limited | India | 31st March, 2020 | 49% | 2,075.00 | 1,656.64 | 905.03 | 456.12 |
| | | | 31st March, 2019 | 49% | - | - | - | - |

**61. Net debt reconciliation**

₹ in Lakhs

| | **31st Mar., 2020** | *31st Mar., 2019* |
|---|---|---|
| Short Term Borrowings | **(44,488.70)** | *(28,897.24)* |
| Long Term Borrowings (includes accrued interest) | **(34,792.20)** | *(58,486.53)* |
| Current Maturities of Long Term Borrowings | **(30,395.39)** | *(20,200.40)* |
| Lease Liabilities | **(4,468.90)** | - |
| **Total debt** | **(1,14,145.19)** | *(1,07,584.17)* |
| Cash and Cash equivalents | **3,452.69** | *7,056.00* |
| **Net debt** | **(1,10,692.50)** | *(1,00,528.17)* |

₹ in Lakhs

| | **Other assets** | **Debt** | | |
|---|---|---|---|---|
| | **Cash and cash equivalents** | **Total Debt (Excluding Lease Liabilities)** | **Lease Liabilities** | **Total** |
| **Net debt as at 1st April, 2019** | 7,056.00 | (1,07,584.17) | - | (1,00,528.17) |
| Recognised on adoption of Ind AS 116 (refer Note 64) | - | - | (4,508.32) | (4,508.32) |
| Cash flows | (3,603.31) | 240.22 | 2,034.01 | (1,329.08) |
| Foreign exchange adjustments | - | (1,783.72) | 14.65 | (1,769.07) |
| Interest expense | - | (10,649.08) | (357.29) | (11,006.37) |
| Interest paid * | - | 10,100.46 | - | 10,100.46 |
| Non cash movements for acquisitions and disposals | - | - | (1,651.95) | (1,651.95) |
| **Net debt as at 31st March, 2020** | 3,452.69 | (1,09,676.29) | (4,468.90) | (1,10,692.50) |
| | - | - | - | - |

* The interest paid during the year includes ₹ 474.78 Lakhs (*Previous Year ₹ 404.54 Lakhs*) in respect of interest costs capitalised for the property, plant and equipment in accordance with Ind AS 23 and interest expense on loans for real estate development activites amounting to ₹ 393.89 Lakhs (*Previous Year ₹ 507.47 Lakhs*).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

₹ in Lakhs

| | *Other assets* | *Debt* | |
|---|---|---|---|
| | *Cash and cash equivalents* | *Total Debt* | *Total* |
| ***Net debt as at 1st April, 2018*** | *13,699.70* | *(1,19,627.37)* | *(1,05,927.67)* |
| *Cash flows* | *(6,643.70)* | *13,799.30* | *7,155.60* |
| *Foreign exchange adjustments* | *-* | *(1,614.35)* | *(1,614.35)* |
| *Interest expense* | *-* | *(9,849.61)* | *(9,849.61)* |
| *Interest paid* | *-* | *9,707.86* | *9,707.86* |
| ***Net debt as at 31st March, 2019*** | *7,056.00* | *(1,07,584.17)* | *(1,00,528.17)* |

**62. Offsetting financial assets and financial liabilities**

| | **Gross amounts** | **Gross amounts set off in the Balance Sheet** | **Net amounts presented in Balance Sheet** |
|---|---|---|---|
| | **(Financial Assets -Trade Receivables)** | **(Financial Liabilities - Rebates/ Discounts)** | **(Net Financial Assets - Trade Receivables)** |
| **31st March, 2020** | **43,207.34** | **142.80** | **43,064.54** |
| **Total** | **43,207.34** | **142.80** | **43,064.54** |
| *31st March, 2019* | *52,274.05* | *462.77* | *51,811.28* |
| *Total* | *52,274.05* | *462.77* | *51,811.28* |

The Group gives rebates/ discounts for certain segments. Under the terms of contract, the amounts payable by the Group are offset against receivables from customers and only the net amount is settled (i.e. after adjustment towards rebates/ discounts). The relevant amounts have therefore been presented net in the Balance Sheet.

**63. Ind AS 115 'Revenue from Contracts with Customers'**

I lnd AS 115 'Revenue from Contracts with Customers' is a new accounting standard notified by the Ministry of Corporate Affairs (MCA) on 28th March, 2018 and is effective from accounting period beginning on or after 1st April, 2018 and replaces the existing revenue recognition standards.

The Group applied Ind AS 115 for the first time using the modified retrospective method of adoption with the date of initial application of 1st April, 2018. Under this method, revenue is measured as the amount of consideration the Company expects to receive in exchange for the goods or services when control of the goods or services and the benefits obtainable from them are transferred to the customer. Control can be transferred at a certain point in time or over a period of time. The Group has recognised the cumulative effect of initially applying Ind AS 115 as an adjustment to the opening balances of retained earnings as at 1st April, 2018.

The impact on the Group's retained earnings due to adoption of Ind AS 115 as at 1st April, 2018 is as follows:

(₹ in Lakhs)

| **Particulars** | **1st April, 2018** |
|---|---|
| Retained Earnings (as previously reported) | (21,735.47) |
| Reversal of net profit on real estate projects under development (comprising income from real estate contracts aggregating ₹ 18,936.56 Lakhs net of real estate development costs aggregating ₹ 11,163.27 Lakhs) | (7,773.29) |
| Increase in Deferred Tax Assets on account of reversal of net profit on real estate projects under development | 2,690.18 |
| Reversal of revenue and the corresponding costs based on completion of performace obligation and the transfer of control to the customers | (78.56) |
| Adjustment to retained earnings from adoption of Ind AS 115 | (5,161.67) |
| **Retained Earnings (revised) post adoption of Ind AS 115** | **(26,897.14)** |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

Had the Group continued application of earlier standards for revenue recognition for its real estate projects instead of Ind AS 115, the following line items would have been higher by amounts as disclosed below:

(₹in Lakhs)

| Financial Statement Line Item | Year ended 31st Mar., 2020 | *Year ended 31st Mar., 2019* |
|---|---|---|
| Revenue | **13,545.59** | *8,880.18* |
| Changes in inventory of finished goods, WIP and stock in trade | **8,172.23** | *5,195.81* |
| Net profit before tax | **5,373.36** | *3,684.37* |

Additionally, as at 31st March, 2020, real estate work-in-progress included in Inventories is higher by ₹ 24,531.31 Lakhs (*Previous Year ₹ 16,359.08 Lakhs*) and advances from customers included in Other Current Liabilities is higher by ₹ 37,948.86 Lakhs *(Previous Year ₹ 24,265.08 Lakhs)* and unbilled revenue included in other financial assets is lower by ₹ 3,413.47 Lakhs *(Previous Year ₹ 3,557.89 Lakhs)*.

Further, certain indirect costs (e.g. Selling expenses, commission & brokerage, advertisement and sales promotion, depreciation and other administrative expenses) pertaining to real estate development project for the year ended 31st March, 2020 aggregating ₹ 1,169.53 Lakhs *(Previous Year ₹ 1,200.54 Lakhs)* are being recognized as an expense in the Statement of Profit and Loss as and when incurred.

II Remaining performance obligation towards rendering of maintenance contracts as the year end is recognized as "Income received in advance" and presented in "Other liabilities". This obligation pertains to maintenance services that would be carried out over the contract period for which group has received the advance. The service period ranges from 1 year to 4 years. Management believes that 74% pertaining to remaining obligation as of the year ended 31st March 2020 will be recognised as revenue during the next financial year, 22% will be recognized as revenue in FY 2021-22 and 4% will be recognised in FY 2022-23.

Reconciliation of Revenue Recognised with contract price for EFL group is as follows:

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2020 | *For the year ended March 31, 2019* |
|---|---|---|
| Contract Price *# | **2,33,606.93** | *2,34,977.09* |
| Less Adjustments for: | | |
| Refund Liabilites Promotion Items | **197.17** | *447.81* |
| Refund Liabilities - Sales Return estimate | **180.00** | *189.00* |
| Performance Liabilities | **6.00** | *62.00* |
| Add: Unperformed performance obligation at the end the period | **44,117.11** | *41,111.60* |
| Less: Unperformed performance obligation at the beginning of the period | **(41,111.60)** | *(37,944.94)* |
| Revenue from continuing operations | **2,36,995.61** | *2,38,842.56* |

* Net of Taxes
\# To the extent information available from the subsidiaries

**64. Lessee**

**Lessee accounting**

The Group leases various land, office premises and vehicles. Rental contracts are typically ranges from 9 months to 15 years but may have extension options. The Group has adopted Ind AS 116 using the modified retrospective approach from 1st April, 2019. On adoption of Ind AS 116, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 10% to 10.75% as of 1st April, 2019.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

For leases previously classified as finance leases the entity recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of Ind AS 116 are only applied after that date.

The Group has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

(i) Practical Expedients applied on initial application date

In applying Ind AS 116 for the first time, the Group has used the following practical expedients permitted by the standard:

- the Group has utilized the exemptions provided for short-term leases (less than a year) and leases for low value assets.
- Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application.
- the Group has used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- the Group has applied practical expedients on not to separate non-lease component from leases on initial application and instead accounts for these as a single lease component.
- the Group has relied on its previous assessment on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as on 1st April, 2019.
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

  The Group has elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contract entered into before the transition date the Group relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, determining whether an arrangement contains a lease.

(ii) Adjustments recognized in the Balance Sheet on 1st April, 2019:

The change in accounting policy affected the following items in the Balance Sheet on 1st April, 2019.

- Right-of-use assets - increased by ₹ 4,572.20 Lakhs
- Prepaid Leasehold Land - decreased by ₹ 23.61 Lakhs
- Leasehold Land - decreased by ₹ 40.27 Lakhs
- Lease liabilities - increased by ₹ 4,508.32 Lakhs

(iii) Reconciliation of lease commitment to lease liability

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31st March, 2020 compared to the lease liability as accounted as at 1st April, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

| **Particulars** | **As at 1st Apr., 2019** |
|---|---|
| Operating lease commitments disclosed as at 31st March, 2019 | 2318.55 |
| Add/(less): Adjustments as a result of a different treatment of extension and termination options | 3018.14 |
| Discounted using the lessee's incremental borrowing rate at the date of initial application | (828.37) |
| **Lease liability recognized as at 1st April, 2019** | **4,508.32** |
| Of which are: | |
| Current lease liabilities | 1,344.33 |
| Non-current lease liabilities | 3,163.99 |
| | **4,508.32** |

iv) Amounts recognized in Balance Sheet

The balance sheet shows the following amounts relating to leases:

| **Particulars** | **31st Mar., 2020** | *1st Apr., 2019* |
|---|---|---|
| **Right-of-use assets** | | |
| Premises | **3,929.76** | *4,147.95* |
| Land | **61.46** | *63.88* |
| Vehicles | **363.09** | *360.37* |
| **Total** | **4,354.31** | *4,572.20* |

| **Particulars** | **31st Mar., 2020** | *1st Apr., 2019* |
|---|---|---|
| **Lease liabilities** | | |
| Non-current | **2,613.46** | *3,163.99* |
| Current | **1,855.44** | *1,344.33* |
| **Total** | **4,468.90** | *4,508.32* |

Additions to right-of-use asset during the current financial year were ₹ 1,904.56 Lakhs.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

v) Amounts recognized in Statement of Profit and Loss.

The Statement of Profit and Loss shows the following amounts relating to leases:

| Particulars | 31st Mar., 2020 | 1st Apr., 2019 |
|---|---|---|
| Depreciation charge of right-of-use assets | 1,862.43 | - |
| **Total** | **1,862.43** | **-** |
| Interest expense on lease liability (included in finance cost) | 357.29 | - |
| Expense relating to short term leases (Included in Other Expenses) | 1,681.04 | - |
| Expense relating to low value assets that are not shown above as short term leases (Included in Other Expenses) | 13.40 | - |
| **Total** | **3,914.16** | **-** |

In the previous year ended 31st March, 2019, lease rent of ₹ 3,060.93 Lakhs towards leases has been included under "Rent and hire charges" in Note 35 to the Consolidated Financial Statements.

The total cash outflow for leases in year ended 31st March, 2020 was ₹ 2,034.01 Lakhs.

(vi) Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that creates an economic incentive to exercise an extension option, or not to exercise a termination option. Extension option (or period after termination option) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

For the leases of offices premises, the following factors are normally the most relevant:

1. If there is significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

2. If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate)

3. Otherwise, the Group considers the other factors including historical lease duration and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise it. The assessment of reasonably certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within control of lessee.

**Lessor accounting as a lessor**

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases (Refer Note 38) as a results of the adoption of Ind AS 116.

For maturity profile of Lease liabilities as of 31st March, 2020 (Refer Note 45.5).

**65. Assets pledged as security**

The carrying amounts of assets pledged as security for current and non-current borrowings are:

(₹ in Lakhs)

| Particulars | Notes | As at 31st Mar., 2020 | *As at 31st Mar., 2019* |
|---|---|---|---|
| **Current** | | | |
| **Financial Assets** | | | |
| Trade receivables | **11B** | **37,025.09** | *44,773.00* |
| Cash and cash equivalents | **15A** | **368.42** | *1,251.65* |
| Bank balances other than above | **15B** | **2,932.54** | *392.32* |
| Loans | **12B** | **269.37** | *23.07* |
| Other financial assets | **13B** | **1,251.58** | *465.39* |
| Other current assets | **16B** | **5,210.56** | *5,176.36* |
| | | **47,057.56** | *52,081.79* |
| **Non-financial assets** | | | |
| Inventories | **14** | **33,971.11** | *30,691.49* |
| **Total current assets pledged as security** | | **81,028.67** | *82,773.28* |
| **Non-current** | | | |
| Leasehold Land | **5** | **48.66** | *51.10* |
| Freehold Land | **5** | **314.22** | *315.21* |
| Buildings | **5** | **10,102.92** | *6,708.21* |
| Plant and Equipment (Owned) | **5** | **5,799.79** | *2,652.01* |
| Shipping Vessels | **5** | **32,676.75** | *35,071.62* |
| Furniture and Fixtures | **5** | **52.30** | *30.37* |
| Data Processing Equipments | **5** | **41.47** | *210.14* |
| Office Equipments | **5** | **30.64** | *13.81* |
| Other Fixed Assets * | **5** | **6,491.93** | *5,083.65* |
| Investment Properties | **7** | **198.00** | *216.16* |
| Intangible assets under development | | **2,765.79** | *8,300.47* |
| Other Intangible assets | **9** | **8,028.00** | *3,637.03* |
| Capital work-in-progress | | **115.47** | *-* |
| Other financial assets | **13A** | **-** | *1,960.10* |
| **Total non-currents assets pledged as security** | | **66,665.94** | *64,249.88* |
| **Total assets pledged as security** | | **1,47,694.61** | *1,47,023.16* |

* For the previous year other fixed assets includes movable assets for employees benefit which has not been pledged.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

## 66. Disposal of a subsidiary

During previous year, the Group divested its 100 % stake in Aquadiagnostics Water Research & Technology Centre Limited (AWRTCL) on 25th June, 2018 to a third party. The group discontinued the operations of AWRTCL on 25th June, 2018 and AWRTCL ceased to be a subsidiary of the Group effective that date.

Upon, the divestment as mentioned above the undertaking of AWRTCL has been transferred to a third party.

Further the net assets held by Eureka Forbes Limited in AWRTCL amounting to ₹ 300.00 lakhs has been set off against the consideration received and loss arising out of this transaction has been recorded in the books during the year ended 31st March, 2019.

| Particulars | Principal activity | Date of acquisition | Proportion of voting equity interests acquired (%) | Consideration received ₹ in Lakhs |
|---|---|---|---|---|
| **During 2018-19** | | | | |
| Aquadiagnostics Water Research & Technology Centre Limited | Laboratory and Research center | 25th June, 2018 | 100% | 221.52 |
| **Total** | | | **100%** | **221.52** |

Assets and liabilities de-recognised at the date of divestment 25th June, 2018 :

(₹ in Lakhs)

| Particulars | Aquadiagnostics Water Research & Technology Centre Limited |
|---|---|
| **Assets** | |
| **Total Non Current Assets** | **82.09** |
| **Total Current Assets** | **62.33** |
| **Total Assets** | **144.42** |
| **Liabilities** | |
| **Total Current Liabilities** | **7.46** |
| **Net Assets derecognised** | **136.96** |
| **Gain / (loss) on Disposal** | |
| Consideration received | 221.52 |
| Net Assets derecognised | (136.96) |
| **Gain / (loss) on Disposal recorded in the books** | **84.56** |

**Net Cash inflow arising on disposal**

(₹ in Lakhs)

| | |
|---|---|
| Cash consideration received | 221.52 |
| Cash and cash equivalents disposed off | (37.11) |
| **Net cash inflow** | **184.41** |

**67. Business Combination**

During previous year, the group acquired balance 50 % stake in a joint venture Aquaignis Technologies Private Limited on 13th June, 2018. Aquaignis became a subsidiary effective that date.

| Particulars | Principal activity | Date of divestment | Proportion of voting equity interests acquired (%) | Consideration received ₹ in Lakhs |
|---|---|---|---|---|
| Aquaignis Technologies Private Limited | Manufacturing | 13th June, 2018 | 50% | 198.18 |
| Fair value of assets recognised at the date of acquisition 13th June, 2018 | | | | 415.76 |
| Fair Value of previously Held Equity interest in Aquaignis Technologies Private Limited | | | | 207.88 |
| Cash Consideration | | | | 198.18 |
| **Total Consideration** | | | | **406.06** |
| Goodwill | | | | 9.70 |
| Contingent Liabilities assumed on acquisition | | | | NIL |
| Non Controlling Interest | | | | Not Applicable |
| Net Cash inflow arising on disposal | | | | |
| Cash consideration paid | | | | 198.18 |
| Cash and cash equivalents acquired | | | | 3.18 |
| **Net cash outflow** | | | | **195.00** |

**68.** The following matter has been included in the financial statements of Forbes Technosys Limited, a subsidiary, which is reproduced as follows:

"Mangement note on material uncertainty related to going concern:

The Company has incurred a net loss of ₹ 6,014.92 lakhs during the current year and the Company's current liabilities exceeded its current assets by ₹ 13,306.25 lakhs as at March 31, 2020. The Company has accumulated losses of ₹ 14,263.82 lakhs and its net worth has been fully eroded as at March 31, 2020. These conditions indicate the existence of material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern. However, during the current year, the Holding Company, namely Forbes and Company Limited, has infused additional capital of ₹ 1,000 lakhs and the Ultimate Holding Company, namely Shapoorji Pallonji and Company Private Limited, has provided loan aggregating ₹ 3,850 lakhs in addition to existing loans to support the Company's cash flow and to meet its liabilities. The Company is confident of refinancing/ repayment of all borrowings obligations, as and when due, from business operations and/ or financial support from the Holding and Ultimate Holding Company.

The Company has suffered setback in recent past years which is temporary in nature due to muted demand and stress in some of the key sectors that the Company has been traditionally dependent on, such as banking and telecom. Heightened competition and entry of several local players in the e-payments space put pressures on margin as well for the Company. Additionally, the Covid-19 pandemic has severely disrupted business operations around the world due to global lockdown and other emergency measures imposed by various governments. The operations of the Company were also impacted due to Covid-19 as the Company's manufacturing units and offices had to be completely shut-down following nationwide lockdown. Also, supply chain for critical electronic components required for sales and services were affected since January 2020, which eventually affected dispatches during the quarter ended March 31, 2020 significantly.

The Company has resumed operations in a phased manner as per directives from the Government of India. The Company has evaluated impact of this pandemic on its business operations and financial position and based on its review of estimated global economic indicators and the present Indian economy's situation, the necessary impact has been considered on its financial statements for the year ended March 31, 2020. Considering the Company's current estimates it is expected that demand will pick up in the near future and no additional adjustments are required in the carrying values of the Company's property, plant and equipment, intangible assets including intangibles under development, trade receivables and other current assets as on March 31, 2020.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions.

The Management have carried out a detailed evaluation in respect of the future business prospects of the Company coupled with innovative, niche and high impact software solutions designed which leverage upon the cutting edge technology and strong domain knowledge across industry verticals that the Company possesses. The new initiatives, product rationalization buoyed by consistent increasing demand observed in sectors other than BFSI, make the Company well poised to reap in benefits in the long run, despite some challenges including Covid-19 when looked at from a short-term perspective.

The adversity in present market situation is prolonged due to impact of Covid-19 pandemic and overall slowdown in business environment globally. There are positive trends visible for the Company in the near future (considering orders secured including those in pipeline, cost rationalization, product portfolio diversification strategies etc.) which are expected to continue in the foreseeable future would aid business recoupment. Therefore, the Holding and Ultimate Holding Company are rendering the necessary support as required to enable the Company to revive itself.

Accordingly, considering the aforesaid and management's assessment on the overall situation at the Company, expected operational improvements planned and ongoing financial support, the financial statements of the Company have been prepared on a going concern basis.''

**69.** Shapoorji Pallonji Forbes Shipping Limited, a subsidiary's current liabilities exceeds the current assets by ₹ 14,399.38 Lakhs as on 31st March, 2020. The subsidiary's management is evaluating various refinancing options available to the subsidiary including funds from the ultimate holding company/ group companies and are confident of settling all liabilities as and when they fall due.

**70.** The following matters have been included in the financial statements of Eureka Forbes Limited, a subsidiary, which are reproduced as follows:

''Financial Difficulties -

Forbes Lux International (FLIAG):

Forbes Lux International Ltd (FLIAG) and its direct and indirect subsidiaries (Lux Group) faced financial difficulties during the financial year ended 31st December, 2019. FLIAG's and Lux group's ability to continue as a going concern depends on the continuing financial support of its ultimate parent company, Eureka Forbes Limited located in India (EFL), and the future performance of its direct and indirect subsidiaries (Lux Group).The Board of Directors of Lux International AG are taking necessary steps to revive and stabilize the business of Lux Group. Further, the ultimate parent company, EFL, issued a financial support letter dated 20th February 2020 that they undertake financial support to extend needed to keep Forbes Lux International AG and Lux Group adequately capitalized. In the event of continuing loss and financial needs, EFL will provide necessary liquid funds support or equity to continue its operations. This undertaking is valid until 31st March 2021.

Despite this, a material uncertainty exists that may cast significant doubt about the ability of Forbes Lux International AG to continue as a going concern. If FLIAG is not able to continue as a going concern, assets may have to be written down and provisions set up and fixed assets and non-current liabilities reclassified as current. The impact of these adjustments could be material and the necessary provisions would have to be followed by the Board of Directors.

Lux International Limited (Lux Group):

Lux International Ltd. and its direct and indirect subsidiaries (Lux Group) faced financial difficulties during last years. The Board of Directors of Lux International AG are taking necessary steps to revive and further stabilize the business of Lux Group. Nevertheless, Lux group's ability to continue as a going concern still depends on the continuing financial support of its ultimate parent company, Eureka Forbes Limited located in India (EFL) and the future performance of the group. Consequently, the ultimate parent company, EFL, issued a new "Financial Support Letter" with validity until 31 March 2021.The Shareholder has proved in the past its unconditional support of Lux Group in terms of capital, financial and cash support and it will continue doing so. The letter explicitly covers the commitment of Eureka Forbes to honour the repayment liabilities both to Axis Bank and ICICI Bank.

Despite this, a material uncertainty exists that may cast significant doubt about the ability of Lux Group to continue as a going concern. If Lux Group is not able to continue as a going concern, assets may have to be written down, provisions set up, and fixed assets and non-current liabilities reclassified as current. The impact of these adjustments could be material and the necessary legal provisions would have to be followed by the Board of Directors.''

**71.** The following matters have been included in the financial statements of Eureka Forbes Limited, a subsidiary, which are reproduced as follows:

''Going Concern:

The parent company (Eureka Forbes Limited) and Lux group comprises of substantial portion of EFL group.

Note 33-t of the financial statements explains the basis of preparation of consolidated financial statements of Lux International Limited ('Lux group') on going concern assumption. The Board of Directors of Lux Group are taking necessary steps to revive and stabilize the business of Lux Group. Further, the financial statements of parent company discloses that its Board of Directors have assessed and concluded that no material uncertainty exists that may cast significant doubt on parent company's ability to continue on a going concern basis.

The group has incurred a net loss of ₹ 25,069.95 lakhs during the year ended March 31, 2020 because of losses in Lux group and also impairment of goodwill in Lux group amounting to ₹ 21,645.63 lakhs disclosed in the consolidated financial statements as an exceptional item. As of that date, the group's current liabilities exceeded its current assets by ₹ 38,879.32 lakhs which includes an amount of ₹ 32,552.14 lakhs as advance of service contracts against which service obligation is outstanding but no material cash outflow is expected since amounts will be replenished by renewals of existing and new service contracts. After adjusting such advances for service contracts, the net current liabilities effectively would be ₹ 6,327.18 lakhs. Also the group has accumulated losses of ₹ 28,366.39 lakhs as on March 31, 2020 (*Previous Year accumulated loss of ₹ 3,234.37 lakhs*) and a total equity of ₹ (-) 5,687.44 Lakhs (*Previous Year ₹ 21,050.06 Lakhs*). Further, the Parent Company has provided financial support to its subsidiaries, 'Lux Group' to repay the instalments of loans for certain borrowings of Lux group for which the amount due within next 12 months is ₹ 5,022.00 lakhs and also to keep them adequately capitalized. The networth of the Parent Company has been fully eroded mainly due to provision for impairment of investments in and loans to subsidiaries over the periods including for Lux Group, however, performance of the Parent Company is good and stable. Nevertheless, the financial statements for the year ended 31st March, 2020 have been prepared on a "Going Concern" basis in view of the fact that further the group has already initiated the process of taking such measures as cost reduction, revision in business strategy and reduction in cash outflow which will ultimately strengthen its financial position and also that the Group expects increase in demand for its products as the health consciousness amongst people should increase consequent to the COVID-19 pandemic. For the quarter ended June 30, 2020, the Parent Company has made gross sales of ₹ 23,973.56 lakhs including direct cash sales and cash collected from renewal/ new sale of service and spares exceeding ₹ 12,695.79 lakhs. The parent company has undrawn fund based facilities from banks amounting to ₹ 6,760.20 lakhs as at March 31, 2020 and have further lined up additional channel financing facilities amounting to ₹ 3,000 lakhs. Further, Forbes & Company Limited ("Holding Company" of group) has undertaken to provide financial support to the parent company for continuing its operation in the foreseeable future and to meet its financial obligations in case it need."

**72.** Lux Deuscheland GmBH has been a loss making subsidiary of Lux International AG. It was financially supported by Eureka Forbes Limited. The losses in Lux Deuscheland GmBH were mounting and the parent company of Lux Germany decided to liquidate the subsidiary. In April 2020 Lux Deuscheland GmBH has filed for winding up and at present an official liquidator has been appointed.

**73.** During the current year, business projections could not be achieved due to various factors for one of the subsidiary group in Europe "Lux group" as envisaged previously. Based on the assessment of the revised future projections (including impact of Covid-19 pandemic) carried out by the subsidiary's management after considering current economic conditions and trends, estimated future operating results and growth rates, an amount of ₹ 21,645.63 lakhs has been impaired in the Statement of Profit and Loss as impairment loss on goodwill on consolidation and disclosed as an exceptional item.

**74.** The financial statements of the Joint Venture - Infinite Water Solutions Private Limited have been prepared on a going concern basis, which assumes that the Joint Venture will be able to realize its assets at least at the recorded amounts and discharge its liabilities in the usual course of business. The Joint Venture, has considered the impact of Covid-19 on the future projections of the Joint Venture. In view of the positive net worth, the assessment of future cash flows projections, availability of liquid funds and investments and unused credit facilities, the management considers that it is appropriate to prepare these financial statements on a going concern basis.

**75.** Remuneration paid /payable to Mr. Marzin R Shroff (Managing Director & CEO of Eureka Forbes Limited, a subsidiary ) approved in the meeting of Nomination and Remuneration Committee of subsidiary on 25th June, 2020 and Board of Directors of subsidiary on 8th July, 2020 exceeds the limit prescribed under Section 197 by ₹ 197.14 lakhs (including provision for commission of ₹ 140.00 lakhs) and is subject to shareholders approval of subsidiary through special resolution. The subsidiary has charged off the excess remuneration paid/ payable in the Statement of Profit and Loss for the year ended 31st March, 2020. Pending such approval, the remuneration already paid in excess of the limit amounting to ₹ 57.14 lakhs is being held in trust by Mr. Marzin R Shroff (Managing Director & CEO).

Remuneration payable to non-whole time directors is approved by the meeting on Nomination and Remuneration Committee of subsidiary on 25th June, 2020 and Board of Directors of subsidiary on 8th July, 2020 exceeds the limit prescribed under section 197 by ₹ 6.42 lakhs and is subject to shareholders approval of subsidiary through special resolution. The subsidiary has charged off the excess remuneration payable in the Statement of Profit and Loss for the year ended 31st March, 2020.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued**

**76.** During the year, in case of a subsidiary, namely Forbes Technosys Limited, irregularities in certain business transactions were detected by the subsidiary for which the subsidiary appointed an independent agency to conduct review of the subsidiary's business transactions. The said agency identified fraudulent transactions over the past few years, amounting to approximately ₹ 569 lakhs involving the erstwhile Chief Financial Officer, other employees and certain third party vendors. The subsidiary has initiated proceedings against these employees including filing of FIR. Pending the recovery procedures, the financial statements have been adjusted to give effect to the above embezzlement.

The subsidiary's Board had appointed a new CFO subsequent to termination of the erstwhile CFO. Further, the subsidiary's Board also appointed new internal auditors with enhanced scope and increased frequency of reporting. The subsidiary's management, commenced by focusing on addressing gaps in entity level controls; identifying mitigating compensating controls for system gaps, revisiting the Chart of Authority, reviewing all the identified gaps in business processes, instituting new / compensating controls and maker checker controls more specifically in areas like procurement to pay, journal entries, cost of goods sold ledger, inventory recording, etc. and ensured design of controls was in place and gaps were remediated. The subsidiary's management, assisted by the internal auditors, subsequently tested all the controls for adequacy and operating effectiveness as on 31st March, 2020. The exposure of this irregularity is restricted to subsidiary's books only as the role of the aforesaid employees was restricted to subsidiary and they had no involvement in any of the other entities within the Group.

**77.** The following matters have been included in the financial statements of Forbes Bumi Armada Limited, a joint venture, which are reproduced as follows:

"In view of the global outbreak of Coronavirus (COVID-19) pandemic which has profound impact on the both Indian and global economy, various governments across the globe have taken steps to contain the spread of the COVID-19. The Government of India along with various state governments in India have taken preventive measures like complete lock-down, restrictions on both domestic and international travels etc. As a result, the Company has minimized its rotation of manpower until further notice for the safety of its employees, customers and other stakeholders. Since Company functions are covered under essential categories as prescribed by the Ministry of Home Affairs, hence Company operations are continuing and remain functional. The Company's Onshore base office employees including finance and administrative functions have continued to operate remotely.

Based on internal and external information available till the date of approval of these financial statements, the management has performed assessment to evaluate possible impact of the aforesaid situation on the business of the Company. While performing this assessment, management has also revisited its assessment of various financial risks including credit risk and liquidity risk. Based on the assessment performed and considering the ongoing contract in hand, liquidity position at year end and subsequent discussions with customers, management believes that there is no material uncertainty existing regarding the Company's ability to continue as a going concern.

The Management further believes that no adjustments are required in the financial statements as a consequence of the COVID-19 pandemic. However given the highly uncertain economic conditions, definitive assessment of impact of COVID-19 on the financial position and performance of the Company is highly dependent on future circumstances as they evolve."

**78.** The following matters have been included in the financial statements of Eureka Forbes Limited, a subsidiary, which are reproduced as follows:

"Impact of COVID-19

The COVID -19 pandemic is rapidly spreading throughout the world. The operations of the Group were impacted, due to shutdown of all plants and offices following lockdown by the Government of respective countries where group operates. The Group has resumed operations in a phased manner as per directives from the Government of respective countries. The Group has evaluated impact of this pandemic on its business operations and financial position and based on its review of current and estimated future global including Indian economic indicators, the related impact has been considered on its financial results and financial position as at 31st March 2020. The Group, based on current estimates, expects demand to pick up in long term and attain pre-COVID levels of performance basis which the carrying amount of the receivables, inventories and goodwill will be recovered. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The group will continue to monitor any material changes to future economic conditions."

**79.** The Covid-19 pandemic has severely disrupted business operations due to global lockdown and other emergency measures imposed by the various governments. The operations of the Group, its joint ventures and associates were impacted due to the shutdown of plants, real estate development project and offices following the nationwide lockdown imposed by governments of respective countries where the Group operates. The Group resumed its operations in a phased manner in line with directives from the relevant authorities.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 - Continued

The Group has evaluated the impact of this pandemic on its business operations, liquidity and based on current estimates, expects demand to pick up in the long term and attain pre-Covid-19 levels of performance considering which the carrying values of the Group's assets including property, plant and equipment, intangible including goodwill, trade receivables, inventory and investments as at the Balance Sheet date will be recovered. Further, considering the management's review of the current indicators and economic conditions there are no additional adjustments on its financial statements for the year ended 31st March, 2020. The Group has adequate unutilized fund-based credit facilities available, to take care of any urgent requirement of funds.

The Group throughout the lockdown period and even subsequently has been able to maintain adequate control of its assets and there are no significant changes to its control environment during the period.

In the case of Forbes & Company Limited's inventory, the management performed 'wall to wall' verification for all its locations and again at date subsequent to the year end in the presence of an external firm of Chartered Accountants to obtain comfort over the existence and condition of inventories as at 31st March, 2020 including appropriate roll backward procedures.

However, the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly, the impact may be different from that estimated as at the date of approval of these financial statements. The Group will continue to monitor any material changes to future economic conditions.

**80.** The financial statements were approved by the Board of Directors of the Group at their meeting held on 25th July, 2020.

**81.** Previous year figures have been regrouped/ reclassified, wherever necessary to conform to current year classification.

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In terms of our report of even date

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration No. 012754N/N500016
Chartered Accountants

**Sarah George**
*Partner*
Membership Number: 045255

NIRMAL JAGAWAT
*Chief Financial Officer*

PANKAJ KHATTAR
*Company Secretary*
Membership No : F5300

Place: Mumbai
Date: 25th July, 2020

**For and on behalf of the Board of Directors**

M. C. TAHILYANI
*Managing Director*
DIN : 01423084

JAI L. MAVANI
*Director*
DIN : 05260191

Place: Mumbai
Date: 25th July, 2020

**FORBES & COMPANY LIMITED**

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