

# **FORBES & COMPANY LIMITED**

FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES  
FOR THE YEAR 2014-15

**FORBES & COMPANY LIMITED**  
**Reports and Accounts of Subsidiary Companies**  
**2014 – 2015**

**C O N T E N T S**

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|---|---------|
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**Aquadiagnostics Water Research & Technology Centre Limited**  
(a wholly owned Subsidiary Company of Aquamall Water Solutions Limited)

Financial Statements  
for the year ended March 31, 2015

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Aquadiagnostics Water Research & Technology Centre Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Aquadiagnostics Water Research & Technology Centre Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by 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, 2015, its profit, and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2015 ("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 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Act;
  - (f) With respect to the other matters to be included in the Auditor's 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 does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Batliboi & Purohit**

Chartered Accountants

ICAI Firm Registration Number: 101048W

**Kaushal Mehta**

Partner

Membership Number: 111749

Place: Bangalore

Date: 24th April 2015

Annexure referred to in Clause 1 of paragraph on Report on Other Legal and Regulatory Requirements of our report of even date

Re: Aquadiagnostics Water Research & Technology Centre Limited (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have been physically verified by the management during the year. As informed, no material discrepancies were noticed on such verification.
- (ii) The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (b) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

Annexure referred to in Clause 1 of paragraph on Report on Other Legal and Regulatory Requirements of our report of even date

Re: Aquadiagnostics Water Research & Technology Centre Limited (“the Company”)

- (viii) The Company’s accumulated losses at the end of the financial year are more than fifty percent of its net worth. It has not incurred any cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, the Company did not have any outstanding dues a financial institution, bank or debenture holders during the year.
- (x) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from banks and financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **Batliboi & Purohit**  
Chartered Accountants  
ICAI Firm Registration Number: 101048W

**Kaushal Mehta**  
Partner  
Membership Number: 111749

Place: Bangalore  
Date: 24th April 2015

## BALANCE SHEET AS AT 31st MARCH, 2015

|                                   | Notes | As at 31st<br>March, 2015 | As at 31st<br>March, 2014 |
|-----------------------------------|-------|---------------------------|---------------------------|
| <b>I EQUITY AND LIABILITIES</b>   |       |                           |                           |
| <b>1. Shareholders' Funds</b>     |       |                           |                           |
| a Share Capital                   | 2     | 30,000,000                | 20,000,000                |
| b Reserves and Surplus            | 3     | (17,516,606)              | (19,230,151)              |
|                                   |       | <b>12,483,394</b>         | <b>769,849</b>            |
| <b>2. Non-current Liabilities</b> |       |                           |                           |
| a Long-term Borrowings            | 4     | -                         | 6,000,000                 |
|                                   |       | -                         | <b>6,000,000</b>          |
| <b>3. Current Liabilities</b>     |       |                           |                           |
| a Trade Payables                  | 5     | 74,687                    | 1,125,457                 |
| b Other Current Liabilities       | 6     | 967,123                   | 3,386,327                 |
|                                   |       | <b>1,041,810</b>          | <b>4,511,784</b>          |
| <b>Total</b>                      |       | <b>13,525,204</b>         | <b>11,281,633</b>         |
| <b>II ASSETS</b>                  |       |                           |                           |
| <b>1. Non-Current Assets</b>      |       |                           |                           |
| a Fixed Assets                    |       |                           |                           |
| (i) Tangible Assets               | 7     | 9,197,872                 | 6,278,274                 |
| (ii) Capital work-in-progress     |       | -                         | 1,544,120                 |
| b Long-Term Loans And Advances    | 8     | 1,806,787                 | 1,695,103                 |
|                                   |       | <b>11,004,659</b>         | <b>9,517,497</b>          |
| <b>2. Current Assets</b>          |       |                           |                           |
| a Trade Receivables               | 9     | 1,898,008                 | 1,495,791                 |
| b Cash And Cash Equivalents       | 10    | 379,027                   | 150,368                   |
| c Short-Term Loans And Advances   | 8     | 243,510                   | 117,977                   |
|                                   |       | <b>2,520,545</b>          | <b>1,764,136</b>          |
| <b>Total</b>                      |       | <b>13,525,204</b>         | <b>11,281,633</b>         |

Significant Accounting Policies 1

The notes referred to above form an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors

For Batliboi & Purohit  
Chartered Accountants

P.J. Reddy

Dr. Venkatesh Tuppil

**Kaushal Mehta**  
Partner  
Membership No. 111749

Place: Bangalore

Date:

## Statement of Profit and Loss for the year ended 31st March 2015

|  | Notes | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
|--|-------|--|--|
| <b>I Income</b>  |       |  |  |
| a Revenue from operation   | 11    | 8,029,490                              | 7,190,890                              |
| b Other income   | 12    | 8,235                                  | 120,951                                |
| <b>Total Revenue</b>   |       | <b>8,037,725</b>                       | <b>7,311,841</b>                       |
| <b>II Expenses</b>   |       |  |  |
| a Employee Benefit Expense   | 13    | 1,974,898                              | 1,940,343                              |
| b Other Expenses   | 14    | 5,047,130                              | 4,165,017                              |
| c Finance Cost   | 15    | 677,630                                | 810,645                                |
| d Depreciation and Amortisation Expense  | 16    | (1,417,555)                            | 1,011,028                              |
| <b>Total Expenses</b>  |       | <b>6,282,103</b>                       | <b>7,927,033</b>                       |
| <b>III Profit / (Loss) before exceptional items, extraordinary items and tax</b> |       | <b>1,755,622</b>                       | <b>(615,192)</b>                       |
| Exceptional items  |       | -                                      | -                                      |
| <b>IV Profit / (Loss) before extraordinary items and tax</b>                     |       | <b>1,755,622</b>                       | <b>(615,192)</b>                       |
| Extraordinary items  |       | -                                      | -                                      |
| <b>V Profit / (Loss) before tax</b>  |       | <b>1,755,622</b>                       | <b>(615,192)</b>                       |
| Tax expense  |       | -                                      | -                                      |
| Current tax  |       | -                                      | -                                      |
| <b>VI Profit / (Loss) for the year</b>   |       | <b>1,755,622</b>                       | <b>(615,192)</b>                       |
| <b>Earnings per equity share (₹)</b>   | 17    |  |  |
| Basic and Diluted-face value of ₹ 10/- per share                                 |       | 0.82                                   | (1.37)                                 |
| Significant accounting policies  | 1     |  |  |

As per our report of even date

For and on behalf of the Board of Directors

For Batliboi & Purohit  
Chartered Accountants  
Firm regn No.101048W

P.J. Reddy

Dr. Venkatesh Tuppil

**Kaushal Mehta**  
Partner  
Membership No. 111749

Place: Bangalore  
Date:

## Cash Flow Statement for the Year ended 31st March, 2015

|   | 2014-15     |           | 2013-14     |             |
|---|-------------|-----------|-------------|-------------|
|   |             |           |             |             |
| <b>NET PROFIT / (LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS</b>                 |             | 1,755,622 |             | (615,192)   |
| Adjusted For -  |             |           |             |             |
| Depreciation and amortisation expense   | (1,417,555) |           | 1,011,028   |             |
| Unrealised foreign exchange gain  | (1,968)     |           |             |             |
| Finance cost  | 677,630     |           | 810,645     |             |
|   |             | (741,893) |             | 1,821,673   |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>  |             | 1,013,729 |             | 1,206,481   |
| Adjustments for (increase)/ decrease in operating assets:                     |             |           |             |             |
| Trade Receivables   | (403,593)   |           | (464,997)   |             |
| Short Term Loans and advances   | (125,533)   |           | (61,045)    |             |
| Long -Term Loans and advances   | 448,185     |           | (58,418)    |             |
| Adjustments for increase/ (decrease) in operating liabilities:                |             |           |             |             |
| Trade Payables  | (1,050,770) |           | 144,288     |             |
| Other current liabilities   | 504,417     |           | (256,096)   |             |
| Other long term liabilities   | -           |           | -           |             |
| Short Term Provisions   | -           |           | -           |             |
| Long -Term Provisions   | -           |           | -           |             |
|   |             | (627,294) |             | (696,268)   |
| Cash generated from operations  |             | 386,435   |             | 510,213     |
| Direct Taxes Paid (net of refunds)  |             | (559,869) |             | (108,086)   |
| <b>(a) NET CASH FLOW GENERATED BY/ (USED IN) OPERATING ACTIVITIES</b>         |             | (173,434) |             | 402,127     |
| <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>                                   |             |           |             |             |
| Purchase of Fixed Assets(Including adjustment on account of Capital Advances) | -           |           | (1,883,694) |             |
| <b>(b) NET CASH USED IN INVESTING ACTIVITIES</b>                              |             | -         |             | (1,883,694) |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                    |             |           |             |             |
| Issue of Equity shares  | 10,000,000  |           | 1,500,000   |             |
| Repayment of long term borrowings   | (6,000,000) |           | -           |             |
| Finance cost paid   | (3,597,907) |           | -           |             |
| <b>(c) NET CASH GENERATED/ (USED) FROM FINANCING ACTIVITIES</b>               |             | 402,093   |             | 1,500,000   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)</b>                      |             | 228,659   |             | 18,433      |

**Cash Flow Statement for the Year ended 31 March, 2014 (Contd.)**

|   | 2014-15 |         | 2013-14 |         |
|---|---------|---------|---------|---------|
|   |         |         |         |         |
| <b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :</b> |         |         |         |         |
| Cash , Cheques on hand  | 13,552  |         | 89,480  |         |
| Balances with scheduled banks on Current accounts,                                | 136,816 |         | 42,455  |         |
|   |         | 150,368 |         | 131,935 |
| <b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :</b>          |         |         |         |         |
| Cash , Cheques on hand  | 4,391   |         | 13,552  |         |
| Balances with scheduled banks on Current accounts,                                | 374,636 |         | 136,816 |         |
|   |         | 379,027 |         | 150,368 |
| <b>NET INCREASE /(DECREASE) AS DISCLOSED ABOVE</b>                                |         | 228,659 |         | 18,433  |

As per our report of even date

For Batliboi & Purohit  
 Chartered Accountants  
 Firm regn No.101048W

For and on behalf of the Board of Directors

P.J. Reddy

Dr. Venkatesh Tuppil

**Kaushal Mehta**  
 Partner  
 Membership No. 111749

Place: Bangalore  
 Date:

## Notes to the Financial Statements for the year ended 31st March 2015

1. SIGNIFICANT ACCOUNTING POLICIES(a) Basis of preparation of Financial statement.(i) Basis of Accounting

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 and other accounting pronouncements of the Institute of Chartered Accountants of India. The financial statements have been prepared under historical cost convention and on accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for change in the accounting policy for depreciation as mentioned in Note 24.

(ii) Uses of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(iii) Change in Accounting Policy

Effective 1st April 2014, the company has, with retrospective effect, changed its method of depreciation on fixed assets from 'Written Down Value' method to 'Straight Line' method. The management believes that this change will result in more appropriate presentation of financial statements. Accordingly, the company has written back depreciation of ₹ 32,99,162 pertaining to previous years and depreciation for the year under straight line method is lower by ₹ 6,91,416 as compared to depreciation under written down value method. Had the company continued to use the earlier method of depreciation, the profit for the year would have been lower by ₹ 39,90,578.

(b) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation/amortisation. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

(c) Depreciation and amortisation

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

(d) Revenue Recognition

Income from testing of water and other services is accounted on accrual basis after completion of services.

(e) Foreign Currency

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end at closing exchange rate, are recognised in the statement of profit and loss. In the case of forward exchange contract, the premium or discount is recognised in the statement of profit and loss account over the life of the contract.

(f) Research and Development

(a) Capital Expenditures are shown separately under respective heads of fixed assets.

(b) Revenue expenses are included under the respective heads of expenses.

(g) Provisions, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

(h) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year.

(i) Lease accounting

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

## Notes to the Financial Statements for the year ended 31st March 2015

|   | As at 31st March,2015 |                   | As at 31st March,2014 |                   |
|---|-----------------------|-------------------|-----------------------|-------------------|
|   | Number of shares      | Amount in `       | Number of shares      | Amount in `       |
| <b>2. Share Capital</b>                     |                       |                   |                       |                   |
| Authorised                                  |                       |                   |                       |                   |
| Equity shares of ` 10/ each *               | 5,000,000             | 50,000,000        | 2,000,000             | 20,000,000        |
|   | <u>5,000,000</u>      | <u>50,000,000</u> | <u>2,000,000</u>      | <u>20,000,000</u> |
| <b>Issued</b>                               |                       |                   |                       |                   |
| Equity shares of ` 10/ each fully paid up * |                       |                   |                       |                   |
| At the beginning of the year                | 2,000,000             | 20,000,000        | 80,000                | 800,000           |
| Add: Issued during the year                 | 1,000,000             | 10,000,000        | 1,920,000             | 19,200,000        |
| Less: Bought back during the year           | -                     | -                 | -                     | -                 |
| At the end of the year                      | <u>3,000,000</u>      | <u>30,000,000</u> | <u>2,000,000</u>      | <u>20,000,000</u> |
| <b>Subscribed</b>                           |                       |                   |                       |                   |
| Equity shares of ` 10/ each fully paid up * |                       |                   |                       |                   |
| At the beginning of the year                | 2,000,000             | 20,000,000        | 80,000                | 800,000           |
| Add: Issued during the year                 | 1,000,000             | 10,000,000        | 1,920,000             | 19,200,000        |
| Less: Bought back during the year           | -                     | -                 | -                     | -                 |
| At the end of the year                      | <u>3,000,000</u>      | <u>30,000,000</u> | <u>2,000,000</u>      | <u>20,000,000</u> |
| <b>Fully Paid up</b>                        |                       |                   |                       |                   |
| Equity shares of ` 10/ each fully paid up * |                       |                   |                       |                   |
| At the beginning of the year                | 2,000,000             | 20,000,000        | 80,000                | 800,000           |
| Add: Issued during the year                 | 1,000,000             | 10,000,000        | 1,920,000             | 19,200,000        |
| Less: Bought back during the year           | -                     | -                 | -                     | -                 |
| At the end of the year                      | <u>3,000,000</u>      | <u>30,000,000</u> | <u>2,000,000</u>      | <u>20,000,000</u> |

\* Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders. During the year ended 31st March 2015, the Company has recorded per share dividend of ` NIL (previous year: ` NIL) to equity shareholders.

2(a) 30,00,000 (previous year 20,00,000) equity shares of ` 10/- each fully paid are held by Aquamall Water Solutions Limited (holding company) . This contributes to 100% (previous year 100 %) of equity shares outstanding as at year end. There is no other party holding more than 5% of equity shares outstanding as at year end.

2(b) During the year company has issued 10,00,000 (previous year 19,20,000) equity shares of ` 10 each to Aquamall Water Solutions Limited (holding company).

2(c) Details of shareholders holding more than 5% shares of the Company

|  |                 | As at 31st March,2015 |           | As at 31st March,2014 |           |
|--|-----------------|-----------------------|-----------|-----------------------|-----------|
|  |                 | Number of shares      | % holding | Number of shares      | % holding |
| Equity shares of ` 10/- each fully paid up held by |                 |                       |           |                       |           |
| Aquamall Water Solutions Limited                   | Holding company | 3000000               | 100       | 2000000               | 100       |

## Notes to the Financial Statements for the year ended 31st March 2015

|  | As at 31st<br>March, 2015  | As at 31st<br>March, 2014  |
|--|----------------------------|----------------------------|
| <b>3. Reserves and Surplus</b>   |                            |                            |
| <b>Surplus / (Deficit) in the Statement of Profit and Loss</b>   |                            |                            |
| Balance at the beginning of the year   | (19,230,151)               | (18,614,959)               |
| Add/ (less): Depreciation on Transition to Schedule II of the Companies Act 2013 on tangible fixed assets with nil remaining useful life (refer note-24) | (42,077)                   | -                          |
| Add/ (less): Profit/ (loss) for the year   | 1,755,622                  | (615,192)                  |
| Balance at the end of the year   | <u>(17,516,606)</u>        | <u>(19,230,151)</u>        |
| <b>Total</b>   | <b><u>(17,516,606)</u></b> | <b><u>(19,230,151)</u></b> |

|   |                       | <b>Non-current</b>        |                           | <b>Current maturities</b> |                           |
|---|-----------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|   | Secured/<br>Unsecured | As at 31st<br>March, 2015 | As at 31st<br>March, 2014 | As at 31st<br>March, 2015 | As at 31st<br>March, 2014 |
| <b>4. Long-Term Borrowings</b>          |                       |                           |                           |                           |                           |
| Loans and advances From related parties | Unsecured             | -                         | 6,000,000                 | -                         | -                         |
| <b>Total</b>                            |                       | <u>-</u>                  | <u>6,000,000</u>          | <u>-</u>                  | <u>-</u>                  |
| <b>Net Amount</b>                       |                       | <u>-</u>                  | <u>6,000,000</u>          | <u>-</u>                  | <u>-</u>                  |

## Notes to the Financial Statements for the year ended 31st March 2015

|  | Long-term                 |                           | Current                   |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | As at 31st<br>March, 2015 | As at 31st<br>March, 2014 | As at 31st<br>March, 2015 | As at 31st<br>March, 2014 |
| <b>5. Trade Payables</b>                   |                           |                           |                           |                           |
| Due to Micro, Small and Medium Enterprises | -                         | -                         | -                         | -                         |
| Due to others (including acceptances)      | -                         | -                         | 74,687                    | 268,952                   |
| Due to related parties                     | -                         | -                         | -                         | 856,505                   |
| <b>Total</b>                               | <b>-</b>                  | <b>-</b>                  | <b>74,687</b>             | <b>1,125,457</b>          |

There is no principal amount and interest due to Micro, Small & Medium enterprises. During the year no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the company.

**6. Other Current Liabilities**

|   |          |          |                |                  |
|---|----------|----------|----------------|------------------|
| Interest accrued and due on borrowings  | -        | -        | -              | 2,920,277        |
| Advance from Customers  | -        | -        | 29,563         | 94,869           |
| Advances from Related parties   | -        | -        | 603,914        | -                |
| Statutory liabilities (Contributions to PF, Pension, ESIC, withholding Taxes, VAT etc.) | -        | -        | 21,954         | 103,862          |
| Employee Benefits Payable   | -        | -        | 179,070        | 180,729          |
| Other payables **   | -        | -        | 132,622        | 86,590           |
| <b>Total</b>  | <b>-</b> | <b>-</b> | <b>967,123</b> | <b>3,386,327</b> |

Footnote

\*\* Other payables

|                            |          |          |                |               |
|----------------------------|----------|----------|----------------|---------------|
| Prov for audit fee         | -        | -        | 28,090         | 28,090        |
| Prov. for other misc. exp. | -        | -        | 104,532        | 58,500        |
|                            | <b>-</b> | <b>-</b> | <b>132,622</b> | <b>86,590</b> |

## Notes to the Financial Statements for the year ended 31st March 2015

## 7. Tangible Assets

| <b>Gross Block</b>            | Plant and machinery      | Furniture and fixtures | Computers            | Total                    |
|-------------------------------|--------------------------|------------------------|----------------------|--------------------------|
| As at 31 March 2013           | 11,117,714               | 780,969                | 38,500               | 11,937,183               |
| Additions                     | 316,574                  | -                      | 23,000               | 339,574                  |
| Deletions                     | -                        | -                      | -                    | -                        |
| As at 1st April, 2014         | 11,434,288               | 780,969                | 61,500               | 12,276,757               |
| Additions                     | 1,544,120                | -                      | -                    | 1,544,120                |
| Deletions                     | -                        | -                      | -                    | -                        |
| <b>As at 31st March, 2015</b> | <b><u>12,978,408</u></b> | <b><u>780,969</u></b>  | <b><u>61,500</u></b> | <b><u>13,820,877</u></b> |

| <b>Depreciation</b>           | Plant and machinery     | Furniture and fixtures | Computers            | Total                   |
|-------------------------------|-------------------------|------------------------|----------------------|-------------------------|
| As At 1 April 2013            | 4,491,365               | 463,976                | 32,114               | 4,987,455               |
| Charge for the year           | 946,957                 | 57,376                 | 6,695                | 1,011,028               |
| Deletions                     | -                       | -                      | -                    | -                       |
| As at 31 March 2014           | 5,438,322               | 521,352                | 38,809               | 5,998,483               |
| Depreciation written back*    | (3,023,424)             | (257,261)              | (18,477)             | (3,299,162)             |
| Charge for the year           | 1,711,964               | 161,686                | 7,956                | 1,881,607               |
| Deletions                     | -                       | -                      | -                    | -                       |
| Transition adjustment**       | -                       | 24,225                 | 17,852               | 42,077                  |
| <b>As at 31st March, 2015</b> | <b><u>4,126,862</u></b> | <b><u>450,003</u></b>  | <b><u>46,140</u></b> | <b><u>4,623,005</u></b> |

**Net Block**

|                               |                         |                       |                      |                         |
|-------------------------------|-------------------------|-----------------------|----------------------|-------------------------|
| As at 31 March 2014           | <u>5,995,966</u>        | <u>259,617</u>        | <u>22,691</u>        | <u>6,278,274</u>        |
| <b>As at 31st March, 2015</b> | <b><u>8,851,546</u></b> | <b><u>330,966</u></b> | <b><u>15,360</u></b> | <b><u>9,197,872</u></b> |

\* on account of change in accounting policy (refer note 1(a)(iii))

\*\* adjusted against the opening Surplus balance (refer note 24)

## Notes to the Financial Statements for the year ended 31st March 2015

|  | Long-term                 |                           | Short-term                |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | As at 31st<br>March, 2015 | As at 31st<br>March, 2014 | As at 31st<br>March, 2015 | As at 31st<br>March, 2014 |
| <b>8. Loans and Advances</b>   |                           |                           |                           |                           |
| <b>Security Deposits</b>   |                           |                           |                           |                           |
| Unsecured, considered good   | 728,041                   | 728,041                   | -                         | -                         |
|  | 728,041                   | 728,041                   | -                         | -                         |
| Less: Provision for doubtful security deposits   | -                         | -                         | -                         | -                         |
|  | 728,041                   | 728,041                   | -                         | -                         |
| <b>Other Loans and Advances</b>  |                           |                           |                           |                           |
| Unsecured considered good, unless stated otherwise   |                           |                           |                           |                           |
| Balance with statutory/ government authorities   | 10,000                    | 10,000                    | 6,871                     | 5,063                     |
| Prepaid expenses   | -                         | -                         | 236,029                   | 105,434                   |
| Advance income-tax (Net of provision of taxation)  | 1,068,746                 | 508,877                   | -                         | -                         |
| Advances recoverable in cash or kind   | -                         | 448,185                   | 610                       | 7,480                     |
|  | 1,078,746                 | 967,062                   | 243,510                   | 117,977                   |
| <b>Total</b>   | <b>1,806,787</b>          | <b>1,695,103</b>          | <b>243,510</b>            | <b>117,977</b>            |
| <b>9. Trade Receivables</b>  |                           |                           |                           |                           |
| Debts outstanding for a period exceeding six months from the date they are due for payment |                           |                           |                           |                           |
| Unsecured, considered good   | -                         | -                         | 298,877                   | 247,073                   |
|  | -                         | -                         | 298,877                   | 247,073                   |
| Other Debts  |                           |                           |                           |                           |
| Unsecured, considered good   | -                         | -                         | 1,173,352                 | 1,034,718                 |
| Debts due from related parties, unsecured  | -                         | -                         | 425,779                   | 214,000                   |
|  | -                         | -                         | 1,599,131                 | 1,248,718                 |
| Less: Provision for doubtful debts   | -                         | -                         | 1,599,131                 | 1,248,718                 |
| <b>Total</b>   | <b>-</b>                  | <b>-</b>                  | <b>1,898,008</b>          | <b>1,495,791</b>          |
| <b>10. Cash And Cash Equivalents</b>   |                           |                           |                           |                           |
| Cash on hand   | -                         | -                         | 4,391                     | 13,552                    |
| <b>Balances with Banks</b>   |                           |                           |                           |                           |
| Current accounts   | -                         | -                         | 374,636                   | 136,816                   |
| Others   | -                         | -                         | -                         | -                         |
|  | -                         | -                         | 374,636                   | 136,816                   |
| <b>Total</b>   | <b>-</b>                  | <b>-</b>                  | <b>379,027</b>            | <b>150,368</b>            |

## Notes to the Financial Statements for the year ended 31st March 2015

|                                   | For the year<br>ended 31st<br>March.2015 | For the year<br>ended 31st<br>March.2014 |
|-----------------------------------|--|--|
| <b>11. Revenue From Operation</b> |  |  |
| <b>Sale of products</b>           |  |  |
| Testing kits                      | 86,200                                   | -  |
| <b>Sale of services</b>           |  |  |
| Testing Service                   | 7,943,290                                | 7,190,890                                |
| <b>Revenue from operations</b>    | <b>8,029,490</b>                         | <b>7,190,890</b>                         |
| <b>12. Other Income</b>           |  |  |
| Exchange Difference (net)         | -  | 91,346                                   |
| Miscellaneous Income **           | 8,235                                    | 29,605                                   |
| <b>Total</b>                      | <b>8,235</b>                             | <b>120,951</b>                           |
| <b>** Miscellaneous Income</b>    |  |  |
| Test sample collection fees       | -  | 14,900                                   |
| Interest on Income Tax refund     | 2,566                                    | 10,890                                   |
| Other Income                      | 5,669                                    | 3,815                                    |
|                                   | <b>8,235</b>                             | <b>29,605</b>                            |

## Notes to the Financial Statements for the year ended 31st March 2015

|   | For the year<br>ended 31st<br>March, 2015 | For the year<br>ended 31st<br>March, 2014 |
|---|---|---|
| <b>13. Employee Benefit Expense</b>   |   |   |
| Salaries, wages and bonus   | 1,889,153                                 | 1,844,216                                 |
| Staff welfare expense   | 85,745                                    | 96,127                                    |
| <b>Total</b>  | <b>1,974,898</b>                          | <b>1,940,343</b>                          |
| <b>14. Other Expenses</b>   |   |   |
| Chemical & Gas  | 530,781                                   | 658,826                                   |
| Power & fuel  | 447,359                                   | 425,267                                   |
| Rent  | 1,180,044                                 | 1,097,676                                 |
| Repairs and Maintenance:  |   |   |
| Machinery   | 756,011                                   | 597,801                                   |
| Insurance   | 11,036                                    | 16,344                                    |
| Advertisement   | 6,742                                     | -   |
| Postage   | 33,624                                    | 31,611                                    |
| Payment to Auditors (Refer details below)   | 43,640                                    | 43,090                                    |
| Printing and Stationery   | 113,233                                   | 83,872                                    |
| Communication cost  | 76,249                                    | 80,471                                    |
| Travelling and Conveyance   | 318,979                                   | 419,966                                   |
| Legal and Professional Fees   | 145,868                                   | 60,353                                    |
| Rates and taxes, excluding taxes on income  | 342,333                                   | 248,066                                   |
| Exchange difference (net)   | 49,706                                    | -   |
| Water Charges   | 120,390                                   | 136,882                                   |
| Testing Charges   | 609,994                                   | 4,399                                     |
| Other Establishment Expenses  | 261,141                                   | 260,393                                   |
| <b>Total</b>  | <b>5,047,130</b>                          | <b>4,165,017</b>                          |
| Payment to Auditors   |   |   |
| As Auditor  |   |   |
| Statutory audit fee   | 28,090                                    | 28,090                                    |
| For other services  | 15,000                                    | 15,000                                    |
| For reimbursement of expenses   | 550                                       | -   |
| <b>Total</b>  | <b>43,640</b>                             | <b>43,090</b>                             |
| <b>Finance Cost</b>   |   |   |
| Interest Expense  | 638,342                                   | 801,414                                   |
| Other borrowing cost  | 39,288                                    | 9,231                                     |
| <b>Total</b>  | <b>677,630</b>                            | <b>810,645</b>                            |
| <b>16. Depreciation and Amortisation Expense</b>                                  |   |   |
| Depreciation on tangible assets for the year                                      | 1,881,607                                 | 1,011,028                                 |
| Less: Depreciation on tangible assets written back on change in accounting policy | (3,299,162)                               | -   |
| <b>Total</b>  | <b>(1,417,555)</b>                        | <b>1,011,028</b>                          |
| <b>17. Earnings Per Equity Share</b>  |   |   |
| Number of Equity Shares   | 3,000,000                                 | 2,000,000                                 |
| Weighted average number of equity shares  | 2,131,507                                 | 448,219                                   |
| Face Value per Share  | 10  | 10  |
| Profit / (Loss) After Tax available to Equity Shareholders                        | 1,755,622                                 | (615,192)                                 |
| <b>Basic and Diluted Earning Per Share</b>  | <b>0.82</b>                               | <b>(1.37)</b>                             |

**Notes to the Financial Statements for the year ended 31st March 2015**

- 18** Estimated amount of contracts remaining to be executed on Capital accounts and not provided for – Nil (previous year Nil)
- 19** Contingent liabilities not provided for : Nil (previous year Nil)
- 20** The amount of exchange differences included in the statement of profit and loss is a net loss of ` 49,706 (previous year net profit of ` 91,346)
- 21** The Company has a single business & geographical segment as per Accounting Standard 17 dealing with “Segment Reporting” issued by the Institute of Chartered Accountants of India.
- 22** As required under Accounting Standard 18 on “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, the list of related parties and their transactions is attached.
- 23** The company has not recognised deferred tax assets on income tax losses as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- 24** During the current year, the Company has revised its accounting policy in respect of depreciation method of its fixed assets where depreciation was provided in the previous years under the ‘written down value method’. Based on an evaluation carried out by the management in the current year, fixed assets are now being depreciated on ‘straight line method’ over the expected useful life of the fixed assets as against written down value method. This change in accounting policy has been made as it would result in a more appropriate presentation of the financial statements. As a result of this change, depreciation has been calculated retrospectively on straight line method and accordingly the Company has recorded reversal of depreciation expense amounting to ` 32,99,162 pertaining to previous years in the current year’s Statement of Profit & Loss. Further, assets individually costing ` 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets.

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets (determined after considering the change in the method of depreciation from WDV to SLM), after retaining the residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of ` 42,077 against the opening Surplus balance in the balance sheet under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by ` 12,15,697 consequent to the above change in the method of depreciation.

- 25** In accordance with the Accounting standard on Leases (AS) 19, disclosures in respect of leases are made below
- (i) The Company has taken certain office / factory premises on operating lease basis. Lease payments in respect of such leases recognised in the statement of profit & loss ` 11,80,044 (previous year ` 10,97,676 )
- (ii) Except for escalation clauses contained in certain lease arrangements providing for increase in the lease payment by a specified percentage / amounts after completion of specified period, the lease terms do not contain any exceptional / restrictive covenants other than prior approval of the lessee before the renewal of -----
- (iii) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is required for further leasing. There is no contingent rent payment.
- 26** The Company has not entered into any forward exchange contracts to hedge against its foreign exchange exposures relating to the underlying transactions and firm commitments. The company does not enter into any derivative instruments for trading speculative purpose.

Disclosure for unhedged foreign currency exposure:

|                                      | Currency | Mar’2015                   |          | Mar’2014                   |          |
|--------------------------------------|----------|----------------------------|----------|----------------------------|----------|
|                                      |          | Amount in Foreign Currency | Amount ` | Amount in Foreign Currency | Amount ` |
| Trade Receivable and Advances        | USD      | 1,198                      | 74,911   | 8,750                      | 522,909  |
| Trade Payables and Advances Received | USD      | 74                         | 4,640    | 1,584                      | 94,658   |

**27** The figures of previous year have been regrouped where ever necessary.

As per our report of even date

*For Batliboi & Purohit*

*Chartered Accountants*

Firm regn No.101048W

*For* and on behalf of the Board of Directors

P.J. Reddy

**Kaushal Mehta**

Partner

Membership No. 111749

Place: Bangalore

Date:

Dr. Venkatesh Tuppil

## 23 Related Party Disclosures

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

#### (A) Holding Company / Ultimate Holding Company:

- 1 Aquamall Water Solutions Ltd. (Holding Company)
- 2 Eureka Forbes Ltd. (Holding company of Aquamall Water Solutions Ltd.)
- 3 Forbes & Company Ltd. (Holding Company of Eureka Forbes Ltd.)
- 4 Shapoorji Pallonji & Co. Ltd. (Ultimate Holding Company)

#### (B) Enterprises that are under common control (Where there are transactions)

- 1 Forbes Aquatech Ltd.
- 2 Infinite Water Solutions Pvt. Ltd
- 3 Aqualgnis Technologies Pvt. Ltd.

### (ii) Transactions with Related Parties

|    |   | A<br>Eureka Forbes<br>Ltd. | A<br>Aquamall Water<br>Solutions Ltd. | Parties in A<br>above | B<br>Aqualgnis<br>Technologies<br>Pvt. Ltd. | Parties in B<br>above | B<br>Forbes<br>Aquatech<br>Ltd. | B<br>Infinite<br>Water<br>Solutions Pvt. | B<br>Aqualgnis<br>Technologies<br>Pvt. Ltd. | Parties in B<br>above | Total      |
|----|---|----------------------------|---------------------------------------|-----------------------|---|-----------------------|---------------------------------|--|---|-----------------------|------------|
|    | <b>Nature of Transaction</b>              |                            |                                       |                       |   |                       |                                 |  |   |                       |            |
| 1  | <b>Purchases</b>                          |                            |                                       |                       |   |                       |                                 |  |   |                       |            |
|    | Goods and Materials                       | -                          | -                                     | -                     | -   | -                     | -                               | -  | -   | -                     | -          |
|    |   | -                          | 1,325                                 | 1,325                 | -   | -                     | -                               | -  | -   | -                     | 1,325      |
| 2  | <b>Sales</b>                              |                            |                                       |                       |   |                       |                                 |  |   |                       |            |
|    | Goods and Materials (excluding taxes)     | 29,900                     | 4,000                                 | 33,900                | -   | -                     | -                               | -  | -   | -                     | 33,900     |
|    |   | 19,500                     | -                                     | 19,500                | -   | -                     | -                               | -  | -   | -                     | 19,500     |
| 3  | Services Rendered (excluding taxes)       | 942,855                    | 2,798,520                             | 3,741,375             | -   | -                     | 139,700                         | 13,750                                   | 6,600                                       | 160,050               | 3,901,425  |
|    |   | 315,465                    | 2,561,057                             | 2,876,522             | -   | -                     | 173,825                         | 2,750                                    | -   | 176,575               | 3,053,097  |
| 4  | <b>Expenses</b>                           |                            |                                       |                       |   |                       |                                 |  |   |                       |            |
|    | Miscellaneous expenses                    | -                          | 23,816                                | 23,816                | -   | -                     | -                               | -  | -   | -                     | 23,816     |
|    |   | -                          | 24,564                                | 24,564                | -   | -                     | -                               | -  | -   | -                     | 24,564     |
| 5  | Interest Paid                             | 638,342                    | -                                     | 638,342               | -   | -                     | -                               | -  | -   | -                     | 638,342    |
|    |   | 735,000                    | 66,414                                | 801,414               | -   | -                     | -                               | -  | -   | -                     | 801,414    |
| 6  | <b>Finance</b>                            |                            |                                       |                       |   |                       |                                 |  |   |                       |            |
|    | Inter-corporate deposits taken            | -                          | -                                     | -                     | -   | -                     | -                               | -  | -   | -                     | -          |
|    |   | -                          | -                                     | -                     | -   | -                     | -                               | -  | -   | -                     | -          |
| 7  | Repayment of Inter-corporate deposits tak | 6,000,000                  | -                                     | 6,000,000             | -   | -                     | -                               | -  | -   | -                     | 6,000,000  |
|    |   | -                          | 11,601,360                            | 11,601,360            | -   | -                     | -                               | -  | -   | -                     | 11,601,360 |
| 8  | Issue of Shares                           | -                          | 10,000,000                            | 10,000,000            | -   | -                     | -                               | -  | -   | -                     | 10,000,000 |
|    |   | -                          | 19,200,000                            | 19,200,000            | -   | -                     | -                               | -  | -   | -                     | 19,200,000 |
| 9  | <b>Outstandings</b>                       |                            |                                       |                       |   |                       |                                 |  |   |                       |            |
|    | Trade Payables                            | -                          | -                                     | -                     | -   | -                     | -                               | -  | -   | -                     | -          |
|    |   | -                          | 856,505                               | 856,505               | -   | -                     | -                               | -  | -   | -                     | 856,505    |
| 10 | Interest accrued                          | -                          | -                                     | -                     | -   | -                     | -                               | -  | -   | -                     | -          |
|    |   | 2,920,277                  | -                                     | 2,920,277             | -   | -                     | -                               | -  | -   | -                     | 2,920,277  |
| 11 | Advances received                         | -                          | 603,914                               | 603,914               | -   | -                     | -                               | -  | -   | -                     | 603,914    |
|    |   | -                          | -                                     | -                     | -   | -                     | -                               | -  | -   | -                     | -          |
| 12 | Trade Receivables                         | 368,455                    | -                                     | 368,455               | -   | -                     | 57,324                          | -  | -   | 57,324                | 425,779    |
|    |   | 214,000                    | -                                     | 214,000               | -   | -                     | -                               | -  | -   | -                     | 214,000    |
| 13 | Inert Corporate Deposits Payable          | -                          | -                                     | -                     | -   | -                     | -                               | -  | -   | -                     | -          |
|    |   | 6,000,000                  | -                                     | 6,000,000             | -   | -                     | -                               | -  | -   | -                     | 6,000,000  |

Figures in italics are in respect of the previous year

**Aquamall Water Solutions Limited**  
(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements  
for the year ended March 31, 2015

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AQUAMALL WATER SOLUTIONS LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Aquamall Water Solutions Limited ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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 31<sup>st</sup> March, 2015 and its profit and its cash flows for the year ended on that date.

## **Emphasis of Matter**

We draw attention to the explanation given in Note 38 to the financial statements, the management is of the opinion that no provision is required in respect of investment of Rs. 300 lakhs in 'Aquadiagnostics Water Research & Technology Centre Limited' (AWRTC), a wholly owned subsidiary company, even though the accumulated losses are Rs. 175.17 lakhs. Our opinion is not qualified in respect of this matter.

## **Report on Other Legal and Regulatory Requirements**

- 1 As required by Companies (Auditors Report) order 2015 issued by Central Government of India in terms of sub section 11 of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order
- 2 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's 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 financial statements - refer note 27 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For BATLIBOI & PUROHIT**

Chartered Accountants

ICAI Firm Regn. No.101048W

**Atul Mehta**

Partner

Membership No. 15935

Place : Mumbai

Date : 29 April, 2015

### **Annexure to the Independent Auditor's Report**

(Referred to in paragraph 1 under 'Report on other legal and Regulatory requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year; no material discrepancies were noticed on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) The Company has granted unsecured loans to two companies covered in the register maintained under section 189 of the Companies Act.
- (a) In case of inter corporate deposits given to holding company, principal amount and interest has been fully paid during the year. In case of inter corporate deposits given to a subsidiary company, principal repayment and interest amount was not due during the year.
- (b) There is no overdue amount of principal and interest granted to the above party listed in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialized requirements and similarly certain goods sold and services rendered are for the specialized requirements of the customer and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets, sale of goods and provision of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits during the year within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and are of the opinion that *prima-facie*, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no undisputed

dues in respect of income-tax, which were outstanding, at the year-end for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, dues outstanding of income tax or sales tax or duty of excise that have not been deposited on account of any dispute as follows:

| Name of the Statute      | Nature of dues | Period to which it relates          | Amount (Rs in lakhs) | Forum where the Dispute is pending     |
|--------------------------|----------------|-------------------------------------|----------------------|--|
| Sales Tax Act            | Sales Tax      | 2001-02, 2002-03, 2003-04 & 2004-05 | 1504.40              | Telangana VAT Appellate Tribunal       |
|                          |                | 2000-01 & 2001-12                   | 22.90                | Deputy Commissioner , Commercial Taxes |
| Income Tax Act, 1961     | Income Tax     | 2007-08                             | 84.70                | Income Tax Appellate Tribunal          |
| Central Excise Act, 1944 | Excise Duty    | 2001-06                             | 647.60               | CESTAT                                 |

- (c) There are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current or immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. There were no outstanding dues to any financial institution or denture holders anytime during the year.
- (x) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which loans were obtained.
- (xii) Based on the audit procedures performed and as per the information and explanation given by the management we report that no fraud on or by the Company has been noticed or reported during the year.

**For BATLIBOI & PUROHIT**

Chartered Accountants

ICAI Firm Regn. No.101048W

**Atul Mehta**

Partner

Membership No. 15935

Place: Mumbai

Date: 29 April, 2015

**BALANCE SHEET AS AT 31ST MARCH, 2015**

|                                   | Notes | As at 31 March 2015<br>₹     | As at 31 March 2014<br>₹     |
|-----------------------------------|-------|------------------------------|------------------------------|
| <b>I EQUITY AND LIABILITIES</b>   |       |                              |                              |
| <b>1. Shareholders' Funds</b>     |       |                              |                              |
| a. Share Capital                  | 2     | 4,00,01,600                  | 4,00,01,600                  |
| b. Reserves and Surplus           | 3     | 2,76,98,20,230               | 2,31,03,28,763               |
|                                   |       | <u>2,80,98,21,830</u>        | <u>2,35,03,30,363</u>        |
| <b>2. Non-Current Liabilities</b> |       |                              |                              |
| a. Long-term borrowings           | 4     | 57,40,25,507                 | 89,37,91,856                 |
| b. Deferred Tax Liabilities (Net) | 11    | 4,03,12,742                  | -                            |
| c. Other Long-term Liabilities    | 5     | 5,32,25,126                  | 5,32,34,602                  |
| d. Long-term Provisions           | 6     | 2,84,60,131                  | 2,72,04,865                  |
|                                   |       | <u>69,60,23,506</u>          | <u>97,42,31,323</u>          |
| <b>3. Current Liabilities</b>     |       |                              |                              |
| a. Short-term Borrowings          | 4     | 11,60,17,897                 | 18,10,87,859                 |
| b. Trade Payables                 | 7     | 57,81,19,268                 | 39,59,68,989                 |
| c. Other Current Liabilities      | 5     | 21,10,70,597                 | 27,10,67,885                 |
| d. Short-term Provisions          | 6     | 5,94,27,879                  | 14,71,01,175                 |
|                                   |       | <u>96,46,35,641</u>          | <u>99,52,25,908</u>          |
| <b>Total</b>                      |       | <u><b>4,47,04,80,977</b></u> | <u><b>4,31,97,87,594</b></u> |
| <b>II ASSETS</b>                  |       |                              |                              |
| <b>1. Non-Current Assets</b>      |       |                              |                              |
| a. Fixed Assets                   |       |                              |                              |
| (i) Tangible Assets               | 8     | 47,73,55,366                 | 33,60,31,367                 |
| (ii) Intangible Assets            | 9     | -                            | -                            |
| (iii) Capital Work-in-Progress    |       | 62,87,055                    | 27,622                       |
| b. Non-Current Investment         | 10    | 1,53,80,36,545               | 1,52,80,36,545               |
| c. Deferred Tax Assets (Net)      | 11    | -                            | 1,20,54,546                  |
| d. Long-term Loans and Advances   | 12    | 1,00,72,60,222               | 1,16,30,87,933               |
| e. Other Non-Current Assets       | 13    | 9,03,01,746                  | 4,37,67,878                  |
|                                   |       | <u>3,11,92,40,934</u>        | <u>3,08,30,05,891</u>        |
| <b>2. Current Assets</b>          |       |                              |                              |
| a. Current Investment             | 10    | -                            | 1,00,005                     |
| b. Inventories                    | 14    | 37,03,68,823                 | 43,34,02,714                 |
| c. Trade Receivables              | 15    | 90,84,66,820                 | 74,02,03,851                 |
| d. Cash and Bank Balance          | 16    | 47,78,234                    | 54,24,414                    |
| e. Short-term Loans and Advances  | 12    | 6,64,05,547                  | 5,74,35,255                  |
| f. Other Current Assets           | 13    | 12,20,619                    | 2,15,464                     |
|                                   |       | <u>1,35,12,40,043</u>        | <u>1,23,67,81,703</u>        |
| <b>Total</b>                      |       | <u><b>4,47,04,80,977</b></u> | <u><b>4,31,97,87,594</b></u> |

Significant Accounting Policies 1

The notes referred to above form an integral part of the financial statements

As per our report of even date

For BATLIBOI & PUROHIT  
Chartered Accountants

S. L. Goklaney

Chairman

Firm Regn No. 101048W

P. J. Reddy

ATUL MEHTA

A. V. Suresh

Partner

D.Sivanandhan

Membership No. 15935

K.Raman Venkatesh

R. S. Moorthy

Vasant N Sanzgiri

Mrunalini Deshmukh

Suresh Redhu

Whole Time Director

Sachikant Chaudhury

Company Secretary

Mumbai , Dated : 29th April 2015

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015**

|   | Notes | For the year ended<br>31 March 2015 | ₹                   | ₹ |
|---|-------|-------------------------------------|---------------------|---|
| <b>Income</b>   |       |                                     |                     |   |
| I Revenue from Operation (Gross)  | 17    | 5,90,34,19,118                      | 5,23,12,14,351      |   |
| Less: Excise Duty   |       | 90,95,028                           | 1,75,59,046         |   |
| Revenue from Operation (Net)  |       | 5,89,43,24,090                      | 5,21,36,55,305      |   |
| II Other Income   | 18    | 19,26,24,670                        | 14,19,63,370        |   |
| <b>III Total Revenue</b>  |       | 6,08,69,48,760                      | 5,35,56,18,675      |   |
| <b>I Expenses</b>   |       |                                     |                     |   |
| Cost of Materials Consumed  | 19    | 4,51,85,25,891                      | 3,97,87,02,508      |   |
| Cost of Traded Goods Sold   |       | 16,95,56,388                        | 17,65,85,078        |   |
| Changes in Inventories of Finished Goods, Work in Progress and Stock-in-Trade | 20    | 98,19,157                           | 5,01,78,976         |   |
| Employee Benefit Expenses   | 21    | 9,50,25,340                         | 13,36,67,401        |   |
| Other Expenses  | 22    | 34,03,48,501                        | 34,98,14,547        |   |
| Finance Cost  | 23    | 9,54,89,447                         | 8,80,35,300         |   |
| Depreciation and Amortisation Expense   | 24    | (12,36,47,711)                      | 4,53,60,684         |   |
| <b>Total Expenses</b>   |       | 5,10,51,17,013                      | 4,82,23,44,494      |   |
| <b>Profit Before Exceptional Items, Extraordinary Items and Tax</b>           |       | 98,18,31,747                        | 53,32,74,181        |   |
| Exceptional Items   |       | -                                   | -                   |   |
| <b>Profit Before Extraordinary Items And Tax</b>                              |       | 98,18,31,747                        | 53,32,74,181        |   |
| Extraordinary Items   |       | -                                   | -                   |   |
| <b>Profit Before Tax</b>  |       | 98,18,31,747                        | 53,32,74,181        |   |
| Tax Expense   |       |                                     |                     |   |
| Current Tax   |       | 20,65,29,000                        | 11,17,77,000        |   |
| Deferred tax  |       | 5,55,44,898                         | 4,63,232            |   |
| Prior Years' Tax Adjustments ( Net)   |       | -                                   | -                   |   |
|   |       | 26,20,73,898                        | 11,22,40,232        |   |
| <b>Profit/(Loss) For The Year</b>   |       | <b>71,97,57,849</b>                 | <b>42,10,33,949</b> |   |
| <b>Earnings Per Equity Share (₹)</b>  | 25    |                                     |                     |   |
| Basic and Diluted-Par value of ₹ 10/- per share                               |       | 179.93                              | 105.25              |   |
| Significant accounting policies   | 1     |                                     |                     |   |

The notes referred to above form an integral part of the financial statements

|                                  |                     |                     |
|----------------------------------|---------------------|---------------------|
| As per our report of even date   | S. L. Goklaney      | Chairman            |
| For BATLIBOI & PUROHIT           |                     |                     |
| Chartered Accountants            | P. J. Reddy         |                     |
| Firm Regn No. 101048W            |                     |                     |
|                                  | A. V. Suresh        | Directors           |
|                                  |                     |                     |
| ATUL MEHTA                       | D.Sivanandhan       |                     |
| Partner                          |                     |                     |
|                                  | K.Raman Venkatesh   |                     |
| Membership No. 15935             |                     |                     |
|                                  | R. S. Moorthy       |                     |
|                                  | Vasant N Sanzgiri   |                     |
|                                  | Mrunalini Deshmukh  |                     |
|                                  | Suresh Redhu        | Whole Time Director |
|                                  | Sachikant Chaudhury | Company Secretary   |
| Mumbai , Dated : 29th April 2015 |                     |                     |

**Cash Flow Statement for the Year Ended on 31 March, 2015**

|  | 2014-15          |                | 2013-14          |                  |
|--|------------------|----------------|------------------|------------------|
|  | ₹                | ₹              | ₹                | ₹                |
| <b>NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>                          |                  | 98,18,31,747   |                  | 53,32,74,181     |
| Adjusted For -   |                  |                |                  |                  |
| Depreciation, amortisation and impairment                                      | (12,36,47,711)   |                | 4,53,60,684      |                  |
| Unrealised foreign exchange gain   | (4,68,05,884)    |                | (1,76,89,283)    |                  |
| Profit on disposal of investments  | (17,534)         |                | (3,45,003)       |                  |
| Loss / (Profit) on sale of assets (net)  | 3,97,283         |                | (95,109)         |                  |
| Dividend Income  | -                |                | (6,233)          |                  |
| Finance cost   | 9,54,89,447      |                | 8,80,35,300      |                  |
| Interest income  | (4,82,87,373)    |                | (4,95,81,951)    |                  |
| Provision / write-off of doubtful debts, advances and other current assets     | -                | (12,28,71,772) | 11,77,371        | 6,68,55,776      |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>   |                  | 85,89,59,975   |                  | 60,01,29,957     |
| Adjustments for (increase)/ decrease in operating                              |                  |                |                  |                  |
| Trade Receivables  | (16,60,15,685)   |                | (9,00,81,525)    |                  |
| Inventories  | 6,30,33,891      |                | 17,75,29,665     |                  |
| Short Term Loans and advances  | (89,70,292)      |                | 2,45,98,773      |                  |
| Long -Term Loans and advances  | 1,96,97,535      |                | 1,60,99,597      |                  |
| Other current assets   | 2,049            |                | (2,049)          |                  |
| Adjustments for increase/ (decrease) in operating liabilities:                 |                  |                |                  |                  |
| Trade Payables   | 18,19,27,084     |                | 1,22,22,944      |                  |
| Other current liabilities  | (2,37,10,708)    |                | 2,47,79,383      |                  |
| Other long term liabilities  | (9,476)          |                | 6,02,724         |                  |
| Long -Term Provisions  | (5,22,72,232)    |                | (2,31,99,412)    |                  |
| Short Term Provisions  | 5,27,26,320      | 6,64,08,486    | 10,39,393        | 14,35,89,494     |
| Cash generated from operations   |                  | 92,53,68,461   |                  | 74,37,19,451     |
| Direct Taxes Paid (net of refunds)   | (15,30,01,502)   |                | (10,15,54,518)   |                  |
| <b>(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITIES</b>                 |                  | 77,23,66,959   |                  | 64,21,64,933     |
| <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>                                    |                  |                |                  |                  |
| Purchase of Fixed Assets(Including adjustment on account of Capital Advances)  | (6,98,69,995)    |                | (3,33,72,627)    |                  |
| Sale of Fixed Assets   | 41,03,507        |                | 22,92,749        |                  |
| Acquisition of Subsidiary Company  | -                |                | (1,47,87,57,875) |                  |
| Further Investment in Subsidiary Companies                                     | (1,00,00,000)    |                | (15,00,000)      |                  |
| Further Investment in Joint Ventures   | -                |                | (2,10,78,670)    |                  |
| (Purchase) / Sale of current Investments                                       | 1,17,539         |                | (1,00,005)       |                  |
| Proceeds from non current Investments  | -                |                | 7,39,946         |                  |
| Interest Received  | 7,46,301         |                | 1,52,07,655      |                  |
| Dividend Received  | -                |                | 6,233            |                  |
| (Investment) / Maturity of Bank deposits having maturity of more than 3 Months | -                |                | 55,71,07,172     |                  |
| Deposits given to Holding / Subsidiary Companies                               | (15,49,71,760)   |                | (87,75,26,952)   |                  |
| Deposits received back from Holding / Subsidiary Companies                     | 15,00,00,000     |                |                  |                  |
| <b>(b) NET CASH FROM / (USED) IN INVESTING ACTIVITIES</b>                      |                  | (7,98,74,408)  |                  | (1,83,69,82,374) |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                     |                  |                |                  |                  |
| Buyback of Shares at premium   |                  |                |                  |                  |
| Proceeds from long term borrowings   | -                |                | 1,17,83,28,000   |                  |
| Repayment of long term borrowings  | (18,38,58,927)   |                | (9,81,54,722)    |                  |
| Effect of Foreign Currency Gain  | (1,46,55,568)    |                |                  |                  |
|  | (19,85,14,495)   |                |                  |                  |
| Net increase / (decrease) in working capital borrowings                        | (14,50,69,962)   |                | 16,85,77,287     |                  |
| Proceeds from other short term borrowings                                      | 1,10,00,00,000   |                |                  |                  |
| Repayment of other short term borrowings                                       | (1,02,00,00,000) |                |                  |                  |
| Finance cost   | (9,71,56,388)    |                | (8,36,97,057)    |                  |
| Dividend Paid (including Dividend tax)   | (33,23,97,886)   |                | -                |                  |
| <b>(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES</b>                       |                  | (69,31,38,731) |                  | 1,16,50,53,508   |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (a+b+c)</b>          |                  | (6,46,180)     |                  | (2,97,63,933)    |

## AQUAMALL WATER SOLUTIONS LIMITED

### Cash Flow Statement for the Year ended 31 March, 2015 (Contd.)

|   | 2014-15   |                   | 2013-14     |                      |
|---|-----------|-------------------|-------------|----------------------|
|   | ₹         | ₹                 | ₹           | ₹                    |
| <b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :</b> |           |                   |             |                      |
| Cash , Cheques on hand  | 1,70,343  |                   | 4,72,866    |                      |
| Balances with scheduled banks on Current accounts,                                | 52,54,071 | 54,24,414         | 3,47,15,481 | 3,51,88,347          |
| <b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :</b>          |           |                   |             |                      |
| Cash , Cheques on hand  | 3,75,910  |                   | 1,70,343    |                      |
| Balances with scheduled banks on Current accounts, Fixed Deposits                 | 44,02,324 | 47,78,234         | 52,54,071   | 54,24,414            |
| <b>NET INCREASE /(DECREASE) AS DISCLOSED ABOVE</b>                                |           | <b>(6,46,180)</b> |             | <b>(2,97,63,933)</b> |

|  |                            |                     |
|--|----------------------------|---------------------|
| As per our report of even date<br>For BATLIBOI & PUROHIT<br>Chartered Accountants<br>Firm Regn No. 101048W | <u>S. L. Goklaney</u>      | <i>Chairman</i>     |
|  | <u>P. J. Reddy</u>         | } <i>Directors</i>  |
|  | <u>A. V. Suresh</u>        |                     |
| ATUL MEHTA   | <u>D.Sivanandhan</u>       |                     |
| <i>Partner</i>   | <u>K.Raman Venkatesh</u>   |                     |
| Membership No. 15935   | <u>R. S. Moorthy</u>       |                     |
|  | <u>Vasant N Sanzgiri</u>   |                     |
|  | <u>Mrunalini Deshmukh</u>  |                     |
|  | <u>Suresh Redhu</u>        | Whole Time Director |
| Mumbai , Dated : 29th April 2015   | <u>Sachikant Chaudhury</u> | Company Secretary   |

**Notes to the Financial Statements for the year ended 31 March 2015**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation of Financial statements**

**(i) Basis of Accounting**

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") to comply in all material respects with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 and other accounting pronouncements of the Institute of Chartered Accountants of India. The financial statements have been prepared under historical cost convention and on accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except the change in accounting policy, during the year, in respect of depreciation on tangible assets as specified in note 34.

**(ii) Uses of Estimates**

The presentation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**(b) Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation / amortisation. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

**(c) Depreciation / Amortisation**

Depreciation is provided on 'Straight Line' method based on useful lives specified in Part "C" of Schedule II of the Companies Act, 2013 except in case of motor vehicles where useful life is considered to be 5 years based on the Company's scheme wherein motor vehicles are sold to employees after 5 years. Intangible assets are amortised over a period of 3 to 5 years and leasehold land amortised over the period of lease.

**(d) Impairment of Assets**

In accordance with Accounting Standard (AS-28) on impairment of assets, at each Balance Sheet date, the management reviews the carrying amount of assets in each cash generating units to determine whether there is any indication that those assets were impaired, if any such indication exists the recoverable amount of the asset is estimated in order to determine:

- i. The provision for impairment loss, if the carrying amount of an asset exceeds its recoverable amount or
- ii. The reversal, if any, required of impairment loss recognised in previous years.

**(e) Investments**

Current investments are valued at lower of cost and quoted / fair value. Long term investments are carried at cost. Provision for diminution in the value of long term investment is made only if such decline is not temporary in the opinion of the Management.

**(f) Inventories**

Inventories are valued at cost or net realisable value, whichever is lower by using weighted average basis. Cost includes direct material and labour cost and a proportion of manufacturing overheads.

**(g) Revenue Recognition**

Revenue from sale of goods is recognised when substantial risk and rewards of ownership are transferred to customers. Sales include excise duty and are net of Sales returns, damages and discounts. Dividends are recorded when the right to receive payment is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

**(h) Foreign Currency**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction or at the rates under the relative forward exchange contracts. Transactions not covered by forward exchange contracts and outstanding at the year end are translated at the exchange rates prevailing at the year end and the gains / losses so determined; and also the realized exchange gains / losses are recognized in the statement of Profit and Loss. In the case of forward exchange contracts, the difference between the forward rate and the exchange rate at the inception of the forward exchange contract is recognized as income / expense over the life of the contract.

The Company has elected to account for exchange differences arising on reporting of long term foreign currency monetary items in accordance with Companies (Accounting Standards) amendment Rules, 2009 pertaining to Accounting Standard 11 (AS-11) notified by Government of India on 31st March, 2009 (as amended on 29th December, 2011). Accordingly, the effect of exchange differences on foreign currency loans of the Company is accounted by addition or deduction to the cost of the assets so far it relates to depreciable capital assets and in other cases by transfer to "Foreign Currency Monetary Item Translation Reserve Account" to be amortised over the balance period of the long term monetary items.

**Notes to the Financial Statements for the year ended 31 March 2015**

(i) Employee Benefits

Provident Fund:-

Companies contributions to the recognised fund, under Employees Provident fund scheme 1952, are charged to statement of Profit and Loss.

Superannuation:-

Companies contributions to the superannuation fund, maintained by Life Insurance Corporation of India, are charged to statement of Profit and Loss.

Gratuity:-

The Company has covered its employees under the Group Gratuity Scheme of Life Insurance Corporation of India. The Premium paid under this scheme is charged to Statement of Profit and Loss. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses are recognised in full in the statement of profit and loss for the period in which they occur.

Leave Encashment:-

Leave encashment, which is a defined benefit plan, is accrued based on actuarial valuation using the Projected Unit Credit Method at the Balance Sheet date.

(j) Research and Development

Revenue expenditure on Research and Development is charged under the head product development expenses in the year in which it is incurred. Capital Expenditure, if any, on Research and Development is capitalised as Fixed Asset.

(k) Taxation

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

(l) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

(m) Provisions, Contingent Liabilities and Contingent Assets

**Provisions** are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- i. The Company has present obligation as a result of a past event.
- ii. A probable outflow of resources is expected to settle the obligation, and
- iii. The amount of the obligation can be reliably estimated

**Contingent liability** is disclosed in case of

- i. A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- ii. A present obligation arising from past events, when no reliable estimate is possible.
- iii. A possible obligation arising from past events where the probability of outflow of resources is not remote

**Contingent assets** are neither recognised nor disclosed.

Provisions, Contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

(n) Lease Accounting

Leasing of assets whereby the lessor essentially remains the owner of the asset is classified as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on Straight Line basis. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

(o) Government Grants

Government Grants received in the nature of Investment Subsidy are recognised on capital approach basis as per Accounting Standard 12 - Accounting for Government Grants.

(p) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

|   | As at 31 March 2015 |                    | As at 31 March 2014 |                    |
|---|---------------------|--------------------|---------------------|--------------------|
|   | Number of shares    | ₹                  | Number of shares    | ₹                  |
| <b>2. Share Capital</b>                     |                     |                    |                     |                    |
| <b>Authorised</b>                           |                     |                    |                     |                    |
| Equity Shares of ₹ 10/ each *               | 55,00,000           | 5,50,00,000        | 55,00,000           | 5,50,00,000        |
|   | <u>55,00,000</u>    | <u>5,50,00,000</u> | <u>55,00,000</u>    | <u>5,50,00,000</u> |
| <b>Issued</b>                               |                     |                    |                     |                    |
| Equity Shares of ₹ 10/ each fully paid up * |                     |                    |                     |                    |
| At the beginning of the Year                | 40,00,160           | 4,00,01,600        | 40,00,160           | 4,00,01,600        |
| Add: Bonus Shares Issued during the year    | -                   | -                  | -                   | -                  |
| At the end of the year                      | <u>40,00,160</u>    | <u>4,00,01,600</u> | <u>40,00,160</u>    | <u>4,00,01,600</u> |
| <b>Subscribed</b>                           |                     |                    |                     |                    |
| Equity Shares of ₹ 10/ each fully paid up * |                     |                    |                     |                    |
| At the Beginning of the year                | 40,00,160           | 4,00,01,600        | 40,00,160           | 4,00,01,600        |
| Add: Bonus Shares Issued during the year    | -                   | -                  | -                   | -                  |
| At the end of the year                      | <u>40,00,160</u>    | <u>4,00,01,600</u> | <u>40,00,160</u>    | <u>4,00,01,600</u> |
| <b>Fully Paid up</b>                        |                     |                    |                     |                    |
| Equity shares of ₹ 10/ each fully paid up * |                     |                    |                     |                    |
| At the beginning of the year                | 40,00,160           | 4,00,01,600        | 40,00,160           | 4,00,01,600        |
| Add: Bonus Shares Issued during the year    | -                   | -                  | -                   | -                  |
| At the end of the year                      | <u>40,00,160</u>    | <u>4,00,01,600</u> | <u>40,00,160</u>    | <u>4,00,01,600</u> |

\* Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders. During the year ended 31 March 2015, the Company has paid interim dividend of Rs. 40 per share (previous year (Final Dividend) : Rs. 30 per share) to equity shareholders.

2 (a) Issued, subscribed and paid up capital of equity shares of ₹ 10/- each fully paid up includes aggregate following type of transactions which occurred during the period of five years immediately preceding the reporting date:

[i] 2,000,080 equity shares of ₹ 10 each allotted as fully paid bonus shares by capitalisation out of Share Premium and General Reserves during the Financial Year 2011-12.

2 (b) 4,000,148 (previous year 4,000,148) equity shares of ₹ 10/- each fully paid are held by Eureka Forbes Limited, holding company and 12 shares (previous year 12 shares) held by Eureka Forbes Ltd jointly with individuals. This contributes to 100% (previous year 100%) of equity shares outstanding as at year end. There is no other party holding more than 5% of equity shares outstanding as at year end.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

|  | As at 31 March 2015   | As at 31 March 2014   |
|--|-----------------------|-----------------------|
|  | ₹                     | ₹                     |
| <b>3. Reserves and surplus</b>   |                       |                       |
| <b>CAPITAL RESERVE</b>   |                       |                       |
| At the beginning of the year   | 62,60,417             | 62,60,417             |
| Additions during the Year  | -                     | -                     |
| At the end of the year   | <b>62,60,417</b>      | <b>62,60,417</b>      |
| <b>GENERAL RESERVE</b>   |                       |                       |
| At the beginning of the year   | 1,10,00,00,000        | 1,05,00,00,000        |
| Add: Transferred from surplus balance in the statement of profit and loss  | -                     | 5,00,00,000           |
| At the end of the year   | <b>1,10,00,00,000</b> | <b>1,10,00,00,000</b> |
| <b>FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT(Refer Note No 40(A))</b>  |                       |                       |
| At the beginning of the year   | 10,00,10,221          | -                     |
| Exchange Gain / (Loss) during the year   | (1,73,15,270)         | 10,71,25,657          |
| Amortisation / Utilization during the year (Net)   | (4,47,81,791)         | (71,15,436)           |
| At the end of the year   | <b>3,79,13,160</b>    | <b>10,00,10,221</b>   |
| <b>Surplus / (Deficit) in the Statement of Profit and Loss</b>   |                       |                       |
| Balance at the beginning of the year   | 1,10,40,58,125        | 87,34,23,792          |
| Add: Profit for the year   | 71,97,57,849          | 42,10,33,949          |
| Less: Depreciation on Transition to Schedule II of the Companies Act 2013 on tangible assets with 'NIL' remaining useful life(Net of Deferred tax) (Refer Note 34) | 61,71,051             | -                     |
| Less: Appropriations   |                       |                       |
| Interim Dividend on Equity Shares *  | 16,00,06,400          | -                     |
| Proposed Dividend on Equity Shares *   | -                     | 12,00,04,800          |
| Tax on dividend on equity shares   | 3,19,91,870           | 2,03,94,816           |
| Transfer to general reserve  | -                     | 5,00,00,000           |
| Balance at the end of the year   | <b>1,62,56,46,653</b> | <b>1,10,40,58,125</b> |
| <b>Total</b>   | <b>2,76,98,20,230</b> | <b>2,31,03,28,763</b> |

\* Interim Dividend of ₹ 40/- per share(Previous Year ₹ NIL per share) and Proposed Dividend of ₹ NIL per share (Previous Year ₹ 30/- per share)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

|   | <b>Long-term</b>          |                           | <b>Short-term</b>         |                            |
|---|---------------------------|---------------------------|---------------------------|----------------------------|
|   | As at 31 March 2015       | As at 31 March 2014       | As at 31 March 2015       | As at 31 March 2014        |
|   | ₹                         | ₹                         | ₹                         | ₹                          |
| <b>6. Provisions</b>                                      |                           |                           |                           |                            |
| <b>Provision for Employee Benefits</b>                    |                           |                           |                           |                            |
| Gratuity ( note 35)                                       | 20,91,424                 | 8,97,741                  | -                         | -                          |
| Leave Encashment (note 35)                                | 18,46,854                 | 16,68,913                 | 4,08,366                  | 12,09,544                  |
|   | <u>39,38,278</u>          | <u>25,66,654</u>          | <u>4,08,366</u>           | <u>12,09,544</u>           |
| <b>Other Provisions</b>                                   |                           |                           |                           |                            |
| Provision for Taxation ( Net of Advance Tax )             | -                         | -                         | 5,90,19,513               | 54,92,015                  |
| Litigations (Refer Note 33)                               | 2,45,21,853               | 2,46,38,211               | -                         | 12,00,04,800               |
| Proposed equity dividend                                  | -                         | -                         | -                         | 2,03,94,816                |
| Provision for tax on proposed equity dividend             | -                         | -                         | -                         | 14,58,91,631               |
|   | <u>2,45,21,853</u>        | <u>2,46,38,211</u>        | <u>5,90,19,513</u>        | <u>14,58,91,631</u>        |
| <b>Total</b>  | <b><u>2,84,60,131</u></b> | <b><u>2,72,04,865</u></b> | <b><u>5,94,27,879</u></b> | <b><u>14,71,01,175</u></b> |
| <b>Movement of Litigation Provisions</b>                  | As at 31 March 2015       | As at 31 March 2014       |                           |                            |
|   | ₹                         | ₹                         |                           |                            |
| At the beginning of the year                              | 2,46,38,211               | 3,85,01,706               |                           |                            |
| Additions during the year                                 | -                         | 9,81,566                  |                           |                            |
| Utilization during the year                               | -                         | 1,48,45,061               |                           |                            |
| Unused amount reversed during the year                    | 1,16,358                  | -                         |                           |                            |
| At the end of the year                                    | <u>2,45,21,853</u>        | <u>2,46,38,211</u>        |                           |                            |
|   |                           |                           | <b>Non Current</b>        | <b>Current</b>             |
|   | As at 31 March 2015       | As at 31 March 2014       | As at 31 March 2015       | As at 31 March 2014        |
|   | ₹                         | ₹                         | ₹                         | ₹                          |
| <b>7. Trade Payables</b>                                  |                           |                           |                           |                            |
| Trade Payables (Including Acceptances)                    | -                         | -                         | 51,02,49,869              | 32,55,46,364               |
| Trade Payables (Including Acceptances) to Related Parties | -                         | -                         | 6,78,69,399               | 7,04,22,625                |
| <b>Total</b>  | <u>-</u>                  | <u>-</u>                  | <u>57,81,19,268</u>       | <u>39,59,68,989</u>        |

Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company are given below:

|   |              |              |
|---|--------------|--------------|
| a The principal amount remaining unpaid to any supplier as at the end of the year.  | 13,44,12,450 | 16,93,39,940 |
| b The interest due on the principal remaining outstanding as at the end of the year.  | -            | -            |
| c The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day  | -            | -            |
| d The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without  | -            | -            |
| e The amount of interest accrued and remaining unpaid at  | -            | -            |
| f The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible | -            | -            |
| g Dues to Micro and Small Enterprises have been determined to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act  |              |              |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

₹

**9. Intangible Assets**

**TRADE MARK**

**Gross Block**

**As at 31 March  
2015**

₹

**As at 31 March  
2014**

₹

Opening Balance

23,80,66,800

**23,80,66,800**

Purchase

-

-

23,80,66,800

**23,80,66,800**

**Amortisation**

Opening Balance

23,80,66,800

**23,80,66,800**

Charge for the year

-

-

23,80,66,800

**23,80,66,800**

**Net Block**

-

-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

|  | Non Current                  |                              | Current             |                        |
|--|------------------------------|------------------------------|---------------------|------------------------|
|  | As at 31 March 2015          | As at 31 March 2014          | As at 31 March 2015 | As at 31 March 2014    |
| <b>10. Investments</b>   |                              |                              |                     |                        |
| (valued at cost unless otherwise)  |                              |                              |                     |                        |
| <b>(A) Trade Investments (Unquoted)</b>  |                              |                              |                     |                        |
| <b>Investment in Equity Instruments</b>  |                              |                              |                     |                        |
| <b>(i) In Subsidiaries</b>   |                              |                              |                     |                        |
| (a) 3,000,000(previous year 2,000,000) equity shares of ₹10/- fully paid up in Aquadiagnostic Water Research & Technology Centre Ltd | 3,00,00,000                  | 2,00,00,000                  | -                   | -                      |
| (b) 22,000 (previous year 22,000) equity shares of CHF 1000/- each fully paid up in Forbes Lux International AG                      | 1,47,87,57,875               | 1,47,87,57,875               | -                   | -                      |
| <b>(ii) In Joint Ventures</b>  |                              |                              |                     |                        |
| 2,927,867(previous year 2,927,867) equity shares of ₹10/- fully paid up in Aquagnis Technologies Pvt Ltd                             | 2,92,78,670                  | 2,92,78,670                  | -                   | -                      |
|  | <u>1,53,80,36,545</u>        | <u>1,52,80,36,545</u>        | <u>-</u>            | <u>-</u>               |
| <b>(B) Non-Trade Investments (Quoted)</b>  |                              |                              |                     |                        |
| <b>(i) Investment in Mutual Funds</b>  |                              |                              |                     |                        |
| NIL Units (Previous Year 56.126 Units) of TATA Floater Fund - Plan A - Growth (Face Value Rs 1000/- each)                            | -                            | -                            | -                   | 1,00,005               |
|  | <u>-</u>                     | <u>-</u>                     | <u>-</u>            | <u>1,00,005</u>        |
|  | <u><b>1,53,80,36,545</b></u> | <u><b>1,52,80,36,545</b></u> | <u><b>-</b></u>     | <u><b>1,00,005</b></u> |
| Aggregate Book Value of Quoted Investments   | -                            | -                            | -                   | -                      |
| Market value of quoted investments   | -                            | -                            | -                   | 1,08,005               |
| Aggregate Book Value of Unquoted Investments   | 1,53,80,36,545               | 1,52,80,36,545               | -                   | -                      |
| Aggregate Provision in the Value of Investments  | NIL                          | NIL                          | -                   | -                      |
| <b>Deferred Tax Liabilities / (Assets) (Net)</b>   |                              |                              |                     |                        |
| <b>Deferred Tax Liabilities*</b>   |                              |                              |                     |                        |
| Fixed Assets:- Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting.    | 5,48,87,720                  | -                            |                     |                        |
| Less:- Transition Adjustment *   | (31,77,609)                  | -                            |                     |                        |
| <b>Deferred Tax Liabilities</b>  | <u>5,17,10,111</u>           | <u>-</u>                     |                     |                        |
| <b>Deferred Tax Assets</b>   |                              |                              |                     |                        |
| Employee Related Provisions  | (1,13,97,369)                | -                            |                     |                        |
| Fixed Assets:- Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting.    | -                            | (1,20,54,546)                |                     |                        |
| <b>Deferred Tax Assets</b>   | <u>(1,13,97,369)</u>         | <u>(1,20,54,546)</u>         |                     |                        |
| <b>Net Deferred Tax Liabilities / (Assets)</b>   | <u><b>4,03,12,742</b></u>    | <u><b>(1,20,54,546)</b></u>  |                     |                        |

\* On account of depreciation on Transition to Schedule II of the Companies Act 2013 on tangible assets with 'NIL' remaining useful life ( Refer Note 34)



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO  
SUBSIDIARY COMPANY

|                                |  |                                |
|--------------------------------|--|--------------------------------|
| Name of the subsidiary Company | AquaDiagnostics<br>Water Research &<br>Technology Center<br>Ltd. | Forbes Lux<br>International AG |
|--------------------------------|--|--------------------------------|

The financial year of the subsidiary company ended on

|  |      |               |               |
|--|------|---------------|---------------|
| (a) Number of shares in the subsidiary Company held by Aquamall Water Solutions Limited at the above date  |      |               |               |
| (i) Fully  | Nos. | 20,00,000     | 22,000        |
| (ii) Partly paid   | Nos. | -             | -             |
| Percentage holding   | %    | 100           | 87            |
| (b) The net aggregate amount of profits of the subsidiary company for the financial year so far as it concerns the members of Aquamall water Solutions Limited which has not been dealt with in the accounts of Aquamall Water solutions Limited up to 31st March, 2013 are as |      |               |               |
| For the year (Rupees)  |      | (6,15,192)    | (9,48,55,623) |
| For the previous years (Rupees)  |      | (1,86,14,959) | -             |
| (c) The net aggregate amount of profits of the subsidiary company which has been dealt with in Aquamall water Solutions Limited accounts up to 31st March, 2013 being the dividends received are as  |      |               |               |
| For the year   |      | NIL           | NIL           |
| For the previous years   |      | NIL           | NIL           |

|                                  |                         |
|----------------------------------|-------------------------|
| <u>S. L. Goklaney</u>            | Chairman                |
| <u>P. J. Reddy</u>               | Directors               |
| <u>A. V. Suresh</u>              |                         |
| <u>D.Sivanandhan</u>             |                         |
| <u>K.Raman Venkatesh</u>         |                         |
| <u>R. S. Moorthy</u>             |                         |
| <u>Suresh Redhu</u>              | Director                |
| <u>Sachikant Chaudhury</u>       | CFO & Company Secretary |
| Mumbai , Dated : 25th April 2014 |                         |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

|   | <b>Long-term</b>             |                              | <b>Short-term</b>         |                           |
|---|------------------------------|------------------------------|---------------------------|---------------------------|
|   | As at 31 March 2015          | As at 31 March 2014          | As at 31 March 2015       | As at 31 March 2014       |
|   | ₹                            | ₹                            | ₹                         | ₹                         |
| <b>12. Loans and Advances</b>   |                              |                              |                           |                           |
| <b>Capital Advances</b>   |                              |                              |                           |                           |
| Unsecured, considered good *  | 4,34,78,785                  | 1,13,93,959                  | -                         | -                         |
| Less: Provision for doubtful capital advances   | -                            | -                            | -                         | -                         |
|   | <u>4,34,78,785</u>           | <u>1,13,93,959</u>           | <u>-</u>                  | <u>-</u>                  |
| * Includes Rs. NIL (Previous Year Rs 1,050,116/-) given to related party.               |                              |                              |                           |                           |
| <b>Security Deposits</b>  |                              |                              |                           |                           |
| Unsecured, considered good  | 73,50,077                    | 74,94,565                    | 41,000                    | 56,000                    |
| Unsecured, good - security deposits to related parties                                  | -                            | -                            | -                         | -                         |
|   | <u>73,50,077</u>             | <u>74,94,565</u>             | <u>41,000</u>             | <u>56,000</u>             |
| Less: Provision for doubtful security deposits  | -                            | -                            | -                         | -                         |
|   | <u>73,50,077</u>             | <u>74,94,565</u>             | <u>41,000</u>             | <u>56,000</u>             |
| <b>Loans and Advances to Related Parties</b>  |                              |                              |                           |                           |
| Inter Corporate Deposits Unsecured, considered good                                     | 82,85,70,681                 | 99,67,85,683                 | -                         | -                         |
| Advances Unsecured, considered good   | -                            | -                            | -                         | -                         |
|   | <u>82,85,70,681</u>          | <u>99,67,85,683</u>          | <u>-</u>                  | <u>-</u>                  |
| <b>Other Loans and Advances</b><br>(Unsecured considered good, unless stated otherwise) |                              |                              |                           |                           |
| Loans to Employees  | 54,886                       | 2,53,877                     | 64,238                    | 2,05,026                  |
| Balance with Statutory/ Government Authorities  | 8,59,87,945                  | 10,51,71,001                 | 1,54,93,583               | 8,77,100                  |
| Prepaid Expenses  | 3,81,000                     | 5,52,000                     | 24,44,835                 | 24,13,786                 |
| Advance Income-Tax (Net of provision of taxation)                                       | 4,14,36,848                  | 4,14,36,848                  | -                         | -                         |
| Advances recoverable in cash or kind  | -                            | -                            | 6,03,914                  | 71,70,133                 |
| Related Party *   | -                            | -                            | 4,77,57,977               | 4,67,13,210               |
| Others **   | -                            | -                            | -                         | -                         |
|   | <u>12,78,60,679</u>          | <u>14,74,13,726</u>          | <u>6,63,64,547</u>        | <u>5,73,79,255</u>        |
| <b>Total</b>  | <b><u>1,00,72,60,222</u></b> | <b><u>1,16,30,87,933</u></b> | <b><u>6,64,05,547</u></b> | <b><u>5,74,35,255</u></b> |

\* Includes Rs NIL (Previous Year 1,280,078/-) due from private company in which a Director of the company is Director.

\*\* Includes advances of Rs 44,121,903/- (Previous Year Rs 39,902,768/-) against Import purchases

|  | <b>Non-Current</b>        |                           | <b>Current</b>          |                        |
|--|---------------------------|---------------------------|-------------------------|------------------------|
|  | As at 31 March 2015       | As at 31 March 2014       | As at 31 March 2015     | As at 31 March 2014    |
|  | ₹                         | ₹                         | ₹                       | ₹                      |
| <b>13. Other Assets</b>                              |                           |                           |                         |                        |
| (Unsecured considered good, unless otherwise stated) |                           |                           |                         |                        |
| Unamortized premium on forward contracts             | -                         | -                         | -                       | 2,049                  |
| <b>Interest accrued</b>                              |                           |                           |                         |                        |
| On Fixed Deposit                                     | -                         | -                         | 12,20,619               | 2,13,415               |
| On Loans and Advances (Related Party)                | 8,87,19,275               | 4,21,85,407               | -                       | -                      |
| Margin Money with Bank                               | 15,82,471                 | 15,82,471                 | -                       | -                      |
|  | <u>9,03,01,746</u>        | <u>4,37,67,878</u>        | <u>12,20,619</u>        | <u>2,15,464</u>        |
| Less: Provision for doubtful other assets            | -                         | -                         | -                       | -                      |
|  | <u><b>9,03,01,746</b></u> | <u><b>4,37,67,878</b></u> | <u><b>12,20,619</b></u> | <u><b>2,15,464</b></u> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

| <b>NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015</b>  |                                |   |                                |                     |                                |
|--|--------------------------------|---|--------------------------------|---------------------|--------------------------------|
|  | <b>As at 31 March<br/>2015</b> | ₹ | <b>As at 31 March<br/>2014</b> | ₹                   |                                |
| <b>14 Inventories</b>  |                                |   |                                |                     |                                |
| (Valued at lower of Cost or Net Realisable Value)  |                                |   |                                |                     |                                |
| - Raw Material, Components and Packing Material  | 36,69,55,040                   |   | 42,01,69,774                   |                     |                                |
| (Including Stock in Transit Rs 116,358,859 (Previous Year Rs 40,442,340))  |                                |   |                                |                     |                                |
| - Finished Goods   | 34,13,783                      |   | 1,32,32,940                    |                     |                                |
|  | <b>37,03,68,823</b>            |   | <b>43,34,02,714</b>            |                     |                                |
|  |                                |   |                                |                     |                                |
|  | <b>Non-Current</b>             |   | <b>Current</b>                 |                     |                                |
| <b>15 Trade Receivables</b>  | <b>As at 31 March<br/>2015</b> | ₹ | <b>As at 31 March<br/>2014</b> | ₹                   | <b>As at 31 March<br/>2015</b> |
|  |                                |   |                                |                     | <b>As at 31 March<br/>2014</b> |
| Debts outstanding for a period exceeding six months from the date they are due for   |                                |   |                                |                     |                                |
| Unsecured, considered good   | -                              |   | -                              | 1,38,18,555         | 86,96,773                      |
| Debts due from related parties, unsecured  |                                |   |                                |                     |                                |
| considered good *  | -                              |   | -                              | 5,18,03,038         | 10,75,82,892                   |
|  | -                              |   | -                              | 6,56,21,593         | 11,62,79,665                   |
| Less: Provision for doubtful debts   | -                              |   | -                              | -                   | -                              |
|  | -                              |   | -                              | 6,56,21,593         | 11,62,79,665                   |
| Other Debts  |                                |   |                                |                     |                                |
| Unsecured, considered good   | -                              |   | -                              | 2,60,38,015         | 1,03,79,517                    |
| Debts due from related parties, unsecured  |                                |   |                                |                     |                                |
| considered good *  | -                              |   | -                              | 81,68,07,212        | 61,35,44,669                   |
|  | -                              |   | -                              | 84,28,45,227        | 62,39,24,186                   |
| Less: Provision for doubtful debts   | -                              |   | -                              | -                   | -                              |
|  | -                              |   | -                              | 84,28,45,227        | 62,39,24,186                   |
| Total  | -                              |   | -                              | <b>90,84,66,820</b> | <b>74,02,03,851</b>            |
| * Includes Rs 5,420,582/- (Previous Year 1,418,459/-) due from private company in which a Director of the company is Director. |                                |   |                                |                     |                                |
|  | <b>Non Current</b>             |   | <b>Current</b>                 |                     |                                |
| <b>16 Cash &amp; Cash Equivalents</b>  | <b>As at 31 March<br/>2015</b> | ₹ | <b>As at 31 March<br/>2014</b> | ₹                   | <b>As at 31 March<br/>2015</b> |
|  |                                |   |                                |                     | <b>As at 31 March<br/>2014</b> |
| Balance with Banks in  |                                |   |                                |                     |                                |
| Current accounts   | -                              |   | -                              | 44,02,324           | 52,54,071                      |
| Deposits with original maturity of less than 3 months  | -                              |   | -                              | -                   | -                              |
| Cash on Hand   | -                              |   | -                              | 3,75,910            | 1,70,343                       |
|  | -                              |   | -                              | 47,78,234           | 54,24,414                      |
| <b>Other Bank Balances</b>   |                                |   |                                |                     |                                |
| Balance in Banks for Margin Money  | 15,82,471                      |   | 15,82,471                      | -                   | -                              |
| Deposits with original maturity of more than 3 months but less than 12 months *  | -                              |   | -                              | -                   | -                              |
|  | 15,82,471                      |   | 15,82,471                      | -                   | -                              |
| Amount disclosed under Non-Current Assets  | (15,82,471)                    |   | (15,82,471)                    | -                   | -                              |
| <b>Total</b>   | -                              |   | -                              | <b>47,78,234</b>    | <b>54,24,414</b>               |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

|   | ₹                                      | ₹                                      |
|---|--|--|
|   | For the Year Ended<br>on 31 March 2015 | For the Year Ended<br>on 31 March 2014 |
| <b>17. Revenue from Operation</b>   |  |  |
| Sale of Products *  |  |  |
| - Finished Goods  | 5,68,74,39,291                         | 5,01,32,28,522                         |
| - Traded Goods  | 20,85,90,400                           | 21,05,42,641                           |
| Other Operating Income  |  |  |
| Scrap Sales   | 73,89,427                              | 74,43,188                              |
| Revenue from Operations   | <u><u>5,90,34,19,118</u></u>           | <u><u>5,23,12,14,351</u></u>           |
| * Sale of Products  |  |  |
| <b>Finished Goods</b>   |  |  |
| Vacuum Cleaners   | 81,39,54,473                           | 76,72,55,287                           |
| Water Filter-cum-Purifiers  | 3,91,74,62,940                         | 3,55,62,88,312                         |
| Spares & Accessories  | 95,60,21,878                           | 68,96,84,923                           |
|   | <u><u>5,68,74,39,291</u></u>           | <u><u>5,01,32,28,522</u></u>           |
| <b>Traded Goods</b>   |  |  |
| Vacuum Cleaners   | -                                      | -                                      |
| Water Filter-cum-Purifiers  | 2,31,28,313                            | 1,37,76,035                            |
| Spares & Accessories  | 18,54,62,087                           | 19,67,66,606                           |
|   | <u><u>20,85,90,400</u></u>             | <u><u>21,05,42,641</u></u>             |
| <b>18 Other Income</b>  |  |  |
| Interest Income on  |  |  |
| Bank Deposits   | 10,84,016                              | 71,58,961                              |
| Loans and Advances  | 4,71,92,060                            | 4,22,51,821                            |
| Others  | 11,297                                 | 1,71,169                               |
| Exchange Difference (net)   | 5,57,02,206                            | 2,31,72,231                            |
| Dividend Income   |  |  |
| subsidiaries  | -                                      | -                                      |
| current investments   | -                                      | -                                      |
| long-term investments   | -                                      | 6,233                                  |
| Net Profit / (Loss) on Sale of Assets                                     | (3,97,283)                             | 95,109                                 |
| Rental Income   | 8,53,98,732                            | 6,71,65,655                            |
| Profit on sale of Current Investments                                     | 17,534                                 | 3,45,003                               |
| Miscellaneous Income  | 36,16,108                              | 15,97,188                              |
|   | <u><u>19,26,24,670</u></u>             | <u><u>14,19,63,370</u></u>             |
| <b>19. Cost of Raw Material, Components and Packing Material Consumed</b> |  |  |
| Inventory at the Beginning of the Year                                    | 42,01,69,774                           | 54,75,20,463                           |
| Add:- Purchases   | 4,46,53,11,157                         | 3,85,13,51,819                         |
|   | <u>4,88,54,80,931</u>                  | <u>4,39,88,72,282</u>                  |
| Less:- Inventory at the End of the Year                                   | 36,69,55,040                           | 42,01,69,774                           |
| Cost of Raw Material, Components and Packing Material Consumed            | <u><u>4,51,85,25,891</u></u>           | <u><u>3,97,87,02,508</u></u>           |
| <b>Raw Material, Components and Packing Material Consumed</b>             |  |  |
| - Printed Circuit Boards  | 33,93,37,970                           | 14,21,32,128                           |
| - U V Lamps   | 4,94,66,455                            | 3,94,01,679                            |
| - Pumps   | 46,68,41,255                           | 43,55,14,301                           |
| - Electric Motors   | 15,44,74,562                           | 14,48,78,175                           |
| - Membrane  | 59,57,57,868                           | 46,45,65,968                           |
| - Packing Material  | 17,08,40,384                           | 15,48,89,146                           |
| - Others  | 2,74,18,07,397                         | 2,59,73,21,111                         |
|   | <u><u>4,51,85,25,891</u></u>           | <u><u>3,97,87,02,508</u></u>           |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

|  | For the Year Ended<br>on 31 March 2015 | For the Year Ended<br>on 31 March 2014 |
|--|--|--|
| <b>20. Changes in inventories of finished goods, work in progress and stock-in-trade</b> |  |  |
|  | ₹                                      | ₹                                      |
| Opening stock  |  |  |
| Finished goods   | 1,32,32,940                            | 6,34,11,916                            |
|  | <u>1,32,32,940</u>                     | <u>6,34,11,916</u>                     |
| Less : Closing stock   |  |  |
| Finished goods   | 34,13,783                              | 1,32,32,940                            |
|  | <u>34,13,783</u>                       | <u>1,32,32,940</u>                     |
| Net(Increase)/ Decrease  | <u><b>98,19,157</b></u>                | <u><b>5,01,78,976</b></u>              |
| <b>Details of Inventory</b>  |  |  |
| Finished goods   |  |  |
| Vacuum Cleaners  | 2,93,441                               | 29,52,296                              |
| Water filter-cum-purifiers   | 31,20,342                              | 1,02,80,644                            |
|  | <u><b>34,13,783</b></u>                | <u><b>1,32,32,940</b></u>              |
| <b>21. Employee Benefit Expense</b>  |  |  |
| Salaries, wages and bonus  | 8,45,50,710                            | 12,43,62,488                           |
| Contribution to provident and other fund   | 56,55,526                              | 44,52,418                              |
| Staff welfare expense  | 48,19,104                              | 48,52,495                              |
|  | <u><b>9,50,25,340</b></u>              | <u><b>13,36,67,401</b></u>             |
| <b>22. Other Expenses</b>  |  |  |
| Electricity  | 70,19,974                              | 71,55,685                              |
| Rent   | 1,04,37,681                            | 88,60,280                              |
| Repairs and Maintenance  |  |  |
| Building   | 37,83,098                              | 7,93,805                               |
| Machinery  | 30,36,659                              | 12,98,882                              |
| Others   | 1,31,61,668                            | 1,26,01,931                            |
| Insurance  | 63,38,276                              | 63,70,367                              |
| Advertisement  | 53,090                                 | 10,750                                 |
| Freight, Forwarding and Delivery   | 8,73,65,146                            | 11,69,60,393                           |
| Payment to Auditors *  | 12,52,315                              | 8,94,487                               |
| Printing and Stationery  | 10,97,700                              | 15,75,791                              |
| Communication cost   | 42,79,185                              | 49,28,092                              |
| Wages to Contractual Workers   | 7,00,22,202                            | 5,98,80,191                            |
| Travelling and Conveyance  | 84,17,832                              | 84,87,684                              |
| Legal and Professional Fees  | 68,78,417                              | 65,94,249                              |
| Vehicle Running Expenses   | 96,17,533                              | 96,98,826                              |
| Security Charges   | 95,85,823                              | 73,33,654                              |
| Rates and taxes, excluding taxes on income   | 40,30,001                              | 77,80,990                              |
| Information Technology Expenses  | 7,17,18,910                            | 7,37,42,670                            |
| Other Establishment Expenses   | 1,12,32,203                            | 1,32,13,391                            |
| Corporate Social Responsibility  | 1,06,50,000                            | -                                      |
| Directors' Sitting Fees  | 3,70,788                               | 4,55,058                               |
| Bad Debts/Advances Written-Off   | -                                      | 11,77,371                              |
|  | <u><b>34,03,48,501</b></u>             | <u><b>34,98,14,547</b></u>             |
| <b>* Payment to Auditors</b>   |  |  |
| As Auditor   |  |  |
| Audit fee  | 8,98,880                               | 6,74,160                               |
| Tax audit fee  | 1,06,742                               | 1,06,742                               |
| Other Services   | 1,34,579                               | 39,326                                 |
| For Reimbursement of Expenses  | 1,12,114                               | 74,259                                 |
|  | <u><b>12,52,315</b></u>                | <u><b>8,94,487</b></u>                 |
| <b>23. Finance Cost</b>  |  |  |
| Interest Expense   | 8,05,30,227                            | 5,32,77,233                            |
| Other Borrowing Cost   | 1,49,59,220                            | 3,28,48,189                            |
| Exchange Difference to the extent considered as an adjustment to interest                | -                                      | 19,09,878                              |
|  | <u><b>9,54,89,447</b></u>              | <u><b>8,80,35,300</b></u>              |
| <b>24. Depreciation and Amortisation Expense</b>   |  |  |
| Depreciation on Tangible Assets*   | 4,28,54,714                            | 4,53,60,684                            |
| Amortization on Intangible Assets  | -                                      | -                                      |
| For the year charge  | 4,28,54,714                            | 4,53,60,684                            |
| Less: Depreciation on tangible assets written back on change in accounting policy*       | 16,65,02,425                           | -                                      |
|  | <u><b>(12,36,47,711)</b></u>           | <u><b>4,53,60,684</b></u>              |
| * Refer Note 34  |  |  |
| <b>25. Earnings per Equity Share</b>   |  |  |
| Number of Equity Shares  | 40,00,160                              | 40,00,160                              |
| Weighted average number of equity shares   | 40,00,160                              | 40,00,160                              |
| Face Value per share   | 10                                     | 10                                     |
| Profit After Tax available to Equity Shareholders  | 71,97,57,849                           | 42,10,33,949                           |
| Basic and Diluted Earning Per Share  | <b>Rs. 179.93</b>                      | <b>Rs. 105.25</b>                      |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

|   | As at<br>31.03.2015<br>₹ | ₹                   |
|---|--------------------------|---------------------|
| 26. Commitments (To the extent not provided for)  |                          |                     |
| Estimated amount of contracts remaining to be executed on Capital accounts and not provided for   | 3,46,43,967              | 91,55,916           |
|   | <b>3,46,43,967</b>       | <b>91,55,916</b>    |
| 27. Contingent Liabilities and (To the extent not provided for)   |                          |                     |
| -Disputed Sales Tax demands   | 14,81,50,000             | 14,81,50,000        |
| -Disputed Central Excise demands  | 5,71,52,845              | 5,71,52,845         |
| -Disputed Income Tax demand   | 84,70,620                | 7,41,78,280         |
| -Disputed Civil Suit *  | 33,73,150                | 27,10,000           |
|   | <b>21,71,46,615</b>      | <b>28,21,91,125</b> |
| * Civil suit amounting to ₹ 3,373,150/- (Previous Year ₹ 2,710,000) has been filed by vendors against Company and matter is subjudice. In the opinion of the Management provision is not required in the books of accounts. |                          |                     |
| 28. Value of Imports on CIF basis :   |                          |                     |
| - Raw Materials & Components  | 93,88,42,974             | 88,65,36,075        |
| 29. (a) Expenditure in Foreign Currency   |                          |                     |
| - Development Fee   | 4,32,457                 | 2,44,141            |
| - Travel Expense  | -                        | 81,116              |
| - Interest on ECB   | 2,78,53,314              | 2,30,94,458         |
| - Other Borrowing Cost  | 1,40,68,067              | 3,16,05,840         |
| - Others  | 2,40,611                 | -                   |
| (b) Remittance in Foreign Currency  |                          |                     |
| - Investment in shares of Subsidiary  | -                        | 1,47,87,57,875      |
| - Inter corporate deposit to Subsidiary   | -                        | 87,75,26,952        |
| - Repayment of ECB Loan   | 18,38,58,927             | 9,81,54,722         |
| - Advance to Subsidiary   | -                        | 49,71,760           |
| 30. (a) Earnings in Foreign Exchange  |                          |                     |
| - Export of Goods on F.O.B. basis   | 7,80,65,472              | 7,40,01,984         |
| - Interest on Inter Corporate Deposit to Subsidiary   | 4,65,33,868              | 4,21,85,407         |
| (b) Foreign Currency Inflow   |                          |                     |
| - ECB loan taken  | -                        | 1,17,83,28,000      |
| 31. The Company has a single business segment and single reportable geographical segment as per Accounting Standard 17 dealing with "Segment Reporting" issued by the Institute of Chartered Accountants of India.          |                          |                     |
| 32. As required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the list of related parties and their transactions is attached.                      |                          |                     |
| 33. Disclosures required by accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets"  |                          |                     |
|   | Excise Duty              | Sales Tax           |
| Balance as on 1-4-2014  | 2,00,62,923              | 45,75,288           |
| Additional provision during the year  | -                        | -                   |
| Provision for extraordinary item  | -                        | -                   |
| Provision reversed during the year  | 1,16,358                 | -                   |
| Balance as at 31-3-2015   | <b>1,99,46,565</b>       | <b>45,75,288</b>    |

34. During the current year, the Company has revised its accounting policy in respect of depreciation method of its fixed assets where depreciation was provided in the previous years under the 'written down value method'. Based on an evaluation carried out by the management in the current year, fixed assets are now being depreciated on 'straight line method' over the expected useful life of the fixed assets as against written down value method. This change in accounting policy has been made as it would result in a more appropriate presentation of the financial statements. As a result of this change, depreciation has been calculated retrospectively on straight line method and accordingly the Company has recorded reversal of depreciation expense amounting to Rs. 166,502,425/- pertaining to previous years in the current year's Statement of Profit & Loss.

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets (determined after considering the change in the method of depreciation from WDV to SLM), after retaining the residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs. 6,171,051/- (net of deferred tax of Rs. 3,177,609/-) against the opening Surplus balance in the balance sheet under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is lower by Rs. 13,825,700/- consequent to the above change in the method of depreciation and higher by Rs 7,296,462/- consequent to change in estimate of useful life as per Schedule-II of Companies Act, 2013.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

₹

35. The disclosures required under Accounting standard 15 " Employee Benefits" notified in the Companies ( Accounting Standards) Rules 2006, are given below :

**Defined Contribution Plan**

Contributions to defined Contribution plan, recognised are charged off for the year are as under:

|  | As at<br>31.03.2015<br>₹ | As at<br>31.03.2014<br>₹ |
|--|--------------------------|--------------------------|
| - Employer's contribution to Provident Fund      | 6,73,651                 | 10,57,212                |
| - Employer's contribution to superannuation fund | 7,52,799                 | 7,21,468                 |
| - Employer's contribution to Pension scheme      | 10,35,683                | 14,62,374                |

**Defined Benefit plan**

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner.

**(A) Reconciliation of opening and closing balances of Defined obligation**

₹

|   | <b>Gratuity (Funded)</b> |                | <b>Leave Encashment (Non-Funded)</b> |                |
|---|--------------------------|----------------|--------------------------------------|----------------|
|   | <b>2014-15</b>           | <b>2013-14</b> | <b>2014-15</b>                       | <b>2013-14</b> |
| Defined Benefit obligation at beginning of year | 82,99,324                | 75,35,278      | 28,78,457                            | 29,31,225      |
| Current service cost                            | 4,76,876                 | 6,88,301       | 3,31,486                             | 3,86,299       |
| Interest cost                                   | 7,05,443                 | 6,02,822       | 2,44,669                             | 2,34,498       |
| Actuarial (gain)/loss                           | 11,52,306                | (4,08,505)     | 2,33,377                             | (3,49,017)     |
| Benefits paid                                   | (58,79,583)              | (1,18,572)     | (14,32,769)                          | (3,24,548)     |
| Defined Benefit obligation at year end          | 47,54,366                | 82,99,324      | 22,55,220                            | 28,78,457      |

**(B) Reconciliation of opening and closing balances of fair value of plan assets**

₹

|  | <b>Gratuity (Funded)</b> |                | <b>Leave Encashment (Non-Funded)</b> |                |
|--|--------------------------|----------------|--------------------------------------|----------------|
|  | <b>2014-15</b>           | <b>2013-14</b> | <b>2014-15</b>                       | <b>2013-14</b> |
| Fair value of plan assets at beginning of the year | 74,01,583                | 38,85,796      | -                                    | -              |
| Expected return on plan assets                     | 5,92,127                 | 3,10,864       | -                                    | -              |
| Actuarial gain/(loss)                              | (4,51,185)               | -              | -                                    | -              |
| Employer contribution                              | 10,00,000                | 33,23,495      | -                                    | -              |
| Benefits paid                                      | (58,79,583)              | (1,18,572)     | -                                    | -              |
| Fair value of plan assets at year end              | 26,62,942                | 74,01,583      | -                                    | -              |
| Actual return on plan assets                       | 1,40,942                 | 3,10,864       | -                                    | -              |

**(C) Expenses Recognised during the year (under the head "Employee benefit expenses"-note 21**

-

|  | <b>Gratuity (Funded)</b> |                | <b>Leave Encashment (Non-Funded)</b> |                |
|--|--------------------------|----------------|--------------------------------------|----------------|
|  | <b>2014-15</b>           | <b>2013-14</b> | <b>2014-15</b>                       | <b>2013-14</b> |
| Current Service Cost                                   | 4,76,876                 | 6,88,301       | 3,31,486                             | 3,86,299       |
| Interest Cost  | 7,05,443                 | 6,02,822       | 2,44,669                             | 2,34,498       |
| Expected Returns on Plan Assets                        | (5,92,127)               | (3,10,864)     | -                                    | -              |
| Actuarial (gain) or Loss                               | 16,03,491                | (4,08,505)     | 2,33,377                             | (3,49,017)     |
| Expense Recognised in the Statement of Profit and Loss | 21,93,683                | 5,71,754       | 8,09,532                             | 2,71,780       |

**(D) Reconciliation of fair value of assets and obligations**

₹

|  | <b>Gratuity (Funded)</b> |                | <b>Leave Encashment (Non-Funded)</b> |                |
|--|--------------------------|----------------|--------------------------------------|----------------|
|  | <b>2014-15</b>           | <b>2013-14</b> | <b>2014-15</b>                       | <b>2013-14</b> |
| Fair value of plan assets as at 31 <sup>st</sup> March   | 26,62,942                | 74,01,583      | -                                    | -              |
| Present value of obligation as at 31 <sup>st</sup> March | 47,54,366                | 82,99,324      | 22,55,220                            | 28,78,457      |
| Amount recognised in Balance Sheet (Liability)           | 20,91,424                | 8,97,741       | 22,55,220                            | 28,78,457      |

(E) Economic and Demographic Assumptions :-

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities & the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

|  | <b>2014-15</b>         | <b>2013-14</b>         |
|--|------------------------|------------------------|
| - Discounting Rate                       | 7.75%                  | 8.50%                  |
| - Future Salary Increase                 | 5.25%                  | 6.00%                  |
| - Expected Rate of Return on Plan Assets | 8.00%                  | 8.00%                  |
| - Mortality Table                        | IALM (2006-08)         | IALM (2006-08)         |
|  | Withdrawal Rate<br>(%) | Withdrawal<br>Rate (%) |
| Ages                                     |                        |                        |
| - Up to 30 Years                         | 3                      | 3                      |
| - From 31 to 44 years                    | 2                      | 2                      |
| - Above 44 years                         | 1                      | 1                      |

(F) Experience adjustment on Actuarial Gain / (Loss) for Projected Benefit Obligation and Plan Assets.

|                                      | <b>2014-15</b> | <b>2013-14</b> | <b>2012-13</b> | <b>2011-12</b> |
|--------------------------------------|----------------|----------------|----------------|----------------|
| On Plan Projected Benefit Obligation | (11,60,758)    | 4,14,714       | 91,488         | 2,11,448       |
| On Plan Assets                       | (4,51,185)     | --             | (16,817)       | (2,964)        |

\* Experience adjustments for the year 2010-11 were Nil.

(G) Best estimate of contribution to Gratuity fund as per actuarial valuation during next year is Rs.985,049/-

(H) Best estimate of Leave encashment contribution as per actuarial valuation during next year is Rs 584,650/-

I) Name of related Party and nature of relationship where control exists are as under:

**A Enterprises having more than one half of Voting Powers:**

Eureka Forbes Limited (Holding Company)  
Forbes & Company Ltd. (Holding Comapany of Eureka Forbes Ltd.)  
Shapoorji Pallonji & Co. Ltd. (Ultimate Holding Company)

**B Enterprises that are controlled – (Subsidiary Companies):**

Aquadiagnostics Water Research & Technology Centre Ltd  
Forbes Lux International AG  
Lux International AG  
Hogar Paraguay Electrodomesticos S.A.  
Forbes Lux Group AG Baar  
Lux / Sk / s.r.o  
Lux Italia srl  
Lux Schweiz AG  
Lux (Deutschland) GmbH  
Lux Service GmbH  
Lux Norge A/s  
Lux Oesterreich GmbH  
Lux CZ s.r.o  
Lux Hungaria Kereskedelmi Kft

**C Joint Venture**

Aquagnis Technologies Pvt Ltd

**D Enterprises that are under common control (with whom there are transactions):**

Forbes Facility Service (P) Ltd  
Waterwings Equipments Pvt limited  
Forbes Aquatech Limited  
Forbes Lux FZCO  
Infinite Water Solutions Pvt Ltd

32 (a) Related Party Disclosures

|    |  | Parties in A above | B<br>Aquadiagnostics<br>Water Research &<br>Technology Centre<br>Limited | B<br>Forbes Lux<br>International AG | B<br>Lux International<br>AG | B<br>LUX HUNGARIA<br>KFT | Parties in B above | Parties in C above | Parties in D<br>above | Total          |
|----|--|--------------------|--|-------------------------------------|------------------------------|--------------------------|--------------------|--------------------|-----------------------|----------------|
|    | <b>Nature of Transaction</b>                           |                    |  |                                     |                              |                          |                    |                    |                       |                |
|    | <b>Purchases</b>                                       |                    |  |                                     |                              |                          |                    |                    |                       |                |
| 1  | <b>Goods and Materials</b> <b>Current Year (Bold)</b>  | -                  | -  | -                                   | -                            | -                        | -                  | 2,45,734           | 50,32,31,803          | 50,34,77,537   |
|    | <i>Previous Year (Italic &amp; Unbold)</i>             | -                  | -  | -                                   | -                            | -                        | -                  | -                  | 33,04,74,345          | 33,04,74,345   |
| 2  | Charter Hire Charges                                   | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 3  | Fixed Assets   | 25,89,238          | -  | -                                   | -                            | -                        | -                  | -                  | 1,09,081              | 26,98,319      |
|    |  | -                  | -  | -                                   | -                            | -                        | -                  | -                  | 2,73,644              | 2,73,644       |
|    | <b>Sales</b>   |                    |  |                                     |                              |                          |                    |                    |                       |                |
| 4  | Goods and Materials (excluding taxes)                  | 5,75,42,25,078     | -  | -                                   | 50,47,872                    | 27,10,457                | 77,58,328          | 7,51,556           | 10,10,76,416          | 5,86,38,11,378 |
|    |  | 5,09,18,62,507     | 1,157  | -                                   | 3,21,511                     | -                        | 3,22,668           | 3,63,869           | 10,77,41,851          | 5,20,02,90,894 |
| 5  | Services Rendered                                      | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 6  | Fixed Assets   | -                  | -  | -                                   | -                            | -                        | -                  | -                  | 2,81,420              | 2,81,420       |
|    |  | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 7  | <b>Expenses</b>  |                    |  |                                     |                              |                          |                    |                    |                       |                |
|    | Rent   | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 8  | Travelling and conveyance expenses                     | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 9  | Legal and professional charges                         | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 10 | Transportation, freight, handling and other charges    | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
|    |  | 7,25,730           | -  | -                                   | -                            | -                        | -                  | -                  | -                     | 7,25,730       |
| 11 | Miscellaneous expenses                                 | 7,17,18,910        | 31,49,513  | -                                   | -                            | -                        | 31,49,513          | -                  | 82,61,720             | 8,31,30,143    |
|    |  | 7,37,42,670        | 28,77,608  | -                                   | -                            | -                        | 28,77,608          | -                  | 72,23,103             | 8,38,43,381    |
| 12 | Recovery of Expenses                                   | 7,42,834           | -  | -                                   | -                            | -                        | -                  | -                  | -                     | 7,42,834       |
|    |  | 13,59,252          | -  | -                                   | -                            | -                        | -                  | 50,160             | -                     | 14,09,412      |
| 13 | Diminution in Value of Investments                     | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 14 | Interest Paid  | -                  | -  | -                                   | -                            | -                        | -                  | -                  | 4,82,461              | 4,82,461       |
|    |  | 1,40,58,629        | -  | -                                   | -                            | -                        | -                  | -                  | -                     | 1,40,58,629    |
| 15 | Dividend Paid  | 16,00,06,400       | -  | -                                   | -                            | -                        | -                  | -                  | -                     | 16,00,06,400   |
|    |  | 12,00,04,800       | -  | -                                   | -                            | -                        | -                  | -                  | -                     | 12,00,04,800   |
| 16 | Write offs of Investments                              | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 17 | Provision for doubtful loans and advances              | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 18 | Bad trade receivables / advances written off           | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
|    |  | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 19 | <b>Income</b>  |                    |  |                                     |                              |                          |                    |                    |                       |                |
|    | Rent and Other Service Charges                         | 37,66,188          | -  | -                                   | -                            | -                        | -                  | 25,77,960          | 27,06,878             | 90,51,026      |
|    |  | 34,97,309          | -  | -                                   | -                            | -                        | -                  | 21,48,300          | 26,65,146             | 83,10,755      |
| 20 | Interest Received                                      | 6,58,192           | -  | -                                   | -                            | -                        | -                  | -                  | -                     | 6,58,192       |
|    |  | -                  | 66,414   | -                                   | -                            | -                        | 66,414             | -                  | -                     | 66,414         |
| 21 | Profit on sale / surrender for buy-back of Investments | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
|    |  | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 22 | Misc. Income   | -                  | -  | -                                   | -                            | -                        | -                  | 55,100             | 7,35,480              | 7,90,580       |
|    |  | -                  | -  | -                                   | -                            | -                        | -                  | -                  | 7,75,030              | 7,75,030       |
|    | <b>Other Receipts</b>                                  |                    |  |                                     |                              |                          |                    |                    |                       |                |
| 23 | Other Reimbursements                                   | 6,386              | 23,816   | -                                   | -                            | -                        | 23,816             | 12,98,941          | 8,53,471              | 21,82,614      |
|    |  | 37,224             | 24,564   | -                                   | -                            | -                        | 24,564             | 7,52,717           | 18,27,841             | 26,42,346      |

|    |   | Parties in A above | B<br>Aquadiagnostics<br>Water Research &<br>Technology Centre<br>Limited | B<br>Forbes Lux<br>International AG | B<br>Lux International<br>AG | B<br>LUX HUNGARIA<br>KFT | Parties in B above | Parties in C above | Parties in D<br>above | Total          |
|----|---|--------------------|--|-------------------------------------|------------------------------|--------------------------|--------------------|--------------------|-----------------------|----------------|
| 24 | <b>Finance</b><br>Inter-corporate deposits given                      | 15,00,00,000       | -  | 49,71,760                           | -                            | -                        | 49,71,760          | -                  | -                     | 15,49,71,760   |
| 25 | Inter-corporate deposits received                                     | -                  | -  | 87,75,26,952                        | -                            | -                        | 87,75,26,952       | -                  | -                     | 87,75,26,952   |
| 26 | Accrued interest received   | 24,00,00,000       | -  | -                                   | -                            | -                        | -                  | -                  | -                     | 24,00,00,000   |
| 27 | Repayment of Deposits Given   | -                  | 46,80,031  | 4,65,33,868                         | -                            | -                        | 4,65,33,868        | -                  | -                     | 4,65,33,868    |
| 28 | Repayment of ICD received   | 15,00,00,000       | -  | -                                   | -                            | -                        | 46,80,031          | -                  | -                     | 46,80,031      |
| 29 | Investment in Equity shares   | -                  | 1,16,01,360  | -                                   | -                            | -                        | -                  | -                  | -                     | 15,00,00,000   |
| 30 | Advance given   | 24,00,00,000       | -  | -                                   | -                            | -                        | 1,16,01,360        | -                  | -                     | 1,16,01,360    |
|    |   | -                  | 1,00,00,000  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
|    |   | -                  | 1,92,00,000  | 1,47,87,57,875                      | -                            | -                        | 1,00,00,000        | -                  | -                     | 1,00,00,000    |
|    |   | -                  | -  | -                                   | -                            | -                        | 1,49,79,57,875     | 2,10,78,670        | -                     | 1,51,90,36,545 |
|    |   | -                  | -  | 49,71,760                           | -                            | -                        | 49,71,760          | -                  | -                     | 49,71,760      |
| 31 | <b>Guarantees</b><br>Given on behalf of Shipping Principals (Renewed) | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 32 | Given on behalf of a Subsidiary                                       | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 33 | Given on behalf of the Company by Holding Company                     | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 34 | <b>Outstandings</b><br>Trade Payables                                 | 6,06,569           | -  | -                                   | -                            | -                        | -                  | -                  | 6,72,62,829           | 6,78,69,399    |
| 35 | Interest accrued  | -                  | -  | 8,87,19,275                         | -                            | -                        | 8,87,19,275        | -                  | 7,01,99,836           | 7,01,99,836    |
| 36 | Trade Receivables   | 79,50,99,386       | -  | 4,21,85,407                         | -                            | -                        | 4,21,85,407        | -                  | -                     | 8,87,19,275    |
| 37 | Long Term Loans and Advances  | 57,42,56,410       | 8,56,505   | -                                   | 4,58,282                     | 18,18,943                | 22,77,226          | 54,20,582          | 6,58,13,056           | 4,21,85,407    |
| 38 | Short Term Loans and Advances   | -                  | 6,03,914   | -                                   | 3,39,208                     | -                        | 11,95,713          | 14,18,459          | 7,84,24,502           | 86,86,10,250   |
| 39 | Provision for Doubtful Loans and Advances                             | 10,50,116          | -  | 49,71,760                           | -                            | -                        | 49,71,760          | -                  | -                     | 65,52,95,084   |
| 40 | Provision for Doubtful Trade Receivables                              | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 41 | Deposits Payable  | 1,05,000           | -  | -                                   | -                            | -                        | -                  | -                  | 7,61,232              | 8,66,232       |
| 42 | Inter-corporate deposits receivable                                   | 1,05,000           | -  | -                                   | -                            | -                        | -                  | -                  | 7,51,232              | 8,56,232       |
| 43 | Guarantees Given  | -                  | -  | 82,85,70,682                        | -                            | -                        | 82,85,70,682       | -                  | -                     | 82,85,70,682   |
| 44 | Guarantees Taken  | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 45 | <b>Remuneration</b><br>Paid / Payable                                 | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |
| 46 | <b>Guarantees</b><br>Given  | -                  | -  | -                                   | -                            | -                        | -                  | -                  | -                     | -              |

Foot note :  
Figures in italics are in respect of the previous year

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

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36. Value of imported and indigenous Raw Materials and Components consumed and percentage of each to total consumption :

|            | <b>2014-15</b>        |                        | <b>2013-14</b>        |                        |
|------------|-----------------------|------------------------|-----------------------|------------------------|
|            | ₹                     | % to Total Consumption | ₹                     | % to Total Consumption |
| Indigenous | 3,31,51,95,974        | 73.37                  | 2,85,31,03,124        | 71.71                  |
| Imported   | 1,20,33,29,917        | 26.63                  | 1,12,55,99,384        | 28.29                  |
|            | <b>4,51,85,25,891</b> | <b>100.00</b>          | <b>3,97,87,02,508</b> | <b>100.00</b>          |

37. In accordance with Accounting Standard on Leases (AS-19) notified under companies (Accounting Standards) Rules, 2006 disclosures in respect of Leases are made below :

**Operating Leases (Company as Lessee)**

- (i) The Company has taken certain office/factory premises & equipments on operating lease basis. Lease payments in respect of such leases recognised in the statement of profit and loss.

| Particulars             | <b>As at 31 March 2015</b> | <b>As at 31 March 2014</b> |
|-------------------------|----------------------------|----------------------------|
|                         | ₹                          | ₹                          |
| Office/Factory premises | 1,04,37,681                | 88,10,943                  |
| Office Equipments       |                            | 49,337                     |
|                         | <b>1,04,37,681</b>         | <b>88,60,280</b>           |

- (ii) Except for escalation contained in certain lease arrangements providing for increase in the lease contain in certain lease arrangements providing for increase in the lease payment by specified percentage /amounts after completion of specified period. Further the lease terms do not contain any exceptional / restrictive covenants other than prior approval of the lessee before the renewal of lease.
- (iii) There are no restrictions such as those concerning dividend and additional debt other that in some cases where prior approval of lesser is required for further leasing. There is no contingent rent payment.

**Operating Leases (Company as Lessor)**

- (i) The Company has given certain office/factory premises & moulds on operating lease basis. Detail of which are as follows:-

|                |              |                          | ₹                         |
|----------------|--------------|--------------------------|---------------------------|
| Class of Asset | Gross amount | Accumulated Depreciation | Depreciation for the year |
| Building       | 12,12,57,731 | 2,31,56,514              | 48,36,334                 |
| Moulds         | 35,66,439    | 16,21,261                | 1,69,854                  |

- (ii) All Non Cancellable operating leases include a clause to enable upward revision of the rental charge on an annual basis either fixed or according to prevailing market conditions. Future minimum rentals receivable under non cancellable operating leases are as follows:-

|  | <b>As at 31 March 2015</b> | <b>As at 31 March 2014</b> |
|--|----------------------------|----------------------------|
|  | ₹                          | ₹                          |
| Within 1 year                          | 6,56,10,476                | 6,62,95,008                |
| After 1 year but not more than 5 years | 13,07,34,733               | 19,63,45,209               |
| More than 5 years                      | -                          | -                          |

38. During the year 2014-15, the performance of our subsidiary, Aquadiagnostics Water Research & Technology Centre Limited (AWRTC) has made an impressive growth in revenue. Total revenue increased to Rs. 80.37 lacs from Rs.73.12 Lacs in previous year, a growth of 10%. More importantly, the EBIDTA was positive. It was able to totally cover the Depreciation element and remain positive. All this was possible because of the initiatives taken during the year and in the previous year. Planning to try Solar based Battery back up system in place of conventional Electric models and want to introduce Presterilised Bacteriological media plates for analysis. NABL certification is already obtained and BIS recognition, is in the final stages and once we receive the certifications, we propose to take up the testing of Bottled water Plants in a big way. Based on these initiatives and the new contacts that we were able to develop during the year with some of the overseas clientele, we are confident of touching a record turnover of Rs. 10 Mn during the year 2015-16 and make a profit for the first time in AWRTC. In the opinion of the management no provision is required in respect of the investment in AWRTC.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

|  | <b>Long Term</b>    |                     | <b>Short Term</b>   |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | As at 31 March 2015 | As at 31 March 2014 | As at 31 March 2015 | As at 31 March 2014 |
|  | ₹                   | ₹                   | ₹                   | ₹                   |
| <b>4. Borrowings</b>                         |                     |                     |                     |                     |
| Rupee Loans Repayable on Demand from Banks * | -                   | -                   | 11,60,17,897        | 18,10,87,859        |
| Foreign Currency Loan from Banks **          | 57,40,25,507        | 89,37,91,856        | -                   | -                   |
| <b>Total</b>                                 | <u>57,40,25,507</u> | <u>89,37,91,856</u> | <u>11,60,17,897</u> | <u>18,10,87,859</u> |
| <b>The Above Amount Includes</b>             |                     |                     |                     |                     |
| Secured Borrowings                           | 57,40,25,507        | 89,37,91,856        | 11,28,11,099        | 14,57,13,401        |
| Unsecured borrowings                         | -                   | -                   | 32,06,798           | 3,53,74,458         |
| <b>Net Amount</b>                            | <u>57,40,25,507</u> | <u>89,37,91,856</u> | <u>11,60,17,897</u> | <u>18,10,87,859</u> |

\* (a) Short term secured borrowings from State Bank of India is secured by 1st hypothecation pari passu charge on the entire current assets of the company and extension of 1st charge on entire fixed assets of the company present and future and carries interest @ 10.35% p.a.

\* (b) Short term unsecured loan from Kotak Mahindra Bank carries interest @ 11.90% p.a.

\*\* (c) Foreign Currency External Commercial Borrowings (ECB) from The Hongkong and Shanghai Banking Corporation and Societe Generale Bank amounting to EURO 14,500,000 (Outstanding as on 31.03.2015 Euro 10,876,450) carries interest rate of Euribor + Margin (2.5%) against pari passu charge over all fixed assets(excluding moveable assets for employee benefits) of the company, Negative lien on all other assets except suitable carve outs for working capital facilities and pledge over brands owned by the company. The loan is repayable in 12 half yearly installments of Euro 1,207,850. Installments payable in next one year are shown under current liabilities.

|   | <b>Long-term</b>    |                     | <b>Current</b>      |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | As at 31 March 2015 | As at 31 March 2014 | As at 31 March 2015 | As at 31 March 2014 |
|   | ₹                   | ₹                   | ₹                   | ₹                   |
| <b>5. Other Liabilities</b>   |                     |                     |                     |                     |
| Current Maturities of Long-Term Borrowings  | -                   | -                   | 16,38,94,857        | 19,85,14,496        |
| Interest accrued but not due on borrowings  | -                   | -                   | 26,71,304           | 43,38,245           |
| Income Received in Advance  | -                   | -                   | 49,04,575           | 1,20,732            |
| Security Deposit Received   | 5,32,25,126         | 5,32,34,602         | -                   | -                   |
| Statutory Liabilities(Contributions to PF,Pension, ESIC,withholding Taxes,VAT etc.) | -                   | -                   | 1,27,98,887         | 1,11,84,515         |
| Advance from Customers  | -                   | -                   | 24,94,257           | 6,41,081            |
| Other Payables  |                     |                     |                     |                     |
| - Employee Dues   | -                   | -                   | 2,09,28,602         | 5,18,73,431         |
| - Others  | -                   | -                   | 33,78,115           | 43,95,385           |
| <b>Total</b>  | <u>5,32,25,126</u>  | <u>5,32,34,602</u>  | <u>21,10,70,597</u> | <u>27,10,67,885</u> |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

**8. Tangible Assets**

| Tangible Assets             |                   |                    |               |                      |                       |                 |                          |             |             |                        |                  | ₹              |
|-----------------------------|-------------------|--------------------|---------------|----------------------|-----------------------|-----------------|--------------------------|-------------|-------------|------------------------|------------------|----------------|
| Cost or Valuation           | Land - Freehold   | Land - Leasehold   | Buildings     | Buildings Leased Out | Plant and machinery   | Patterns & Dies | Furniture and fixtures   | Vehicles    | Computers   | Electrical Intallation | Office Equipment | Total          |
| As At 1 April 2013          | 3,47,39,485       | 51,71,913          | 19,31,78,421  | 12,12,57,731         | 11,45,59,413          | 18,69,47,649    | 2,28,53,430              | 1,74,10,776 | 1,77,02,972 | 4,65,12,860            | 64,46,627        | 76,67,81,277   |
| Additions                   | -                 | -                  | 37,87,641     | -                    | 61,36,751             | 1,17,57,491     | 4,91,250                 | 49,05,455   | 11,18,791   | 8,81,333               | 2,35,990         | 2,93,14,703    |
| Deletions                   | -                 | -                  | -             | -                    | (15,98,757)           | -               | (1,05,700)               | (43,38,703) | (75,500)    | (1,24,262)             | -                | (62,42,922)    |
| As at 31 March 2014         | 3,47,39,485       | 51,71,913          | 19,69,66,063  | 12,12,57,731         | 11,90,97,407          | 19,87,05,140    | 2,32,38,980              | 1,79,77,528 | 1,87,46,263 | 4,72,69,931            | 66,82,617        | 78,98,53,058   |
| Additions                   | -                 | -                  | 12,28,034     | -                    | 61,55,864             | 1,97,03,400     | 5,60,701                 | 14,64,684   | 18,79,474   | 4,12,148               | 1,21,432         | 3,15,25,736    |
| Deletions                   | (32,18,463)       | -                  | -             | -                    | -                     | -               | (33,120)                 | (35,67,935) | (3,28,770)  | (1,45,616)             | (76,849)         | (73,70,753)    |
| As at 31 March 2015         | 3,15,21,022       | 51,71,913          | 19,81,94,097  | 12,12,57,731         | 12,52,53,271          | 21,84,08,540    | 2,37,66,562              | 1,58,74,277 | 2,02,96,967 | 4,75,36,463            | 67,27,200        | 81,40,08,041   |
|                             |                   |                    |               |                      |                       |                 |                          |             |             |                        |                  |                |
| Depreciation                | Land - Freehold ₹ | Land - Leasehold ₹ | Buildings ₹   | Buildings Leased Out | Plant and machinery ₹ | Patterns & Dies | Furniture and fixtures ₹ | Vehicles ₹  | Computers ₹ | Electrical Intallation | Office Equipment | Total ₹        |
| As At 1 April 2013          | -                 | 4,50,478           | 8,02,25,550   | 5,37,81,695          | 6,60,49,415           | 13,57,44,632    | 1,72,56,649              | 83,22,164   | 1,55,98,791 | 3,09,03,750            | 41,73,165        | 41,25,06,288   |
| Charge for the year         | -                 | 55,600             | 1,00,69,238   | 33,73,802            | 74,83,032             | 1,68,01,453     | 12,10,855                | 26,77,465   | 11,20,788   | 22,34,062              | 3,34,389         | 4,53,60,684    |
| Deletions                   | -                 | -                  | -             | -                    | (10,09,309)           | -               | (58,049)                 | (28,79,173) | (52,912)    | (45,839)               | -                | (40,45,282)    |
| As at 31 March 2014         | -                 | 5,06,078           | 9,02,94,788   | 5,71,55,497          | 7,25,23,138           | 15,25,46,085    | 1,84,09,455              | 81,20,456   | 1,66,66,668 | 3,30,91,972            | 45,07,554        | 45,38,21,691   |
| Depreciation Written Back * | -                 | -                  | (4,46,87,272) | (3,88,35,316)        | (2,79,55,739)         | (3,37,56,761)   | (39,71,914)              | (32,03,790) | (10,18,869) | (1,14,47,647)          | (16,25,117)      | (16,65,02,425) |
| Charge for the year         | -                 | 55,600             | 80,16,997     | 48,36,334            | 92,64,351             | 68,39,092       | 16,00,897                | 43,98,416   | 16,04,182   | 56,92,815              | 5,46,031         | 4,28,54,714    |
| Deletions                   | -                 | -                  | -             | -                    | -                     | -               | (31,746)                 | (25,35,351) | (2,24,656)  | (66,442)               | (11,769)         | (28,69,963)    |
| Transition adjustment **    | -                 | -                  | 17,57,100     | -                    | 9,52,546              | -               | 4,82,551                 | -           | 5,96,677    | 32,05,677              | 23,54,107        | 93,48,658      |
| As at 31 March 2015         | -                 | 5,61,678           | 5,53,81,613   | 2,31,56,514          | 5,47,84,296           | 12,56,28,416    | 1,64,89,244              | 67,79,731   | 1,76,24,002 | 3,04,76,375            | 57,70,806        | 33,66,52,675   |
|                             |                   |                    |               |                      |                       |                 |                          |             |             |                        |                  |                |
| Impairment loss             | -                 | -                  | -             | -                    | -                     | -               | -                        | -           | -           | -                      | -                | -              |
| As At 1 April 2013          | -                 | -                  | -             | -                    | -                     | -               | -                        | -           | -           | -                      | -                | -              |
| As at 31 March 2014         | -                 | -                  | -             | -                    | -                     | -               | -                        | -           | -           | -                      | -                | -              |
| Charge for the year         | -                 | -                  | -             | -                    | -                     | -               | -                        | -           | -           | -                      | -                | -              |
| As at 31 March 2015         | -                 | -                  | -             | -                    | -                     | -               | -                        | -           | -           | -                      | -                | -              |
|                             |                   |                    |               |                      |                       |                 |                          |             |             |                        |                  |                |
| Net Block                   | -                 | -                  | -             | -                    | -                     | -               | -                        | -           | -           | -                      | -                | -              |
| As at 31 March 2014         | 3,47,39,485       | 46,65,835          | 10,66,71,275  | 6,41,02,234          | 4,65,74,269           | 4,61,59,055     | 48,29,525                | 98,57,072   | 20,79,595   | 1,41,77,959            | 21,75,063        | 33,60,31,367   |
|                             | -                 | -                  | -             | -                    | -                     | -               | -                        | -           | -           | -                      | -                | -              |
| As at 31 March 2015         | 3,15,21,022       | 46,10,235          | 14,28,12,484  | 9,81,01,217          | 7,04,68,975           | 9,27,80,124     | 72,77,318                | 90,94,546   | 26,72,965   | 1,70,60,087            | 9,56,394         | 47,73,55,366   |

\* on account of change in the accounting policy (refer note 34)

\*\* adjusted against the opening Surplus balance (refer note 34)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

39 As required under Accounting Standard 27 on "Financial Reporting of interest in Joint Venture " issued by the Institute of Chartered Accountants of India, the companies' interests in the joint ventures is given below -

a. The aggregate amount of Assets, Liabilities, Income and Expenses related to the Company's interests in the Joint Venture as at 31.03.2015 is as follows:

| Sl.No | Name of the Company              | Country of Incorporation | Period Ended on | % Holding | Aquamall Water Solutions Ltd. Share |             |             |             |
|-------|----------------------------------|--------------------------|-----------------|-----------|-------------------------------------|-------------|-------------|-------------|
|       |                                  |                          |                 |           | Assets                              | Liabilities | Income      | Expenses    |
|       |                                  |                          |                 |           | ₹                                   | ₹           | ₹           | ₹           |
| 1     | Aquaignis Technologies Pvt. Ltd. | India                    | 31.03.2015      | 50%       | 2,83,73,179                         | 1,03,75,111 | 1,43,79,184 | 1,90,04,963 |
|       |                                  |                          | 31.03.2014      | 50%       | 2,46,57,837                         | 20,33,989   | 4,86,924    | 62,23,879   |

b. The Company's share of contingent liabilities of the Joint Venture Aquaignis Technologies Pvt Ltd as at 31.03.2015 is NIL (*Previous Year NIL*).

40. (A) As on 31st March 2015, a credit balance of Rs 37,913,160 (Previous Year : Rs 100,010,221) in the "Foreign Currency Monetary Translation Reserve Account" pertaining to long term external commercial borrowings and inter corporate deposits remains to be amortised / utilized after utilization of Rs 44,781,791/- (Previous Year : Rs 7,115,436) in the statement of Profit and Loss.

(B) The Company has entered into forward exchange contracts to hedge against its foreign exchange exposures relating to trade payables. The company does not enter into any derivative instruments for trading speculative purpose.

Details of Forward Exchange Contracts outstanding as at Balance Sheet date

| Particulars          | 2015 |     | 2014     |             |
|----------------------|------|-----|----------|-------------|
|                      | USD  | INR | USD      | INR         |
| Contracts to Buy USD | -    | -   | 2,02,118 | 1,20,78,138 |

(C) Details of Unhedged Foreign Currency exposure as at Balance Sheet Date

|   | Currency | Mar'2015                   |                | Mar'2014                   |                |
|---|----------|----------------------------|----------------|----------------------------|----------------|
|   |          | Amount in Foreign Currency | Amount INR     | Amount in Foreign Currency | Amount INR     |
| Trade Receivable and Advances Recoverable           | USD      | 10,46,609                  | 6,54,44,461    | 28,57,997                  | 17,07,88,188   |
|   | CHF      | -                          | -              | 86,650                     | 58,36,831      |
|   | EURO     | 26,810                     | 18,18,943      | 9,508                      | 7,81,304       |
| Inter corporate deposit given to Subsidiary Company | EURO     | 1,21,29,770                | 82,29,52,736   | 1,21,29,770                | 99,67,85,683   |
|   | CHF      | 86,650                     | 56,17,944      |                            |                |
| Trade Payables                                      | USD      | 4,11,788                   | 2,57,49,119    | 1,22,470                   | 73,18,544      |
|   | EURO     | 30,499                     | 20,69,237      |                            |                |
| Loans -ECB LOAN                                     | EURO     | 1,08,76,450                | 73,79,20,364   | 1,32,92,150                | 1,09,23,06,352 |
| Investment in Subsidiary Company                    | EURO     | 1,81,96,650                | 1,47,87,57,875 | 1,81,96,650                | 1,47,87,57,875 |

41. During previous year, due to the increased cost of production at Bhimtal Unit-1, the operation had become unviable, the Management had therefore decided to close the operations of Bhimtal Unit-1 w.e.f 15th March 2014. The company had given two options to the workers - Relocate to Bangalore factory or separation through a Voluntary Retirement Scheme (VRS). None of the workers have opted to relocate to Bangalore and all the staff and workmen (except 10 workmen) opted Voluntary Retirement Scheme. The company has completed full and final settlement under voluntary retirement scheme during the year.

41A. During the year, the Company has made an additional investment and placed inter-corporate deposits with other bodies corporate as per details given below:

| Name of the Company   | Nature of transaction    | Amount ₹     | Purpose  |
|---|--------------------------|--------------|--|
| AquaDiagnostic Water Research and Technology Centre Limited (a wholly owned subsidiary company) | Equity share capital     | 1,00,00,000  | Infusion of capital for working capital requirements of the subsidiary   |
| Eureka Forbes Limited (the holding company)   | Inter-corporate deposits | 15,00,00,000 | For temporary working capital requirements. The Company has received back full repayment of the inter-corporate deposit during the year. |
| Forbes Lux International AG   | Inter-corporate deposits | 49,71,760    | For working capital requirements   |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

42. Previous year figures have been regrouped or rearranged wherever necessary .

|                                  |                            |                            |
|----------------------------------|----------------------------|----------------------------|
| As per our report of even date   | <u>S. L. Goklaney</u>      | <i>Chairman</i>            |
| For BATLIBOI & PUROHIT           |                            |                            |
| <i>Chartered Accountants</i>     | <u>P. J. Reddy</u>         |                            |
| Firm Regn No. 101048W            |                            |                            |
|                                  | <u>A. V. Suresh</u>        | <i>Directors</i>           |
|                                  | <u>D.Sivanandhan</u>       |                            |
| ATUL MEHTA                       |                            |                            |
| <i>Partner</i>                   | <u>K.Raman Venkatesh</u>   |                            |
| Membership No. 15935             |                            |                            |
|                                  | <u>R. S. Moorthy</u>       |                            |
|                                  | <u>Vasant N Sanzgiri</u>   |                            |
|                                  | <u>Mrunalini Deshmukh</u>  |                            |
|                                  | <u>Suresh Redhu</u>        | <i>Whole Time Director</i> |
|                                  | <u>Sachikant Chaudhury</u> | <i>Company Secretary</i>   |
| Mumbai , Dated : 29th April 2015 |                            |                            |

**Campbell Properties & Hospitality Services Limited**  
(a wholly owned Subsidiary Company)

Financial Statements  
for the year ended March 31, 2015

30<sup>th</sup> April, 2015

## **Independent Auditors' Report**

To,

The Members of Campbell Properties & Hospitality Services Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Campbell Properties & Hospitality Services Limited, which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, that were operating effectively for ensuring the 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) in the case of the Statement of Profit and Loss, of the Loss for the period ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

### Report on other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in term of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.


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 appears from our examination of those books
- c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.



- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us :
- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long term contracts including derivative contracts for which there were any any material foreseeable losses.
- iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Vinodchandra R Shah & Co.  
Chartered Accountants  
Firm Reg. No. 115394W

  
Gaurav Parekh  
(Partner)  
Membership No.- 140694

Place: Mumbai  
Dated: 30/04/2015




## ANNEXURE TO THE AUDITOR'S REPORT

- I. The company does not have any fixed assets and, accordingly the requirements under paragraph 4(i) of the Order are not applicable to the company.
- II. The company's business does not involve inventories, and accordingly, the requirements under paragraph 4 (ii) of the Order are not applicable to the company.
- III. On the basis of books and records produced before us, the company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, the provisions of clause 3 (iii)(a) and (b) of the order are not applicable to the Company and hence not commented upon.
- IV. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.
- V. In our opinion and according to information given to us, the company has not accepted deposits from the public, which come under the directives issued by the Reserve Bank of India & the provisions of section 73 to 76 or any other relevant provisions of the companies Act and rules framed there under.
- VI. To the best of our knowledge and explanation given to us, the provision of maintenance of cost records under sub-section (1) of section 148 of the Act are not applicable to the company.
- VII. In our opinion and according to information and explanation given to us and according to records of the company, the company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, Income Tax, sales-tax, Wealth Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues (wherever applicable) with the appropriate authorities. There are no arrears of statutory dues as at 31st March 2015 which are outstanding for a period of more than 6 months from the date they become payable.  
  
According to the information and explanation given to us, there are no dues of Income Tax or sales-tax or Wealth Tax or Service Tax or duty of customs or duty of excise or value added tax or cess (wherever applicable) on account of any dispute.  
  
In our opinion and according to information and explanation given to us and according to records of the company, no amount required to transfer to investor education and protection fund in accordance with the relevant provision of Company Act. and rule made there under.
- VIII. Since the company is registered for a period less than five years, accordingly, the requirements under paragraph 4 (viii) of the Order are not applicable to the company.



- IX. Based on our audit procedure and as per the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution or bank.
- X. According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- XI. According to the information and explanation given to us, the company has not taken any term loan. Therefore this clause not applicable to the company.
- XII. Based upon the audit procedures performed for the purpose of reporting the true and fair nature of the financial statement and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For Vinodchandra R Shah & Co.  
Chartered Accountants  
Firm Reg. No. 115394W

  
Gaurav J Parekh  
(Partner)  
Membership No.- 140694

Place: Mumbai  
Dated: 30/04/2015



# CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

Balance Sheet as at 31st MARCH, 2015

| Particulars                     | Note No. | As at 31st Mar, 2015<br>Rs. |
|---------------------------------|----------|-----------------------------|
| <b>I EQUITY AND LIABILITIES</b> |          |                             |
| <b>1 Shareholders' funds</b>    |          |                             |
| a Share capital                 | 2        | 5,00,000                    |
| b Reserves and surplus          | 3        | (1,87,033)                  |
|                                 |          | <b>3,12,967</b>             |
| <b>2 Current liabilities</b>    |          |                             |
| a Other current liabilities     |          | 15,000                      |
|                                 |          | <b>15,000</b>               |
| <b>TOTAL</b>                    |          | <b>3,27,967</b>             |
| <b>II ASSETS</b>                |          |                             |
| <b>1 Current assets</b>         |          |                             |
| a Cash and cash equivalents     | 4        | 3,27,967                    |
|                                 |          | <b>3,27,967</b>             |
| <b>TOTAL</b>                    |          | <b>3,27,967</b>             |

Significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Vinodchandra R Shah**

Chartered Accountants

Firm Reg No-FRN 115394W

SUNETRA GANESAN \_\_\_\_\_

Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_

Director

**Gaurav J Parekh**

Partner

Membership No-140694

Mumbai, 30th April, 2015

ACHCHYUT KUMAR \_\_\_\_\_

Director

Mumbai, 30th April, 2015

**CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2015**

| Particulars  | Note No. | Period ended<br>31st Mar, 2015<br>Rs. |
|--|----------|---------------------------------------|
| I Revenue from operations  |          | -                                     |
| II Other income  |          | -                                     |
| III <b>Total revenue (I + II)</b>  |          | -                                     |
| IV <b>Expenses:</b>  |          |                                       |
| Other expenses   | 5        | 1,87,033                              |
| <b>Total expenses</b>  |          | <b>1,87,033</b>                       |
| V <b>Profit/(loss) before tax (III - IV)</b>                                   |          | <b>(1,87,033)</b>                     |
| VI <b>Tax expense / (credit):</b>  |          |                                       |
| <u>Income-tax</u>  |          |                                       |
| Current tax  |          | -                                     |
| VII <b>Profit/(loss) for the year (V - VI)</b>                                 |          | <b>(1,87,033)</b>                     |
| VIII <b>Earning per equity share:</b>  |          |                                       |
| Basic and diluted earnings per equity share (nominal value of share Rs. 10)    |          | Rs. (11.67)                           |
| <b>Significant accounting policies</b>   | 1        |                                       |
| <b>The accompanying notes are an integral part of the financial statements</b> |          |                                       |

As per our report of even date  
**For Vinodchandra R Shah Co.**  
*Chartered Accountants*  
Firm Reg No-FRN 115394W

**Gaurav J Parekh**  
*Partner*  
Membership No-140694  
Mumbai, 30th April, 2015

SUNETRA GANESAN \_\_\_\_\_  
*Chairperson*

SHRIKRISHNA BHAVE \_\_\_\_\_  
Director

ACHCHYUTKUMAR \_\_\_\_\_  
Director

Mumbai, 30th April, 2015

# CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2015

|   | Period ended<br>31st Mar, 2015<br>Rs. |
|---|---------------------------------------|
| Profit / (Loss) before tax  | (1,87,033)                            |
| Adjustments for -   | -                                     |
| Operating profit / (loss) before working capital changes                            | (1,87,033)                            |
| Adjustments for changes in working capital:   |                                       |
| Increase / (decrease) in trade payables   | 15,000                                |
|   | 15,000                                |
| Cash generated from / (used in) operations  | (1,72,033)                            |
| Income taxes paid (net of refunds)  | -                                     |
| (a) Net cash generated from / (used in) operating activities                        | (1,72,033)                            |
| Cash flows from investing activities:   |                                       |
| (b) Net cash generated from / (used in) investing activities                        | -                                     |
| Cash flows from financing activities:   |                                       |
| Proceeds from Issuance of Share capital   | 5,00,000                              |
| (c) Net cash generated from / (used in) financing activities                        | 5,00,000                              |
| (d) Net increase / (decrease) in cash and cash equivalents (a + b + c)              | 3,27,967                              |
| (e) Cash and cash equivalents as at the end of the period (d + e) ( see footnote 2) | 3,27,967                              |

### Footnotes:

1 Cash-flow statement is prepared in accordance with "Indirect method" as explained in the Accounting Standard on Cash Flow Statements (AS-3).

2 Details of Cash and cash equivalents as at the end of the period are as under :-

|   |          |
|---|----------|
| a) Cash on hand                         | 8,400    |
| b) Balances with banks- Current Account | 3,19,567 |
|   | 3,27,967 |

The accompanying notes are an integral part of the financial statements

As per our report of even date  
**For Vinodchandra R Shah & Co.**  
Chartered Accountants  
Firm Reg No-FRN 115394W

**Gaurav J Parekh**  
Partner  
Membership No-140694  
Mumbai, 30th April, 2015

SUNETRA GANESAN \_\_\_\_\_  
Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_  
Director

ACHCHYUTKUMAR \_\_\_\_\_  
Director

Mumbai, 30th April, 2015

# CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2015

### 2. Share capital

**Authorised:**

500,000 equity shares of Rs. 10 each

**Issued, subscribed and fully paid:**

50,000 equity shares of Rs. 10 each

**TOTAL**

**(a) Rights, preferences and restrictions attached to equity shares**

The Company has only one class of share referred to as equity shares having a par value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend 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 equity shares will be entitled to receive remaining assets of the Company, after distribution of liabilities and amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(b) Equity shares held by holding company and subsidiary company**

50,000 equity shares are held by holding company - Forbes & Company Limited

**(c) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:**

| Name of Shareholder      | 31st Mar, 2015               |           |
|--------------------------|------------------------------|-----------|
|                          | Number of equity shares held | % holding |
| Forbes & Company Limited | 50,000                       | 100.00    |

**CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2015**

|                                     | As at<br>31st Mar, 2015<br>Rs. |
|-------------------------------------|--------------------------------|
| <b>4. Cash and cash equivalents</b> |                                |
| 1. Balances with banks:             |                                |
| (A) In current accounts             |                                |
| (i) Others                          | 3,19,567                       |
| 2. Cash on hand                     | 8,400                          |
| <b>TOTAL</b>                        | <b>3,27,967</b>                |

|  | As at<br>31st Mar, 2015<br>Rs. |
|--|--------------------------------|
| <b>5. Other expenses</b>                             |                                |
| (a) Payments to the auditor (excluding service tax): |                                |
| (i) Statutory Audit fees                             | 15,000                         |
| (b) Preliminary Expenses                             | 1,71,043                       |
| (c) Miscellaneous expenses                           | 990                            |
| <b>TOTAL</b>   | <b>1,87,033</b>                |

# CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2015

### 6 BREAKUP OF EARNING PER SHARE

| <u>Sr. No.</u> | <u>Particulars</u>  | <u>As on 31/03/2015</u> |
|----------------|---|-------------------------|
| (a)            | Net Profit / (Loss) Attributable to Equity Shareholders   | (1,87,033)              |
| (b)            | Weighted Average Number of Equity Shares outstanding during the period (Face Value - Rs.10/- per Share) | 16,027                  |
| (c)            | Earning Per Share   | (11.67)                 |

The Company has not issued any potential dilutive equity shares.

### 7 RELATED PARTY TRANSACTIONS

(I) Names of related parties and nature of related party relationship as on 31.3.2015

- (A) **Holding Company / Ultimate Holding Company**
- Shapoorji Pallonji & Company Private Limited (Ultimate Holding Company)
  - Forbes & Company Limited (Holding Company)
- (B) **Fellow subsidiary (With which there are transactions during the year)**
- NIL

(II) Transactions with Related Parties:

| <u>Sr. No.</u>        | <u>Nature of Transaction</u> | <u>Holding Company</u> |
|-----------------------|------------------------------|------------------------|
|                       |                              |                        |
| <b>Other Receipts</b> |                              |                        |
| 1                     | Other Reimbursements         | 1,68,810               |
| <b>Finance</b>        |                              |                        |
| 1                     | Issue of Shares              | 5,00,000               |
|                       |                              |                        |

As per our report of even date  
**For Vinodchandra R Shah & Co.**  
*Chartered Accountants*  
 Firm Reg No-FRN 115394W

SUNETRA GANESAN \_\_\_\_\_  
*Chairperson*

SHRIKRISHNA BHAVE \_\_\_\_\_  
 Director

**Gaurav J Parekh**  
*Proprietor*  
 Membership No-140694  
 Mumbai, 30th April, 2015

ACHCHYUTKUMAR \_\_\_\_\_  
 Director

Mumbai, 30th April, 2015

# **CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED**

## **NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2015**

### **1. GENERAL INFORMATION :-**

The company was incorporated on December 13, 2014 to carry on the business of acquiring or purchasing or leasing or exchanging or hire purchase or otherwise holding or creating any immovable property including land and / or building or any right or interest therein; and letting such immovable property on lease and to carry on the business of providing or rendering or maintaining hospitality or catering or tour & travel services.

### **2. SIGNIFICANT ACCOUNTING POLICIES :-**

#### **a) Basis of Preparation**

The Financial Statements are prepared under historical cost convention, consistently on accrual basis and are in accordance with the requirements of the Companies Act, 2013 and comply with Accounting Standards referred to in Section 133 of the said Act, read with rule 7 of the Companies (Accounts) Rule, 2014.

#### **b) Use of Estimates**

The presentation of financial statements in conformity with the generally accepted accounting principle requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

#### **c) Fixed Assets**

Fixed Assets are to be stated in the accounts at the purchase price including any attributable cost of bringing the assets to their working condition for their intended use.

#### **d) Depreciation**

Depreciation on tangible fixed assets is to be provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013

#### **e) Taxes on Income**

- (i) Tax expenses comprises of current, deferred tax. Current Income Tax is measured at the amount expected to be paid to the Tax Authorities in accordance with the Indian Income Tax Act, 1961.
- (ii) Deferred Tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods in accordance with the requirements of Accounting Standards (AS-22) on Accounting of Taxes and Income.

#### **f) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

# **CAMPBELL PROPERTIES & HOSPITALITY SERVICES LIMITED**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015 (contd.)**

### **g) Provision, contingent liabilities and contingent assets**

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

### **h) Cash flow statements**

Cash flow statements are prepared in accordance with “Indirect Method” as explained in the Accounting Standard on Cash Flow Statements (AS-3) notified under the Companies (Accounts) Rules, 2014.

### **i) Cash and Cash Equivalents**

Cash and Bank balances and current Investments that have insignificant risk of change in value, which have duration's up to three months, are included in the Company's Cash and Cash Equivalents in the Cash Flow Statement.

### **j) Revenue Recognition**

Income from services is to be recognised as and when the services are performed and accrued on time basis. Interest income is recognized on a time proportion basis unless the collection is doubtful.

### **k) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### **l) Segment Reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

**EFL Mauritius Limited**  
(a Subsidiary Company of Eureka Forbes Limited)

Financial Statements  
for the year ended March 31, 2015

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF EFL Mauritius Limited

#### Report on the Financial Statements

We have audited the financial statements of **EFL Mauritius Limited** (the "Company") set out on pages 7 to 30, which comprise the statement of financial position as at 31 March 2015 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Directors' Responsibility for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT****TO THE MEMBERS OF EFL Mauritius Limited****Report on the Financial Statements (continued)*****Opinion***

In our opinion, the financial statements set out on pages 7 to 30 give a true and fair view of the financial position of the Company at 31 March 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act 2001.

***Other Matter***


This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.


**Report on Other Legal and Regulatory Requirements*****Mauritius Companies Act 2001***

We have no relationship with or interests in the Company other than in our capacity as auditors.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

  
Nexia Baker & Arenson  
Chartered Accountants

  
Ouma Shankar Ochit ECCA  
Licensed by FRC

Date: 20 APR 2015.....

## EFL Mauritius Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2015

|   | <u>Notes</u> | <u>2015</u><br>EUR             | <u>2014</u><br>EUR             |
|---|--------------|--------------------------------|--------------------------------|
| <b>Income</b>   |              |                                |                                |
| Interest  |              | 669,100                        | 997,785                        |
| Dividend  |              | -                              | 402,831                        |
|   |              | <u>669,100</u>                 | <u>1,400,616</u>               |
| <b>Expenses</b>   |              |                                |                                |
| Audit fees  |              | 2,006                          | 1,716                          |
| FSC fees  |              | 1,388                          | 1,306                          |
| Directors' fees   |              | 1,269                          | 1,119                          |
| Bank charges  |              | 1,033                          | 921                            |
| Accounting fees   |              | 714                            | 672                            |
| Annual tax return   |              | 714                            | 672                            |
| Annual TRC fees   |              | 634                            | 707                            |
| Registered office and secretarial fees                                |              | 592                            | 522                            |
| ROC fees  |              | 268                            | 252                            |
| Other operating expenses  |              | 82                             | -                              |
| Disbursement fees   |              | 27                             | 1,147                          |
| Amount receivable written off   |              | -                              | 19,880                         |
| Legal and professional fees   |              | -                              | 435                            |
| Interest  |              | -                              | 203                            |
|   |              | <u>8,727</u>                   | <u>29,552</u>                  |
| <b>Operating profit</b>   |              | <b>660,373</b>                 | <b>1,371,064</b>               |
| Investment in subsidiary written off                                  | 4            | -                              | (1)                            |
| Profit on disposal of associated company                              |              | -                              | 5                              |
| Loss on foreign exchange  |              | (95)                           | (74)                           |
| <b>Profit before taxation</b>   |              | <u><b>660,278</b></u>          | <u><b>1,370,994</b></u>        |
| Taxation  | 11 (c)       | (19,811)                       | (140,993)                      |
| <b>Profit for the year</b>  |              | <u><b>640,467</b></u>          | <u><b>1,230,001</b></u>        |
| <b>Other comprehensive income:</b>                                    |              | -                              | -                              |
| <i>Items that may be subsequently reclassified to profit or loss:</i> |              |                                |                                |
| Change in fair value of available-for-sale financial asset            |              | 5,723,089                      | -                              |
| <b>Total comprehensive income for the year</b>                        |              | <u><u><b>6,363,556</b></u></u> | <u><u><b>1,230,001</b></u></u> |

The notes on pages 11 to 30 form an integral part of these financial statements.

## EFL Mauritius Limited

STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2015

|                                     | <u>Notes</u> | <u>2015</u><br>EUR    | <u>2014</u><br>EUR |
|-------------------------------------|--------------|-----------------------|--------------------|
| <b>ASSETS</b>                       |              |                       |                    |
| <b>Non-current assets</b>           |              |                       |                    |
| Available-for-sale financial asset  | 6            | 36,895,045            | 2,814,191          |
| Loan receivable                     | 7            | -                     | 26,690,880         |
|                                     |              | <u>36,895,045</u>     | <u>29,505,071</u>  |
| <b>Current assets</b>               |              |                       |                    |
| Other receivable and prepayments    | 8            | 2,842                 | 999,715            |
| Cash and cash equivalents           |              | 246,751               | 255,614            |
|                                     |              | <u>249,593</u>        | <u>1,255,329</u>   |
| <b>Total assets</b>                 |              | EUR <u>37,144,638</u> | <u>30,760,400</u>  |
| <b>EQUITY AND LIABILITIES</b>       |              |                       |                    |
| <b>Capital and reserves</b>         |              |                       |                    |
| Stated capital                      | 9            | 28,720,231            | 28,720,231         |
| Fair value reserve                  |              | 5,723,089             | -                  |
| Retained earnings                   |              | 2,245,285             | 1,604,818          |
|                                     |              | <u>36,688,605</u>     | <u>30,325,049</u>  |
| <b>Current liabilities</b>          |              |                       |                    |
| Other payable and accruals          | 10           | 436,222               | 435,351            |
| Current tax liability               | 11 (b)       | 19,811                | -                  |
|                                     |              | <u>456,033</u>        | <u>435,351</u>     |
| <b>Total equity and liabilities</b> |              | EUR <u>37,144,638</u> | <u>30,760,400</u>  |

Approved by the Board on 20 APR 2015..... and signed on its behalf by:

  
Subiraj Gujadhur  
Director

  
Navun Dussoruth  
Director

The notes on pages 11 to 30 form an integral part of these financial statements.

## EFL Mauritius Limited

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2015

|  | <u>Stated<br/>capital</u><br>EUR | <u>Fair value<br/>reserve</u><br>EUR | <u>Retained<br/>earnings</u><br>EUR | <u>Total</u><br>EUR      |
|--|----------------------------------|--------------------------------------|-------------------------------------|--------------------------|
| At 01 April 2013                           | 8,850,001                        | -                                    | 374,817                             | 9,224,818                |
| Issue of shares                            | 19,870,230                       | -                                    | -                                   | 19,870,230               |
| Total comprehensive<br>income for the year | -                                | -                                    | 1,230,001                           | 1,230,001                |
| At 31 March 2014                           | <u>28,720,231</u>                | <u>-</u>                             | <u>1,604,818</u>                    | <u>30,325,049</u>        |
| Profit for the year                        | -                                | -                                    | 640,467                             | 640,467                  |
| Other comprehensive<br>income for the year | -                                | 5,723,089                            | -                                   | 5,723,089                |
| <b>At 31 March 2015</b>                    | <b>EUR</b>                       | <b><u>28,720,231</u></b>             | <b><u>5,723,089</u></b>             | <b><u>2,245,285</u></b>  |
|  |                                  |                                      |                                     | <b><u>36,688,605</u></b> |

The notes on pages 11 to 30 form an integral part of these financial statements.

## EFL Mauritius Limited

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2015**

|   | <u>Notes</u> | <u>2015</u><br>EUR | <u>2014</u><br>EUR  |
|---|--------------|--------------------|---------------------|
| <b>Cash flows from operating activities</b>                 |              |                    |                     |
| Profit before taxation                                      |              | 660,278            | 1,370,994           |
| <i>Adjustments for:</i>                                     |              |                    |                     |
| Investment written off                                      | 4            | -                  | 1                   |
| Profit on disposal of associated company                    |              | -                  | (5)                 |
| Loss on foreign exchange                                    |              | 95                 | 74                  |
| Interest income   |              | (669,100)          | (997,785)           |
| Dividend income   |              | -                  | (402,831)           |
| <b>Operating loss before working capital changes</b>        |              | <b>(8,727)</b>     | <b>(29,552)</b>     |
| (Increase)/decrease in other receivable and prepayments     |              | (912)              | 14,682              |
| Increase/(decrease) in other payable and accruals           |              | 871                | (377)               |
| <b>Net cash used in operating activities</b>                |              | <b>(8,768)</b>     | <b>(15,247)</b>     |
| <b>Cash flow from investing activities</b>                  |              |                    |                     |
| Acquisition of available-for-sale financial asset           | 6            | -                  | (2,814,191)         |
| Proceeds from disposal of associated company                | 5            | -                  | 9,624,000           |
| Loan advanced   | 7            | -                  | (26,690,880)        |
| Dividend received   |              | -                  | 261,838             |
| <b>Net cash used in investing activities</b>                |              | <b>-</b>           | <b>(19,619,233)</b> |
| <b>Cash flows from financing activity</b>                   |              |                    |                     |
| Issue of preference shares                                  | 9            | -                  | 19,870,230          |
| <b>Net cash from financing activity</b>                     |              | <b>-</b>           | <b>19,870,230</b>   |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |              | <b>(8,768)</b>     | <b>235,750</b>      |
| Effect of foreign exchange                                  |              | (95)               | (74)                |
| Cash and cash equivalents at beginning of the year          |              | 255,614            | 19,938              |
| <b>Cash and cash equivalents at end of the year</b>         | EUR          | <b>246,751</b>     | <b>255,614</b>      |

The notes on pages 11 to 30 form an integral part of these financial statements.

## EFL Mauritius Limited

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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#### 1. General information

The Company was incorporated in Mauritius under the Mauritius Companies Act 2001 on 02 December 2010 as a private company with liability limited by shares and has its registered office at Apex Fund Services (Mauritius) Limited, 4<sup>th</sup> Floor, Raffles Tower, 19 Cybercity, Ebène, Mauritius. It holds a Category 1 Global Business Licence issued by the Financial Services Commission.

The principal activity of the Company is to act as an investment holding company. As at 31 March 2015, the Company's primary investment is in Forbes in Lux International AG.

The financial statements of the Company are presented in Euro ("EUR").

#### 2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements, which have been applied consistently, are set out below:

##### (a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and under the historical cost convention except for financial instruments carried at fair value.

The preparation of financial statements in accordance with IFRS requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

##### *Going concern*

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

## EFL Mauritius Limited

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**


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**2. Accounting policies (continued)****(b) Application of new and revised International Financial Reporting Standards (IFRSs)**

*Amendments to IFRSs and the new Interpretation that is mandatorily effective for the current year*

In the current year, the Company has applied a number of amendments to IFRSs and new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

*Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities*

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with investment management services;
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosure or the amounts recognised in the Company's financial statements.

*Amendments to IAS 32 offsetting Financial Assets and Financial Liabilities*

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosure or on the amounts recognised in the Company's financial statements.

## EFL Mauritius Limited

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**


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**2. Accounting policies (continued)****(b) Application of new and revised International Financial Reporting Standards (IFRSs) (continued)***Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets*

The Company has applied the amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Company's financial statements.

*Amendments to IAS 39 Novation and Derivatives and Continuation of Hedge Accounting*

The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

As the Company does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements.

*IFRIC 21 Levies*

IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statement preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Company's financial statements.

## EFL Mauritius Limited

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**
**2. Accounting policies (continued)****(c) New and revised IFRSs in issue but not yet effective**

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

*IFRS 9* Financial Instruments (effective for annual periods beginning on or after 1 January 2018, with earlier application permitted)

*IFRS 15* Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017, with earlier application permitted)

*Amendments to IFRS 11* Accounting for acquisition of interest in Joint Operations (effective for annual periods beginning on or after 1 January 2016, with earlier application permitted)

*Amendments to IAS 16 and IAS 38* Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016, with earlier application permitted)

*Amendments to IAS 16 and IAS 41* Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016, with earlier application permitted)

*Amendments to IAS 19* Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014, with earlier application permitted)

*Annual improvements to IFRS 2010-2012 Cycle* (effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application permitted)

IFRS 2 (Amendment) – Change the definitions of ‘vesting condition’ and ‘market condition’ and add definitions for ‘performance condition’ and ‘service condition’. Effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

IFRS 3 (Amendment) – Clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Effective for business combinations for which the acquisition date is on or after 1 July 2014.

**EFL Mauritius Limited**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

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**2. Accounting policies (continued)**

**(c) New and revised IFRSs in issue but not yet effective (continued)**

*Annual improvements to IFRS 2010-2012 Cycle (effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application permitted)*

IFRS 8 (Amendment) – Require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments and clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

IFRS 13 (Amendment) – Clarify that the issue of IFRS 13 and the consequential amendments to IAS 39 and IFRS 9 did not remove the ability of short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. The amendment is immediately effective.

IAS 16 and IAS 38 (Amendments) - Remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued.

IAS 24 (Amendment) – Clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity.

IFRS 3 (Amendments) - Clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13 (Amendments) – Clarify that the scope of the portfolio exception for measuring the fair value of a group financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 (Amendments) – Clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- (a) The property meets the definition of investment property in terms of IAS 40; and
- (b) The transaction meets the definition of a business combination under IFRS 3.

The directors of the Company do not anticipate that the application of the amendments will have a significant impact on the Company's financial statements.

**EFL Mauritius Limited**
**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**


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**2. Accounting policies (continued)**
**(d) Foreign currency transactions**
**(i) *Functional and presentation currency***

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company's performance is evaluated and its liquidity is managed in Euro. The financial statements are presented in Euro (Eur) and all values are rounded to the nearest thousands.

**(ii) *Transactions and balances***

Transactions denominated in foreign currencies are recorded in Euro at the rates of exchange rating at the dates of transactions. Monetary assets and liabilities at the reporting date which are denominated in foreign currencies are translated into Euro at the rate of exchange rating at that date. Exchange differences are taken to the statement of profit or loss and other comprehensive income.

**(e) Investment in subsidiary company**

Investment in subsidiary is shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is estimated. Whenever, the carrying amount of the investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of profit or loss and other comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited in the statement of profit or loss and other comprehensive income.

**(f) Investment in associated company**

Associates are undertakings over which the Company generally has between 20% and 50% of the voting rights or over which the Company has significant influence but which it does not control. The Company holds investment in an associate, which is initially recognised at cost and subsequently accounted for by using the equity method of accounting.

The Company's share of its associate's profits or losses is recognised in the statement of profit or loss and other comprehensive income and its share of movements in reserves is recognised in equity. The cumulative movements are adjusted against the carrying amount of the investment. The accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Company. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

## EFL Mauritius Limited

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**


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**2. Accounting policies (continued)****(f) Investment in associated company (continued)**

Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of profit or loss and other comprehensive income.

**(g) Available-for-sale financial asset**

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are initially measured at fair value plus transaction costs.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial asset is subsequently carried at their fair values.

Changes in the fair value of the available-for-sale asset are recognised in other comprehensive income and accumulated in the fair value reserve. Where the financial assets are disposed of or are determined to be impaired, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to statement of profit or loss and other comprehensive income.

**(h) Income tax**

Income tax expense comprises of current and deferred tax. Income tax is recognised in statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous year.

**(i) Deferred taxation**

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

The principal temporary difference arises from tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

## EFL Mauritius Limited

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**


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**2. Accounting policies (continued)****(j) Stated capital**

Ordinary shares and preference shares are classified as equity.

**(k) Borrowings**

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowing using the effective interest method.

**(l) Financial instruments**

Financial instruments carried on the statement of financial position include available-for-sale financial asset, loan receivable, other receivable, cash and cash equivalents and other payable and accruals which approximate their fair values. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**(m) Receivables**

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

**(n) Cash and cash equivalents**

Cash and cash equivalents comprise of bank balances. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**(o) Payables**

Payables are recognised initially at fair value and subsequently stated at amortised cost. The difference between the net proceeds received and the amount payable is recognised over the period of the accrual using the effective interest method.

**(p) Revenue recognition**

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on the accruals basis unless collectibility is in doubt.

## EFL Mauritius Limited

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**


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**2. Accounting policies (continued)****(q) Expense recognition**

All expenses are accounted for in the statement of profit or loss and other comprehensive income on the accrual basis.

**(r) Related parties**

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**(s) Impairment**

At end of each reporting period, the Company reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(t) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**3. Significant accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**Judgements**

In the process of applying the accounting policies, which are described in note 2, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

**EFL Mauritius Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

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**3. Significant accounting judgements, estimates and assumptions (continued)**Functional currency

The determination of the functional currency is critical since recording of transactions and exchange differences arising there from are dependent on the functional currency selected. As described in note 2 (d), the directors have considered those factors described therein and have determined that the functional currency of the Company is the Euro.

## EFL Mauritius Limited

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**
**4. Investment in subsidiary company**

|                             | <u>2015</u> | <u>2014</u> |
|-----------------------------|-------------|-------------|
|                             | EUR         | EUR         |
| <i>Cost</i>                 |             |             |
| At beginning of the year    | -           | 1           |
| Written off during the year | -           | (1)         |
| At end of the year          | EUR -       | -           |

The investment in Euroforbes Mauritius Limited (the "Subsidiary") was written off during the year ended 31 March 2014.

**5. Investment in associated company**

|                          | <u>2015</u> | <u>2014</u> |
|--------------------------|-------------|-------------|
|                          | EUR         | EUR         |
| At beginning of the year | -           | 9,623,995   |
| Disposal during the year | -           | (9,623,995) |
| At end of the year       | EUR -       | -           |

During the year ended 31 March 2014, the Company disposed of its investment in associated company, Lux International AG for a total consideration of EUR 9,624,000.

**6. Available-for-sale financial asset**

|                           | <u>2015</u>    | <u>2014</u> |
|---------------------------|----------------|-------------|
|                           | EUR            | EUR         |
| <i>At fair value</i>      |                |             |
| At beginning of the year  | 2,814,191      | -           |
| Additions during the year | 28,357,765     | 2,814,191   |
| Change in fair value      | 5,723,089      | -           |
| At end of the year        | EUR 36,895,045 | 2,814,191   |

The additions during the year comprise of the conversion of financial assets as follows:

|                                  | <u>EUR</u>     |
|----------------------------------|----------------|
| Loan receivable (see note 7)     | 26,690,880     |
| Interest receivable (see note 8) | 1,666,885      |
|                                  | EUR 28,357,765 |

## EFL Mauritius Limited

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

## 6. Available-for-sale financial asset (continued)

The details of the available-for-sale financial asset as at 31 March 2015 are as follows:

| Name of<br>associated<br>company | Country of<br>incorporation | Type of<br>shares<br>(Unquoted) | Number of<br>shares | %<br>held | Cost<br>EUR       | Fair<br>value<br>EUR |
|----------------------------------|-----------------------------|---------------------------------|---------------------|-----------|-------------------|----------------------|
| Forbes Lux<br>International AG   | Switzerland                 | Ordinary<br>shares              | 3,300               | 13.04%    | 2,814,191         | 3,246,764            |
| Forbes Lux<br>International AG   | Switzerland                 | Participation<br>shares         | 34,200              | 100.00%   | 28,357,765        | 33,648,281           |
|                                  |                             |                                 |                     | EUR       | <u>31,171,956</u> | <u>36,895,045</u>    |

*Fair valuation estimation*

IFRS 7 requires disclosure of fair value measurement by level of the following fair value measurement hierarchy:

Quoted prices (unadjusted) in active markets for identical assets or liabilities – Level 1;

Inputs other than quoted prices as in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) – Level 2; and

Inputs for the asset or liability that are not based on observable market data – Level 3.

The following table presents the Company's available-for-sale financial asset that is measured at fair value at 31 March:

|                                    | Level 1<br>EUR | Level 2<br>EUR | Level 3<br>EUR | Total<br>EUR |
|------------------------------------|----------------|----------------|----------------|--------------|
| <b>2015</b>                        |                |                |                |              |
| Available-for-sale financial asset | -              | -              | 36,895,045     | 36,895,045   |
| <b>2014</b>                        |                |                |                |              |
| Available-for-sale financial asset | -              | -              | 2,814,191      | 2,814,191    |

## EFL Mauritius Limited

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**
**7. Loan receivable**

|   | <u>2015</u>  | <u>2014</u>       |
|---|--------------|-------------------|
|   | EUR          | EUR               |
| At beginning of the year                          | 26,690,880   | -                 |
| Additions during the year                         | -            | 26,690,880        |
| Transferred to available-for-sale financial asset | (26,690,880) | -                 |
| At end of the year                                | EUR <u>-</u> | <u>26,690,880</u> |

The loan receivable from Forbes Lux International AG, bearing interest at the rate of 5% per annum has been converted into participation shares during the year.

**8. Other receivable and prepayments**

|                     | <u>2015</u>      | <u>2014</u>    |
|---------------------|------------------|----------------|
|                     | EUR              | EUR            |
| Interest receivable | -                | 997,785        |
| Prepayments         | 2,842            | 1,930          |
|                     | EUR <u>2,842</u> | <u>999,715</u> |

The interest receivable from Forbes Lux International AG has been converted into participation shares during the year amounting to EUR1,666,885.

**9. Stated capital**

|  |     | <u>Number of shares</u> |                   | <u>Amount</u>     |                   |
|--|-----|-------------------------|-------------------|-------------------|-------------------|
|  |     | <u>2015</u>             | <u>2014</u>       | <u>2015</u>       | <u>2014</u>       |
|  |     |                         |                   | EUR               | EUR               |
| <i>Issued and fully paid up:</i>       |     |                         |                   |                   |                   |
| <u>Ordinary shares of EUR 1 each</u>   |     |                         |                   |                   |                   |
| At beginning and end of the year       |     | <u>15,001</u>           | 15,001            | <u>15,001</u>     | 15,001            |
| <u>Preference shares of EUR 1 each</u> |     |                         |                   |                   |                   |
| At beginning of the year               |     | 28,705,230              | 8,835,000         | 28,705,230        | 8,835,000         |
| Issued during the year                 |     | -                       | 19,870,230        | -                 | 19,870,230        |
| At end of the year                     |     | <u>28,705,230</u>       | 28,705,230        | <u>28,705,230</u> | 28,705,230        |
| Total                                  | EUR | <u>28,720,231</u>       | <u>28,720,231</u> | <u>28,720,231</u> | <u>28,720,231</u> |

## EFL Mauritius Limited

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**
**9. Stated capital (continued)**

The Preference Shares shall have the following rights:

- (a) The holder of the Preference Shares shall not be entitled to receive notice of any meeting of the Shareholders, and shall not have any voting rights.
- (b) The Preference Shares shall be redeemable at the option of the Company at any time between the period following the second year of their issue until the nineteenth year of their issue. The Preference Shares shall be redeemed at their par value, or at such other price as may be determined by the Directors.

**10. Other payable and accruals**

|                                      | <u>2015</u>               | <u>2014</u>           |
|--------------------------------------|---------------------------|-----------------------|
|                                      | EUR                       | EUR                   |
| Payable to shareholder (see note 12) | 432,374                   | 432,374               |
| Accruals                             | 3,848                     | 2,977                 |
|                                      | EUR <u><u>436,222</u></u> | <u><u>435,351</u></u> |

The amount payable to related party is unsecured, interest free and repayable on demand.

**11. Taxation****(a) Income tax**

Under current laws and regulations, the Company is liable to pay income tax on its net income at a rate of 15%. The Company is however entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign source income tax thus reducing its maximum effective tax rate to 3%.

No Mauritian capital gains tax is payable on profits arising from sale of securities, and any dividends and redemption proceeds paid by the Company to its shareholder will be exempt from any withholding tax in Mauritius.

**(b) Current tax liability**

|                        | <u>2015</u>              | <u>2014</u>     |
|------------------------|--------------------------|-----------------|
|                        | EUR                      | EUR             |
| Provision for the year | EUR <u><u>19,811</u></u> | <u><u>-</u></u> |

**EFL Mauritius Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015****11. Taxation (continued)****(c) Tax expense**

|                                    |     | <u>2015</u><br>EUR | <u>2014</u><br>EUR |
|------------------------------------|-----|--------------------|--------------------|
| Provision for the year             |     | 19,811             | -                  |
| Withholding tax on dividend income |     | -                  | 140,993            |
|                                    | EUR | <u>19,811</u>      | <u>140,993</u>     |

**(d) Tax reconciliation**

|                                   |     | <u>2015</u><br>EUR | <u>2014</u><br>EUR |
|-----------------------------------|-----|--------------------|--------------------|
| Profit before taxation            |     | <u>660,278</u>     | <u>1,370,994</u>   |
| Tax calculated at 15% (2014: 15%) |     | 99,042             | 205,649            |
| Adjustments for:                  |     |                    |                    |
| Non-allowable expenses            |     | 14                 | 2,993              |
| Effect of used tax losses         |     | -                  | (68,288)           |
|                                   |     | <u>99,056</u>      | <u>140,354</u>     |
| Foreign tax credit                |     | (79,245)           | (140,354)          |
| Withholding tax                   |     | -                  | 140,993            |
| Tax charged                       | EUR | <u>19,811</u>      | <u>140,993</u>     |

**12. Related party transactions**

During the year under review, the Company transacted with the below related entity. The nature, volume of transaction and the balance with the entity are as follows:

| Name of<br>related<br>party | Relationship | Nature of<br>transactions | Volume of<br>transaction<br>EUR | <u>2015</u><br>EUR | <u>2014</u><br>EUR |
|-----------------------------|--------------|---------------------------|---------------------------------|--------------------|--------------------|
| Eureka<br>Forbes Ltd        | Shareholder  | Amount<br>payable         | -                               | <u>432,374</u>     | <u>432,374</u>     |

The above transaction has been made at arm's length, on normal commercial terms and in the normal course of business.

## EFL Mauritius Limited

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**
**13. Financial instruments and associated risks***Overview*

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Political risk
- Credit risk
- Liquidity risk
- Compliance risk
- Capital risk

*Risk management framework*

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

**(a) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*Currency risk*

The Company invests in shares denominated in Swiss Franc ("CHF"). Consequently, the Company is exposed to the risk that the exchange rate of the EUR relative to the CHF may change in a manner which has a material effect on the reported values of the Company's assets which are denominated in CHF.

Currency profile

|                               | 2015                |                          | 2014                |                          |
|-------------------------------|---------------------|--------------------------|---------------------|--------------------------|
|                               | Financial<br>assets | Financial<br>liabilities | Financial<br>assets | Financial<br>liabilities |
|                               | EUR                 | EUR                      | EUR                 | EUR                      |
| Swiss Franc ("CHF")           | 36,895,045          | -                        | 2,814,191           | -                        |
| United States Dollars ("USD") | -                   | 3,848                    | -                   | 2,977                    |
| Euro ("EUR")                  | 246,751             | 432,374                  | 27,944,279          | 432,374                  |
|                               | <u>37,141,796</u>   | <u>436,222</u>           | <u>30,758,470</u>   | <u>435,351</u>           |

Prepayments amounting to EUR2,842 (2014: EUR1,930) have not been included in financial assets.

## EFL Mauritius Limited

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**
**13. Financial instruments and associated risks (continued)****(a) Market risk (continued)***Currency risk (continued)*Sensitivity analysis

The Company is exposed to the CHF and USD.

The following table details the Company's sensitivity to a 10% increase and decrease in the EUR against the relevant foreign currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates a decrease in profit where the EUR strengthens 10% against the relevant currency. For a 10% weakening of the EUR against the relevant currency, there would be an increase on the profit.

|     | Impact on profit |         |
|-----|------------------|---------|
|     | 2015             | 2014    |
|     | EUR              | EUR     |
| CHF | 3,689,505        | 281,419 |
| USD | (385)            | (298)   |

*Interest rate risk*

Some of the Company's financial assets are interest bearing and as a result the Company is subject to amounts of risk due to fluctuations in the prevailing levels of market interest rates.

*Equity price risk*

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the value of individual stocks.

The Company invests in unlisted company whose securities may be considered to be illiquid. Such illiquidity may adversely affect the ability of the Company to acquire or dispose of such investment. The investment may be difficult to value and to sell or otherwise liquidate and the risk of investing in such company is much greater than the risk of investing in publicly traded securities. However on account of the inherent uncertainty of valuation the estimated values may differ from the values that would be used had a ready market for the investment existed.

## EFL Mauritius Limited

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**
**13. Financial instruments and associated risks (continued)****(b) Political risk**

Further economic and political developments in Switzerland could adversely affect the liquidity or value, or both, of securities in which the Company has invested.

**(c) Credit risk**

Credit risk arises when a failure by counterparty to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the end of the reporting period.

The Company's credit risk arises principally from cash and cash equivalents and loan to related party. The Company's policy is to maintain its cash and bank balance with a reputable banking institution and to monitor the placement of cash and bank balances on an ongoing basis.

The maximum exposure to credit risk at the end of the reporting period was:

|                                    | <u>2015</u>           | <u>2014</u>       |
|------------------------------------|-----------------------|-------------------|
|                                    | <u>EUR</u>            | <u>EUR</u>        |
| <b>Counter parties</b>             |                       |                   |
| Available-for-sale financial asset | <b>36,895,045</b>     | 2,814,191         |
| Loan receivable                    | -                     | 26,690,880        |
| Other receivable                   | -                     | 997,785           |
| Cash and cash equivalents          | <b>246,751</b>        | 255,614           |
|                                    | <b>EUR 37,141,796</b> | <b>30,758,470</b> |

**(d) Liquidity risk**

Liquidity risk arises when the maturity of assets and liabilities of a company do not match.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows. The following financial instruments may be affected by the liquidity risk:

## EFL Mauritius Limited

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**
**13. Financial instruments and associated risks (continued)**(d) Liquidity risk (continued)

The maturity profile of the financial liability is summarised as follows:

|                            |     | <u>On demand</u> | <u>3 months to 1</u> | <u>Total</u>   |
|----------------------------|-----|------------------|----------------------|----------------|
|                            |     | <u>EUR</u>       | <u>year</u>          | <u>EUR</u>     |
|                            |     |                  | <u>EUR</u>           | <u>EUR</u>     |
| <b><u>2015</u></b>         |     |                  |                      |                |
| Other payable and accruals | EUR | <u>432,374</u>   | <u>3,848</u>         | <u>436,222</u> |
| <b><u>2014</u></b>         |     |                  |                      |                |
| Other payable and accruals | EUR | <u>432,374</u>   | <u>2,977</u>         | <u>435,351</u> |

(e) Compliance risk

Compliance risk arises from a failure or inability to comply with the laws, regulations or codes applicable to the industry. Non-compliance can lead to fines, public reprimands, and enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate.

(f) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

(g) Fair values

The carrying amounts of available-for-sale financial asset, loan receivable, other receivable, cash and cash equivalents and other payable and accruals approximate their fair values.

**14. Events after reporting period**

There have been no material events since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended 31 March 2015.

**EFL Mauritius Limited****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

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**15. Contingent liabilities**

At 31 March 2015, there was no contingent liability arising in the ordinary course of business.

**16. Holding company**

The directors consider Eureka Forbes Limited, a company incorporated in India as the Company's holding company.

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF EFL Mauritius Limited**

#### **Report on the Financial Statements**

We have audited the financial statements of EFL Mauritius Limited (the "Company") set out on pages 7 to 30, which comprise the statement of financial position as at 31 March 2015 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### ***Directors' Responsibility for the Financial Statements***

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the financial statements set out on pages 7 to 30 give a true and fair view of the financial position of the Company at 31 March 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act 2001.

***Other Matter***

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

***Report on Other Legal and Regulatory Requirements******Mauritius Companies Act 2001***

We have no relationship with or interests in the Company other than in our capacity as auditors.

We have obtained all information and explanations we have required

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**Nexia Baker & Arenson**  
**Chartered Accountants**

**Ouma Shankar Ochit FCCA**  
**Licensed by FRC**

**Date:**

**EFL MAURITIUS LIMITED**
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST MARCH 2015**

|   | Notes  | 2015      | 2015         | 2014       | 2014          |
|---|--------|-----------|--------------|------------|---------------|
|   |        | EUR       | INR          | EUR        | INR           |
| <b>Revenue</b>  |        |           |              |            |               |
| Interest  |        | 6,69,100  | 5,10,05,577  | 9,97,785   | 8,21,75,078   |
| Dividend  |        | -         | -            | 4,02,831   | 3,31,76,154   |
|   |        | 6,69,100  | 5,10,05,577  | 14,00,616  | 11,53,51,232  |
| <b>Expenses</b>   |        |           |              |            |               |
| Audit fees  |        | 2,006     | 1,52,918     | 1,716      | 1,41,325      |
| FSC fees  |        | 1,388     | 1,05,807     | 1,306      | 1,07,559      |
| Directors' fees   |        | 1,269     | 96,736       | 1,119      | 92,158        |
| Bank Charges  |        | 1,033     | 78,746       | 921        | 75,851        |
| Accounting fees   |        | 714       | 54,428       | 672        | 55,344        |
| Annual tax return   |        | 714       | 54,428       | 672        | 55,344        |
| Annual TRC fees   |        | 634       | 48,330       | 707        | 58,227        |
| Registered office and Secretarial fees  |        | 592       | 45,128       | 522        | 42,991        |
| ROC fees  |        | 268       | 20,430       | 252        | 20,754        |
| Other Operating Expenses  |        | 82        | 6,251        | -          | -             |
| Disbursement fees   |        | 27        | 2,058        | 1,147      | 94,464        |
| Amount Receivable written off   |        | -         | -            | 19,880     | 16,37,267     |
| Legal and professional fees   |        | -         | -            | 435        | 35,826        |
| Interest  |        | -         | -            | 203        | 16,719        |
|   |        | 8,727     | 6,65,260     | 29,552     | 24,33,829     |
| <b>Operating loss for the year/period</b>   |        | 6,60,373  | 5,03,40,316  | 13,71,064  | 11,29,17,403  |
| Investment in Subsidiary company written off  | 4      | -         | -            | (1)        | (82)          |
| Profit on disposal of associated company  |        | -         | -            | 5          | 412           |
| Loss of Foreign Exchange  |        | (95)      | (7,242)      | (74)       | (6,094)       |
| <b>Profit before taxation</b>   |        | 6,60,278  | 5,03,33,074  | 13,70,994  | 11,29,11,638  |
| Taxation  | 11 (c) | (19,811)  | (15,10,195)  | (1,40,993) | (1,16,11,831) |
| <b>Profit for the year</b>  |        | 6,40,467  | 4,88,22,879  | 12,30,001  | 10,12,99,807  |
| <b>Other comprehensive income:</b><br><b>Items that may be subsequently reclassified to profit or loss:</b> |        |           |              |            |               |
| Change in fair value of available-for-sale financial asset  |        | 57,23,089 | 43,62,71,790 | -          | -             |
| <b>Total comprehensive income/(loss) for the year/period</b>  |        | 63,63,556 | 48,50,94,669 | 12,30,001  | 10,12,99,807  |

The notes attached herewith form an integral part of these financial statements.

## EFL MAURITIUS LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2015

|                                      | Notes  | 2015<br>EUR | 2015<br>INR    | 2014<br>EUR | 2014<br>INR    |
|--------------------------------------|--------|-------------|----------------|-------------|----------------|
| <b>ASSETS</b>                        |        |             |                |             |                |
| <b>Non-current assets</b>            |        |             |                |             |                |
| Investment in subsidiary company     | 4      | -           | -              | -           | -              |
| Investment in associated company     | 5      | -           | -              | -           | -              |
| Available for sale financial asset   | 6      | 3,68,95,045 | 2,97,02,93,682 | 28,14,191   | 20,76,50,430   |
| Loan receivable                      | 7      | -           | -              | 2,66,90,880 | 2,19,33,71,108 |
|                                      |        | 3,68,95,045 | 2,97,02,93,682 | 2,95,05,071 | 2,40,10,21,537 |
| <b>Current assets</b>                |        |             |                |             |                |
| Other receivables and prepayments    | 8      | 2,842       | 1,92,817       | 9,99,715    | 8,21,53,380    |
| Cash and cash equivalents            |        | 2,46,751    | 1,67,40,984    | 2,55,614    | 2,10,05,541    |
|                                      |        | 2,49,593    | 1,69,33,802    | 12,55,329   | 10,31,58,920   |
| <b>Total assets</b>                  |        | 3,71,44,638 | 2,98,72,27,484 | 3,07,60,400 | 2,50,41,80,458 |
| <b>EQUITY AND LIABILITIES</b>        |        |             |                |             |                |
| <b>Capital and reserves</b>          |        |             |                |             |                |
| Stated capital                       | 9      | 2,87,20,231 | 2,12,34,26,392 | 2,87,20,231 | 2,12,34,26,392 |
| Fair value reserve                   |        | 57,23,089   | 43,62,71,790   | -           | -              |
| Retained earnings                    |        | 22,45,285   | 17,76,35,742   | 16,04,818   | 12,88,12,863   |
| Foreign Currency Translation Reserve |        |             | 21,87,87,578   |             | 21,61,65,451   |
|                                      |        | 3,66,88,605 | 2,95,61,21,502 | 3,03,25,049 | 2,46,84,04,706 |
| <b>Current liability</b>             |        |             |                |             |                |
| Other payables and accruals          | 10     | 4,36,222    | 2,95,95,787    | 4,35,351    | 3,57,75,752    |
| Current tax liability                | 11 (b) | 19,811      | 15,10,195      | -           | -              |
| <b>Total equity and liabilities</b>  |        | 3,71,44,638 | 2,98,72,27,484 | 3,07,60,400 | 2,50,41,80,458 |

Approved by the Board on ..... and signed on its behalf by:

**Subiraj Gujadhur**  
Director

**Navun Dussoruth**  
Director

The notes on pages attached herewith form an integral part of these financial statements.

EFL MAURITIUS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2015

|  | Notes | 2015<br>EUR | 2015<br>INR   | 2014<br>EUR   | 2014<br>INR      |
|--|-------|-------------|---------------|---------------|------------------|
| <b>Cash flows from operating activities</b>                  |       |             |               |               |                  |
| Profit/(loss) before taxation                                |       | 6,60,278    | 5,03,33,074   | 13,70,994     | 11,29,11,638     |
| Adjustment for:  |       |             |               |               |                  |
| Investment written off                                       | 4     | -           | -             | 1             | 69               |
| Profit on disposal of associated company                     |       | -           | -             | (5)           | (412)            |
| Loss on foreign exchange                                     |       | 95          | 7,242         | 74            | 6,094            |
| Interest Income  |       | (6,69,100)  | (5,10,05,577) | (9,97,785)    | (8,19,94,778)    |
| Dividend income  |       | -           | -             | (4,02,831)    | (3,31,76,154)    |
| <b>Operating loss before working capital changes</b>         |       | (8,727)     | (6,65,260)    | (29,552)      | (22,53,542)      |
| (Increase)/decrease in other receivable and prepayments      |       | (912)       | (74,983)      | 14,682        | 9,98,641         |
| Increase/(decrease) in other payable and accruals            |       | 871         | (61,79,965)   | (377)         | 54,21,632        |
| <b>Net cash used in operating activities</b>                 |       | (8,768)     | (69,20,208)   | (15,247)      | 41,66,730        |
| <b>Cash flow from investing activities</b>                   |       |             |               |               |                  |
| Acquisition of available-for-sale financial asset            | 6     | -           | 40,766        | (28,14,191)   | (20,76,50,430)   |
| Proceeds from disposal of associated company                 | 5     | -           | -             | 96,24,000     | 67,04,36,775     |
| Loan advanced  | 7     | -           | -             | (2,66,90,880) | (2,19,33,71,108) |
| Dividend received  |       | -           | -             | 2,61,838      | 2,15,64,323      |
| <b>Net cash used in investing activities</b>                 |       | -           | 40,766        | (1,96,19,233) | (1,70,90,20,439) |
| <b>Cash flows from financing activities</b>                  |       |             |               |               |                  |
| Issue of preference shares                                   | 9     | -           | -             | 1,98,70,230   | 1,56,55,88,708   |
| Forein Currency Translation Reserve                          |       | -           | 26,22,127     | -             | 15,88,87,695     |
| <b>Net cash from financing activities</b>                    |       | -           | 26,22,127     | 1,98,70,230   | 1,72,44,76,403   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>  |       | (8,768)     | (42,57,315)   | 2,35,750      | 1,96,22,694      |
| Effect of foreign exchange                                   |       | (95)        | (7,242)       | (74)          | (6,094)          |
| <b>Cash and cash equivalents at beginning of year/period</b> |       | 2,55,614    | 2,10,05,541   | 19,938        | 13,88,941        |
| <b>Cash and cash equivalents at end of year/period</b>       |       | 2,46,751    | 1,67,40,984   | 2,55,614      | 2,10,05,541      |

**EFL MAURITIUS LIMITED**
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2015**

|   | Stated capital     |                       | Fair Value Reserve |                     | Retained earnings |                     | Total              |                       |
|---|--------------------|-----------------------|--------------------|---------------------|-------------------|---------------------|--------------------|-----------------------|
|   | EUR                | INR                   | EUR                | INR                 | EUR               | INR                 | EUR                | INR                   |
| At 01 April 2013                        | 88,50,001          | 55,78,37,684          | -                  | -                   | 3,74,817          | 2,75,13,056         | 92,24,818          | 58,53,50,740          |
| Issue of shares                         | 1,98,70,230        | 1,56,55,88,708        | -                  | -                   | -                 | -                   | 1,98,70,230        | 1,56,55,88,708        |
| Total comprehensive profit for the year | -                  | -                     | -                  | -                   | 12,30,001         | 10,12,99,807        | 12,30,001          | 10,12,99,807          |
| <b>At 31 March 2014</b>                 | <b>2,87,20,231</b> | <b>2,12,34,26,392</b> | <b>-</b>           | <b>-</b>            | <b>16,04,818</b>  | <b>12,88,12,863</b> | <b>3,03,25,049</b> | <b>2,25,22,39,255</b> |
| Profit for the year                     | -                  | -                     | -                  | -                   | 6,40,467          | 4,88,22,879         | 6,40,467           | 4,88,22,879           |
| Other comprehensive income for the year | -                  | -                     | 57,23,089          | 43,62,71,790        | -                 | -                   | 57,23,089          | 43,62,71,790          |
| <b>At 31 March 2015</b>                 | <b>2,87,20,231</b> | <b>2,12,34,26,392</b> | <b>57,23,089</b>   | <b>43,62,71,790</b> | <b>22,45,285</b>  | <b>17,76,35,742</b> | <b>3,66,88,605</b> | <b>2,73,73,33,924</b> |

**4. Investment in subsidiary company**

|                               | 2015 | 2015 | 2014 | 2014 |
|-------------------------------|------|------|------|------|
|                               | EUR  | INR  | EUR  | INR  |
| <i>Cost</i>                   |      |      |      |      |
| At beginning of the year      | -    | -    | 1    | 69   |
| Written off during the period | -    | -    | (1)  | (69) |
| At the end of the year        | -    | -    | -    | -    |

The investment in Euroforbes Mauritius Limited (the "Subsidiary") was written off during the year ended 31 March

**5. Investment in associated company**

|                                 | 2015 | 2015 | 2014        | 2014           |
|---------------------------------|------|------|-------------|----------------|
|                                 | EUR  | INR  | EUR         | INR            |
| At beginning of the year/period | -    | -    | 96,23,995   | 67,04,36,364   |
| Disposal during the Year        | -    | -    | (96,23,995) | (67,04,36,364) |
| At end of the year/period       | -    | -    | -           | -              |

During the year ended 31 March 2014, the Company disposed of its investment in associated company, Lux International AG for a total consideration of EUR 9,624,000. (Equivalent to INR 670,436,000)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

## 6. Available for sale financial

| <i>At fair value</i>      | 2015        | 2015           | 2014      | 2014         |
|---------------------------|-------------|----------------|-----------|--------------|
|                           | EUR         | INR            | EUR       | INR          |
| At beginning of the year  | 28,14,191   | 20,76,50,430   | -         | -            |
| Additions during the year | 2,83,57,765 | 2,32,63,71,463 | 28,14,191 | 20,76,50,430 |
| Change in fair value      | 57,23,089   | 43,62,71,790   |           |              |
| At end of the year        | 3,68,95,045 | 2,97,02,93,682 | 28,14,191 | 20,76,50,430 |

The additions during the year comprise of the conversion of financial assets as follows:

|                                  | EUR         | INR            |
|----------------------------------|-------------|----------------|
| Loan receivable (see note 7)     | 2,66,90,880 | 2,19,33,71,108 |
| Interest receivable (see note 8) | 16,66,885   | 13,30,00,355   |
|                                  | 2,83,57,765 | 2,32,63,71,463 |

The details of the available for sale financial asset as at 31 March 2015 are as follow:

| Name of associated company  | Country of Incorporation | Types of Shares (unquoted) | Number of Shares | % Held  | Cost           | Fair Value     |
|-----------------------------|--------------------------|----------------------------|------------------|---------|----------------|----------------|
| Forbes Lux International AG | Switzerland              | Equity Shares              | 3,300            | 13.04%  | 28,14,191.00   | 32,46,764.00   |
| Forbes Lux International AG | Switzerland              | Participation Shares       | 34,200           | 100.00% | 2,83,57,765.00 | 3,36,48,281.00 |
|                             |                          |                            |                  | EUR     | 3,11,71,956.00 | 3,68,95,045.00 |
|                             |                          |                            |                  | INR     | 2,53,40,21,893 | 2,50,31,70,155 |

*Fair valuation estimation*

IFRS 7 requires disclosure of fair value measurement by level of the following fair value measurement hierarchy:

Quoted prices (unadjusted) in active market for identical assets or liabilities-Level 1;

Inputs other than quoted prices as in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)-Level 2; and

Inputs for the asset or liability that are based on observable market data-Level 3

The following table presents the Company's available-for-sale financial asset that is measured at fair value at 31st March:

|                                    |     | Level 1 | Level 2 | Level 3        | Total          |
|------------------------------------|-----|---------|---------|----------------|----------------|
| <b>2015</b>                        |     |         |         |                |                |
| Available-for-sale financial asset | EUR | -       | -       | 3,68,95,045    | 3,68,95,045    |
|                                    | INR | -       | -       | 2,97,02,93,682 | 2,97,02,93,682 |
| <b>2014</b>                        |     |         |         |                |                |
| Available-for-sale financial asset | EUR | -       | -       | 28,14,191      | 28,14,191      |
|                                    | INR | -       | -       | 20,76,50,430   | 20,76,50,430   |

**7. Loan Receivable**

|   | <b>2015</b>   | <b>2015</b>      | <b>2014</b> | <b>2014</b>    |
|---|---------------|------------------|-------------|----------------|
|   | <b>EUR</b>    | <b>INR</b>       | <b>EUR</b>  | <b>INR</b>     |
| At beginning of the year                          | 2,66,90,880   | 2,19,33,71,108   | -           | -              |
| Addition during the year                          | -             | -                | 2,66,90,880 | 2,19,33,71,108 |
| Transferred to available-for-sale financial asset | (2,66,90,880) | (2,19,33,71,108) |             |                |
| At end of the year                                | -             | -                | 2,66,90,880 | 2,19,33,71,108 |

The Loan receivable from Forbes Lux International AG, bears interest at the rate of 5% per annum is unsecured and repayable after more than one year.

**8 Other receivables and prepayments**

|                     | <b>2015</b> | <b>2015</b> | <b>2014</b> | <b>2014</b> |
|---------------------|-------------|-------------|-------------|-------------|
|                     | <b>EUR</b>  | <b>INR</b>  | <b>EUR</b>  | <b>INR</b>  |
| Interest Receivable | -           | -           | 9,97,785    | 8,19,94,778 |
| Other Receivable    |             |             | -           | -           |
| Prepayments         | 2,842       | 1,92,817    | 1,930       | 1,58,601    |
|                     | 2,842       | 1,92,817    | 9,99,715    | 8,21,53,380 |

The interest receivable from Forbes Lux International AG has been converted into participation shares during the year amounting to EUR 1,666,885 (Equivalent to INR 133,000,355)

**9 Stated capital**

|   | <b>Number of shares</b> |                | <b>Amount</b> |                |
|---|-------------------------|----------------|---------------|----------------|
|   | <b>2015</b>             | <b>2015</b>    | <b>2014</b>   | <b>2014</b>    |
|   | <b>EUR</b>              | <b>INR</b>     | <b>EUR</b>    | <b>INR</b>     |
| <u>Issued and fully paid up:</u>        |                         |                |               |                |
| <u>- Ordinary shares of EUR1 each</u>   |                         |                |               |                |
| At beginning and end of the year        | 15,001                  | 9,45,546       | 15,001        | 9,45,546       |
| <u>- Preference shares of EUR1 each</u> |                         |                |               |                |
| At beginning of the year                | 2,87,05,230             | 2,12,24,80,846 | 88,35,000     | 55,68,92,138   |
| Issued During the year                  | -                       | -              | 1,98,70,230   | 1,56,55,88,708 |
| At end of the year                      | 2,87,05,230             | 2,12,24,80,846 | 2,87,05,230   | 2,12,24,80,846 |
| Total                                   | 2,87,20,231             | 2,12,34,26,392 | 2,87,20,231   | 2,12,34,26,392 |

The Preference Shares shall have the following rights:

- The holder of the Preference Shares shall not be entitled to receive notice of any meeting of the Shareholders, and shall not have any voting rights.
- The Preference Shares shall be redeemable at the option of the Company at any time between the period following the second year of their issue until the nineteenth year of their issue. The Preference Shares shall be redeemed at their par value, or at such other price as may be determined by the Directors.

**10 Other payables and accruals**

|  | 2015     | 2015        | 2014     | 2014        |
|--|----------|-------------|----------|-------------|
|  | EUR      | INR         | EUR      | INR         |
| Payable to related parties (See note 12) | 4,32,374 | 2,93,34,717 | 4,32,374 | 3,55,31,112 |
| Accruals                                 | 3,848    | 2,61,070    | 2,977    | 2,44,640    |
|  | 4,36,222 | 2,95,95,787 | 4,35,351 | 3,57,75,752 |

The amount payable to related party is unsecured, interest free and repayable on demand.

**11 Taxation****(a) Income tax**

Under current laws and regulations, the Company is liable to pay income tax on its net income at a rate of 15%. The Company is however entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign source income tax thus reducing its maximum effective tax rate to 3%.

No Mauritian capital gains tax is payable on profits arising from sale of securities, and any dividends and redemption proceeds paid by the Company to its shareholder will be exempt from any withholding tax in Mauritius.

**(b) Current tax liability**

|                        | 2015   | 2015      | 2014 | 2014 |
|------------------------|--------|-----------|------|------|
|                        | EUR    | INR       | EUR  | INR  |
| Provision for the year | 19,811 | 15,10,195 | -    | -    |

**(c) Tax Expense**

|                                    | 2015   | 2015      | 2014     | 2014        |
|------------------------------------|--------|-----------|----------|-------------|
|                                    | EUR    | INR       | EUR      | INR         |
| Provision for the year             | 19,811 | 15,10,195 | -        | -           |
| Withholding tax on dividend income | -      | -         | 1,40,993 | 1,16,11,831 |

**(d) Tax reconciliation**

|                                    | 2015          | 2015             | 2014            | 2014               |
|------------------------------------|---------------|------------------|-----------------|--------------------|
|                                    | EUR           | INR              | EUR             | INR                |
| Profit before Taxation             | 6,60,278      | 5,03,33,074      | 13,70,994       | 11,29,11,638       |
| Tax calculated at 15% (2014:15%)   | 99,042        | 75,49,961        | 2,05,649        | 1,69,36,745.75     |
| Adjustment for:                    |               |                  |                 |                    |
| Non-allowable expenses             | 14            | 1,067            | 2,993           | 2,46,496           |
| Effect of (used)/unused tax losses | -             | -                | (68,288)        | (56,24,029)        |
|                                    | 99,056        | 75,51,028        | 1,40,354        | 1,15,59,213        |
| Foreign Tax credit                 | (79,245)      | (60,40,833)      | (1,40,354)      | (1,15,59,213)      |
| Withholding Tax                    | -             | -                | 1,40,993        | 1,16,11,831        |
| <b>Tax charge</b>                  | <b>19,811</b> | <b>15,10,195</b> | <b>1,40,993</b> | <b>1,16,11,831</b> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

**12. Related party transactions**

During the year under review, the company transacted with the below related entity. The nature, volume of transaction and the balance with the entity are as follows:

| Name of related parties | Relationship | Nature of transactions | 2015<br>Balance | 2015<br>Balance | 2014<br>Balance | 2014<br>Balance |
|-------------------------|--------------|------------------------|-----------------|-----------------|-----------------|-----------------|
|                         |              |                        | EUR             | INR             | EUR             | INR             |
| Eureka Forbes Ltd       | Shareholder  | Amount payable         | 4,32,374        | 2,93,34,717     | 4,32,374        | 3,55,31,112     |

The above transaction has been made at arm's length, on normal commercial terms and in the normal course of business.

**13. Financial instruments and associated risks***Overview*

The company has exposure to the following risks from its use of Financial instruments:

- Market Risk
- Political Risk
- Credit Risk
- Liquidity Risk
- Compliance Risk
- Capital Risk

*Risk Management framework*

The board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

**(a) Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company invests in shares denominated in Swiss Franc ("CHF"). Consequently, the Company is exposed to the risk that the exchange rate of the EUR relative to the CHF may change in a manner which has a material effect on the reported values of the Company's assets which are denominated in CHF.

**13. Financial instruments and associated risks (continued)**Currency risk (continued)Currency profile

|                       | 2015             |                |                       |             | 2014             |                |                       |             |
|-----------------------|------------------|----------------|-----------------------|-------------|------------------|----------------|-----------------------|-------------|
|                       | Financial assets |                | Financial liabilities |             | Financial assets |                | Financial liabilities |             |
|                       | EUR              | INR            | EUR                   | INR         | EUR              | INR            | EUR                   | INR         |
| Swiss Franc ("CHF")   | 3,68,95,045      | 2,97,02,93,682 | -                     | -           | 28,14,191        | 23,12,61,211   | -                     | -           |
| United States ("USD") | -                | -              | 3,848                 | 2,61,070    | -                | -              | 2,977                 | 2,44,640    |
| Euro ("EUR")          | 2,46,751         | 1,67,40,984    | 4,32,374              | 2,93,34,717 | 2,79,44,279      | 2,29,63,71,427 | 4,32,374              | 3,55,31,112 |
|                       | 3,71,41,796      | 2,98,70,34,667 | 4,36,222              | 2,95,95,787 | 3,07,58,470      | 2,52,76,32,637 | 4,35,351              | 3,57,75,752 |

Prepayments amounting to EUR 2,842 (Equivalent to INR 192,817) [(2014: EUR1,930) (Equivalent to INR 158,601)] have not been included in financial assets.

Sensitivity analysis

The Company is exposed to the CHF and USD.

The following table details the Company's sensitivity to a 10% increase and decrease in the EUR against the relevant foreign currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates a decrease in profit where the EUR strengthens 10%

|     | Impact on profit |              |          |             |
|-----|------------------|--------------|----------|-------------|
|     | 2015             |              | 2014     |             |
|     | EUR              | INR          | EUR      | INR         |
| CHF | 36,89,505        | 29,70,29,368 | 2,81,419 | 2,31,26,113 |
| USD | 385              | 26,107       | (298)    | (24,489)    |

Interest Rate risk

Some of the Company's financial assets and liabilities are interest bearing and as a result the Company is subject to amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the value of individual stocks. The Company invests in unlisted company whose securities may be considered to be illiquid. Such illiquidity may adversely affect the ability of the Company to acquire or dispose of such investment. The investment may be difficult to value and to sell or otherwise liquidate and the risk of investing in such company is much greater than the risk of investing in publicly traded securities. However on account of the inherent uncertainty of valuation the estimated

**(b) Political risk**

Further economic and political developments in Switzerland could adversely affect the liquidity or value, or both, of securities in which the Company has

**(c) Credit risk**

Credit risk arises when a failure by counterparty to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the end of the reporting period.

The Company's credit risk arises principally from cash and cash equivalents and loan to related party. The Company's policy is to maintain its cash and bank balance with a reputable banking institution and to monitor the placement of cash and bank balances on an ongoing basis.

**13. Financial instruments and associated risks (continued)**

The maximum exposure to credit risk at the end of the reporting period was:

|                                    | 2015        | 2015           | 2014        | 2014           |
|------------------------------------|-------------|----------------|-------------|----------------|
|                                    | EUR         | INR            | EUR         | INR            |
| <b>Counter parties</b>             |             |                |             |                |
| Available-for-sale financial asset | 3,68,95,045 | 2,97,02,93,682 | 28,14,191   | 23,12,61,211   |
| Loan Receivable                    | -           | -              | 2,66,90,880 | 2,19,33,71,108 |
| Other Receivables                  | -           | -              | 9,97,785    | 8,19,94,778    |
| Cash and cash equivalents          | 2,46,751    | 1,67,40,984    | 2,55,614    | 2,10,05,541    |
|                                    | 3,71,41,796 | 2,98,70,34,667 | 3,07,58,470 | 2,52,76,32,637 |

**(d) Liquidity risk**

Liquidity risk arises when the maturity of assets and liabilities of a company do not match.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows. The following financial instruments may be affected by the liquidity risk:

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows. The following financial instruments may be affected by the liquidity risk:

The maturity profile of the financial liability is summarised as follows:

|                            |     | On demand   | 3 months<br>to 1 year | Total       |
|----------------------------|-----|-------------|-----------------------|-------------|
| <b>2015</b>                |     |             |                       |             |
| Other payable and accruals | EUR | 4,32,374    | 3,848                 | 4,36,222    |
|                            | INR | 2,93,34,717 | 2,61,070              | 2,95,95,787 |
| <b>2014</b>                |     |             |                       |             |
| Other payable and accruals | EUR | 4,32,374    | 2,977                 | 4,35,351    |
|                            | INR | 3,55,31,112 | 2,44,640              | 3,57,75,752 |

**(e) Compliance risk**

Compliance risk arises from a failure or inability to comply with the laws, regulations or codes applicable to the industry. Non-compliance can lead to fines, public reprimands, and enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate.

**(f) Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

**(g) Fair values**

The carrying amounts of available-for-sale financial asset, loan receivable, other receivable, cash and cash equivalents and other payable and accruals approximate their fair values.

**14. Events after reporting period**

There have been no material events since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended 31 March 2015.

**15. Contingent liabilities**

At 31 March 2015, there was no contingent liability arising in the ordinary course of business.

**16. Holding company**

The directors consider Eureka Forbes Limited, a company incorporated in India as the Company's holding company.

**17. Foreign Exchange Rates**

|                     |             |         |
|---------------------|-------------|---------|
| <b>Average Rate</b> | <b>2015</b> | 76.2301 |
|                     | <b>2014</b> | 82.3575 |
| <b>Closing Rate</b> | <b>2015</b> | 67.8457 |
|                     | <b>2014</b> | 82.1768 |

**Eureka Forbes Limited**  
(a wholly owned Subsidiary Company)

Financial Statements  
for the year ended March 31, 2015

## **Independent Auditors' Report**

### **To the Members of Eureka Forbes Ltd**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Eureka Forbes Limited ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

***Basis for qualified opinion:***

*As explained in note 28 (XV ) to the financial statements, the Company has equity Investment, loans and advances including interest aggregating Rs. 5712.10 lakhs and 3074.86lakhs respectively to its overseas subsidiary Euro Forbes Ltd. Further the Company has also issued a corporate guarantee to a bank of Rs. 15632.50 lakhs for loan taken by this subsidiary. No provision for diminution / impairment on such investment and loans is considered necessary by the management despite significant losses made by the subsidiary.*

***Qualified Opinion***

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the basis for qualified opinion paragraph above*, theaforesaid financial statements give the information required by 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 31<sup>st</sup>March, 2015 and its profit and its cash flows for the year ended on that date.

**Emphasis of matter:**

We draw attention to Note 28(XVI) of the financial statements which, describes the lawsuit filed against the Company by IBM India Pvt Ltd.

Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

- 1 As required by Companies (Auditors Report) order 2015 issued by Central Government of India in terms of sub section 11 of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order
- 2 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the other matters to be included in the Auditor's 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 financial statements - refer note 28 to the financial statements;
  - ii. The Company has made provisions as required under the applicable law or accounting standards, for material foreseeable losses if any, on long-term contracts including derivative contracts ;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
ICAI Firm Regn. No.101048W

**Atul Mehta**  
Partner  
Membership No.15935

Place : Mumbai  
Date :06 May, 2015

### **Annexure to the Independent Auditor's Report**

(Referred to in paragraph 1 under 'Report on other legal and Regulatory requirements' section of our report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year, hence we are unable to comment on discrepancies if any.
- (ii) (a) As explained to us, the management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) In our opinion and according to information and explanation given to us the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) *In our opinion and according to the information and explanations given to us the Company has generally maintained proper records of inventory, however material discrepancies were noticed on verification between book records and physical stock of inventory at warehouses, the differences have been adequately dealt with in the books of accounts.*
- (iii) According to information and explanation given to us the Company has not granted any loans secured or unsecured to companies firms or other parties covered in the register maintained under section 189 of the Companies Act.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialized requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets, sale of goods and provision of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits during the year within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues with the appropriate authorities.  
According to the information and explanations given to us, there are no undisputed dues in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues which were outstanding, at the year-end for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, dues outstanding of income tax, service tax, sales tax and duty of excise that have not been deposited on account of any dispute are as follows:

| <b>Name of the Statute</b> | <b>Nature of dues</b> | <b>Period to which it relates</b>                                | <b>Amount (Rs in lakhs)</b> | <b>Forum where the Dispute is pending</b>             |
|----------------------------|-----------------------|--|-----------------------------|---|
| Income Tax Act, 1961       | Income tax            | AY 2006-07   | 31.6                        | Tribunal  |
|                            |                       | AY 2009-10   | 22.3                        | Tribunal  |
|                            |                       | AY 2010-11   | 213.02                      | CIT (Appeals)   |
|                            |                       | AY 2011-12   | 373.64                      | CIT (Appeals)   |
| Sales Tax Act              | Sales Tax             | 2006-07,08-09,09-10  | 109.17                      | Deputy Commissioner of Appeals Commercial Taxes       |
|                            |                       | 02-03, 03-04, 06-07, 07-08,08-09, 09-10,10-11.                   | 325.95                      | Deputy Commissioner of Commercial Taxes               |
|                            |                       | 2013-14  | 0.89                        | Joint Commissioner of Commercial Taxes                |
|                            |                       | 2004-05,07-08,08-09,09-10,10-11,11-12                            | 21.11                       | Assistant Commissioner of Sales Tax – Appeals         |
|                            |                       | 2007-08  | 3.97                        | Superintendent of Tax                                 |
|                            |                       | 1998-99,99-00,2000-01,01-02,02-03,03-04,04-05,07-08              | 2050.48                     | Assistant Commissioner (Assessment) Special Circle-II |
|                            |                       | 2004-05,007-08,08-09,12-13, 14-15                                | 37.08                       | Assistant Commissioner of Commercial Taxes.           |
|                            |                       | 2011-12  | 14.44                       | Appealate Officer, Commercial Tax                     |
|                            |                       | 94-95 96-97, 98-99, 99-00, 2000-01, 03-04, 04-05 , 05-06, 06-07. | 4.69                        | Assessing Authority                                   |
|                            |                       | 2003-04, 04-05, 05-06  | 74.93                       | Joint Commissioner (Appeals) Trade Tax                |
|                            |                       | 2010-11  | 4.71                        | Joint Excise & Taxation Commissioner.                 |
|                            |                       | 2013-14  | 1.44                        | Excise & Taxation Officer                             |
| The Finance Act, 1994      | Service tax           | 2009-10 to 2012-13   | 1087.64                     | commissioner of service tax                           |
| Central Excise Act, 1944   | Excise duty           | 2002-03  | 56.51                       | Appealate Tribunal                                    |

- (c) There are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current or immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to

banks. There were no outstanding dues to any financial institution or denture holders anytime during the year.

- (x) According to the information and explanations given to us, the Company has given guarantee for loan taken by overseas subsidiary Company from bank, the terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the Company.
- (xi) Based on information and explanations given to us by the management, term loans availed by the Company were prima facie applied by the Company during the year for the purposes for which the loans were obtained.
- (xii) Based on the audit procedures performed and as per the information and explanation given by the management we report that no material fraud on or by the Company has been noticed or reported during the year.

**For BATLIBOI & PUROHIT**

Chartered Accountants

ICAI Firm Regn. No.101048W

**Atul Mehta**

Partner

Membership No.15935

Place: Mumbai

Date: 06 May, 2015



## BALANCE SHEET AS AT 31ST MARCH, 2015

|                                   | Notes | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ |
|-----------------------------------|-------|-----------------------------|-----------------------------|
| <b>I EQUITY AND LIABILITIES</b>   |       |                             |                             |
| <b>1. Shareholders' funds</b>     |       |                             |                             |
| a Share Capital                   | 2     | 3,72,80,000                 | 3,72,80,000                 |
| b Reserves and Surplus            | 3     | 2,15,76,99,271              | 1,80,83,77,654              |
|                                   |       | <u>2,19,49,79,271</u>       | <u>1,84,56,57,654</u>       |
| <b>2. Non-current liabilities</b> |       |                             |                             |
| a Long-term borrowings            | 4     | 57,40,25,507                | 89,37,91,856                |
| b Long-term trade payables        |       | -                           | -                           |
| c Other long-term liabilities     | 5     | 1,09,66,77,952              | 1,05,25,05,796              |
| d Long-term provisions            | 6     | 2,54,64,923                 | 2,19,37,541                 |
|                                   |       | <u>1,69,61,68,382</u>       | <u>1,96,82,35,193</u>       |
| <b>3. Current liabilities</b>     |       |                             |                             |
| a Short-term borrowings           | 7     | 41,05,32,324                | 17,12,38,564                |
| b Trade payables                  | 8     | 2,07,92,48,327              | 2,09,26,97,078              |
| c Other current liabilities       | 5     | 3,84,47,44,061              | 3,33,51,20,526              |
| d Short-term provisions           | 6     | 11,89,81,373                | 10,65,01,614                |
|                                   |       | <u>6,45,35,06,085</u>       | <u>5,70,55,57,782</u>       |
| <b>Total</b>                      |       | <u>10,34,46,53,738</u>      | <u>9,51,94,50,629</u>       |
| <b>II ASSETS</b>                  |       |                             |                             |
| <b>1. Non-current assets</b>      |       |                             |                             |
| a Fixed Assets                    |       |                             |                             |
| (i) Tangible assets               | 9     | 90,62,21,770                | 76,69,72,441                |
| (ii) Intangible assets            | 10    | 3,99,88,603                 | 5,75,36,588                 |
| b Non-current investment          | 11    | 2,82,08,68,679              | 2,25,58,02,264              |
| c Deferred tax assets (net)       | 12    | 3,92,68,774                 | 5,25,82,103                 |
| d Long-term loans and advances    | 13    | 65,05,20,126                | 37,18,70,000                |
| e Other non-current assets        | 14    | 10,37,93,000                | 1,56,67,802                 |
|                                   |       | <u>4,56,06,60,952</u>       | <u>3,52,04,31,198</u>       |
| <b>2. Current assets</b>          |       |                             |                             |
| a Current investments             | 15    | 11,70,674                   | 10,54,218                   |
| b Inventories                     | 16    | 1,88,34,03,916              | 2,09,60,79,848              |
| c Trade receivables               | 17    | 2,70,04,42,705              | 2,03,26,61,284              |
| d Cash and Bank balance           | 18    | 87,33,08,360                | 75,87,37,819                |
| e Short-term loans and advances   | 13    | 31,87,78,994                | 91,46,86,806                |
| f Other current assets            | 14    | 68,88,137                   | 19,57,99,456                |
|                                   |       | <u>5,78,39,92,786</u>       | <u>5,99,90,19,431</u>       |
| <b>Total</b>                      |       | <u>10,34,46,53,738</u>      | <u>9,51,94,50,629</u>       |
| Significant accounting policies   | 1     | -                           | -                           |

The notes referred to above form an integral part of the financial statements

|   |                 |       |                         |
|---|-----------------|-------|-------------------------|
| Per our report attached<br>For BATLIBOI & PUROHIT<br>Chartered Accountants<br>Firm Regn No. 101048W | S.P.Mistry      | _____ | Chairman                |
|   | S.L.Goklaney    | _____ | Executive Vice Chairman |
|   | Anil Kamath     | _____ | } Directors             |
|   | Apurva Diwanji  | _____ |                         |
| ATUL MEHTA<br>Partner<br>Membership No. 15935   | R S Moorthy     | _____ | Chief Financial Officer |
|   | Dattaram Shinde | _____ | Company Secretary       |

Mumbai , Dated : 6th May ,2015

Mumbai , Dated : 6th May, 2015



## Statement of Profit and Loss for the year ended 31st March, 2015

|   | Notes | For the year ended<br>31 March 2015<br>₹ | For the year ended<br>31 March 2014<br>₹ |
|---|-------|--|--|
| <b>I Income</b>   |       |  |  |
| Revenue from operation (gross)  | 19    | 16,27,98,31,966                          | 14,46,90,80,482                          |
| Less: Excise duty   |       | -  | -  |
| Revenue from operation (net)  |       | 16,27,98,31,966                          | 14,46,90,80,482                          |
| Other income  | 20    | 56,41,58,118                             | 24,63,32,661                             |
| <b>Total Revenue</b>  |       | 16,84,39,90,084                          | 14,71,54,13,143                          |
| <b>II Expenses</b>  |       |  |  |
| Purchase of Traded goods  | 21    | 8,22,50,60,191                           | 7,29,11,92,156                           |
| Changes in Stock in trade   | 22    | 21,26,75,932                             | 18,12,012                                |
| Employee benefit expense  | 23    | 2,53,48,54,899                           | 2,26,10,89,098                           |
| Other expenses  | 24    | 5,30,67,89,289                           | 4,61,64,92,962                           |
| Finance cost  | 25    | 9,85,09,059                              | 12,41,18,903                             |
| Depreciation and amortisation expense<br>(Refer Note 28.XVIII)                | 26    | 69,68,005                                | 15,15,67,230                             |
| <b>Total Expenses</b>   |       | 16,38,48,57,375                          | 14,44,62,72,361                          |
| <b>III Profit before exceptional items,<br/>extraordinary items and tax</b>   |       | 45,91,32,709                             | 26,91,40,782                             |
| Exceptional items   |       | -  | -  |
| <b>IV Profit before extraordinary items and tax</b>                           |       | 45,91,32,709                             | 26,91,40,782                             |
| Extraordinary items   |       | -  | -  |
| <b>V Profit before tax</b>  |       | 45,91,32,709                             | 26,91,40,782                             |
| Tax expense   |       |  |  |
| Current tax - MAT   |       | 3,65,37,000                              | 9,50,00,000                              |
| Deferred tax  |       | 3,87,85,694                              | (1,94,88,374)                            |
| Prior Years' Tax Adjustments ( Net)   |       | -  | -  |
| MAT credit entitlement  |       | (1,49,80,000)                            | -  |
|   |       | 6,03,42,694                              | 7,55,11,626                              |
| <b>VI Profit for the year</b>   |       | 39,87,90,015                             | 19,36,29,156                             |
| <b>Earnings per equity share (₹)</b>  | 27    |  |  |
| Basic and Diluted (Par value of ₹ 10/- per share)                             |       | 106.97                                   | 51.94                                    |
| Significant accounting policies   | 1     |  |  |
| The notes referred to above form an integral part of the financial statements |       |  |  |

|   |                 |       |                                |
|---|-----------------|-------|--------------------------------|
| Per our report attached<br>For BATLIBOI & PUROHIT<br><i>Chartered Accountants</i> | S.P.Mistry      | _____ | Chairman                       |
| Firm Regn No. 101048W   | S.L.Goklaney    | _____ | Executive Vice<br>Chairman     |
|   | Anil Kamath     | _____ | } Directors                    |
|   | Apurva Diwanji  | _____ |                                |
| ATUL MEHTA<br><i>Partner</i><br>Membership No. 15935                              | R S Moorthy     | _____ | Chief Financial Officer        |
|   | Dattaram Shinde | _____ | Company Secretary              |
| Mumbai , Dated : 6th May, 2015  |                 |       | Mumbai , Dated : 6th May, 2015 |



## Cash Flow Statement for the year ended 31st March, 2015

|   | 2014-15          |                | 2013-14          |                  |
|---|------------------|----------------|------------------|------------------|
|   | ₹                | ₹              | ₹                | ₹                |
| <b>NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>                         |                  | 45,91,32,709   |                  | 26,91,40,782     |
| Adjusted For -  |                  |                |                  |                  |
| Depreciation, amortisation and impairment                                     | 69,68,005        |                | 15,15,67,230     |                  |
| Unrealised foreign exchange gain  | (7,10,43,039)    |                | (4,12,60,535)    |                  |
| Dividend income   | (28,50,46,373)   |                | (50,30,888)      |                  |
| Profit on disposal of investments(net)  | (1,87,27,230)    |                | (5,79,68,115)    |                  |
| Unclaimed balances/ excess provision written back                             | -                |                | -                |                  |
| Profit on sale of assets (net)  | (70,68,052)      |                | (94,61,860)      |                  |
| Reversal of provision for diminution in value of long term investments        | -                |                | (1,92,97,500)    |                  |
| Provision for diminution in value of investment                               | 9,663            |                | 17,58,115        |                  |
| Finance cost  | 9,85,09,059      |                | 12,41,18,903     |                  |
| Interest income   | (8,83,19,976)    |                | (8,89,83,202)    |                  |
| Investment written off  |                  |                |                  |                  |
| Prior Period Items  |                  |                |                  |                  |
| Provision / write-off of doubtful debts, advances and other current assets    | 5,40,84,157      |                | 2,42,27,411      |                  |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>  |                  | (31,06,33,786) |                  | 7,96,69,559      |
|   |                  | 14,84,98,923   |                  | 34,88,10,341     |
| Adjustments for (increase)/ decrease in operating assets:                     |                  |                |                  |                  |
| Trade Receivables   | (72,29,15,775)   |                | (47,27,47,543)   |                  |
| Inventories   | 21,26,75,932     |                | 18,12,012        |                  |
| Short Term Loans and advances   | 38,59,37,061     |                | (1,07,58,167)    |                  |
| Long -Term Loans and advances   | (28,35,54,845)   |                | 7,39,80,029      |                  |
| Other current assets  | -                |                | -                |                  |
| Other non -current assets   | -                |                | -                |                  |
| Adjustments for increase/ (decrease) in operating liabilities:                |                  |                |                  |                  |
| Trade Payables  | (1,35,33,601)    |                | (9,81,79,804)    |                  |
| Other current liabilities   | 54,59,26,849     |                | 46,00,75,419     |                  |
| Other long term liabilities   | 4,41,72,156      |                | 17,17,19,926     |                  |
| Short Term Provisions   | 1,24,79,759      |                | 2,32,40,899      |                  |
| Long -Term Provisions   | 35,27,382        |                | 35,78,273        |                  |
|   | 18,47,14,918     |                | 15,27,21,044     |                  |
| Cash generated from operations  |                  | 33,32,13,841   |                  | 50,15,31,385     |
| Direct Taxes Paid (net of refunds)  | (6,77,97,070)    |                | (9,53,37,550)    |                  |
| <b>(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITIES</b>                |                  | 26,54,16,771   |                  | 40,61,93,835     |
| <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>                                   |                  |                |                  |                  |
| Purchase of Fixed Assets(Including adjustment on account of Capital Advances) | (22,57,11,113)   |                | (18,29,55,757)   |                  |
| Sale of Fixed Assets  | 2,51,70,170      |                | 2,73,16,129      |                  |
| Bank Balance not considered as Cash & Cash equivalents                        | (9,75,623)       |                | 84,69,680        |                  |
| Subscription of investment in Subsidiary Company                              | (56,75,28,605)   |                | (156,55,88,711)  |                  |
| Subscription of investment in Joint Venture                                   |                  |                | (50,00,000)      |                  |
| Purchase and subscription of non current                                      | (1,87,91,430)    |                | -                |                  |
| Purchase of current Investments   | (2,08,00,00,000) |                | (1,48,57,75,850) |                  |
| Proceeds from sale of non current Investments                                 | 1,60,68,834      |                | 1,74,33,053      |                  |
| Proceeds from sale of current Investments                                     | 2,10,37,85,896   |                | 2,03,70,73,330   |                  |
| ICD given   | (6,56,47,500)    |                | (27,00,00,000)   |                  |
| ICD received back   | 24,48,63,466     |                | 24,75,44,144     |                  |
| ICD taken   | 15,00,00,000     |                |                  |                  |
| ICD repaid back   | (15,00,00,000)   |                |                  |                  |
| Interest Received   | 19,08,47,331     |                | 2,77,77,709      |                  |
| Dividend Received   | 28,50,46,373     |                | 50,30,888        |                  |
| <b>(b) NET CASH FROM / (USED) IN INVESTING ACTIVITIES</b>                     |                  | (9,28,72,201)  |                  | (1,13,86,75,385) |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                    |                  |                |                  |                  |
| Buyback of Shares at premium  |                  |                |                  |                  |
| Proceeds from long term borrowings - ECB Loans                                |                  |                | 1,17,83,28,000   |                  |
| Repayment of long term borrowings - ECB Loan                                  | (19,63,09,444)   |                | (9,81,54,723)    |                  |
| Net increase / (decrease) in working capital borrowings                       | 23,92,93,760     |                | (6,89,40,806)    |                  |
| Proceeds from other short term borrowings                                     | 1,15,70,00,000   |                |                  |                  |
| Repayment of other short term borrowings                                      | (1,15,70,00,000) |                | (10,75,97,171)   |                  |
| Finance cost  | (10,01,92,734)   |                |                  |                  |
| <b>(c) NET CASH FROM / (USED) IN FINANCING ACTIVITIES</b>                     |                  | (5,72,08,418)  |                  | 90,36,35,300     |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)</b>                      |                  | 11,53,36,152   |                  | 17,11,53,750     |



## Cash Flow Statement for the year ended 31st March, 2015

|   | 2014-15      |              | 2013-14      |              |
|---|--------------|--------------|--------------|--------------|
|   | ₹            | ₹            | ₹            | ₹            |
| <b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :</b> |              |              |              |              |
| Cash , Cheques on hand  | 12,76,13,247 |              | 10,99,62,177 |              |
| Balances with scheduled banks on Current  | 61,27,85,000 | 74,03,98,247 | 45,92,82,320 | 56,92,44,497 |
| <b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :</b>          |              |              |              |              |
| Cash , Cheques on hand  | 20,31,14,457 |              | 12,76,13,247 |              |
| Balances with scheduled banks on Current  | 65,26,19,942 | 85,57,34,399 | 61,27,85,000 | 74,03,98,247 |
| <b>NET INCREASE /(DECREASE) AS DISCLOSED ABOVE</b>                                |              | 11,53,36,152 |              | 17,11,53,750 |

Significant accounting policies

1

The notes referred to above form an integral part of the financial statements

|   |                 |                                |                         |
|---|-----------------|--------------------------------|-------------------------|
| Per our report attached<br>For BATLIBOI & PUROHIT<br><i>Chartered Accountants</i> | S.P.Mistry      | _____                          | Chairman                |
| Firm Regn No. 101048W   | S.L.Goklaney    | _____                          | Executive Vice          |
|   | Anil Kamath     | _____                          | } Directors             |
| ATUL MEHTA<br><i>Partner</i><br>Membership No. 15935                              | Apurva Diwanji  | _____                          |                         |
|   | R S Moorthy     | _____                          | Chief Financial Officer |
|   | Dattaram Shinde | _____                          | Company Secretary       |
| Mumbai , Dated : 6th May ,2015  |                 | Mumbai , Dated : 6th May, 2015 |                         |



## Notes to the financial statements for the year ended 31 March 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation of Financial statements

##### (i) Basis of Accounting

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 and other accounting pronouncements of the Institute of Chartered Accountants of India. The financial statements have been prepared under historical cost convention and on accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for change in the accounting policy for depreciation as mentioned in Note 28(XVIII).

##### (ii) Uses of Estimates

The presentation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### (b) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation/amortisation. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

#### (c) Depreciation and amortisation

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc. :

| Type of Assets                          | Period                                   |
|---|--|
| Plant & Machinery for cleaning services | 5 years                                  |
| Plant & Machinery on rent               | as per terms<br>of Rental -<br>2/3 years |
| Motor Cycles                            | 3 years                                  |
| Motor Cars                              | 5 years                                  |

Intangible assets are amortised over a period of 3 to 5 years.

#### (d) Investments

Current investments, if any, are carried at the lower of costs and quoted / fair value, computed category wise. Long term investments are carried at costs. Provision for diminution in the value of long term investments is made only if such decline is not temporary in the opinion of the management. Investments include investments in Shares of Companies Registered outside India.

#### (e) Inventories

Inventories are valued at cost or net realisable value, whichever is lower by using First In First Out (FIFO) method of valuation. Obsolete / Slow moving inventories are adequately provided for. The nature of one of the business lines of the company, Direct Sales, requires that stocks are issued to the sales personnel for selling to the customers. Stock with employees who stop reporting to work are not valued by the company.

#### (f) Revenue Recognition

Sales are recognised when goods are supplied and are recorded net of sales returns, discounts, rebates and sales tax/ VAT. In respect of Water Purification Projects, contracts are entered into separately with the customers for supply of material and erection & commissioning. The billing is done based on supplies affected to the customers at the agreed rates and revenue is recognised net of sales tax. The Income pertaining to erection & commissioning is done based on milestones as agreed in the contract and revenue is recognised net of tax.

Income from Services are recognised proportionately over the period in which services are rendered and recorded net of Service tax.

Dividend income is recognised when the right to receive payment is established and known.

- (g) Foreign Currency  
Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end at closing exchange rate, are recognised in the statement of profit and loss. In the case of forward exchange contract, the premium or discount is recognised in the profit and loss account over the life of the contract.
- (h) Retirement Benefits  
Contributions are made to Superannuation Funds on actual liability basis and Provident and Gratuity Fund on actuarial valuation basis. Liability for leave encashment is provided on the basis of actuarial valuation. The company has formed its own trust for managing Provident fund, Superannuation and Gratuity of its employees as per the permission granted by the respective authority. The interest payable by the provident fund trust to the beneficiaries every year is not less than the rate notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return on investments of the trust and the notified interest rate.
- (i) Research and Development  
(a) Capital Expenditures are shown separately under respective heads of fixed assets.  
(b) Revenue expenses are included under the respective heads of expenses.
- (j) Lease accounting  
Operating Leases:  
Leases, where the lessor retains, substantially all the risk and rewards incidental to ownership of the leased assets, are classified as operating lease. Operating lease expense / Income are recognised in the statement of profit and loss on a straight line basis over the leased term.
- (k) Taxation  
Income Taxes are accounted for in accordance with Accounting Standard 22 "Accounting for Taxes on Income". Income Tax comprises both current and deferred tax. Current tax is measured on the basis of estimated income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax is recognised on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.
- (l) Impairment of Assets  
An Asset is treated as impaired as and when the carrying cost of the asset exceeds its recoverable value. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less cost of disposal. An impairment loss is charged off to the statement of Profit and Loss in the year in which the asset is identified and impaired. The impaired loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable value.
- (m) Provisions, Contingent Liabilities and Contingent Assets  
Provision involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.
- (n) Earning per share  
Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year.
- (o) Cash and Cash Equivalents  
Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments where the original maturity is three months or less.

The Cash Flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 "Cash Flow Statements".



## Notes to the financial statements for the year ended 31 March 2015

|   | As at 31 March 2015 |                     | As at 31 March 2014 |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | Number of shares    | ₹                   | Number of shares    | ₹                   |
| <b>2. Share Capital</b>                     |                     |                     |                     |                     |
| Authorised                                  |                     |                     |                     |                     |
| Equity shares of ₹ 10/ each *               | <u>1,50,00,000</u>  | <u>15,00,00,000</u> | <u>1,50,00,000</u>  | <u>15,00,00,000</u> |
|   | <u>1,50,00,000</u>  | <u>15,00,00,000</u> | <u>1,50,00,000</u>  | <u>15,00,00,000</u> |
| <b>Issued</b>                               |                     |                     |                     |                     |
| Equity shares of ₹ 10/ each fully paid up * |                     |                     |                     |                     |
| At the beginning of the year                | 37,28,000           | 3,72,80,000         | 37,28,000           | 3,72,80,000         |
| Add: Issued during the year                 | -                   | -                   | -                   | -                   |
| Less: Bought back during the year           | -                   | -                   | -                   | -                   |
| At the end of the year                      | <u>37,28,000</u>    | <u>3,72,80,000</u>  | <u>37,28,000</u>    | <u>3,72,80,000</u>  |
| <b>Subscribed</b>                           |                     |                     |                     |                     |
| Equity shares of ₹ 10/ each fully paid up * |                     |                     |                     |                     |
| At the beginning of the year                | 37,28,000           | 3,72,80,000         | 37,28,000           | 3,72,80,000         |
| Add: Issued during the year                 | -                   | -                   | -                   | -                   |
| Less: Bought back during the year           | -                   | -                   | -                   | -                   |
| At the end of the year                      | <u>37,28,000</u>    | <u>3,72,80,000</u>  | <u>37,28,000</u>    | <u>3,72,80,000</u>  |
| <b>Fully Paid up</b>                        |                     |                     |                     |                     |
| Equity shares of ₹ 10/ each fully paid up * |                     |                     |                     |                     |
| At the beginning of the year                | 37,28,000           | 3,72,80,000         | 37,28,000           | 3,72,80,000         |
| Add: Issued during the year                 | -                   | -                   | -                   | -                   |
| Less: Bought back during the year           | -                   | -                   | -                   | -                   |
| At the end of the year                      | <u>37,28,000</u>    | <u>3,72,80,000</u>  | <u>37,28,000</u>    | <u>3,72,80,000</u>  |

\* Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders.

2 (a) Issued, subscribed and paid up capital of equity shares of ₹ 10/- each fully paid up includes aggregate following type of transactions which occurred during the period of five years immediately preceding the reporting date:

Company has made buy back of equity shares as follows

| Year      | No. of Equity Shares | Face Value per share ₹ | ₹         |
|-----------|----------------------|------------------------|-----------|
| 2010-2011 | 2,27,000             | 10                     | 22,70,000 |

2 (b) Details of shareholders holding more than 5% shares of the Company

|  |                 | As at 31 March 2015 |           | As at 31 March 2014 |           |
|--|-----------------|---------------------|-----------|---------------------|-----------|
|  |                 | Number of shares    | % holding | Number of shares    | % holding |
| Equity shares of ₹ 10/- each fully paid up held by - |                 |                     |           |                     |           |
| Forbes & Company Limited                             | Holding company | 37,28,000           | 100       | 37,28,000           | 100       |



## Notes to the financial statements for the year ended 31 March 2015

|   | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ |
|---|-----------------------------|-----------------------------|
| <b>3. Reserves and surplus</b>  |                             |                             |
| <b>CAPITAL RESERVE</b>  |                             |                             |
| At the beginning of the year  | 25,04,303                   | 25,04,303                   |
| At the end of the year  | <u>25,04,303</u>            | <u>25,04,303</u>            |
| <b>CAPITAL REDEMPTION RESERVE</b>   |                             |                             |
| At the beginning of the year  | 1,22,20,000                 | 1,22,20,000                 |
| At the end of the year  | <u>1,22,20,000</u>          | <u>1,22,20,000</u>          |
| <b>GENERAL RESERVE</b>  |                             |                             |
| At the beginning of the year  | 75,00,00,000                | 70,00,00,000                |
| Add: Transferred from surplus balance in the statement of profit and loss   | -                           | 5,00,00,000                 |
| At the end of the year  | <u>75,00,00,000</u>         | <u>75,00,00,000</u>         |
| <b>Surplus / (Deficit) in the Statement of Profit and Loss</b>  |                             |                             |
| Balance at the beginning of the year  | 1,04,36,53,351              | 90,00,24,195                |
| Less: Depreciation on Transition to Schedule II of the Companies Act 2013 on tangible fixed assets with nil remaining useful life(Net of Deferred tax) ( Refer Note 28.XVIII) | 4,94,68,398                 | -                           |
| Add/ (less): Profit/ (loss) for the year  | 39,87,90,015                | 19,36,29,156                |
| Less: Appropriations  | -                           | 5,00,00,000                 |
| Transfer to general reserve   | -                           | 5,00,00,000                 |
| Balance at the end of the year  | <u>1,39,29,74,968</u>       | <u>1,04,36,53,351</u>       |
| <b>Total</b>  | <u>2,15,76,99,271</u>       | <u>1,80,83,77,654</u>       |



## Notes to the financial statements for the year ended 31 March 2015

|   |         | Non-current portion         |                             | Current maturities          |                             |
|---|---------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   |         | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ |
| Secured/<br>unsecured   |         |                             |                             |                             |                             |
| 4. Long-term borrowings   |         |                             |                             |                             |                             |
| Term loans from   |         |                             |                             |                             |                             |
| Banks - Foreign currency denominated loans  | Secured | 57,40,25,507                | 89,37,91,856                | 16,38,94,857                | 19,85,14,496                |
|   |         | <u>57,40,25,507</u>         | <u>89,37,91,856</u>         | <u>16,38,94,857</u>         | <u>19,85,14,496</u>         |
| Other loans and advances  |         |                             |                             |                             |                             |
| Total   |         | <u>57,40,25,507</u>         | <u>89,37,91,856</u>         | <u>16,38,94,857</u>         | <u>19,85,14,496</u>         |
| The above amount includes   |         |                             |                             |                             |                             |
| Secured borrowings  |         | 57,40,25,507                | 89,37,91,856                | 16,38,94,857                | 19,85,14,496                |
| Amount disclosed under the head "Other  |         |                             |                             |                             |                             |
| Current Liabilities " ( note 5 )  |         |                             |                             | (16,38,94,857)              | (19,85,14,496)              |
| Net Amount  |         | <u>57,40,25,507</u>         | <u>89,37,91,856</u>         | <u>-</u>                    | <u>-</u>                    |
| a. Foreign currency denominated loan - External Commercial Borrowing (ECB) borrowed from The Hongkong and Shangai Banking Corporation and Societe Generale Bank, Amounting to Euro 14,500,000 is repayable in 12 Equal Semi Annual instalments starting from 12th February 2014 carrying interest rate of Euribor + Margin 2.5% p.a. The loan is secured by first mortgage / pari-passu charge on the immovable properties situated at Andhra Pradesh, Gujarat, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Naidu, Uttar Pradesh and West Bengal. |         |                             |                             |                             |                             |



## Notes to the financial statements for the year ended 31 March 2015

|   | Long-term                    |                              | Current                      |                              |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
|   | As at<br>31 March 2015<br>₹  | As at<br>31 March 2014<br>₹  | As at<br>31 March 2015<br>₹  | As at<br>31 March 2014<br>₹  |
| <b>5. Other liabilities</b>   |                              |                              |                              |                              |
| Current maturities of long-term borrowings (note 4)                                     | -                            | -                            | 16,38,94,857                 | 19,85,14,496                 |
| Interest accrued but not due on borrowings  | -                            | -                            | 27,04,982                    | 43,88,657                    |
| Income received in advance  | 80,58,54,472                 | 77,87,44,845                 | 2,41,78,50,353               | 2,09,05,72,318               |
| Advance from customers  | -                            | -                            | 15,25,41,953                 | 9,47,53,933                  |
| Interest free Trade Deposits  | 22,64,35,928                 | 20,39,87,122                 | 67,86,902                    | 63,38,574                    |
| Other Deposits  | 3,80,000                     | 12,30,000                    | -                            | -                            |
| Gratuity payable [note 28(V)]   | -                            | -                            | 1,81,92,495                  | 1,30,55,836                  |
| Statutory liabilities (Contributions to PF,Pension,<br>ESIC,withholding Taxes,VAT etc.) | -                            | -                            | 26,27,93,265                 | 23,86,00,824                 |
| Other payables *  | 6,40,07,552                  | 6,85,43,829                  | 81,99,79,254                 | 68,88,95,888                 |
| <b>Total</b>  | <b><u>1,09,66,77,952</u></b> | <b><u>1,05,25,05,796</u></b> | <b><u>3,84,47,44,061</u></b> | <b><u>3,33,51,20,526</u></b> |
| * Other Payables Include the following  |                              |                              |                              |                              |
| Dues to employees   | -                            | -                            | 29,91,80,715                 | 23,79,85,314                 |
| Deductions from employees for company's assets  | 6,40,07,552                  | 6,85,43,829                  | 15,47,45,868                 | 12,98,99,411                 |
| Dues on account of customer rebate schemes<br>and other contractual liabilities         | -                            | -                            | 36,60,52,671                 | 32,10,11,163                 |
| <b>Total</b>  | <b><u>6,40,07,552</u></b>    | <b><u>6,85,43,829</u></b>    | <b><u>81,99,79,254</u></b>   | <b><u>68,88,95,888</u></b>   |



## Notes to the financial statements for the year ended 31 March 2015

|   | Long-term                   |                             | Short-term                  |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ |
| <b>6. Provisions</b>                        |                             |                             |                             |                             |
| <b>Provision for employee benefits</b>      |                             |                             |                             |                             |
| Leave encashment (note 28(V) )              | 2,54,64,923                 | 2,19,37,541                 | 68,47,890                   | 47,66,001                   |
|   | <u>2,54,64,923</u>          | <u>2,19,37,541</u>          | <u>68,47,890</u>            | <u>47,66,001</u>            |
| <b>Other provisions</b>                     |                             |                             |                             |                             |
| Warranties                                  | -                           | -                           | 10,85,73,796                | 9,81,75,926                 |
| Provision for Taxation (Net of Advance Tax) | -                           | -                           | 35,59,687                   | 35,59,687                   |
|   | <u>-</u>                    | <u>-</u>                    | <u>11,21,33,483</u>         | <u>10,17,35,613</u>         |
| <b>Total</b>                                | <u>2,54,64,923</u>          | <u>2,19,37,541</u>          | <u>11,89,81,373</u>         | <u>10,65,01,614</u>         |

**Provision for Warranties**

The company 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 frequency and average cost of warranty claims. The Table given below gives information about movement in warranty provisions.

|   | As at 31 March<br>2015<br>₹ | As at 31 March<br>2014<br>₹ |
|---|-----------------------------|-----------------------------|
| At the beginning of the year                                      | 9,81,75,926                 | 7,61,22,755                 |
| Additions during the year   | 10,85,73,796                | 9,81,75,926                 |
| Utilization during the year                                       | 8,53,21,017                 | 8,22,62,368                 |
| Unused amount reversed /( additional utilisation) during the year | 1,28,54,909                 | (61,39,613)                 |
| At the end of the year  | <u>10,85,73,796</u>         | <u>9,81,75,926</u>          |

## Notes to the financial statements for the year ended 31 March 2015

|                                 | Secured/<br>unsecured | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ |
|---------------------------------|-----------------------|-----------------------------|-----------------------------|
| <b>7. Short-term borrowings</b> |                       |                             |                             |
| Loans repayable on demand       |                       |                             |                             |
| From banks                      | Secured               | 41,05,32,324                | 17,12,38,564                |
| <b>Total</b>                    |                       | <u>41,05,32,324</u>         | <u>17,12,38,564</u>         |

a. Short term borrowing from banks is secured by pari-passu charge on company's immovable properties and hypothecation of stock-in-trade & book debts and carries interest @ 10.40% to 15 % p.a.

**Notes to the financial statements for the year ended 31 March 2015**

|   | <b>Long-term</b>            |                             | <b>Current</b>              |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ |
| <b>8. Trade Payables</b>  |                             |                             |                             |                             |
| Trade payables (including acceptances)<br>(Refer note below for dues to Micro<br>and Small Enterprises) | -                           | -                           | 1,13,96,67,422              | 1,42,74,40,931              |
| Trade payables to related parties<br>[ Refer Note 28 (VII)]   | -                           | -                           | 93,95,80,905                | 66,52,56,147                |
| <b>Total</b>  | <u>-</u>                    | <u>-</u>                    | <u>2,07,92,48,327</u>       | <u>2,09,26,97,078</u>       |

Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") based on the information available with the Company are given below:

|  | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ |
|--|-----------------------------|-----------------------------|
| The principal amount remaining<br>unpaid to any supplier as at the end<br>of the year  | 10,17,98,009                | 5,72,01,367                 |
| The interest due on the principal<br>remaining outstanding as at the end<br>of the year  | -                           | -                           |
| The amount of interest paid under<br>the Act, along with the amounts of<br>the payment made beyond the<br>appointed day during the year  | -                           | -                           |
| The amount of interest due and<br>payable for the period of delay in<br>making payment (which have been<br>paid but beyond the appointed day<br>during the year) but without adding<br>the interest specified under the Act  | -                           | -                           |
| The amount of interest accrued and<br>remaining unpaid at the end of the<br>year   | -                           | -                           |
| The amount of further interest<br>remaining due and payable even in<br>the succeeding years, until such<br>date when the interest dues as<br>above are actually paid to the small<br>enterprise, for the purpose of<br>disallowance as a deductible<br>expenditure under the Act | -                           | -                           |

Dues to Micro and Small Enterprises have been determined to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.



## Notes to the financial statements for the year ended 31 March 2015

## 9. Tangible Assets

| Gross Block                 | Land -<br>Leasehold | Buildings *         | Plant and<br>Machinery | Plant and<br>Machinery-on<br>rent ** | Electrical<br>Installation &<br>Equipement | Laboratory<br>Equipment | Office<br>Equipement | Furniture and<br>Fixtures | Vehicles            | Computers           | Total                 |
|-----------------------------|---------------------|---------------------|------------------------|--------------------------------------|--|-------------------------|----------------------|---------------------------|---------------------|---------------------|-----------------------|
|                             | ₹                   | ₹                   | ₹                      | ₹                                    | ₹  | ₹                       | ₹                    | ₹                         | ₹                   | ₹                   | ₹                     |
| As at 1st April 2013        | 7,23,690            | 55,69,38,940        | 2,78,44,053            | -                                    | 4,72,06,826                                | 1,21,01,697             | 2,27,11,603          | 5,40,95,572               | 38,96,77,748        | 29,25,40,388        | 1,40,38,40,517        |
| Additions                   |                     |                     | 33,28,997              | 5,13,63,488                          | 52,17,789                                  | 9,66,225                | 14,44,531            | 40,39,146                 | 7,95,77,112         | 4,14,50,269         | 18,73,87,557          |
| Deletions                   |                     |                     | (18,59,318)            | -                                    | (8,45,530)                                 |                         | (49,930)             | (6,68,008)                | (4,02,63,606)       | (1,46,84,050)       | (5,83,70,442)         |
| As at 31 March 2014         | <u>7,23,690</u>     | <u>55,69,38,940</u> | <u>2,93,13,732</u>     | <u>5,13,63,488</u>                   | <u>5,15,79,085</u>                         | <u>1,30,67,922</u>      | <u>2,41,06,204</u>   | <u>5,74,66,710</u>        | <u>42,89,91,254</u> | <u>31,93,06,607</u> | <u>1,53,28,57,632</u> |
| Additions                   |                     |                     | 9,42,009               | 8,99,65,454                          | 43,59,185                                  | 5,71,501                | 22,21,699            | 44,34,682                 | 9,87,49,679         | 2,04,68,023         | 22,17,12,232          |
| Deletions                   |                     |                     | (93,08,946)            | (4,001)                              | (8,39,177)                                 | (58,850)                | (11,21,006)          | (10,55,589)               | (4,21,13,816)       | (1,13,03,808)       | (6,58,05,193)         |
| As at 31 March 2015         | <u>7,23,690</u>     | <u>55,69,38,940</u> | <u>2,09,46,795</u>     | <u>14,13,24,941</u>                  | <u>5,50,99,093</u>                         | <u>1,35,80,573</u>      | <u>2,52,06,897</u>   | <u>6,08,45,803</u>        | <u>48,56,27,117</u> | <u>32,84,70,822</u> | <u>1,68,87,64,671</u> |
| Depreciation                | Land -<br>Leasehold | Buildings *         | Plant and<br>Machinery | Plant and<br>Machinery-on<br>rent ** | Electrical<br>Installation &<br>Equipement | Laboratory<br>Equipment | Office<br>Equipement | Furniture and<br>fixtures | Vehicles            | Computers           | Total                 |
|                             | ₹                   | ₹                   | ₹                      | ₹                                    | ₹  | ₹                       | ₹                    | ₹                         | ₹                   | ₹                   | ₹                     |
| As at 1st April 2013        | -                   | 13,45,26,123        | 1,20,38,892            | -                                    | 2,67,05,735                                | 56,80,305               | 1,56,33,837          | 4,32,22,184               | 19,43,41,096        | 24,35,89,754        | 67,57,37,926          |
| Charge for the year         |                     | 2,11,20,641         | 27,93,635              | 1,10,04,039                          | 34,13,377                                  | 9,84,998                | 12,67,055            | 36,77,272                 | 5,38,58,883         | 3,25,43,538         | 13,06,63,438          |
| Deletions                   |                     | -                   | (9,90,195)             | -                                    | (4,24,668)                                 |                         | (30,252)             | (4,47,698)                | (2,45,80,896)       | (1,40,42,464)       | (4,05,16,173)         |
| As at 31 March 2014         | <u>-</u>            | <u>15,56,46,764</u> | <u>1,38,42,332</u>     | <u>1,10,04,039</u>                   | <u>2,96,94,444</u>                         | <u>66,65,303</u>        | <u>1,68,70,640</u>   | <u>4,64,51,758</u>        | <u>22,36,19,083</u> | <u>26,20,90,828</u> | <u>76,58,85,191</u>   |
| Deprecaition written back # |                     | (9,54,82,627)       | (49,83,592)            |                                      | (1,06,70,002)                              | (29,36,592)             | (51,72,851)          | (60,56,129)               | (8,60,33,958)       | (3,17,45,897)       | (24,30,81,648)        |
| Charge for the year         | 1,78,417            | 87,84,070           | 27,36,732              | 5,12,32,353                          | 62,53,518                                  | 13,27,622               | 30,18,509            | 33,75,428                 | 11,86,97,943        | 3,68,97,078         | 23,25,01,670          |
| Deletions                   |                     |                     | (33,48,881)            | (4,000)                              | (4,39,501)                                 | (58,850)                | (10,33,351)          | (5,63,036)                | (3,10,54,212)       | (1,12,01,244)       | (4,77,03,075)         |
| Transition adjustment @     |                     |                     | 19,20,420              |                                      | 25,99,759                                  | 9,08,741                | 66,51,140            | 10,46,334                 | 5,01,23,348         | 1,16,91,021         | 7,49,40,763           |
| As at 31 March 2015         | <u>1,78,417</u>     | <u>6,89,48,207</u>  | <u>1,01,67,011</u>     | <u>6,22,32,392</u>                   | <u>2,74,38,218</u>                         | <u>59,06,224</u>        | <u>2,03,34,087</u>   | <u>4,42,54,355</u>        | <u>27,53,52,204</u> | <u>26,77,31,786</u> | <u>78,25,42,901</u>   |
| Net Block                   |                     |                     |                        |                                      |  |                         |                      |                           |                     |                     |                       |
| As at 31 March 2014         | <u>7,23,690</u>     | <u>40,12,92,176</u> | <u>1,54,71,400</u>     | <u>4,03,59,449</u>                   | <u>2,18,84,641</u>                         | <u>64,02,619</u>        | <u>72,35,564</u>     | <u>1,10,14,952</u>        | <u>20,53,72,171</u> | <u>5,72,15,779</u>  | <u>76,69,72,441</u>   |
| As at 31 March 2015         | <u>5,45,273</u>     | <u>48,79,90,733</u> | <u>1,07,79,784</u>     | <u>7,90,92,549</u>                   | <u>2,76,60,875</u>                         | <u>76,74,349</u>        | <u>48,72,810</u>     | <u>1,65,91,448</u>        | <u>21,02,74,913</u> | <u>6,07,39,036</u>  | <u>90,62,21,770</u>   |

\* Includes a property for which co-op society is yet to be formed.

\*\* Plant &amp; Machinery leased out comprises of products given on rentals. The useful life of the products is considered to be 2 / 3 years and amortisation has been done accordingly.

# on account of change in the accouting policy (refer note 28.XVIII)



## Notes to the financial statements for the year ended 31 March 2015

## 10. Intangible Assets

| <b>Gross Block</b>   | <b>Computer<br/>Software<br/>₹</b> | <b>Brand Name /<br/>Trademarks<br/>₹</b> | <b>Total<br/>₹</b>  |
|----------------------|------------------------------------|--|---------------------|
| As at 1st April 2013 | 7,72,26,094                        | 8,14,50,000                              | 15,86,76,094        |
| Purchase             |                                    |  | -                   |
| As at 31 March 2014  | <u>7,72,26,094</u>                 | <u>8,14,50,000</u>                       | <u>15,86,76,094</u> |
| Purchase             |                                    |  | -                   |
| As at 31 March 2015  | <u>7,72,26,094</u>                 | <u>8,14,50,000</u>                       | <u>15,86,76,094</u> |
| <b>Amortisation</b>  |                                    |  |                     |
| As at 1st April 2013 | 7,13,54,316                        | 88,81,397                                | 8,02,35,713         |
| Charge for the year  | 46,13,793                          | 1,62,90,000                              | 2,09,03,793         |
| As at 31 March 2014  | <u>7,59,68,109</u>                 | <u>2,51,71,397</u>                       | <u>10,11,39,506</u> |
| Charge for the year  | 12,57,985                          | 1,62,90,000                              | 1,75,47,985         |
| As at 31 March 2015  | <u>7,72,26,094</u>                 | <u>4,14,61,397</u>                       | <u>11,86,87,491</u> |
| <b>Net Block</b>     |                                    |  |                     |
| As at 31 March 2014  | <u>12,57,985</u>                   | <u>5,62,78,603</u>                       | <u>5,75,36,588</u>  |
| As at 31 March 2015  | <u>-</u>                           | <u>3,99,88,603</u>                       | <u>3,99,88,603</u>  |



## Notes to the financial statements for the year ended 31 March 2015

|  | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ |
|--|-----------------------------|-----------------------------|
| <b>11. Non-current investment</b>  |                             |                             |
| Non-current investments (valued at cost unless otherwise stated)   |                             |                             |
| Trade investments  |                             |                             |
| <b>Investment in subsidiaries</b>  |                             |                             |
| Unquoted equity shares   |                             |                             |
| 40,00,160( <i>previous year 40,00,160</i> ) equity shares of ₹10/- fully paid up in Aquamall Water Solutions Ltd                 | 1,95,01,280                 | 1,95,01,280                 |
| Nil ( <i>previous year 500,000</i> ) equity shares of Singapore \$ 1 each fully paid up in Euro Forbes International Pte Ltd     |                             | 1,36,27,500                 |
| 1,000,000( <i>previous year 1,000,000</i> ) equity shares of ₹ 10/- fully paid up in Forbes Facility Services Pvt Ltd.           | 1,00,00,000                 | 1,00,00,000                 |
| Nil ( <i>previous year 7,50,000</i> ) equity shares of ₹ 10/- fully paid up in E4 Development & Coaching Ltd.                    |                             | 75,00,000                   |
| 50,000( <i>previous year 50,000</i> ) equity shares of ₹ 10/- fully paid up in Forbes Enviro Solutions Ltd                       | 5,00,000                    | 5,00,000                    |
| 50,000( <i>previous year 50,000</i> ) equity shares of ₹ 10/- fully paid up in Waterwings Equipments Private Limited             | 2,10,74,500                 | 2,10,74,500                 |
| 7,250( <i>previous year 7,250</i> ) equity shares of ₹ 100/- fully paid up in Radiant Energy Systems Private Limited             | 1,03,11,135                 | 1,03,11,135                 |
| 15,001 ( <i>previous year 15,001</i> ) ordinary shares of Euro 1/- fully paid up in EFL Mauritius Limited                        | 9,45,546                    | 9,45,546                    |
| 34,450( <i>previous year 300</i> ) equity shares of AED 1000 each fully paid up in Euro Forbes Limited                           | 57,12,10,355                | 36,81,750                   |
| 50,000( <i>previous year 50,000</i> ) equity shares of ₹ 10/- fully paid up in Euro Forbes Financial Services Limited            | 5,00,000                    | 5,00,000                    |
| Unquoted preference shares   |                             |                             |
| 2,87,05,230 ( <i>previous year 88,35,000</i> ) redeemable preference shares of Euro 1/- fully paid up in EFL Mauritius Limited   | 2,12,24,80,849              | 2,12,24,80,849              |
| <b>Investment in Joint Ventures</b>  |                             |                             |
| Unquoted equity shares   |                             |                             |
| 500,000( <i>previous year 500,000</i> ) equity shares of ₹ 10/- fully paid up in Forbes Aquatech Ltd.                            | 50,00,000                   | 50,00,000                   |
| 2,625,000( <i>previous year 2,625,000</i> ) equity shares of ₹ 10/- fully paid up in Forbes Concept Hospitality Services Pvt.Ltd | 2,62,50,000                 | 2,62,50,000                 |
| 3,500,000( <i>previous year 3,500,000</i> ) equity shares of ₹ 10/- fully paid up in Infinite Water Solutions Private Ltd        | 3,50,00,000                 | 3,50,00,000                 |
| 5,000( <i>previous year 5,000</i> ) equity shares of ₹ 10/- fully paid up in Forbes G4S Solution Private Ltd.                    | 50,000                      | 50,000                      |
| 500,000( <i>previous year NIL</i> ) equity shares of ₹ 10/- fully paid up in EuroLife Regen Pvt. Ltd.                            | 50,00,000                   | 50,00,000                   |
| <b>Investment in Other Company</b>   |                             |                             |
| Unquoted equity shares   |                             |                             |
| 7143 ( <i>previous year NIL</i> ) equity shares of ₹ 10/- fully paid up in Water Quality Association.                            | 71,430                      | -                           |
|  | <u>2,82,78,95,095</u>       | <u>2,28,14,22,560</u>       |
| Less: Provision for diminution in value of investment in Forbes Concept Hospitality Services Pvt.Ltd                             | <u>2,62,50,000</u>          | <u>2,62,50,000</u>          |
|  | <b>2,80,16,45,095</b>       | <b>2,25,51,72,560</b>       |
| <b>Non-trade investments</b>   |                             |                             |
| Quoted equity shares   |                             |                             |
| 8913( <i>previous year 8913</i> )equity shares of ₹ 10/- fully paid up in Reliance Power Limited                                 | 25,06,950                   | 25,06,950                   |
| 249600( <i>previous year NIL</i> ) equity shares of ₹ 10/- fully paid up in SPS FINQUEST Limited                                 | 1,87,20,000                 |                             |
| Less: Provision for diminution in value of investment  | 20,03,366                   | 18,77,246                   |
|  | <u>1,92,23,584</u>          | <u>6,29,704</u>             |
|  | <b>2,82,08,68,679</b>       | <b>2,25,58,02,264</b>       |
| Aggregate book value of quoted investments (gross)   | 2,12,26,950                 | 25,06,950                   |
| Market value of quoted investments   | 2,09,70,785                 | 6,29,704                    |
| Aggregate book value of unquoted investments   | 2,82,78,95,095              | 2,28,14,22,560              |
| Aggregate provision in the value of investments  | 2,82,53,366                 | 2,81,27,246                 |



## Notes to the financial statements for the year ended 31 March 2015

|   | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ |
|---|-----------------------------|-----------------------------|
| <b>12. Deferred tax assets (net)</b>  |                             |                             |
| Deferred tax asset  |                             |                             |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 3,23,81,405                 | 2,86,05,364                 |
| Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.     |                             | 1,42,50,111                 |
| Investments - On provision for diminution   | 97,29,913                   | 97,26,628                   |
| Gross deferred tax asset  | <u>4,21,11,318</u>          | <u>5,25,82,103</u>          |
| Deferred tax liability  |                             |                             |
| Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.     | 28,42,544                   | -                           |
| Gross deferred tax liability  | <u>28,42,544</u>            | <u>-</u>                    |
| Net deferred tax asset  | <u><u>3,92,68,774</u></u>   | <u><u>5,25,82,103</u></u>   |



## Notes to the financial statements for the year ended 31 March 2015

|  | Long-term              |                        | Short-term             |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | As at<br>31 March 2015 | As at<br>31 March 2014 | As at<br>31 March 2015 | As at<br>31 March 2014 |
|  | ₹                      | ₹                      | ₹                      | ₹                      |
| <b>13. Loans and Advances</b>                                      |                        |                        |                        |                        |
| <b>Capital advances</b>  |                        |                        |                        |                        |
| Secured, considered good   |                        |                        |                        |                        |
| Unsecured, considered good   | 39,98,881              | -                      | -                      | -                      |
| Unsecured, good - capital advances to related parties              | -                      | -                      | -                      | -                      |
| Unsecured, considered doubtful                                     | -                      | -                      | -                      | -                      |
|  | 39,98,881              | -                      | -                      | -                      |
| Less: Provision for doubtful capital advances                      | -                      | -                      | -                      | -                      |
|  | 39,98,881              | -                      | -                      | -                      |
| <b>Security deposits</b>   |                        |                        |                        |                        |
| Secured, considered good   | -                      | -                      | -                      | -                      |
| Unsecured, considered good   | 13,09,29,405           | 12,28,97,998           | 1,96,63,614            | 1,83,28,907            |
| Unsecured, good - security deposits to related parties             | 1,05,000               | 1,05,000               | -                      | -                      |
| Unsecured, considered doubtful                                     | -                      | -                      | -                      | -                      |
|  | 13,10,34,405           | 12,30,02,998           | 1,96,63,614            | 1,83,28,907            |
| Less: Provision for doubtful security deposits                     | -                      | -                      | -                      | -                      |
|  | 13,10,34,405           | 12,30,02,998           | 1,96,63,614            | 1,83,28,907            |
| <b>Loans and advances to related parties</b> [refer note 28 (VII)] |                        |                        |                        |                        |
| Inter Corporate Deposits Unsecured, considered good *              | 22,11,02,657           | -                      | 8,00,00,000            | 56,61,09,793           |
| Advances Unsecured, considered good **                             | -                      | -                      | 3,05,13,904            | 12,09,75,965           |
|  | 22,11,02,657           | -                      | 11,05,13,904           | 68,70,85,758           |
| <b>Other loans and advances</b>                                    |                        |                        |                        |                        |
| Unsecured considered good, unless stated otherwise                 |                        |                        |                        |                        |
| Loans to employees   | 80,76,210              | 1,26,61,520            | 20,93,445              | 13,21,637              |
| Balance with statutory/ government authorities                     | 7,96,59,317            | 7,44,20,215            | 8,31,22,600            | 4,72,26,260            |
| Prepaid expenses   | 57,39,926              | 71,16,607              | 6,95,05,687            | 6,08,90,431            |
| Advance income-tax (Net of provision of taxation)                  | 18,59,28,730           | 15,46,68,660           | -                      | -                      |
| Minimum Alternative Tax (MAT) recoverable                          | 1,49,80,000            | -                      | -                      | -                      |
| Advances recoverable in cash or kind                               | -                      | -                      | 3,38,79,744            | 9,98,33,813            |
| Others   | -                      | -                      | -                      | -                      |
|  | 29,43,84,183           | 24,88,67,002           | 18,86,01,476           | 20,92,72,141           |
| <b>Total</b>   | <b>65,05,20,126</b>    | <b>37,18,70,000</b>    | <b>31,87,78,994</b>    | <b>91,46,86,806</b>    |

\* Note : Inter Corporate Deposits Given include ₹. 4,50,00,000/- (Previous Year ₹.6,90,00,000 ) due from Private Companies (Forbes Facility Services Pvt Limited and Eurolife Regen Pvt Limited) in which a Director of the Company is a Director.

\*\* Note : Advances Unsecured considered good include ₹. 27,51,493/- (Previous Year ₹.32,51,020) due from Private Companies (Infinite Water Solutions Pvt Limited and Eurolife Regen Pvt Limited) in which a Director of the Company is a Director.



## Notes to the financial statements for the year ended 31 March 2015

|  | Non Current                 |                             | Current                        |                             |
|--|-----------------------------|-----------------------------|--------------------------------|-----------------------------|
|  | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ | As at<br>31 March<br>2015<br>₹ | As at<br>31 March 2014<br>₹ |
| <b>14. Other assets</b>                            |                             |                             |                                |                             |
| Unsecured considered good, unless otherwise stated |                             |                             |                                |                             |
| Interest Accrued -                                 |                             |                             |                                |                             |
| On fixed deposits                                  | -                           | -                           | 6,32,275                       | 5,68,049                    |
| On Inter Corporate Deposits to related parties *   | 8,63,83,964                 | -                           | 62,55,862                      | 19,52,31,407                |
| Bank balance [Refer Note 18]                       | <u>1,74,09,036</u>          | <u>1,56,67,802</u>          | <u>-</u>                       | <u>-</u>                    |
|  | <u>10,37,93,000</u>         | <u>1,56,67,802</u>          | <u>68,88,137</u>               | <u>19,57,99,456</u>         |
| Less: Provision for doubtful other assets          | <u>-</u>                    | <u>-</u>                    | <u>-</u>                       | <u>-</u>                    |
|  | <u>10,37,93,000</u>         | <u>1,56,67,802</u>          | <u>68,88,137</u>               | <u>19,57,99,456</u>         |

\* Note : Interest accrued on loans and advances to related party include ₹. 62,55,862 /- (Previous Year ₹.1,15,397) due from Private Companies (Eurolife Regen Pvt Limited and Forbes Facility Services Pvt Limited) in which a Director of the Company is a Director.



## Notes to the financial statements for the year ended 31 March 2015

|   | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ |
|---|-----------------------------|-----------------------------|
| <b>15. Current investments (Non-Trade)</b>  |                             |                             |
| Current investments (valued at cost or market value whichever is lower)                                       |                             |                             |
| Quoted equity shares  |                             |                             |
| 100( <i>previous year 100</i> ) equity shares of ₹ 10/- fully paid up in Bajaj Holding and Investment Limited | 1,23,743                    | 1,23,743                    |
| 3785( <i>previous year 3785</i> ) equity shares of ₹ 10/- fully paid up in MOIL Ltd                           | 14,19,375                   | 14,19,375                   |
|   | <u>15,43,118</u>            | <u>15,43,118</u>            |
| Less: Provision for diminution in value of investment   | 3,72,444                    | 4,88,900                    |
| Total   | <u>11,70,674</u>            | <u>10,54,218</u>            |
| Aggregate book value of quoted investments  | 15,43,118                   | 15,43,118                   |
| Market value of quoted investments  | 11,70,674                   | 10,54,218                   |
| Aggregate book value of unquoted investments  | -                           | -                           |
| Aggregate provision in the value of investments   | 3,72,444                    | 4,88,900                    |



## Notes to the financial statements for the year ended 31 March 2015

|   | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ |
|---|-----------------------------|-----------------------------|
| <b>16. Inventories (Valued at lower of cost and net realisable value)</b>   |                             |                             |
| Stock In Trade :  |                             |                             |
| Units (includes in transit ₹ 8,95,14,554/- ( <i>Previous year:</i><br>₹.5,08,71,610/- )) [refer note 22]                  | 1,19,58,44,515              | 1,52,70,09,846              |
| Spares and Accessories (includes in transit ₹ 6,24,48,677/-<br>( <i>Previous year:</i> ₹ 1,78,12,914/- )) [refer note 22] | 68,75,59,401                | 56,90,70,002                |
|   | <u>1,88,34,03,916</u>       | <u>2,09,60,79,848</u>       |



## Notes to the financial statements for the year ended 31 March 2015

|  | Non Current                 |                             | Current                     |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ |
| <b>17. Trade receivables</b>   |                             |                             |                             |                             |
| Debts outstanding for a period exceeding six months from the date they are due for payment |                             |                             |                             |                             |
| Unsecured, considered good   |                             |                             | 48,30,17,676                | 41,99,44,782                |
| Debts due from related parties, unsecured  |                             |                             | 9,12,79,135                 | 5,74,73,572                 |
| Unsecured, considered doubtful from related parties  |                             |                             | 49,02,140                   | 49,02,140                   |
|  | -                           | -                           | 57,91,98,951                | 48,23,20,494                |
| Less: Provision for doubtful debts   |                             |                             | 49,02,140                   | 49,02,140                   |
|  | -                           | -                           | 57,42,96,811                | 47,74,18,354                |
| Other debts  |                             |                             |                             |                             |
| Secured, considered good   |                             |                             |                             |                             |
| Unsecured, considered good   |                             |                             | 2,10,88,09,624              | 1,54,27,65,497              |
| Debts due from related parties, unsecured  |                             |                             | 1,73,36,270                 | 1,24,77,433                 |
| Unsecured, considered doubtful   |                             |                             | -                           | -                           |
|  | -                           | -                           | 2,12,61,45,894              | 1,55,52,42,930              |
| Less: Provision for doubtful debts   |                             |                             | -                           | -                           |
|  | -                           | -                           | 2,12,61,45,894              | 1,55,52,42,930              |
| Total  | -                           | -                           | 2,70,04,42,705              | 2,03,26,61,284              |

Note : Trade Receivable include ₹. 9,48,51,042/- (Previous Year ₹. 3,89,17,302) due from a Private Company (Forbes Facility Services Pvt Limited, Infinite Water Solutions Pvt Ltd and Shapoorji Pallonji and Company Pvt Ltd.) in which a Director of the Company is a Director.

**Notes to the financial statements for the year ended 31 March 2015**

|   | <b>Non Current</b>          |                             | <b>Current</b>              |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ | As at<br>31 March 2015<br>₹ | As at<br>31 March 2014<br>₹ |
| <b>18. Cash and Bank balance</b>  |                             |                             |                             |                             |
| <b>Cash and cash equivalents</b>  |                             |                             |                             |                             |
| Balance with banks in:  |                             |                             |                             |                             |
| -Current accounts   |                             |                             | 65,26,19,942                | 61,27,85,000                |
| -Deposits with original maturity of less than 3 months                          |                             |                             | -                           | -                           |
| Cheques/ drafts on hand   |                             |                             | 18,31,43,565                | 10,11,01,794                |
| Cash on hand  |                             |                             | 1,99,70,892                 | 2,65,11,453                 |
|   | <u>-</u>                    | <u>-</u>                    | <u>85,57,34,399</u>         | <u>74,03,98,247</u>         |
| <b>Other bank balances</b>  |                             |                             |                             |                             |
| Balance in banks for margin money   | 1,29,56,687                 | 1,19,03,120                 | -                           | -                           |
| Deposits with original maturity of more than 12 months *                        | 44,52,349                   | 37,64,682                   | 1,43,33,701                 | 1,62,83,262                 |
| Deposits with original maturity of more than 3 months but less than 12 months * | -                           | -                           | 32,40,260                   | 20,56,310                   |
|   | <u>1,74,09,036</u>          | <u>1,56,67,802</u>          | <u>1,75,73,961</u>          | <u>1,83,39,572</u>          |
| Amount disclosed under non-current assets (note 14)                             | (1,74,09,036)               | (1,56,67,802)               |                             |                             |
| <b>Total</b>  | <u><u>-</u></u>             | <u><u>-</u></u>             | <u><u>87,33,08,360</u></u>  | <u><u>75,87,37,819</u></u>  |

\* Deposits lodged as security with Govt authorities



## Notes to the financial statements for the year ended 31 March 2015

|   | For the year<br>ended 31 March<br>2015<br>₹ | For the year<br>ended 31<br>March 2014<br>₹ |
|---|---|---|
| <b>19. Revenue from operation</b>                                       |   |   |
| Sale of products *  | 12,67,29,42,397                             | 11,44,55,29,241                             |
| Sale of services **   | 3,36,52,38,381                              | 2,87,27,57,988                              |
| Other operating income  |   |   |
| Scrap sales   | 1,20,67,932                                 | 1,29,15,268                                 |
| Other (includes income from renting<br>of products)                     | 22,95,83,256                                | 13,78,77,985                                |
| Revenue from operations   | <u>16,27,98,31,966</u>                      | <u>14,46,90,80,482</u>                      |
| <br>* <u>Sale of Products</u>   |   |   |
| Vacuum Cleaners   | 2,67,63,79,766                              | 2,44,84,63,099                              |
| Water filter-cum-purifiers and Water &<br>Waste Water Treatment Plants  | 8,55,50,70,741                              | 7,77,95,04,449                              |
| Electronic air cleaning systems   | 3,69,96,359                                 | 2,92,69,806                                 |
| Security systems  | 28,43,83,530                                | 29,57,18,744                                |
| Fire Extinguishers  | 14,51,20,032                                | 6,60,78,780                                 |
| Other Products  | 3,47,42,519                                 | 2,48,29,641                                 |
| Spares & Accessories  | 94,02,49,450                                | 80,16,64,722                                |
|   | <u>12,67,29,42,397</u>                      | <u>11,44,55,29,241</u>                      |
| <br>**  |   |   |
| Sale of services  |   |   |
| Maintenance Service   | 3,09,27,51,633                              | 2,58,38,30,138                              |
| Cleaning Service  | 20,20,82,422                                | 22,29,58,769                                |
| Others  | 7,04,04,326                                 | 6,59,69,081                                 |
|   | <u>3,36,52,38,381</u>                       | <u>2,87,27,57,988</u>                       |
| <br><b>20. Other Income</b>   |   |   |
| Interest income on :  |   |   |
| Bank deposits   | 3,31,52,866                                 | 70,31,894                                   |
| Current investment  |   |   |
| Long-term investments   |   |   |
| Loans and Advances  | 5,51,67,110                                 | 8,19,51,308                                 |
| Others  | -   | -   |
| Exchange difference (net)   | 13,99,43,331                                | 3,28,21,291                                 |
| Dividend Income :   |   |   |
| Subsidiaries  | 28,00,11,200                                | -   |
| Non-current Investments - Trade   | 50,00,000                                   | 50,00,000                                   |
| Current investment - Non-Trade  | 35,173                                      | 30,888                                      |
| Profit on sale of assets (Net)  | 70,68,052                                   | 94,61,860                                   |
| Gain on sale of long term investments (Net)                             |   | 81,35,553                                   |
| Gain on sale of current investments (Net)                               | 2,37,85,896                                 | 4,98,32,562                                 |
| Provision for diminution in value of<br>investments written back ( Net) |   | 1,75,39,386                                 |
| Miscellaneous Income *  | 1,99,94,490                                 | 3,45,27,919                                 |
|   | <u>56,41,58,118</u>                         | <u>24,63,32,661</u>                         |

\* Miscellaneous Income includes recovery of bad debts/ bad advances ₹ 26,40,454/- ( previous year ₹ 31,37,415/-)



## Notes to the financial statements for the year ended 31 March 2015

|   | For the year<br>ended 31 March<br>₹ | For the year<br>ended 31 March<br>₹ |
|---|-------------------------------------|-------------------------------------|
| <b>21. Purchase of Traded goods</b>                                 |                                     |                                     |
| Vacuum Cleaners   | 1,42,13,90,283                      | 1,32,49,77,963                      |
| Water filter-cum-purifiers and Water & Waste Water Treatment Plants | 4,54,64,27,885                      | 4,15,68,65,047                      |
| Electronic air cleaning systems                                     | 1,67,58,255                         | 2,77,66,835                         |
| Security systems  | 13,91,05,255                        | 15,80,60,031                        |
| Fire Extinguishers  | -                                   | -                                   |
| Other Products  | 1,34,12,288                         | 1,29,95,901                         |
| Spares & Accessories  | 2,08,79,66,225                      | 1,61,05,26,379                      |
| <b>Total</b>  | <b>8,22,50,60,191</b>               | <b>7,29,11,92,156</b>               |
| <b>22. Changes in Stock-in-trade</b>                                |                                     |                                     |
| Opening stock   |                                     |                                     |
| - Units   | 1,52,70,09,846                      | 1,56,37,46,569                      |
| - Spares and Accessories  | 56,90,70,002                        | 53,41,45,291                        |
|   | <b>2,09,60,79,848</b>               | <b>2,09,78,91,860</b>               |
| Less :  |                                     |                                     |
| Closing stock *   |                                     |                                     |
| - Units   | 1,19,58,44,515                      | 1,52,70,09,846                      |
| - Spares and Accessories  | 68,75,59,401                        | 56,90,70,002                        |
|   | <b>1,88,34,03,916</b>               | <b>2,09,60,79,848</b>               |
| <b>Net( increase)/ decrease</b>                                     | <b>21,26,75,932</b>                 | <b>18,12,012</b>                    |
| <b>* Details of Stock-in-trade</b>                                  |                                     |                                     |
| Vacuum Cleaners   | 22,08,15,861                        | 24,01,36,357                        |
| Water filter-cum-purifiers and Water & Waste Water Treatment Plants | 54,48,74,373                        | 52,72,83,588                        |
| Electronic air cleaning systems                                     | 97,49,858                           | 1,52,54,094                         |
| Security Systems  | 4,70,31,005                         | 4,74,23,777                         |
| Fire Extinguishers  | 34,08,30,340                        | 65,84,20,679                        |
| Other Products  | 2,56,54,740                         | 3,84,91,351                         |
| Spares & Accessories  | 69,44,47,739                        | 56,90,70,002                        |
| <b>Total</b>  | <b>1,88,34,03,916</b>               | <b>2,09,60,79,848</b>               |



## Notes to the financial statements for the year ended 31 March 2015

|  | For the year<br>ended 31 March<br>₹ | For the year<br>ended 31 March<br>₹ |
|--|-------------------------------------|-------------------------------------|
| <b>23. Employee benefit expense</b>                  |                                     |                                     |
| Salaries, wages and bonus                            | 2,35,26,85,357                      | 2,09,73,76,860                      |
| Contribution to provident and other fund             | 11,56,30,018                        | 10,57,53,717                        |
| Staff welfare expense                                | 6,65,39,524                         | 5,79,58,521                         |
|  | <u>2,53,48,54,899</u>               | <u>2,26,10,89,098</u>               |
| <b>24. Other expenses</b>                            |                                     |                                     |
| Electricity  | 2,83,96,794                         | 2,57,99,249                         |
| Rent   | 12,06,38,429                        | 11,60,29,818                        |
| Repairs and Maintenance -                            |                                     |                                     |
| Building   | 49,11,084                           | 25,50,660                           |
| Machinery  | 1,36,636                            | 6,628                               |
| Others   | 5,37,05,698                         | 5,17,05,371                         |
| Insurance  | 4,03,68,681                         | 3,50,22,382                         |
| Advertisement  | 69,51,69,085                        | 63,04,07,864                        |
| Selling and Sales Promotion                          | 84,25,99,808                        | 61,64,36,674                        |
| Freight, Forwarding and Delivery                     | 31,33,93,668                        | 22,45,58,601                        |
| Payment to Auditors (Refer details Below)            | 33,42,259                           | 25,78,225                           |
| Printing and Stationery                              | 4,05,05,897                         | 4,03,02,209                         |
| Communication cost                                   | 12,31,25,151                        | 10,78,26,041                        |
| Travelling and Conveyance                            | 22,45,15,835                        | 19,87,21,329                        |
| Legal and Professional Fees                          | 12,03,16,759                        | 15,17,40,464                        |
| Vehicle Running Expenses                             | 23,10,81,073                        | 22,50,68,208                        |
| Rates and taxes, excluding taxes on income           | 12,19,73,311                        | 12,44,16,450                        |
| Conference Expenses                                  | 15,68,41,072                        | 13,52,17,182                        |
| Service Charges                                      | 1,49,34,75,952                      | 1,36,94,84,734                      |
| Information Technology Expenses                      | 19,23,96,721                        | 18,75,22,520                        |
| Logistics Expenses                                   | 14,56,22,619                        | 11,17,77,279                        |
| Other Establishment Expenses                         | 26,70,89,719                        | 21,77,22,863                        |
| Corporate Social Responsibility Expenses             | 59,38,392                           | -                                   |
| Directors' Sitting Fees                              | 7,86,520                            | 7,86,520                            |
| Bad Debts/Advances Written-Off                       | 5,40,84,157                         | 2,42,27,411                         |
| Net loss on sale / liquidation long-term investment: | 50,58,666                           | -                                   |
| Provision for diminution in value of investments     | 9,663                               | -                                   |
| Commission to Directors                              | 2,13,05,640                         | 1,65,84,280                         |
|  | <u>5,30,67,89,289</u>               | <u>4,61,64,92,962</u>               |
| <b>Payment to auditors</b>                           |                                     |                                     |
| As auditor   |                                     |                                     |
| Audit fee  | 23,59,560                           | 17,97,760                           |
| Tax audit fee  | 2,80,900                            | 2,80,900                            |
| In other capacity                                    |                                     |                                     |
| For other services                                   | 5,73,036                            | 2,80,900                            |
| For reimbursement of expenses                        | 1,28,763                            | 2,18,665                            |
|  | <u>33,42,259</u>                    | <u>25,78,225</u>                    |



## Notes to the financial statements for the year ended 31 March 2015

|   | For the year<br>ended 31 March<br>₹ | For the year<br>ended 31 March<br>₹ |
|---|-------------------------------------|-------------------------------------|
| <b>25. Finance cost</b>   |                                     |                                     |
| Interest expense  | 7,28,18,899                         | 4,54,50,443                         |
| Other borrowing cost  | 2,37,46,447                         | 6,11,63,729                         |
| Net foreign currency transactions and translation   | 19,43,713                           | 1,75,04,731                         |
|   | <u>9,85,09,059</u>                  | <u>12,41,18,903</u>                 |
| <b>26. Depreciation and amortisation expense</b>  |                                     |                                     |
| Depreciation on tangible assets   | 23,25,01,668                        | 13,06,63,437                        |
| Amortization on intangible assets   | 1,75,47,984                         | 2,09,03,793                         |
| For the year charge   | <u>25,00,49,652</u>                 | <u>15,15,67,230</u>                 |
| Less: Depreciation on tangible assets written<br>back on change in accounting policy (refer<br>note 28.XVIII) | <u>24,30,81,647</u>                 | <u>15,15,67,230</u>                 |
|   | <u>69,68,005</u>                    | <u>15,15,67,230</u>                 |
| <b>27 Earnings per equity share</b>   |                                     |                                     |
| Number of Equity Shares   | 37,28,000                           | 37,28,000                           |
| Weighted average number of equity shares  | 37,28,000                           | 37,28,000                           |
| Face Value per share  | 10                                  | 10                                  |
| Profit After Tax available to Equity Shareholders   | 39,87,90,015                        | 19,36,29,156                        |
| Basic and Diluted Earning Per Share ₹   | 106.97                              | 51.94                               |

## 28 Additional information to the financial statements

### I Contingent liabilities and commitments ( to the extent not provided for )

#### (a) Contingent liabilities :

- (i) Corporate Guarantee given to Bank on behalf of a Subsidiary Company - ₹ 156,32,50,000 /- (*previous year ₹.131,46,76,000/-*)
- (ii) Bank Guarantees issued on behalf of the Company - ₹ 30,55,776 /- (*previous year ₹.33,28,604/-*)
- (iii) Disputed Income Tax Demands - ₹ 6,40,56,278/- (*previous year ₹.2,31,02,054/-*).
- (iv) Disputed Central Excise Demands - ₹ 56,51,360 /- (*previous year ₹.56,51,360/-*).
- (v) Disputed Sales Tax demands - ₹ 26,48,86,806 /- (*previous year ₹.27,59,49,044/-*).
- (vi) Disputed Service Tax demands - ₹10,87,64,346 /- (*previous year ₹.10,87,64,346/-*)

#### (b) Commitments :

- (i) Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹. NIL (*previous year ₹.Nil*).
- (ii) Towards product performance ₹.16,47,37,411 /- (*previous year ₹.15,77,61,796/-*)
- (ii) Towards service performance ₹. ₹.4,61,91,542 /- (*previous year ₹.5,16,61,539/-*)

|   |             |             |
|---|-------------|-------------|
| II (a) Expenditure in foreign currency on account of :  | 2014-15     | 2013-14     |
|   | ₹           | ₹           |
| Subscription, travelling, advertisement, testing charges, training, professional fees, royalty samples etc. | 1,19,63,769 | 1,55,05,957 |
| Interest on Foreign Currency Loans  | 2,89,85,582 | 2,23,21,237 |

#### (b) Remittance in Foreign Currency :

|   |              |                |
|---|--------------|----------------|
|   | 2014-15      | 2013-14        |
| On account of investment in shares of Subsidiary            | 56,75,28,605 | 1,56,55,88,711 |
| On account of Inter corporate deposit to subsidiary company | 3,06,47,500  | -              |
| On account of repayment of ECB                              | 19,63,09,445 | 9,81,54,722    |
| On account of repayment of Foreign Currency Short Term Loan | 8,70,00,000  | -              |
| III Value of Imports on C.I.F basis :                       |              |                |
| Units, Spares and accessories                               | 53,21,12,815 | 51,77,79,465   |
| IV Earnings in Foreign Exchange :                           |              |                |
| Export of goods on F.O.B basis                              | 16,00,90,511 | 2,84,34,518    |
| Commission & other receipts                                 | 24,82,484    | 69,34,393      |
| Sale of Investment in Associate                             | -            | 1,74,33,053    |
| Sale of Investment in Subsidiary                            | 85,68,834    | -              |
| Repayment of Inter corporate deposit by subsidiary company  | 21,46,07,611 | -              |
| Interest on Inter corporate deposit to subsidiary company   | 4,36,65,025  | 6,05,65,137    |
| On account of repayment of Foreign Currency Short Term Loan | 8,70,00,000  | -              |

### V The disclosures required under Accounting Standard 15 "Employee Benefits notified in the Companies (Accounting Standards) Rules 2006, are given below :

#### Defined Benefit Plans / Contribution Plan

Contribution to Defined Benefit Plans / Contribution Plan, recognised are charged off for the year as under :

|  | 2014-15     | 2013-14     |
|--|-------------|-------------|
|  | ₹           | ₹           |
| Employer's contribution to Provident Fund *      | 1,86,66,896 | 1,85,73,417 |
| Employer's contribution to Superannuation Fund * | 1,09,61,395 | 1,00,23,304 |
| Employer's contribution to Pension Scheme        | 3,00,08,019 | 2,73,08,028 |

\* The company has formed its own trust for Managing Provident fund which is considered as defined Benefit plan and superannuation which is considered as defined contribution plan of its employees as per the permission granted by the respective authority

## 28 Additional information to the financial statements

**Defined Benefit Plan**

The employees gratuity fund scheme is managed by "Eureka Forbes Limited Employees Gratuity Fund". The contribution to the fund is made by Eureka Forbes Limited based on the actuarial valuation using the "Projected Unit Credit" Method. The obligation for leave encashment is recognised in the same manner as gratuity.

|   |                      | 2014-15 |                                     | 2013-14              |                                     |
|---|----------------------|---------|-------------------------------------|----------------------|-------------------------------------|
|   | Gratuity<br>(Funded) |         | Leave<br>Encashment (non<br>Funded) | Gratuity<br>(Funded) | Leave<br>Encashment (non<br>Funded) |
|   | ₹                    |         | ₹                                   | ₹                    | ₹                                   |
| <b>a. Change in benefit obligations</b>                 |                      |         |                                     |                      |                                     |
| Defined benefit obligation at the beginning of the year | 12,18,41,281         |         | 2,67,03,542                         | 10,65,55,931         | 2,19,37,541                         |
| Current Service cost                                    | 89,65,500            |         | 32,83,850                           | 84,57,643            | 49,97,831                           |
| Interest cost   | 1,14,28,712          |         | 25,04,792                           | 85,24,474            | 17,55,003                           |
| Actuarial (gain)/loss on obligations                    | 2,03,92,123          |         | 89,56,901                           | 77,97,906            | 61,21,167                           |
| Benefit paid  | (1,21,19,460)        |         | (91,36,272)                         | (94,94,673)          | (81,08,000)                         |
| Defined benefit obligation at the end of the year       | 15,05,08,156         |         | 3,23,12,813                         | 12,18,41,281         | 2,67,03,542                         |
| <b>b. Change in fair value of Plan Assets</b>           |                      |         |                                     |                      |                                     |
| Fair value of Plan Assets at the beginning of the year  | 11,55,92,089         |         |                                     | 9,92,27,626          |                                     |
| Expected return on Plan Assets                          | 1,01,72,104          |         |                                     | 87,32,031            |                                     |
| Employer Contribution                                   | 82,71,441            |         |                                     | 1,61,57,199          |                                     |
| Benefit paid  | (1,21,19,460)        |         |                                     | (94,94,673)          |                                     |
| Actuarial gain/(loss) on Plan Assets                    | 1,03,99,487          |         |                                     | 9,69,906             |                                     |
| Fair value of Plan Assets at year end                   | 13,23,15,661         |         |                                     | 11,55,92,089         |                                     |
| Total Actuarial gain / (loss) to be recognised          | (99,92,636)          |         |                                     | (68,28,000)          |                                     |

**28 Additional information to the financial statements**
**c Expenses recognised during the year (under the head "Employee benefit expenses" - note 23)**

|  |               |             |             |             |
|--|---------------|-------------|-------------|-------------|
| Current Service cost                                   | 89,65,500     | 32,83,850   | 84,57,643   | 49,97,831   |
| Interest Cost  | 1,14,28,712   | 25,04,792   | 85,24,474   | 17,55,003   |
| Expected Returns on Plan Assets                        | (1,01,72,104) |             | (87,32,031) |             |
| Actuarial (Gain) or Loss                               | 99,92,636     | 89,56,901   | 68,28,000   | 61,21,167   |
| Expense Recognised in the Statement of Profit and Loss | 2,02,14,744   | 1,47,45,543 | 1,50,78,086 | 1,28,74,001 |

**d Amount recognised in the Balance sheet**

|  |                |               |             |               |
|--|----------------|---------------|-------------|---------------|
| Present value of benefit obligation at the end of the year | (15,05,08,156) | (3,23,12,813) |             | (2,67,03,542) |
| Fair value of Plan Assets at year end                      | 13,23,15,661   |               |             |               |
| Funded status (Surplus / (deficit))                        | (1,81,92,495)  | (3,23,12,813) | 1,30,55,836 | (2,67,03,542) |

**e Category of Assets**

|                                |              |              |
|--------------------------------|--------------|--------------|
| Government of India Securities | 3,14,34,821  | 4,40,38,311  |
| Corporate Bonds                | 8,26,44,072  | 6,10,86,200  |
| Special Deposit Scheme         | 41,03,069    | 41,03,069    |
| Others                         | 1,41,33,699  | 63,64,509    |
| Total Investments              | 13,23,15,661 | 11,55,92,089 |

**f Assumptions used in the accounting for defined benefit plans**

The principal assumptions are the discount rate & salary growth rate. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities & the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

|                               |                         |                         |                         |                         |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Discount Rate                 | 7.94%                   | 7.94%                   | 9.38%                   | 9.31%                   |
| Rate of Return on Plan Assets | 7.94%                   |                         | 8.80%                   |                         |
| Salary Escalation Rate        | 3.50%                   | 3.50%                   | 3.50%                   | 3.50%                   |
| Mortality Table               | IALM (2006-08) Ultimate | IALM (2006-08) Ultimate | IALM (2006-08) Ultimate | IALM (2006-08) Ultimate |
| <b>Attrition Rate:</b>        |                         |                         |                         |                         |
| For Service 4 Years and Below | 10%                     | 2%                      | 10%                     | 2%                      |
| For Service 5 Years and Above | 2%                      | 2%                      | 2%                      | 2%                      |

The estimates for rate of escalation in salary considered in the actuarial valuation takes into account the present salary suitable projected for future taking into consideration the general trend in salary raise and inflation rates. The above information is certified by

VI The Company is primarily engaged in the business of Health, Hygiene & Safety products and its services. As the basic nature of these activities are governed by the same set of risk and returns, these have been grouped as single segment as per accounting standard 17 dealing with "Segment Reporting" issued by the Institute of Chartered Accountants of India. The geographical segmentation is insignificant as the export turnover is less than 10% of the total turnover.

VII As required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the list of related parties and their transactions is attached.

VIII a.) The company has taken various residential/commercial premises and Equipments under cancellable operating lease. Lease rental expenses included in the statement of profit and loss for the year is ₹. 12,06,38,429.-(Previous Year ₹.11,60,29,818/-) for Premises and ₹.2,55,14,238/- (Previous Year ₹ 1,89,59,046/-) for Equipment. None of the lease agreement entered into by the company contain a clause on contingent rent. The Company 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.

b.) The company has entered the business of giving products on operating lease and the details are as under :

|  | 2014-15      | 2013-14     |
|--|--------------|-------------|
| Gross carrying amount of products given on operating lease | 14,13,24,941 | 5,13,63,488 |
| Accumulated Depreciation                                   | 6,22,32,392  | 1,10,04,039 |
| Depreciation for the year                                  | 5,12,32,353  | 1,10,04,039 |

**28 Additional information to the financial statements**

- IX Deferred tax Asset (net) as specified in Accounting Standard 22 "Accounting for taxes on income" has been worked out using the applicable rate of tax based on the impact of timing differences between financial statements and estimated taxable income for the current year. The movement of provision for deferred tax is given below :

| Provision for Deferred Tax                        | Opening Asset/(Liability) As at 01.04.2014 | During the year Asset/(Liability) | Amount ₹                                       |  |
|---|--|-----------------------------------|--|--|
|   |  |                                   | Asset/ (Liability) adjusted in retain earnings | Closing Asset / ( Liability ) As at 31.03.2015 |
| Depreciation                                      | 1,42,50,111                                | (4,25,65,020)                     | 2,54,72,365                                    | (28,42,544)                                    |
| Expenses allowed for tax purpose on payment basis | 2,86,05,364                                | 37,76,041                         |  | 3,23,81,405                                    |
| Investments - On provision for diminution         | 97,26,628                                  | 3,285                             |  | 97,29,913                                      |
| <b>Total</b>                                      | <b>5,25,82,103</b>                         | <b>(3,87,85,694)</b>              |  | <b>3,92,68,774</b>                             |

- X As required under Accounting Standard 27 on "Financial Reporting of interest in Joint Venture " issued by the Institute of Chartered Accountants of India, the companies' interests in the joint ventures is given below -

- a. The aggregate amount of Assets, Liabilities, Income and Expenses related to the Company's interests in the JV as at 31.03.2015 is as follows:

| Sl.No | Name of the Company                          | Country of Incorporation | Year Ended on | % Holding | Eureka Forbes Ltd. Share |               |                |                |
|-------|--|--------------------------|---------------|-----------|--------------------------|---------------|----------------|----------------|
|       |  |                          |               |           | Assets                   | Liabilities   | Income         | Expenses       |
|       |  |                          |               |           | ₹                        | ₹             | ₹              | ₹              |
| 1     | Forbes Concept Hospitality Services Pvt Ltd. | India                    | 31.03.2015    | 50%       | 6,51,550                 | 37,500        | 2,32,318       | 12,500         |
|       |  |                          | 31.03.2014    | 50%       | (6,38,617)               | (2,44,385)    | (71,28,818)    | (12,500)       |
| 2     | Forbes Aquatech Limited                      | India                    | 31.03.2015    | 50%       | 5,53,65,792              | 2,42,27,466   | 23,34,65,121   | 21,64,44,166   |
|       |  |                          | 31.03.2014    | 50%       | (6,12,39,999)            | (3,68,88,215) | (19,60,94,557) | (18,73,32,517) |
| 3     | Infinite Water Solutions Pvt Limited         | India                    | 31.03.2015    | 50%       | 13,42,74,568             | 3,99,60,807   | 26,15,17,951   | 21,93,94,093   |
|       |  |                          | 31.03.2014    | 50%       | (9,08,82,252)            | (3,02,33,914) | (17,39,84,975) | (15,29,44,907) |
| 4     | Forbes G4S Solutions Pvt Limited             | India                    | 31.03.2015    | 50%       | -                        | 2,27,793      | -              | 25,057         |
|       |  |                          | 31.03.2014    | 50%       | -                        | (2,02,737)    | -              | (39,128)       |
| 5     | EuroLife Regen Pvt Ltd.                      | India                    | 31.03.2015    | 50%       | 10,87,845                | 40,45,323     | 2,48,532       | 20,95,321      |
|       |  |                          | 31.03.2014    | 50%       | (1,49,06,767)            | (1,90,17,455) | -              | (91,10,688)    |

- b. The Company's share of contingent liabilities of the Joint Venture Forbes Aquatech Limited as at 31.03.2015 is ₹.86,83,294 /-(*Previous Year ₹.77,84,479/-*)

- XI ₹.5,95,18,069 (*Previous year ₹.5,27,48,874/-*) revenue expenses incurred during the year on Research and Development has been charged to the respective heads of accounts.

- XII Net foreign exchange difference gain, included in the statement of profit and loss is ₹.13,79,99,618 (*Previous Year ₹.1,53,16,559*). Exchange difference (gain) on outstanding forward exchange contract to be recognised in the statement of profit and loss of the subsequent year aggregates to NIL (*previous year Nil*).

- XIII Remuneration paid to Executive Vice Chairman exceeds the limit prescribed under Section 197 read with schedule V of the Companies Act,2013 by ₹. 2,06,17,228/- (*Previous Year ₹.2,84,02,596*) and is subject to shareholders and Central Government approval. Pending such approval the remuneration paid in excess of the limit is being held in trust by Executive Vice Chairman. For the previous year, the Company is generally exempt from seeking approval of Central Government under the provisions of GSR 534(E) dated July 14,2011 issued by the Government of India , Ministry of Corporate Affairs as the employment of the Managerial Personnel is professional in nature and further he does not hold any equity shares in the capital of the Company or its holding company.

28 Additional information to the financial statements

- XIV The Company has not entered into any forward exchange contracts to hedge against its foreign Currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The Foreign currency (FC) exposure not hedged as at 31st March 2015 are as under

|    |   | Currency | 31st Mar 2015               |                | 31st March 2014 |                |
|----|---|----------|-----------------------------|----------------|-----------------|----------------|
|    |   |          | FC                          | INR            | FC              | INR            |
|    |   |          | Amount                      | Amount         | Amount          | Amount         |
| a. | Receivable - Debtors                        | USD      | 19,19,432                   | 12,00,22,098   | 4,94,591        | 2,95,55,771    |
|    | Loans                                       | USD      | 10,40,000                   | 6,50,31,200    | 32,30,000       | 19,30,18,340   |
|    |   | SGD      | 34,30,255                   | 15,60,71,457   | 62,77,333       | 29,78,35,597   |
|    | Advances                                    | USD      | 1,86,778                    | 1,16,79,197    | 6,561           | 3,92,072       |
|    |   | EUR      | 1,155                       | 78,362         | 1,155           | 94,914         |
| b. | Payable Creditors                           | USD      | 1,27,343                    | 79,62,738      | 1,69,703        | 1,01,41,104    |
|    |   | EUR      | 3,70,595                    | 2,51,43,249    | 4,65,691        | 3,82,69,024    |
|    | Loans - Buyers Credit                       | USD      | 82,864                      | 51,81,506      | 2,23,728        | 1,33,69,538    |
|    | Loans - External Commercial Borrowing (ECB) |          | 1,08,76,450                 | 73,79,20,364   | 1,32,92,150     | 1,09,23,06,352 |
| c. | Investments Equity Shares                   | SGD      | -                           | -              | 5,00,000        | 1,36,27,500    |
|    |   | EUR      | 15,001                      | 9,45,546       | 15,001          | 9,45,546       |
|    |   | AED      | 3,44,50,000                 | 57,12,10,355   | 3,00,000        | 36,81,750      |
|    | Preference shares                           | EUR      | 2,87,05,230                 | 2,12,24,80,849 | 2,87,05,230     | 2,12,24,80,849 |
|    |   | INR      | Indian Rupees               |                |                 |                |
|    |   | USD      | United States Dollar        |                |                 |                |
|    |   | SGD      | Singapore Dollar            |                |                 |                |
|    |   | EUR      | Euro                        |                |                 |                |
|    |   | AED      | United Arab Emirates Dirham |                |                 |                |

- XV The Company has invested ₹ 57,12,10,355/- in its 100% subsidiary Euro Forbes Ltd. and also extended loans including interest of ₹. 30,74,86,621 (*Previous year ₹.25,60,20,365*). Further, the Company has also given a corporate guarantee to a Bank of ₹ 156,32,50,000/- for loan taken by Euro Forbes Limited at Dubai. Significant accumulated losses exist in the above subsidiary. In the opinion of the management due to the planned growth in the business of the ASEAN region in the next 3 to 5 years the subsidiary will have future profitable operations; hence no provision has been made by the Management for the above investments and loans.

- XVI In the year 2009, Company entered into a five year tenure agreement with IBM India Private Limited for outsourcing of the company's Information Technology infrastructure and Business transformation requirements. The desired benefits as laid down under the agreement were not being derived by the company even after completion of three years of the arrangement with IBM. Disputes have therefore arisen and the agreement has been terminated. IBM has raised a claim of Rs. 75,00,00,000/- on the Company & the Company has raised a counter claim of Rs. 261,50,41,882/- on IBM. The matter has been referred to Arbitration and the arbitration proceedings have commenced in the financial year 2012-13 and the matter is sub-judice. In the opinion of the management, considering the claim of the company against claim by IBM, liability provision is not required in the books of accounts.

- XVII Loans and Advances (Note 13) includes an amount of ₹.42,84,826 (*Previous Year ₹.42,84,826*) relating to Bank Guarantee invoked and encashed by Indian Railways. The Company has been legally advised that the matter being under arbitration and likely to succeed, no provision is necessary to be made in the books of accounts.

- XVIII During the current year, the Company has revised its accounting policy in respect of depreciation method of its fixed assets where depreciation was provided in the previous years under the 'written down value method'. Based on an evaluation carried out by the management in the current year, fixed assets are now being depreciated on 'straight line method' over the expected useful life of the fixed assets as against written down value method. This change in accounting policy has been made as it would result in a more appropriate presentation of the financial statements. As a result of this change, depreciation has been calculated retrospectively on straight line method and accordingly the Company has recorded reversal of depreciation expense amounting to ₹ 24,30,81,647/- pertaining to previous years in the current year's Statement of Profit & Loss. Further, assets individually costing ₹ 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets.

**28 Additional information to the financial statements**

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets (determined after considering the change in the method of depreciation from WDV to SLM), after retaining the residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of ₹ 4,94,68,398/- (net of deferred tax of ₹ 2,54,72,365/-) against the opening Surplus balance in the balance sheet under Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is lower by ₹ 1,22,16,760/- consequent to the above change in the method of depreciation.

**XIX** During the year Company has made an additional investment, granted loan and extended corporate guarantee to other bodies corporate as per details given below for which company has passed a special resolution at the annual general meeting of the shareholders held on 12th June 2014.

| Name of the Company                    | Nature of transaction | Amount<br>₹    | Purpose  | Maximum<br>Amount<br>during the year<br>₹ |
|--|-----------------------|----------------|--|---|
| Euro Forbes Limited                    | Equity share capital  | 56,75,28,605   | For expansion of Business  | 57,12,10,355                              |
|  | Loan                  | 3,06,47,500    |  | 22,11,02,657                              |
|  | Corporate Guarantee   | 1,56,32,50,000 |  | 1,56,32,50,000                            |
| Water Quality Association.             | Equity share capital  | 71,430         | WQA India is a non profit organization and has been set up in India for monitoring the quality of water and Water Purifiers. Company is one of subscribers to this organisation being a leading player in water purifier business. | 71,430                                    |
| SPS FINQUEST Limited                   | Equity share capital  | 1,87,20,000    | As part of the Company's investment strategy related to its business it was decided to invest in the Financial service sector.   | 1,87,20,000                               |
| Waterwings Equipments Private Limited  | Loan                  | 2,50,00,000    | To meet the temporary working capital requirement  | 2,50,00,000                               |
| Radiant Energy Systems Private Limited | Loan                  | 1,00,00,000    | To meet the temporary working capital requirement  | 1,00,00,000                               |

28 Additional information to the financial statements

XX Previous year figures have been re-grouped wherever necessary.

|  |                 |       |                                    |
|--|-----------------|-------|------------------------------------|
| Per our report attached<br>For BATLIBOI & PUROHIT    | S.P.Mistry      | <hr/> | <i>Chairman</i>                    |
| <i>Chartered Accountants</i>                         | S.L.Goklaney    | <hr/> | <i>Executive Vice<br/>Chairman</i> |
| Firm Regn No. 101048W                                | Anil Kamath     | <hr/> | } <i>Directors</i>                 |
| ATUL MEHTA<br><i>Partner</i><br>Membership No. 15935 | Apurva Diwanji  | <hr/> |                                    |
|  | R S Moorthy     | <hr/> | <i>Chief Financial<br/>Officer</i> |
|  | Dattaram Shinde | <hr/> | <i>Company<br/>Secretary</i>       |
| Mumbai , Dated : 6th May , 2015                      |                 |       | Mumbai , Dated : 6th May , 2015    |



Details required under Accounting Standard 18 on "Related Party Disclosures " issued by the Institute of Chartered Accountants of India - referred in note no. 28 (VII) for the year ended 31st March 2015

( I ) Name of related Party and nature of relationship where control exists are as under :

- A Enterprises having more than one half of Voting Powers -
  - Forbes & Company Ltd. - Holding Company
  - Shapoorji Pallonji and Company Private Ltd - Ultimate Holding Company
- B Enterprises that are controlled - ( Subsidiary Company) -
  - Aquadiagnostics Water Research & Technology Centre Limited
  - Aquamall Water Solutions Ltd.
  - EFL Mauritius Ltd
  - Euro Forbes Financials Services Ltd.
  - Euro Forbes International Pte. Ltd. (Upto 23.03.2015)
  - Euro Forbes Limited
  - Forbes Enviro Solutions Ltd
  - Forbes Facility Services Pvt Ltd.
  - Forbes Lux FZCO
  - Forbes Lux Group AG
  - Forbes Lux International AG
  - LIAG Trading and Investments Limited (w.e.f. 04.02.2015)
  - Lux (Deutschland) GmbH
  - Lux /SK/s.r.o.
  - Lux CZ s.r.o.
  - Lux Hungária Kereskedelmi Kft.
  - Lux Interantional AG
  - Lux Italia srl
  - Lux Norge A/S
  - Lux Oesterreich GmbH
  - Lux Schweiz AG
  - Lux Service GmbH
  - Radiant Energy Systems Pvt Ltd
  - Waterwings Equipments Pvt. Ltd
- C. Enterprises under Common Control -(where there are transactions)
  - Afcons Infrastructure Ltd.
  - Forbes Technosys Ltd
  - Gokak Textile Ltd
  - Khvafar Property Developers Pvt. Ltd.
  - Relationship Properties Pvt Ltd
  - Sterling and Wilson Ltd
  - Shapoorji Pallonji Infrastructure capital co Ltd
  - S.D.Corporation
  - Samalpatti Power Co Ltd.
- D Associate Company
  - Euro P2P Direct (Thailand) Co.Ltd.
- E Joint Venture
  - Forbes Aquatech Limited
  - Forbes Concept Hospitality Services Private Ltd
  - Infinite Water Solutions Private Ltd
  - Forbes G4S Solutions Private Limited
  - Eurolife Regen Private Limited
  - Aquaignis Technologies Pvt. Ltd.
- F Key Management Personnel
  - Mr. S.L.Goklaney

| Nature of Transactions                         | Related Party                  |                                |                                |                                |                                |                                  |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|----------------------------------|
|  | Referred to<br>in A above<br>₹ | Referred to<br>in B above<br>₹ | Referred to<br>in C above<br>₹ | Referred to<br>in D above<br>₹ | Referred to<br>in E above<br>₹ | Referred to<br>in F above *<br>₹ |
| <b>Purchases</b>                               |                                |                                |                                |                                |                                |                                  |
| Goods and Materials                            | -                              | 6,09,25,85,279                 | -                              | -                              | 50,33,85,409                   | -                                |
| Fixed Assets                                   | -                              | -                              | -                              | -                              | -                              | -                                |
|  | -                              | 6,09,25,85,279                 | -                              | -                              | 50,33,85,409                   | -                                |
| <b>Sales</b>                                   |                                |                                |                                |                                |                                |                                  |
| Goods and Materials                            | 62,57,672                      | 2,29,94,903                    | 1,25,14,212                    | -                              | 1,57,132                       | -                                |
| Services Rendered                              | 1,58,148                       | 29,78,096                      | 3,31,414                       | -                              | 4,981                          | -                                |
| Fixed Assets                                   | -                              | -                              | -                              | -                              | -                              | -                                |
|  | 64,15,820                      | 2,59,72,999                    | 1,28,45,625                    | -                              | 1,62,112                       | -                                |
| <b>Expenses</b>                                |                                |                                |                                |                                |                                |                                  |
| Rent and other services                        | -                              | 42,31,704                      | -                              | -                              | -                              | 5,00,604                         |
| Repairs & Other Expenses                       | 14                             | 87,01,825                      | 31,850                         | -                              | 1,01,66,408                    | -                                |
| Finance Charges                                | -                              | -                              | -                              | -                              | 6,31,182                       | -                                |
| Interest on ICD Taken                          | -                              | 6,58,192                       | -                              | -                              | -                              | -                                |
|  | 14                             | 1,35,91,721                    | 31,850                         | -                              | 1,07,97,590                    | 5,00,604                         |
| <b>Income</b>                                  |                                |                                |                                |                                |                                |                                  |
| Rent and other services                        | -                              | 11,83,176                      | -                              | -                              | -                              | -                                |
| Interest                                       | -                              | 5,31,74,245                    | -                              | -                              | 14,49,863                      | -                                |
| Dividend                                       | -                              | 28,00,11,200                   | -                              | -                              | 50,00,000                      | -                                |
| Misc. Income                                   | 82,500                         | 43,500                         | 1,18,000                       | -                              | 53,000                         | -                                |
|  | 82,500                         | 33,44,12,121                   | 1,18,000                       | -                              | 65,02,863                      | -                                |
| <b>Other Receipts</b>                          |                                |                                |                                |                                |                                |                                  |
| Other Reimbursements                           | -                              | 6,92,29,410                    | -                              | -                              | 46,77,189                      | -                                |
| <b>Finance</b>                                 |                                |                                |                                |                                |                                |                                  |
| Inter-corporate deposits given                 | -                              | 6,56,47,500                    | -                              | -                              | -                              | -                                |
| Inter-corporate deposits taken                 | -                              | 15,00,00,000                   | -                              | -                              | -                              | -                                |
| Deposit given                                  | 5,00,000                       | -                              | -                              | -                              | -                              | -                                |
| Deposit received                               | -                              | 3,00,000                       | -                              | -                              | -                              | -                                |
| Repayment of Inter-Corporate Deposits<br>Given | -                              | 22,06,07,610                   | -                              | -                              | 2,40,00,000                    | -                                |
| Repayment of Inter-Corporate Deposits<br>taken | -                              | 15,00,00,000                   | -                              | -                              | -                              | -                                |
| Repayment of Deposit given                     | 5,00,000                       | -                              | -                              | -                              | -                              | -                                |
| Repayment of Deposit received                  | -                              | 3,00,000                       | -                              | -                              | -                              | -                                |
| Investment in shares                           | -                              | 56,75,28,605                   | -                              | -                              | -                              | -                                |
| Sale of investment                             | -                              | 1,36,27,500                    | -                              | -                              | -                              | -                                |
| <b>Dividend paid</b>                           |                                |                                |                                |                                |                                |                                  |
| <b>Outstanding</b>                             |                                |                                |                                |                                |                                |                                  |
| Trade Payables                                 | -                              | 88,09,57,753                   | -                              | -                              | 5,86,23,152                    | -                                |
| Advances Received                              | -                              | -                              | -                              | -                              | -                              | -                                |
| Trade Receivables                              | 29,51,451                      | 10,43,11,772                   | 62,17,035                      | -                              | 37,287                         | -                                |
| Inter-corporate deposits receivable            | -                              | 29,51,02,657                   | -                              | -                              | 60,00,000                      | -                                |
| Interest Accrued                               | -                              | 9,11,89,963                    | -                              | -                              | 14,49,863                      | -                                |
| Other Deposits Receivable                      | -                              | 1,05,000                       | -                              | -                              | -                              | -                                |
| Advances                                       | 9,667                          | 2,72,80,175                    | 2,75,641                       | -                              | 29,48,421                      | -                                |
| <b>Remuneration</b>                            |                                |                                |                                |                                |                                |                                  |
| Paid / Payable                                 | -                              | -                              | -                              | -                              | -                              | 4,51,71,860                      |
| <b>Guarantees</b>                              |                                |                                |                                |                                |                                |                                  |
| Given  | -                              | 1,56,32,50,000                 | -                              | -                              | -                              | -                                |
| Outstanding                                    | -                              | 1,56,32,50,000                 | -                              | -                              | -                              | -                                |



The above Transaction includes:

| Nature of Transactions                      | A         | A        | B              | B         | B | B              | B | B | B | B | B           |
|---|-----------|----------|----------------|-----------|---|----------------|---|---|---|---|-------------|
| Purchases                                   |           |          |                |           |   |                |   |   |   |   |             |
| Goods and Materials                         |           |          | 5,85,14,12,046 |           |   | 7,55,280       |   |   |   |   | 4,43,40,118 |
| Fixed Assets                                |           |          | 5,85,14,12,046 |           |   | 7,55,280       |   |   |   |   | 4,43,40,118 |
| Sales                                       |           |          |                |           |   |                |   |   |   |   |             |
| Goods and Materials                         | 59,28,242 | 3,29,430 | 81,772         |           |   | 1,20,90,015    |   |   |   |   |             |
| Services Rendered                           | 1,38,982  | 19,166   |                |           |   |                |   |   |   |   |             |
| Fixed Assets                                | 60,67,224 | 3,48,596 | 81,772         |           |   | 1,20,90,015    |   |   |   |   |             |
| Expenses                                    |           |          |                |           |   |                |   |   |   |   |             |
| Rent  |           |          |                |           |   |                |   |   |   |   |             |
| Repairs & Other Expenses                    |           | 14       | 42,31,704      | 10,93,631 |   |                |   |   |   |   |             |
| Finance charges                             |           |          | 45,41,267      |           |   |                |   |   |   |   |             |
| Interest on ICD Taken                       |           | 14       | 6,58,192       | 10,93,631 |   |                |   |   |   |   |             |
| Income                                      |           |          |                |           |   |                |   |   |   |   |             |
| Rent and other services                     |           |          |                |           |   |                |   |   |   |   |             |
| Interest                                    |           |          |                |           |   |                |   |   |   |   |             |
| Dividend                                    |           |          | 28,00,11,200   | 6,38,342  |   | 1,82,79,541    |   |   |   |   | 10,08,822   |
| Miscellaneous Income                        | 58,500    | 24,000   | 28,00,11,200   | 6,38,342  |   | 1,82,79,541    |   |   |   |   | 10,08,822   |
|   | 58,500    | 24,000   |                |           |   |                |   |   |   |   |             |
| Other Receipts                              |           |          | 6,44,90,694    |           |   |                |   |   |   |   |             |
| Other Reimbursements                        |           |          |                |           |   |                |   |   |   |   |             |
| Finance                                     |           |          |                |           |   |                |   |   |   |   |             |
| Inter-corporate deposits given              |           |          |                |           |   |                |   |   |   |   |             |
| Inter-corporate deposits taken              |           |          | 15,00,00,000   |           |   |                |   |   |   |   | 1,00,00,000 |
| Deposit given                               |           | 5,00,000 |                |           |   |                |   |   |   |   |             |
| Deposit received                            |           |          | 3,00,000       |           |   |                |   |   |   |   |             |
| Repayment of Inter-Corporate Deposits Given |           |          |                | 60,00,000 |   |                |   |   |   |   |             |
| Repayment of Inter-Corporate Deposits taken |           |          | 15,00,00,000   |           |   |                |   |   |   |   |             |
| Repayment of Deposit given                  |           | 5,00,000 |                |           |   |                |   |   |   |   |             |
| Refund of Deposit received                  |           |          | 3,00,000       |           |   |                |   |   |   |   |             |
| Investment in shares                        |           |          |                |           |   | 56,75,28,605   |   |   |   |   |             |
| Sale of Investment                          |           |          |                |           |   | 1,36,27,500    |   |   |   |   |             |
| Dividend paid                               |           |          |                |           |   |                |   |   |   |   |             |
| Outstanding                                 |           |          |                |           |   |                |   |   |   |   |             |
| Trade Payables                              |           |          | 79,50,99,386   | 3,68,455  |   |                |   |   |   |   | 2,39,07,286 |
| Advances Received                           |           |          |                |           |   |                |   |   |   |   |             |
| Trade Receivables                           | 29,51,451 |          |                |           |   | 1,24,49,468    |   |   |   |   |             |
| Inter-corporate deposits receivable         |           |          |                |           |   |                |   |   |   |   |             |
| Interest Accrued                            |           |          |                |           |   | 22,11,02,657   |   |   |   |   | 1,00,00,000 |
| Other Deposits Receivable                   |           |          | 1,05,000       |           |   | 8,63,83,964    |   |   |   |   |             |
| Advances                                    |           | 9,667    |                |           |   |                |   |   |   |   |             |
| Remuneration                                |           |          |                |           |   |                |   |   |   |   |             |
| Paid / Payable                              |           |          |                |           |   |                |   |   |   |   |             |
| Guarantees                                  |           |          |                |           |   |                |   |   |   |   |             |
| Given                                       |           |          |                |           |   | 1,56,32,50,000 |   |   |   |   |             |
| Outstanding                                 |           |          |                |           |   | 1,56,32,50,000 |   |   |   |   |             |



The above Transaction includes :

| Nature of Transactions            | B            | C         | C     | C     | C      | C      | C         | C        | E           | E        | E            | E        |
|-----------------------------------|--------------|-----------|-------|-------|--------|--------|-----------|----------|-------------|----------|--------------|----------|
| Purchases                         |              |           |       |       |        |        |           |          |             |          |              |          |
| Goods and Materials               | 19,60,77,835 |           |       |       |        |        |           |          | 3,17,22,291 |          | 47,15,89,590 | 73,528   |
| Fixed Assets                      | 19,60,77,835 |           |       |       |        |        |           |          | 3,17,22,291 |          | 47,15,89,590 | 73,528   |
| Sales                             |              |           |       |       |        |        |           |          |             |          |              |          |
| Goods and Materials               |              | 27,69,903 | 4,678 | 9,372 | 9,598  | 14,402 | 75,28,393 | 1,88,627 | 12,59,889   | 7,43,399 |              | 1,57,132 |
| Services Rendered                 |              | 2,41,384  |       |       | 1,440  |        |           |          | 18,853      | 55,686   |              | 4,981    |
| Fixed Assets                      |              | 30,11,288 | 4,678 | 9,372 | 11,038 | 14,402 | 75,28,393 | 1,88,627 | 12,78,743   | 7,99,085 |              | 1,62,112 |
| EXPENSES                          |              |           |       |       |        |        |           |          |             |          |              |          |
| Rent                              |              |           |       |       |        |        |           |          |             |          |              |          |
| Repairs & Other Expenses          |              |           |       |       |        |        |           |          |             |          |              |          |
| Finance charges                   |              |           |       |       |        |        |           |          |             |          |              |          |
| Interest on LCD Taken             |              |           |       |       |        |        |           |          |             |          |              |          |
| Income                            |              |           |       |       |        |        |           |          |             |          |              |          |
| Rent and other services           |              |           |       |       |        |        |           |          |             |          |              |          |
| Interest                          | 25,22,055    |           |       |       |        |        |           |          |             |          |              |          |
| Dividend                          | 17,500       |           |       |       |        |        |           |          |             |          |              |          |
| Miscellaneous Income              | 25,39,555    |           |       |       |        |        |           |          |             |          |              |          |
| Other Receipts                    |              |           |       |       |        |        |           |          |             |          |              |          |
| Other Reimbursements              |              |           |       |       |        |        |           |          |             |          |              |          |
| Finance                           |              |           |       |       |        |        |           |          |             |          |              |          |
| Inter-corporate deposits given    | 2,50,00,000  |           |       |       |        |        |           |          |             |          |              |          |
| Inter-corporate deposits taken    |              |           |       |       |        |        |           |          |             |          |              |          |
| Deposit given                     |              |           |       |       |        |        |           |          |             |          |              |          |
| Deposit received                  |              |           |       |       |        |        |           |          |             |          |              |          |
| Repayment of Inter-Corporate      |              |           |       |       |        |        |           |          |             |          |              |          |
| Deposits Given                    |              |           |       |       |        |        |           |          |             |          |              |          |
| Repayment of Inter-Corporate      |              |           |       |       |        |        |           |          |             |          |              |          |
| Deposits taken                    |              |           |       |       |        |        |           |          |             |          |              |          |
| Repayment of Deposit given        |              |           |       |       |        |        |           |          |             |          |              |          |
| Refund of Deposit received        |              |           |       |       |        |        |           |          |             |          |              |          |
| Investment in shares              |              |           |       |       |        |        |           |          |             |          |              |          |
| Sale of Investment                |              |           |       |       |        |        |           |          |             |          |              |          |
| Dividend paid                     |              |           |       |       |        |        |           |          |             |          |              |          |
| Outstanding                       |              |           |       |       |        |        |           |          |             |          |              |          |
| Trade Payables                    | 6,15,82,626  |           |       |       |        |        |           |          |             |          |              |          |
| Advances Received                 |              |           |       |       |        |        |           |          |             |          |              |          |
| Trade Receivables                 |              | 3,52,554  |       |       |        |        |           |          |             |          |              |          |
| Inter-corporate deposits received | 2,50,00,000  |           |       |       |        |        |           |          |             |          |              |          |
| Interest Accrued                  |              |           |       |       |        |        |           |          |             |          |              |          |
| Other Deposits Receivable         |              |           |       |       |        |        |           |          |             |          |              |          |
| Advances                          |              |           |       |       |        |        |           |          |             |          |              |          |
| Remuneration                      |              |           |       |       |        |        |           |          |             |          |              |          |
| Paid / Payable                    |              |           |       |       |        |        |           |          |             |          |              |          |
| Guarantees                        |              |           |       |       |        |        |           |          |             |          |              |          |
| Given                             |              |           |       |       |        |        |           |          |             |          |              |          |
| Outstanding                       |              |           |       |       |        |        |           |          |             |          |              |          |



The above Transaction includes :

| Nature of Transactions              | F   |
|-------------------------------------|---|
|                                     | Executive Vice<br>Chairman Mr S L<br>Goklaney |
|                                     | ₹   |
| <u>Purchases</u>                    |   |
| Goods and Materials                 |   |
| Fixed Assets                        |   |
| <u>Sales</u>                        |   |
| Goods and Materials                 |   |
| Services Rendered                   |   |
| Fixed Assets                        |   |
| <u>Expenses</u>                     |   |
| Rent                                | 5,00,604                                      |
| Repairs & Other Expenses            |   |
| Finance charges                     |   |
| Interest on ICD Taken               | 5,00,604                                      |
| <u>Income</u>                       |   |
| Rent and other services             |   |
| Interest                            |   |
| Dividend                            |   |
| Miscellaneous Income                |   |
| <u>Other Receipts</u>               |   |
| Other Reimbursements                |   |
| <u>Finance</u>                      |   |
| Inter-corporate deposits given      |   |
| Inter-corporate deposits taken      |   |
| Deposit given                       |   |
| Deposit received                    |   |
| Repayment of Inter-Corporate        |   |
| Deposits Given                      |   |
| Repayment of Inter-Corporate        |   |
| Deposits taken                      |   |
| Repayment of Depoist given          |   |
| Refund of Deposit received          |   |
| Investment in shares                |   |
| Sale of Investment                  |   |
| <u>Dividend paid</u>                |   |
| <u>Outstanding</u>                  |   |
| Trade Payables                      |   |
| Advances Received                   |   |
| Trade Receivables                   |   |
| Inter-corporate deposits receivable |   |
| Interest Accrued                    |   |
| Other Deposits Receivable           |   |
| Advances                            |   |
| <u>Remuneration</u>                 |   |
| Paid / Payable                      | 4,51,71,860                                   |
| <u>Guarantees</u>                   |   |
| Given                               |   |
| Outstanding                         |   |



Details required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India - referred in note no. 28 (VII) for the year ended 31st March 2014

(I) Name of related Party and nature of relationship where control exists are as under :

**A Enterprises having more than one half of Voting Powers -**

- 1 Forbes & Company Ltd. - Holding Company
- 2 Shapoorji Pallonji & Co.Ltd - Ultimate Holding Company

**B Enterprises that are controlled - ( Subsidiary Company) -**

- 1 Aquadignostics Water Research & Technology Centre Limited
- 2 Aquamall Water Solutions Ltd.
- 3 E4 Development & Coaching Ltd
- 4 EFL Mauritius Ltd
- 5 Euro Forbes Financials Services Ltd.
- 6 Euro Forbes International Pte. Ltd.
- 7 Euro Forbes Limited
- 8 Forbes Enviro Solutions Ltd
- 9 Forbes Facility Services Pvt Ltd.
- 10 Forbes Lux FZCO
- 11 Forbes Lux Group AG
- 12 Forbes Lux International AG
- 13 Lux (Deutschland) GmbH
- 14 Lux /SK/s.r.o.
- 15 Lux CZ s.r.o.
- 16 Lux Hungária Kereskedelmi Kft.
- 17 Lux Interantional AG
- 18 Lux Italia srl
- 19 Lux Norge A/S
- 20 Lux Oesterreich GmbH
- 21 Lux Schweiz AG
- 22 Lux Service GmbH
- 23 Radiant Energy Systems Pvt Ltd
- 24 Waterwings Equipments Pvt. Ltd

**C Enterprises under Common Control - (Where there are transactions)**

Afcons Infrastructure Ltd.  
Cyrus Engineers Pvt. Ltd  
Forbes Technosys Ltd  
Gokak Textile Ltd  
Gokak Power & Energy Ltd  
Relationship Properties Pvt Ltd  
Sterling and Wilson Ltd  
Shapoorji Pallonji Infrastructure capital co Ltd  
Shapoorji Pallonji Energy ( Gujarat ) Pvt. Ltd.  
SP Advanced Engg. Materials Pvt Ltd.  
SP Fabricators Pvt. Ltd.  
SCI Forbes Ltd  
Transtonneltstroy Afcons Joint Venture

**D Associate Company**

Euro P2P Direct (Thailand) Co.Ltd.

**E Joint Venture**

Forbes Aquatech Limited  
Forbes Concept Hospitality Services Private Ltd  
Infinite Water Solutions Private Ltd  
Forbes G4S Solutions Private Limited  
Eurolife Regen Private Limited - w.e.f 20th December 2013

**F Key Management Personnel**

Mr. S.L.Goklaney

(11) Transactions with Related Parties for the year ended 31st March 2014

| Nature of Transactions                      | Related Party          |                        |                        |                        |                        |                          |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|--------------------------|
|   | Referred to in A above | Referred to in B above | Referred to in C above | Referred to in D above | Referred to in E above | Referred to in F above * |
| <u>Purchases</u>                            |                        |                        |                        |                        |                        |                          |
| Goods and Materials                         | -                      | 5,38,77,25,713         | -                      | -                      | 39,49,15,836           | -                        |
| Fixed Assets                                | -                      | 5,38,77,25,713         | -                      | -                      | 39,49,15,836           | -                        |
| <u>Sales</u>                                |                        |                        |                        |                        |                        |                          |
| Goods and Materials                         | 30,27,576              | 3,44,54,423            | 15,77,738              | -                      | 1,86,165               | -                        |
| Services Rendered                           | 3,38,140               | -                      | 54,870                 | -                      | -                      | -                        |
| Fixed Assets                                | 33,65,716              | 3,44,54,423            | 16,32,608              | -                      | 1,86,165               | -                        |
| <u>Expenses</u>                             |                        |                        |                        |                        |                        |                          |
| Rent and other services                     | -                      | 39,29,570              | -                      | -                      | 65,85,508              | 4,55,100                 |
| Repairs & Other Expenses                    | 11,80,382              | 33,28,760              | -                      | -                      | 65,85,508              | 4,55,100                 |
| <u>Income</u>                               |                        |                        |                        |                        |                        |                          |
| Rent and other services                     | -                      | 11,38,800              | -                      | -                      | -                      | -                        |
| Interest                                    | -                      | 8,08,27,140            | -                      | -                      | 1,28,219               | -                        |
| Dividend                                    | 2,54,515               | 9,000                  | 1,01,000               | -                      | 50,00,000              | -                        |
| Misc. Income                                | 2,54,515               | 8,19,74,940            | 1,01,000               | -                      | 51,51,219              | -                        |
| <u>Other Receipts</u>                       |                        |                        |                        |                        |                        |                          |
| Other Reimbursements                        | -                      | 7,87,31,669            | -                      | -                      | 51,27,799              | -                        |
| <u>Finance</u>                              |                        |                        |                        |                        |                        |                          |
| Inter-corporate deposits given              | -                      | 24,00,00,000           | -                      | -                      | 3,00,00,000            | -                        |
| Repayment of Inter-Corporate Deposits Given | -                      | 24,75,44,144           | -                      | -                      | -                      | -                        |
| Investment in shares                        | -                      | 1,56,55,98,711         | -                      | -                      | 50,00,000              | -                        |
| <u>Sale of investment</u>                   |                        |                        |                        |                        |                        |                          |
| Dividend paid                               | -                      | 92,97,500              | -                      | -                      | -                      | -                        |
| <u>Outstanding</u>                          |                        |                        |                        |                        |                        |                          |
| Trade Payables                              | 11,609                 | 60,49,85,756           | -                      | -                      | 6,02,58,782            | -                        |
| Advances Received                           | 23,25,289              | 6,74,53,458            | 3,06,500               | -                      | -                      | -                        |
| Trade Receivables                           | -                      | 53,61,09,793           | 1,72,259               | -                      | 3,00,00,000            | -                        |
| Inter-corporate deposits receivable         | -                      | 19,51,16,010           | -                      | -                      | 1,15,397               | -                        |
| Interest Accrued                            | -                      | 1,05,000               | -                      | -                      | -                      | -                        |
| Other Deposits Receivable                   | -                      | -                      | -                      | -                      | -                      | -                        |
| Advances                                    | 1,26,975               | 11,72,25,834           | 1,75,208               | -                      | 34,47,948              | -                        |
| Remuneration Paid / Payable                 | -                      | -                      | -                      | -                      | -                      | 4,02,24,709              |
| Guarantees Given                            | -                      | -                      | -                      | -                      | -                      | -                        |
| Outstanding                                 | -                      | 1,31,46,76,000         | -                      | -                      | -                      | -                        |



# Eureka Forbes Limited

The above Transaction includes :

| Nature of Transactions              | A                                |                      | B                            |   | B                                   |                  | B                                  |                 | B |  |
|-------------------------------------|----------------------------------|----------------------|------------------------------|---|-------------------------------------|------------------|------------------------------------|-----------------|---|--|
|                                     | Shapoorji Pallonji & Company Ltd | Forbes & Company Ltd | Aquamail Water Solutions Ltd | Aquadiagnostic s Water Research & Technology Center Ltd | Euro Forbes Financial Services Ltd. | Euro Forbes Ltd. | Euro Forbes International Pte. Ltd | Forbes Lux FZCO |   |  |
| <b>Purchases</b>                    |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| Goods and Materials                 |                                  |                      | 5,16,81,70,060               |   |                                     |                  |                                    | 3,20,185        |   |  |
| Fixed Assets                        |                                  |                      | 5,16,81,70,060               |   |                                     |                  |                                    | 3,20,185        |   |  |
| <b>Sales (Gross)</b>                |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| Goods and Materials                 | 30,27,576                        | 11,310               |                              |   |                                     |                  |                                    | 1,95,89,432     |   |  |
| Services Rendered                   | 3,26,830                         |                      |                              |   |                                     |                  |                                    |                 |   |  |
| Fixed Assets                        | 33,54,406                        | 11,310               |                              |   |                                     |                  |                                    | 1,95,89,432     |   |  |
| <b>Expenses</b>                     |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| Rent                                |                                  |                      | 39,29,570                    |   |                                     |                  |                                    |                 |   |  |
| Repairs & Other Expenses            |                                  | 11,80,382            | 37,224                       | 3,76,794  |                                     |                  |                                    |                 |   |  |
|                                     |                                  | 11,80,382            | 39,66,794                    | 3,76,794  |                                     |                  |                                    |                 |   |  |
| <b>Income</b>                       |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| Rent and other services             |                                  |                      | 1,40,58,629                  | 7,35,000  |                                     | 2,38,79,910      |                                    | 3,66,85,227     |   |  |
| Interest                            |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| Dividend                            | 1,88,515                         | 66,000               | 1,40,58,629                  | 7,35,000  |                                     | 2,38,79,910      |                                    | 3,66,85,227     |   |  |
| Miscellaneous Income                | 1,88,515                         |                      |                              |   |                                     |                  |                                    |                 |   |  |
| <b>Other Receipts</b>               |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| Other Reimbursements                |                                  |                      | 6,67,78,670                  |   |                                     |                  |                                    | 85,57,853       |   |  |
| <b>Finance</b>                      |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| Inter-corporate deposits given      |                                  |                      | 24,00,00,000                 |   |                                     |                  |                                    |                 |   |  |
| Repayment of Inter-Corporate        |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| Deposits Given                      |                                  |                      | 24,00,00,000                 |   |                                     |                  |                                    |                 |   |  |
| Investment in shares                |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| Sale of Investment                  |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| Dividend paid                       |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| <b>Outstanding</b>                  |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| Trade Payables                      | 11,609                           |                      | 57,42,56,410                 | 2,14,000  |                                     |                  |                                    |                 |   |  |
| Advances Received                   |                                  |                      |                              |   |                                     |                  |                                    | 2,85,08,820     |   |  |
| Trade Receivables                   | 23,25,289                        |                      |                              | 60,00,000   |                                     | 19,50,21,885     |                                    | 29,58,32,052    |   |  |
| Inter-corporate deposits receivable |                                  |                      |                              | 29,20,277   |                                     | 6,09,98,480      |                                    | 13,11,97,253    |   |  |
| Interest Accrued                    |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| Other Deposits Receivable           |                                  |                      | 1,05,000                     |   |                                     |                  |                                    | 8,99,45,659     |   |  |
| Advances                            |                                  | 1,26,975             |                              |   |                                     |                  |                                    |                 |   |  |
| Remuneration                        |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| Paid / Payable                      |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| Guarantees                          |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| Given                               |                                  |                      |                              |   |                                     |                  |                                    |                 |   |  |
| <b>Outstanding</b>                  |                                  |                      |                              |   |                                     |                  |                                    | 1,31,46,76,000  |   |  |



Eureka Forbes Limited

The above Transaction includes :

| Nature of Transactions                      | B                 |                               | B                                 |                             | B                         |                                | B                              |                            | B                        |                      | B                 |  | C |  | C |  | C |  |
|---|-------------------|-------------------------------|-----------------------------------|-----------------------------|---------------------------|--------------------------------|--------------------------------|----------------------------|--------------------------|----------------------|-------------------|--|---|--|---|--|---|--|
|   | EFL Mauritius Ltd | FD Development & Coaching Ltd | Forbes Facility Services Pvt. Ltd | Forbes Enviro Solutions Ltd | Forbes Lux Group AG, BAAH | Radiant Energy Systems Pvt Ltd | Waterwings Equipments Pvt. Ltd | Atcoms Infrastructure Ltd. | Cyrus Engineers Pvt. Ltd | Forbes Technosys Ltd | Gokak Textile Ltd |  |   |  |   |  |   |  |
| <b>Purchases</b>                            |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Goods and Materials                         |                   |                               |                                   |                             |                           | 5,99,24,930                    | 15,93,10,538                   |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Fixed Assets                                |                   |                               |                                   |                             |                           | 5,99,24,930                    | 15,93,10,538                   |                            |                          |                      |                   |  |   |  |   |  |   |  |
| <b>Sales (Gross)</b>                        |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Goods and Materials                         |                   |                               | 1,48,37,655                       |                             |                           |                                | 27,336                         | 14,44,958                  | 2,425                    | 5,830                | 5,130             |  |   |  |   |  |   |  |
| Services Rendered                           |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Fixed Assets                                |                   |                               | 1,48,37,655                       |                             |                           |                                | 27,336                         | 14,44,958                  | 2,425                    | 5,830                | 5,130             |  |   |  |   |  |   |  |
| <b>Expenses</b>                             |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Rent  |                   | 44,144                        | 28,36,890                         |                             |                           |                                | 33,708                         |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Repairs & Other Expenses                    |                   | 44,144                        | 28,36,890                         |                             |                           |                                | 33,708                         |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Income                                      |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Rent and other services                     |                   |                               | 11,38,800                         |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Interest                                    |                   |                               | 54,68,374                         |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Dividend                                    |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Miscellaneous Income                        |                   |                               | 9,000                             |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
|   |                   |                               | 66,16,174                         |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| <b>Other Receipts</b>                       |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Other Reimbursements                        |                   |                               | 33,95,146                         |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Finance                                     |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Inter-corporate deposits given              |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Repayment of Inter-Corporate Deposits Given |                   | 44,144                        | 75,00,000                         |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Investment in shares                        | 1,56,55,88,711    |                               |                                   |                             | 92,97,500                 |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Sale of Investment                          |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Dividend paid                               |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Outstanding                                 |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Trade Payables                              |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Advances Received                           |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Trade Receivables                           |                   |                               | 3,89,17,502                       |                             |                           |                                | 1,89,85,549                    |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Inter-corporate deposits receivable         |                   | 2,55,856                      | 3,90,00,000                       |                             |                           |                                | 27,336                         | 1,72,259                   |                          |                      |                   |  |   |  |   |  |   |  |
| Interest Accrued                            |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Other Deposits Receivable                   |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Advances                                    |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Remuneration                                | 2,72,80,175       |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Paid / Payable                              |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Guarantees                                  |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Given                                       |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |
| Outstanding                                 |                   |                               |                                   |                             |                           |                                |                                |                            |                          |                      |                   |  |   |  |   |  |   |  |

**Eureka Forbes Limited**  
The above Transaction includes :

| Nature of Transactions              | C     | C      | C        | C     | C     | C      | C     | C      | E           | E            | E        |
|-------------------------------------|-------|--------|----------|-------|-------|--------|-------|--------|-------------|--------------|----------|
| <b>Purchases-</b>                   |       |        |          |       |       |        |       |        |             |              |          |
| Goods and Materials                 |       |        |          |       |       |        |       |        |             | 39,49,15,836 |          |
| Fixed Assets                        |       |        |          |       |       |        |       |        |             |              |          |
| <b>Sales (Gross)</b>                |       |        |          |       |       |        |       |        |             |              |          |
| Goods and Materials                 | 8,990 | 10,000 | 2,995    |       | 9,490 | 96,710 | 3,590 | 1,005  |             |              |          |
| Services Rendered                   |       |        | 29,750   |       |       |        | 3,880 | 7,855  |             |              |          |
| Fixed Assets                        | 8,990 | 10,000 | 32,745   |       | 9,490 | 96,710 | 7,470 | 8,860  |             |              |          |
| <b>Expenses</b>                     |       |        |          |       |       |        |       |        |             |              |          |
| Rent                                |       |        |          |       |       |        |       |        |             | 65,85,508    |          |
| Repairs & Other Expenses            |       |        |          |       |       |        |       |        |             | 65,85,508    |          |
| <b>Income</b>                       |       |        |          |       |       |        |       |        |             |              |          |
| Rent and other services             |       |        |          |       |       |        |       |        |             |              |          |
| Interest                            |       |        |          |       |       |        |       |        | 1,28,219    |              |          |
| Dividend                            |       |        |          |       |       |        |       |        |             | 50,00,000    |          |
| Miscellaneous Income                |       |        |          | 9,000 |       |        |       | 12,000 | 1,28,219    | 50,14,000    |          |
| <b>Other Receipts</b>               |       |        |          |       |       |        |       |        |             |              |          |
| Other Reimbursements                |       |        |          |       |       |        |       |        | 6,50,154    | 20,42,398    | 34,928   |
| <b>FINANCE</b>                      |       |        |          |       |       |        |       |        | 3,00,00,000 |              |          |
| Inter-corporate deposits given      |       |        |          |       |       |        |       |        |             |              |          |
| Repayment of Inter-Corporate        |       |        |          |       |       |        |       |        |             |              |          |
| Deposits Given                      |       |        |          |       |       |        |       |        | 50,00,000   |              |          |
| Investment in shares                |       |        |          |       |       |        |       |        |             |              |          |
| Sale of Investment                  |       |        |          |       |       |        |       |        |             |              |          |
| Dividend paid                       |       |        |          |       |       |        |       |        |             |              |          |
| <b>Outstanding</b>                  |       |        |          |       |       |        |       |        |             |              |          |
| Trade Payables                      |       |        |          |       |       |        |       |        |             | 6,02,58,782  |          |
| Advances Received                   |       |        | 3,06,500 |       |       |        |       |        |             |              |          |
| Trade Receivables                   |       |        |          |       |       |        |       |        | 3,00,00,000 |              |          |
| Inter-corporate deposits receivable |       |        |          |       |       |        |       |        | 1,15,397    |              |          |
| Interest Accrued                    |       |        |          |       |       |        |       |        |             |              |          |
| Other Deposits Receivable           |       |        |          | 9,667 |       |        |       | 12,890 | 7,28,221    |              | 1,96,928 |
| Advances                            |       |        |          |       |       |        |       |        |             |              |          |
| Remuneration                        |       |        |          |       |       |        |       |        |             |              |          |
| Paid / Payable                      |       |        |          |       |       |        |       |        |             |              |          |
| Guarantees                          |       |        |          |       |       |        |       |        |             |              |          |
| Given                               |       |        |          |       |       |        |       |        |             |              |          |
| Outstanding                         |       |        |          |       |       |        |       |        |             |              |          |



Eureka Forbes Limited  
The above Transaction includes :

| Nature of Transactions              | E<br>Infinite<br>Water<br>Solutions<br>Pvt. Ltd | F<br>Executive Vice<br>Chairman Mr S<br>L Goklaney |
|-------------------------------------|---|--|
|                                     | ₹   | ₹  |
| <b>Purchases</b>                    |   |  |
| Goods and Materials                 |   |  |
| Fixed Assets                        |   |  |
| <b>Sales (Gross)</b>                |   |  |
| Goods and Materials                 | 1,86,165  |  |
| Services Rendered                   |   |  |
| Fixed Assets                        | 1,86,165  |  |
| <b>Expenses</b>                     |   |  |
| Rent                                |   | 4,55,100   |
| Repairs & Other Expenses            |   | 4,55,100   |
| <b>Income</b>                       |   |  |
| Rent and other services             |   |  |
| Interest                            |   |  |
| Dividend                            |   |  |
| Miscellaneous Income                | 9,000   |  |
|                                     | 9,000   | -  |
| <b>Other Receipts</b>               |   |  |
| Other Reimbursements                | 24,00,319                                       | -  |
| <b>Finance</b>                      |   |  |
| Inter-corporate deposits given      |   |  |
| Repayment of Inter-Corporate        |   |  |
| Deposits Given                      |   |  |
| Investment in shares                |   |  |
| Sale of Investment                  |   |  |
| <b>Dividend paid</b>                |   |  |
| <b>Outstanding</b>                  |   |  |
| Trade Payables                      |   |  |
| Advances Received                   |   |  |
| Trade Receivables                   |   |  |
| Inter-corporate deposits receivable |   |  |
| Interest Accrued                    |   |  |
| Other Deposits Receivable           |   |  |
| Advances                            | 25,22,799                                       |  |
| <b>Remuneration</b>                 |   |  |
| Paid / Payable                      |   | 4,02,24,709  |
| <b>Guarantees</b>                   |   |  |
| Given                               |   |  |
| <b>Outstanding</b>                  |   |  |

**Euro Forbes Financial Services Limited**  
(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements  
for the year ended March 31, 2015

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Euro Forbes Financial Services Ltd

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Euro Forbes Financial Services Ltd ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial Statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness

of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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 31st March, 2015, and its loss and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

- 1 As required by Companies (Auditors Report) order 2015 issued by Central Government of India in terms of sub section 11 of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order
- 2 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the other matters to be included in the Auditor's 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 does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For BATLIBOI & PUROHIT**

Chartered Accountants

ICAI Firm Regn. No.101048W

**Paresh Chokshi**

Partner

Membership No.33597

Place : Mumbai

Date : 15 April, 2015

### **Annexure to the Independent Auditor's Report**

(Referred to in paragraph 1 under 'Report on other legal and Regulatory requirements' section of our report of even date)

- (i) The Company does not have any fixed assets accordingly, the provisions of this clause are not applicable to the Company
- (ii) The Company does not have any inventories accordingly, the provisions of this clause are not applicable to the Company.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly clause 3 (iii) (a) and (b) of the order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services.
- (v) The Company has not accepted any deposits during the year with in the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) To the best of our knowledge and as explained central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013;
- (vii) a. The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.  
According to the information and explanations given to us, undisputed dues in respect of income-tax, which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

| Name of statute      | Nature of dues         | Amount | Period to which it relates | Due date | Date of payment |
|----------------------|------------------------|--------|----------------------------|----------|-----------------|
| Income Tax Act, 1961 | Tax deducted at source | 7,500  | 2011-12                    | May 2012 | Unpaid          |

- b. According to the information and explanations given to us there are no dues outstanding of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess that have not been deposited on account of any dispute.
- c. There are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of

1956) and rules made there under has been transferred to such fund within time.

- (viii) The Company has been registered for a period of less than five years hence we are not required to comment on whether the accumulated losses at the end of the financial year are less than fifty per cent of its net worth or it has incurred cash losses in the current financial year and in the immediately preceding financial year;
- (ix) The Company has not taken any loans from financial institution or bank or debenture holders.
- (x) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company has not taken any Term Loans.
- (xii) Based on the audit procedures performed and as per the information and explanation given by the management we report that no fraud on or by the company has been noticed or reported during the year.

**For BATLIBOI & PUROHIT**

Chartered Accountants

ICAI Firm Regn. No.101048W

**Paresh Chokshi**

Partner

Membership No.33597

Place: Mumbai

Date: 15 April, 2015

**Euro Forbes Financial Services Limited**

**BALANCE SHEET AS AT 31st MARCH, 2015**

|                                   | Notes | As at 31<br>March 2015        | As at 31<br>March 2014        |
|-----------------------------------|-------|-------------------------------|-------------------------------|
| <b>I EQUITY AND LIABILITIES</b>   |       |                               |                               |
| <b>1. Shareholders' funds</b>     |       |                               |                               |
| a Share Capital                   | 2     | 5,00,000                      | 5,00,000                      |
| b Reserves and Surplus            | 3     | <u>(1,76,447)</u><br>3,23,553 | <u>(1,58,975)</u><br>3,41,025 |
| <b>2. Non-current liabilities</b> |       |                               |                               |
|                                   |       | -                             | -                             |
| <b>3. Current liabilities</b>     |       |                               |                               |
| a Short-term borrowings           |       |                               |                               |
| b Trade payables                  | 4     | 28,090                        | 22,472                        |
| c Other current liabilities       | 5     | 7,500                         | 7,500                         |
| d Short-term provisions           |       | <u>-</u>                      | <u>-</u>                      |
|                                   |       | 35,590                        | 29,972                        |
| <b>Total</b>                      |       | <u><u>3,59,143</u></u>        | <u><u>3,70,997</u></u>        |
| <b>II ASSETS</b>                  |       |                               |                               |
| <b>1. Non-current assets</b>      |       |                               |                               |
| a Fixed Assets                    |       | <u>-</u>                      | <u>-</u>                      |
|                                   |       | -                             | -                             |
| <b>2. Current assets</b>          |       |                               |                               |
| a Current investments             |       | -                             | -                             |
| b Trade receivables               |       | -                             | -                             |
| c Cash and cash equivalents       | 6     | 3,59,143                      | 3,70,997                      |
|                                   |       | <u>3,59,143</u>               | <u>3,70,997</u>               |
| <b>Total</b>                      |       | <u><u>3,59,143</u></u>        | <u><u>3,70,997</u></u>        |
| Significant accounting policies   | 1     | -                             | -                             |

The notes referred to above form an integral part of the financial statements

Per our report attached  
For BATLIBOI & PUROHIT  
Chartered Accountants  
Firm Regn No. 101048W

Marzin R Shroff

Director

A V Suresh

Director

R.S.MOORTHY

Director

Paresh Chokshi  
Partner  
Membership No. 33597

Mumbai , Dated :

Mumbai , Dated:

**Euro Forbes Financial Services Limited**

**Statement of Profit and Loss for the year ended 31 March 2015**

|   | Notes | For the year<br>ended 31<br>March 2015 | For the year<br>ended 31 March<br>2014 |
|---|-------|--|--|
| <b>Income</b>                                   |       |  |  |
| I Revenue from operation                        |       | -                                      | -                                      |
| II Other income                                 |       | -                                      | -                                      |
| <b>III Total Revenue</b>                        |       | <u>-</u>                               | <u>-</u>                               |
| <b>IV Expenses</b>                              |       |  |  |
| Employee benefit expense                        |       |  | -                                      |
| Other expenses                                  | 7     | 17,472                                 | 18,854                                 |
| Finance cost                                    |       |  | -                                      |
| Depreciation and amortisation expense           |       |  | -                                      |
| <b>Total Expenses</b>                           |       | <u>17,472</u>                          | <u>18,854</u>                          |
| <b>Profit / (Loss) before tax</b>               |       | (17,472)                               | (18,854)                               |
| Tax expense                                     |       |  |  |
| Current tax                                     |       |  | -                                      |
| Deferred tax                                    |       |  | -                                      |
| <b>Profit/(Loss) for the year</b>               |       | <u>(17,472)</u>                        | <u>(18,854)</u>                        |
| <b>Earnings per equity share (₹)</b>            |       |  |  |
| Basic and Diluted-Par value of ₹ 10/- per share | 8     | (0.35)                                 | (0.38)                                 |

Significant accounting policies

1

The notes referred to above form an integral part of the financial statements

Per our report attached  
For BATLIBOI & PUROHIT  
*Chartered Accountants*  
Firm Regn No. 101048W

Marzin R Shroff

Director

A V Suresh

Director

Paresh Chokshi  
*Partner*  
Membership No. 33597

R.S.MOORTHY

Director

Mumbai , Dated :

Mumbai , Dated:

**Euro Forbes Financial Services Limited**  
**Cash Flow Statement for the Year ended 31 March, 2015**

|   | <b>2014-15</b> |          | <b>2013-14</b> |          |
|---|----------------|----------|----------------|----------|
| <b>NET PROFIT / (LOSS) BEFORE TAX AND EXTRA ORDINARY ITEMS</b>                    |                | (17,472) |                | (18,854) |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>      |                | (17,472) |                | (18,854) |
| Adjustments for increase/ (decrease) in operating liabilities:                    |                |          |                |          |
| Trade Payables  | 5,618          |          | (68,057)       |          |
| Other current liabilities   | -              | 5,618    | -              | (68,057) |
| Cash generated / (used) from operations   |                | (11,854) |                | (86,911) |
| <b>(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES</b>                     |                | (11,854) |                | (86,911) |
| <b>(b) NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>                         |                | -        |                | -        |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |                |          |                |          |
| Share Capital   | -              |          | -              |          |
| <b>(c) NET CASH FROM/ (USED IN) FINANCING ACTIVITIES</b>                          |                | -        |                | -        |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)</b>                          |                | (11,854) |                | (86,911) |
| <b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :</b> |                |          |                |          |
| Cash , Cheques on hand  |                |          |                |          |
| Balances with scheduled banks on Current accounts,                                | 3,70,997       | 3,70,997 | 4,57,908       | 4,57,908 |
| <b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :</b>          |                |          |                |          |
| Cash , Cheques on hand  | -              |          | -              |          |
| Balances with scheduled banks on Current accounts,                                | 3,59,143       | 3,59,143 | 3,70,997       | 3,70,997 |
| <b>NET INCREASE /(DECREASE) AS DISCLOSED ABOVE</b>                                |                | (11,854) |                | (86,911) |

Per our report attached  
For BATLIBOI & PUROHIT  
Chartered Accountants  
Firm Regn No. 101048W

Marzin R Shroff

Director

A V Suresh

Paresh Chokshi  
Partner  
Membership No. 33597

Director

R.S.MOORTHY

Mumbai , Dated :

Director

Mumbai , Dated:

**Notes to the financial statements**

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of Financial statement.

(i) Basis of Accounting

The Financial Statements have been prepared to comply in all material respects with the Notified Accounting Standards pursuant to Section 133 of the Companies Act' 2013 (the Act) and the relevant provisions of the Act. The financial statements have been prepared under historical cost convention and on accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(ii) Uses of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates

(b) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period.

## Notes to the financial statements

|   | As at 31 March 2015 |                 | As at 31 March 2014 |                 |
|---|---------------------|-----------------|---------------------|-----------------|
|   | Number of shares    |                 | Number of shares    |                 |
| <b>2. Share Capital</b>                     |                     |                 |                     |                 |
| Authorised                                  |                     |                 |                     |                 |
| Equity shares of ` 10/ each *               | 50,000              | 5,00,000        | 50,000              | 5,00,000        |
|   | <u>50,000</u>       | <u>5,00,000</u> | <u>50,000</u>       | <u>5,00,000</u> |
| <b>Issued</b>                               |                     |                 |                     |                 |
| Equity shares of ` 10/ each fully paid up * |                     |                 |                     |                 |
| At the beginning of the year                | 50,000              | 5,00,000        | 50,000              | 5,00,000        |
| Add: Issued during the year                 | -                   | -               | -                   | -               |
| Less: Bought back during the year           | -                   | -               | -                   | -               |
| At the end of the year                      | <u>50,000</u>       | <u>5,00,000</u> | <u>50,000</u>       | <u>5,00,000</u> |
| <b>Subscribed</b>                           |                     |                 |                     |                 |
| Equity shares of ` 10/ each fully paid up * |                     |                 |                     |                 |
| At the beginning of the year                | 50,000              | 5,00,000        | 50,000              | 5,00,000        |
| Add: Issued during the year                 | -                   | -               | -                   | -               |
| Less: Bought back during the year           | -                   | -               | -                   | -               |
| At the end of the year                      | <u>50,000</u>       | <u>5,00,000</u> | <u>50,000</u>       | <u>5,00,000</u> |
| <b>Fully Paid up</b>                        |                     |                 |                     |                 |
| Equity shares of ` 10/ each fully paid up * |                     |                 |                     |                 |
| At the beginning of the year                | 50,000              | 5,00,000        | 50,000              | 5,00,000        |
| Add: Issued during the year                 | -                   | -               | -                   | -               |
| Less: Bought back during the year           | -                   | -               | -                   | -               |
| At the end of the year                      | <u>50,000</u>       | <u>5,00,000</u> | <u>50,000</u>       | <u>5,00,000</u> |

\* Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders.

Equity shares of ` 10/- each fully paid up held by

|                       |                 |      |      |
|-----------------------|-----------------|------|------|
| Eureka Forbes Limited | Holding company | 100% | 100% |
|-----------------------|-----------------|------|------|

## Euro Forbes Financial Services Limited

### Notes to the financial statements

|   | As at 31<br>March 2015   | As at 31<br>March 2014   |
|---|--------------------------|--------------------------|
| <b>3. Reserves and surplus</b>                                |                          |                          |
| <b>(Deficit)/ surplus in the Statement of Profit and Loss</b> |                          |                          |
| Balance at the beginning of the year                          | (1,58,975)               | (1,40,121)               |
| Add/ (less): Profit/ (loss) for the year                      | (17,472)                 | (18,854)                 |
| <b>Total</b>  | <b><u>(1,76,447)</u></b> | <b><u>(1,58,975)</u></b> |

## Euro Forbes Financial Services Limited

### Notes to the financial statements

|  | <b>Current</b>         |                        |
|--|------------------------|------------------------|
|  | As at 31<br>March 2015 | As at 31<br>March 2014 |
| <b>4. Trade Payables</b>               |                        |                        |
| Trade payables (including acceptances) | 28,090                 | 22,472                 |
| <b>Total</b>                           | <b><u>28,090</u></b>   | <b><u>22,472</u></b>   |
| <b>5. Other Current Liabilities</b>    |                        |                        |
| Other Payables - TDS                   | 7,500                  | 7,500                  |
| <b>Total</b>                           | <b><u>7,500</u></b>    | <b><u>7,500</u></b>    |

## Euro Forbes Financial Services Limited

### Notes to the financial statements

|                                     | <b>Current</b>         |                        |
|-------------------------------------|------------------------|------------------------|
|                                     | As at 31<br>March 2015 | As at 31<br>March 2014 |
| <b>6. Cash and cash equivalents</b> |                        |                        |
| <b>Balance with banks in</b>        |                        |                        |
| Current accounts                    | 3,59,143               | 3,70,997               |
| <b>Total</b>                        | <u>3,59,143.00</u>     | <u>3,70,997</u>        |

## Euro Forbes Financial Services Limited

### Notes to the financial statements

|  | For the year<br>ended 31<br>March 2015 | For the year<br>ended 31<br>March 2014 |
|--|--|--|
| <b>7. Other expenses</b>                                   |  |  |
| Professional fees  |  | -                                      |
| Auditors Remuneration (* Refer details Below)              | 16,854                                 | 16,854                                 |
| Rates and taxes, excluding taxes on income                 |  | -                                      |
| Other Establishment Expenses                               | 618                                    | 2,000                                  |
|  | <u>17,472</u>                          | <u>18,854</u>                          |
| (*) Auditor Remuneration :                                 |  |  |
| As auditor   |  |  |
| Audit fee  | 11,236                                 | 11,236                                 |
| Tax audit fee  | -                                      | -                                      |
| In other capacity  |  |  |
| Management services  | -                                      | -                                      |
| For other services   | 5,618                                  | 5,618                                  |
| For reimbursement of expenses                              |  |  |
|  | <u>16,854</u>                          | <u>16,854</u>                          |
| <b>8. Earnings per equity share</b>                        |  |  |
| Number of Equity Shares                                    | 50,000                                 | 50,000                                 |
| Weighted average number of equity shares                   | 50,000                                 | 50,000                                 |
| Face Value per share                                       | 10                                     | 10                                     |
| Profit / (Loss) After Tax available to Equity Shareholder: | (17,472)                               | (18,854)                               |
| Basic and Diluted Earnings Per Share                       | (0.35)                                 | (0.38)                                 |

## Euro Forbes Financial Services Limited

### Notes to the financial statements

9. Details required under Accounting Standard 18 on "Related Party Disclosures " issued by the Institute of Chartered Accountants of India for the year ended 31st March 2015.

( I ) Name of related Party and nature of relationship where control exists are as under :

A Enterprises having more than one half of Voting Powers -

Shapoorji Pallonji & Company Limited - Ultimate Holding Company  
Forbes & Company Ltd - Holding Company of Eureka Forbes Limited  
Eureka Forbes Limited - Holding Company

B Enterprises that are controlled - ( Subsidiary Company) - None

( II ) Transactions with Related Parties - There are no transactions with the related Parties.

10. Euro Forbes Financial Services Limited (the Company) is a wholly owned subsidiary of Eureka Forbes Limited, a Company incorporated under the Companies Act 1956. The Company was incorporated on 7th March 2011 and is yet to commence the business.
11. There are no amounts, principal or interest, payable to any suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosure if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act are not applicable
12. Previous years figures have been regrouped where ever necessary.

Per our report attached  
For BATLIBOI & PUROHIT  
*Chartered Accountants*  
Firm Regn No. 101048W

Marzin R Shroff

Director

A V Suresh

Director

Paresh Chokshi  
*Partner*  
Membership No. 33597

R.S.MOORTHY

Director

Mumbai , Dated :

Mumbai , Dated:

**Euro Forbes Limited**  
(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements  
for the year ended December 31, 2014

# **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF EURO FORBES LIMITED**

## **Report on the Financial Statements**

We have audited the accompanying financial statements of EURO FORBES LIMITED, which comprise the statement of financial position as at 31 December 2014, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the implementing rules and regulations issued by the Jebel Ali Free Zone Authority, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

The company has an investment in a subsidiary of US \$ 13,881,917\* and also given loan of US \$ 20,290,000# to its subsidiary, for which no allowance for impairment is considered necessary by the management despite significant losses made by the subsidiary.

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements present fairly in all material respects, the financial position of EURO FORBES LIMITED as at 31 December 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Matter of Emphasis**

Without qualifying our opinion we draw an attention to the following:

Note 1(c) of the financial statements, which states that the financial statements contains information about the company as an individual company and do not contain consolidated financial information as a parent of a group.

Note 2 to the financials statement which states that the accompanying financial statements have been prepared on the basis that the company will continue as a going concern. The continuation of the company as a going concern is dependent upon the shareholder and the banker continuing to provide the necessary financial support and upon the operations of the company's subsidiary company remaining profitable in the future.

### **Report on Other Legal and Regulatory Requirements**

Also, in our opinion, proper books of account have been kept by the company, and the contents of the Director's report relating to these financial statements are in agreement with the books of accounts. To the best of our knowledge and belief, no violations of the laws of Jebel Ali Free Zone Authority Regulation or the Articles of Association of the company have occurred during the year, which would have had a material effect on the business of the company or on its financial position.

*\* Equivalent to INR 888,657,835*

*# Equivalent to INR 1,290,243,129*

Signed by:

C. D. Shah

Partner

Registration No. 677

**Shah & Alshamali Associates Chartered Accountants**

25-Mar-15

Dubai

## Euro Forbes Ltd-- Dubai

## Statement of Financial Position 31st December 2014

|  | Notes | 2014<br>US \$ | 2014<br>INR    | 2013<br>US \$ | 2013<br>INR   |
|--|-------|---------------|----------------|---------------|---------------|
| <b>ASSETS</b>                            |       |               |                |               |               |
| <b>Non-current assets</b>                |       |               |                |               |               |
| Investments in a subsidiary              | 4     | 1,38,81,917   | 88,86,57,835   | 27,08,317     | 16,73,04,658  |
| Investment in an Overseas Company        | 5     | 1,50,000      | 95,38,515      | -             | -             |
| Loan to a Subsidiary                     | 6     | 2,02,90,000   | 1,29,02,43,129 | 5,40,000      | 3,33,58,176   |
| <b>Current assets</b>                    |       |               |                |               |               |
| Interest receivable from related parties |       | 6,53,151      | 4,15,33,937    | 52,078        | 32,17,087     |
| Cash & Cash Equivalents                  | 7     | 6,50,991      | 4,13,96,583    | 65,786        | 40,63,891     |
| <b>Total current assets</b>              |       | 13,04,142     | 8,29,30,520    | 1,17,864      | 72,80,978     |
| <b>Total Assets</b>                      |       | 3,56,26,059   | 2,27,13,69,999 | 33,66,181     | 20,79,43,812  |
| <b>EQUITY AND LIABILITIES</b>            |       |               |                |               |               |
| <b>Capital and reserves</b>              |       |               |                |               |               |
| <b>Shareholder's funds</b>               |       |               |                |               |               |
| Share capital                            | 8     | 93,81,549     | 59,50,60,523   | 81,693        | 36,81,750     |
| Accumulated losses                       |       | (41,44,673)   | (24,73,06,035) | (9,28,528)    | (5,05,00,956) |
| Foreign Currency Translation Reserve     |       |               | (88,35,675)    |               | (54,93,518)   |
| <b>Shareholder's equity funds</b>        |       | 52,36,876     | 33,89,18,813   | (8,46,835)    | (5,23,12,724) |
| Loan Account                             | 9     | 51,13,460     | 32,51,65,433   | 42,10,974     | 26,01,30,392  |
| <b>Total shareholder's funds</b>         |       | 1,03,50,336   | 66,40,84,246   | 33,64,139     | 20,78,17,668  |
| <b>Non-current liability</b>             |       |               |                |               |               |
| Bank Borrowings                          | 10    | 2,50,00,000   | 1,58,97,52,500 | -             | -             |
| <b>Current liability</b>                 |       |               |                |               |               |
| Accruals                                 |       | 2,75,723      | 1,75,33,253    | 2,042         | 1,26,143      |
| <b>Total liabilities</b>                 |       | 2,52,75,723   | 1,60,72,85,753 | 2,042         | 1,26,143      |
| <b>Total equity and liabilities</b>      |       | 3,56,26,059   | 2,27,13,69,999 | 33,66,181     | 20,79,43,812  |

The notes on pages 7 to 14 form an integral part of these financial statements.

Mr. Sunil Dhondiram Uphale

**DIRECTOR**

**EURO FORBES LIMITED**
**Statement of Profit or Loss and Other Comprehensive Income**

|  | Notes | 2014<br>US \$ | 2014<br>INR    | 2013<br>US \$ | 2013<br>INR   |
|--|-------|---------------|----------------|---------------|---------------|
| <b>Revenue</b>                               |       |               |                |               |               |
| Interest Income                              | 11    | 7,76,393      | 4,75,09,700    | 4,53,742      | 2,70,33,358   |
| <b>Expenses</b>                              |       |               |                |               |               |
| Interest and other finance charges           | 11    | (14,61,905)   | (8,94,58,133)  | (7,70,546)    | (4,59,08,129) |
| Impairment Loss                              | 4     | (24,63,383)   | (15,07,41,426) | -             | -             |
| Administrative Expenses                      |       | (67,250)      | (41,15,219)    | (6,712)       | (3,99,892)    |
| <b>Net Loss for the year</b>                 |       | (32,16,145)   | (19,68,05,079) | (3,23,516)    | (1,92,74,663) |
| Other comprehensive income                   |       | -             | -              | -             | -             |
| <b>Total Comprehensive loss for the year</b> |       | (32,16,145)   | (19,68,05,079) | (3,23,516)    | (1,92,74,663) |

The notes on pages 7 to 14 form an integral part of these financial statements.

**EURO FORBES LIMITED**  
**Statement of Changes in Equity**  
**for the 12 months period ended 31 December 2014**

|                                      | Share Capital    | Accumulated losses | Total             | Total                |
|--------------------------------------|------------------|--------------------|-------------------|----------------------|
|                                      | US \$            | US \$              | US \$             | INR                  |
| <b>As at 31 December 2012</b>        | <b>81,693</b>    | <b>(6,05,012)</b>  | <b>(5,23,319)</b> | <b>(2,86,19,793)</b> |
| Net loss for the period              |                  | (3,23,516)         | (3,23,516)        | (1,92,74,663)        |
| Foreign Currency Translation Reserve |                  |                    |                   | (44,18,269)          |
| <b>As at 31 December 2013</b>        | <b>81,693</b>    | <b>(9,28,528)</b>  | <b>(8,46,835)</b> | <b>(5,23,12,724)</b> |
| Contributed during the year          | 92,99,856        |                    | 92,99,856         | 59,13,78,773         |
| Net loss for the period              |                  | (32,16,145)        | (32,16,145)       | (19,68,05,079)       |
| Foreign Currency Translation Reserve |                  |                    |                   | (33,42,157)          |
| <b>As at 31 December 2014</b>        | <b>93,81,549</b> | <b>(41,44,673)</b> | <b>52,36,876</b>  | <b>33,89,18,813</b>  |

*The notes on pages 7 to 14 form an integral part of these financial statements.*

**EURO FORBES LIMITED**  
**Statement of Cash Flows**  
**for the period ended 31 December 2014**

|  | Notes | 2014<br>US \$ | 2014<br>INR      | 2013<br>US \$ | 2013<br>INR   |
|--|-------|---------------|------------------|---------------|---------------|
| <b>Cash flows from operating activities</b>                    |       |               |                  |               |               |
| Net loss for the year  |       | (32,16,145)   | (19,68,05,079)   | (3,23,516)    | (1,92,74,663) |
| Adjustments for:   |       |               |                  |               |               |
| Impairment Loss  |       | 24,63,383     | 15,07,41,426     |               |               |
| Interest income  |       | (7,76,393)    | (4,75,09,700)    | (4,53,742)    | (2,70,33,358) |
| Interest expense   |       | 14,61,905     | 8,94,58,133      | 7,70,546      | 4,59,08,129   |
| <b>Operating profit/ (loss) before working capital changes</b> |       | (67,250)      | (41,15,219)      | (6,712)       | (3,99,892)    |
| Increase/(decrease) in other payables                          |       | 681           | 43,304.86        | (4,538)       | (2,33,710)    |
| <b>Cash generated from/ (used in) operating activities</b>     |       | (66,569)      | (40,71,914)      | (11,250)      | (6,33,603)    |
| Interest paid  |       | (7,86,419)    | (4,81,23,220)    | (3,79,114)    | (2,25,87,119) |
| <b>Net cash from/ (used in) operating activities</b>           |       | (8,52,988)    | (5,21,95,134)    | (3,90,364)    | (2,32,20,722) |
| <b>Cash flows from investing activities</b>                    |       |               |                  |               |               |
| Interest received  |       | 1,75,320      | 91,92,850        | 4,21,384      | 2,48,94,738   |
| Payment for investment in subsidiary                           |       | (1,36,36,983) | (87,20,94,604)   | -             | (1,91,89,509) |
| Payment for investment in overseas company                     |       | (1,50,000)    | (95,38,515)      | -             | -             |
| <b>Net cash from/ (used in) investing activities</b>           |       | (1,36,11,663) | (87,24,40,269)   | 4,21,384      | 57,05,229     |
| <b>Cash flows from financing activities</b>                    |       |               |                  |               |               |
| Share capital introduced                                       |       |               |                  | -             | -             |
| Proceeds from/(payments of) Loan to a subsidiary Company       |       | (1,97,50,000) | (1,25,68,84,953) | (2,00,000)    | (1,47,63,916) |
| Proceeds from/(payments of) Loan from a Parent Company         |       | 5,00,000      | 4,10,63,932      | 2,00,000      | 3,88,60,250   |
| Proceeds from/(payments of) Term Loan                          |       | 2,50,00,000   | 1,58,97,52,500   | -             | -             |
| Additional capital contributed by a parent company             |       | 92,99,856     | 59,13,78,773     | -             | -             |
| Foreign Currency Translation Reserve                           |       |               | (33,42,157)      |               | (44,18,269)   |
| <b>Net cash introduced from/(used in) financing activities</b> |       | 1,50,49,856   | 96,19,68,095     | -             | 1,96,78,066   |
| <b>Net Increase/(decrease) in cash and cash Equivalents</b>    |       | 5,85,205      | 3,73,32,692      | 31,020        | 21,62,573     |
| <b>Cash and cash equivalents at beginning of year/period</b>   |       | 65,786        | 40,63,891        | 34,766        | 19,01,318     |
| <b>Cash and cash equivalents at end of period</b>              | 7     | 6,50,991      | 4,13,96,583      | 65,786        | 40,63,891     |

The notes on pages 7 to 14 form an integral part of these financial statements.

**EURO FORBES LIMITED**  
**Notes to the Financial Statements**  
**for the period ended 31 December 2014**

**1. Legal status and business activity**

- a) **EURO FORBES LIMITED** is a private limited liability company incorporated as per the laws of Jebel Ali Free Zone Authority Offshore Companies Regulations under registration number 145214 with Eureka Forbes Limited as its sole shareholder. The registered address of the company is P O Box 118767, Dubai, U. A. E and place of business is 409 City tower 1, Sheikh Zayed Road, Dubai, U.A.E.
- b) The company incorporated to carry out general trading and an investment holding globally, has invested in and advanced funds to its subsidiary company in cash or kind.
- c) These financial statements contains information about the company as an individual company and do not contain consolidated financial information as the parent of a group.

**2. Basis of preparation**

The financial statements are prepared under historical cost convention and have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee and applicable requirements of UAE laws. The financial statements are presented in US Dollars.

The company has availed itself exemption under IAS 27 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" from the requirement to prepare consolidated financial statements as it, and its subsidiary are included by consolidation in the consolidated financial statements of the parent company.

The accompanying financial statements have been prepared on the basis that the company will continue as a going concern. The continuation of the company as a going concern is dependent upon the shareholder and the banker continuing to provide the necessary financial support and upon the operations of the company's subsidiary company remaining profitable in the future.

In the opinion of the management, the going concern assertion remains appropriate for following reasons:

- The shareholder has confidence in the business.
  - The shareholder has given assurance about the injection of adequate funds in the company
  - Key executive management is in place.
- The management is of the opinion that the company's subsidiary will generate sufficient cash flows and operating profit in the ensuing years.
- 

**Use of critical accounting estimates and judgments**

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about the several factors and actual results may differ from reported amounts. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in notes 4, 5 and 8.

**Adoption of new and revised IFRS**

The nature and the effect of changes with respect to adoption of new standards, interpretations and amendments which are effective on 1 January 2014 are disclosed below:

***Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)***

These amendments provide an exception to the consolidation requirement for entities that meet definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments has no impact on the entity's financial statements, since the entity does not have an investment entity.

***Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)***

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments has no impact on the entity's financial statements, since the entity does not carry any financial instruments that are subject to offsetting arrangements.

***Recoverable amounts disclosures for non-financial assets (Amendments to IAS 36)***

The amendments to IAS 36 Impairment of Assets reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. These amendments has no impact on the entity's financial statements, since the entity has determined that tangible assets are recoverable.

***Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)***

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments has no impact on the entity's financial statements as the entity does not have any derivatives as of the reporting period.

***IFRIC Interpretation 21 Levies***

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. These interpretation has no impact on the entity's financial statements as it is not subject to levies.

***Annual Improvements 2010-2012 Cycle***

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the entity's financial statements.

***Annual Improvement 2011-2013 Cycle***

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the entity since the entity is an existing IFRS preparer.

The entity has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**3. Significant accounting policies**

The accounting policies, which are consistent with those used in the previous year, in dealing with items that are considered material in relation to the financial statements are as follows:

**Investments:**

Subsidiaries are entities over which the company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

Investment in subsidiaries are accounted for at cost less provision for impairment in value of the investments, if any. Dividend income is recognized in the statement of profit or loss and other comprehensive income when dividend is paid by the subsidiaries out of the profits made subsequent to the date of acquisition.

**Financial assets and financial liabilities**

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and de-recognized when the company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Liabilities are recognized for amounts to be paid in future for goods or services received, whether invoiced by the supplier or not.

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the company has a legal enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets are classified into the following specified categories: Financial assets at fair value through profit or loss, trade and other receivables, held to maturity investments or available for sale financial assets.

The company determines the classification of its financial assets at initial recognition. The particular recognition methods adopted by the company are disclosed in the individual policy statements associated with each item of financial instruments.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The company's financial liabilities consists of accruals.

The financial assets include bank balance, loan to a subsidiary and interest receivable.

**Other receivables**

Other receivables are stated at original invoice amount less a provision for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable and provided for in the accounts. Bad debts are written off when there is no possibility of recovery.

**Other payables**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether invoiced by the supplier or not.

**Cash and cash equivalents**

Cash and cash equivalents for the purpose of the statement of cash flows comprise cash, bank current accounts, and deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment

**Provisions**

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable than an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

**Contingencies**

Contingent liabilities are not recognized in the financial statements. They are disclosed unless possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

**Revenue:**

Revenue from interest income is recognized on accrual basis using the effective interest method.

**Foreign currency transactions:**

Transactions in foreign currencies are converted into U.A.E. Dirhams at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into U.A.E. Dirhams at the rate of exchange ruling at the date statement of financial position.

Resulting gain or loss is taken to the statement of profit or loss and other comprehensive income.

#### 4. Investments in Subsidiary

|   | <i>Country of<br/>Incorporation</i> | % of<br>Ownership | <b>2014</b><br>US \$ | <b>2014</b><br>INR  | <b>2013</b><br>US \$ | <b>2013</b><br>INR    |
|---|-------------------------------------|-------------------|----------------------|---------------------|----------------------|-----------------------|
| <b>Investment in subsidiary:</b>  |                                     |                   |                      |                     |                      |                       |
| Forbes LuxFZCO  | U A E                               | 99.42             | 1,63,45,300          | 1,03,93,99,262      | 27,08,317            | 16,73,04,658          |
| 9 shares of AED 100,000 each<br>(US \$ 27,248 each)                     |                                     |                   |                      |                     |                      |                       |
| Purchased at US\$ 300,924 per share<br>(Converted @1 US \$. = AED 3.67) |                                     |                   |                      |                     |                      |                       |
| 500 Shares of AED 100,000 each<br>(US \$ 27,248 each)                   |                                     |                   |                      |                     |                      |                       |
| Less: Impaired during the year  |                                     |                   | (24,63,383)          | (15,07,41,426)      | -                    | -                     |
|   |                                     |                   | 1,38,81,917          | 88,86,57,835        | 27,08,317            | 16,73,04,658          |
| <b>Carrying value as at 31 December</b>                                 |                                     |                   | <b>89,47,363</b>     | <b>56,89,63,708</b> | <b>(20,91,272)</b>   | <b>(12,91,87,073)</b> |

The principal activity of company is trading and distribution of water purifiers, filters & purifications devices, electrical & electronics appliances and related items and spare parts manufactured by an overseas related party(s) and also sourcing from the other vendors.

In the opinion of the management, the depletion in carrying value of the investment is not of a permanent nature and hence no impairment is considered necessary.

#### 5. Investment in an overseas company

This represents investment in series C preferred units in DXV Water Technologies LLC, USA in terms of an agreement between DXV Water Technologies LLC and Eureka Forbes Limited (a parent shareholder company) for the purpose of marketing, selling and servicing current products using DXV's technology "LFNano" and "point of use systems" on an exclusive basis in India by the parent shareholder company. The parent shareholder company shall have exclusive right to market, sell and service current products and systems within India using DXV technology "LFNano" and DXV POU technology.

DXV Water Technologies LLC is a water technology company that, amongst other technologies, designs and sells residential, commercial and industrial membrane systems designed to mitigate the effects of membrane fouling.

#### 6. Loan to a subsidiary

This represents unsecured 6% - 7.5% interest bearing loan of US \$ 20,290,000(Equivalent to INR 1,290,243,129) [previous year US \$ 540,000(Equivalent to INR 33,358,176)] advanced to Forbes Lux FZCO, a subsidiary company to meet with its investments, working capital and general corporate requirements and is repayable on demand after period of three years from the first draw down. The company has agreed to retain the loan balance until such time as the subsidiary's other financial assets and trade receivables are realized.

#### 7. Cash and cash equivalents

This represents balance with a bank in current account.

| <b>8. Share capital</b>   | <b>2014</b><br>US \$ | <b>2014</b><br>INR | <b>2013</b><br>US \$ | <b>2013</b><br>INR |
|---|----------------------|--------------------|----------------------|--------------------|
| Authorized capital  |                      |                    |                      |                    |
| 131,000 shares of nominal value of AED 1,000 each<br>(Previous year 1,000 share of AED 1,000 each)<br>(Converted @1 US\$. =AED3.67) | 3,56,94,823          |                    | 2,72,480             |                    |
| Issued and paid up capital  |                      |                    |                      |                    |
| 34,450 shares of nominal value of AED 1,000 each<br>(Previous year 300 share of AED 1,000 each)<br>(Converted @1 USS. = AED 3.67)   | 93,81,549            | 59,50,60,523       | 81,693               | 36,81,750          |
|   |                      |                    |                      |                    |

## 9. Loan Account

This represents secured loan and accrued interest thereon from Eureka Forbes Limited, the parent shareholder company, to acquire stake in a subsidiary company, to meet with working capital and general corporate requirements. The loan carries interest calculated at prime Indian bank lending rate. The loan is repayable on demand after period of three years from the first draw down. The parent shareholder company has agreed to retain the loan balances until such time as the step down subsidiary company's other financial assets and trade receivables are realized.

## 10. Bank borrowings

This represents term loan from a bank for business expansion through its subsidiaries, guaranteed by the parent shareholder company, which carries interest rate of LIBOR plus 385 bps per annum and is repayable in 3 annual installments commencing from the year 2018 as follows:

| <i>Repayment of</i> | <i>Term loan<br/>(US \$)</i> | <i>Term loan<br/>(INR)*</i> |
|---------------------|------------------------------|-----------------------------|
| 2018                | 60,00,000                    | 38,15,40,600                |
| 2019                | 60,00,000                    | 38,15,40,600                |
| 2020                | 1,30,00,000                  | 82,66,71,300                |
|                     | <b>2,50,00,000</b>           | <b>1,58,97,52,500</b>       |

\* The above figures are computed based on the exchange rates available as on 31/12/2014. The figures would subsequently change on relevant date of payment.

The company has also taken pre-approved Loan Equivalent Risk (LER) facility from the bank to manage and measure the foreign exchange and interest rate risk.

In addition, there are various conditions and financial covenants attached to the bank facilities, which are in the normal course of business.

## 11. Related party transactions & balances

The company in the normal course of business enters into transactions with other business enterprises that fall within the definition of related party as contained in the International Accounting Standard - 24.

Related parties are the shareholder, entities under common ownership and/or common management control, directors and associates as under:

|                                |                     |
|--------------------------------|---------------------|
| - Eureka Forbes Limited, India | Shareholder company |
| - Forbes Lux FZCO, Dubai, UAE  | Subsidiary company  |
| - Mr. Rajagopalan Sambamoorthy | Director            |
| - Mr. Sunil Dhondiram Uphale   | Director            |

The nature of significant related party transactions during the year represents receiving of interest of US \$ 776,393 (Equivalent to INR 47,509,700) [previous year US \$ 453,742 (Equivalent to INR 27,033,359)] and payment of interest of US \$ 402,486 (Equivalent to INR 24,629,265) [previous year US \$ 391,432 (Equivalent to INR 23,321,010)]. The company also receives and provides interest bearing loans to the related parties. The transactions and balances are reflected in the statement of financial position and statement of comprehensive income.

## 12. Financial instruments: Credit, Liquidity, Interest Rate and Exchange rate risk exposures

### Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally, investment in subsidiary, loan to a subsidiary, bank balance and other receivables. The management believes the outstanding balance of investment in a subsidiary and loan to a subsidiary are good and fully realizable and hence no impairment is considered necessary. The company's bank balance in current accounts is placed with a high credit quality financial institution. Financial liabilities comprises of loan account and other payables. The parent shareholders of the company have agreed to retain the loan balance until such time as the step down subsidiary company's other financial assets and trade receivables are realized.

### Liquidity Risk

Liquidity risk is the risk that the company will be able to meet financial obligations as they fall due. The company limits their liquidity risk by ensuring adequate funding requirements from a parent company are available to meet its commitments for liabilities as they fall due.

**Market risk**

Market risk is a risk that changes in market prices, such as interest rate risk and exchange rate risk, will affect the company's income or the value of its holdings of financial instruments.

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. To measure and manage interest rate risk and its possible impact on economic value of the company, the company has taken preapproved Loan Equivalent Risk facility from the bank. Borrowings from the parent company are at rates decided by the management from time to time.

**Exchange rate risk**

Exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars or UAE Dirhams to which US Dollar is pegged.

**13. Financial Instruments: Fair Value**

The fair values of the company's financial assets, comprising of other receivables, cash and bank balances, and financial liabilities, comprising bank term loan and other payables approximate to their carrying values.

**14. Capital risk management.**

In order to maintain capital adequacy, the shareholder company has decided to maintain the loan balance in company.

**15. Contingent Liabilities.**

There were no contingent liabilities and capital commitments of a significant amount outstanding at the date of statement of financial position.

**16. Comparative figures**

Previous Period's figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.

**17. Approval of the financial statements**

The financial statements were approved by the Board of Directors and authorized for issue on 25 March 2015.

**18. Foreign Exchange Rates**

|                     |             |         |
|---------------------|-------------|---------|
| <b>Average Rate</b> | <b>2014</b> | 61.1929 |
|                     | <b>2013</b> | 59.5787 |
| <b>Closing Rate</b> | <b>2014</b> | 63.5901 |
|                     | <b>2013</b> | 61.7744 |

**Forbes Bumi Armada Limited**  
(Subsidiary Company of Forbes Campbell Finance Limited)

Financial Statements  
for the year ended March 31, 2015

# Price Waterhouse & Co Chartered Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF FORBES BUMI ARMADA LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Forbes Bumi Armada Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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, 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.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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Registered office and Head office: Plot No. Y-14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata 700 091

Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)



# Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF FORBES BUMI ARMADA LIMITED  
Report on the Financial Statements  
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7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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, 2015, and its profit and its cash flows for the year ended on that date.

## Other Matter

9. The financial statements of the Company as at March 31, 2014 and for the year then ended were audited by another firm of chartered accountants under the Companies Act, 1956 who, vide their report dated May 9, 2014, expressed an unmodified opinion on those financial statements.

Our opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

10. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (f) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act



# Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF FORBES BUMI ARMADA LIMITED  
Report on the Financial Statements  
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(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

- i. The Company does not have any pending litigations as at March 31, 2015 which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2015.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009  
Chartered Accountants



Sarah George  
Partner  
Membership Number: 045255

Place: Mumbai  
Date: May 4, 2015

## Price Waterhouse Chartered Accountants LLP

### Annexure to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Forbes Bumi Armada Limited on the financial statements as of and for the year ended March 31, 2015.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- 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. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- 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 undisputed statutory dues in respect of income tax, service tax, professional tax and cess, except in case of provident fund where the Company has obtained voluntary registration in December 2014 and accordingly deposited the amounts with respect to four employees, with effect from July 2014 in December 2014, as applicable, with the appropriate authorities.  
  
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax as at March 31, 2015 which have not been deposited on account of a dispute are as follows:

| Name of the statute      | Nature of dues | Amount (Rs.) | Period to which the amount relates | Forum where the dispute is pending  |
|--------------------------|----------------|--------------|------------------------------------|-------------------------------------|
| The Income Tax Act, 1961 | Income Tax     | 4,473,798    | Financial year 2009-10             | Commissioner of Income Tax (Appeal) |

- (c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.



## **Price Waterhouse & Co Chartered Accountants LLP**

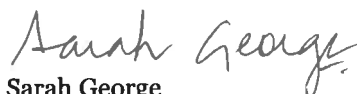
Annexure to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Forbes Bumi Armada Limited on the financial statements as of and for the year ended March 31, 2015.

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- viii. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- ix. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. 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 on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009  
Chartered Accountants



Sarah George  
Partner

Membership Number: 045255

Place: Mumbai  
Date: May 4, 2015

**Forbes Bumi Armada Limited**  
**Balance Sheet as at March 31, 2015**

|                                | Note | As at<br>March 31, 2015<br>Rupees | As at<br>March 31, 2014<br>Rupees |
|--------------------------------|------|-----------------------------------|-----------------------------------|
| <b>Equity and Liabilities</b>  |      |                                   |                                   |
| <b>Shareholders' funds</b>     |      |                                   |                                   |
| Share capital                  | 3    | 5,50,00,000                       | 5,50,00,000                       |
| Reserves and surplus           | 4    | 2,04,73,186                       | 1,00,75,456                       |
| <b>Non-current liabilities</b> |      |                                   |                                   |
| Long-term provisions           | 5    | 54,042                            | -                                 |
| <b>Current liabilities</b>     |      |                                   |                                   |
| Trade payables                 | 6    | 1,03,02,503                       | 15,39,042                         |
| Other current liabilities      | 7    | 4,79,50,843                       | 69,271                            |
| Short-term provisions          | 8    | 31,741                            | -                                 |
| <b>Total</b>                   |      | <b>13,38,12,315</b>               | <b>6,66,83,769</b>                |
| <b>Assets</b>                  |      |                                   |                                   |
| <b>Non-current assets</b>      |      |                                   |                                   |
| Fixed assets                   |      |                                   |                                   |
| Tangible assets                | 9    | 2,53,824                          | -                                 |
| Intangible assets              | 9    | 11,496                            | -                                 |
| Deferred tax asset (net)       | 10   | 21,70,353                         | -                                 |
| Long-term loans and advances   | 11   | 78,68,504                         | 11,07,443                         |
| Other non-current assets       | 12   | 7,70,812                          | 7,65,187                          |
| <b>Current assets</b>          |      |                                   |                                   |
| Current investments            | 13   | 4,32,32,187                       | 6,47,36,831                       |
| Trade receivables              | 14   | 3,24,88,022                       | -                                 |
| Cash and bank balances         | 15   | 10,65,818                         | 74,308                            |
| Short-term loans and advances  | 16   | 11,59,761                         | -                                 |
| Other current assets           | 17   | 4,47,91,538                       | -                                 |
| <b>Total</b>                   |      | <b>13,38,12,315</b>               | <b>6,66,83,769</b>                |

The notes are an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration No. 304026E/ E-300009  
Chartered Accountants

For and on behalf of the Board of Directors

**Sarah George**  
Partner  
Membership No: 045255

Director

Director

Place: Mumbai  
Date: May 4, 2015

Director

Director

Director

Company Secretary

Place: Mumbai  
Date: April 30, 2015

**Forbes Bumi Armada Limited**  
**Statement of Profit and Loss for the year ended March 31, 2015**

|  | <b>Note</b> | <b>Year ended<br/>March 31, 2015<br/>Rupees</b> | <b>Year ended<br/>March 31, 2014<br/>Rupees</b> |
|--|-------------|---|---|
| <b>Revenue</b>   |             |   |   |
| Revenue from operations  | <b>19</b>   | 26,85,13,249                                    | -   |
| Other income   | <b>20</b>   | 62,60,720                                       | 69,17,582                                       |
| <b>Total revenue</b>   |             | <b>27,47,73,969</b>                             | <b>69,17,582</b>                                |
| <b>Expenses</b>  |             |   |   |
| Employee benefits expense                                      | <b>21</b>   | 25,60,61,625                                    | -   |
| Finance costs  | <b>22</b>   | 17,337  | 1,232   |
| Depreciation and amortisation expense                          | <b>9</b>    | 75,540  | 39,834  |
| Other expenses   | <b>23</b>   | 61,44,673                                       | 19,75,693                                       |
| <b>Total expenses</b>  |             | <b>26,22,99,175</b>                             | <b>20,16,759</b>                                |
| <b>Profit before tax</b>                                       |             | <b>1,24,74,794</b>                              | <b>49,00,823</b>                                |
| <b>Tax expense</b>   |             |   |   |
| Current tax  |             | 42,47,417                                       | 2,20,000  |
| Deferred tax   |             | (21,70,353)                                     | (11,604)  |
|  |             | <b>20,77,064</b>                                | <b>2,08,396</b>                                 |
| <b>Profit for the year</b>                                     |             | <b>1,03,97,730</b>                              | <b>46,92,427</b>                                |
| <b>Earnings per equity share (Face value per share Rs. 10)</b> |             |   |   |
| Basic and Diluted  | <b>24</b>   | <b>1.89</b>                                     | <b>0.85</b>                                     |

The notes are an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP** For and on behalf of the Board of Directors  
Firm Registration No. 304026E/ E-300009  
Chartered Accountants

**Sarah George**  
Partner  
Membership No: 045255

Director

Director

Place: Mumbai  
Date: May 4, 2015

Director

Director

Director

Company Secretary

Place: Mumbai  
Date: April 30, 2015

**Forbes Bumi Armada Limited**  
**Cash flow Statement for the year ended March 31, 2015**

| <b>Particulars</b>  | <b>Year ended<br/>March 31, 2015<br/>Rupees</b> | <b>Year ended<br/>March 31, 2014<br/>Rupees</b> |
|---|---|---|
| <b>Cash Flow from Operating Activities (A)</b>                          |   |   |
| <b>Profit before tax</b>  | <b>1,24,74,794</b>                              | <b>49,00,823</b>                                |
| <b>Adjustment for:</b>  |   |   |
| Depreciation and amortisation expense                                   | 75,540  | 39,834  |
| Net gain on foreign currency transactions and translation               | (28,209)  | 42,314  |
| Dividend income   | (62,28,754)                                     | (18,45,903)                                     |
| Finance costs   | 17,337  | 1,232   |
| Interest income   | (5,625)   | (26,69,367)                                     |
| <b>Operating Profit Before Working Capital Changes</b>                  | <b>63,05,083</b>                                | <b>4,68,933</b>                                 |
| (Increase) in Trade receivables   | (3,24,59,813)                                   | -   |
| (Increase)/ Decrease in Short-term loans and advances                   | (11,59,761)                                     | 1,46,139  |
| (Increase) in Other current assets                                      | (4,47,91,538)                                   | -   |
| (Increase) in Other non-current assets                                  | (5,625)   | (7,65,187)                                      |
| (Increase) in Long-term loans and advances                              | (23,93,622)                                     | -   |
| (Increase) in Long-term loans and advances                              | 54,042  | -   |
| Increase in Trade payable   | 87,63,461                                       | 10,25,304                                       |
| Increase in Other current liabilities                                   | 4,78,81,572                                     | 58,276  |
| Increase/ (Decrease) in Short-term provisions                           | 31,741  | (1,62,356)                                      |
| <b>Cash Generated from Operations</b>                                   |   |   |
| Taxes paid  | (86,14,856)                                     | (13,27,443)                                     |
| <b>Net Cash Flow used in Operating Activities (A)</b>                   | <b>(2,63,89,316)</b>                            | <b>(5,56,334)</b>                               |
| <b>Cash Flow from Investing Activities (B)</b>                          |   |   |
| Purchase of current investment  | -   | (5,72,36,830)                                   |
| Redemption of current investment  | 2,15,04,644                                     | -   |
| Dividend on current investment  | 62,28,754                                       | 18,45,903                                       |
| Purchase of Fixed asset   | (3,40,860)                                      | -   |
| Interest income   | 5,625   | 26,69,367                                       |
| <b>Net Cash Flow generated from/ (used in) Investing Activities (B)</b> | <b>2,73,98,163</b>                              | <b>(5,27,21,560)</b>                            |
| <b>Cash Flow from Financing Activities (C)</b>                          |   |   |
| Proceeds from short-term borrowings                                     | -   | 5,32,80,684                                     |
| Finance costs   | (17,337)  | (1,232)   |
| <b>Net Cash Flow (used in)/ generated from Financing Activities (C)</b> | <b>(17,337)</b>                                 | <b>5,32,79,452</b>                              |

**Forbes Bumi Armada Limited**  
**Cash flow Statement for the year ended March 31, 2015 (Continued)**

| <b>Particulars</b>                                      | <b>Year ended<br/>March 31, 2015<br/>Rupees</b> | <b>Year ended<br/>March 31, 2014<br/>Rupees</b> |
|---|---|---|
| <b>Net Increase in Cash and bank balances (A+B+C)</b>   | <b>9,91,510</b>                                 | <b>1,558</b>                                    |
| Cash and cash equivalents at the beginning of the year  | 74,308  | 72,750  |
| Cash and cash equivalents at the end of the year        | 10,65,818                                       | 74,308  |
|   | <b>9,91,510</b>                                 | <b>1,558</b>                                    |
| <b>Cash and cash equivalents comprise of:</b>           |   |   |
| Cash on hand  | 34,652  | 7,375   |
| Cheques on hand   | 4,63,950  | -   |
| Balances with banks in current account                  | 5,67,216  | 66,933  |
| <b>Cash and bank balances as at the end of the year</b> | <b>10,65,818</b>                                | <b>74,308</b>                                   |

**Notes:**

- 1) The cash flow statement has been prepared in accordance with the requirements of Accounting Standards - 3 "Cash Flow Statement".
- 2) Previous Year's figures have been regrouped/ reclassified, wherever considered necessary, to confirm with the current year's presentation.

This is the Cash Flow Statement referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration No. 304026E/ E-300009  
Chartered Accountants

**For and on behalf of the Board of Directors**

**Sarah George**  
Partner  
Membership No: 045255

Director

Director

Place: Mumbai  
Date: May 4, 2015

Director

Director

Director

Company Secretary

Place: Mumbai  
Date: April 30, 2015

**1. General Information**

Forbes Bumi Armada Limited (the 'Company') is a joint venture between Forbes Campbell Finance Limited and Bumi Armada Berhad (Malaysia). Refer Note 3.6 for shareholding details. During the year, the Company has been granted a Recruitment and Placement License from the Director General Shipping and accordingly it has started providing manning services.

**2. Significant Accounting Policies**

**(i) Basis of preparation**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013. All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of the business the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

**(ii) Tangible Assets**

Tangible Assets are stated at acquisition cost, net of accumulated depreciation. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro rata basis on the straight-line method over the estimated useful lives of the assets which is as prescribed under Schedule II to the Companies Act, 2013 as follows:

| <u>Assets</u>     | <u>Useful life</u> |
|-------------------|--------------------|
| Computer Hardware | 3 years            |
| Office Equipments | 5 years            |

**(iii) Intangible Assets**

Intangible Assets are stated at acquisition cost, net of accumulated amortisation. Intangible assets are amortised on a straight line basis over their estimated useful lives. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The amortisation rates used are:

| <u>Assets</u>     | <u>Useful life</u> |
|-------------------|--------------------|
| Computer Software | 6 years            |

**(iv) Impairment of assets**

The Company assesses at each balance sheet date 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. If such recoverable amount of the asset or 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 recognized 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 recoverable amount.

**(v) Investments**

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. Current investments are carried at cost or fair value, whichever is lower.

**(vi) Foreign currency translation**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. As at the reporting date, non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All the monetary assets and liabilities in foreign currency are restated at the end of the accounting period. Exchange differences on the restatement of all monetary items are recognised in the Statement of Profit and

**(vii) Revenue Recognition**

The Company recognises revenue on accrual basis based on the terms of contract with customers for the respective employees. The Company raises monthly invoice towards manpower charges and other allied charges as and when due based on the terms of the agreement.

**(viii) Other Income**

Dividend is recognised when right to receive dividend is established.

**(ix) Employee Benefits**

**(a) Defined contribution plans**

Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

**(b) Defined benefit plan**

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

**(c) Compensated absences**

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits.

**(x) Current and deferred Tax**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

**(xi) Provisions and contingent liabilities**

**Provisions:** Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**(xii) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

**(xiii) Cash and cash equivalents**

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**(xiv) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(xv) Estimates**

The presentation of financial statement requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Difference between the actual results and the estimates are recognized in the year in which the results are known/ materialised.

**Forbes Bumi Armada Limited**
**Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**

|   | As at<br>March 31, 2015<br>Rupees |                           | As at<br>March 31, 2014<br>Rupees |                           |
|---|-----------------------------------|---------------------------|-----------------------------------|---------------------------|
| <b>3. Share capital</b>   |                                   |                           |                                   |                           |
| <b>3.1 Authorised:</b>  |                                   |                           |                                   |                           |
| 10,000,000 (March 2014: 10,000,000) equity shares of Rs. 10 each  | 10,00,00,000                      |                           | 10,00,00,000                      |                           |
|   | <u><b>10,00,00,000</b></u>        |                           | <u><b>10,00,00,000</b></u>        |                           |
| <b>3.2 Issued, Subscribed and fully paid up:</b>  |                                   |                           |                                   |                           |
| 5,500,000 (March 2014: 5,500,000) equity shares of Rs. 10 each  | 5,50,00,000                       |                           | 5,50,00,000                       |                           |
|   | <u><b>5,50,00,000</b></u>         |                           | <u><b>5,50,00,000</b></u>         |                           |
| <b>3.3 Reconciliation of number of shares</b>   |                                   |                           |                                   |                           |
| <b>Equity Shares</b>  |                                   |                           |                                   |                           |
|   | <b>As at March 31, 2015</b>       |                           | <b>As at March 31, 2014</b>       |                           |
|   | <b>Number of Shares</b>           | <b>Rupees</b>             | <b>Number of Shares</b>           | <b>Rupees</b>             |
| Balance as at the beginning of the year   | 55,00,000                         | 5,50,00,000               | 55,00,000                         | 5,50,00,000               |
| Shares issued during the year   | -                                 | -                         | -                                 | -                         |
| <b>Balance as at the end of the year</b>  | <u><b>55,00,000</b></u>           | <u><b>5,50,00,000</b></u> | <u><b>55,00,000</b></u>           | <u><b>5,50,00,000</b></u> |
| <b>3.4 Rights, preference and restrictions attached to shares</b>   |                                   |                           |                                   |                           |
| Equity Shares: The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. |                                   |                           |                                   |                           |
| <b>3.5 Shares held by holding Company</b>   |                                   |                           |                                   |                           |
|   | As at<br>March 31, 2015           |                           | As at<br>March 31, 2014           |                           |
| Equity Shares:  |                                   |                           |                                   |                           |
| 2,805,000 shares (March 31, 2014: 2,805,000 shares) of Rs. 10 each held by Forbes Campbell Finance Limited & Nominees   | 2,80,50,000                       |                           | 2,80,50,000                       |                           |
|   | <u><b>2,80,50,000</b></u>         |                           | <u><b>2,80,50,000</b></u>         |                           |
| <b>3.6 Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company</b>   |                                   |                           |                                   |                           |
|   | <b>As at March 31, 2015</b>       |                           | <b>As at March 31, 2014</b>       |                           |
|   | <b>Number of Shares</b>           | <b>%</b>                  | <b>Number of Shares</b>           | <b>%</b>                  |
| Equity Shares:  |                                   |                           |                                   |                           |
| Forbes Campbell Finance Limited & Nominees  | 28,05,000                         | 51%                       | 28,05,000                         | 51%                       |
| Bumi Armada (Singapore) Pte Ltd   | 26,95,000                         | 49%                       | 26,95,000                         | 49%                       |
|   | <u><b>55,00,000</b></u>           |                           | <u><b>55,00,000</b></u>           |                           |
| <b>4. Reserves and surplus</b>  |                                   |                           |                                   |                           |
|   | As at<br>March 31, 2015<br>Rupees |                           | As at<br>March 31, 2014<br>Rupees |                           |
| <b>Surplus in Statement of Profit and Loss</b>  |                                   |                           |                                   |                           |
| Balance as at the beginning of the year   | 1,00,75,456                       |                           | 53,83,029                         |                           |
| Profit for the year   | 1,03,97,730                       |                           | 46,92,427                         |                           |
| <b>Balance as at the end of the year</b>  | <u><b>2,04,73,186</b></u>         |                           | <u><b>1,00,75,456</b></u>         |                           |

**Forbes Bumi Armada Limited****Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**

|  | <b>As at<br/>March 31, 2015<br/>Rupees</b> | <b>As at<br/>March 31, 2014<br/>Rupees</b> |
|--|--|--|
| <b>5. Long-term provisions</b>   |  |  |
| Provision for employee benefits  |  |  |
| Provision for gratuity (Refer note 25B)  | 54,042                                     | -  |
|  | <b>54,042</b>                              | <b>-</b>                                   |
| <b>6. Trade payables</b>   |  |  |
| Trade payables   | 1,03,02,503                                | 15,39,042                                  |
|  | <b>1,03,02,503</b>                         | <b>15,39,042</b>                           |
| <p>Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on request made by the company. There are no overdue principal amounts/ interest payable amounts for delayed payments to such vendors at the Balance Sheet date. There are no delays in payment made to such suppliers during the year or any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payments made during the year or brought forward from previous year.</p> |  |  |
| <b>7. Other current liabilities</b>  |  |  |
| Employee benefits payable  | 3,87,83,191                                | -  |
| Statutory dues including provident fund and tax deducted at source   | 91,67,652                                  | 69,271                                     |
|  | <b>4,79,50,843</b>                         | <b>69,271</b>                              |
| <b>8. Short-term provisions</b>  |  |  |
| Provision for employee benefits  |  |  |
| Provision for gratuity (Refer note 25B)  | 78   | -  |
| Provision for compensated absences   | 31,663                                     | -  |
|  | <b>31,741</b>                              | <b>-</b>                                   |

**Forbes Bumi Armada Limited**
**Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**

|   | As at<br>March 31, 2015<br>Rupees | As at<br>March 31, 2014<br>Rupees |
|---|-----------------------------------|-----------------------------------|
| <b>10. Deferred tax asset (net)</b>   |                                   |                                   |
| <u>Tax effect of items constituting deferred tax assets</u>   |                                   |                                   |
| Disallowances under Section 40(a)(ia), 40A(7) and 43B of the Income Tax Act, 1961   | 22,17,870                         | -                                 |
| <u>Tax effect of items constituting deferred tax liabilities</u>  |                                   |                                   |
| Timing difference between book balance and balance as per Income Tax Act, 1961 for fixed assets                               | 39,946                            | -                                 |
| Other timing differences  | 7,571                             | -                                 |
|   | <b>21,70,353</b>                  | <b>-</b>                          |
| <b>11. Long-term loans and advances</b>   |                                   |                                   |
| (Unsecured and considered good unless otherwise stated)   |                                   |                                   |
| Security deposits   | 23,93,622                         | -                                 |
| Other loans and advances  |                                   |                                   |
| Advance income tax [Net of Provision of Rs. 5,432,001 (March 31, 2014: 1,184,584)]  | 54,74,882                         | 11,07,443                         |
|   | <b>78,68,504</b>                  | <b>11,07,443</b>                  |
| <b>12. Other non-current assets</b>   |                                   |                                   |
| Long term deposits with banks with maturity more than 12 months (held as lien against bank guarantee)                         | 7,70,812                          | 7,65,187                          |
|   | <b>7,70,812</b>                   | <b>7,65,187</b>                   |
| <b>13. Current investments</b>  |                                   |                                   |
| At cost or market value, whichever is less:   |                                   |                                   |
| Mutual Funds (Unquoted):  |                                   |                                   |
| Birla Sun Life Mutual Fund - Cash plus daily dividend regular plan Reinvestment (1,37,330 units: Previous year 129,064 units) | 1,37,59,732                       | 1,29,31,600                       |
| ICICI Prudential Mutual Fund - Liquid plan regular daily dividend (148,428 units: Previous year 139,630 units)                | 1,48,50,356                       | 1,39,70,030                       |
| HDFC Liquid Fund - Dividend daily reinvest (717,702 units: Previous year 1,369,384)   | 73,19,268                         | 1,39,65,807                       |
| TATA Equity Mutual Fund - Plan A growth (Nil units: Previous year 5,108 units)  | -                                 | 99,02,312                         |
| UTI - Liquid Cash Plan - Institutional daily dividend reinvestment (7,164 units: Previous year 13,701 units)                  | 73,02,831                         | 1,39,67,082                       |
|   | <b>4,32,32,187</b>                | <b>6,47,36,831</b>                |
| <b>Aggregate amount of unquoted investments</b>   | <b>4,32,32,187</b>                | <b>6,47,36,831</b>                |
| <b>14. Trade receivables</b>  |                                   |                                   |
| Unsecured, considered good  |                                   |                                   |
| Outstanding for a period exceeding 6 months from the date they are due for payment  | -                                 | -                                 |
| Others  | 3,24,88,022                       | -                                 |
|   | <b>3,24,88,022</b>                | <b>-</b>                          |
| <b>15. Cash and bank balances</b>   |                                   |                                   |
| Cash and bank balances  |                                   |                                   |
| Cash on hand  | 34,652                            | 7,375                             |
| Cheques on hand   | 4,63,950                          | -                                 |
| Balances with banks in current account  | 5,67,216                          | 66,933                            |
|   | <b>10,65,818</b>                  | <b>74,308</b>                     |
| <b>16. Short-term loans and advances</b>  |                                   |                                   |
| (Unsecured, considered good, unless otherwise stated)   |                                   |                                   |
| Security deposits   | 10,38,849                         | -                                 |
| Other loans and advances  |                                   |                                   |
| Advance to vendors  | 82,231                            | -                                 |
| Balances with government authorities  | 38,681                            | -                                 |
|   | <b>11,59,761</b>                  | <b>-</b>                          |

**Forbes Bumi Armada Limited**
**Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**

|   | As at<br>March 31, 2015<br>Rupees | As at<br>March 31, 2014<br>Rupees |
|---|-----------------------------------|-----------------------------------|
| <b>17. Other current assets</b>   |                                   |                                   |
| Unbilled revenue  | 4,47,91,538                       | -                                 |
|   | <b>4,47,91,538</b>                | <b>-</b>                          |
| <b>18. Contingent liabilities</b>   |                                   |                                   |
| Disputed matter with respect to transfer pricing regulations  | 44,73,798                         | -                                 |
|   | <b>44,73,798</b>                  | <b>-</b>                          |
| <b>19. Revenue from operations</b>  |                                   |                                   |
| Income from manpower services   | 26,68,47,889                      | -                                 |
| Other operating income  |                                   |                                   |
| Service income  | 16,65,360                         | -                                 |
|   | <b>26,85,13,249</b>               | <b>-</b>                          |
| <b>20. Other Income</b>   |                                   |                                   |
| Dividend income   | 62,28,754                         | 18,45,903                         |
| Net gain on foreign currency transactions and translation   | 26,341                            | -                                 |
| Interest income   | 5,625                             | 26,69,367                         |
| Profit on sale of investment (Prior period income)  | -                                 | 24,02,312                         |
|   | <b>62,60,720</b>                  | <b>69,17,582</b>                  |
| <b>21. Employee benefits expense</b>  |                                   |                                   |
| Salaries, Wages and Bonus   | 25,58,23,362                      | -                                 |
| Contribution to Provident and Other Funds (Refer note 25A)  | 1,22,229                          | -                                 |
| Gratuity (Refer note 25B)   | 54,120                            | -                                 |
| Staff welfare expenses  | 61,914                            | -                                 |
|   | <b>25,60,61,625</b>               | <b>-</b>                          |
| <b>22. Finance costs</b>  |                                   |                                   |
| Interest on statutory dues  | 17,337                            | 1,232                             |
|   | <b>17,337</b>                     | <b>1,232</b>                      |
| <b>23. Other operating expenses</b>   |                                   |                                   |
| Rent  | 24,51,981                         | 3,41,155                          |
| Travelling and conveyance   | 2,79,428                          | -                                 |
| Directors Fees  | 2,10,000                          | 2,29,232                          |
| Payment to Auditors   |                                   |                                   |
| As auditor:   |                                   |                                   |
| Audit Fee   | 6,00,000                          | 35,000                            |
| Tax Audit Fee   | 1,00,000                          | 32,000                            |
| Other services  | -                                 | 25,000                            |
| Professional fees   | 20,31,742                         | 9,96,634                          |
| Printing and stationery   | 59,175                            | -                                 |
| Communication charges   | 50,806                            | 2,360                             |
| Bank charges  | 14,874                            | 31,458                            |
| Contractual staff cost  | 3,09,998                          | -                                 |
| Net gain on foreign currency transactions and translation   | -                                 | 27,964                            |
| Miscellaneous Expenditure (Includes prior period expense: Current year - Nil,<br>Previous year Rs. 120,242) | 36,669                            | 2,54,890                          |
|   | <b>61,44,673</b>                  | <b>19,75,693</b>                  |

**Forbes Bumi Armada Limited**
**Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**
**9. Tangible and Intangible assets**

| Particulars                    | Gross block       |                 |                          |                   | Depreciation      |               |                          |                   | Net block         |                   |
|--------------------------------|-------------------|-----------------|--------------------------|-------------------|-------------------|---------------|--------------------------|-------------------|-------------------|-------------------|
|                                | April 01,<br>2014 | Additions       | Disposal/<br>adjustments | March 31,<br>2015 | April 01,<br>2014 | For the Year  | Disposal/<br>adjustments | March 31,<br>2015 | March 31,<br>2015 | March 31,<br>2014 |
| <b>Tangible Assets</b>         |                   |                 |                          |                   |                   |               |                          |                   |                   |                   |
| Computer                       | -                 | 3,22,560        | -                        | 3,22,560          | -                 | 74,357        | -                        | 74,357            | 2,48,203          | -                 |
| Office Equipments              | -                 | 6,300           | -                        | 6,300             | -                 | 679           | -                        | 679               | 5,621             | -                 |
| <b>Total tangible assets</b>   | -                 | <b>3,28,860</b> | -                        | <b>3,28,860</b>   | -                 | <b>75,036</b> | -                        | <b>75,036</b>     | <b>2,53,824</b>   | -                 |
| Previous year                  | -                 | -               | -                        | -                 | -                 | 39,834        | -                        | -                 | -                 | -                 |
| <b>Intangible Assets</b>       |                   |                 |                          |                   |                   |               |                          |                   |                   |                   |
| Computer Software              | -                 | 12,000          | -                        | 12,000            | -                 | 504           | -                        | 504               | 11,496            | -                 |
| <b>Total intangible assets</b> | -                 | <b>12,000</b>   | -                        | <b>12,000</b>     | -                 | <b>504</b>    | -                        | <b>504</b>        | <b>11,496</b>     | -                 |
| Previous Year                  | -                 | -               | -                        | -                 | -                 | -             | -                        | -                 | -                 | -                 |
| <b>Total</b>                   | -                 | <b>3,40,860</b> | -                        | <b>3,40,860</b>   | -                 | <b>75,540</b> | -                        | <b>75,540</b>     | <b>2,65,320</b>   | -                 |
| Previous year                  | -                 | -               | -                        | -                 | -                 | -             | -                        | -                 | -                 | -                 |

**24. Earnings per share**

Earnings per share is calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating the basic/ diluted earnings/ (loss) per equity share are as stated below

| Particulars   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------------------------------|------------------------------|
| Profit after taxation (Rupees)  | 1,03,97,730                  | 46,92,427                    |
| Weighted average number of equity shares of Rs. 10 each outstanding during the year | 55,00,000                    | 55,00,000                    |
| Basic and Diluted earnings per share (Rupees)                                       | 1.89                         | 0.85                         |
| Face value per share (Rupees)   | 10                           | 10                           |

**25. Disclosures under Accounting Standard 15 (Revised 2005) "Employee Benefits"****(A) Defined Contribution Plans**

## Provident Fund

The provident fund and the state defined contribution plans are operated by the Regional Provident Fund Commissioner. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Company has recognised the following amounts in the Statement of Profit and Loss for the year :

|                                | Year Ended<br>March 31, 2015<br>Rupees | Year Ended<br>March 31, 2014<br>Rupees |
|--------------------------------|--|--|
| Contribution to Provident Fund | 98,663                                 | -                                      |
|                                | <b>98,663</b>                          | <b>-</b>                               |

**(B) Defined Benefit Plans****Gratuity :****(i) Changes in Present value of Obligation**

|                                      |               |          |
|--------------------------------------|---------------|----------|
| Balance at the beginning of the year | -             | -        |
| Current Service Cost                 | 54,120        | -        |
| Balance at the end of the year       | <b>54,120</b> | <b>-</b> |

**Forbes Bumi Armada Limited**
**Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**

|      |  | <b>As at<br/>March 31, 2015<br/>Rupees</b> | <b>As at<br/>March 31, 2014<br/>Rupees</b> |
|------|--|--|--|
| (ii) | Assets and Liabilities recognised in the Balance sheet   |  |  |
|      | Present value of Defined Benefit Obligation  | 54,120                                     | -  |
|      | Amount recognised as liability   | <b>54,120</b>                              | -  |
|      | Recognised under:  |  |  |
|      | Long term provision (Refer note 5)   | 54,042                                     | -  |
|      | Short term provision (Refer note 8)  | 78   | -  |
|      |  | <b>54,120</b>                              | -  |
| (iv) | Expenses recognised in the Statement of Profit and Loss  |  |  |
|      | Current Service Cost   | 54,120                                     | -  |
|      | Total Expenses   | <b>54,120</b>                              | -  |
| (v)  | Actuarial Assumptions  |  |  |
|      | Discount Rate  | 7.92%                                      |  |
|      | Salary Growth Rate   | 10.00%                                     |  |
|      | Expected average remaining working lives of employees (years)  | 9  |  |
|      | The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market |  |  |
| (vi) | Disclosure under para 120(n) of AS - 15  |  |  |
|      | <b>Gratuity</b>  |  |  |
|      | Present value of the Defined Benefit Obligation  | 54,120                                     | -  |
|      | (Surplus)/ Deficit in the Plan   | -  | -  |
|      | Experience Adjustments in plan liabilities   | -  | -  |

**26 Related Party Disclosures****(A) Name of related parties and nature of relationship:****(i) Shareholders:**

Forbes Campbell Finance Limited \*

Bumi Armada (Singapore) Pte. Ltd \*

\* For equity holding refer note 3.

**(ii) Other Related Parties with whom transactions have taken place during the year:****(I) Fellow Subsidiaries:**

Armada C7 Pte. Limited

Forvol International Services Limited

Forbes Bumi Armada Offshore Limited

SP Armada Oil Exploration Private Limited

**(iii) Transactions with Related Parties**

| Particulars of transactions   | Fellow Subsidiaries    |                                       |                                     |   | Rupees       |
|-------------------------------|------------------------|---------------------------------------|-------------------------------------|---|--------------|
|                               | Armada C7 Pte. Limited | Forvol International Services Limited | Forbes Bumi Armada Offshore Limited | SP Armada Oil Exploration Private Limited | Total        |
| Service income                | 11,37,208              | -                                     | 5,28,152                            | -   | 16,65,360    |
|                               | -                      | -                                     | -                                   | -   | -            |
| Travelling expense            | -                      | 43,04,501                             | -                                   | -   | 43,04,501    |
|                               | -                      | -                                     | -                                   | -   | -            |
| Reimbursement expenses        | 1,67,54,264            | -                                     | 66,32,186                           | 7,13,456                                  | 2,40,99,906  |
|                               | -                      | -                                     | -                                   | -   | -            |
| Income from manpower services | -                      | -                                     | 25,61,79,545                        | 1,07,18,696                               | 26,68,98,241 |
|                               | -                      | -                                     | -                                   | -   | -            |
| Interest income               | -                      | -                                     | -                                   | -   | -            |
|                               | -                      | -                                     | 26,52,492                           | -   | 26,52,492    |

**Note :** Figures in Italics represents previous year's figures.

**Forbes Bumi Armada Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**

**(B) Balances with Related Parties as at March 31, 2015 are as follows**

|   | <b>Year ended<br/>March 31, 2015<br/>Rupees</b> | <b>Year ended<br/>March 31, 2014<br/>Rupees</b> |
|---|---|---|
| <b><u>Trade payables</u></b>              |   |   |
| Forvol International Services Limited     | 11,60,907                                       | -   |
| Bumi Armada Berhad                        | 1,53,200  | 1,61,239  |
| Bumi Armada Navigation Sdn Bhd            | 2,33,884  | 2,54,054  |
| <b><u>Trade receivables</u></b>           |   |   |
| SP Armada Oil Exploration Private Limited | 6,66,950  | -   |
| Armada C7 Pte. Limited                    | 1,16,91,962                                     | -   |
| Forbes Bumi Armada Offshore Limited       | 2,00,37,899                                     | -   |

**27. Segment Reporting**

In accordance with Accounting Standard 17 "Segment Reporting" as prescribed under Companies (Accounting Standards) Rules, 2006, the Company has determined its business segment as manning agent. Since, there are no other business segments in which the Company operates and the services are provided only within India, there are no other primary reportable segments. Therefore the segment revenue, segment results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charge are all as is reflected in the financial statements.

**28. Expenditure in foreign currency**

|                           |           |          |
|---------------------------|-----------|----------|
| Directors sitting fees    | 90,000    | 1,00,000 |
| Employee benefits expense | 28,19,347 | -        |

**29.** Previous year figures have been reclassified to confirm to this year's classification.

For **Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration No. 304026E/ E-300009  
Chartered Accountants

**For and on behalf of the Board of Directors**

**Sarah George**  
Partner  
Membership No: 045255

Director

Director

Place: Mumbai  
Date: May 4, 2015

Director

Director

Director

Company Secretary

Place: Mumbai  
Date: April 30, 2015

**Forbes Bumi Armada Offshore Limited**  
(a Subsidiary Company)

Financial Statements of  
for the year ended March 31, 2015

# Price Waterhouse & Co Chartered Accountants LLP

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF FORBES BUMI ARMADA OFFSHORE LIMITED

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Forbes Bumi Armada Offshore Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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, 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.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

Price Waterhouse & Co Chartered Accountants LLP, 252, Veer Savarkar Marg, Shivaji Park, Mumbai - 400 028  
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Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)



# Price Waterhouse & Co Chartered Accountants LLP

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FORBES BUMI ARMADA OFFSHORE LIMITED

Report on the Financial Statements

Page 2 of 3

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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, 2015, and its profit and its cash flows for the year ended on that date.

### Other Matter

9. The financial statements of the Company as at March 31, 2014 and for the year then ended were audited by another firm of chartered accountants under the Companies Act, 1956 who, vide their report dated May 9, 2014, expressed an unmodified opinion on those financial statements.

Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

10. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (f) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.



# Price Waterhouse Chartered Accountants LLP

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FORBES BUMI ARMADA OFFSHORE LIMITED

Report on the Financial Statements

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- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company does not have any pending litigations as at March 31, 2015 which would impact its financial position.
  - ii. The Company has long-term contracts including derivative contracts as at March 31, 2015 for which there were no material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009  
Chartered Accountants

  
Sarah George  
Partner

Membership Number: 045255

Place: Mumbai  
Date: May 4, 2015

## Price Waterhouse & Co Chartered Accountants LLP

Annexure to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Forbes Bumi Armada Offshore Limited on the financial statements as of and for the year ended March 31, 2015.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.  
  
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
  
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. No discrepancies were noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, *except for weaknesses in internal controls for the purchase of inventories for which the Management is in the process of taking remedial measures*, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- 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. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- 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 regular in depositing undisputed statutory dues in respect of service tax, income tax, provident fund and profession tax, *though there have been slight delays in a few cases of income tax, and provident fund as applicable, with the appropriate authorities.*  
  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, service-tax and duty of custom which have not been deposited on account of any dispute.  
  
(c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.



## Price Waterhouse Chartered Accountants LLP

Annexure to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Forbes Bumi Armada Offshore Limited on the financial statements as of and for the year ended March 31, 2015.

Page 2 of 2

- viii. As the Company is registered for a period less than five years, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. 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 on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009  
Chartered Accountants



Sarah George  
Partner

Membership Number: 045255

Place: Mumbai  
Date: May 4, 2015

**Forbes Bumi Armada Offshore Limited**  
**Balance Sheet as at March 31, 2015**

|                                | Note | As at<br>March 31, 2015<br>Rupees | As at<br>March 31, 2014<br>Rupees |
|--------------------------------|------|-----------------------------------|-----------------------------------|
| <b>Equity and Liabilities</b>  |      |                                   |                                   |
| <b>Shareholders' funds</b>     |      |                                   |                                   |
| Share capital                  | 3    | 10,00,00,000                      | 10,00,00,000                      |
| Reserves and surplus           | 4    | 21,80,22,329                      | 12,54,97,398                      |
| <b>Non-current liabilities</b> |      |                                   |                                   |
| Long-term provisions           | 5    | 3,44,055                          | 2,85,213                          |
| <b>Current liabilities</b>     |      |                                   |                                   |
| Trade payables                 | 6    | 76,00,84,995                      | 70,08,07,150                      |
| Other current liabilities      | 7    | 2,56,03,890                       | 7,93,93,599                       |
| Short-term provisions          | 8    | 5,45,085                          | 29,691                            |
| <b>Total</b>                   |      | <b>1,10,46,00,354</b>             | <b>1,00,60,13,051</b>             |
| <b>Assets</b>                  |      |                                   |                                   |
| <b>Non-current assets</b>      |      |                                   |                                   |
| Fixed assets                   |      |                                   |                                   |
| Tangible assets                | 9    | 21,87,358                         | 27,22,537                         |
| Intangible assets              | 9    | 50,260                            | 52,307                            |
| Deferred tax asset (net)       | 10   | 7,15,11,215                       | 83,848                            |
| Non-current investments        | 11   | 11,70,000                         | 21,90,690                         |
| Long-term loans and advances   | 12   | 8,46,48,195                       | 4,78,38,621                       |
| <b>Current assets</b>          |      |                                   |                                   |
| Current investments            | 13   | 18,97,03,315                      | 3,01,55,109                       |
| Inventories                    | 14   | 31,81,445                         | 8,87,251                          |
| Trade receivables              | 15   | 70,693                            | 57,65,38,393                      |
| Cash and bank balances         | 16   | 33,32,77,190                      | 31,39,67,281                      |
| Short-term loans and advances  | 17   | 2,29,47,239                       | 1,51,73,977                       |
| Other current assets           | 18   | 39,58,53,444                      | 1,64,03,037                       |
| <b>Total</b>                   |      | <b>1,10,46,00,354</b>             | <b>1,00,60,13,051</b>             |

The notes are an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration No. 304026E/ E-300009  
Chartered Accountants

For and on behalf of the Board of Directors

Director

Director

**Sarah George**

Partner

Membership No: 045255

Director

Director

Place: Mumbai

Date: May 4, 2015

Director

Director

Director

Pramod Sapra  
Manager

Vikram Kapur  
Company Secretary & Chief Financial Officer

Place: Mumbai  
Date: April 30, 2015

**Forbes Bumi Armada Offshore Limited**  
**Statement of Profit and Loss for the year ended March 31, 2015**

|  | Note | Year ended<br>March 31, 2015<br>Rupees | Year ended<br>March 31, 2014<br>Rupees |
|--|------|--|--|
| <b>Revenue</b>   |      |  |  |
| Revenue from operations  | 19   | 4,92,41,40,741                         | 4,81,32,19,250                         |
| Other income   | 20   | 4,43,14,204                            | 11,83,20,750                           |
| <b>Total revenue</b>   |      | <b>4,96,84,54,945</b>                  | <b>4,93,15,40,000</b>                  |
| <b>Expenses</b>  |      |  |  |
| Operating expenses (includes prior period expense: Current year - Rs. 11,367,292, Previous year - Nil) | 21   | 4,63,63,77,091                         | 4,50,30,83,747                         |
| Employee benefits expense  | 22   | 3,36,29,438                            | 2,97,76,166                            |
| Finance costs  | 23   | 85,20,927                              | 1,05,25,478                            |
| Depreciation and amortisation expense  | 9    | 13,71,890                              | 8,92,702                               |
| Other expenses (includes prior period expense: Current year - Nil, Previous year - Rs. 3,233,149)      | 24   | 15,11,77,106                           | 3,84,27,390                            |
| <b>Total expenses</b>  |      | <b>4,83,10,76,452</b>                  | <b>4,58,27,05,483</b>                  |
| <b>Profit before exceptional items and tax</b>   |      | <b>13,73,78,493</b>                    | <b>34,88,34,517</b>                    |
| Exceptional items  | 25   | -                                      | 11,62,00,885                           |
| <b>Profit before tax</b>   |      | <b>13,73,78,493</b>                    | <b>23,26,33,632</b>                    |
| <b>Tax expense</b>   |      |  |  |
| Current tax  |      | 7,48,93,835                            | 6,70,00,000                            |
| Deferred tax   |      | (2,88,06,208)                          | (83,848)                               |
| <b>Short provision for earlier years</b>   |      |  |  |
| Current tax  |      | 4,13,87,094                            | -                                      |
| Deferred tax   |      | (4,26,21,159)                          | -                                      |
|  |      | <b>4,48,53,562</b>                     | <b>6,69,16,152</b>                     |
| <b>Profit for the year</b>   |      | <b>9,25,24,931</b>                     | <b>16,57,17,480</b>                    |
| <b>Earnings per equity share (Face value per share Rs. 10)</b>   | 26   | <b>9.25</b>                            | <b>19.02</b>                           |
| Basic and Diluted  |      |  |  |

The notes are an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration No. 304026E/ E-300009  
Chartered Accountants

For and on behalf of the Board of Directors

Director

Director

**Sarah George**

Partner

Membership No: 045255

Director

Director

Place: Mumbai

Date: May 4, 2015

Director

Director

Director

Pramod Sapra  
Manager

Vikram Kapur  
Company Secretary & Chief Financial Officer

Place: Mumbai  
Date: April 30, 2015

**Forbes Bumi Armada Offshore Limited**  
**Cash Flow Statement for the year ended March 31, 2015**

| <b>Particulars</b>  | <b>Year ended<br/>March 31, 2015<br/>Rupees</b> | <b>Year ended<br/>March 31, 2014<br/>Rupees</b> |
|---|---|---|
| <b>Cash Flow from Operating Activities (A)</b>                          |   |   |
| <b>Profit before tax</b>  | <b>13,73,78,493</b>                             | <b>34,88,34,517</b>                             |
| <b>Adjustment for:</b>  |   |   |
| Depreciation and amortisation expense                                   | 13,71,890                                       | 8,92,702  |
| Net (gain)/ loss on foreign currency transactions and translation       | (31,16,251)                                     | 2,17,42,337                                     |
| Dividend income   | (47,70,423)                                     | (17,85,743)                                     |
| Finance costs   | 85,20,927                                       | 1,05,25,478                                     |
| Provision for doubtful debts  | 8,79,59,524                                     | -   |
| Liabilities written back to the extent no longer required               | (81,67,066)                                     | -   |
| Provision for diminution in value of land                               | 10,20,690                                       | -   |
| <b>Operating Profit Before Working Capital Changes</b>                  | <b>22,01,97,784</b>                             | <b>38,02,09,291</b>                             |
| Decrease/ (Increase) in Trade receivables                               | 48,53,78,378                                    | (36,26,31,240)                                  |
| (Increase) in Inventories   | (22,94,194)                                     | (8,87,251)                                      |
| (Increase) in Short-term loans and advances                             | (77,73,262)                                     | (25,000)  |
| (Increase) in Other current assets                                      | (37,94,50,407)                                  | (52,36,005)                                     |
| (Increase) in Long-term loans and advances                              | (6,81,69,372)                                   | (1,64,03,036)                                   |
| Increase/ (Decrease) in Long-term provisions                            | 58,842  | (4,25,064)                                      |
| Increase in Short term borrowings                                       | -   | 2,85,213  |
| Increase in Trade payable   | 7,36,90,960                                     | 48,53,85,988                                    |
| (Decrease)/Increase in Other current liabilities                        | (5,37,89,709)                                   | 7,07,07,941                                     |
| Increase in Short-term provisions                                       | 5,15,394  | 29,691  |
| <b>Net Cash Generated from Operations before exceptional item</b>       | <b>26,83,64,414</b>                             | <b>55,10,10,528</b>                             |
| Exceptional item  | -   | (11,62,00,885)                                  |
| <b>Cash Generated from Operations</b>                                   | <b>26,83,64,414</b>                             | <b>43,48,09,643</b>                             |
| Net Taxes (Paid)  | (8,49,21,130)                                   | (10,53,83,937)                                  |
| <b>Net Cash Flow generated from Operating Activities (A)</b>            | <b>18,34,43,284</b>                             | <b>32,94,25,706</b>                             |
| <b>Cash Flow from Investing Activities (B)</b>                          |   |   |
| Purchase of current investment  | (19,47,70,423)                                  | (3,01,55,109)                                   |
| Redemption of current investment  | 3,52,22,216                                     | -   |
| Dividend on current investment  | 47,70,423                                       | 17,85,743                                       |
| Purchase of Fixed asset   | (8,66,665)                                      | (31,22,968)                                     |
| Disposal of Fixed asset   | 32,001  | -   |
| <b>Net Cash Flow (used in) Investing Activities (B)</b>                 | <b>(15,56,12,448)</b>                           | <b>(3,14,92,334)</b>                            |
| <b>Cash Flow from Financing Activities (C)</b>                          |   |   |
| Loan repaid to Forbes Bumi Armada Limited                               | -   | (5,32,80,684)                                   |
| Issue of Share Capital  | -   | 7,90,00,000                                     |
| Finance Cost  | (85,20,927)                                     | (1,05,25,478)                                   |
| <b>Net Cash Flow (used in)/ generated from Financing Activities (C)</b> | <b>(85,20,927)</b>                              | <b>1,51,93,838</b>                              |

**Forbes Bumi Armada Offshore Limited**  
**Cash Flow Statement for the year ended March 31, 2015 (Continued)**

| Particulars   | Year ended<br>March 31, 2015<br>Rupees | Year ended<br>March 31, 2014<br>Rupees |
|---|--|--|
| <b>Net Increase in Cash and bank balances (A+B+C)</b>   | <b>1,93,09,909</b>                     | <b>31,31,27,210</b>                    |
| Cash and cash equivalents at the beginning of the year  | 31,39,67,281                           | 8,40,071                               |
| Cash and cash equivalents at the end of the year        | 33,32,77,190                           | 31,39,67,281                           |
|   | <b>1,93,09,909</b>                     | <b>31,31,27,210</b>                    |
| <b>Cash and cash equivalents comprise of:</b>           |  |  |
| Cash on hand  | 39,165                                 | 63,863                                 |
| Cheques on hand   | 1,24,81,292                            | -                                      |
| Balances with banks in current account                  | 32,07,56,733                           | 31,39,03,418                           |
| <b>Cash and bank balances as at the end of the year</b> | <b>33,32,77,190</b>                    | <b>31,39,67,281</b>                    |

**Notes:**

- 1) The cash flow statement has been prepared in accordance with the requirements of Accounting Standards - 3 "Cash Flow Statement".
- 2) Previous Year's figures have been regrouped/ reclassified, wherever considered necessary, to confirm with the current year's presentation.

This is the Cash Flow Statement referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration No. 304026E/ E-300009  
Chartered Accountants

**For and on behalf of the Board of Directors**

**Sarah George**  
Partner  
Membership No: 045255

Place: Mumbai  
Date: May 4, 2015

|          |                         |
|----------|-------------------------|
| Director | Director                |
| Director | Director                |
| Director | Director                |
| Director | Pramod Sapra<br>Manager |

Vikram Kapur  
Company Secretary & Chief Financial Officer

Place: Mumbai  
Date: April 30, 2015

## **1. General Information**

Forbes Bumi Armada Offshore Limited (the 'Company') is a joint venture between Forbes & Company Limited and Bumi Armada Berhad (Malaysia). Refer Note 3.6 for shareholding details. The Company has been awarded a 7 year contract by Oil and Natural Gas Corporation Limited (ONGC) for providing a Floating Production, Storage and Offloading (FPSO) vessel to ONGC on a charter hire basis and operations and maintenance services of the same. The Company's operations started from April 22, 2013. The Company has obtained on an operating lease basis hired a FPSO from Armada D1 Pte. Limited.

## **2. Significant Accounting Policies**

### **(i) Basis of preparation**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of the business the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

### **(ii) Tangible Assets**

Tangible Assets are stated at acquisition cost, net of accumulated depreciation. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro rata basis on the straight-line method over the estimated useful lives of the assets which is as prescribed under Schedule II to the Companies Act, 2013 as follows:

| <b>Assets</b>     | <b>Useful life</b> |
|-------------------|--------------------|
| Computer Hardware | 3 years            |
| Office Equipments | 5 years            |
| Vehicles          | 8 years            |

### **(iii) Intangible Assets**

Intangible Assets are stated at acquisition cost, net of accumulated amortisation. Intangible assets are amortised on a straight line basis over their estimated useful lives. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The amortisation rates used are:

| <b>Asset</b>      | <b>Useful life</b> |
|-------------------|--------------------|
| Computer Software | 6 years            |

### **(iv) Impairment of Assets**

The Company assesses at each balance sheet date 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. If such recoverable amount of the asset or 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 recognized 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 recoverable amount.

### **(v) Investments**

Investments that are readily realisable and are intended to be held for not more than one year from the date, are classified as current investments. Current investments are carried at cost or fair value, whichever is lower.

Long term investments are carried at cost. However, provision for diminution is made to recognize a decline, other than temporary in the value of the investments, such reduction being determined and made for each investment individually.

**(vi) Inventories**

Inventories includes stores, spares and consumables which are stated at lower of cost and net realisable value. The cost of stores, spares and consumables is based on actual purchase and related cost of the respective item. Materials dispatched to the FPSO are charged to the Statement of Profit and Loss. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**(vii) Foreign currency translation**

- (a) On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. As at the reporting date, non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All the monetary assets and liabilities in foreign currency are restated at the end of the accounting period. Exchange differences on the restatement of all monetary items are recognised
- (b) The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

**(viii) Revenue Recognition**

The Company recognises revenue on an accrual basis based on the terms of contract with ONGC when no significant uncertainty exists regarding the amount of consideration. The Company raises monthly invoice towards charter hire charges, which is based on the availability of FPSO, and other allied charges as and when due based on the terms of the agreement.

Revenue for any claims/ change order made by the Company on ONGC are recorded for when no significant uncertainty exists. No disclosure is made for contingent assets. Further on any deductions/ debit notes raised by ONGC, the same are evaluated based on the accounting policy as explained in 2 (xii) below, terms of contract, and accordingly requisite provisions/ disclosures are made in the financial statements.

**(ix) Other Income**

Dividend is recognised when the right to receive dividend is established.

**(x) Employee Benefits**

- (a) Defined contribution plans  
Contribution towards provident fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.
- (b) Defined benefit plan  
The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.
- (c) Compensated absences  
Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.  
Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits.

**(xi) Current and deferred tax**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

**(xii) Provisions and contingent liabilities**

**Provisions:** Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

In case some or all of the expenditure required to settle the provision is virtually certain to be reimbursed by another party, the reimbursement is recognised as a separate asset. In the Statement of Profit and Loss, the expense related to the provision is presented net of the amount recognised for the reimbursement.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**(xiii) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating

**(xiv) Cash and bank balances**

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**(xv) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period is

**(xvi) Estimates**

The presentation of financial statement requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Difference between the actual results and the estimates are recognized in the year in which the results are known/ materialised.

**Forbes Bumi Armada Offshore Limited**
**Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**

|  | As at<br>March 31, 2015<br>Rupees |                     | As at<br>March 31, 2014<br>Rupees |                     |
|--|-----------------------------------|---------------------|-----------------------------------|---------------------|
| 3. Share capital   |                                   |                     |                                   |                     |
| 3.1 Authorised:  |                                   |                     |                                   |                     |
| 15,000,000 (March 2014: 15,000,000) equity shares of Rs. 10 each   | 15,00,00,000                      |                     | 15,00,00,000                      |                     |
|  | <u>15,00,00,000</u>               |                     | <u>15,00,00,000</u>               |                     |
| 3.2 Issued, subscribed and fully paid up:  |                                   |                     |                                   |                     |
| 10,000,000 (March 2014: 10,000,000) equity shares of Rs. 10 each   | 10,00,00,000                      |                     | 10,00,00,000                      |                     |
|  | <u>10,00,00,000</u>               |                     | <u>10,00,00,000</u>               |                     |
| 3.3 Reconciliation of number of shares   |                                   |                     |                                   |                     |
| Equity Shares  |                                   |                     |                                   |                     |
|  | As at<br>March 31, 2015           |                     | As at<br>March 31, 2014           |                     |
|  | Number of Shares                  | Rupees              | Number of Shares                  | Rupees              |
| Balance as at the beginning of the year  | 1,00,00,000                       | 10,00,00,000        | 21,00,000                         | 2,10,00,000         |
| Shares issued during the year  | -                                 | -                   | 79,00,000                         | 7,90,00,000         |
| Balance as at the end of the year  | <u>1,00,00,000</u>                | <u>10,00,00,000</u> | <u>1,00,00,000</u>                | <u>10,00,00,000</u> |
| 3.4 Rights, preferences and restrictions attached to shares  |                                   |                     |                                   |                     |
| Equity Shares: The Company has one class of equity shares having a par value of Rs 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. |                                   |                     |                                   |                     |
| 3.5 Shares held by holding Company   |                                   |                     |                                   |                     |
|  | As at<br>March 31, 2015           |                     | As at<br>March 31, 2014           |                     |
| Equity Shares:   |                                   |                     |                                   |                     |
| 5,000,100 shares (March 31, 2014: 5,000,100 shares) of Rs. 10 each held by Forbes & Company Limited & Nominees   | 50,00,100                         |                     | 50,00,100                         |                     |
|  | <u>50,00,100</u>                  |                     | <u>50,00,100</u>                  |                     |
| 3.6 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company   |                                   |                     |                                   |                     |
|  | As at<br>March 31, 2015           |                     | As at<br>March 31, 2014           |                     |
|  | Number of Shares                  | %                   | Number of Shares                  | %                   |
| Equity Shares:   |                                   |                     |                                   |                     |
| Forbes & Company Limited & Nominees  | 50,00,100                         | 50.001%             | 50,00,100                         | 50.001%             |
| Bumi Armada Berhad   | 49,99,900                         | 49.999%             | 49,99,900                         | 49.999%             |
|  | <u>1,00,00,000</u>                |                     | <u>1,00,00,000</u>                |                     |
| 4. Reserves and surplus  |                                   |                     |                                   |                     |
| Surplus in Statement of Profit and Loss  |                                   |                     |                                   |                     |
| Balance as at the beginning of the year  | 12,54,97,398                      |                     | (4,02,20,082)                     |                     |
| Profit for the year  | 9,25,24,931                       |                     | 16,57,17,480                      |                     |
| Balance as at the end of the year  | <u>21,80,22,329</u>               |                     | <u>12,54,97,398</u>               |                     |

**Forbes Bumi Armada Offshore Limited**
**Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**

|  | As at<br>March 31, 2015<br>Rupees | As at<br>March 31, 2014<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| <b>5. Long-term provisions</b>                                     |                                   |                                   |
| Provision for employee benefits:                                   |                                   |                                   |
| Provision for gratuity (Refer note 27B)                            | 3,44,055                          | 1,10,534                          |
| Provision for compensated absences                                 | -                                 | 1,74,679                          |
|  | <b>3,44,055</b>                   | <b>2,85,213</b>                   |
| <b>6. Trade payables</b>   |                                   |                                   |
| Trade payables (Refer note 30)                                     | 76,00,84,995                      | 70,08,07,150                      |
|  | <b>76,00,84,995</b>               | <b>70,08,07,150</b>               |
| <b>7. Other current liabilities</b>                                |                                   |                                   |
| Employee benefits payable  | 70,65,035                         | 3,47,99,173                       |
| Statutory dues including provident fund and tax deducted at source | 1,78,64,904                       | 4,45,94,426                       |
| Unamortised premium on forward contract                            | 6,73,951                          | -                                 |
|  | <b>2,56,03,890</b>                | <b>7,93,93,599</b>                |
| <b>8. Short-term provisions</b>                                    |                                   |                                   |
| Provision for employee benefits                                    |                                   |                                   |
| Provision for gratuity (Refer note 27B)                            | 1,929                             | 626                               |
| Provision for compensated absences                                 | 5,43,156                          | 29,065                            |
|  | <b>5,45,085</b>                   | <b>29,691</b>                     |

**Forbes Bumi Armada Offshore Limited**
**Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**

|  | As at<br>March 31, 2015<br>Rupees | As at<br>March 31, 2014<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| <b>10. Deferred tax asset (net)</b>  |                                   |                                   |
| Tax effect of items constituting deferred tax assets   |                                   |                                   |
| Provision for doubtful debts   | 6,93,88,923                       | -                                 |
| Disallowances under Section 40(a)(ia), 40A(7) and 43B of the Income Tax Act, 1961  | 21,53,786                         | 1,07,036                          |
| Tax effect of items constituting deferred tax liabilities  |                                   |                                   |
| Timing difference between book balance and balance as per Income Tax Act, 1961 for fixed assets                                | 25,929                            | 23,188                            |
| Other timing differences   | 5,565                             | -                                 |
|  | <b>7,15,11,215</b>                | <b>83,848</b>                     |
| <b>11. Non-current investments</b>   |                                   |                                   |
| Land (Refer note 29e)  | 21,90,690                         | 21,90,690                         |
| Less: Provision for diminution in value of land  | 10,20,690                         | -                                 |
|  | <b>11,70,000</b>                  | <b>21,90,690</b>                  |
| <b>12. Long-term loans and advances</b>  |                                   |                                   |
| Unsecured, considered good (unless otherwise stated)   |                                   |                                   |
| Loans and advances to related parties (Refer note 29d)   | 6,81,59,201                       | -                                 |
| Security deposits  | 10,25,838                         | -                                 |
| Other loans and advances   |                                   |                                   |
| Advance income tax [Net of provision Rs. 183,280,929 (March 31, 2014: Rs. 67,000,000)]   | 1,13,89,592                       | 4,27,49,390                       |
| Prepaid expenses   | 40,73,564                         | 50,89,231                         |
|  | <b>8,46,48,195</b>                | <b>4,78,38,621</b>                |
| <b>13. Current investments</b>   |                                   |                                   |
| At cost or market value, whichever is less:  |                                   |                                   |
| Mutual Funds (Unquoted):   |                                   |                                   |
| Birla Sun Life Mutual Fund - Cash plus daily dividend regular plan reinvestment (1,023,793 units: Previous year 100,623 units) | 10,25,78,958                      | 1,00,81,889                       |
| ICICI Prudential Mutual Fund - Liquid plan regular daily dividend (870,690 units: Previous year 200,631 units)                 | 8,71,24,357                       | 2,00,73,220                       |
|  | <b>18,97,03,315</b>               | <b>3,01,55,109</b>                |
| <b>Aggregate amount of unquoted investments</b>  | <b>18,97,03,315</b>               | <b>3,01,55,109</b>                |
| <b>14. Inventories</b>   |                                   |                                   |
| Stores, spares and consumables   | 31,81,445                         | 8,87,251                          |
|  | <b>31,81,445</b>                  | <b>8,87,251</b>                   |
|  | As at<br>March 31, 2015<br>Rupees | As at<br>March 31, 2014<br>Rupees |
| <b>15. Trade receivables</b>   |                                   |                                   |
| Unsecured, considered good for a period not exceeding 6 months from the date they are due for payment                          | 70,693                            | 44,76,90,465                      |
| Unsecured, considered doubtful   |                                   |                                   |
| Outstanding for a period exceeding 6 months from the date they are due for payment   | 20,87,05,059                      | 23,19,94,136                      |
| Others   | 4,07,04,007                       | 1,30,54,677                       |
| Less: Provision for doubtful debts   | 24,94,09,066                      | 11,62,00,885                      |
|  | <b>70,693</b>                     | <b>57,65,38,393</b>               |
| <b>16. Cash and bank balances</b>  |                                   |                                   |
| Cash and cash equivalents  |                                   |                                   |
| Cash on hand   | 39,165                            | 63,863                            |
| Cheques on hand  | 1,24,81,292                       | -                                 |
| Balances with banks in current account   | 32,07,56,733                      | 31,39,03,418                      |
|  | <b>33,32,77,190</b>               | <b>31,39,67,281</b>               |

**Forbes Bumi Armada Offshore Limited**
**Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**

|  | Year Ended<br>March 31, 2015<br>Rupees | Year Ended<br>March 31, 2014<br>Rupees |
|--|--|--|
| <b>17. Short-term loans and advances</b>   |  |  |
| Unsecured, considered good (unless otherwise stated)   |  |  |
| Security deposits  | 20,08,300                              | 20,06,800                              |
| Other loans and advances   |  |  |
| Advance to vendors   | 1,13,21,799                            | 93,23,840                              |
| Balances with government authorities   | 55,00,198                              | 16,68,063                              |
| Prepaid expenses   | 41,16,942                              | 21,75,274                              |
|  | <b>2,29,47,239</b>                     | <b>1,51,73,977</b>                     |
| <b>18. Other current assets</b>  |  |  |
| Unbilled revenue   | 42,55,05,740                           | -                                      |
| Less: Provision for unbilled income  | 3,65,72,296                            | -                                      |
| Unamortised premium on forward contract (including reinstatement of contracts)                               | 69,20,000                              | 1,64,03,037                            |
|  | <b>39,58,53,444</b>                    | <b>1,64,03,037</b>                     |
| <b>19. Revenue from operations</b>   |  |  |
| Income from time charter revenue   | 4,92,41,40,741                         | 4,59,08,86,042                         |
| Mobilisation fees  | -                                      | 22,23,33,208                           |
|  | <b>4,92,41,40,741</b>                  | <b>4,81,32,19,250</b>                  |
| <b>20. Other income</b>  |  |  |
| Dividend income  | 47,70,423                              | 17,85,743                              |
| Net gain on foreign currency transactions and translation  | 3,12,73,335                            | 11,62,41,420                           |
| Liabilities written back to the extent no longer required  | 81,67,066                              | -                                      |
| Miscellaneous income   | 1,03,380                               | 2,93,587                               |
|  | <b>4,43,14,204</b>                     | <b>11,83,20,750</b>                    |
| <b>21. Operating expenses</b>  |  |  |
| Charter hire expenses  | 4,14,72,56,793                         | 3,88,82,71,556                         |
| Manpower expenses  | 26,79,86,993                           | 27,56,52,467                           |
| Mobilisation expenses  | -                                      | 21,67,50,450                           |
| Stores, spares and consumables   | 17,80,91,695                           | 7,97,02,698                            |
| Repairs to machinery   | 1,63,86,909                            | 14,53,831                              |
| Transportation, freight and handling   | 53,89,133                              | 1,13,58,913                            |
| Victualing cost (includes prior period expense: Current year - Nil, Previous year - Rs.                      | 93,00,570                              | 98,92,843                              |
| Others   | 1,19,64,998                            | 2,00,00,989                            |
|  | <b>4,63,63,77,091</b>                  | <b>4,50,30,83,747</b>                  |
| <b>22. Employee benefits expense</b>   |  |  |
| Salaries, Wages and Bonus  | 3,04,53,888                            | 2,82,37,804                            |
| Contribution to Provident and Other Funds (Refer note 27A)   | 24,72,166                              | 11,75,121                              |
| Gratuity (Refer note 27B)  | 2,34,824                               | 1,11,160                               |
| Staff welfare expenses   | 4,68,560                               | 2,52,081                               |
|  | <b>3,36,29,438</b>                     | <b>2,97,76,166</b>                     |
| <b>23. Finance costs</b>   |  |  |
| Interest on long term borrowings   | -                                      | 26,52,492                              |
| Bank guarantee commission (includes prior period expense: Current year - Nil, Previous year - Rs. 1,821,036) | 82,16,760                              | 74,72,268                              |
| Interest on statutory dues   | 3,04,167                               | 4,00,718                               |
|  | <b>85,20,927</b>                       | <b>1,05,25,478</b>                     |

**Forbes Bumi Armada Offshore Limited****Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**

|  | <b>Year Ended<br/>March 31, 2015<br/>Rupees</b> | <b>Year Ended<br/>March 31, 2014<br/>Rupees</b> |
|--|---|---|
| <b>24. Other expenses</b>  |   |   |
| Rent (includes prior period expense: Current year - Nil, Previous year - Rs. 177,537)                      | 92,96,818                                       | 85,40,591                                       |
| Repairs - others   | 8,53,521  | 1,89,057  |
| Insurance  | 6,47,209  | 19,299  |
| Rates and taxes  | 2,000   | 57,081  |
| Travelling and conveyance (includes prior period expense: Current year - Nil, Previous year - Rs. 164,262) | 33,38,866                                       | 36,90,767                                       |
| Directors Fees   | 7,80,000  | 4,10,000  |
| Payment to Auditors  |   |   |
| As auditor:  |   |   |
| Audit Fee  | 16,00,000                                       | 3,00,000  |
| Tax Audit Fee  | 1,75,000  | 1,23,500  |
| Other services   | -   | 50,000  |
| Expenditure towards Corporate Social Responsibility (CSR) activities                                       | 12,98,633                                       | -   |
| Professional fees (includes prior period expense: Current year - Nil, Previous year - Rs. 755,394)         | 3,04,25,455                                     | 1,89,01,532                                     |
| Provision for diminution in value of land  | 10,20,690                                       | -   |
| Bank Charges   | 47,54,260                                       | 24,24,164                                       |
| Contractual staff cost   | 29,05,037                                       | 3,80,438  |
| Provision for doubtful debts   | 8,79,59,524                                     | -   |
| Miscellaneous expenditure (includes prior period expense: Current year - Nil, Previous year - Rs. 9,922)   | 61,20,093                                       | 33,40,961                                       |
|  | <b>15,11,77,106</b>                             | <b>3,84,27,390</b>                              |
| <b>25. Exceptional items</b>   |   |   |
| Diesel cost  | -   | 11,62,00,885                                    |
|  | <b>-</b>  | <b>11,62,00,885</b>                             |

**Forbes Bumi Armada Offshore Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**

**9. Tangible and Intangible assets**

| Particulars                    | Gross block      |                 |                          |                   | Depreciation    |                  |                          |                   | Net block         |                  |
|--------------------------------|------------------|-----------------|--------------------------|-------------------|-----------------|------------------|--------------------------|-------------------|-------------------|------------------|
|                                | April 01, 2014   | Addition        | Disposal/<br>adjustments | March 31,<br>2015 | April 01, 2014  | For the year     | Disposal/<br>adjustments | March 31,<br>2015 | March 31,<br>2015 | March 31, 2014   |
| <b>Tangible assets</b>         |                  |                 |                          |                   |                 |                  |                          |                   |                   |                  |
| Computer                       | 10,56,986        | 7,25,615        | -                        | 17,82,601         | 3,47,588        | 4,88,628         | -                        | 8,36,216          | 9,46,385          | 7,09,398         |
| Vehicles                       | 18,33,644        | -               | -                        | 18,33,644         | 4,43,340        | 1,97,609         | -                        | 6,40,949          | 11,92,695         | 13,90,304        |
| Office equipments              | 7,20,958         | 1,17,050        | 36,960                   | 8,01,048          | 98,123          | 6,59,606         | 4,959                    | 7,52,770          | 48,278            | 6,22,835         |
| <b>Total tangible assets</b>   | <b>36,11,588</b> | <b>8,42,665</b> | <b>36,960</b>            | <b>44,17,293</b>  | <b>8,89,051</b> | <b>13,45,843</b> | <b>4,959</b>             | <b>22,29,935</b>  | <b>21,87,358</b>  | <b>27,22,537</b> |
| Previous Year                  | 5,42,620         | 30,68,968       | -                        | 36,11,588         | 16,151          | 8,72,900         | -                        | 8,89,051          | 27,22,537         | -                |
| <b>Intangible assets</b>       |                  |                 |                          |                   |                 |                  |                          |                   |                   |                  |
| Computer Software              | 72,600           | 24,000          | -                        | 96,600            | 20,293          | 26,047           | -                        | 46,340            | 50,260            | 52,307           |
| <b>Total intangible assets</b> | <b>72,600</b>    | <b>24,000</b>   | <b>-</b>                 | <b>96,600</b>     | <b>20,293</b>   | <b>26,047</b>    | <b>-</b>                 | <b>46,340</b>     | <b>50,260</b>     | <b>52,307</b>    |
| Previous Year                  | 18,600           | 54,000          | -                        | 72,600            | 491             | 19,802           | -                        | 20,293            | -                 | -                |
|                                |                  |                 |                          |                   |                 |                  |                          | -                 |                   |                  |
| <b>Total</b>                   | <b>36,84,188</b> | <b>8,66,665</b> | <b>36,960</b>            | <b>45,13,893</b>  | <b>9,09,344</b> | <b>13,71,890</b> | <b>4,959</b>             | <b>22,76,275</b>  | <b>22,37,618</b>  | <b>27,74,844</b> |
| Previous Year                  | 5,61,220         | 31,22,968       | -                        | 36,84,188         | 16,642          | 8,92,702         | -                        | 9,09,344          | 27,74,844         | -                |

The Company has during the year changed the estimated useful life of the asset and consequently the depreciation/amortisation charge for the year has been arrived considering revised estimated useful life on a prospective basis. Due to change in the estimated useful life, the depreciation/amortisation charge for the year is lower by Rs. 285,546.

**Forbes Bumi Armada Offshore Limited****Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)****26. Earnings per share**

Earnings per share is calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating the basic/ diluted earnings per equity share are as stated

| <b>Particulars</b>  | <b>Year ended<br/>March 31, 2015</b> | <b>Year ended<br/>March 31, 2014</b> |
|---|--------------------------------------|--------------------------------------|
| Profit after taxation (Rupees)  | 9,25,24,931                          | 16,57,17,480                         |
| Weighted average number of equity shares of Rs. 10 each outstanding during the year | 1,00,00,000                          | 87,15,068                            |
| Basic and Diluted earnings per share (Rupees)                                       | 9.25                                 | 19.02                                |
| Face value per share (Rupees)   | 10                                   | 10                                   |

**27. Disclosures under Accounting Standard 15 (Revised 2005) "Employee Benefits"****(A) Defined contribution plans**

## Provident Fund

The provident fund and the state defined contribution plans are operated by the Regional Provident Fund Commissioner. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Company has recognised the following amounts in the Statement of Profit and Loss for the year :

|                                | <b>Year ended<br/>March 31, 2015<br/>Rupees</b> | <b>Year ended<br/>March 31, 2014<br/>Rupees</b> |
|--------------------------------|---|---|
| Contribution to Provident Fund | 9,06,560  | 11,75,121                                       |
|                                | <b>9,06,560</b>                                 | <b>11,75,121</b>                                |

**(B) Defined Benefit Plans**

## Gratuity

**(i) Changes in present value of obligation**

|                                      |                 |                 |
|--------------------------------------|-----------------|-----------------|
| Balance at the beginning of the year | 1,11,160        | -               |
| Current service cost                 | 1,51,148        | 1,11,160        |
| Interest cost                        | 10,327          | -               |
| Actuarial (gains)/ loss              | 73,349          | -               |
| Balance at the end of the year       | <b>3,45,984</b> | <b>1,11,160</b> |

|  | <b>As at<br/>March 31, 2015<br/>Rupees</b> | <b>As at<br/>March 31, 2014<br/>Rupees</b> |
|--|--|--|
| <b>(ii) Assets and Liabilities recognised in the Balance sheet</b> |  |  |
| Present value of Defined Benefit Obligation                        | 3,45,984                                   | 1,11,160                                   |
| Amount recognised as liability                                     | <b>3,45,984</b>                            | <b>1,11,160</b>                            |
| Recognised under:  |  |  |
| Long term provision (Refer note 5)                                 | 3,44,055                                   | 1,10,534                                   |
| Short term provision (Refer note 8)                                | 1,929                                      | 626  |
|  | <b>3,45,984</b>                            | <b>1,11,160</b>                            |

**Forbes Bumi Armada Offshore Limited****Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**

|       |  |                 |                 |
|-------|--|-----------------|-----------------|
| (iii) | Expenses recognised in the Statement of Profit and Loss  |                 |                 |
|       | Current service cost   | 1,51,148        | 1,11,160        |
|       | Interest cost  | 10,327          | -               |
|       | Actuarial (gain)/ loss   | 73,349          | -               |
|       |  | <b>2,34,824</b> | <b>1,11,160</b> |
| (iv)  | Actuarial Assumptions  |                 |                 |
|       | Discount Rate (per annum)  | 7.99%           | 9.29%           |
|       | Rate of increase in compensation levels  | 10.00%          | 10.00%          |
|       | Expected average remaining working lives of employees (years)  | 7               | 7               |
|       | The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market |                 |                 |
| (v)   | Disclosure under para 120(n) of AS - 15  |                 |                 |
|       | <b>Gratuity</b>  |                 |                 |
|       | Present value of the Defined Benefit Obligation  | 3,45,984        | 1,11,160        |
|       | Experience Adjustments in plan liabilities   | 73,349          | -               |
|       | Experience Adjustments in plan assets  | -               | -               |

**28. Related Party Disclosures****(A) Name of related parties and nature of relationship:****(i) Shareholders:**

Forbes & Company Limited \*

Bumi Armada Berhad \*

\* For equity holding refer note 3.

**(ii) Other Related Parties with whom transactions have taken place during the year:****(I) Fellow Subsidiaries:**

Forbes & Company Limited

Forbes Bumi Armada Limited

Bumi Armada Berhad

Bumi Armada Navigation Sdn Bhd

Forvol International Services Limited

Armada D1 Pte. Limited

Bumi Armada Automation International Sdn Bhd

Bumi Armada Singapore Pte Ltd

Eureka Forbes Limited

**(II) Key Management Personnel:**

Mr. Pramod Sapra (Manager w.e.f. December 3, 2015)

Mr. Vikram Kapur (Chief Financial Officer)

**Forbes Bumi Armada Offshore Limited**
**Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**
**(iii) Transactions with Related Parties:**

| Particulars of transactions                               | Shareholders                 |                              | Fellow Subsidiaries        |                                |                                       |   |  |                                    |                       | Rupees   |
|---|------------------------------|------------------------------|----------------------------|--------------------------------|---------------------------------------|---|--|------------------------------------|-----------------------|--|
|   | Forbes & Company Limited     | Bumi Armada Berhad           | Forbes Bumi Armada Limited | Bumi Armada Navigation Sdn Bhd | Forvol International Services Limited | Armada D1 Pte. Limited                  | Bumi Armada Automation International Sdn Bhd | Bumi Armada Singapore Pte. Limited | Eureka Forbes Limited | Total  |
| Stores, spares and consumables                            | -<br><i>1,39,648</i>         | -                            | -                          | -                              | -                                     | -                                       | 17,21,083                                    | -                                  | -                     | <b>17,21,083</b><br><i>1,39,648</i>            |
| Interest on long term borrowings                          | -                            | -                            | -                          | -                              | -                                     | -                                       | -  | -                                  | -                     | -<br><i>26,52,492</i>                          |
| Charter hire expenses                                     | -                            | -                            | <i>26,52,492</i>           | -                              | -                                     | 4,14,72,56,793<br><i>3,88,82,71,556</i> | -  | -                                  | -                     | <b>4,14,72,56,793</b><br><i>3,88,82,71,556</i> |
| Insurance expense   | -                            | -                            | -                          | 2,21,096                       | -                                     | 1,76,384<br><i>92,87,463</i>            | 12,11,504<br><i>43,20,063</i>                | -                                  | -                     | <b>16,08,984</b><br><i>1,36,07,526</i>         |
| Bank guarantee commission                                 | -                            | -                            | -                          | -                              | -                                     | 31,22,937                               | -  | -                                  | -                     | <b>31,22,937</b><br><i>-</i>                   |
| Manpower expenses   | -                            | -                            | 25,61,79,545               | -                              | -                                     | -                                       | -  | -                                  | -                     | <b>25,61,79,545</b><br><i>-</i>                |
| Reimbursement of expenses towards liquidated damage       | -                            | -                            | -                          | -                              | -                                     | 1,02,31,981                             | -  | -                                  | -                     | <b>1,02,31,981</b><br><i>-</i>                 |
| Reimbursement of expenses towards subsea                  | -                            | -                            | -                          | -                              | -                                     | 1,36,60,251                             | -  | -                                  | -                     | <b>1,36,60,251</b><br><i>-</i>                 |
| Reimbursement of expenses towards diesel cost             | -                            | -                            | -                          | -                              | -                                     | 6,81,59,201                             | -  | -                                  | -                     | <b>6,81,59,201</b><br><i>-</i>                 |
| Reimbursement of expenses/ (income)                       | -                            | (70,188)                     | 71,60,338                  | -                              | -                                     | (17,79,453)<br><i>2,93,587</i>          | -  | -                                  | -                     | <b>53,10,697</b><br><i>2,93,587</i>            |
| Liabilities written back to the extent no longer required | -                            | -                            | -                          | -                              | -                                     | 69,52,054                               | -  | -                                  | -                     | <b>69,52,054</b><br><i>-</i>                   |
| Mobilisation expenses                                     | -                            | -                            | -                          | -                              | -                                     | -                                       | <i>21,67,50,450</i>                          | -                                  | -                     | <i>21,67,50,450</i><br><b>-</b>                |
| Other expenses  | 5,79,245<br><i>31,25,927</i> | 1,40,483<br><i>12,59,153</i> | -                          | -                              | 7,32,692<br><i>93,062</i>             | -                                       | 15,32,388<br><i>66,007</i>                   | 2,79,305<br><i>28,097</i>          | 13,990<br><i>-</i>    | <b>32,78,103</b><br><i>45,72,246</i>           |

**Note :** Figures in Italics represents previous year's figures.

**Forbes Bumi Armada Offshore Limited****Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**

|  | <b>Year ended<br/>March 31, 2015<br/>Rupees</b> | <b>Year ended<br/>March 31, 2014<br/>Rupees</b> |
|--|---|---|
| <b>(iv) Transactions with Related Parties stated in Note 28(A)(ii)(II) above</b> |   |   |
| Remuneration   |   |   |
| Mr. Pramod Sapra   | 36,37,567                                       | -   |
| Mr. Vikram Kapur   | 39,78,355                                       | -   |
| <b>(B) Balances with Related Parties as at March 31, 2015 are as follows</b>     |   |   |
| <b>Long-term loans and advances</b>  |   |   |
| Armada D1 Pte. Limited   | 6,81,59,201                                     | -   |
| <b>Trade payables</b>  |   |   |
| Forbes & Company Limited   | 18,474  | 3,66,928  |
| Forbes Bumi Armada Limited   | 2,00,37,901                                     | -   |
| Bumi Armada Berhad   | 3,34,982  | 9,24,749  |
| Bumi Armada Navigation Sdn Bhd   | 2,08,801  | 9,244   |
| Forvol International Services Limited  | 1,12,949  | -   |
| Armada D1 Pte. Limited   | 67,27,49,419                                    | 53,20,33,371                                    |
| Bumi Armada Automation International Sdn Bhd                                     | 1,56,42,857                                     | 43,86,070                                       |
| Bumi Armada Singapore Pte. Limited   | 2,99,983  | 28,097  |
| <b>Guarantees given to ONGC for performance obligation under the contract</b>    |   |   |
| Forbes & Company Limited   | 26,76,51,988                                    | 26,76,51,988                                    |
| Bumi Armada Berhad   | 26,76,51,988                                    | 26,76,51,988                                    |

Also refer note 29d for security given to APDL.

**29. Other Notes forming part of the accounts****a. CIF value of imports**

|                                     |                    |                    |
|-------------------------------------|--------------------|--------------------|
| Stores, spare parts and consumables | 7,37,53,114        | 9,40,85,590        |
|                                     | <b>7,37,53,114</b> | <b>9,40,85,590</b> |

**b. Expenditure in foreign currency**

|                                |                       |                       |
|--------------------------------|-----------------------|-----------------------|
| Charter hire expenses          | 4,14,72,56,793        | 3,88,82,71,556        |
| Stores, spares and consumables | 7,94,20,808           | -                     |
| Repairs and maintainance       | 1,36,96,991           | -                     |
| Mobilisation expenses          | -                     | 21,67,50,450          |
| Internet Charges               | 78,69,521             | 63,24,274             |
| Crew Insurance                 | 40,95,379             | 1,75,75,536           |
| Bank guarantee commission      | 38,23,954             | 10,15,667             |
| Offshore Salary                | -                     | 98,54,813             |
| Other expenses                 | 20,29,074             | 1,00,96,123           |
|                                | <b>4,25,81,92,520</b> | <b>4,14,98,88,419</b> |

**c. Earnings in foreign currency**

|                                  |                       |                       |
|----------------------------------|-----------------------|-----------------------|
| Income from time charter revenue | 4,92,41,40,741        | 4,59,08,86,042        |
| Mobilisation fees                | -                     | 22,23,33,208          |
|                                  | <b>4,92,41,40,741</b> | <b>4,81,32,19,250</b> |

**Forbes Bumi Armada Offshore Limited****Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)****d. Deduction against Diesel cost**

ONGC had deducted in 2014 Rs. 241,296,999 towards diesel provided by them during the mobilisation phase of FPSO. The Company has contested this claim and as per the terms of contract the matter is currently being pursued by "Outside Expert Committee" appointed as per the terms of the contract. During the year against the said claim, the Company has received Rs. 45,549,621.

Further, the Company has entered into an agreement dated January 15, 2014 with Armada D1 Pte. Limited (ADPL) wherein partially the said claim is reimbursable from them in case the Company has to incur the diesel cost. Considering the probability of claim being accepted and principle of prudence, the Company has provided for the said amounts. Consequentially,

- i) The Statement of Profit and Loss includes a net charge of Rs. 11,367,292 (Previous year Rs. 116,200,885) in note 25 (Net of reimbursable amount of Rs. 68,157,700 from ADPL).
- ii) The gross provision of Rs. 195,725,877 made has been disclosed as "Provision for doubtful debts" in note 15.
- iii) The gross amount recoverable from ADPL has been disclosed as "Loans and advances to related parties" in note 12.

Further, pending settlement of this claim as per the terms of the above referred contract, the Company has paid an advance to Armada D1 Pte. Limited of Rs. 68,157,700 which has been disclosed as "Loans and advances to related parties" in note 12.

**e. Security given for loan taken by Armada D1 Pte. Limited**

The Company has obtained on lease FPSO from Armada D1 Pte Ltd (ADPL). ADPL, for financing the FPSO vessel cost, has borrowed USD 276,400,000 by way of term loan and letter of credit facilities from a consortium of banks/ financial institutions against which the following security has been given by the Company:

- i) Land situated at Survey No. 36A of Mauje Pali of Taluka Sudhagad, district Raigad purchased for a consideration of Rs. 1,300,000 (Refer note 11).
- ii) All the rights of the Company under the charter hire agreement with ONGC dated August 10, 2013.

**30. Dues to micro, small and medium enterprises**

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"). The disclosures pursuant to the said MSMED Act are as follows:

| Particulars  | As at<br>March 31, 2015<br>Rupees | As at<br>March 31, 2014<br>Rupees |
|--|-----------------------------------|-----------------------------------|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end   | 65,79,569                         | -                                 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end   | 2,14,070                          | -                                 |
| Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year  | 6,56,17,342                       | -                                 |
| Interest paid, other than under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | -                                 | -                                 |
| Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year            | -                                 | -                                 |
| Interest due and payable towards suppliers registered under the MSMED Act for payments already made  | 7,63,958                          | -                                 |
| Further Interest remaining due and payable for earlier years   | 5,094                             | -                                 |

The above disclosure is based on the information available with the Company regarding the status of registration of such vendors under the said Act. There are no other delays in payments to such suppliers during the year or for any earlier years.

**31. Segment Reporting**

In accordance with Accounting Standard 17 "Segment Reporting" as prescribed under Companies (Accounting Standards) Rules, 2006, the Company has determined its business segment as supply and operation maintenance of FPSO vessel to ONGC on charter hire basis. Since, there are no other business segments in which the Company operates and the services are provided only within India, there are no other primary reportable segments. Therefore the segment revenue, segment results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charge are all as is reflected in the financial statements.

**32. Operating Lease**

The Company has entered into a bare boat charter agreement for hiring FPSO vessel on operating lease for a period of 7 years. There is also a premises taken by the Company on operating lease.

|   | Year ended<br>March 31, 2015<br>Rupees | Year ended<br>March 31, 2014<br>Rupees |
|---|--|--|
| With respect to all operating leases:   |  |  |
| Lease payments recognised in the Statement of Profit and Loss during the year |  |  |
| Charter hire expenses   | 4,14,72,56,793                         | 3,88,82,71,556                         |
| Lease rent for premises   | 92,96,818                              | 85,40,591                              |

The Company has entered into a seven year contract with Armada D1 Pte. Limited for lease of FPSO. Considering the conditions under which the contract can be terminated between the Company and ADPL, and also the rationale based on which charter hire rates are varying year on year, the lease rent charges continue to be charged based on actuals and not on a straight line basis.

**Forbes Bumi Armada Offshore Limited**

**Notes to the financial statements as at and for the year ended March 31, 2015 (Continued)**

**33. Derivative instruments outstanding and unhedge foreign currency exposures as at the reporting date**

| a. Derivatives outstanding as at the reporting date |                          | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|--------------------------|-------------------------|-------------------------|
| Particulars   | Purpose                  | USD/Rupees              | USD/Rupees              |
| Forward contract to sell USD                        | Hedge of firm commitment | \$10,00,000             | \$50,00,000             |
|   |                          | Rs. 63,850,000          | Rs. 298,790,000         |

**b. Particulars of unhedged foreign currency exposures as at the reporting date**

| Particulars/ Currency   | As at<br>March 31, 2015          |                     | As at<br>March 31, 2014          |                     |
|-------------------------|----------------------------------|---------------------|----------------------------------|---------------------|
|                         | Amount in<br>Foreign<br>Currency | Amount in<br>Rupees | Amount in<br>Foreign<br>Currency | Amount in<br>Rupees |
| <b>Trade receivable</b> |                                  |                     |                                  |                     |
| USD                     | 8,58,495                         | 5,36,81,692         | -                                | -                   |
| <b>Trade payable</b>    |                                  |                     |                                  |                     |
| USD                     | 1,08,72,721                      | 68,14,89,085        | 4,64,609                         | 2,78,01,288         |
| MYR                     | 32,105                           | 5,42,519            | 27,889                           | 5,11,924            |
| SGD                     | 6,575                            | 2,99,985            | 10,139                           | 4,82,621            |
| JPY                     | 8,81,250                         | 4,61,731            | -                                | -                   |
| Euro                    | 306                              | 20,824              | 3,039                            | 2,50,228            |

**34. Previous year figures have been reclassified to confirm to this year's classification.**

For **Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration No. 304026E/ E-300009  
Chartered Accountants

For and on behalf of the Board of Directors

**Sarah George**  
Partner  
Membership No: 045255

Director

Director

Place: Mumbai  
Date: May 4, 2015

Director

Director

Director

Director

Director

Pramod Sapra  
Manager

Vikram Kapur  
Company Secretary & Chief Financial Officer

Place: Mumbai  
Date: April 30, 2015

**Forbes Campbell Finance Limited**  
(a wholly owned Subsidiary Company)

Financial Statements of  
for the year ended March 31, 2015

# **BATLIBOI & PUROHIT**

## **Chartered Accountants**

### **INDEPENDENT AUDITOR'S REPORT**

To the Members of Forbes Campbell Finance Limited

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Forbes Campbell Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



**Chartered Accountants****Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by 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, 2015, its profit, and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2015 ("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 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Act;
  - (f) With respect to the other matters to be included in the Auditor's 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 does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For BATLIBOI & PUROHIT**

Chartered Accountants

ICAI Firm Registration Number: 101048W

**Janak Mehta**

Partner

Membership Number: 116976



Place: Mumbai

Date: April 21, 2015

Annexure referred to in Clause 1 of paragraph on Report on Other Legal and Regulatory Requirements of our report of even date

Re: Forbes Campbell Finance Limited ("the Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no discrepancies were identified on such verification.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. Undisputed dues in respect of sales-tax which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

| Name of statute | Nature of dues                 | Amount (Rs.) | Period to which the amount relates | Due date | Date of payment |
|-----------------|--------------------------------|--------------|------------------------------------|----------|-----------------|
| Sales Tax       | Sales Tax and interest thereon | 15,69,598    | FY 1993 to 2000                    | Various  | Unpaid          |



Annexure referred to in Clause 1 of paragraph on Report on Other Legal and Regulatory Requirements of our report of even date

Re: Forbes Campbell Finance Limited ("the Company")

- (c) According to the records of the Company, the dues outstanding of income-tax and sales-tax on account of any dispute, are as follows:

| Name of statute              | Nature of dues     | Amount (Rs.) | Period to which the amount relates         | Forum where dispute is pending       |
|------------------------------|--------------------|--------------|--|--------------------------------------|
| Madhya Pradesh Sales Tax Act | Sales Tax Demands  | 10,09,077    | F.Y. 1997-98 to 1999-2000                  | Commercial tax officer, Bhopal       |
| Income Tax Act               | Income Tax Demands | 31,73,168    | A.Y. 2001-02, 2005-06, 2008-09 and 2009-10 | Income Tax Appellate, Tribunal       |
| Income Tax Act               | Income Tax Demands | 1,72,33,159  | A.Y. 2010-11                               | Commissioner of Income Tax (Appeals) |
| Income Tax Act               | Income Tax Demands | 6,53,189     | A.Y. 2004-05                               | Assessing Officer, Income Tax        |

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- (viii) *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has not incurred cash loss during the year. In the immediately preceding financial year, the Company had incurred cash loss.*
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.



Annexure referred to in Clause 1 of paragraph on Report on Other Legal and Regulatory Requirements of our report of even date

Re: Forbes Campbell Finance Limited ("the Company")

- (xi) The Company did not have any term loans outstanding during the year.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For BATLIBOI & PUROHIT**

Chartered Accountants

ICAI Firm Registration Number: 101048W



**Janak Mehta**

Partner

Membership Number: 116976



Place: Mumbai

Date: April 21, 2015

**FORBES CAMPBELL FINANCE LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2015**

| Particulars                      | Note No. |               | As at<br>31st March, 2015<br>in ₹ | As at<br>31st March, 2014<br>in ₹ |
|----------------------------------|----------|---------------|-----------------------------------|-----------------------------------|
| <b>I EQUITY AND LIABILITIES</b>  |          |               |                                   |                                   |
| <b>1 Shareholders' funds</b>     |          |               |                                   |                                   |
| a Share capital                  | 2        | 3,86,41,310   |                                   | 3,86,41,310                       |
| b Reserves and surplus           | 3        | (2,91,33,288) |                                   | (4,68,21,710)                     |
|                                  |          |               | 95,08,022                         | (81,80,400)                       |
| <b>2 Non-current liabilities</b> |          |               |                                   |                                   |
| a Long-term borrowings           | 4        |               | 17,26,75,000                      | 18,96,75,000                      |
| <b>3 Current liabilities</b>     |          |               |                                   |                                   |
| a Trade payables                 |          | 52,908        |                                   | 56,208                            |
| b Other current liabilities      | 5        | 25,22,941     |                                   | 25,62,475                         |
|                                  |          |               | 25,75,849                         | 26,18,683                         |
| <b>TOTAL</b>                     |          |               | <b>18,47,58,871</b>               | <b>18,41,13,283</b>               |
| <b>II ASSETS</b>                 |          |               |                                   |                                   |
| <b>1 Non-current assets</b>      |          |               |                                   |                                   |
| a Fixed assets                   |          |               |                                   |                                   |
| (i) Tangible assets              | 6        | 5,68,244      |                                   | 6,24,728                          |
| b Non-current investments        | 7        | 16,31,24,033  |                                   | 16,31,24,033                      |
| c Long-term loans and advances   | 8        | 2,01,96,065   |                                   | 2,01,53,618                       |
|                                  |          |               | 18,38,88,342                      | 18,39,02,379                      |
| <b>2 Current assets</b>          |          |               |                                   |                                   |
| a Trade receivables              | 9        | -             |                                   | 27,000                            |
| b Cash and cash equivalents      | 10       | 8,70,529      |                                   | 1,83,904                          |
|                                  |          |               | 8,70,529                          | 2,10,904                          |
| <b>TOTAL</b>                     |          |               | <b>18,47,58,871</b>               | <b>18,41,13,283</b>               |

Significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Reg No:101048W

SUNETRA GANESAN \_\_\_\_\_ Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_

**Janak Mehta**  
Partner  
Membership No.: 116976  
Mumbai, 21st April, 2015

S.P. KADAKIA \_\_\_\_\_

MR. PANKAJ KHATTAR \_\_\_\_\_

Directors

Mumbai, 21st April, 2015

# FORBES CAMPBELL FINANCE LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

| Particulars   | Note No. |          | Year Ended<br>31st March, 2015<br>in ₹ | Year Ended<br>31st March, 2014<br>in ₹ |
|---|----------|----------|--|--|
| I Revenue from operations   | 11       |          | 3,60,000                               | 4,43,199                               |
| II Other income   | 12       |          | 1,77,53,648                            | -                                      |
| III <b>Total revenue (I + II)</b>   |          |          | <b>1,81,13,648</b>                     | <b>4,43,199</b>                        |
| IV <b>Expenses:</b>   |          |          |  |  |
| Finance cost  | 13       | 1,89,303 |  | 1,33,459                               |
| Depreciation and amortisation expense                                     | 14       | 22,840   |  | 28,202                                 |
| Other expenses  | 15       | 1,79,438 |  | 8,63,32,699                            |
| <b>Total expenses</b>   |          |          | <b>3,91,581</b>                        | <b>8,64,94,360</b>                     |
| V <b>Profit / (loss) before tax (III - IV)</b>                            |          |          | <b>1,77,22,067</b>                     | <b>(8,60,51,161)</b>                   |
| VI <b>Tax expense / (credit):</b>   |          |          |  |  |
| Prior years' tax adjustments  |          |          | -                                      | 13,21,957                              |
| VII <b>Profit for the year (V - VI)</b>                                   |          |          | <b>1,77,22,067</b>                     | <b>(8,73,73,118)</b>                   |
| VIII <b>Earning per equity share:</b>                                     |          |          |  |  |
| Basic and diluted earnings per equity share (nominal value of share ₹ 10) |          |          | ₹ 4.59                                 | ₹ (22.61)                              |

Significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Reg No:101048W

**Janak Mehta**  
Partner  
Membership No.: 116976  
Mumbai, 21st April, 2015

SUNETRA GANESAN \_\_\_\_\_ Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_

S.P. KADAKIA \_\_\_\_\_ Directors

PANKAJ KHATTAR \_\_\_\_\_

Mumbai, 21st April, 2015

**FORBES CAMPBELL FINANCE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015**

|  | Year Ended<br>31st March, 2015<br>In ₹ | Year Ended<br>31st March, 2014<br>In ₹ |
|--|--|--|
| <b>Profit / (Loss) before tax</b>  | <b>1,77,22,067</b>                     | <b>(8,60,51,161)</b>                   |
| <b>Adjustments for -</b>   |  |  |
| Depreciation and amortisation expense  | 22,840                                 | 28,202                                 |
| Provision for diminution in the value of Investments, no longer required written back (Net of loss on sale of equity shares of Joint Venture)  | (1,76,74,178)                          | -                                      |
| Interest on bank deposit / inter-corporate deposit   | (79,470)                               | -                                      |
| Finance Costs  | 1,89,303                               | 1,33,459                               |
| Dividend on long-term investments  | -                                      | (83,199)                               |
| Balances Written off   | -                                      | 6,84,558                               |
| Exceptional items  | -                                      | -                                      |
| - Provision for diminution in the value of investments   | -                                      | 8,52,94,477                            |
|  | <b>(1,75,41,505)</b>                   | <b>8,60,57,497</b>                     |
| <b>Operating profit / (loss) before working capital changes</b>  | <b>1,80,562</b>                        | <b>6,336</b>                           |
| <b>Adjustments for changes in working capital:</b>   |  |  |
| Increase / (decrease) in trade payables  | (3,300)                                | 28,190                                 |
| Increase / (decrease) in other current liabilities   | 400                                    | (50,274)                               |
| Decrease / (increase) in trade receivables   | 27,000                                 | (27,000)                               |
| Decrease / (increase) in long-term loans and advances  | 1,500                                  | 343                                    |
|  | <b>25,600</b>                          | <b>(48,741)</b>                        |
| <b>Cash generated from / (used in) operations</b>  | <b>2,06,162</b>                        | <b>(42,405)</b>                        |
| Income taxes paid (net of refunds)   | <b>(43,948)</b>                        | <b>(37,844)</b>                        |
| <b>(a) Net cash generated from / (used in) operating activities</b>  | <b>1,62,214</b>                        | <b>(80,249)</b>                        |
| <b>Cash flows from investing activities:</b>   |  |  |
| Proceeds from sale of long-term investments in Joint Venture   | 1,76,74,178                            | -                                      |
| Subscription to Equity Shares in Joint Venture   | -                                      | (7,50,00,000)                          |
| Interest received  | 79,470                                 | -                                      |
| Dividend received  | -                                      | 83,199                                 |
| <b>(b) Net cash generated from / (used in) investing activities</b>  | <b>1,77,53,648</b>                     | <b>(7,49,16,801)</b>                   |
| <b>Cash flows from financing activities:</b>   |  |  |
| Proceeds from long-term borrowings   | -                                      | 7,50,00,000                            |
| Repayment of long-term borrowings  | (1,70,00,000)                          | -                                      |
| Interest paid  | (2,29,237)                             | (95,855)                               |
| <b>(c) Net cash generated from / (used in) financing activities</b>  | <b>(1,72,29,237)</b>                   | <b>7,49,04,145</b>                     |
| <b>(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)</b>  | <b>6,86,625</b>                        | <b>(92,905)</b>                        |
| <b>(e) Cash and cash equivalents as at the commencement of the year</b>  | <b>1,83,904</b>                        | <b>2,76,809</b>                        |
| <b>(f) Cash and cash equivalents as at the end of the year (d + e)</b>   | <b>8,70,529</b>                        | <b>1,83,904</b>                        |
| <b>Footnotes:</b>  |  |  |
| 1 Cash-flow statement is prepared in accordance with "Indirect method" as explained in the Accounting Standard on Cash Flow Statements (AS-3). |  |  |
| 2 Details of Cash and cash equivalents as at the commencement of the year are as under :-  |  |  |
| a) Cash on hand  | 4,882                                  | 5,507                                  |
| b) Cheques, Drafts on hand   | -                                      | 27,000                                 |
| c) Balances with banks- Current Account  | 1,79,022                               | 2,44,302                               |
|  | <b>1,83,904</b>                        | <b>2,76,809</b>                        |
| 3 Details of Cash and cash equivalents as at the end of the year are as under :-   |  |  |
| a) Cash on hand  | 3,487                                  | 4,882                                  |
| b) Balances with banks- Current Account  | 8,67,042                               | 1,79,022                               |
|  | <b>8,70,529</b>                        | <b>1,83,904</b>                        |

As per our report of even date

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Reg No:101048W

**Janak Mehta**  
Partner  
Membership No.: 116976  
Mumbai, 21st April, 2015

SUNETRA GANESAN \_\_\_\_\_ Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_

S.P. KADAKIA \_\_\_\_\_

PANKAJ KHATTAR \_\_\_\_\_

Mumbai, 21st April, 2015

Directors

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 2. Share capital

#### Authorised:

46,14,200 (*Previous year: 46,14,200*) equity shares of ₹ 10 each

#### Issued, subscribed and fully paid:

38,64,131 (*Previous year: 38,64,131*) equity shares of ₹ 10 each

#### TOTAL

| As at<br>31st March, 2015<br>In ₹ | As at<br>31st March, 2014<br>In ₹ |
|-----------------------------------|-----------------------------------|
| <b>4,61,42,000</b>                | <b>4,61,42,000</b>                |
| 3,86,41,310                       | 3,86,41,310                       |
| <b>3,86,41,310</b>                | <b>3,86,41,310</b>                |

#### (a) Rights, preferences and restrictions attached to equity shares

The Company has only one class of share referred to as equity shares having a par value of Rs 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 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.

#### (b) Equity shares held by holding company and subsidiary company

38,64,131 (*Previous year - 38,64,131*) equity shares are held by holding company - Forbes & Company Limited

#### (c) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:

| Name of Shareholder      | As at 31st March, 2015       |           | As at 31st March, 2014       |           |
|--------------------------|------------------------------|-----------|------------------------------|-----------|
|                          | Number of equity shares held | % holding | Number of equity shares held | % holding |
| Forbes & Company Limited | 38,64,131                    | 100       | 38,64,131                    | 100       |

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|   | As at<br>31st March, 2015<br>In ₹ | As at<br>31st March, 2014<br>In ₹ |
|---|-----------------------------------|-----------------------------------|
| <b>3. Reserves and surplus</b>  |                                   |                                   |
| <b>(a) Capital Redemption Reserve:</b>  |                                   |                                   |
| Balance as per last balance sheet   | <u>75,00,000</u>                  | <u>75,00,000</u>                  |
|   | <b>75,00,000</b>                  | <b>75,00,000</b>                  |
| <b>(b) Securities Premium:</b>  |                                   |                                   |
| Balance as per last balance sheet   | <u>30,00,71,700</u>               | <u>30,00,71,700</u>               |
|   | <b>30,00,71,700</b>               | <b>30,00,71,700</b>               |
| <b>(c) Amalgamation Reserve:</b>  |                                   |                                   |
| Balance as per last balance sheet   | <u>2,04,061</u>                   | <u>2,04,061</u>                   |
|   | <b>2,04,061</b>                   | <b>2,04,061</b>                   |
| <b>(d) Surplus / (deficit) in the statement of profit and loss:</b>   |                                   |                                   |
| Balance as per last balance sheet   | <b>(35,45,97,471)</b>             | <b>(26,72,24,353)</b>             |
| Add: Profit for the year  | 1,77,22,067                       | (8,73,73,118)                     |
| Less: Depreciation on Transition to Schedule II of the<br>Companies Act 2013 on tangible fixed assets with nil<br>remaining useful life (see note 22) | <u>(33,645)</u>                   | <u>-</u>                          |
|   | <b>(33,69,09,049)</b>             | <b>(35,45,97,471)</b>             |
| <b>TOTAL</b>  | <b><u>(2,91,33,288)</u></b>       | <b><u>(4,68,21,710)</u></b>       |

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

| Non - current portion             |                                   | Current maturities                |                                   |
|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| As at<br>31st March, 2015<br>In ₹ | As at<br>31st March, 2014<br>In ₹ | As at<br>31st March, 2015<br>In ₹ | As at<br>31st March, 2014<br>In ₹ |

### 4. Long-term borrowings

#### UNSECURED:

##### (a) Debentures

|  |                     |                     |          |          |
|--|---------------------|---------------------|----------|----------|
| (i) 0.1% unsecured optionally convertible redeemable debentures<br>[1,72,67,500 (Previous Year:1,89,67,500) Debentures of ₹ 10/- each]<br>(Refer Footnote) | 17,26,75,000        | 18,96,75,000        | -        | -        |
| <b>TOTAL</b>   | <b>17,26,75,000</b> | <b>18,96,75,000</b> | <b>-</b> | <b>-</b> |

#### Footnote:

##### Details of terms of repayment of Debentures:

- The debentures shall carry interest @ 0.1 % p.a. payable annually.
- The Company shall at any time after the expiry of 18 months from the date of allotment of the convertible debentures by a written notice of 30 days call upon the holders of convertible debentures to give their consent to the conversion of the debentures into equity shares. The conversion shall be at a price to be determined by the Board of Directors. The equity shares so issued and allotted upon conversion shall rank pari passu with the then existing equity shares in all respect including dividend. In case the holder do not consent to the conversion, the debentures shall be redeemed at par, upon the expiry of 20 years from the date of allotment. the company shall have an option to redeem the same, earlier at any time before the date of maturity after giving a written notice of 30 days.

## FORBES CAMPBELL FINANCE LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|  | As at<br>31st March, 2015<br>In ₹ | As at<br>31st March, 2014<br>In ₹ |
|--|-----------------------------------|-----------------------------------|
| <b>5. Other current liabilities</b>            |                                   |                                   |
| (a) Interest accrued but not due on borrowings | 68,086                            | 1,08,020                          |
| (b) Security Rent deposits                     | 5,00,000                          | 5,00,000                          |
| (c) TDS Payable                                | 4,605                             | 4,206                             |
| (d) Sales Tax Payable                          | 15,69,598                         | 15,69,598                         |
| (e) Other Liabilities                          | 3,80,652                          | 3,80,651                          |
| <b>TOTAL</b>                                   | <b>25,22,941</b>                  | <b>25,62,475</b>                  |

**FORBES CAMPBELL FINANCE LIMITED**
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**
**6. Fixed assets**
**(in ₹)**

| Description<br>of Assets  | GROSS BLOCK (at cost)     |                              |                               |                           | DEPRECIATION / AMORTISATION |             |              |                                  |                          | NET BLOCK                 |                           |
|---------------------------|---------------------------|------------------------------|-------------------------------|---------------------------|-----------------------------|-------------|--------------|----------------------------------|--------------------------|---------------------------|---------------------------|
|                           | As at<br>31st March, 2014 | Additions<br>during the year | Deductions<br>during the year | As at<br>31st March, 2015 | As at<br>31st March, 2014   | Adjustments | For the year | On deductions<br>during the year | Upto<br>31st March, 2015 | As at<br>31st March, 2015 | As at<br>31st March, 2014 |
| <b>A. Tangible assets</b> |                           |                              |                               |                           |                             |             |              |                                  |                          |                           |                           |
| 1 Buildings               | 13,31,694                 | -                            | -                             | 13,31,694                 | 7,40,610                    | -           | 22,840       | -                                | 7,63,450                 | 5,68,244                  | 5,91,083                  |
| 2 Furniture and fixtures  | 1,02,600                  | -                            | -                             | 1,02,600                  | 68,955                      | 33,645      | -            | -                                | 1,02,600                 | -                         | 33,645                    |
| 3 Office equipment        | 1,45,000                  | -                            | -                             | 1,45,000                  | 1,45,000                    | -           | -            | -                                | 1,45,000                 | -                         | -                         |
|                           | 15,79,294                 | -                            | -                             | 15,79,294                 | 9,54,565                    | 33,645      | 22,840       | -                                | 10,11,050                | 5,68,244                  | 6,24,728                  |
| Previous Year             | 15,79,294                 | -                            | -                             | 15,79,294                 | 9,26,363                    | -           | 28,202       | -                                | 9,54,565                 | 6,24,728                  |                           |

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|   | As at<br>31st March, 2015<br>In ₹ | As at<br>31st March, 2014<br>In ₹ |
|---|-----------------------------------|-----------------------------------|
| <b>7. Non - current investments</b>   |                                   |                                   |
| <b>(a) Other than trade investments [Long-term - unquoted (fully paid) (valued at cost unless stated otherwise)]</b>  |                                   |                                   |
| <b>In equity shares</b>   |                                   |                                   |
| <b>In subsidiaries</b>  |                                   |                                   |
| 1. 49,000 (Previous year: 49,000) equity shares of ₹ 10 each in Forbes Campbell Services Ltd.   | 4,93,994                          | 4,93,994                          |
| 2. 1,18,97,200 (Previous year: 1,18,97,200) equity shares of ₹ 10 each in Forbes Technosys Ltd.   | 11,78,26,350                      | 11,78,26,350                      |
| 3. 28,05,000 (Previous year: 28,05,000) equity shares of ₹ 10 each in Forbes Bumi Armada Ltd.   | 2,80,56,395                       | 2,80,56,395                       |
| 4. 16,56,000 (Previous year: 16,56,000) equity shares of ₹ 10 each in Forbes Edumetry Ltd<br>[At cost ₹ 1,44,36,124 (Previous year ₹ 1,44,36,124) less provision for other than temporary<br>diminution in value ₹ 1,44,36,122 (Previous year ₹ 1,44,36,122) ]    | 2                                 | 2                                 |
|   | <b>14,63,76,741</b>               | <b>14,63,76,741</b>               |
| <b>In other entities</b>  |                                   |                                   |
| 1. 13,49,260 (Previous year: 13,49,260) equity shares of ₹ 10 each in The Svadeshi Mills Co. Ltd.   | 1,34,92,600                       | 1,34,92,600                       |
| 2. Nil (Previous year: 1,50,13,664) equity shares of ₹ 10 each in Nypro Forbes Products Ltd.<br>[At cost ₹ Nil (Previous year ₹ 16,83,76,608) less provision for other than temporary<br>diminution in value ₹ Nil (Previous year ₹ 16,83,76,608) ] (see note 23) | -                                 | -                                 |
|   | <b>1,34,92,600</b>                | <b>1,34,92,600</b>                |
|   | <b>15,98,69,341</b>               | <b>15,98,69,341</b>               |
| <b>(b) Other than trade investments [Long-term - quoted (fully paid) (valued at cost unless stated otherwise)]</b>  |                                   |                                   |
| <b>In equity shares</b>   |                                   |                                   |
| <b>In a Holding Company (Quoted)</b>  |                                   |                                   |
| 1,66,398 (Previous year: 1,66,398) equity shares of ₹ 10 each in Forbes & Company Ltd.  | 32,54,692                         | 32,54,692                         |
| <b>TOTAL</b>  | <b>16,31,24,033</b>               | <b>16,31,24,033</b>               |
| <b>Footnotes:</b>   |                                   |                                   |
| Aggregate amount of quoted Investments [Market Value - ₹ 28,72,02,948; (Previous year ₹ 8,31,99,000) ]  | <b>32,54,692</b>                  | <b>32,54,692</b>                  |
| Aggregate amount of unquoted investments  | <b>15,98,69,341</b>               | <b>15,98,69,341</b>               |
| Aggregate provision for other than temporary diminution in value of investments   | <b>1,44,36,122</b>                | <b>18,28,12,730</b>               |

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|   | As at<br>31st March, 2015<br>In ₹ | As at<br>31st March, 2014<br>In ₹ |
|---|-----------------------------------|-----------------------------------|
| <b>8. Long-term loans and advances</b>                  |                                   |                                   |
| (unsecured, considered good unless otherwise stated)    |                                   |                                   |
| (a) Security deposits                                   |                                   |                                   |
| (i) Unsecured, considered good                          | 10,000                            | 10,000                            |
| (ii) Doubtful   | -                                 | -                                 |
|   | <u>10,000</u>                     | <u>10,000</u>                     |
| Less: Provision for doubtful deposits                   | -                                 | -                                 |
|   | <u><b>10,000</b></u>              | <u>10,000</u>                     |
| (b) Loans and advances to related parties               |                                   |                                   |
| (i) Unsecured, considered good                          | -                                 | 1,500                             |
| (ii) Doubtful   | 38,26,000                         | 38,26,000                         |
|   | <u>38,26,000</u>                  | <u>38,27,500</u>                  |
| Less: Provision for doubtful loans                      | 38,26,000                         | 38,26,000                         |
|   | <u>-</u>                          | <u>1,500</u>                      |
| (c) Taxes paid less provision (other than deferred tax) | <b>1,99,86,256</b>                | 1,99,42,309                       |
| (d) Balances with statutory / government authorities    |                                   |                                   |
| (i) Unsecured, considered good                          | 1,99,809                          | 1,99,809                          |
| (ii) Doubtful   | -                                 | -                                 |
|   | <u>1,99,809</u>                   | <u>1,99,809</u>                   |
| Less: Provision for doubtful balances                   | -                                 | -                                 |
|   | <u><b>1,99,809</b></u>            | <u>1,99,809</u>                   |
| <b>TOTAL</b>  | <u><b>2,01,96,065</b></u>         | <u><b>2,01,53,618</b></u>         |

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|                                      | As at<br>31st March, 2015<br>In ₹ | As at<br>31st March, 2014<br>In ₹ |
|--------------------------------------|-----------------------------------|-----------------------------------|
| <b>9. Trade receivables</b>          |                                   |                                   |
| <b>(a) Other trade receivables:</b>  |                                   |                                   |
| (i) Unsecured, considered good       | -                                 | 27,000                            |
| (ii) Doubtful                        | -                                 | -                                 |
|                                      | -                                 | 27,000                            |
| Less: Provision for doubtful Debts   | -                                 | -                                 |
|                                      | -                                 | 27,000                            |
| <b>TOTAL</b>                         | <b>-</b>                          | <b>27,000</b>                     |
| <b>10. Cash and cash equivalents</b> |                                   |                                   |
| 1. Balances with banks:              |                                   |                                   |
| (i) Others                           | 8,67,042                          | 1,79,022                          |
|                                      | <b>8,67,042</b>                   | <b>1,79,022</b>                   |
| 2. Cash on hand                      | 3,487                             | 4,882                             |
| <b>TOTAL</b>                         | <b>8,70,529</b>                   | <b>1,83,904</b>                   |

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|   | Year Ended<br>31st March, 2015<br>In ₹ | Year Ended<br>31st March, 2014<br>In ₹ |
|---|--|--|
| <b>11. Revenue from operations</b>  |  |  |
| (a) <b>Other operating revenues :-</b>  |  |  |
| (i) Rent and amenity  | 3,60,000                               | 3,60,000                               |
| (ii) Dividend on long-term investments  |  |  |
| 1. Subsidiary companies   | -                                      | -                                      |
| 2. Other entities   | -                                      | 83,199                                 |
| <b>TOTAL</b>  | <b>3,60,000</b>                        | <b>4,43,199</b>                        |
| <b>12. Other income</b>   |  |  |
| (a) Interest on bank deposit  | 79,470                                 | -                                      |
| (b) Provision for diminution in the value of Investment in a joint venture company, no longer required written back (Net of Loss on sale of investment in a joint venture company ₹ 15,07,02,430) (see note 23) | 1,76,74,178                            | -                                      |
| <b>TOTAL</b>  | <b>1,77,53,648</b>                     | <b>-</b>                               |

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|   |        | Year Ended<br>31st March, 2015<br>In ₹ | Year Ended<br>31st March, 2014<br>In ₹ |
|---|--------|--|--|
| <b>13. Finance costs</b>                                |        |  |  |
| (a) Interest expense on:                                |        |  |  |
| i) borrowings   |        | 1,89,303                               | 1,33,459                               |
| <b>TOTAL</b>  |        | <b>1,89,303</b>                        | <b>1,33,459</b>                        |
| <b>14. Depreciation and amortisation expense</b>        |        |  |  |
| (a) Depreciation of tangible assets                     |        | 22,840                                 | 28,202                                 |
| <b>TOTAL</b>  |        | <b>22,840</b>                          | <b>28,202</b>                          |
| <b>15. Other expenses</b>                               |        |  |  |
| (a) Repairs to  |        |  |  |
| (i) Buildings   | 14,400 |  | 19,200                                 |
| (ii) Others   | -      |  | -                                      |
|   |        | <b>14,400</b>                          | <b>19,200</b>                          |
| (b) Rates and taxes                                     |        | <b>84,798</b>                          | <b>1,94,581</b>                        |
| (c) Legal and professional charges                      |        | <b>22,472</b>                          | <b>70,226</b>                          |
| (d) Provision for diminution in the value of investment |        | -                                      | 8,52,94,477                            |
| (e) Balance written off                                 |        | -                                      | 6,84,558                               |
| (f) Payments to the auditor (including service tax):    |        |  |  |
| (i) Audit fees  | 28,090 |  | 28,090                                 |
| (ii) For other services                                 | 22,472 |  | 22,472                                 |
| (iii) For reimbursement of expenses                     | 506    |  | -                                      |
|   |        | <b>51,068</b>                          | <b>50,562</b>                          |
| (g) Miscellaneous expenses                              |        | <b>6,700</b>                           | <b>19,095</b>                          |
| <b>TOTAL</b>  |        | <b>1,79,438</b>                        | <b>8,63,32,699</b>                     |

**FORBES CAMPBELL FINANCE LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015****16. The basic / diluted earnings per share is calculated as follows:**

| <b>S.No.</b> | <b>Particulars</b>                              | <b>For the year ended<br/>31st March, 2015</b> | <b>For the year ended<br/>31st March, 2014</b> |
|--------------|---|--|--|
| 1.           | Profit / (Loss) for the year (In ₹)             | <b>1,77,22,067</b>                             | <i>(8,73,73,118)</i>                           |
| 2.           | Weighted average number of equity shares (Nos.) | <b>38,64,131</b>                               | <i>38,64,131</i>                               |
| 3.           | Basic / Diluted Earnings per share (In ₹)       | <b>4.59</b>                                    | <i>(22.61)</i>                                 |
| 4.           | Nominal value per share (in ₹)                  | <b>10</b>                                      | <i>10</i>                                      |

The Company has not issued any potential dilutive equity shares.

**17. Contingent liabilities and other amounts for are as follows:**

|  | <b>For the year ended<br/>31st March, 2015</b> | <b>(in ₹)<br/>For the year ended<br/>31st March, 2014</b> |
|--|--|---|
| A Corporate guarantee issued in favour of Union Bank of India which in turn has given loan to Forbes Technosys Ltd., a fellow subsidiary of the Company. | <b>1,50,00,000</b>                             | <i>1,50,00,000</i>  |
| B Income Tax matters in dispute under appeal.  | <b>2,10,59,516</b>                             | <i>2,10,59,516</i>  |
| C Sales Tax Demands by the Madhya Pradesh Sales Tax Authorities for the year 1997-98, 1998-99 and 1999-00.   | <b>10,09,077</b>                               | <i>10,09,077</i>  |

# **FORBES CAMPBELL FINANCE LIMITED**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

### **18. (a) Related party disclosures**

#### **(A) Holding Company / Ultimate Holding Company**

- 1 Shapoorji Pallonji & Company Limited (Ultimate Holding Company)
- 2 Forbes & Company Limited (Holding Company)

#### **(B) Subsidiary Companies**

- 1 Forbes Bumi Armada Limited
- 2 Forbes Campbell Services Limited
- 3 Forbes Edumetry Limited

#### **(C) Fellow Subsidiaries**

- 1 Forbes Bumi Armada Offshore Limited
- 2 Forbes Technosys Limited
- 3 Volkart Fleming Shipping and Services Limited

#### **(D) Joint Ventures**

- 1 Nypro Forbes Products Limited (Upto 23.02.2015)

**FORBES CAMPBELL FINANCE LIMITED**
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**
**18. Related party disclosures (contd.)**
**(b) Details of related party transactions during the year ended 31st March, 2015 and balances outstanding as at 31st March, 2015:**
**(in ₹)**

|    |  | A                     |                    | B                       | B                             | B                    |                    | C                                | C                     | C  |                    | D                            | Parties in D       | Total        |
|----|--|-----------------------|--------------------|-------------------------|-------------------------------|----------------------|--------------------|----------------------------------|-----------------------|--|--------------------|------------------------------|--------------------|--------------|
|    |  | Forbes & Company Ltd. | Parties in A above | Forbes Bumi Armada Ltd. | Forbes Campbell Services Ltd. | Forbes Edumetry Ltd. | Parties in B above | Forbes Bumi Armada Offshore Ltd. | Forbes Technosys Ltd. | Volkart Fleming Shipping and Services Ltd. | Parties in C above | Nyropro Forbes Products Ltd. | Parties in D above | Total        |
|    | <b>Nature of Transaction</b>                   |                       |                    |                         |                               |                      |                    |                                  |                       |  |                    |                              |                    |              |
| 1  | <b>Purchases / Services</b>                    |                       |                    |                         |                               |                      |                    |                                  |                       |  |                    |                              |                    |              |
|    | Investment                                     | -                     | -                  | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | -            |
|    |  | -                     | -                  | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | 7,50,00,000                  | 7,50,00,000        | 7,50,00,000  |
| 2  | <b>Expenses</b>                                |                       |                    |                         |                               |                      |                    |                                  |                       |  |                    |                              |                    |              |
|    | Interest Paid                                  | 1,89,303              | 1,89,303           | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | 1,89,303     |
|    |  | 1,33,459              | 1,33,459           | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | 1,33,459     |
| 3  | Provision / Write offs                         | -                     | -                  | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | -            |
| 4  | Miscellaneous expenses                         | 12                    | 12                 | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | 8,52,94,477                  | 8,52,94,477        | 8,52,94,477  |
|    |  | 12                    | 12                 | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | 12           |
|    |  |                       |                    |                         |                               |                      |                    |                                  |                       |  |                    |                              |                    |              |
| 5  | <b>Income</b>                                  |                       |                    |                         |                               |                      |                    |                                  |                       |  |                    |                              |                    |              |
|    | Rent and Other Service Charges                 | 3,60,000              | 3,60,000           | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | 3,60,000     |
|    |  | 3,60,000              | 3,60,000           | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | 3,60,000     |
| 6  | Provision written back                         | -                     | -                  | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | 16,83,76,608                 | 16,83,76,608       | 16,83,76,608 |
| 7  | Dividend Received                              | -                     | -                  | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | -            |
|    |  | 83,199                | 83,199             | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | 83,199       |
| 8  | Other Reimbursements (Payments)                | 6,237                 | 6,237              | -                       | -                             | -                    | -                  | -                                | -                     | 23,140                                     | 23,140             | -                            | -                  | 29,377       |
|    |  | 9,191                 | 9,191              | -                       | -                             | -                    | -                  | -                                | -                     | 56,182                                     | 56,182             | -                            | -                  | 65,373       |
| 9  | <b>Finance</b>                                 |                       |                    |                         |                               |                      |                    |                                  |                       |  |                    |                              |                    |              |
|    | Deposits given                                 | 1,00,000              | 1,00,000           | -                       | 1,00,000                      | -                    | 1,00,000           | -                                | -                     | -  | -                  | -                            | -                  | 2,00,000     |
|    |  | -                     | -                  | -                       | 500                           | -                    | 500                | -                                | 1,000                 | -  | 1,000              | -                            | -                  | 1,500        |
| 10 | Repayment of Deposits Given                    | 1,00,000              | 1,00,000           | -                       | 1,00,000                      | -                    | 1,00,000           | -                                | -                     | -  | -                  | -                            | -                  | 2,00,000     |
|    |  | -                     | -                  | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | -            |
| 11 | Non Convertible Debentures issued              | -                     | -                  | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | -            |
|    |  | 7,50,00,000           | 7,50,00,000        | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | 7,50,00,000  |
| 12 | Redemption of Non Convertible Debenture issued | 1,70,00,000           | 1,70,00,000        | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | 1,70,00,000  |
|    |  | -                     | -                  | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | -            |
| 13 | <b>Guarantees</b>                              |                       |                    |                         |                               |                      |                    |                                  |                       |  |                    |                              |                    |              |
|    | Given on behalf of a Fellow Subsidiary         | -                     | -                  | -                       | -                             | -                    | -                  | -                                | 1,50,00,000           | -  | 1,50,00,000        | -                            | -                  | 1,50,00,000  |
|    |  | -                     | -                  | -                       | -                             | -                    | -                  | -                                | 1,50,00,000           | -  | 1,50,00,000        | -                            | -                  | 1,50,00,000  |
| 14 | <b>Outstandings</b>                            |                       |                    |                         |                               |                      |                    |                                  |                       |  |                    |                              |                    |              |
|    | Interest accrued but not due                   | 68,086                | 68,086             | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | 68,086       |
|    |  | 1,08,020              | 1,08,020           | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | 1,08,020     |
| 15 | Trade Receivables                              | -                     | -                  | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | -            |
|    |  | 27,000                | 27,000             | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | 27,000       |
| 16 | Long Term Loans and Advances                   | -                     | -                  | -                       | -                             | 38,26,000            | 38,26,000          | -                                | -                     | -  | -                  | -                            | -                  | 38,26,000    |
|    |  | -                     | -                  | -                       | -                             | 38,26,000            | 38,26,000          | -                                | -                     | -  | -                  | -                            | -                  | 38,26,000    |
| 17 | Provision for Dim. in th value of Investment   | -                     | -                  | -                       | -                             | 1,44,36,122          | 1,44,36,122        | -                                | -                     | -  | -                  | -                            | -                  | 1,44,36,122  |
|    |  | -                     | -                  | -                       | -                             | 1,44,36,122          | 1,44,36,122        | -                                | -                     | -  | -                  | 16,83,76,606                 | 16,83,76,606       | 18,28,12,728 |
| 18 | Provision for Doubtful Trade Receivables       | -                     | -                  | -                       | -                             | 38,26,000            | 38,26,000          | -                                | -                     | -  | -                  | -                            | -                  | 38,26,000    |
|    |  | -                     | -                  | -                       | -                             | 38,26,000            | 38,26,000          | -                                | -                     | -  | -                  | -                            | -                  | 38,26,000    |
| 19 | Deposits Payable                               | 5,00,000              | 5,00,000           | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | 5,00,000     |
|    |  | 5,00,000              | 5,00,000           | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | 5,00,000     |
| 20 | Deposits receivable                            | -                     | -                  | -                       | -                             | -                    | -                  | -                                | -                     | -  | -                  | -                            | -                  | -            |
|    |  | -                     | -                  | -                       | 500                           | -                    | 500                | -                                | 1,000                 | -  | 1,000              | -                            | -                  | 1,500        |

**Footnote:**
*Figures in italics are in respect of the previous year.*

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 19. Segment reporting

The Company has identified business segments as "Investment Activities" and "Real estate".

Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

#### Information about primary business segments for the year:

(in ₹)

| Particulars   | Investment Activities |                       | Real Estate       |                   | Total                 |                       |
|---|-----------------------|-----------------------|-------------------|-------------------|-----------------------|-----------------------|
|   | 31st March, 2015      | 31st March, 2014      | 31st March, 2015  | 31st March, 2014  | 31st March, 2015      | 31st March, 2014      |
| External segment revenue  | 1,76,74,178           | 83,199                | 3,60,000          | 3,60,000          | 1,80,34,178           | 4,43,199              |
| Add: Inter segment revenue  | -                     | -                     | -                 | -                 | -                     | -                     |
| <b>Revenue from operations</b>  | <b>1,76,74,178</b>    | <b>83,199</b>         | <b>3,60,000</b>   | <b>3,60,000</b>   | <b>1,80,34,178</b>    | <b>4,43,199</b>       |
| <b>Segment Results - Profit / (Loss)</b>  | <b>1,76,74,178</b>    | <b>(8,52,11,278)</b>  | <b>2,37,962</b>   | <b>68,017</b>     | <b>1,79,12,140</b>    | <b>(8,51,43,261)</b>  |
| Add: Unallocated income   |                       |                       |                   |                   | 79,470                | -                     |
| Less: Unallocated expenses  |                       |                       |                   |                   | (80,240)              | (7,74,441)            |
| <b>Profit / (Loss) before tax and finance costs</b>   |                       |                       |                   |                   | <b>1,79,11,370</b>    | <b>(8,59,17,702)</b>  |
| Less: Finance costs   |                       |                       |                   |                   | (1,89,303)            | (1,33,459)            |
| <b>Profit / (Loss) before tax</b>   |                       |                       |                   |                   | <b>1,77,22,067</b>    | <b>(8,60,51,161)</b>  |
| <b>Provision for taxation:</b>  |                       |                       |                   |                   |                       |                       |
| Prior years' tax adjustments  |                       |                       |                   |                   | -                     | (13,21,957)           |
| <b>Profit / (Loss) after tax</b>  |                       |                       |                   |                   | <b>1,77,22,067</b>    | <b>(8,73,73,118)</b>  |
| <b>Capital employed</b>   |                       |                       |                   |                   |                       |                       |
| <b>Segment assets</b>   | <b>16,31,24,033</b>   | <b>16,31,24,033</b>   | <b>5,68,244</b>   | <b>6,51,728</b>   | <b>16,36,92,277</b>   | <b>16,37,75,761</b>   |
| Unallocated corporate assets  |                       |                       |                   |                   | 2,10,66,594           | 2,03,37,522           |
| <b>Total assets</b>   | <b>16,31,24,033</b>   | <b>16,31,24,033</b>   | <b>5,68,244</b>   | <b>6,51,728</b>   | <b>18,47,58,871</b>   | <b>18,41,13,283</b>   |
| <b>Segment liabilities</b>  | <b>(17,27,43,086)</b> | <b>(18,97,83,020)</b> | <b>(5,00,000)</b> | <b>(5,00,000)</b> | <b>(17,32,43,086)</b> | <b>(19,02,83,020)</b> |
| Unallocated corporate liabilities   |                       |                       |                   |                   | (20,07,763)           | (20,10,663)           |
| <b>Total liabilities</b>  | <b>(17,27,43,086)</b> | <b>(18,97,83,020)</b> | <b>(5,00,000)</b> | <b>(5,00,000)</b> | <b>(17,52,50,849)</b> | <b>(19,22,93,683)</b> |
| <b>Capital employed</b>   | <b>(96,19,053)</b>    | <b>(2,66,58,987)</b>  | <b>68,244</b>     | <b>1,51,728</b>   | <b>95,08,022</b>      | <b>(81,80,400)</b>    |
| <b>Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress</b> | -                     | -                     | -                 | -                 | -                     | -                     |
| Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress    |                       |                       |                   |                   | -                     | -                     |
| <b>Total capital expenditure</b>  |                       |                       |                   |                   | -                     | -                     |
| <b>Segment depreciation / amortisation</b>  | -                     | -                     | <b>22,840</b>     | <b>28,202</b>     | <b>22,840</b>         | <b>28,202</b>         |
| Unallocated corporate depreciation / amortisation   |                       |                       |                   |                   | -                     | -                     |
| <b>Total depreciation / amortisation</b>  |                       |                       |                   |                   | <b>22,840</b>         | <b>28,202</b>         |
| <b>Non-cash segment expenses other than depreciation</b>  | -                     | <b>8,52,94,477</b>    |                   |                   | -                     | <b>8,52,94,477</b>    |
| Unallocated non-cash expenses other than depreciation   |                       |                       |                   |                   | -                     | <b>6,84,558</b>       |
| <b>Total non-cash expenses other than depreciation</b>  |                       |                       |                   |                   | -                     | <b>8,59,79,035</b>    |

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

20. In view of the absence of “virtual certainty” supported by convincing evidence of availability of sufficient future taxable income against which deferred tax assets arising from carried forward business losses and other timing differences can be realized, the same have not been recognized.

21. **Micro, Small and Medium Enterprises**

On the basis of responses received against enquiries made by the Company, there was no amount outstanding in respect of Micro and Small Enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 as at the Balance Sheet date. The Company has not defaulted in payment of dues to such entities during the year.

22. Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of ₹ 33,645 against the opening deficit balance in the balance sheet under Reserve and Surplus.

Further, the impact on depreciation on account of change in useful life of assets pursuant to Companies Act, 2013 is not material.

23. During the year ended 31<sup>st</sup> March, 2015, the Company has sold 1,50,13,664 equity shares of Nypro Forbes Products Limited for consideration of ₹ 1,76,74,178/-.

24. Figures for the previous year have been regrouped wherever necessary.

As per our report of even date

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Reg No:101048W

SUNETRA GANESAN \_\_\_\_\_ *Chairperson*

SHRIKRISHNA BHAVE \_\_\_\_\_

**Janak Mehta**  
Partner  
Membership No.: 116976  
*Mumbai, 21st April, 2015*

S.P. KADAKIA \_\_\_\_\_

MR. PANKAJ KHATTAR \_\_\_\_\_

*Directors*

*Mumbai, 21st April, 2015*

# FORBES CAMPBELL FINANCE LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES :-

#### a) Basis of Accounting

The Financial Statements are prepared under historical cost convention, on accrual basis, and are in accordance with the requirements of the Companies Act, 2013, and comply with the Accounting Standards referred to in Section 133 of the said Act, read with rule 7 of the Companies (Accounts) Rule, 2014.

#### b) Use of Estimates

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on the Management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

#### c) Financial Income and Borrowing Costs

Financial income and borrowing cost include interest income on bank deposits and interest expenses on loans. Interest income is accrued evenly over the period of the instruments. Borrowing costs are recognized in the period to which they relate regardless of how the funds have been utilized. Dividend income is accounted when the right to receive payment is established and known.

#### d) Fixed Assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost comprises of the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use.

#### e) Impairment of assets

The Company assesses at each balance sheet date 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. 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. 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.

# **FORBES CAMPBELL FINANCE LIMITED**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015 (contd.)**

### **f) Depreciation**

Depreciation is provided on straight line basis at the Useful life of an asset prescribed in Schedule II of the Companies Act, 2013 (Previous Year at the rates prescribed in Schedule XIV of the Companies Act, 1956).

### **g) Investments**

Long Term Investments are valued at cost less provision for diminution other than temporary in value, if any.

### **h) Taxes on Income**

The Company's Income Taxes include taxes on the Company's taxable profits, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities/receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or in the case of deferred taxes, those that have been substantially enacted. Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognized in the financial statements. Deferred tax are recognized with regard to all deductible timing differences to the extent that is probable that taxable profits will be available against which deductible timing differences can be utilized. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognized only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilized.

### **i) Provisions and Contingencies**

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

### **j) Cash Flow Statements**

Cash Flow Statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Cash Flow Statements (AS-3) notified under the Companies (Accounts) Rules, 2014.

# **FORBES CAMPBELL FINANCE LIMITED**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015 (contd.)**

### **k) Cash and Cash Equivalents**

Cash and Bank balances and current Investments that have insignificant risk of change in value, which have duration's up to three months, are included in the Company's Cash and Cash Equivalents in the Cash Flow Statement.

### **l) Earnings per Share**

Basic Earnings per Share is calculated on 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 in issue during the year.

### **m) Segment Reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

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

**Forbes Campbell Services Limited**  
(Subsidiary Company of Forbes Campbell Finance Limited)

Financial Statements  
for the year ended March 31, 2015

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF FORBES CAMPBELL SERVICES LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **FORBES CAMPBELL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013, we give in the annexure, a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the other matters to be included in the Auditor's 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 does not have any pending litigations which would impact its financial position
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Atul HVM & Associates  
Chartered Accountants  
FRN No: 124043W



Hemanshu M. Vora  
Partner  
Membership No. 100283



Place: Mumbai

Date: April 21, 2015

**ANNEXURE TO THE AUDITORS' REPORT**

Annexure referred to in our Report of even date to the Members of **FORBES CAMPBELL SERVICES LTD.** (the Company), on the Financial Statements for the year ended March 31, 2015.

1. The company does not have any fixed assets. Accordingly the provision of clause 3(i) of the Companies (Auditor's Report) Order, 2015 are not applicable.
2. The Company does not have any inventory. Accordingly the provision of clause 3(ii) of the Companies (Auditor's Report) Order, 2015 are not applicable.
3. The Company has not granted any loan, secured or unsecured to the Companies, firms or other parties covered in the register maintained under Section 189 of the Act. Consequently, clauses (iii) (a) and (iii) (b) of paragraph 3 of the Order are not applicable.
4. There are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of stores and assets and for provision of services. There is no sale of goods by the Company. Further, on the basis of our examination of books and records of the company and according to the information and explanation given to us we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. The Company has not accepted any deposits within the meaning of provision of Section 73 to 76 of the Act or any other relevant provision of the Companies Act, 2013 and the rules framed there under.
6. The Company being a service company is not required to maintain cost records under subsection (1) of section 148 of the Act.
7. (a) According to information and explanation given to us and the records of the company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, service tax. The provisions of Sales Tax, Wealth tax, Customs Duty, Excise Duty, Value Added Tax and Cess are not applicable to the Company.

(b) As per information and explanation given to us, there are no dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of dispute.

(c) There are no amounts required to be transferred to investor education and protection fund.

8. The Company has no accumulated losses as at 31<sup>st</sup> March, 2015. The company has not incurred cash loss in the current financial year and in the immediately preceding financial year.
9. The Company did not have any dues to financial institution, banks or debenture holders during the year.
10. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.
11. The Company did not have any term loans outstanding during the year.
12. According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

For Atul HMV & Associates

Chartered Accountants

FRN No: 124043W



Hemanshu M. Vora

Partner

Mem. No.100283



Mumbai

Date: April 21, 2015

# FORBES CAMPBELL SERVICES LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2015

| Particulars                      | Note No. |          | As at<br>31st March, 2015<br>₹ | As at<br>31st March, 2014<br>₹ |
|----------------------------------|----------|----------|--------------------------------|--------------------------------|
| <b>I EQUITY AND LIABILITIES</b>  |          |          |                                |                                |
| <b>1 Shareholders' funds</b>     |          |          |                                |                                |
| a Share capital                  | 2        | 5,00,000 |                                | 5,00,000                       |
| b Reserves and surplus           | 3        | 1,38,207 |                                | 1,22,264                       |
|                                  |          |          | <b>6,38,207</b>                | <b>6,22,264</b>                |
| <b>2 Non-current liabilities</b> |          |          |                                |                                |
| a Long-term provisions           | 4        | 96,719   |                                | 70,909                         |
|                                  |          |          | <b>96,719</b>                  | <b>70,909</b>                  |
| <b>3 Current liabilities</b>     |          |          |                                |                                |
| a Trade payables                 |          | 76,959   |                                | 48,252                         |
| b Other current liabilities      | 5        | 92,263   |                                | 89,379                         |
| c Short-term provisions          | 6        | 10,275   |                                | 8,844                          |
|                                  |          |          | <b>1,79,497</b>                | <b>1,46,475</b>                |
| <b>TOTAL</b>                     |          |          | <b>9,14,423</b>                | <b>8,39,648</b>                |
| <b>II ASSETS</b>                 |          |          |                                |                                |
| <b>1 Non-current assets</b>      |          |          |                                |                                |
| a Long-term loans and advances   | 7        | 2,67,237 |                                | 1,92,158                       |
|                                  |          |          | <b>2,67,237</b>                | <b>1,92,158</b>                |
| <b>2 Current assets</b>          |          |          |                                |                                |
| a Trade receivables              | 8        | 4,28,657 |                                | 4,35,437                       |
| b Cash and Cash equivalent       | 9        | 2,16,023 |                                | 1,99,550                       |
| c Short-term loans and advances  | 10       | 2,506    |                                | 12,503                         |
|                                  |          |          | <b>6,47,186</b>                | <b>6,47,490</b>                |
| <b>TOTAL</b>                     |          |          | <b>9,14,423</b>                | <b>8,39,648</b>                |

Significant accounting policies

1

The accompanying notes are an integral part of the financial statements

In terms of our report attached

**For Atul HVM & Associates**

Chartered Accountants

FRN No: 124043W

SUNETRA GANESAN \_\_\_\_\_ Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_ } Directors

**Hemanshu M. Vora**

Partner

Mem No.: 100283

Mumbai, 21st April, 2015

PANKAJ KHATTAR \_\_\_\_\_

Mumbai, 21st April, 2015

# FORBES CAMPBELL SERVICES LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

| Particulars   | Note No. | Year Ended<br>31st March, 2015<br>₹ | Year Ended<br>31st March, 2014<br>₹ |
|---|----------|-------------------------------------|-------------------------------------|
| I Revenue from operations   | 11       | 43,93,578                           | 43,77,526                           |
| II Other income   | 12       | 2,532                               | 5,728                               |
| III <b>Total revenue (I + II)</b>   |          | <b>43,96,110</b>                    | <b>43,83,254</b>                    |
| IV <b>Expenses:</b>   |          |                                     |                                     |
| Employee benefits expense   | 13       | 18,14,395                           | 18,67,020                           |
| Other expenses  | 14       | 25,79,391                           | 25,10,502                           |
| <b>Total expenses</b>   |          | <b>43,93,786</b>                    | <b>43,77,522</b>                    |
| V <b>Profit / (loss) before exceptional items and tax (III - IV)</b>      |          | <b>2,324</b>                        | <b>5,732</b>                        |
| VI Exceptional items  |          | -                                   | -                                   |
| VII <b>Profit before tax (V + VI)</b>                                     |          | <b>2,324</b>                        | <b>5,732</b>                        |
| VIII <b>Tax expense / (credit):</b>                                       |          |                                     |                                     |
| Income-tax  |          | 500                                 | 1,500                               |
| Excess provision for tax relating to prior years                          |          | (14,119)                            | -                                   |
| IX <b>Profit for the year (VII - VIII)</b>                                |          | <b>15,943</b>                       | <b>4,232</b>                        |
| X <b>Earning per equity share:</b>  |          |                                     |                                     |
| Basic and diluted earnings per equity share (nominal value of share ₹ 10) |          | ₹ 0.32                              | ₹ 0.08                              |

Significant accounting policies

1

The accompanying notes are an integral part of the financial statements

In terms of our report attached  
**For Atul HVM & Associates**  
Chartered Accountants  
FRN No: 124043W

SUNETRA GANESAN \_\_\_\_\_ Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_

PANKAJ KHATTAR \_\_\_\_\_

Directors

**Hemanshu M. Vora**

Partner

Mem No.: 100283

Mumbai, 21st April, 2015

Mumbai, 21st April, 2015

**FORBES CAMPBELL SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015**

|   | Year Ended<br>31st March, 2015<br>In ₹ | Year Ended<br>31st March, 2014<br>In ₹ |
|---|--|--|
| <b>Profit / (Loss) before tax</b>   | <b>2,324</b>                           | <b>5,732</b>                           |
| <b>Adjustments for -</b>  |  |  |
| Interest from Income Tax Refund and others                                    | (2,532)                                | (5,728)                                |
|   | <b>(2,532)</b>                         | <b>(5,728)</b>                         |
| <b>Operating profit / (loss) before working capital changes</b>               | <b>(208)</b>                           | <b>4</b>                               |
| Adjustments for changes in working capital:                                   |  |  |
| Increase / (decrease) in trade payables                                       | 28,707                                 | (16,739)                               |
| Increase / (decrease) in long term provisions                                 | 25,810                                 | 5,552                                  |
| Increase / (decrease) in short-term provisions                                | 1,431                                  | (25,580)                               |
| Increase / (decrease) in other current liabilities                            | 2,884                                  | 13,861                                 |
| Decrease / (increase) in trade receivables                                    | 6,780                                  | (15,980)                               |
| Decrease / (increase) in short-term loans and advances                        | 9,997                                  | (12,502)                               |
|   | <b>75,609</b>                          | <b>(51,388)</b>                        |
| <b>Cash generated from / (used in) operations</b>                             | <b>75,401</b>                          | <b>(51,384)</b>                        |
| Income taxes paid (net of refunds)  | <b>(61,460)</b>                        | <b>(25,368)</b>                        |
| <b>(a) Net cash generated from / (used in) operating activities</b>           | <b>13,941</b>                          | <b>(76,752)</b>                        |
| <b>Cash flows from investing activities:</b>                                  |  |  |
| Interest received   | 2,532                                  | 5,728                                  |
| <b>(b) Net cash generated from / (used in) investing activities</b>           | <b>2,532</b>                           | <b>5,728</b>                           |
| <b>Cash flows from financing activities:</b>                                  |  |  |
| <b>(c) Net cash generated from / (used in) financing activities</b>           | <b>-</b>                               | <b>-</b>                               |
| <b>(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)</b> | <b>16,473</b>                          | <b>(71,024)</b>                        |
| <b>(e) Cash and cash equivalents as at the commencement of the year</b>       | <b>1,99,550</b>                        | <b>2,70,574</b>                        |
| <b>(f) Cash and cash equivalents as at the end of the year (d + e)</b>        | <b>2,16,023</b>                        | <b>1,99,550</b>                        |

**Footnotes:**

1 Cash-flow statement is prepared in accordance with "Indirect method" as explained in the Accounting Standard on Cash Flow Statements (AS-3).

In terms of our report attached

**For Atul HVM & Associates**  
Chartered Accountants  
FRN No: 124043W

**Hemanshu M. Vora**  
Partner  
Mem No.: 100283  
Mumbai, 21st April, 2015

SUNETRA GANESAN \_\_\_\_\_ Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_ } Directors

PANKAJ KHATTAR \_\_\_\_\_

Mumbai, 21st April, 2015

## FORBES CAMPBELL SERVICES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

#### 2. Share capital

##### Authorised:

50,000 (*Previous year: 50,000*) equity shares of ₹ 10 each

##### Issued, subscribed and fully paid:

50,000 (*Previous year: 50,000*) equity shares of ₹ 10 each

##### TOTAL

| As at<br>31st March, 2015<br>₹ | As at<br>31st March, 2014<br>₹ |
|--------------------------------|--------------------------------|
| 5,00,000                       | 5,00,000                       |
| 5,00,000                       | 5,00,000                       |
| 5,00,000                       | 5,00,000                       |

##### (a) Rights, preferences and restrictions attached to equity shares

The Company has only one class of share 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 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.

##### (b) Equity shares held by holding company and subsidiary company

49,000 (*Previous year: 49,000*) equity shares are held by the holding company - Forbes Forbes Campbell Finance Limited

##### (c) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:

| Name of Shareholder             | As at 31st March, 2015       |           | As at 31st March, 2014       |           |
|---------------------------------|------------------------------|-----------|------------------------------|-----------|
|                                 | Number of equity shares held | % holding | Number of equity shares held | % holding |
| Forbes Campbell Finance Limited | 49,000                       | 98.00     | 49,000                       | 98.00     |

## FORBES CAMPBELL SERVICES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|   | As at<br>31st March, 2015<br>₹ | As at<br>31st March, 2014<br>₹ |
|---|--------------------------------|--------------------------------|
| <b>3. Reserves and surplus</b>                                      |                                |                                |
| <b>(a) Surplus / (deficit) in the statement of profit and loss:</b> |                                |                                |
| Balance as per last balance sheet                                   | 1,22,264                       | 1,18,032                       |
| Add: Profit for the year  | 15,943                         | 4,232                          |
| <b>TOTAL</b>  | <b>1,38,207</b>                | <b>1,22,264</b>                |

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|  | As at<br>31st March, 2015<br>₹ | As at<br>31st March, 2014<br>₹ |
|--|--------------------------------|--------------------------------|
| <b>4. Long-term provisions</b>         |                                |                                |
| <b>Provision for employee benefits</b> |                                |                                |
| (a) Compensated absences               | 96,719                         | 70,909                         |
| <b>TOTAL</b>                           | <b>96,719</b>                  | <b>70,909</b>                  |

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|  | As at<br>31st March, 2015<br>₹ | As at<br>31st March, 2014<br>₹ |
|--|--------------------------------|--------------------------------|
| <b>5. Other current liabilities</b>                              |                                |                                |
| (a) Liability towards Employee and other contractual liabilities | 40,334                         | 38,676                         |
| (b) Payables to statutory authorities                            | 29,018                         | 27,293                         |
| (c) Other Liabilities  | 22,911                         | 23,410                         |
| <b>TOTAL</b>   | <b>92,263</b>                  | <b>89,379</b>                  |

## 6. Short-term provisions

|                                     |               |              |
|-------------------------------------|---------------|--------------|
| (a) Provision for employee benefits |               |              |
| (i) Compensated absences            | 10,275        | 8,844        |
| <b>TOTAL</b>                        | <b>10,275</b> | <b>8,844</b> |

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|  | As at<br>31st March, 2015<br>₹ | As at<br>31st March, 2014<br>₹ |
|--|--------------------------------|--------------------------------|
| <b>7. Long-term loans and advances</b>                 |                                |                                |
| (unsecured, considered good unless otherwise stated)   |                                |                                |
| (a) Security deposits                                  |                                |                                |
| (i) Unsecured, considered good                         | 84,777                         | 84,777                         |
| (ii) Doubtful  | -                              | -                              |
|  | <u>84,777</u>                  | <u>84,777</u>                  |
| Less: Provision for doubtful deposits                  | -                              | -                              |
|  | <u><b>84,777</b></u>           | <u><b>84,777</b></u>           |
| (b) Taxes paid less provision(other than deferred tax) | 1,82,460                       | 1,07,381                       |
| <b>TOTAL</b>   | <u><b>2,67,237</b></u>         | <u><b>1,92,158</b></u>         |

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|  | As at<br>31st March, 2015<br>₹ | As at<br>31st March, 2014<br>₹ |
|--|--------------------------------|--------------------------------|
| <b>8. Trade receivables</b>  |                                |                                |
| <b>(a) Trade receivables outstanding for a period exceeding six months from the date they are due for payment:</b> |                                |                                |
| (i) Unsecured, considered good   | -                              | -                              |
| (ii) Doubtful  | -                              | -                              |
|  | -                              | -                              |
| Less: Provision for doubtful debts   | -                              | -                              |
|  | -                              | -                              |
| <b>(b) Other trade receivables:</b>  |                                |                                |
| (i) Unsecured, considered good   | 4,28,657                       | 4,35,437                       |
| (ii) Doubtful  | -                              | -                              |
|  | <b>4,28,657</b>                | <b>4,35,437</b>                |
| Less: Provision for doubtful Debts   | -                              | -                              |
|  | <b>4,28,657</b>                | <b>4,35,437</b>                |
| <b>TOTAL</b>   | <b>4,28,657</b>                | <b>4,35,437</b>                |
| <b>9. Cash and cash equivalents</b>  |                                |                                |
| 1. Balances with banks:  |                                |                                |
| (A) <u>In current accounts</u>   |                                |                                |
| (i) Others   | 2,09,917                       | 1,89,471                       |
|  | <b>2,09,917</b>                | <b>1,89,471</b>                |
| 2. Cash on hand  | 6,106                          | 10,079                         |
| <b>TOTAL</b>   | <b>2,16,023</b>                | <b>1,99,550</b>                |

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|  | As at<br>31st March, 2015<br>₹ | As at<br>31st March, 2014<br>₹ |
|--|--------------------------------|--------------------------------|
| <b>10. Short-term loans and advances</b><br>(unsecured, considered good unless otherwise stated) |                                |                                |
| (a) Loans and advances to employees  |                                |                                |
| (i) Unsecured, considered good   | 2,506                          | 12,503                         |
| (ii) Doubtful  | -                              | -                              |
|  | <b>2,506</b>                   | <b>12,503</b>                  |
| Less: Provision for doubtful debts   | -                              | -                              |
| <b>TOTAL</b>   | <b>2,506</b>                   | <b>12,503</b>                  |

## FORBES CAMPBELL SERVICES LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|   |  | Year Ended<br>31st March, 2015<br>₹ | Year Ended<br>31st March, 2014<br>₹ |
|---|--|-------------------------------------|-------------------------------------|
| <b>11. Revenue from operations</b>      |  |                                     |                                     |
| a) Service Charges (Net of Service Tax) |  | 43,93,578                           | 43,77,526                           |
| <b>TOTAL</b>                            |  | <b>43,93,578</b>                    | <b>43,77,526</b>                    |
| <b>12. Other income</b>                 |  |                                     |                                     |
| (a) Interest                            |  |                                     |                                     |
| (i) on Income Tax refund                |  | 1,720                               | 4,288                               |
| (ii) on staff advance                   |  | 812                                 | 1,440                               |
| <b>TOTAL</b>                            |  | <b>2,532</b>                        | <b>5,728</b>                        |

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|   | Year Ended<br>31st March, 2015<br>₹ | Year Ended<br>31st March, 2014<br>₹ |
|---|-------------------------------------|-------------------------------------|
| <b>13. Employee benefits expense</b>          |                                     |                                     |
| (a) Salaries and wages                        | 15,60,455                           | 15,75,901                           |
| (b) Contribution to provident and other funds | 1,63,784                            | 2,74,887                            |
| (c) Staff welfare expense                     | 90,156                              | 16,232                              |
| <b>TOTAL</b>                                  | <b>18,14,395</b>                    | <b>18,67,020</b>                    |

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|   |        | Year Ended<br>31st March, 2015 | Year Ended<br>31st March, 2014 |
|---|--------|--------------------------------|--------------------------------|
|   | ₹      | ₹                              | ₹                              |
| <b>14. Other expenses</b>                           |        |                                |                                |
| (a) Printing & Stationery                           |        | 504                            | 1,890                          |
| (b) Legal and professional charges                  |        | 24,99,437                      | 24,27,796                      |
| (c) Travelling and conveyance                       |        | 26,738                         | 28,374                         |
| (d) Payments to the auditor (excluding service tax) |        |                                |                                |
| (i) Audit fees                                      | 25,000 |                                | 25,000                         |
| (ii) For other services                             | 5,000  |                                | 5,000                          |
|   |        | 30,000                         | 30,000                         |
| (e) Miscellaneous expenses                          |        | 22,712                         | 22,442                         |
| <b>TOTAL</b>  |        | <b>25,79,391</b>               | <b>25,10,502</b>               |

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 15. (a) Related party disclosures

#### (A) Holding Company / Ultimate Holding Company

- 1 Shapoorji Pallonji & Company Limited (Ultimate Holding Company)
- 2 Forbes & Company Limited (Intermediary Holding Company)
- 3 Forbes Campbell Finance Limited (Holding Company)

#### (B) Fellow Subsidiaries

- 1 Eureka Forbes Ltd.
- 2 Aquadiagnostics Water Research & Technology Centre Ltd.
- 3 Aquamall Water Solutions Ltd.
- 4 Campbell Properties & Hospitality Services Ltd. (w.e.f 30.12.2014)
- 5 EFL Mauritius Ltd.
- 6 Euro Forbes Financial Services Ltd.
- 7 Euro Forbes International Pte. Ltd.
- 8 Euro Forbes Ltd. Dubai
- 9 Forbes Bumi Armada Ltd.
- 10 Forbes Bumi Armada Offshore Ltd.
- 11 Forbes Edumetry Ltd.
- 12 Forbes Enviro Solutions Ltd.
- 13 Forbes Facility Services Pvt. Ltd.
- 14 Forbes Lux FZCO
- 15 Forbes Lux Group AG
- 16 Forbes Lux International AG
- 17 Forbes Technosys Ltd.
- 18 Lux (Deutschland) GmbH
- 19 Lux CZ s.r.o.
- 20 Lux Hungaria Kereskedelmi. Kft
- 21 Lux International AG
- 22 Lux Italia srl
- 23 Lux Norge A/s
- 24 Lux Oesterreich GmbH
- 25 Lux Schweiz AG
- 26 Lux Service GmbH
- 27 Lux/ Sk/s.r.o.
- 28 Radiant Energy Systems Pvt.Ltd.
- 29 Shapoorji Pallonji Forbes Shipping Ltd. (earlier known as SCI Forbes Ltd.) (w.e.f 1.12.2014)
- 30 Volkart Fleming Shipping & Services Ltd.
- 31 Waterwings Equipments Pvt. Ltd.

# FORBES CAMPBELL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 15. Related party disclosures (contd.)

(b) Details of related party transactions during the year ended 31st March, 2015 and balances outstanding as at 31st March, 2015:

|   |  | A<br>Forbes &<br>Company Ltd. | A<br>Forbes Campbell<br>Finances Ltd. | Parties in A above | B<br>Volkart Fleming<br>Shipping and<br>Services Ltd. | Parties in B<br>above | Total            |
|---|--|-------------------------------|---------------------------------------|--------------------|---|-----------------------|------------------|
| 1 | <b>Nature of Transaction</b><br>Sales / Services |                               |                                       |                    |   |                       |                  |
|   | Services Rendered                                | 43,93,577                     | -                                     | <b>43,93,577</b>   | -   | -                     | <b>43,93,577</b> |
|   |  | 43,77,526                     | -                                     | 43,77,526          | -   | -                     | 43,77,526        |
| 2 | <b>Expenses</b>                                  |                               |                                       |                    |   |                       |                  |
|   | Miscellaneous expenses                           | 12                            | -                                     | <b>12</b>          | -   | -                     | <b>12</b>        |
|   |  | 12                            | -                                     | 12                 | -   | -                     | 12               |
| 3 | <b>Other Reimbursements</b>                      |                               |                                       |                    |   |                       |                  |
|   |  | 45,447                        | -                                     | <b>45,447</b>      | 43,058  | <b>43,058</b>         | <b>88,505</b>    |
|   |  | 2,754                         | -                                     | 2,754              | 1,81,248  | 1,81,248              | 1,84,002         |
| 4 | <b>Finance</b>                                   |                               |                                       |                    |   |                       |                  |
|   | Deposits taken                                   | -                             | 1,00,000                              | <b>1,00,000</b>    | -   | -                     | <b>1,00,000</b>  |
|   |  | -                             | 500                                   | 500                | -   | -                     | 500              |
| 5 | Repayment of Deposits Taken                      | -                             | 1,00,500                              | <b>1,00,500</b>    | -   | -                     | <b>1,00,500</b>  |
|   |  | -                             | -                                     | -                  | -   | -                     | -                |
| 6 | <b>Outstandings</b>                              |                               |                                       |                    |   |                       |                  |
|   | Trade Payables                                   | 44,424                        | -                                     | <b>44,424</b>      | -   | -                     | <b>44,424</b>    |
|   |  | -                             | -                                     | -                  | -   | -                     | -                |
| 7 | Trade Receivables                                | 4,28,657                      | -                                     | <b>4,28,657</b>    | -   | -                     | <b>4,28,657</b>  |
|   |  | 4,35,437                      | -                                     | 4,35,437           | -   | -                     | 4,35,437         |
| 8 | Other liabilities                                | -                             | -                                     | -                  | -   | -                     | -                |
|   |  | -                             | 500                                   | 500                | -   | -                     | 500              |

#### Footnote:

Figures in italics are in respect of the previous year.

### 16. EARNINGS PER SHARE

The Basic / Diluted earnings per share is computed by dividing net profit attributable to equity shareholders for the financial year by weighted average number of equity shares outstanding during the financial year .

| Particulars  | 31st March, 2015 | 31st March, 2014 |
|--|------------------|------------------|
| Net Profit after Tax attributable to Equity Shareholders | <b>15,943</b>    | 4,232            |
| Weighted Average Number of Equity Shares                 | <b>50,000</b>    | 50,000           |
| Basic & Diluted Earnings Per Share                       | <b>0.32</b>      | 0.08             |
| Face Value of Equity Shares                              | <b>10</b>        | 10               |

17. Balance in respect of certain advance given and advance received is subject to confirmation.

18. Additional information as required under Schedule III of the Companies Act, 2013 (Previous Year Schedule VI of Companies Act,1956) has not been furnished as the same is not applicable.

19. No amount is due to Small Scale Industries (SSI) as at 31st March, 2015, as defined under Micro, Small & Medium Enterprises Development Act, 2006.

20. Figures for the previous year have been regrouped wherever necessary.

In terms of our report attached

**For Atul HMV & Associates**

Chartered Accountants

FRN No: 124043W

SUNETRA GANESAN \_\_\_\_\_

Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_

Directors

**Hemanshu M. Vora**

Partner

Mem No.: 100283

Mumbai, 21st April, 2015

PANKAJ KHATTAR \_\_\_\_\_

Mumbai, 21st April, 2015

# **FORBES CAMPBELL SERVICES LIMITED**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

### **1. SIGNIFICANT ACCOUNTING POLICIES :-**

#### **a) Basis of Accounting**

The Financial Statements are prepared under historical cost convention, on accrual basis, and are in accordance with the requirements of the Companies Act, 2013, and comply with the Accounting Standards referred to in Section 133 of the said Act, read with rule 7 of the Companies (Accounts) Rule, 2014.

#### **b) Use of Estimates**

The preparation and presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

#### **c) Financial Income and Borrowing Costs**

Financial income and borrowing cost include interest income on bank deposits and interest expenses on loans. Interest income is accrued evenly over the period of the instruments. Borrowing costs are recognized in the period to which they relate regardless of how the funds have been utilized. Dividend income is accounted when the right to receive payment is established and known.

#### **d) Fixed Assets**

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost comprises of the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use.

#### **e) Depreciation**

Depreciation is provided on straight line basis at the Useful life of an asset prescribed in Schedule II of the Companies Act, 2013 (Previous Year at the rates prescribed in Schedule XIV of the Companies Act, 1956).

#### **f) Investments**

Long Term Investments are valued at cost less provision for diminution other than temporary in value, if any.

#### **g) Taxes on Income**

The Company's Income Taxes include taxes on the Company's taxable profits, fringe benefits, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities/receivables is conducted at nominal amounts and in

# **FORBES CAMPBELL SERVICES LIMITED**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015 (contd.)**

accordance with enacted tax regulations and tax rates or in the case of deferred taxes, those that have been substantially enacted. Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognized in the financial statements. Deferred tax are recognized with regard to all deductible timing differences to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilized. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognized only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilized.

### **h) Provisions and Contingencies**

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

### **i) Cash Flow Statements**

Cash Flow Statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Cash Flow Statements (AS-3) notified under the Companies (Accounts) Rules, 2014.

### **j) Cash and Cash Equivalents**

Cash and Bank balances and current Investments that have insignificant risk of change in value, which have duration's up to three months, are included in the Company's Cash and Cash Equivalents in the Cash Flow Statement.

### **k) Earnings per Share**

Basic Earnings per Share is calculated on 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 in issue during the year.

### **l) Segment Reporting**

As the company's activity falls within a single segment viz. investment activities, the disclosure requirements in Accounting Standard on Segment Reporting (AS – 17) notified under the Companies (Accounts) Rules, 2014 is not applicable.

**Forbes Edumetry Limited**  
(Subsidiary Company of Forbes Campbell Finance Limited)  
**(under Voluntary Winding up)**

Financial Statements  
for the period April 1, 2014 to October 31, 2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FORBES EDUMETRY LIMITED

**Report on the Financial Statements**

We have audited the accompanying financial statements of FORBES EDUMETRY LIMITED ("the company"), which comprise the Balance Sheet as at 31 October 2014, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, that were operating effectively for ensuring the 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



#### **Basis for Qualified Opinion:**

The Company has had no revenues over the last few financial years. Further, the accumulated losses of the company exceed the paid up capital of the company by more than two times. No new business appears to be in the pipeline, based on our discussions with the Management. This situation indicates the existence of a material uncertainty that may cast a significant doubt on the Company's ability to discharge its liabilities in the normal course of business and therefore to continue as a going concern. Despite the above factors, the company's accounts have been prepared on a Going Concern basis.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for matters described in the "Basis for Qualified Opinion" paragraph, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at October 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Report on other Legal and Regulatory Requirements**

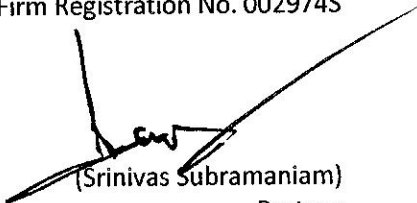
1. As at the date of this report, the Central Government has not, either by general or special order, directed, in terms of sub-section 11 of Section 143 of the Companies Act, 2013, the inclusion of a statement in the Auditors' Report on specific matters on the lines similar to the requirements under the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the erstwhile Companies Act, 1956. Hence, no such statement on such matters has been included in this report.
2. 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 appears from our examination of those books,
  - c. the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. The going concern matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f. On the basis of written representations received from the directors as on 31 October, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on 31 October, 2014, from being appointed as a director in terms of Section 164(2) of the Act.

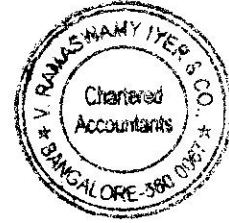


- g. With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position.
  - The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

Date: 12<sup>th</sup> November, 2014  
Place: Bangalore

For V. RAMASWAMY IYER & CO.,  
Chartered Accountants  
Firm Registration No. 0029745

  
(Srinivas Subramaniam)  
Partner  
Membership No. 033782



**FORBES EDUMETRY LIMITED**  
**BALANCE SHEET AS AT 31ST OCTOBER, 2014**

| Particulars  | Note No. | ₹                | As at<br>31st October, 2014<br>₹ | As at<br>31st March, 2014<br>₹ |
|--|----------|------------------|----------------------------------|--------------------------------|
| <b>I EQUITY AND LIABILITIES</b>  |          |                  |                                  |                                |
| <b>1 Shareholders' funds</b>   |          |                  |                                  |                                |
| a Share capital  | 2        | 2,88,00,000.00   |                                  | 2,88,00,000.00                 |
| b Reserves and surplus   | 3        | (6,92,05,009.26) | (4,04,05,009.26)                 | (6,91,76,919.26)               |
|  |          |                  |                                  | (4,03,76,919.26)               |
| <b>2 Non-current liabilities</b>   |          |                  |                                  |                                |
| a Long-term borrowings   | 4        | 3,95,08,339.03   | 3,95,08,339.03                   | 3,95,60,834.81                 |
|  |          |                  |                                  | 3,95,60,834.81                 |
| <b>3 Current liabilities</b>   |          |                  |                                  |                                |
| b Other current liabilities  | 5        | 8,96,670.23      |                                  | 8,68,580.23                    |
| c Short-term provisions  | 6        | -                |                                  | -                              |
|  |          |                  | 8,96,670.23                      | 8,68,580.23                    |
| <b>TOTAL</b>   |          |                  | <b>0.00</b>                      | <b>52,495.78</b>               |
| <b>II ASSETS</b>   |          |                  |                                  |                                |
| <b>1 Non-current assets</b>  |          |                  |                                  |                                |
| a Fixed assets   |          |                  |                                  |                                |
| (i) Tangible assets  | 7        | -                |                                  | -                              |
| (ii) Intangible assets   | 7        | -                |                                  | -                              |
| (iii) Intangible assets under development                                      | 7        | -                |                                  | -                              |
|  |          |                  | -                                | -                              |
| b Other non-current assets   |          |                  | -                                | -                              |
|  |          |                  | -                                | -                              |
| <b>2 Current assets</b>  |          |                  |                                  |                                |
| a Cash and cash equivalents  | 8        | -                |                                  | 52,495.78                      |
| b Short-term loans and advances  |          | -                |                                  | -                              |
|  |          |                  | -                                | 52,495.78                      |
| <b>TOTAL</b>   |          |                  | <b>-</b>                         | <b>52,495.78</b>               |
| <b>Significant accounting policies</b>   | 1        |                  |                                  |                                |
| <b>Contingent Liabilities and other notes</b>                                  | 12 to 17 |                  |                                  |                                |
| <b>The accompanying notes are an integral part of the financial statements</b> |          |                  |                                  |                                |

In terms of our report attached  
**For V Ramaswamy Iyer & Co.,**  
Chartered Accountants  
FRN - 002974S

Ravishankar Srinivasan \_\_\_\_\_ *Chairman*  
Eddie Poonawala \_\_\_\_\_ *Director*  
Sunetra Ganesan \_\_\_\_\_ *Director*

**SRINIVAS SUBRAMANIAM**  
Partner  
M.No. 033782  
Place: Bangalore  
Date 12th November, 2014

Mumbai

# FORBES EDUMETRY LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST OCTOBER, 2014

| Particulars |  | Note No. | ₹         | Year ended<br>31st October, 2014<br>₹ | Year ended<br>31st March, 2014<br>₹ |
|-------------|--|----------|-----------|---------------------------------------|-------------------------------------|
| I           | Revenue from operations  |          | -         |                                       | -                                   |
| II          | Other income   | 9        | -         |                                       | 36,36,404.00                        |
| III         | <b>Total revenue (I + II)</b>  |          |           | -                                     | 36,36,404.00                        |
| IV          | <b>Expenses:</b>   |          |           |                                       |                                     |
|             | Depreciation and amortisation expense  | 10       | -         |                                       | 64,34,052.00                        |
|             | Audit Fees   |          | 28,090.00 |                                       | 50,562.00                           |
|             | Other expenses   | 11       | -         |                                       | 1,81,046.51                         |
|             | <b>Total expenses</b>  |          |           | 28,090.00                             | 66,65,660.51                        |
| V           | <b>Profit / (loss) before Tax (III - IV)</b>                                   |          |           | (28,090.00)                           | (30,29,256.51)                      |
| VI          | <b>Tax expense / (credit):</b>   |          |           | -                                     | -                                   |
| VII         | <b>Profit for the year (V - VI)</b>  |          |           | (28,090.00)                           | (30,29,256.51)                      |
| VIII        | <b>Earning per equity share:</b>   |          |           |                                       |                                     |
|             | Basic and diluted earnings per equity share (nominal value of share ₹ 10)      | 14       |           | (0.01)                                | (1.05)                              |
|             | <b>Significant accounting policies</b>   | 1        |           |                                       |                                     |
|             | <b>The accompanying notes are an integral part of the financial statements</b> |          |           |                                       |                                     |

In terms of our report attached  
**For V Ramaswamy Iyer & Co.,**  
Chartered Accountants  
FRN - 002974S

Ravishankar Srinivasan \_\_\_\_\_  
Eddie Poonawala \_\_\_\_\_  
Sunetra Ganesan \_\_\_\_\_

Chairman  
Director  
Director

**SRINIVAS SUBRAMANIAM**  
Partner  
M.No. 033782  
Place: Bangalore  
Date 12th November, 2014

Mumbai

# FORBES EDUMETRY LIMITED

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST OCTOBER, 2014

|  | Year ended<br>31st October, 2014<br>₹ | Year ended<br>31st March, 2014<br>₹ |
|--|---------------------------------------|-------------------------------------|
| Profit / (Loss) before tax   | (28,090.00)                           | (30,29,256.51)                      |
| Adjustments for -  |                                       |                                     |
| Depreciation and amortisation expense                                  | -                                     | 65,89,500.51                        |
| Bank Charges   | -                                     | -                                   |
| Unrealised exchange (gain) / loss [net]                                | -                                     | -                                   |
|  | -                                     | 65,89,500.51                        |
| Operating profit / (loss) before working capital changes               | (28,090.00)                           | 35,60,244.00                        |
| Adjustments for changes in working capital:                            |                                       |                                     |
| Increase / (decrease) in short-term provisions                         | -                                     | (36,07,282.00)                      |
| Increase / (decrease) in other current liabilities                     | 28,090.00                             | (97,460.00)                         |
| Decrease / (increase) in trade receivables                             | -                                     | -                                   |
| Decrease / (increase) in short-term loans and advances                 | -                                     | -                                   |
| Decrease / (increase) in other current assets                          | -                                     | -                                   |
|  | 28,090.00                             | (37,04,742.00)                      |
| Cash generated from / (used in) operations                             | -                                     | (1,44,498.00)                       |
| Income taxes paid (net of refunds)                                     | -                                     | -                                   |
| (a) Net cash generated from / (used in) operating activities           | -                                     | (1,44,498.00)                       |
| Cash flows from investing activities:                                  |                                       |                                     |
| (b) Net cash generated from / (used in) investing activities           | -                                     | -                                   |
| Cash flows from financing activities:                                  |                                       |                                     |
| Proceeds/(Repayment) from long-term borrowings                         | (52,495.78)                           | 1,00,852.81                         |
| Fixed assets written off   | -                                     | -                                   |
| Bank Charges   | -                                     | -                                   |
| Unrealised exchange (gain) / loss [net]                                | -                                     | -                                   |
| (c) Net cash generated from / (used in) financing activities           | (52,495.78)                           | 1,00,852.81                         |
| (d) Net increase / (decrease) in cash and cash equivalents (a + b + c) | (52,495.78)                           | (43,645.19)                         |
| (e) Cash and cash equivalents as at the commencement of the year       | 52,495.78                             | 96,140.97                           |
| (f) Cash and cash equivalents as at the end of the year (d + e)        | (0.00)                                | 52,495.78                           |

### Footnotes:

- Cash-flow statement is prepared in accordance with "Indirect method" as explained in the Accounting Standard on Cash Flow Statements (AS-3).

The accompanying notes are an integral part of the financial statements

In terms of our report attached  
For V Ramaswamy Iyer & Co.,  
Chartered Accountants  
FRN - 002974S

Ravishankar Srinivasan \_\_\_\_\_ Chairman  
Eddie Poonawala \_\_\_\_\_ Director  
Sunetra Ganesan \_\_\_\_\_ Director

SRINIVAS SUBRAMANIAM  
Partner  
M.No. 033782  
Place: Bangalore  
Date 12th November, 2014

Mumbai

# FORBES EDUMETRY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST OCTOBER, 2014

|   | As at<br>31st October, 2014<br>₹ | As at<br>31st March, 2014<br>₹ |
|---|----------------------------------|--------------------------------|
| <b>2. Share capital</b>   |                                  |                                |
| <b>Authorised:</b>  |                                  |                                |
| 30,00,000 (Previous year: 30,00,000) equity shares of ₹ 10 each | 3,00,00,000.00                   | 3,00,00,000.00                 |
| <b>Issued, subscribed and fully paid:</b>                       |                                  |                                |
| 28,80,000 (Previous year: 28,80,000) equity shares of ₹ 10 each | 2,88,00,000.00                   | 2,88,00,000.00                 |
| <b>TOTAL</b>  | <b>2,88,00,000.00</b>            | <b>2,88,00,000.00</b>          |

**(a) Rights, preferences and restrictions attached to equity shares**

The Company has only one class of share 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 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.

**(b) Equity shares held by holding company and subsidiary company**

16,56,000 (Previous year: 16,56,000) equity shares are held by the holding company, Forbes Campbell Finance Ltd; and

**(c) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:**

| Name of Shareholder                  | 31st October, 2014           |           | 31st March, 2014             |           |
|--------------------------------------|------------------------------|-----------|------------------------------|-----------|
|                                      | Number of equity shares held | % holding | Number of equity shares held | % holding |
| Forbes Campbell Finance Ltd          | 16,56,000                    | 57.50     | 16,56,000                    | 57.50     |
| Indovina International Establishment | 7,20,000                     | 25.00     | 7,20,000                     | 25.00     |
| Ravishankar S                        | 3,60,000                     | 12.50     | 3,60,000                     | 12.50     |
| Dr.Chandrasekaran Rajam              | 1,44,000                     | 5.00      | 1,44,000                     | 5.00      |

# FORBES EDUMETRY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST OCTOBER, 2014

|  |                  | As at<br>31st October, 2014 | As at<br>31st March, 2014 |
|--|------------------|-----------------------------|---------------------------|
|  | ₹                | ₹                           | ₹                         |
| <b>3. Reserves and surplus</b>                           |                  |                             |                           |
| Surplus / (deficit) in the statement of profit and loss: |                  |                             |                           |
| Balance as per last balance sheet                        | (6,91,76,919.26) |                             | (6,61,47,662.75)          |
| Add: Loss for the year                                   | (28,090.00)      |                             | (30,29,256.51)            |
|  |                  | (6,92,05,009.26)            | (6,91,76,919.26)          |
| <b>TOTAL</b>   |                  | <b>(6,92,05,009.26)</b>     | <b>(6,91,76,919.26)</b>   |

# FORBES EDUMETRY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST OCTOBER, 2014

|   | Non - current portion |                       | Current maturities |                  |
|---|-----------------------|-----------------------|--------------------|------------------|
|   | As at                 | As at                 | As at              | As at            |
|   | 31st October, 2014    | 31st March, 2014      | 31st October, 2014 | 31st March, 2014 |
|   | ₹                     | ₹                     | ₹                  | ₹                |
| <b>4. Long-term borrowings</b>                        |                       |                       |                    |                  |
| (a) Unsecured Loans and Advances From Related Parties | 3,95,08,339.03        | 3,95,60,834.81        | -                  | -                |
| <b>TOTAL</b>  | <b>3,95,08,339.03</b> | <b>3,95,60,834.81</b> | <b>-</b>           | <b>-</b>         |

# FORBES EDUMETRY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST OCTOBER, 2014

|                                     | As at<br>31st October, 2014<br>₹ | As at<br>31st March, 2014<br>₹ |
|-------------------------------------|----------------------------------|--------------------------------|
| <b>5. Other current liabilities</b> |                                  |                                |
| (a) Trade Deposits and advances     | 8,68,580.23                      | 8,68,580.23                    |
| (b) Duties and Taxes Payable        | -                                | -                              |
| (c) Due to Directors                | -                                | -                              |
| (d) Other Payables                  | 28,090.00                        | -                              |
| <b>TOTAL</b>                        | <b>8,96,670.23</b>               | <b>8,68,580.23</b>             |

## 6. Short-term provisions

|                                    |          |          |
|------------------------------------|----------|----------|
| (a) Provision for accrued expenses | -        | -        |
| <b>TOTAL</b>                       | <b>-</b> | <b>-</b> |

**FORBES EDUMETRY LIMITED**
**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST OCTOBER, 2014**
**7. Fixed assets**

| Description of Assets              | GROSS BLOCK (at cost) |                   |                   |                       |   | DEPRECIATION / AMORTISATION |                     |            |                     |                       |   | NET BLOCK          |                  |
|------------------------------------|-----------------------|-------------------|-------------------|-----------------------|---|-----------------------------|---------------------|------------|---------------------|-----------------------|---|--------------------|------------------|
|                                    | As at                 | Additions         | Deductions        | As at                 |   | Upto                        | For the year/period | Deductions | Prior period charge | Upto                  |   | As at              | As at            |
|                                    | 31st March, 2014      | during the period | during the period | 31st October, 2014    |   | 31st March, 2014            |                     |            | during the year     | 31st October, 2014    |   | 31st October, 2014 | 31st March, 2014 |
|                                    | ₹                     | ₹                 | ₹                 | ₹                     |   | ₹                           | ₹                   | ₹          | ₹                   | ₹                     |   | ₹                  | ₹                |
| <b><u>A. Tangible assets</u></b>   |                       |                   |                   |                       |   |                             |                     |            |                     |                       |   |                    |                  |
| 1 Computer Hardware                | 19,69,830.00          | -                 | -                 | 19,69,830.00          |   | 19,69,830.00                | -                   | -          | -                   | 19,69,830.00          |   | -                  | -                |
| 2 Furniture & Fixtures             | 44,308.00             | -                 | -                 | 44,308.00             |   | 44,308.00                   | -                   | -          | -                   | 44,308.00             |   | -                  | -                |
| 3 Office Equipment                 | 97,579.00             | -                 | -                 | 97,579.00             |   | 97,579.00                   | -                   | -          | -                   | 97,579.00             |   | -                  | -                |
| <b>Total Tangible Assets</b>       | <b>21,11,717.00</b>   | -                 | -                 | <b>21,11,717.00</b>   |   | <b>21,11,717.00</b>         | -                   | -          | -                   | <b>21,11,717.00</b>   |   | -                  | -                |
| Previous Year                      | 21,11,717.00          | -                 | -                 | 21,11,717.00          |   | 19,92,027.66                | 5,977.00            | -          | 1,13,712.34         | 21,11,717.00          |   | -                  | -                |
| <b><u>B. Intangible assets</u></b> |                       |                   |                   |                       |   |                             |                     |            |                     |                       |   |                    |                  |
| 1 Computer software                | 1,03,80,683.00        | -                 | -                 | 1,03,80,683.00        |   | 1,03,80,683.00              | -                   | -          | -                   | 1,03,80,683.00        |   | -                  | -                |
| <b>Total Intangible Assets</b>     | <b>1,03,80,683.00</b> | -                 | -                 | <b>1,03,80,683.00</b> | - | <b>1,03,80,683.00</b>       | -                   | -          | -                   | <b>1,03,80,683.00</b> | - | -                  | -                |
| Previous Year                      | 1,03,80,683.00        | -                 | -                 | 1,03,80,683.00        |   | 39,10,871.83                | 64,28,075.00        | -          | 41,736.17           | 1,03,80,683.00        |   | -                  | -                |
| <b>Grand Total</b>                 | <b>1,24,92,400.00</b> | -                 | -                 | <b>1,24,92,400.00</b> | - | <b>1,24,92,400.00</b>       | -                   | -          | -                   | <b>1,24,92,400.00</b> | - | -                  | -                |
| Previous Year                      | 1,24,92,400.00        | -                 | -                 | 1,24,92,400.00        |   | 39,49,567.00                | 19,53,332.49        | -          | -                   | 1,24,92,400.00        |   | -                  | -                |

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST OCTOBER, 2014

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# FORBES EDUMETRY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST OCTOBER, 2014

|   |   | Year ended<br>31st October, 2014 | Year ended<br>31st March, 2014 |
|---|---|----------------------------------|--------------------------------|
|   | ₹ | ₹                                | ₹                              |
| <b>9. Other income</b>                      |   |                                  |                                |
| Sundry Balance Written back                 |   | -                                | 29,139.00                      |
| Provision for Accrued Expenses Written Back |   | -                                | 36,07,265.00                   |
| Miscellaneous Income                        |   | -                                | -                              |
| <b>TOTAL</b>                                |   | <b>-</b>                         | <b>36,36,404.00</b>            |

**FORBES EDUMETRY LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST OCTOBER, 2014**

|   |   | Year ended<br>31st October, 2014 | Year ended<br>31st March, 2014 |
|---|---|----------------------------------|--------------------------------|
|   | ₹ | ₹                                | ₹                              |
| <b>10. Depreciation and amortisation expense</b>    |   |                                  |                                |
| (a) Depreciation of tangible assets (see note 7A)   |   | -                                | 5,977.00                       |
| (b) Amortization of intangible assets (see note 7B) |   | -                                | 64,28,075.00                   |
| <b>TOTAL</b>  |   | <b>-</b>                         | <b>64,34,052.00</b>            |
| <b>11. Other expenses</b>                           |   |                                  |                                |
| (a) General Expenses                                |   | -                                | 16,392.00                      |
| (b) Legal, Professional & Consultancy Charges       |   | -                                | 7,304.00                       |
| (c) Sundry Balance Written off                      |   | -                                | 1,902.00                       |
| (d) Prior Period Expense                            |   | -                                | 1,55,448.51                    |
| <b>TOTAL</b>  |   | <b>-</b>                         | <b>1,81,046.51</b>             |

# **FORBES EDUMETRY LIMITED**

## **NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST OCTOBER, 2014**

### **12. Contingent liabilities:**

The Management is of the view that there is no contingent liability at the Balance Sheet date.

# FORBES EDUMETRY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST OCTOBER, 2014

### 13. Related party disclosures

**(a) Names of related parties and nature of related party relationship**

**(A) Holding company / Ultimate holding company:**

Forbes Campbell Finance Limited [Holding Company]

**(B) Fellow subsidiaries (where there are transactions):**

Edumetry Inc.

**(C) Associate companies (where there are transactions):**

Forbes & Company Limited

**(D) Key management personnel:**

Chairman, Mr. S. Ravishankar

Director, Mr. Eddie Poonawala

**FORBES EDUMETRY LIMITED**
**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST OCTOBER, 2014**
**13. Related party disclosures (contd.)**
**(b) Total amount of transactions that have been entered into with related parties for the year/period:**
**(₹)**

|   | Nature of Transaction                               | Financial year/period | Parties in A above<br>-<br>Holding company<br>/ Ultimate holding<br>company | Parties in B<br>above -<br>Fellow<br>subsidiaries | Parties in C above -<br>Associate companies | Parties in D<br>above -<br>Key management<br>personnel | Total                              |
|---|---|-----------------------|---|---|---|--|------------------------------------|
| 1 | <b>Income</b><br>Client Service Revenue             | 2014 15<br>2013 14    | -<br>-  | -<br>-  | -<br>-                                      | -<br>-   | -<br>-                             |
| 2 | <b>Finance</b><br>Loans Taken                       | 2014 15<br>2013 14    |   |   | (1,00,852.81)                               |  | (1,00,852.81)                      |
| 3 | Loans Repaid  | 2014 15<br>2013 14    |   |   | 52,495.78<br>-                              |  | 52,495.78<br>-                     |
| 4 | <b>Outstandings</b><br>Trade payables               | 2014 15<br>2013 14    |   | 8,68,580.23<br>(8,68,580.23)                      |   |  | 8,68,580.23<br>(8,68,580.23)       |
| 5 | Unsecured Loans and advances (Long Term Borrowings) | 2014 15<br>2013 14    | 38,26,000.00<br>(38,26,000.00)  |   | 3,44,85,401.03<br>(3,45,37,896.81)          |  | 3,83,11,401.03<br>(3,83,63,896.81) |
| 6 | Accrued Interest on the above loans                 | 2014 15<br>2013 14    |   |   | 11,96,938.00<br>(11,96,938.00)              |  | 11,96,938.00<br>(11,96,938.00)     |
| 7 | Other dues  | 2014 15<br>2013 14    |   |   |   | -<br>-   | -<br>-                             |

**Footnote**

Figures in brackets and italics are in respect of the previous year.

# FORBES EDUMETRY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST OCTOBER, 2014

### 13. Related party disclosures (contd.)

(c) The above transactions includes:-

(₹)

|   |                        |                    | A                               | B                            | C                                  | D                            |
|---|------------------------|--------------------|---------------------------------|------------------------------|------------------------------------|------------------------------|
|   | Nature of Transaction  | Financial year     | Forbes Campbell Finance Limited | Edumetry Inc.                | Forbes and Company Limited         | Chairman, Mr. S. Ravishankar |
|   | <b>Income</b>          |                    |                                 |                              |                                    |                              |
| 1 | Client Service Revenue | 2014 15<br>2013 14 | -<br>-                          | -<br>-                       | -<br>-                             | -<br>-                       |
|   | <b>Finance</b>         |                    |                                 |                              |                                    |                              |
| 2 | Loans Taken            | 2014 15<br>2013 14 | -<br>-                          | -<br>-                       | -<br>1,00,852.81                   | -<br>-                       |
| 3 | Loans Repaid           | 2014 15<br>2013 14 |                                 |                              | 52,495.78                          |                              |
|   | <b>Outstandings</b>    |                    |                                 |                              |                                    |                              |
| 4 | Trade payables         | 2014 15<br>2013 14 | -<br>-                          | 8,68,580.23<br>(8,68,580.23) | -<br>-                             | -<br>-                       |
| 5 | Loans and advances     | 2014 15<br>2013 14 | 38,26,000.00<br>(38,26,000.00)  | -<br>-                       | 3,56,82,339.03<br>(3,57,34,834.81) | -<br>-                       |
| 6 | Other dues             | 2014 15<br>2013 14 | -<br>-                          | -<br>-                       | -<br>-                             | -<br>-                       |

#### Footnote

Figures in brackets and italics are in respect of the previous year.

**FORBES EDUMETRY LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST OCTOBER, 2014****14. Earnings per share**

Earnings per share is computed as under:

| S.No. | Particulars  | Remarks | For the period ended<br>31st October, 2014 | For the year ended<br>31st March, 2014 |
|-------|--|---------|--|--|
| 1.    | Profit after tax (₹ In Lakhs)  | A       | (28,090.00)                                | (30,29,256.51)                         |
| 2.    | Weighted average number of equity shares outstanding during the year   | B       | 28,80,000                                  | 28,80,000                              |
| 3.    | Earning per share (Nominal value of share ₹ 10)- (Basic & Diluted) (₹) | C=A/B   | (0.01)                                     | (1.05)                                 |

# FORBES EDUMETRY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST OCTOBER, 2014

### 15. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006

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:-

|    |   | 31st October, 2014 | 31st March, 2014 |
|----|---|--------------------|------------------|
|    |   | ₹                  | ₹                |
| a) | Principal amount remaining unpaid as at 31st March  | See note below     | See note below   |
| b) | Interest due thereon as at 31st March   | NIL                | NIL              |
| c) | Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.                             | NIL                | NIL              |
| d) | Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006. | NIL                | NIL              |
| e) | Interest accrued and remaining unpaid as at 31st March  | NIL                | NIL              |
| f) | Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.   | NIL                | NIL              |

Note - Based on the information available with the company, there are no parties that are registered under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the amounts outstanding or remaining unpaid to such parties is NIL.

## FORBES EDUMETRY LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST OCTOBER, 2014

#### 16. Earnings in foreign exchange:

|                            | For the year ended<br>31st October, 2014<br>₹ | For the year ended<br>31st March, 2014<br>₹ |
|----------------------------|---|---|
| (a) Client Service Revenue | -   | -   |
|                            | -   | -   |

#### 17. Other notes

- The Company has had no revenues over the last few financial years. Further, the accumulated losses of the company exceed the paid up capital of the company by more than two times. No new business appears to be in the pipeline, based on our discussions with the Management. This situation indicates the existence of a material uncertainty that may cast a significant doubt on the Company's ability to discharge its liabilities in the normal course of business and therefore to continue as a going concern. Despite the above factors, the company's accounts have been prepared on a Going Concern basis.
- (a) business appears to be in the pipeline, based on our discussions with the Management. This situation indicates the existence of a material uncertainty that may cast a significant doubt on the Company's ability to discharge its liabilities in the normal course of business and therefore to continue as a going concern. Despite the above factors, the company's accounts have been prepared on a Going Concern basis.
- (b) There is no unexpired capital commitment as at the Balance Sheet date.
- (c) Balances of Debtors, Advances and Creditors are subject to confirmation.
- (d) The figures for the previous period have been regrouped and rearranged wherever necessary.

Ravishankar Srinivasan \_\_\_\_\_

Chairman

Eddie Poonawala \_\_\_\_\_

Director

Sunetra Ganesan \_\_\_\_\_

Director

Date 12th November, 2014

Mumbai

# FORBES EDUMETRY LTD

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER, 2014

### Note 1 – Significant accounting policies

#### **a) Basis of accounting**

The financial statements are prepared under historical cost convention on an accrual basis and in accordance with the generally accepted accounting principles in India, the provisions of the Companies Act, 2013 and the applicable Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Institute of Chartered Accountants of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### **b) Use of estimates**

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

#### **c) Fixed assets and depreciation / amortisation**

##### **1. Tangible fixed assets and depreciation**

Tangible fixed assets are carried at cost of acquisition or construction 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.

Until the financial year ended 31<sup>st</sup> March 2013, the company has been depreciating its Tangible Fixed Assets under the Straight Line Method according to the rates prescribed under Schedule XIV of the Companies Act, 1956. From the financial year ended 31<sup>st</sup> March, 2014, the company has revised the useful life of the assets, as a consequence of which the depreciation charge in the year ended 31<sup>st</sup> March, 2014 was in excess of the depreciation charge as calculated on the basis of rates hitherto applied by an amount of Rs. 96,273.

##### **2. Intangible assets and amortisation**

Intangible assets, being computer software, are carried at 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). Research costs are charged to the statement of profit and loss as they are incurred.

Until the financial year ended 31<sup>st</sup> March 2013, the company has been depreciating its Intangible Fixed Assets under the Straight Line Method according to the rates prescribed under Schedule XIV of the Companies Act, 1956. From the financial year ended 31<sup>st</sup> March, 2014, the company has revised the useful life of the assets, as a

# FORBES EDUMETRY LTD

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER, 2014

consequence of which the depreciation charge in the year ended 31<sup>st</sup> March, 2014 was in excess of the depreciation charge as calculated on the basis of rates hitherto applied by an amount of Rs. 48,86,218.

### **d) Impairment of assets**

The Company assesses at each balance sheet date 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. 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. 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.

### **e) Borrowing cost**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### **f) Foreign currency transactions and translation**

Transactions in the foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate prevailing at the year end. Non monetary items denominated in foreign currency are carried at the exchange in force at the date of transaction. Exchange difference arising on the foreign currency transactions are recognized as income or expenses in the period in which they arises, except that exchange difference arising on repayment / revaluation of the borrowings in foreign currencies and on currency swaps in respect of underlying rupees borrowings, which borrowings are utilised towards capital expenditure are adjusted to the carrying cost of the fixed assets.

### **g) 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.

### **h) Revenue recognition**

The company recognises income from services rendered on actual basis upon completion of contract related services. Interest income and other income are recognised on accrual basis.

### **i) Taxes on income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current Taxes are NIL on account of loss sustained by the company.

### **j) Deferred Taxation**

The company, in line with AS-22, Taxes on Income, has not recognized Deferred Tax Liability / Deferred Tax Asset in view of the lack of virtual certainty of there being enough future profits.

# FORBES EDUMETRY LTD

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER, 2014

### k) Segment reporting

Based on guiding principles given in accounting standard on Segment Reporting (AS-17 issued by the Institute of Chartered Accountants of India) the company's Primary business segment is Service income on account of Evaluation of test papers. As the company's business activity falls within a single primary business segment, the disclosure requirements of AS-17 in this regard are not applicable.

### l) Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. 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. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

As per our report of even date:

For V. Ramswamy Iyer & Co.,  
Chartered Accountants  
FRN – 002974S

Srinivas Subramaniam  
Partner  
(Membership No. 033782)

Bangalore, 12<sup>th</sup> November, 2014

For and on behalf of the Board:

Ravishankar Srinivasan  
Chairman

Eddie Poonawala  
Director

Sunetra Ganesan  
Director

Mumbai, 12<sup>th</sup> November, 2014

**Forbes Enviro Solutions Limited**  
(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements  
for the year ended March 31, 2015

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Forbes Enviro Solutions Ltd

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Forbes Enviro Solutions Ltd ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial Statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the

purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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 31st March, 2015, and its loss and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by Companies (Auditors Report) order 2015 issued by Central Government of India in terms of sub section 11 of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order
2. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the other matters to be included in the Auditor's 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 does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
ICAI Firm Regn. No.101048W

**Paresh Chokshi**  
Partner  
Membership No.33597

Place : Mumbai  
Date : 15 April 2015

### **Annexure to the Independent Auditor's Report**

(Referred to in paragraph 1 under 'Report on other legal and Regulatory requirements' section of our report of even date)

- (i) The Company does not have any fixed assets accordingly, the provisions of this clause are not applicable to the Company
- (ii) The Company does not have any inventories accordingly, the provisions of this clause are not applicable to the Company
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.
- (iv) In our opinion and according to the information and explanation given to us there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services.
- (v) The Company has not accepted any deposits during the year with in the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) To the best of our knowledge and as explained central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act;
- (vii)
  - a. The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
  - b. According to the information and explanations given to us there are no dues outstanding of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess that have not been deposited on account of any dispute.
  - c. There are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under has been transferred to such fund within time.
- (viii) The accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has incurred cash losses in the current financial year and in the immediately preceding financial year;
- (ix) The Company has not taken any loans from financial institution or bank or debenture holders.

- (x) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company has not taken any Term Loans.
- (xii) Based on the audit procedures performed and as per the information and explanation given by the management we report that no fraud on or by the company has been noticed or reported during the year.

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
ICAI Firm Regn. No.101048W

**Paresh Chokshi**  
Partner  
Membership No.33597

Place: Mumbai  
Date: 15 April, 2015

**Forbes Enviro Solutions Limited**  
(Formerly known as Forbes Water Limited)

**BALANCE SHEET AS AT 31 MARCH, 2015**

|                                 | Notes | As at 31 March<br>2015        | As at 31 March<br>2014        |
|---------------------------------|-------|-------------------------------|-------------------------------|
| <b>I EQUITY AND LIABILITIES</b> |       |                               |                               |
| <b>Shareholders' funds</b>      |       |                               |                               |
| Share Capital                   | 2     | 5,00,000                      | 5,00,000                      |
| Reserves and Surplus            | 3     | <u>(2,13,960)</u><br>2,86,040 | <u>(2,02,724)</u><br>2,97,276 |
| <b>Non-current liabilities</b>  |       |                               |                               |
| <b>Current liabilities</b>      |       |                               |                               |
| Short-term borrowings           |       |                               |                               |
| Trade payables                  | 4     | <u>26,808</u><br>26,808       | <u>21,190</u><br>21,190       |
| <b>Total</b>                    |       | <u>3,12,848</u>               | <u>3,18,466</u>               |
| <b>II ASSETS</b>                |       |                               |                               |
| <b>Non-current assets</b>       |       |                               |                               |
| Fixed Assets                    |       | -                             | -                             |
| <b>Current assets</b>           |       |                               |                               |
| Cash and cash equivalents       | 5     | 3,12,848                      | 3,18,466                      |
| <b>Total</b>                    |       | <u>3,12,848</u>               | <u>3,18,466</u>               |
| Significant accounting policies | 1     |                               |                               |

The notes referred to above form an integral part of the financial statements

Per our report attached  
For BATLIBOI & PUROHIT  
*Chartered Accountants*  
Firm Regn No. 101048W

S.L.Goklaney

Director

A V Suresh

Director

Marzin R Shroff

Paresh Chokshi

*Partner*

Membership No. 33597

Director

Mumbai , Dated :

Mumbai , Dated:

**Forbes Enviro Solutions Limited**  
(Formerly known as Forbes Water Limited)

**Statement of Profit and Loss for the year ended 31 March 2015**

|  | Notes | For the year<br>ended 31<br>March 2015 | For the year<br>ended 31 March<br>2014 |
|--|-------|--|--|
| <b>Income</b>  |       |  |  |
| I Revenue from operation   |       | -                                      | -                                      |
| II Other income  |       | -                                      | -                                      |
| <b>III Total Revenue</b>   |       | <u>-</u>                               | <u>-</u>                               |
| <b>IV Expenses</b>   |       |  |  |
| Other expenses   | 6     | 11,236                                 | 27,987                                 |
| <b>Total Expenses</b>  |       | <u>11,236</u>                          | <u>27,987</u>                          |
| <b>Profit / (Loss) before exceptional items, extraordinary items and tax</b> |       | (11,236)                               | (27,987)                               |
| Exceptional items  |       | -                                      | -                                      |
| <b>Profit / (Loss) before extraordinary items and tax</b>                    |       | <u>(11,236)</u>                        | <u>(27,987)</u>                        |
| Extraordinary items  |       | -                                      | -                                      |
| <b>Profit / (Loss) before tax</b>  |       | <u>(11,236)</u>                        | <u>(27,987)</u>                        |
| Tax expense  |       |  |  |
| Current tax  |       | -                                      | -                                      |
| Deferred tax   |       | -                                      | -                                      |
|  |       | <u>-</u>                               | <u>-</u>                               |
| <b>Profit/(Loss) for the year</b>  |       | <u><u>(11,236)</u></u>                 | <u><u>(27,987)</u></u>                 |
| <b>Earnings per equity share (₹)</b>   |       |  |  |
| Basic and Diluted-Par value of ₹ 10/- per share                              | 7     | (0.22)                                 | (0.56)                                 |
| Significant accounting policies  | 1     |  |  |

The notes referred to above form an integral part of the financial statements

|   |                 |
|---|-----------------|
| Per our report attached<br>For BATLIBOI & PUROHIT<br>Chartered Accountants<br>Firm Regn No. 101048W | S.L.Goklaney    |
|   | Director        |
|   | A V Suresh      |
|   | Director        |
|   | Marzin R Shroff |
| Paresh Chokshi<br>Partner<br>Membership No. 33597   | Director        |
| Mumbai , Dated :  | Mumbai , Dated: |

**Forbes Enviro Solutions Limited**  
(Formerly known as Forbes Water Limited)

**Cash Flow Statement for the Year ended 31 March, 2015**

|  | 2014-15  |          | 2013-14  |          |
|--|----------|----------|----------|----------|
|  |          |          |          |          |
| <b>NET PROFIT / (LOSS) BEFORE TAX AND EXTRA ORDINARY ITEMS</b>                       |          | (11,236) |          | (27,987) |
| <b>OPERATING PROFIT /(LOSS) BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b> |          | (11,236) |          | (27,987) |
| Adjustments for increase/ (decrease) in operating liabilities:<br>Trade Payables     | 5,618    | 5,618    | (24,869) | (24,869) |
| Cash generated / (used) from operations  |          | (5,618)  |          | (52,856) |
| <b>(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES</b>                        |          | (5,618)  |          | (52,856) |
| <b>(b) NET CASH FROM /(USED) IN INVESTING ACTIVITIES</b>                             |          | -        |          | -        |
| <b>(c) NET CASH FROM/ (USED) IN FINANCING ACTIVITIES</b>                             |          | -        |          | -        |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (a+b+c)</b>                |          | (5,618)  |          | (52,856) |
| <b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :</b>    |          |          |          |          |
| Cash , Cheques on hand   |          |          |          |          |
| Balances with scheduled banks on Current accounts,                                   | 3,18,466 | 3,18,466 | 3,71,322 | 3,71,322 |
| <b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :</b>             |          |          |          |          |
| Cash , Cheques on hand   | -        |          | -        |          |
| Balances with scheduled banks on Current accounts,                                   | 3,12,848 | 3,12,848 | 3,18,466 | 3,18,466 |
| <b>NET INCREASE /(DECREASE) AS DISCLOSED ABOVE</b>                                   |          | (5,618)  |          | (52,856) |

Per our report attached  
For BATLIBOI & PUROHIT  
Chartered Accountants  
Firm Regn No. 101048W

S.L.Goklaney

Director

A V Suresh

Director

Marzin R Shroff

Paresh Chokshi  
Partner  
Membership No. 33597

Director

Mumbai , Dated :

Mumbai , Dated:

**Notes to the financial statements for the year ended 31 March 2015**

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of Financial statement.

(i) Basis of Accounting

The Financial Statements have been prepared to comply in all material respects with the Notified Accounting Standards pursuant to Section 133 of the Companies Act' 2013 (the Act) and the relevant provisions of the Act. The financial statements have been prepared under historical cost convention and on accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(ii) Uses of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates

(b) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period.

**Forbes Enviro Solutions Limited**  
(Formerly known as Forbes Water Limited)

**Notes to the financial statements**

|   | As at 31 March 2015 |                 | As at 31 March 2014 |                 |
|---|---------------------|-----------------|---------------------|-----------------|
|   | Number of shares    |                 | Number of shares    |                 |
| <b>2. Share Capital</b>                     |                     |                 |                     |                 |
| Authorised                                  |                     |                 |                     |                 |
| Equity shares of ` 10/ each *               | 50,000              | 5,00,000        | 50,000              | 5,00,000        |
|   | <u>50,000</u>       | <u>5,00,000</u> | <u>50,000</u>       | <u>5,00,000</u> |
| <b>Issued</b>                               |                     |                 |                     |                 |
| Equity shares of ` 10/ each fully paid up * |                     |                 |                     |                 |
| At the beginning of the year                | 50,000              | 5,00,000        | 50,000              | 5,00,000        |
| Add: Issued during the year                 |                     |                 |                     |                 |
| Less: Bought back during the year           |                     |                 |                     |                 |
| At the end of the year                      | <u>50,000</u>       | <u>5,00,000</u> | <u>50,000</u>       | <u>5,00,000</u> |
| <b>Subscribed</b>                           |                     |                 |                     |                 |
| Equity shares of ` 10/ each fully paid up * |                     |                 |                     |                 |
| At the beginning of the year                | 50,000              | 5,00,000        | 50,000              | 5,00,000        |
| Add: Issued during the year                 |                     |                 |                     |                 |
| Less: Bought back during the year           |                     |                 |                     |                 |
| At the end of the year                      | <u>50,000</u>       | <u>5,00,000</u> | <u>50,000</u>       | <u>5,00,000</u> |
| <b>Fully Paid up</b>                        |                     |                 |                     |                 |
| Equity shares of ` 10/ each fully paid up * |                     |                 |                     |                 |
| At the beginning of the year                | 50,000              | 5,00,000        | 50,000              | 5,00,000        |
| Add: Issued during the year                 |                     |                 |                     |                 |
| Less: Bought back during the year           |                     |                 |                     |                 |
| At the end of the year                      | <u>50,000</u>       | <u>5,00,000</u> | <u>50,000</u>       | <u>5,00,000</u> |

\* Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders.

|                       |                 |      |      |
|-----------------------|-----------------|------|------|
| Eureka Forbes Limited | Holding company | 100% | 100% |
|-----------------------|-----------------|------|------|

**Forbes Enviro Solutions Limited**  
**(Formerly known as Forbes Water Limited)**

**Notes to the financial statements**

|   | As at 31<br>March 2015   | As at 31<br>March 2014   |
|---|--------------------------|--------------------------|
| <b>3. Reserves and surplus</b>                                |                          |                          |
| <b>(Deficit)/ surplus in the Statement of Profit and Loss</b> |                          |                          |
| Balance at the beginning of the year                          | (2,02,724)               | (1,74,737)               |
| Add/ (less): Profit/ (loss) for the year                      | (11,236)                 | (27,987)                 |
| <b>Total</b>  | <b><u>(2,13,960)</u></b> | <b><u>(2,02,724)</u></b> |

**Forbes Enviro Solutions Limited**  
**(Formerly known as Forbes Water Limited)**

**Notes to the financial statements**

|                               | <b>Current</b>         | <b>Current</b>         |
|-------------------------------|------------------------|------------------------|
|                               | As at 31 March<br>2015 | As at 31 March<br>2014 |
| <b>4. Current Liabilities</b> |                        |                        |
| Trade payables                | 26,808                 | 21,190                 |
| <b>Total</b>                  | <b>26,808</b>          | <b>21,190</b>          |

**Forbes Enviro Solutions Limited**  
**(Formerly known as Forbes Water Limited)**

**Notes to the financial statements**

|                                     | <b>Current</b>         | <b>Current</b>         |
|-------------------------------------|------------------------|------------------------|
|                                     | As at 31<br>March 2015 | As at 31<br>March 2014 |
| <b>5. Cash and cash equivalents</b> |                        |                        |
| <b>Balance with banks in</b>        |                        |                        |
| Current accounts                    | 3,12,848               | 3,18,466               |
| <b>Total</b>                        | <u>3,12,848</u>        | <u>3,18,466</u>        |

**Forbes Enviro Solutions Limited**  
**(Formerly known as Forbes Water Limited)**

**Notes to the financial statements**

|   | For the year<br>ended 31<br>March 2015 | For the year<br>ended 31<br>March 2014 |
|---|--|--|
| <b>6. Other expenses</b>                                  |  |  |
| Auditors Remuneration (* Refer details Below)             | 11,236                                 | 12,736                                 |
| Legal and Professional Fees                               | -                                      | 13,903                                 |
| Rates and taxes, excluding taxes on income                | -                                      | 1,348                                  |
|   | <u>11,236</u>                          | <u>27,987</u>                          |
| <b>(*) Auditors Remuneration</b>                          |  |  |
| As auditor  |  |  |
| Audit fee   | 5,618                                  | 5,618                                  |
| In other capacity :                                       |  |  |
| For other services  | 5,618                                  | 7,118                                  |
|   | <u>11,236</u>                          | <u>12,736</u>                          |
| <b>7. Earnings per equity share</b>                       |  |  |
| Number of Equity Shares                                   | 50,000                                 | 50,000                                 |
| Weighted average number of equity shares                  | 50,000                                 | 50,000                                 |
| Face Value per share                                      | 10                                     | 10                                     |
| Profit /(Loss) After Tax available to Equity Shareholders | (11,236)                               | (27,987)                               |
| Basic and Diluted Earning Per Share                       | (0.22)                                 | (0.56)                                 |

**Forbes Enviro Solutions Limited**  
(Formerly known as Forbes Water Limited)

8 Details required under Accounting Standard 18 on "Related Party Disclosures " issued by the Institute of Chartered Accountants of India for the year ended 31st March 2015.

( I ) Name of related Party and nature of relationship where control exists are as under :

A Enterprises having more than one half of Voting Powers -

Shapoorji Pallonji & Company Limited - Ultimate Holding Company  
Forbes & Company Ltd - Holding Company of Eureka Forbes Limited  
Eureka Forbes Limited - Holding Company

( II ) There are no transactions with the related parties as listed above.

9 The Company has filed Scheme of Arrangement for merger of the two sister concerns (subsidiary companies of Eureka Forbes Limited), Radiant Energy Systems Pvt. Ltd and Waterwings Equipment Pvt. Ltd. before the Hon'ble High Court, Mumbai on 30th January 2013. The process for the merger is expected to be completed during the financial year 2015-16

10 There are no amounts, principal or interest, payable to any suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosure if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act are not applicable

11 The Company does not have any contingent liabilities

12 The figures of the previous year have been regrouped wherever necessary.

|  |                 |
|--|-----------------|
| Per our report attached<br>For BATLIBOI & PUROHIT<br><i>Chartered Accountants</i><br>Firm Regn No. 101048W | S.L.Goklaney    |
|  | Director        |
|  | A V Suresh      |
|  | Director        |
|  | Marzin R Shroff |
| Paresh Chokshi<br><i>Partner</i><br>Membership No. 33597   | Director        |
| Mumbai , Dated :   | Mumbai , Dated: |

**Forbes Facility Services Private Limited**  
(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements  
for the year ended March 31, 2015

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Forbes Facility Services Pvt Ltd

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Forbes Facility Services Pvt Ltd ('the Company') which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial Statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

- 1 As required by Companies (Auditors Report) order 2015 issued by Central Government of India in terms of sub section 11 of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order
- 2 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the other matters to be included in the Auditor's 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 financial statements - refer note 29 and 30 to the financial statements
  - ii The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
ICAI Firm Regn. No.101048W

**Kaushal Mehta**  
Partner  
Membership No. 111749

Place : Mumbai  
Date : 24 April, 2015

### **Annexure to the Independent Auditor's Report**

(Referred to in paragraph 1 under 'Report on other legal and Regulatory requirements' section of our report of even date)

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - b. *All the fixed assets have not been physically verified by the management during the year, hence we are unable to comment on the discrepancies, if any.*
- (ii) a. According to the information and explanation given to us inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable;
  - b. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
  - c. The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) The Company has not accepted any deposits during the year within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) To the best of our knowledge and as explained central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act for the products or services of the Company ;
- (vii) a. The company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities *though there have been delays in few cases.* According to the information and explanations given to us, there are no undisputed dues in respect of income-tax, which were outstanding, at the year end for a period of more than six months from the date they became payable.

- b. According to the information and explanations given to us there are no dues outstanding of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess that have not been deposited on account of any dispute;
  - c. There are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under has been transferred to such fund within time.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year;
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank.
- (x) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company has not taken any Term Loans.
- (xii) Based on the audit procedures performed and as per the information and explanation given by the management we report that no fraud on or by the company has been noticed or reported during the year.

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
ICAI Firm Regn. No.101048W

**Kaushal Mehta**  
Partner  
Membership No. 111749

Place: Mumbai  
Date: 24 April, 2015

**BALANCE SHEET AS AT 31 st MARCH, 2015**

|                                   | Notes | As at 31 March<br>2015<br>Rupees | As at 31 March<br>2014<br>Rupees |
|-----------------------------------|-------|----------------------------------|----------------------------------|
| <b>I EQUITY AND LIABILITIES</b>   |       |                                  |                                  |
| <b>1. Shareholders' funds</b>     |       |                                  |                                  |
| a Share Capital                   | 2     | 1,00,00,000                      | 1,00,00,000                      |
| b Reserves and Surplus            | 3     | <u>68,82,211</u><br>1,68,82,211  | <u>10,11,338</u><br>1,10,11,338  |
| <b>2. Non-current liabilities</b> |       |                                  |                                  |
| a Other long-term liabilities     | 4     | 17,01,467                        | 9,95,297                         |
| b Long-term provisions            | 5     | <u>30,80,005</u><br>47,81,472    | <u>19,92,271</u><br>29,87,568    |
| <b>3. Current liabilities</b>     |       |                                  |                                  |
| a Short-term borrowings           | 6     | 6,57,10,134                      | 5,67,75,060                      |
| b Trade payables                  | 7     | 17,09,90,209                     | 14,94,22,223                     |
| c Other current liabilities       | 4     | 6,92,49,080                      | 4,06,78,061                      |
| d Short-term provisions           | 5     | <u>7,13,219</u><br>30,66,62,642  | <u>4,07,823</u><br>24,72,83,167  |
| <b>Total</b>                      |       | <u><u>32,83,26,325</u></u>       | <u><u>26,12,82,073</u></u>       |
| <b>II ASSETS</b>                  |       |                                  |                                  |
| <b>1. Non-current assets</b>      |       |                                  |                                  |
| a Fixed Assets                    |       |                                  |                                  |
| (i) Tangible assets               | 8     | 5,17,24,337                      | 6,17,91,656                      |
| b Deferred tax assets (net)       | 9     | 63,95,216                        | 10,73,527                        |
| c Long-term loans and advances    | 10    | 5,96,28,171                      | 5,27,85,275                      |
| d Other non-current assets        | 11    | <u>30,29,719</u><br>12,07,77,443 | <u>15,00,000</u><br>11,71,50,458 |
| <b>2. Current assets</b>          |       |                                  |                                  |
| a Inventories                     | 12    | 1,03,56,167                      | 92,98,494                        |
| b Trade receivables               | 13    | 18,66,42,713                     | 12,62,10,721                     |
| c Cash and Bank Balances          | 14    | 81,29,336                        | 54,15,106                        |
| d Short-term loans and advances   | 10    | 23,87,557                        | 31,87,134                        |
| e Other current assets            | 11    | <u>33,109</u><br>20,75,48,882    | <u>20,160</u><br>14,41,31,615    |
| <b>Total</b>                      |       | <u><u>32,83,26,325</u></u>       | <u><u>26,12,82,073</u></u>       |

Significant accounting policies  
and notes to accounts

1-33

The accompanying notes are an integral part of the financial statements

As per our report of even date  
**For BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Regn No. 101048W

S L Goklaney  
Director

A V Suresh  
Director

**Kaushal Mehta**  
Partner  
Membership No. 111749

C. A. Karnik  
Director

Marzin Shroff  
Director

S K Palekar  
Director

Mumbai , Dated : 24.04.2015

Mumbai , Dated:

24.04.2015

## Statement of Profit and Loss for the year ended 31 March 2015

|   | Notes | For the year<br>ended 31 March<br>2015<br>Rupees | For the year<br>ended 31 March<br>2014<br>Rupees |
|---|-------|--|--|
| <b>Income</b>   |       |  |  |
| I Revenue from operation (Net)                              | 15    | 91,04,34,378                                     | 71,17,72,585                                     |
| II Other income   | 16    | 12,60,234  | 7,05,649   |
| III <b>Total Revenue</b>                                    |       | <u>91,16,94,612</u>                              | <u>71,24,78,234</u>                              |
| <b>IV Expenses</b>  |       |  |  |
| Cost of Services & Material Consumed                        | 17    | 43,74,17,426                                     | 34,79,22,033                                     |
| Employee benefit expense                                    | 18    | 37,03,09,459                                     | 28,28,82,277                                     |
| Other expenses  | 19    | 5,96,35,759                                      | 5,47,20,297                                      |
| Finance cost  | 20    | 93,06,793  | 92,24,815  |
| Depreciation and amortisation expense<br>(Refer Note No.31) | 21    | 47,70,353  | 97,29,262  |
| <b>Total Expenses</b>                                       |       | <u>88,14,39,790</u>                              | <u>70,44,78,684</u>                              |
| <b>Profit before tax</b>                                    |       | 3,02,54,822                                      | 79,99,550  |
| Tax expense   |       |  |  |
| Current Year Tax  |       | 81,00,000  | 12,62,500  |
| Deferred Tax  |       | 16,88,260  | (9,06,043)                                       |
|   |       | <u>97,88,260</u>                                 | <u>3,56,457</u>                                  |
| <b>Profit/(Loss) for the Year</b>                           |       | <u><u>2,04,66,562</u></u>                        | <u><u>76,43,093</u></u>                          |
| <b>Earnings per equity share (Rs.)</b>                      | 22    |  |  |
| Basic and Diluted-Par value of ` 10/- per share             |       | 20.47  | 7.64   |

Significant accounting policies and notes to accounts

1-33

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For BATLIBOI & PUROHIT**

Chartered Accountants

Firm Regn No. 101048W

S L Goklaney  
Director

A V Suresh  
Director

C. A. Karnik  
Director

Marzin Shroff  
Director

**Kaushal Mehta**

Partner

Membership No. 111749

S K Palekar  
Director

Mumbai , Dated : 24.04.2015

Mumbai , Dated:

24.04.2015

**Cash Flow Statement for the Year ended 31 March, 2015**

|   | 2014-15       |               | 2013-14       |               |
|---|---------------|---------------|---------------|---------------|
|   | Rupees        |               | Rupees        |               |
| <b>NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>                         |               | 3,02,54,822   |               | 79,99,550     |
| Adjusted For -  |               |               |               |               |
| Depreciation, amortisation and impairment                                     | 47,70,353     |               | 97,29,262     |               |
| Unclaimed balances/ excess provision written back                             | (7,64,498)    |               | (4,89,013)    |               |
| (Profit)/ loss on sale of assets (net)  | (1,35,823)    |               | 5,597         |               |
| Finance cost  | 93,06,793     |               | 92,24,815     |               |
| Interest income   | (3,51,926)    |               | (1,61,373)    |               |
| Provision / write-off of doubtful debts, advances and other current assets    | 33,22,873     |               | 1,47,39,433   |               |
|   |               | 1,61,47,772   |               | 3,30,48,721   |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>  |               | 4,64,02,594   |               | 4,10,48,271   |
| Adjustments for (increase)/ decrease in operating assets:                     |               |               |               |               |
| Trade Receivables   | (6,37,54,865) |               | (3,02,37,069) |               |
| Inventories   | (10,57,673)   |               | (24,26,739)   |               |
| Short Term Loans and advances   | 7,99,577      |               | (10,34,195)   |               |
| Long -Term Loans and advances   | 29,52,426     |               | 21,24,943     |               |
| Adjustments for increase/ (decrease) in operating liabilities:                |               |               |               |               |
| Trade Payables  | 2,23,32,484   |               | 2,97,70,310   |               |
| Other current liabilities   | 2,37,65,020   |               | 48,08,251     |               |
| Other long term liabilities   | 7,06,170      |               | -29,462       |               |
| Short Term Provisions   | 3,05,396      |               | -96,479       |               |
| Long -Term Provisions   | 10,87,734     |               | 9,73,844      |               |
|   |               | (128,63,731)  |               | 38,53,404     |
| Cash generated from operations  |               | 3,35,38,863   |               | 4,49,01,675   |
| Direct Taxes Paid (net of refunds)  |               | (1,78,95,322) |               | (1,42,46,715) |
| <b>(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITIES</b>                |               | 1,56,43,541   |               | 3,06,54,960   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>                                   |               |               |               |               |
| Purchase of Fixed Assets(Including adjustment on account of Capital Advances) | (1,64,91,221) |               | (1,42,39,870) |               |
| Sale of Fixed Assets  | 3,18,372      |               | 1             |               |
| Investment in other Bank Balances   | (1,48,642)    |               | -24,251       |               |
| Increase/(Decrease in Bank Margin Money Deposit                               | (15,29,719)   |               |               |               |
| Interest Received   | 3,38,977      |               | 1,67,880      |               |
| <b>(b) NET CASH FROM /(USED IN) INVESTING ACTIVITIES</b>                      |               | (1,75,12,233) |               | (1,40,96,240) |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                    |               |               |               |               |
| Net increase / (decrease) in working capital borrowings                       | 89,35,074     |               | (48,87,384)   |               |
| Finance cost  | (45,00,794)   |               | (92,24,815)   |               |
| <b>(c) NET CASH FROM/ (USED IN) FINANCING ACTIVITIES</b>                      |               | 44,34,280     |               | (1,41,12,199) |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)</b>                      |               | 25,65,588     |               | 24,46,521     |

**Cash Flow Statement for the Year ended 31 March, 2015 (Contd.)**

|   | <b>2014-15</b> |                  | <b>2013-14</b> |                  |
|---|----------------|------------------|----------------|------------------|
|   | <b>Rupees</b>  |                  | <b>Rupees</b>  |                  |
| <b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :</b> |                |                  |                |                  |
| Cash , Cheques on hand  | 5,83,225       |                  | 5,66,885       |                  |
| Balances with scheduled banks on Current accounts,                                | 40,59,437      | 46,42,662        | 16,29,256      | 21,96,141        |
| <b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :</b>          |                |                  |                |                  |
| Cash , Cheques on hand  | 7,84,153       |                  | 5,83,225       |                  |
| Balances with scheduled banks on Current accounts,                                | 64,24,097      | 72,08,250        | 40,59,437      | 46,42,662        |
| <b>NET INCREASE /(DECREASE) AS DISCLOSED ABOVE</b>                                |                | <b>25,65,588</b> |                | <b>24,46,521</b> |

As per our report of even date  
**For BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Regn No. 101048W

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**Kaushal Mehta**  
Partner  
Membership No. 111749

S K Palekar  
Director

Mumbai , Dated : 24.04.2015

Mumbai , Dated: 24.04.2015

**Notes to the financial statements for the year ended 31 March 2015**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation of Financial statement.**

**(i) Basis of Accounting**

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 and other accounting pronouncements of the Institute of Chartered Accountants of India. The financial statements have been prepared under historical cost convention and on accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for change in the accounting policy for depreciation as mentioned in Note 31

**(ii) Uses of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates

**(b) Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation/amortisation. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

**(c) Depreciation and amortisation**

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc. :

| Type of Assets                          | Period  |
|---|---------|
| Plant & Machinery for cleaning services | 5 years |
| Motor Cars                              | 5 years |
| Office Equipment (Mobile Phones)        | 3 Years |

Intangible assets are amortised over a period of 3 to 5 years.

**(c) Investments**

Current investments, if any, are carried at the lower of costs and quoted / fair value, computed categorywise. Long term investments are carried at costs. Provision for diminution in the value of long term investments is made only if such decline is not temporary in the opinion of the management.

**(d) Inventories**

Inventories are valued at cost or net realisable value, whichever is lower by using Weighted Average method of valuation. Obsolete / Slow moving inventories are adequately provided for.

**(e) Revenue Recognition**

Income from Services are recognised proportionately over the period in which services are rendered based on the agreement/arrangement with the customer and recorded net of VAT and Service tax.

Dividend income is recognised when the right to receive payment is established and known.

**(f) Foreign Currency**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end at closing exchange rate, are recognised in the profit and loss account. In the case of forward exchange contract, the premium or discount is recognised in the statement of profit and loss over the life of the contract.

**(g) Retirement Benefits**

Contributions are made to Statutory Provident Fund on actual liability basis.

The obligation in respect of defined benefit plan i.e. Gratuity are provided for on the basis of an actuarial valuation, using the projected unit credit method at the end of each financial year.

Compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method at the end of each financial year.

**(h) Taxation**

Income Taxes are accounted for in accordance with Accounting Standard 22 "Accounting for Taxes on Income" notified under the Companies (Accounting Standard) Rules 2006. Income Tax comprises both current and deferred tax. Current tax is measured on the basis of estimated income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax is recognised on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**(i) Impairment of Assets**

An Asset is treated as impaired as and when the carrying cost of the asset exceeds its recoverable value. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cashflows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less cost of disposal. An impairment loss is charged off to the Statement of Profit and Loss in the year in which the asset is identified and impaired. The impaired loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable value.

(j) Provisions, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

(k) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss after tax for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year.

Notes to the financial statements for the year ended 31 March 2015

|  | As at 31 March 2015 |                    | As at 31 March 2014 |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | Number of shares    | Rupees             | Number of shares    | Rupees             |
| <b>2. Share Capital</b>                      |                     |                    |                     |                    |
| <b>Authorised</b>                            |                     |                    |                     |                    |
| Equity shares of ₹ 10/- each *               | 20,00,000           | 2,00,00,000        | 20,00,000           | 2,00,00,000        |
|  | <u>20,00,000</u>    | <u>2,00,00,000</u> | <u>20,00,000</u>    | <u>2,00,00,000</u> |
| <b>Issued</b>                                |                     |                    |                     |                    |
| Equity shares of ₹ 10/- each fully paid up * |                     |                    |                     |                    |
| At the beginning of the year                 | 10,00,000           | 1,00,00,000        | 10,00,000           | 1,00,00,000        |
| Add: Issued during the year                  | -                   | -                  | -                   | -                  |
| Less: Bought back during the year            | -                   | -                  | -                   | -                  |
| At the end of the year                       | <u>10,00,000</u>    | <u>1,00,00,000</u> | <u>10,00,000</u>    | <u>1,00,00,000</u> |
| <b>Subscribed</b>                            |                     |                    |                     |                    |
| Equity shares of ₹ 10/- each fully paid up * |                     |                    |                     |                    |
| At the beginning of the year                 | 10,00,000           | 1,00,00,000        | 10,00,000           | 1,00,00,000        |
| Add: Issued during the year                  | -                   | -                  | -                   | -                  |
| Less: Bought back during the year            | -                   | -                  | -                   | -                  |
| At the end of the year                       | <u>10,00,000</u>    | <u>1,00,00,000</u> | <u>10,00,000</u>    | <u>1,00,00,000</u> |
| <b>Fully Paid up</b>                         |                     |                    |                     |                    |
| Equity shares of ₹ 10/- each fully paid up * |                     |                    |                     |                    |
| At the beginning of the year                 | 10,00,000           | 1,00,00,000        | 10,00,000           | 1,00,00,000        |
| Add: Issued during the year                  | -                   | -                  | -                   | -                  |
| Less: Bought back during the year            | -                   | -                  | -                   | -                  |
| At the end of the year                       | <u>10,00,000</u>    | <u>1,00,00,000</u> | <u>10,00,000</u>    | <u>1,00,00,000</u> |

**A Details of shareholders holding more than 5% shares of the Company**

|   |                 | As at 31 March 2015 |           | As at 31 March 2014 |           |
|---|-----------------|---------------------|-----------|---------------------|-----------|
|   |                 | Number of shares    | % holding | Number of shares    | % holding |
| <b>Equity shares of ₹ 10/- each fully paid up held by</b> |                 |                     |           |                     |           |
| Eureka Forbes Limited                                     | Holding company | 10,00,000           | 100%      | 10,00,000           | 100%      |

**B Terms /rights attached to equity shares**

The Company has only one class of 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 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 share 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.

**Notes to the financial statements for the year ended 31 March 2015**

**3. (Deficit)/ surplus in the Statement of Profit and Loss**

|   |                  |                  |
|---|------------------|------------------|
| Balance at the beginning of the year  | 10,11,338        | (66,31,755)      |
| Less: Depreciation on Transition to Schedule II of the Companies Act 2013 on tangible fixed assets with nil remaining useful life(Net of Deferred tax) ( Refer Note 31 b) | 1,45,95,689      | -                |
| Add/ (less): Profit/ (loss) for the year  | 2,04,66,562      | 76,43,093        |
| Balance at the end of the year  | <b>68,82,211</b> | <b>10,11,338</b> |
| <b>Net surplus/(deficit) in the statement of Profit and Loss</b>  | <b>68,82,211</b> | <b>10,11,338</b> |

Notes to the financial statements for the year ended 31 March 2015

|  | Long-term              |                        | Current                |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | As at<br>31 March 2015 | As at<br>31 March 2014 | As at<br>31 March 2015 | As at<br>31 March 2014 |
|  | Rupees                 | Rupees                 | Rupees                 | Rupees                 |
| <b>4 Other liabilities</b>   |                        |                        |                        |                        |
| Interest accrued and due on borrowings - to related parties                            | -                      | -                      | 48,05,999              | -                      |
| Deposit from Employees   | 17,01,467              | 9,95,297               | 28,17,095              | 12,25,858              |
| Statutory liabilities(Contributions to PF,Pension,<br>ESIC,withholding Taxes,VAT etc.) | -                      | -                      | 2,22,75,097            | 92,16,024              |
| Employee Dues  | -                      | -                      | 3,70,19,971            | 2,90,60,628            |
| Other payables   | -                      | -                      | 23,30,918              | 11,75,551              |
| <b>Total</b>   | <b>17,01,467</b>       | <b>9,95,297</b>        | <b>6,92,49,080</b>     | <b>4,06,78,061</b>     |

Notes to the financial statements for the year ended 31 March 2015

|  | Long-term                        |                                  | Short-term                       |                                  |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|  | As at<br>31 March 2015<br>Rupees | As at<br>31 March 2014<br>Rupees | As at<br>31 March 2015<br>Rupees | As at<br>31 March 2014<br>Rupees |
| <b>5 Provisions</b>                    |                                  |                                  |                                  |                                  |
| <b>Provision for employee benefits</b> |                                  |                                  |                                  |                                  |
| Gratuity ( note.25 )                   | 25,50,376                        | 17,01,619                        | 2,39,906                         | 1,12,030                         |
| Leave encashment (note.25 )            | 5,29,629                         | 2,90,652                         | 4,73,313                         | 2,95,793                         |
| <b>Total</b>                           | <u>30,80,005</u>                 | <u>19,92,271</u>                 | <u>7,13,219</u>                  | <u>4,07,823</u>                  |

## Notes to the financial statements for the year ended 31 March 2015

|                                | Secured/<br>unsecured | As at 31<br>March 2015<br><br>Rupees | As at 31<br>March 2014<br><br><i>Rupees</i> |
|--------------------------------|-----------------------|--------------------------------------|---|
| <b>6 Short-term borrowings</b> |                       |                                      |   |
| Loans repayable on demand :    |                       |                                      |   |
| From banks                     | Secured               | 2,67,10,134                          | 1,77,75,060                                 |
| ICD from related parties       | Unsecured             | 3,90,00,000                          | 3,90,00,000                                 |
| <b>Total</b>                   |                       | <u>6,57,10,134</u>                   | <u>5,67,75,060</u>                          |

- a. Short term borrowing from banks is secured by first and exclusive charge by way of hypothecation of entire current assets including stock of raw material, consumable stores and spare and book debts and carries interest @ 13.25 % p.a.

Notes to the financial statements for the year ended 31 March 2015

|   | Long-term                        |                                  | Current                          |                                  |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|   | As at 31 March<br>2015<br>Rupees | As at 31<br>March 2014<br>Rupees | As at 31 March<br>2015<br>Rupees | As at 31<br>March 2014<br>Rupees |
| <b>7. Trade Payables</b>                                  |                                  |                                  |                                  |                                  |
| Trade payables (including acceptances)                    |                                  |                                  |                                  |                                  |
| - Due to Micro, Small & Medium Enterprises                | -                                | -                                | 37,23,028                        | 27,72,076                        |
| - Others  | -                                | -                                | 7,52,10,890                      | 6,82,25,980                      |
| Trade payables (including acceptances) to related parties | -                                | -                                | 9,20,56,291                      | 7,84,24,167                      |
| <b>Total</b>  | <b>-</b>                         | <b>-</b>                         | <b>17,09,90,209</b>              | <b>14,94,22,223</b>              |

There is no interest due to Micro, Small & Medium Enterprises. During the year no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

**Notes to the financial statements for the year ended 31 March 2015**
**8. Tangible Assets**

| <b>Cost or Valuation</b>   | <b>Plant &amp; Equipment<br/>` Millions</b> | <b>Furniture and fixtures<br/>` Millions</b> | <b>Vehicles<br/>` Millions</b> | <b>Computers<br/>` Millions</b> | <b>Electrical<br/>` Millions</b> | <b>Office Equip<br/>` Millions</b> | <b>Total<br/>` Millions</b> |
|----------------------------|---|--|--------------------------------|---------------------------------|----------------------------------|------------------------------------|-----------------------------|
| As At 1 April 2012         | 88.40                                       | 0.52   | 3.48                           | 2.55                            | 0.12                             | 0.20                               | 95.28                       |
| Additions                  | 11.94                                       | 0.00   | 1.45                           | 0.82                            | 0.00                             | 0.03                               | 14.24                       |
| Deletions                  | 0.00  | 0.00   | 0.00                           | -0.04                           | 0.00                             | 0.00                               | -0.04                       |
| As at 31 March 2013        | <u>100.34</u>                               | <u>0.52</u>                                  | <u>4.93</u>                    | <u>3.33</u>                     | <u>0.12</u>                      | <u>0.23</u>                        | <u>109.48</u>               |
| Additions                  | 13.94                                       | 0.00   | 2.04                           | 0.42                            | 0.00                             | 0.09                               | 16.49                       |
| Deletions                  | 0.00  | 0.00   | -0.59                          | -0.11                           | 0.00                             | 0.00                               | -0.69                       |
| As at 31 March 2014        | <u><b>114.28</b></u>                        | <u><b>0.52</b></u>                           | <u><b>6.38</b></u>             | <u><b>3.64</b></u>              | <u><b>0.12</b></u>               | <u><b>0.32</b></u>                 | <u><b>125.28</b></u>        |
| <b>Depreciation</b>        | <b>Plant and Equipment<br/>` Millions</b>   | <b>Furniture and fixtures<br/>` Millions</b> | <b>Vehicles<br/>` Millions</b> | <b>Computers<br/>` Millions</b> | <b>Electrical<br/>` Millions</b> | <b>Office Equip<br/>` Millions</b> | <b>Total<br/>` Millions</b> |
| As At 1 April 2012         | 34.24                                       | 0.30   | 1.41                           | 1.86                            | 0.08                             | 0.11                               | 37.99                       |
| Charge for the year        | 8.47  | 0.04   | 0.72                           | 0.47                            | 0.01                             | 0.01                               | 9.73                        |
| Deletions                  | 0.00  | 0.00   | 0.00                           | -0.04                           | 0.00                             | 0.00                               | -0.04                       |
| As at 31 March 2013        | <u>42.71</u>                                | <u>0.34</u>                                  | <u>2.13</u>                    | <u>2.29</u>                     | <u>0.09</u>                      | <u>0.12</u>                        | <u>47.68</u>                |
| Charge for the year        | 26.37                                       | 0.08   | 1.48                           | 0.73                            | 0.02                             | 0.06                               | 28.75                       |
| Deletions                  | 0.00  | 0.00   | 0.00                           | -0.07                           | 0.00                             | 0.00                               | -0.51                       |
| As at 31 March 2013        | <u><b>69.08</b></u>                         | <u><b>0.42</b></u>                           | <u><b>3.61</b></u>             | <u><b>2.95</b></u>              | <u><b>0.11</b></u>               | <u><b>0.18</b></u>                 | <u><b>75.92</b></u>         |
| <b>Net Block</b>           |   |  |                                |                                 |                                  |                                    |                             |
| <i>As at 31 March 2013</i> | <u><i><b>57.63</b></i></u>                  | <u><i><b>0.18</b></i></u>                    | <u><i><b>2.80</b></i></u>      | <u><i><b>1.04</b></i></u>       | <u><i><b>0.03</b></i></u>        | <u><i><b>0.11</b></i></u>          | <u><i><b>61.80</b></i></u>  |
| <i>As at 31 March 2014</i> | <u><i><b>45.20</b></i></u>                  | <u><i><b>0.10</b></i></u>                    | <u><i><b>2.77</b></i></u>      | <u><i><b>0.69</b></i></u>       | <u><i><b>0.01</b></i></u>        | <u><i><b>0.14</b></i></u>          | <u><i><b>49.36</b></i></u>  |

| <b>8 Gross Block at Cost</b> | Plant & Equipment<br>Rupees | Furniture and fixtures<br>Rupees | Vehicles<br>Rupees | Computers<br>Rupees | Electrical<br>Rupees | Office Equip<br>Rupees | Total<br>Rupees     |
|------------------------------|-----------------------------|----------------------------------|--------------------|---------------------|----------------------|------------------------|---------------------|
| <b>As At 1 April 2013</b>    | 8,84,02,391                 | 5,15,698                         | 34,83,798          | 25,54,625           | 1,19,226             | 2,04,827               | 9,52,80,565         |
| Additions                    | 1,19,36,609                 | 3,000                            | 14,53,660          | 8,20,884            | -                    | 25,717                 | 1,42,39,870         |
| Deletions                    |                             |                                  | -                  | (43,500)            | -                    |                        | (43,500)            |
| <b>As at 31 March 2014</b>   | <u>10,03,39,000</u>         | <u>5,18,698</u>                  | <u>49,37,458</u>   | <u>33,32,009</u>    | <u>1,19,226</u>      | <u>2,30,544</u>        | <u>10,94,76,935</u> |
| Additions                    | 1,39,36,601                 | -                                | 20,41,307          | 4,21,315            | -                    | 91,998                 | 1,64,91,221         |
| Deletions                    | -                           | -                                | (5,85,712)         | (1,06,869)          | -                    | -                      | (6,92,581)          |
| <b>As at 31 March 2015</b>   | <u>11,42,75,601</u>         | <u>5,18,698</u>                  | <u>63,93,053</u>   | <u>36,46,455</u>    | <u>1,19,226</u>      | <u>3,22,542</u>        | <u>12,52,75,575</u> |
| <b>Depreciation</b>          | Plant and Equipment         | Furniture and fixtures           | Vehicles           | Computers           | Electrical           | Office Equip           | Total               |
| <b>As At 1 April 2013</b>    | 3,42,40,984                 | 3,00,623                         | 14,05,355          | 18,55,865           | 76,750               | 1,14,342               | 3,79,93,919         |
| Charge for the year          | 84,73,563                   | 39,281                           | 7,20,975           | 4,74,671            | 5,909                | 14,863                 | 97,29,262           |
| Deletions                    |                             |                                  | -                  | (37,902)            | -                    | -                      | (37,902)            |
| <b>As at 31 March 2014</b>   | <u>4,27,14,547</u>          | <u>3,39,904</u>                  | <u>21,26,330</u>   | <u>22,92,634</u>    | <u>82,659</u>        | <u>1,29,205</u>        | <u>4,76,85,279</u>  |
| Depreciation written back #  | 2,24,31,194                 | 1,51,894                         | 9,06,184           | 4,41,415            | 18,762               | 26,486                 | 2,39,75,935         |
| Charge for the year          | 2,63,74,263                 | 81,347                           | 14,77,852          | 7,32,921            | 17,695               | 62,210                 | 2,87,46,288         |
| Deletions                    | -                           | -                                | (4,36,436)         | (73,596)            | -                    | -                      | (5,10,032)          |
| Transition adjustment @      | 2,13,52,382                 | -                                | -                  | 2,29,289            | -                    | 23,967                 | 2,16,05,638         |
| <b>As at 31 March 2015</b>   | <u>6,80,09,998</u>          | <u>2,69,357</u>                  | <u>22,61,562</u>   | <u>27,39,833</u>    | <u>81,592</u>        | <u>1,88,896</u>        | <u>7,35,51,238</u>  |
| <b>Net Block</b>             |                             |                                  |                    |                     |                      |                        |                     |
| <b>As at 31 March 2014</b>   | <u>5,76,24,453</u>          | <u>1,78,794</u>                  | <u>28,11,128</u>   | <u>10,39,375</u>    | <u>36,567</u>        | <u>1,01,339</u>        | <u>6,17,91,656</u>  |
| <b>As at 31 March 2015</b>   | <u>4,62,65,603</u>          | <u>2,49,341</u>                  | <u>41,31,491</u>   | <u>9,06,622</u>     | <u>37,634</u>        | <u>1,33,646</u>        | <u>5,17,24,337</u>  |

# On Account of Change in the Accounting Policy (Refer Note 31 a)

@ Adjusted against the Opening Surplus Balance (Refer Note no.31 b)

**Notes to the financial statements for the year ended 31 March 2015**

|   | As at 31<br>March 2015  | As at 31<br>March 2014  |
|---|-------------------------|-------------------------|
|   | Rupees                  | Rupees                  |
| <b>9 Deferred tax (net)</b>   |                         |                         |
| Deferred tax asset :  |                         |                         |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 25,16,026               | 23,65,790               |
| Impact of change in useful life of fixed assets due to transition to Schedule II of Companies Act, 2013                             | 70,09,949               | -                       |
| Gross deferred tax asset  | <u>95,25,975</u>        | <u>23,65,790</u>        |
| Deferred tax liability :  |                         |                         |
| Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.     | 31,30,759               | 12,92,263               |
| Gross deferred tax liability  | <u>31,30,759</u>        | <u>12,92,263</u>        |
| Net deferred tax asset  | <u><u>63,95,216</u></u> | <u><u>10,73,527</u></u> |

The Company has unabsorbed depreciation and losses under Income tax laws during the year. The Company has not recognised any deferred tax since there is no virtual certainty supported by convincing evidence that there will be sufficient future taxable income against which deferred tax assets can be realised.

Notes to the financial statements for the year ended 31 March 2015

|  | Long-term              |                        | Short-term             |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | As at 31<br>March 2015 | As at 31<br>March 2014 | As at 31<br>March 2015 | As at 31<br>March 2014 |
|  | Rupees                 | Rupees                 | Rupees                 | Rupees                 |
| <b>10 Loans and Advances</b>                       |                        |                        |                        |                        |
| <b>Security deposits</b>                           |                        |                        |                        |                        |
| Unsecured, considered good                         | 75,32,627              | 1,04,85,053            | -                      | -                      |
|  | <u>75,32,627</u>       | <u>1,04,85,053</u>     |                        |                        |
| Less: Provision for doubtful security deposits     | -                      | -                      | -                      | -                      |
|  | <u>75,32,627</u>       | <u>1,04,85,053</u>     | <u>-</u>               | <u>-</u>               |
| <b>Other loans and advances</b>                    |                        |                        |                        |                        |
| Unsecured considered good, unless stated otherwise |                        |                        |                        |                        |
| Loans to employees                                 | -                      | -                      | 50,756                 | 4,49,472               |
| Prepaid expenses                                   | -                      | -                      | 8,32,652               | 4,80,741               |
| Advance income-tax (Net of provision of taxation)  | 5,20,95,544            | 4,23,00,222            | -                      | -                      |
| Advances recoverable in cash or kind               | -                      | -                      | 15,04,149              | 22,56,921              |
|  | <u>5,20,95,544</u>     | <u>4,23,00,222</u>     | <u>23,87,557</u>       | <u>31,87,134</u>       |
| <b>Total</b>                                       | <u>5,96,28,171</u>     | <u>5,27,85,275</u>     | <u>23,87,557</u>       | <u>31,87,134</u>       |

**Notes to the financial statements for the year ended 31 March 2015**

|  | <b>Non Current</b>     |                        | <b>Current</b>         |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | As at 31 March<br>2015 | As at 31 March<br>2014 | As at 31 March<br>2015 | As at 31 March<br>2014 |
|  | Rupees                 | Rupees                 | Rupees                 | Rupees                 |
| <b>11. Other assets</b>                            |                        |                        |                        |                        |
| Unsecured considered good, unless otherwise stated |                        |                        |                        |                        |
| Interest accrued on fixed deposits                 | -                      | -                      | 33,109                 | 20,160                 |
| Other Bank balances ( Note 14 )                    | 30,29,719              | 15,00,000              | -                      | -                      |
|  | <u>30,29,719</u>       | <u>15,00,000</u>       | <u>33,109</u>          | <u>20,160</u>          |
| Less: Provision for doubtful other assets          |                        |                        |                        |                        |
|  | <u>30,29,719</u>       | <u>15,00,000</u>       | <u>33,109</u>          | <u>20,160</u>          |

**Notes to the financial statements for the year ended 31 March 2015**

|                        | As at 31 March<br>2015<br>Rupees | As at 31 March<br>2014<br>Rupees |
|------------------------|----------------------------------|----------------------------------|
| <b>12. Inventories</b> |                                  |                                  |
| <b>Raw Materials :</b> |                                  |                                  |
| Foods & Beverages      | 29,39,212                        | 33,28,846                        |
| Spares & Consumables   | 74,16,955                        | 59,69,648                        |
|                        | <u>1,03,56,167</u>               | <u>92,98,494</u>                 |

**Notes to the financial statements for the year ended 31 March 2015**

|  | <b>Non Current</b>     |                        | <b>Current</b>         |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | As at 31 March<br>2015 | As at 31 March<br>2014 | As at 31 March<br>2015 | As at 31 March<br>2014 |
|  | Rupees                 | Rupees                 | Rupees                 | Rupees                 |
| <b>13. Trade receivables</b>   |                        |                        |                        |                        |
| Debts outstanding for a period exceeding six months from the date they are due for payment |                        |                        |                        |                        |
| Unsecured, considered good   |                        |                        | 3,46,43,859            | 1,22,58,824            |
|  | -                      | -                      | 3,46,43,859            | 1,22,58,824            |
| Less: Provision for doubtful debts   |                        |                        |                        |                        |
|  | -                      | -                      | 3,46,43,859            | 1,22,58,824            |
| Other debts  |                        |                        |                        |                        |
| Unsecured, considered good   |                        |                        | 14,96,15,560           | 11,15,13,563           |
| Debts due from related parties, unsecured  |                        |                        | 23,83,294              | 24,38,334              |
|  | -                      | -                      | 15,19,98,854           | 11,39,51,897           |
| Less: Provision for doubtful debts   |                        |                        |                        |                        |
|  | -                      | -                      | 15,19,98,854           | 11,39,51,897           |
| Total  | -                      | -                      | 18,66,42,713           | 12,62,10,721           |

**Notes to the financial statements for the year ended 31 March 2015**

|  | <b>Non Current</b>     |                        | <b>Current</b>         |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | As at 31 March<br>2015 | As at 31 March<br>2014 | As at 31 March<br>2015 | As at 31 March<br>2014 |
|  | Rupees                 | Rupees                 | Rupees                 | Rupees                 |
| <b>14. Cash and Bank Balances</b>  |                        |                        |                        |                        |
| Cash and Cash Equivalents:   |                        |                        |                        |                        |
| <b>Balance with banks in</b>   |                        |                        |                        |                        |
| Current accounts   | -                      | -                      | 64,24,097              | 40,59,437              |
| Cash on hand   | -                      | -                      | 7,84,153               | 5,83,225               |
|  | <u>-</u>               | <u>-</u>               | <u>72,08,250</u>       | <u>46,42,662</u>       |
| <b>Other bank balances :</b>   |                        |                        |                        |                        |
| Balance in banks for margin money*   | 30,29,719              | 15,00,000              | -                      | -                      |
| Deposits with original maturity of more than 3<br>months but less than 12 months | -                      | -                      | 9,21,086               | 7,72,444               |
| Deposits with original maturity of more than 12<br>months                        | -                      | -                      | -                      | -                      |
|  | <u>30,29,719</u>       | <u>15,00,000</u>       | <u>9,21,086</u>        | <u>7,72,444.00</u>     |
| Amount disclosed under non-current assets (note 11)                              | (30,29,719)            | (15,00,000)            | -                      | -                      |
| <b>Total</b>   | <u>-</u>               | <u>-</u>               | <u>81,29,336</u>       | <u>54,15,106</u>       |

\* Margin Money Deposit given as Security against Bank Guarantee

## Notes to the financial statements for the year ended 31 March 2015

|                                   | Year Ended<br>31 March 2015<br>Rupees | Year Ended<br>31 March 2014<br>Rupees |
|-----------------------------------|---------------------------------------|---------------------------------------|
| <b>15. Revenue from operation</b> |                                       |                                       |
| Sale of services - Cleaning       | 59,85,64,360                          | 49,00,20,857                          |
| Sale of Foods & Beverages         | 31,18,70,018                          | 22,17,51,728                          |
| Revenue from operations           | <u>91,04,34,378</u>                   | <u>71,17,72,585</u>                   |
| <b>16. Other Income</b>           |                                       |                                       |
| Interest income on :              |                                       |                                       |
| Bank deposits                     | 3,44,810                              | 1,54,085                              |
| Others                            | 7,116                                 | 7,288                                 |
| Net Profit on sale of assets      | 1,35,823                              | -                                     |
| Excess Provision Written Back     | 7,64,498                              | 4,89,013                              |
| Miscellaneous Income              | 7,987                                 | 55,263                                |
|                                   | <u>12,60,234</u>                      | <u>7,05,649</u>                       |

## Notes to the financial statements for the year ended 31 March 2015

|   | Year Ended<br>31 March 2015<br>Rupees | Year Ended<br>31 March 2014<br>Rupees |
|---|---------------------------------------|---------------------------------------|
| <b>17. Cost of Services and Material Consumed</b> |                                       |                                       |
| Cost of Services                                  | 18,12,01,386                          | 15,18,05,933                          |
| <b>Consumption of Consumables</b>                 |                                       |                                       |
| Inventory at the beginning of the year            | 59,69,648                             | 45,37,535                             |
| Add : Purchases                                   | 3,51,48,637                           | 3,25,59,138                           |
|   | 4,11,18,285                           | 3,70,96,673                           |
| Less : Inventory at the end of the year           | 74,16,955                             | 59,69,648                             |
|   | <u>3,37,01,330</u>                    | <u>3,11,27,025</u>                    |
| <b>Consumption of Foods &amp; Beverages</b>       |                                       |                                       |
| Inventory at the beginning of the year            | 33,28,846                             | 23,34,220                             |
| Add : Purchases                                   | 22,21,25,076                          | 16,59,83,701                          |
|   | 22,54,53,922                          | 16,83,17,921                          |
| Less : Inventory at the end of the year           | 29,39,212                             | 33,28,846                             |
|   | <u>22,25,14,710</u>                   | <u>16,49,89,075</u>                   |
| Total   | <u>43,74,17,426</u>                   | <u>34,79,22,033</u>                   |

**Notes to the financial statements for the year ended 31 March 2015**

|  | Year Ended 31<br>March 2015<br>Rupees | Year Ended<br>31 March 2014<br>Rupees |
|--|---------------------------------------|---------------------------------------|
| <b>18. Employee benefit expense</b>                    |                                       |                                       |
| Salaries, wages and bonus                              | 31,61,00,773                          | 24,09,45,534                          |
| Contribution to provident and other fund               | 3,89,61,761                           | 2,72,85,052                           |
| Staff welfare expense                                  | 1,52,46,925                           | 1,46,51,691                           |
|  | <u>37,03,09,459</u>                   | <u>28,28,82,277</u>                   |
| <b>19. Other expenses</b>                              |                                       |                                       |
| Electricity  | 15,07,317                             | 9,15,038                              |
| Rent   | 1,12,96,794                           | 93,53,366                             |
| Repairs and Maintenance                                |                                       |                                       |
| Machinery  | 13,82,658                             | 12,73,170                             |
| Others   | 5,32,090                              | 12,51,729                             |
| Insurance  | 7,33,228                              | 10,49,404                             |
| Advertisement  | 5,16,712                              | 7,80,523                              |
| Freight, Forwarding and Delivery                       | -                                     | 47,264                                |
| Payment to Auditors (Refer details Below)              | 2,49,108                              | 2,25,500                              |
| Printing and Stationery                                | 18,24,352                             | 18,16,417                             |
| Communication cost                                     | 34,44,177                             | 32,56,669                             |
| Travelling and Conveyance                              | 1,05,24,133                           | 96,37,873                             |
| Legal and Professional Fees                            | 38,56,968                             | 18,20,510                             |
| Vehicle Expenses and Maintenance                       | 12,02,980                             | 9,06,150                              |
| Rates and taxes, excluding taxes on income             | 1,15,54,132                           | 7,48,161                              |
| Information Technology Expenses                        | 31,91,479                             | 36,87,134                             |
| Other Establishment Expenses                           | 44,45,758                             | 31,61,359                             |
| Directors' Sitting Fees                                | 51,000                                | 45,000                                |
| Bad Debts/Advances Written-Off                         | 33,22,873                             | 1,47,39,433                           |
| Loss on sale of fixed assets (net)                     | -                                     | 5,597                                 |
|  | <u>5,96,35,759</u>                    | <u>5,47,20,297</u>                    |
| <b>Payment to auditors</b>                             |                                       |                                       |
| As auditor   |                                       |                                       |
| Audit fee  | 1,50,000                              | 1,50,000                              |
| Tax audit fee  | 30,000                                | 30,000                                |
| For other services                                     | 62,338                                | 45,000                                |
| Reimbursement of expenses                              | 6,770                                 | 500                                   |
|  | <u>2,49,108</u>                       | <u>2,25,500</u>                       |
| <b>20. Finance cost</b>                                |                                       |                                       |
| Interest expense                                       | 93,06,793                             | 92,24,815                             |
|  | <u>93,06,793</u>                      | <u>92,24,815</u>                      |
| <b>21. Depreciation and amortisation expense</b>       |                                       |                                       |
| Depreciation on tangible assets                        | 2,87,46,288                           | 97,29,262                             |
| Amortization on intangible assets                      | -                                     | -                                     |
| For the Year Charge                                    | 2,87,46,288                           | 97,29,262                             |
| back on change in accounting policy (Refer Note No.31) | 2,39,75,935                           | -                                     |
|  | <u>47,70,353</u>                      | <u>97,29,262.00</u>                   |
| <b>22 Earnings per equity share</b>                    |                                       |                                       |
| Number of Equity Shares                                | 10,00,000                             | 10,00,000                             |
| Weighted average number of equity shares               | 10,00,000                             | 10,00,000                             |
| Face Value per share                                   | 10                                    | 10                                    |
| Profit After Tax available to Equity Shareholders      | 2,04,66,562                           | 76,43,093                             |
| Basic and Diluted Earning Per Share                    | Rs. 20.47                             | Rs. 7.64                              |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015.**

**23. Contingent Liabilities and Commitments (to the extend not provided for)**

**A. Contingent Liabilities :**

i) Disputed Income tax Demand Nil (P.Y. 62,170/-)

**B. Commitments :**

i) Bank Guarantees issued for performance contracts on behalf of the Company  
Rs.1,54,91,618/- (PY Rs..1,22,79,322/-)

**24. Remittance in Foreign Currency on account of Travel Rs..Nil (PY Nil)**

**25. The disclosures required under Accounting Standard 15 "Employee Benefits notified in the Companies (Accounting Standards) Rules 2006, are given below :**

**Defined Contribution Plan**

| <b>Particulars</b>                      | <b>2014-2015</b> | <b>2013-2014</b> |
|---|------------------|------------------|
| Employee Contribution to Provident Fund | 80,31,027        | 55,44,831        |
| Employee Contribution to Pension Fund   | 1,64,19,373      | 1,09,11,931      |

**Defined Benefit Plan**

**(a) Change in Benefit Obligation**

| <b>Particulars</b>                                      | <b>(Non Funded)<br/>Gratuity</b> |                  | <b>(Non Funded)<br/>Leave Encashment</b> |                  |
|---|----------------------------------|------------------|--|------------------|
|   | <b>2014-2015</b>                 | <b>2013-2014</b> | <b>2014-2015</b>                         | <b>2013-2014</b> |
| Defined Benefit Obligation at the beginning of the year | 18,13,649                        | 11,24,684        | 5,86,445                                 | 3,98,045         |
| Current Service Cost                                    | 4,70,996                         | 3,80,885         | 8,70,996                                 | 3,24,000         |
| Interest Cost   | 1,57,606                         | 87,163           | 50,962                                   | 30,848           |
| Actuarial (gain)/loss on obligation                     | 4,61,014                         | 4,88,872         | 80,984                                   | 2,31,597         |
| Benefit Paid  | 1,12,983                         | 2,67,955         | 5,86,445                                 | 3,98,045         |
| Defined Benefit Obligation at the end of the year       | 27,90,282                        | 18,13,649        | 10,02,942                                | 5,86,445         |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015.**

(b) Expenses recognized during the year (Under the Head "employee benefit expense–Note 18)

| Particulars   | <b>(Non Funded)</b><br><b>Gratuity</b> |                  | <b>(Non Funded)</b><br><b>Leave Encashment</b> |                  |
|---|--|------------------|--|------------------|
|   | <b>2014-2015</b>                       | <b>2013-2014</b> | <b>2014-2015</b>                               | <b>2013-2014</b> |
| Current Service Cost                                    | 4,70,996                               | 3,80,885         | 8,70,996                                       | 3,24,000         |
| Interest Cost   | 1,57,606                               | 87,163           | 50,962   | 30,848           |
| Actuarial (gain)/loss on obligation                     | 4,61,014                               | 4,88,872         | 80,984   | 2,31,597         |
| Expenses Recognized in the Statement of Profit and Loss | 10,89,616                              | 9,56,920         | 10,20,942                                      | 5,86,445         |

**Balance Sheet Reconciliation**

| Particulars                              | <b>Gratuity</b>  |                  | <b>Leave Encashment</b> |                  |
|--|------------------|------------------|-------------------------|------------------|
|  | <b>2014-2015</b> | <b>2013-2014</b> | <b>2014-2015</b>        | <b>2013-2014</b> |
| Opening Liability                        | 18,13,649        | 11,24,684        | 5,86,445                | 3,98,045         |
| Expenses recognized in P & L Account     | 10,89,616        | 9,56,920         | 10,02,942               | 5,86,445         |
| Benefit paid to the employees            | (1,12,983)       | (2,67,955)       | (5,86,445)              | (3,98,045)       |
| Net Expenses recognized in Balance Sheet | 27,90,282        | 18,13,649        | 10,02,942               | 5,86,445         |

(c) Assumptions used in the accounting for defined benefit plans

| Particulars            | <b>(Non Funded)</b><br><b>Gratuity</b> |                  | <b>(Non Funded)</b><br><b>Leave Encashment</b> |                  |
|------------------------|--|------------------|--|------------------|
|                        | <b>2014-2015</b>                       | <b>2013-2014</b> | <b>2014-2015</b>                               | <b>2013-2014</b> |
| Discount Rate          | 8.01%                                  | 8.69%            | 8.01%  | 8.69%            |
| Salary Escalation rate | 5.00%                                  | 5.00%            | 5.00%  | 5.00%            |

The estimates for rate of escalation in salary considered in the actuarial valuation takes into account the present salary suitable projected for future taking into consideration the general trend in salary raise and inflation rates. The above information is certified by Actuary.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015.

### 26. **Related Party Disclosures**

(i) Names of related parties and nature of related party relationship – **Refer Annexure I**

(ii) Transactions with related parties – **Refer Annexure – II**

27. The Company has a single business segment viz. Facility Management Services, as per Accounting Standard 17 dealing with "Segment Reporting" issued by the Institute of Chartered Accountants of India. The company does not have any geographical segment.
28. The company has taken various residential / commercial premises under cancelable operating lease. The rent expenses included in the statement of profit & loss for the year is Rs.1,12,96,794/- (Previous Year Rs. 93,53,366/-). None of the lease agreement entered into by the company contains a clause on contingent rent. The Company has taken many premises on rent and most of the agreements contain an escalation clause which varies depending upon the specific arrangement with the lessor. In all the rent agreements there are no terms for purchase option or any restriction such as those concerning dividend and additional debts.
29. The company had entered into an agreement with a labour contractor for supply of man power at various sites. There was dispute with a labour contractor and the matter was referred to arbitration. Based on the legal opinion received by the company, in the opinion of the management considering the counter claim filed by the company of Rs.3,04,53,738/- against the claim of the labour contractor of Rs.3,51,00,465/- , no provision is required in the books of accounts.
30. The Company had entered into an agreement with G B Pant Hospital for providing the Sanitary House Keeping Services at their Hospital. There is a dispute regarding minimum wages payable by G B Pant to the Company, as a result of which an amount of Rs.3,15,20,864/- . has been withheld by G B Pant. This matter has been referred for arbitration. Based on legal advice received by the company, the management is of the opinion that no provision is required for the above amount.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015.

### 31. Additional information to the Financial Statements

- a. During the Current Year, the Company has revised its accounting policy in respect of Depreciation method of its Fixed Assets where depreciation was provided in the previous years under the "Written Down Value Method". Based on an evaluation carried out by the management in the current year, Fixed Assets are now being depreciated on Straight Line Method" over the expected useful life of the fixed assets as against Written Down Value Method. This change in accounting policy has been made as it would result in a more appropriate presentation of the financial statements. As a result of this change, Depreciation has been calculated retrospectively on straight line method and accordingly the Company has recorded reversal of depreciation expenses amounting to Rs.2,39,75,935 pertaining to previous years in the current year's Statement of Profit & Loss. Further Asset individual costing Rs.5,000/- or less that were depreciated fully in the earlier years of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets.
- b. Pursuant to the transition provision prescribed in schedule II to the Companies Act, 2013 the Company has fully depreciated the carrying value of assets (determined after considering the change in the method of depreciation from WDV to SLM), after retaining the residual value where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs.1,45,95,689/- (Net of Deferred Tax of Rs.70,09,949/- ) against the opening Surplus Balance in the Balance Sheet under the Reserves and Surplus.
- c. The Depreciation expense in the statement of Profit and Loss for the year is lower by Rs.6,42,022/- Consequent to the above change in the method of depreciation and lower by Rs.16,56,105/- consequent to change in estimate of useful life as per schedule II of Companies Act, 2013

32. Deferred Tax Asset (net) as specified in Accounting Standard 22 "Accounting for Taxes on Income" has been worked out using the applicable rate of tax based on the impact of timing Difference between financial statements and estimated taxable income for the current year. The movement of provision for deferred tax is given below

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015.

| Provision for Deferred Tax                              | Opening Asset/<br>(liability) | During the year Asset/<br>(liability) | Impact of change in useful life of fixed assets due to transition to Schedule II of Companies Act, 2013 | Closing Asset/<br>(liability) |
|---|-------------------------------|---------------------------------------|---|-------------------------------|
| Depreciation  | (12,92,263)                   | (18,38,496)                           |   | (31,30,759)                   |
| Expenses allowed for tax purpose on payment basis       | 23,65,790                     | 1,50,236                              |   | 25,16,026                     |
| Due to transition to Schedule II of Companies Act, 2013 | -                             | -                                     | 70,09,949   | 70,09,949                     |
| Total   | 10,73,527                     | (16,88,260)                           | 70,09,949   | 63,95,216                     |
|   |                               |                                       |   |                               |

33. Previous Year figures have been regrouped or rearranged wherever necessary



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015.

**ANNEXURE – I**

**Details required under Accounting Standard 18 on "Related Party Disclosures " issued by the Institute of Chartered Accountants of India - referred in note No.26 for the year ended 31st March 2015.**

Name of related Party and nature of relationship where control exists are as under:

- A.** Holding Company / Ultimate Holding Company
  - Shapoorji Pallonji & Co. Private Ltd (Ultimate Holding Company)
  - Forbes & Company Ltd. (Holding Company of Eureka Forbes Ltd)
  - Eureka Forbes Limited (Holding Company)
- B.** Fellow Subsidiaries. (Where there are transactions during the year)
  - Aquamall Water Solutions Limited
- C.** Enterprises that are under common control. (Where there are transactions during the year)
  - Forvol International Services Ltd.
  - Shapoorji Pallonji Infrastructure Capital Co. Ltd.
  - Forbes Aquatech Ltd.
  - Shapoorji Pallonji Forbes Shipping Ltd. (Formerly SCI Forbes Ltd)
  - Volkart Shipping
  - Aquaignis Technologies Pvt Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015.

**ANNEXURE – II**

**Details required under Accounting Standard 18 on "Related Party Disclosures " issued by the Institute of Chartered Accountants of India - referred in note No.26 for the year ended 31st March 2015.**

Transactions with Related Parties

|   | Nature of Transactions  | Related Party          |                        |                        |  |
|---|---|------------------------|------------------------|------------------------|--|
|   |   | Referred to in A above | Referred to in B above | Referred to in C above |  |
| 1 | <b>Purchases</b>  |                        |                        |                        |  |
|   | Goods and Materials :   |                        |                        |                        |  |
|   | Eureka Forbes Limited   | 36,19,032              | -                      | -                      |  |
|   | <b>Total</b>  | <b>36.19,032</b>       | <b>-</b>               | <b>-</b>               |  |
|   | Fixed Asset :   |                        |                        |                        |  |
|   | Eureka Forbes Limited   | 1,20,29,148            | -                      | -                      |  |
|   | <b>Total</b>  | <b>1,20,29,148</b>     | <b>-</b>               | <b>-</b>               |  |
| 2 | <b>Sales</b>  |                        |                        |                        |  |
|   | Service Rendered :  |                        |                        |                        |  |
|   | Shapoorji Pallonji & Co Ltd                                       | 1,11,67,133            | -                      |                        |  |
|   | Forbes Company Ltd  | 14,85,889              | -                      |                        |  |
|   | Eureka Forbes Ltd   | 27,29,137              | -                      |                        |  |
|   | Aquamall Water Solution Ltd                                       | -                      | 40,07,729              |                        |  |
|   | Forvol International  | -                      | -                      | 1,46,958               |  |
|   | SP Infra Capital Co Ltd   | -                      | -                      | 1,76,894               |  |
|   | Volkart   | -                      | -                      | 39,407                 |  |
|   | Shapoorji Pallonji Forbes Shipping Ltd. (Formerly SCI Forbes Ltd) | -                      | -                      | 3,61,260               |  |
|   | Forbes Aquatech Ltd   | -                      | -                      | 3,84,880               |  |
|   | Aquagnis Technologies Pvt Ltd                                     | -                      | -                      | 2,23,694               |  |
|   | <b>Total</b>  | <b>1,53,82,159</b>     | <b>40,07,729</b>       | <b>13,33,093</b>       |  |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015.

**ANNEXURE – II**

Details required under Accounting Standard 18 on "Related Party Disclosures " issued by the Institute of Chartered Accountants of India - referred in note No.26 for the year ended 31st March 2015.

Transactions with Related Parties

|   | Nature of Transactions           | Related Party          |                        |                        |  |
|---|----------------------------------|------------------------|------------------------|------------------------|--|
|   |                                  | Referred to in A above | Referred to in B above | Referred to in C above |  |
| 3 | <b>Expenses</b>                  |                        |                        |                        |  |
|   | Management Consultancy:          |                        |                        |                        |  |
|   | Eureka Forbes Limited            | 35,85,946              | -                      | -                      |  |
|   | <b>Total</b>                     | <b>35,85,946</b>       | <b>-</b>               | <b>-</b>               |  |
| 4 | <b>Rent &amp; Other Services</b> |                        |                        |                        |  |
|   | Eureka Forbes Limited            | 14,91,376              | -                      | -                      |  |
|   | Forvol International             | -                      | -                      | 13,46,490              |  |
|   |                                  | 14,91,376              | -                      | 13,46,490              |  |
| 5 | <b>Interest :</b>                |                        |                        |                        |  |
|   | Eureka Forbes Ltd                | 53,40,001              | -                      | -                      |  |
|   | <b>Total</b>                     | <b>53,40,001</b>       | <b>-</b>               | <b>-</b>               |  |
| 6 | <b>Outstanding</b>               |                        |                        |                        |  |
|   | <b>Payable :</b>                 |                        |                        |                        |  |
|   | Eureka Forbes Ltd                | 9,18,62,302            | -                      | -                      |  |
|   | Forvol International             | -                      | -                      | 1,93,989               |  |
|   | <b>Total</b>                     | <b>9,18,62,302</b>     | <b>-</b>               | <b>1,93,989</b>        |  |
|   | <b>Receivables :</b>             |                        |                        |                        |  |
|   | Shapoorji Pallonji & Co Ltd      | 11,48,546              | -                      | -                      |  |
|   | Aquamall Water Solution Ltd      | -                      | 10,62,671              | -                      |  |
|   | Forvol International             | -                      | -                      | 14,149                 |  |
|   | SP Infra Capital Co Ltd          | -                      | -                      | 60,867                 |  |
|   | Forbes Aquatech Ltd              | -                      | -                      | 35,150                 |  |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015.

**ANNEXURE – II**

Details required under Accounting Standard 18 on "Related Party Disclosures " issued by the Institute of Chartered Accountants of India - referred in note No.26 for the year ended 31st March 2015.

Transactions with Related Parties

|  | Nature of Transactions  | Related Party          |                        |                        |  |
|--|---|------------------------|------------------------|------------------------|--|
|  |   | Referred to in A above | Referred to in B above | Referred to in C above |  |
|  | Shapoorji Pallonji Forbes Shipping Ltd. (Formerly SCI Forbes Ltd) | -                      | -                      | 34,603                 |  |
|  | Aquagnis Technologies Pvt Ltd                                     | -                      | -                      | 27,308                 |  |
|  | <b>Total</b>  | <b>11,48,564</b>       | <b>10,62,671</b>       | <b>1,72,077</b>        |  |
|  | <b>Loans and Advances Taken</b>                                   |                        |                        |                        |  |
|  | Eureka Forbes Ltd   | 3,90,00,000            | -                      | -                      |  |
|  | <b>Total</b>  | <b>3,90,00,000</b>     | <b>-</b>               | <b>-</b>               |  |
|  | <b>Interest Accrued and Due</b>                                   |                        |                        |                        |  |
|  | Eureka Forbes Ltd   | 48,05,999              |                        |                        |  |
|  |   | <b>48,05,999</b>       |                        |                        |  |
|  |   |                        |                        |                        |  |

**Forbes Lux FZCO**  
(Subsidiary Company of Euro Forbes Limited)

Financial Statements  
for the year ended December 31, 2014

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FORBES LUX FZCO**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of FORBES LUX FZCO, which comprise the statement of financial position as at 31 December 2014, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and explanatory information.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the implementing rules and regulations issued by the Jebel Ali Free Zone Authority, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

..

As stated in note 5 to the financial statements, although balances carried under the head non-current assets are unsecured and long overdue, they are considered good and recoverable and no provision is considered necessary by the management.

In our opinion, the financial statements, read with the preceding paragraph, present fairly, in all material respects the financial position of **FORBES LUX FZCO** as at 31 December 2014 and of the results of its operations and its cash flows for the year then ended in accordance with International Accounting Standards.

### **Report On Other Legal and Regulatory Requirements**

We also confirm that, in our opinion, proper books of account have been kept by the company in accordance with the provisions of Implementing Regulations 1/99 pursuant to Law No. 2 of 1986 concerning the formation of legal companies at the Jebel Ali Free Zone. We have obtained all the information considered necessary for our audit. To the best of our knowledge and belief no violations of the Regulation No.1/99 issued by the Jebel Ali Free Zone Authority pursuant to Law No. 2 of 1986 or the articles of association have occurred during the year, which would have had a material effect on the business of the company or on its financial position.

Signed by:  
C.D. Shah  
Partner  
Registration No. 677  
**Shah & Alshamali Associates Chartered Accountants**  
25 March 2015  
Dubai

**FORBES LUX FZCO**  
**Statement of Financial Position**  
**31st December 2014**

|                                      | Notes | 2014<br>US \$ | 2014<br>INR    | 2013<br>US \$ | 2013<br>INR    |
|--------------------------------------|-------|---------------|----------------|---------------|----------------|
| <b>ASSETS</b>                        |       |               |                |               |                |
| <b>Non-current assets</b>            |       |               |                |               |                |
| Property & Equipment                 | 4     | 7,074         | 4,04,433       | 9,198         | 5,34,468       |
| Other Financial Assets               | 5     | 2,60,35,831   | 1,65,56,21,097 | 2,49,13,508   | 1,53,90,17,009 |
|                                      |       | 2,60,42,905   | 1,65,60,25,530 | 2,49,22,706   | 1,53,95,51,477 |
| <b>Current assets</b>                |       |               |                |               |                |
| Inventories                          | 6     | 4,39,263      | 2,79,32,778    | 2,91,889      | 1,80,31,268    |
| Trade and other receivables          | 7     | 40,90,958     | 26,01,44,428   | 47,13,454     | 29,11,70,793   |
| Cash and Bank Balances               | 8     | 6,90,176      | 4,38,88,361    | 3,63,059      | 2,24,27,752    |
|                                      |       | 52,20,397     | 33,19,65,567   | 53,68,402     | 33,16,29,813   |
| <b>Total assets</b>                  |       | 3,12,63,302   | 1,98,79,91,097 | 3,02,91,108   | 1,87,11,81,289 |
| <b>EQUITY AND LIABILITIES</b>        |       |               |                |               |                |
| <b>Shareholders' funds</b>           |       |               |                |               |                |
| <b>Capital and reserves</b>          |       |               |                |               |                |
| Share capital                        | 9     | 1,39,63,562   | 88,49,05,748   | 3,26,579      | 1,77,28,635    |
| Accumulated losses                   |       | (49,64,002)   | (27,45,23,713) | (31,14,941)   | (16,22,57,675) |
| Foreign Currency Translation Reserve |       |               | (3,81,44,518)  |               | (2,77,54,082)  |
| <b>Shareholders' equity funds</b>    |       | 89,99,560     | 57,22,37,517   | (27,88,362)   | (17,22,83,122) |
| Loan Account                         | 10    | 2,09,43,151   | 1,33,17,77,066 | 76,06,973     | 46,99,16,193   |
| <b>Total shareholder's funds</b>     |       | 2,99,42,711   | 1,90,40,14,584 | 48,18,611     | 29,76,33,071   |
| Bank Term Loan                       |       | -             | -              | -             | -              |
| <b>Current liabilities</b>           |       |               |                |               |                |
| Bank Term Loan                       |       | -             | -              | 2,20,00,000   | 1,35,90,36,800 |
| Trade and other payables             | 12    | 13,20,591     | 8,39,76,514    | 34,72,497     | 21,45,11,419   |
| Due to related parties               |       | -             | -              | -             | -              |
|                                      |       | 13,20,591     | 8,39,76,514    | 2,54,72,497   | 1,57,35,48,219 |
| <b>Total liabilities</b>             |       | 13,20,591     | 8,39,76,514    | 2,54,72,497   | 1,57,35,48,219 |
| <b>Total equity and liabilities</b>  |       | 3,12,63,302   | 1,98,79,91,097 | 3,02,91,108   | 1,87,11,81,289 |

*The notes attached herewith form an integral part of these financial statements.*

**MANAGER**

**FORBES LUX FZCO**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the year ended 31 December 2014**

|  | Notes | 2014<br>US \$ | 2014<br>INR    | 2013<br>US \$ | 2013<br>INR    |
|--|-------|---------------|----------------|---------------|----------------|
| <b>Sales</b>                                 |       | 47,07,210     | 28,80,47,595   | 53,30,047     | 31,75,57,271   |
| Cost of sales                                | 13    | (32,10,873)   | (19,55,99,195) | (36,06,610)   | (21,31,66,280) |
| <b>Gross profit</b>                          |       | 14,96,337     | 9,24,48,401    | 17,23,437     | 10,43,90,991   |
| Other Income                                 |       | -             | -              | 44,644        | 26,59,831      |
| Expenses                                     | 14    | (17,76,211)   | (10,86,91,413) | (16,70,287)   | (9,95,13,528)  |
| <b>Loss from Operations</b>                  |       | (2,79,874)    | (1,62,43,013)  | 97,794        | 75,37,294      |
| Finance Cost                                 | 15    | (15,69,187)   | (9,60,23,025)  | (12,60,057)   | (7,50,72,558)  |
| <b>Exceptional Items</b>                     |       | -             | -              | -             | 54,32,005      |
| <b>Net Loss for the year</b>                 |       | (18,49,061)   | (11,22,66,037) | (11,62,263)   | (6,21,03,259)  |
| Other Comprehensive Income                   |       | -             | -              | -             | -              |
| <b>Total Comprehensive loss for the year</b> |       | (18,49,061)   | (11,22,66,037) | (11,62,263)   | (6,21,03,259)  |

*The notes attached herewith form an integral part of these financial statements.*

**FORBES LUX FZCO**  
**Statement of Changes in Equity**  
*for the year ended 31 December 2014*

|  | Share Capital | Accumulated losses | Total        | Total          |
|--|---------------|--------------------|--------------|----------------|
|  | US \$         | US \$              | US \$        | INR            |
| <b>As at 31 December 2012</b>          |               |                    |              |                |
| Introduced during the year             | 3,26,579      | (19,52,678)        | (16,26,099)  | (8,89,30,244)  |
| Net loss for the year                  |               | (11,62,263)        | (11,62,263)  | (6,21,03,259)  |
| Foreign Currency Translation Reserve   |               |                    |              | (2,12,49,620)  |
| <b>As at 31 December 2013</b>          | 3,26,579      | (31,14,941)        | (27,88,362)  | (17,22,83,122) |
| Introduced during the year             | 1,36,36,983   | -                  | 1,36,36,983  | 86,71,77,113   |
| Net loss for the year                  | -             | (18,49,061)        | (18,49,061)  | (11,22,66,037) |
| Foreign Currency Translation Reserve   |               |                    |              | (1,03,90,436)  |
| <b>As at 31 December 2014</b>          | 1,39,63,562   | (49,64,002)        | 89,99,560    | 57,22,37,517   |
| <b>As at 31 December 2014 (In INR)</b> | 88,49,05,748  | (27,45,23,713)     | 61,03,82,035 |                |

*The notes attached herewith form an integral part of these financial statements.*

**FORBES LUX FZCO**  
**Statement of Cash Flows**  
**for the year ended 31 December 2014**

|   | Notes | 2014<br>US \$      | 2014<br>INR           | 2013<br>US \$     | 2013<br>INR           |
|---|-------|--------------------|-----------------------|-------------------|-----------------------|
| <b>Cash flows from operating activities</b>                     |       |                    |                       |                   |                       |
| Net (loss) for the year   |       | (18,49,061)        | (11,22,66,037)        | (11,62,263)       | (6,21,03,259)         |
| Adjustment for:   |       |                    |                       |                   |                       |
| Depreciation  |       | 2,778              | 1,69,994              | 1,634             | 97,352                |
| Finance cost  |       | 15,69,187          | 9,60,23,025           | 12,60,057         | 7,50,72,558           |
| <b>Operating profit / (loss) before working capital changes</b> |       | (2,77,096)         | (1,60,73,019)         | 99,428            | 1,30,66,651           |
| (Increase)/decrease in inventories                              |       | (1,47,374)         | (99,01,510)           | (73,071)          | (60,64,330)           |
| (Increase)/decrease in trade, other receivables                 |       | 6,22,496           | 3,10,26,364           | 9,47,945          | 1,84,45,457           |
| Increase/ (decrease) in due to related parties                  |       | -                  | -                     | (19,720)          | (10,78,467)           |
| Increase/ (decrease) in trade and other payables                |       | (21,51,906)        | (13,05,34,905)        | 2,01,183          | 3,56,06,527           |
| <b>Cash generated from / (used in) operating activities</b>     |       | (19,53,880)        | (12,54,83,070)        | 11,55,765         | 5,99,75,838           |
| Finance cost paid   |       | (9,67,840)         | (5,92,24,888)         | (6,05,540)        | (3,60,77,286)         |
| <b>Net cash from / (used in) operating activities</b>           |       | <b>(29,21,720)</b> | <b>(18,47,07,957)</b> | <b>5,50,225</b>   | <b>2,38,98,552</b>    |
| <b>Cash flows from investing activities</b>                     |       |                    |                       |                   |                       |
| Payments for purchase of property and equipment                 |       | (653)              | (39,959)              | (8,169)           | (4,86,698)            |
| (Increase) / decrease in other financial assets                 |       | (11,22,323)        | (11,66,04,088)        | (7,12,416)        | (21,54,83,488)        |
| <b>Net cash from / (used in) investing activities</b>           |       | <b>(11,22,976)</b> | <b>(11,66,44,047)</b> | <b>(7,20,585)</b> | <b>(21,59,70,187)</b> |
| <b>Cash flows from financing activities</b>                     |       |                    |                       |                   |                       |
| Proceeds from/(payment of) shareholder's loan (net)             |       | (70,15,170)        | (43,33,57,918)        | 2,00,000          | 6,16,35,855           |
| Proceeds from/(payment of) term loan                            |       | (2,20,00,000)      | (1,35,90,36,800)      | -                 | 15,58,78,800          |
| Funds introduced/(withdrawn) by one of the shareholders         |       | 1,97,50,000        | 1,25,84,20,654        | -                 | -                     |
| Additional share capital introduced                             |       | 1,36,36,983        | 86,71,77,113          |                   |                       |
| Foreign Currency Translation Reserve                            |       |                    | (1,03,90,436)         |                   | (2,12,49,620)         |
| <b>Net cash from financing activities</b>                       |       | <b>43,71,813</b>   | <b>32,28,12,614</b>   | <b>2,00,000</b>   | <b>19,62,65,035</b>   |
| <b>Net increase in cash and cash equivalents</b>                |       | <b>3,27,117</b>    | <b>2,14,60,609</b>    | <b>29,640</b>     | <b>41,93,400</b>      |
| <b>Cash and cash equivalents at the beginning of the year</b>   |       | <b>3,63,059</b>    | <b>2,24,27,752</b>    | <b>3,33,419</b>   | <b>1,82,34,352</b>    |
| <b>Cash and cash equivalents at end of the year</b>             | 16    | <b>6,90,176</b>    | <b>4,38,88,361</b>    | <b>3,63,059</b>   | <b>2,24,27,752</b>    |

The notes attached herewith form an integral part of these financial statements.

**1. Legal status and business activity**

**FORBES LUX FZCO** is a limited liability company incorporated in the Jebel Ali Free Zone, Dubai, United Arab Emirates pursuant to law No. 2 of and implementing Rules and Regulations issued there under by the Jebel Ali Free Zone Authority with **Euro Forbes Limited (EFL)** and **VDB Investment GmbH (VIG)** as its shareholders. The company is operating under the trade license No. 106894. The address of the registered office of the company is LOB 17, Office 207, P.O. Box 261698, Jebel Ali, Dubai, United Arab Emirates.

The ultimate parent company is considered to be Eureka Forbes Limited, India.

The company is mainly engaged in the distribution of water purifiers, filters & purifications devices, electrical & electronics appliances and related items and spare parts manufactured by overseas related parties and other vendors to customers through own as well as dealer entities.

**2. Basis of preparation**

The equity funds of the company has significantly depleted resulting from losses, without considering impairment of other financial assets and trade receivables, in current over past many years with accumulated losses of US \$ 4,964,002 (Equivalent to INR 274,523,713) [previous year US \$ 3,114,941 (Equivalent to INR 162,257,675)] as of above date.

The accompanying financial statements have been prepared on the basis that the company will continue as a going concern. The continuation of the company as a going concern is dependent upon related parent entities continuing to provide the necessary financial support and upon the operations of the company remaining profitable in the future. The shareholder company and its parent shareholder company have extended its written assurance about the injection of adequate funds in the company to maintain sufficient equity funds in the company and to ensure that all short, medium and long term liabilities are met as they fall due to carry on their businesses without any significant curtailment of operations.

The financial statements of the company have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee and the applicable implementing rules and regulations issued by the Jebel Ali Free Zone Authority. The financial statements are presented in US Dollars.

**Use of critical accounting estimates and judgments**

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values.

Such estimates are necessarily based on assumptions about the several factors and actual results may differ from reported amounts.

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 and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in notes 5, 6, 7, and 11.

**Application of new and revised IFRS**

The nature and the effect of changes with respect to adoption of new standards, interpretations and amendments which are effective on 1 January 2014 are disclosed below:

***Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)***

These amendments provide an exception to the consolidation requirement for entities that meet definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments has no impact on the entity's financial statements, since the entity does not have an investment entity.

***Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)***

The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments has no impact on the entity's financial statements, since the entity does not carry any financial instruments that are subject to offsetting arrangements.

***Recoverable amounts disclosures for non-financial assets (Amendments to IAS 36)***

The amendments to IAS 36 Impairment of Assets reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. These amendments has no impact on the entity's financial statements, since the entity has determined that tangible assets are recoverable.

***Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)***

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments has no impact on the entity's financial statements as the entity does not have any derivatives as of the reporting period.

***IFRIC Interpretation 21 Levies***

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. These interpretation has no impact on the entity's financial statements as it is not subject to levies.

### **Annual Improvements 2010-2012 Cycle**

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the entity's financial statements.

### **Annual Improvement 2011-2013 Cycle**

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the entity since the entity is an existing IFRS preparer.

The entity has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## **3. Significant Accounting Policies**

The accounting policies, which are consistent with those used in the previous year, in dealing with items that are considered material in relation to the financial statements are as follows:

### **Depreciation of property and equipment**

Property and equipment are stated at cost together with any related expenses of acquisition or construction less accumulated depreciation and impairment if any. Depreciation is charged using the straight-line method whereby the cost of an asset is depreciated over its estimated useful life as follows:

|                                |           |
|--------------------------------|-----------|
| Furniture and office equipment | 2-5 years |
| Vehicle                        | 5 years   |

Depreciation on additions and disposals during the period is charge on a proportionate basis for the period of use. Maintenance and normal repairs are charged to income as and when incurred. Major repairs and improvements are capitalized. Gains and losses on deletion of assets are included in statement of profit or loss and other comprehensive income.

### **Inventories**

Inventories are valued at lower of cost or net realisable value using the first in first out method. Cost comprises invoice value plus applicable landing charges. Net realisable value is based on estimated selling price less any further costs expected to be incurred up to disposal.

### **Financial assets and financial liabilities**

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and de-recognized when the company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Liabilities are recognized for amounts to be paid in future for goods or services received, whether invoiced by the supplier or not.

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the company has a legal enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets are classified into the following specified categories: Financial assets at fair value through profit or loss, trade and other receivables, held to maturity investments or available for sale financial assets. The company determines the classification of its financial assets at initial recognition. The particular recognition methods adopted by the company are disclosed in the individual policy statements associated with each item of financial instruments. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The company's financial liabilities consist of trade and other payables and borrowings.

The financial assets include cash, bank balances, deposits and trade & other receivables.

***Trade and other receivables***

The trade and other receivables comprise of trade receivables and other receivables that have fixed or determinable payments and are not quoted in an active market. These are stated at invoice amount less an estimate for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

***Cash and cash equivalents***

Cash and cash equivalents for the purpose of the statement of cash flows comprise of cash, bank current accounts, and deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

***Trade and other payables***

Trade and other payables are recognized for amounts to be paid for goods or services received, whether invoiced by the supplier or not.

## Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable than an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

## Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

## Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue from sales of goods are recognized when the company has delivered products to the customer; the customer has accepted the products; and collectability of the related receivables is reasonably assured. Revenue from interest income is recognized on accrual basis using the effective interest method.

## Staff end-of-services benefits

The company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' salary and length of service. Staff end of service benefits are accounted on cash basis.

## Foreign currency transactions

Transactions in foreign currencies are converted into US \$ at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into US \$ at the rate of exchange ruling at the date of statement of financial position. Resulting exchange gains/losses are taken to the statement of profit or loss and other comprehensive income.

## 4. Property & equipment

|                           | Furniture &<br>office equipment | Vehicles | Total  | Total     |
|---------------------------|---------------------------------|----------|--------|-----------|
|                           | US\$                            | US\$     | US\$   | INR       |
| <b>Cost</b>               |                                 |          |        |           |
| As at 01.01.2014          | 6,837                           | 13,615   | 20,452 | 10,43,370 |
| Additions during the year | 653                             | -        | 653    | 39,959    |
| As at 31.12.2014          | 7,490                           | 13,615   | 21,105 | 10,83,329 |
| <b>Depreciation</b>       |                                 |          |        |           |
| As at 01.01.2014          | 6,837                           | 4,417    | 11,254 | 5,08,902  |
| Charge for the year       | 54                              | 2,724    | 2,778  | 1,69,994  |
| As at 31.12.2014          | 6,891                           | 7,141    | 14,032 | 6,78,896  |
| <b>Net book value</b>     |                                 |          |        |           |
| As at 31.12.2014          | 599                             | 6,474    | 7,074  | 4,04,433  |
| As at 31.12.2013          | -                               | 9,198    | 9,198  | 5,34,468  |

|                           | Furniture &<br>office equipment | Vehicles | Total  | Total       |
|---------------------------|---------------------------------|----------|--------|-------------|
|                           | US\$                            | US\$     | US\$   | INR         |
| <b>Cost</b>               |                                 |          |        |             |
| As at 01.01.2013          | 6,837                           | 5,446    | 12,283 | 5,56,672    |
| Additions during the year | -                               | 8,169    | 8,169  | 4,86,698.40 |
| As at 31.12.2013          | 6,837                           | 13,615   | 20,452 | 10,43,370   |
| <b>Depreciation</b>       |                                 |          |        |             |
| As at 01.01.2013          | 6,837                           | 2,783    | 9,620  | 4,11,551    |
| Charge for the year       | -                               | 1,634    | 1,634  | 97,351.60   |
| As at 31.12.2013          | 6,837                           | 4,417    | 11,254 | 5,08,902    |
| <b>Net book value</b>     |                                 |          |        |             |
| As at 31.12.2013          | -                               | 9,198    | 9,198  | 5,34,468    |
| As at 31.12.2012          | -                               | 2,663    | 2,663  | 1,45,121    |

## 5. Other financial assets

|  | 2014<br>US \$ | 2014<br>INR    | 2013<br>US \$ | 2013<br>INR    |
|--|---------------|----------------|---------------|----------------|
| Trade receivables -acquired and reclassified*      | 1,97,49,264   | 1,25,58,57,673 | 1,88,87,567   | 1,16,67,68,119 |
| Advance to related parties and dealers - acquired# | 62,86,567     | 39,97,63,424   | 76,80,273     | 47,44,44,256   |
|  | 2,60,35,831   | 1,65,56,21,097 | 2,65,67,840   | 1,64,12,12,375 |
| Provision for doubtful debts                       | -             | -              | (16,54,332)   | (10,21,95,367) |
|  | 2,60,35,831   | 1,65,56,21,097 | 2,49,13,508   | 1,53,90,17,009 |

\* Includes USD 4,051,755(Equivalent to INR 257,651,506) [previous year USD 3,713,305(Equivalent to INR 229,387,188)] due from overseas related parties on trade account.

# Includes USD 3,726,523(Equivalent to INR 236,969,970) [previous year USD 3,786,542(Equivalent INR 233,911,360)] due from overseas related parties.

Although balances carried under "Other financial assets" are unsecured and outstanding for a period ranging from the year 2006 to 2013, in the opinion of the management they are considered good and recoverable. The owners have given undertaking that in the event of non-recovery of these balances, the unrecovered amount will be adjusted against the shareholders' loan account and or will be made good by the parent company of one of the shareholders of the company.

Movements on provision for doubtful debts account is as under:

|                                | 2014<br>US \$ | 2014<br>INR    | 2013<br>US \$ | 2013<br>INR  |
|--------------------------------|---------------|----------------|---------------|--------------|
| Opening balance                | 16,54,332     | 10,21,95,367   | 10,54,332     | 6,51,30,727  |
| Provision made during the year | -             | -              | 6,00,000      | 3,70,64,640  |
| Utilised During the Year       | (16,54,332)   | (10,21,95,367) | -             | -            |
| Closing balance                | -             | -              | 16,54,332     | 10,21,95,367 |

## 6. Inventories

Inventories comprise of water purifiers, filters & purifications devices, electrical & electronics appliances and related items are stated as per the items physical taken, valued and certified by the management. Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts that are not individually significant, but which are old or obsolete, are assessed collectively and a provision as stated above is applied according to the inventory type and the degree of aging or obsolescence, based on historical selling prices and the management decision.

In the opinion of the management there is no impairment in the value of the inventories and hence the carrying value is fairly

## 7. Trade and other receivables

|                      | 2014<br>US \$ | 2014<br>INR  | 2013<br>US \$ | 2013<br>INR  |
|----------------------|---------------|--------------|---------------|--------------|
| Trade receivables -  | 40,62,304     | 25,83,22,318 | 46,10,002     | 28,47,80,108 |
| Advance to suppliers | 8,039         | 5,11,201     | 92,136        | 56,91,646    |
| Other receivables    | 4,084         | 2,59,702     | 517           | 31,937       |
| Deposits             | 16,531        | 10,51,208    | 10,799        | 6,67,102     |
|                      | 40,90,958     | 26,01,44,428 | 47,13,454     | 29,11,70,793 |

-Includes USD 1,615,953(Equivalent to INR 102,758,613) [previous year USD 1,618,550(Equivalent to INR 99,984,955)] due from overseas related parties on trade account.

A provision of the uncollectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on anticipated recovery rates.

As at 31 December 2014, the ageing of unimpaired trade receivables is as follows:

|            | Total<br>US \$ | <120<br>Days<br>US \$ | 121-150<br>Days<br>US \$ | 151-365<br>Days<br>US \$ | > 365 Days<br>US \$ |
|------------|----------------|-----------------------|--------------------------|--------------------------|---------------------|
| 2014 US \$ | 40,62,304      | 13,38,491             | 2,76,884                 | 24,46,929                | -                   |
| 2014 INR   | 25,83,22,318   | 8,51,14,777           | 1,76,07,081              | 15,56,00,460             | -                   |
| 2013 US \$ | 46,10,002      | 10,76,542             | 3,42,372                 | 31,91,088                | -                   |
| 2013 INR   | 28,47,80,108   | 6,65,02,736           | 2,11,49,825              | 19,71,27,547             | -                   |

The company's average credit period is 0 to 120 days for the local customers and in respect of overseas dealers and related parties open ended credit period is extended after which trade receivables are considered to be past due. Unimpaired receivables although outstanding for a very long time they are considered recoverable and or will be adjusted against the shareholder's loan account and or will be reimbursed by the parent company of one of the shareholder of the company. Receivables over 365 days are classified as noncurrent assets and disclosed under the head "Other financial assets".

## 8. Cash and bank balances

|                   | 2014<br>US \$ | 2014<br>INR | 2013<br>US \$ | 2013<br>INR |
|-------------------|---------------|-------------|---------------|-------------|
| Cash on hand      | -             | -           | 1,397         | 86,299      |
| Bank balances in: |               |             |               |             |
| Current accounts  | 6,90,176      | 4,38,88,361 | 3,61,662      | 2,23,41,453 |
|                   | 6,90,176      | 4,38,88,361 | 3,63,059      | 2,24,27,752 |

## 9. Share capital

|   | 2014<br>US \$ | 2014<br>INR  | 2013<br>US \$ | 2013<br>INR |
|---|---------------|--------------|---------------|-------------|
| <b>Authorised, issued and paid up:</b><br>512 shares of AED 100,000 each<br>(previous year 12 share of AED 100,000 each.)<br>(USD 1 converted @ AED 3.6749) | 1,39,63,562   |              | 3,26,579      |             |
| <b>Issued to:</b>   |               |              |               |             |
| Euro Forbes Limited   | 1,38,81,917   | 88,04,73,576 | 2,44,934      | 1,32,96,463 |
| VDB Investment GmbH   | 81,645        | 44,32,172    | 81,645        | 44,32,172   |
|   | 1,39,63,562   | 88,49,05,748 | 3,26,579      | 1,77,28,635 |

## 10. Loan account

This represents loans together with interest accrued thereon from one of the shareholders of the company. The loan is unsecured, which carries interest charge of 6-7.5% from Euro Forbes Limited and is not subject to any fixed term of repayment. The shareholder company have agreed to retain the loan balances until such time as the company's other financial assets (note 5) and trade receivables (note 7), fairly valued, are realized.

The year-end loan account balances are as under:

|   | 2014<br>US \$ | 2014<br>INR    | 2013<br>US \$ | 2013<br>INR  |
|---|---------------|----------------|---------------|--------------|
| Euro Forbes Limited - shareholder company       | 2,09,43,151   | 1,33,17,77,066 | 5,91,803      | 3,65,58,275  |
| Eureka Forbes Limited – Ultimate parent company | -             | -              | 70,15,170     | 43,33,57,918 |
|   | 2,09,43,151   | 1,33,17,77,066 | 76,06,973     | 46,99,16,193 |

## 11. Trade and other payables

|                        | 2014<br>US \$ | 2014<br>INR | 2013<br>US \$ | 2013<br>INR  |
|------------------------|---------------|-------------|---------------|--------------|
| Trade payables ~       | 11,41,650     | 7,25,97,638 | 31,35,103     | 19,36,69,107 |
| Advance from customers | 1,927         | 1,22,538    | 45,026        | 27,81,454    |
| Accruals               | 1,77,014      | 1,12,56,338 | 2,92,368      | 1,80,60,858  |
|                        | 13,20,591     | 8,39,76,514 | 34,72,497     | 21,45,11,419 |

-Includes USD 922,056(Equivalent to INR 58,633,633) [previous year USD 3,010,885 (Equivalent to INR 185,995,614)] due to related parties on trade account.

The average credit period on purchase of goods ranges between 0 to 120 days and in respect of related parties open ended credit facility is availed. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 12. Related parties transactions and balances

Related parties comprise the parent company, fellow subsidiaries, directors, companies under common ownership and/or common management control and associates as under:

### Shareholders :

- Euro Forbes Limited, Dubai.
- VDB Investment GmbH

### Parent company of a shareholder:

- Eureka Forbes Ltd, India

### Entities under common control:

- Lux International AG, Switzerland
- Aquamall Water Solutions Ltd., India
- Euro Forbes International Pte Ltd, Singapore
- Euro P2P Direct Thailand Co. Ltd., Thailand
- Waterwings Equipments Pvt. Ltd., India

### Key officers:

- Mr. Sunil D. Uphale

At the date of statement of financial position balances and significant transactions during the year with related parties were as follows:

|                      |      | Shareholders |             | Parent company of one of the Shareholders |               | Entities under common control |                | Total       |                |
|----------------------|------|--------------|-------------|---|---------------|-------------------------------|----------------|-------------|----------------|
|                      |      | USD Dr/(Cr)  | INR         | USD Dr/(Cr)                               | INR           | USD Dr/(Cr)                   | INR            | USD Dr/(Cr) | INR            |
| <b>Balances:</b>     |      |              |             |   |               |                               |                |             |                |
| Trade receivables    | 2014 | -            | -           | 750                                       | 47,693        | 56,66,958                     | 36,03,62,426   | 56,67,708   | 36,04,10,118   |
|                      | 2013 | -            | -           | 5,850                                     | 3,72,002      | 53,26,005                     | 33,86,81,191   | 53,31,855   | 33,90,53,193   |
| Trade payables       | 2014 | -            | -           | (1,49,209)                                | (94,88,215)   | (7,72,847)                    | (4,91,45,418)  | (9,22,056)  | (5,86,33,633)  |
|                      | 2013 | -            | -           | (10,67,408)                               | (6,78,76,581) | (19,43,477)                   | (12,35,85,897) | (30,10,885) | (19,14,62,478) |
| Advances             | 2014 | -            | -           | -   | -             | 37,26,523                     | 23,69,69,970   | 37,26,523   | 23,69,69,970   |
|                      | 2013 | -            | -           | -   | -             | 37,86,542                     | 24,07,86,584   | 37,86,542   | 24,07,86,584   |
| <b>Transactions:</b> |      |              |             |   |               |                               |                |             |                |
| Purchases            | 2014 | -            | -           | 8,55,942                                  | 5,23,77,530   | 33,494                        | 20,49,593      | 8,89,436    | 5,44,27,124    |
|                      | 2013 | -            | -           | 4,10,972                                  | 2,51,48,548   | 8,12,198                      | 4,97,00,710    | 12,23,170   | 7,48,49,258    |
| Sales                | 2014 | -            | -           | (12,930)                                  | (7,91,224)    | (16,15,953)                   | (9,88,84,770)  | (16,28,883) | (9,96,75,993)  |
|                      | 2013 | -            | -           | (4,877)                                   | (2,98,438)    | (16,13,450)                   | (9,87,31,604)  | (16,18,327) | (9,90,30,041)  |
| Commission expense   | 2014 | -            | -           | -   | -             | 27,850                        | 17,04,221      | 27,850      | 17,04,221      |
|                      | 2013 | -            | -           | -   | -             | 23,400                        | 14,31,913      | 23,400      | 14,31,913      |
| Interest expense     | 2014 | 7,76,293     | 4,75,03,581 | 4,49,242                                  | 2,74,90,398   | -                             | -              | 12,25,535   | 7,49,93,979    |
|                      | 2013 | 32,083       | 19,63,250   | 6,02,714                                  | 3,68,81,787   | -                             | -              | 6,34,797    | 3,88,45,038    |

Funding transactions with related parties as disclosed in due from and due to related parties represents interest free and or bearing funds provided or received to meet with working capital requirements.

**13. Cost of Sales**

|   | 2014<br>US \$ | 2014<br>INR   | 2013<br>US \$ | 2013<br>INR   |
|---|---------------|---------------|---------------|---------------|
| Opening inventories                                   | 2,91,889      | 1,80,31,268   | 2,18,818      | 1,19,66,938   |
| Purchases during the year (including direct expenses) | 33,58,247     | 20,55,00,705  | 36,79,681     | 21,92,30,610  |
| Closing inventories                                   | (4,39,263)    | (2,79,32,778) | (2,91,889)    | (1,80,31,268) |
|   | 32,10,873     | 19,55,99,195  | 36,06,610     | 21,31,66,280  |

**14. Expenses**

|                                     | 2014<br>US \$ | 2014<br>INR  | 2013<br>US \$ | 2013<br>INR |
|-------------------------------------|---------------|--------------|---------------|-------------|
| Staff salaries                      | 95,694        | 58,55,789    | 78,448        | 46,73,830   |
| Warehousing & logistics expense     | 78,851        | 48,25,117    | 49,418        | 29,44,260   |
| Other administrative expenses (net) | 1,96,580      | 1,20,29,290  | 4,09,261      | 2,43,83,238 |
| Exchange loss                       | 80,646        | 49,34,959    | 56,378        | 33,58,928   |
| Selling & distribution expenses     | 5,03,867      | 3,08,33,058  | 4,75,148      | 2,83,08,700 |
| Bad Debts                           | 8,17,795      | 5,00,43,207  | -             | -           |
| Provision for doubtful debts        | -             | -            | 6,00,000      | 3,57,47,220 |
| Depreciation                        | 2,778         | 1,69,994     | 1,634         | 97,352      |
|                                     | 17,76,211     | 10,86,91,413 | 16,70,287     | 9,95,13,528 |

**15. Finance Charges**

|                             | 2014<br>US \$ | 2014<br>INR | 2013<br>US \$ | 2013<br>INR |
|-----------------------------|---------------|-------------|---------------|-------------|
| Interest to related parties | 12,25,535     | 7,49,93,979 | 6,34,797      | 3,78,20,380 |
| Interest on bank loan       | 3,26,795      | 1,99,97,517 | 6,07,279      | 3,61,80,893 |
| Bank Charges                | 16,857        | 10,31,528   | 17,981        | 10,71,285   |
|                             | 15,69,187     | 9,60,23,025 | 12,60,057     | 7,50,72,558 |

**16. Cash & Cash equivalents**

|                   | 2014<br>US \$ | 2014<br>INR | 2013<br>US \$ | 2013<br>INR |
|-------------------|---------------|-------------|---------------|-------------|
| Cash on hand      | -             | -           | 1,397         | 86,299      |
| Bank balances in: |               |             |               |             |
| Current accounts  | 6,90,176      | 4,38,88,361 | 3,61,662      | 2,23,41,453 |
|                   | 6,90,176      | 4,38,88,361 | 3,63,059      | 2,24,27,752 |

**17. Financial instruments: Credit, liquidity and Market risk exposures****Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally other financial assets, bank accounts, trade and other receivables and amounts due from related parties and dealers. The company bank accounts are placed with high credit quality financial institutions.

Amounts due from related parties, trade and other receivables are stated net of the allowance for doubtful recoveries. As at 31 December 2014 the company is not exposed to any significant credit risk from trade receivables situated within U.A.E. and its maximum exposure to credit risk from trade receivables situated outside the U.A.E. amounts to USD 23,561,255 due from 3 customers (previous year USD 22,157,582 due from 3 customers), due from the dealers and

There are no significant concentrations of credit risk to receivables outside the industry in which the company operates.

**Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the parent company of one of the shareholder, which has built an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The shareholder and its parent shareholder company have agreed to retain the loan balances until such time as the company's other financial assets and trade receivables, fairly valued, are realized.

**Market risk**

Market risk is a risk that changes in market prices, such as interest rate risk and exchange rate risk, will affect the entity's income or the value of its holdings of financial instruments.

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Loans and advances from and to the related parties are at fixed rate of interest.

**Exchange rate risk**

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars or UAE Dirhams, which is fixed to US Dollars.

**18. Financial instruments: Fair value**

The fair values of the company's financial assets, comprising of trade and other receivables, cash and bank balances and due from related parties and financial liabilities, comprising trade and other payables and due to related parties, approximate to their carrying values.

**19. Contingent liability and capital commitments**

There are no contingent liabilities of significant in nature outstanding and capital commitments at the date of statement of financial position.

**20. Comparative figures**

Previous year's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year.

**21. Approval of the financial statements**

The financial statements were approved by the Board of Directors and authorised for issue on 25 March 2015.

**22. Exchange Rates**

Rates used for conversion of US \$ to INR are:

|      |              |                        |
|------|--------------|------------------------|
| 2014 | Average Rate | 1 US \$ = Rs. 61.19285 |
|      | Closing Rate | 1 US \$ = Rs.63.5901   |
| 2013 | Average Rate | 1 US \$ = Rs.59.5787   |
|      | Closing Rate | 1 US \$ = Rs. 61.7744  |

**Forbes Lux Group AG**  
(a wholly owned Subsidiary Company of Lux International AG)

Financial Statements  
for the year ended December 31, 2014



**Forbes Lux Group Ltd, Baar**

**Report of the Statutory Auditor  
on the Limited Statutory Examination  
to the General Meeting of Shareholders  
Financial Statements 2014**

KPMG AG  
*Zurich, 13 March 2015*



KPMG AG

Report of the Statutory Auditor on the Limited Statutory Examination to the General Meeting of Shareholders of

**Forbes Lux Group Ltd, Baar**

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of Forbes Lux Group Ltd for the year ended 31 December 2014. The limited statutory examination of the prior year financial statements was performed by another auditor.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the company's articles of incorporation.

KPMG AG

Roman Wenk Larissa Eckstein  
*Licensed Audit Expert*  
*Auditor in Charge*

Larissa Eckstein  
*Licensed Audit Expert*

Zurich, 13 March 2015

*Enclosure:*

- Financial statements (balance sheet, income statement and notes)

| FORBES LUX GROUP AG, BAAR                         |                  |                     |                  |                     |
|---|------------------|---------------------|------------------|---------------------|
| BALANCE SHEET AS OF 31st DECEMBER 2014            |                  |                     |                  |                     |
|   | 31.12.2014       |                     | 31.12.2013       |                     |
| ASSETS  | CHF              | INR                 | CHF              | INR                 |
| <b>Current assets</b>                             |                  |                     |                  |                     |
| Cash and cash equivalents                         | 52,917           | 34,00,399           | 92,959           | 64,48,538           |
| Other receivables                                 |                  | -                   |                  | -                   |
| - Third parties                                   | 7,795            | 5,00,900            | 38,531           | 26,72,884           |
| - Group companies                                 | 28,526           | 18,33,055           | 48,169           | 33,41,469           |
| - Related parties                                 | -                | -                   | 8,223            | 5,70,427            |
| <b>Total current assets</b>                       | <b>89,238</b>    | <b>57,34,354</b>    | <b>1,87,882</b>  | <b>1,30,33,318</b>  |
| <b>Non-current assets</b>                         |                  |                     |                  |                     |
| Investments                                       | 9,20,780         | 5,91,68,494         | 6,44,065         | 4,46,78,596         |
| Loans   |                  | -                   |                  | -                   |
| - Group companies                                 | -                | -                   | 30,640           | 21,25,488           |
| - Shareholder                                     | 11,97,051        | 7,69,21,420         | 12,21,062        | 8,47,04,705         |
| <b>Total non-current assets</b>                   | <b>21,17,831</b> | <b>13,60,89,914</b> | <b>18,95,767</b> | <b>13,15,08,788</b> |
|   |                  | -                   |                  | -                   |
| <b>TOTAL ASSETS</b>                               | <b>22,07,069</b> | <b>14,18,24,268</b> | <b>20,83,649</b> | <b>14,45,42,106</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                  |                     |                  |                     |
| <b>Liabilities</b>                                |                  |                     |                  |                     |
| Other payables                                    |                  | -                   |                  | -                   |
| - Third parties                                   | 1,056            | 67,858              | 26,865           | 18,63,617           |
| - Shareholder                                     | 13,120           | 8,43,079            | 23,596           | 16,36,847           |
| Accrued liabilities                               | 17,006           | 10,92,790           | 30,331           | 21,04,052           |
| <b>Total current liabilities</b>                  | <b>31,182</b>    | <b>20,03,727</b>    | <b>80,792</b>    | <b>56,04,517</b>    |
| Loans - Related party                             | 6,01,360         | 3,86,42,852         | 6,12,809         | 4,25,10,376         |
| Provision for unrealized exchange rate gains      | 21,130           | 13,57,795           | 10,281           | 7,13,190            |
| <b>Total non-current liabilities</b>              | <b>6,22,490</b>  | <b>4,00,00,647</b>  | <b>6,23,090</b>  | <b>4,32,23,566</b>  |
| <b>Total liabilities</b>                          | <b>6,53,672</b>  | <b>4,20,04,374</b>  | <b>7,03,882</b>  | <b>4,88,28,083</b>  |
| <b>Shareholders' equity</b>                       |                  |                     |                  |                     |
| Share capital                                     | 10,00,000        | 6,93,69,700         | 10,00,000        | 6,93,69,700         |
| Capital contribution reserves                     | 8,50,000         | 5,89,64,245         | 8,50,000         | 5,89,64,245         |
| Accumulated deficit                               |                  | -                   |                  | -                   |
| Foreign Currency Translation Reserve              |                  | (15,01,022)         |                  | 58,29,608           |
| Balance beginning of the year                     | (4,70,233)       | (3,84,49,530)       | (8,21,573)       | (5,69,92,273)       |
| Profit for the year                               | 1,73,630         | 1,14,36,500         | 3,51,340         | 1,85,42,742         |
| Total accumulated deficit                         | (2,96,603)       | (2,70,13,030)       | (4,70,233)       | (3,84,49,530)       |
|   |                  | -                   |                  | -                   |
| <b>Total shareholders' equity</b>                 | <b>15,53,397</b> | <b>9,98,19,893</b>  | <b>20,83,649</b> | <b>13,87,12,498</b> |
|   |                  | -                   |                  | -                   |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>22,07,069</b> | <b>14,18,24,268</b> | <b>20,83,649</b> | <b>18,75,40,581</b> |

# FORBES LUX GROUP AG, BAAR

## INCOME STATEMENT 31.12.2014

| PARTICULARS                              | 2014              |                      | 2013              |                      |
|--|-------------------|----------------------|-------------------|----------------------|
|  | CHF               | INR                  | CHF               | INR                  |
| <b>OPERATING REVENUES</b>                |                   |                      |                   |                      |
| Income from Royalties                    | 1,98,485          | 1,30,73,626          | 1,99,263          | 1,05,16,544          |
| Income from Factory Participation        | 2,40,461          | 1,58,38,463          | 3,40,194          | 1,79,54,487          |
| <b>Operating revenues</b>                | <b>4,38,946</b>   | <b>2,89,12,089</b>   | <b>5,39,457</b>   | <b>2,84,71,031</b>   |
| <b>OPERATING EXPENSES</b>                |                   |                      |                   |                      |
| Development and tooling expenses         | (7,339)           | (4,83,398)           | (14,635)          | (7,72,394)           |
| Personnel expenses                       | (1,62,383)        | (1,06,95,693)        | (1,15,110)        | (60,75,184)          |
| Legal and consulting expenses            | (13,720)          | (9,03,696)           | (27,027)          | (14,26,409)          |
| Travel expenses                          | -                 | -                    | (1,102)           | (58,160)             |
| Other operating expenses                 | (60,180)          | (39,63,881)          | (1,22,492)        | (64,64,785)          |
| <b>Total operating expenses</b>          | <b>(2,43,622)</b> | <b>(1,60,46,669)</b> | <b>(2,80,366)</b> | <b>(1,47,96,933)</b> |
|  |                   | -                    |                   | -                    |
| <b>OPERATING RESULT</b>                  | <b>1,95,324</b>   | <b>1,28,65,421</b>   | <b>2,59,091</b>   | <b>1,36,74,098</b>   |
| <b>NON-OPERATING INCOME / (EXPENSES)</b> |                   |                      |                   |                      |
| Financial income                         | 32,313            | 21,28,363            | 29,805            | 15,73,025            |
| Financial expenses                       | (48,617)          | (32,02,260)          | (57,760)          | (30,48,411)          |
| FX differences                           | (2,009)           | (1,32,327)           | 1,22,847          | 64,83,521            |
| Extraordinary expenses                   | (3,381)           | (2,22,697)           | (2,643)           | (1,39,490)           |
| <b>Total non-operating income</b>        | <b>(21,694)</b>   | <b>(14,28,920)</b>   | <b>92,249</b>     | <b>48,68,644</b>     |
|  |                   | -                    |                   | -                    |
| <b>PROFIT BEFORE TAXES</b>               | <b>1,73,630</b>   | <b>1,14,36,500</b>   | <b>3,51,340</b>   | <b>1,85,42,742</b>   |
| Taxes                                    | -                 | -                    | -                 | -                    |
| <b>NET PROFIT FOR THE YEAR</b>           | <b>1,73,630</b>   | <b>1,14,36,500</b>   | <b>3,51,340</b>   | <b>1,85,42,742</b>   |

**FORBES LUX GROUP AG, BAAR**
**NOTES TO FINANCIAL STATEMENTS AS OF 31st DECEMBER 2014**

| <b>1. Investments</b><br><i>Company and Objective</i>                    | <i>Currency</i> | <i>Share Capital</i>    | <i>31.12.2014</i> | <i>31.12.2014</i>  |
|--|-----------------|-------------------------|-------------------|--------------------|
| <i>CHF</i>   |                 | <i>(local currency)</i> | <i>Quota</i>      | <i>Book Values</i> |
| <b>Lux /SK/ s.r.o., Bratislava, Slovakia</b>                             | EUR             | 3,63,000                | 100%              | 5,18,738           |
| Direct Sales Company   |                 |                         |                   |                    |
| <b>Lux del Paraguay S.A., Asunción, Paraguay</b><br>Direct Sales Company | PYG             | 5,00,00,00,000          | 50%               | 4,02,042           |
| <b>Total Book Value in CHF</b>   |                 |                         |                   | <b>9,20,780</b>    |

In November 2014, the company increased the share capital of Lux Slovakia by EUR 230'000. The transaction was performed converting shareholder loans.

**2. Contingent Liabilities**

Forbes Lux Group AG issued "Performance Guarantees" in favour of Mr Reto von der Becke, CEO. He has granted a loan to Lux Paraguay (EUR 800'000 as of 31.12.2013, and EUR 1'050'000 as of 31.03.2014). - Mr von der Becke does not hold any shares in Lux International AG or any Group subsidiary.

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|         |        |
|---------|--------|
| 1262856 | 980495 |
|---------|--------|

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3. Total amount of assets pledged, related to Third Party's liabilities

0

0

4. Total amount of assets pledged, related to own liabilities

0

0

5. Total amount of assets under retentions of title

0

0

6. Lease commitments until maturity

0

0

7. Liabilities towards Pension Funds and Staff Welfare institutions

0

0

8. Number of Full-time Employees (average over the year)

0

0

**9. Risk Assessment**

Upon its regular meetings, the Board of Directors has assessed and reviewed the entire risk situation of the Company and given clear instructions to the Executive Management Board.

**FX currency risks**

Here, an analysis had been performed with Deutsche Bank. It revealed that the currency streams are not significant enough to go for a FX hedging strategy. Potential costs for hedging premiums were not in line with savings.

**Ongoing financial performance**

All subsidiaries keep on delivering monthly financial reports, which allow the Executive Management and the Board of Directors to review and analyse the actual situation. Cash reporting has been enhanced, and a monthly Unit sales/Stock report implemented. Rolling Forecasts starting from mid-year follow up the financial development continuously.

**Forbes Lux International AG, Baar**  
(a wholly owned Subsidiary Company of Aquamall Water Solutions Limited)

Financial Statements  
for the year ended December 31, 2014

**Report of the Statutory Auditor on the Limited Statutory Examination to the General Meeting of Shareholders of**

**FORBES LUX INTERNATIONAL AG, Baar**

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As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of Forbes Lux International Ltd for the year ended 31 December 2014. The limited statutory examination of the prior year financial statements was performed by another auditor.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the company's articles of incorporation.

**KPMG AG**

Roman Wenk  
Licensed Audit Expert  
Auditor in Charge

Larissa Eckstein  
Licensed Audit Expert

Zurich, 13 March 2015

*Enclosure:*

- Financial statements (balance sheet, income statement and notes)

**FORBES LUX INTERNATIONAL AG, Baar**  
**BALANCE SHEET AS OF 31st DECEMBER 2014**

|   | <b>2014<br/>CHF</b> | <b>2014<br/>INR</b>   | <b>2013<br/>CHF</b> | <b>2013<br/>INR</b>   |
|---|---------------------|-----------------------|---------------------|-----------------------|
| <b><u>ASSETS</u></b>                              |                     |                       |                     |                       |
| <b>Current assets</b>                             |                     |                       |                     |                       |
| Cash and cash equivalents                         | 19,33,679           | 12,42,48,160          | 48,60,852           | 33,68,87,652          |
| Other Receivable                                  |                     |                       |                     |                       |
| - Third Parties                                   | 7,313               | 4,69,895              | 70,088              | 48,57,540             |
| <b>Total Current Assets</b>                       | <b>19,40,992</b>    | <b>12,47,18,055</b>   | <b>49,30,940</b>    | <b>34,17,45,192</b>   |
| <b>Non-Current assets</b>                         |                     |                       |                     |                       |
| A/R Lux International AG                          | 13,18,602           | 8,47,26,509           | -                   | -                     |
| Investment  | 8,81,74,464         | 5,24,77,71,619        | 8,81,74,464         | 5,24,77,71,619        |
| <b>Total Non-Current assets</b>                   | <b>8,94,93,066</b>  | <b>5,33,24,98,129</b> | <b>8,81,74,464</b>  | <b>5,24,77,71,619</b> |
| <b>TOTAL ASSETS</b>                               | <b>9,14,34,058</b>  | <b>5,45,72,16,183</b> | <b>9,31,05,404</b>  | <b>5,58,95,16,811</b> |
| <b><u>EQUITY AND LIABILITIES</u></b>              |                     |                       |                     |                       |
| <b><u>Liabilities</u></b>                         |                     |                       |                     |                       |
| Other payables                                    |                     |                       |                     |                       |
| - Third Parties                                   | 6,62,152            | 4,25,46,445           | 30,142              | 20,89,030             |
| - Group companies                                 | 19,440              | 12,49,113             | 78,311              | 54,27,445             |
| Accrued Liabilities                               |                     |                       |                     |                       |
| - Shareholder                                     | 11,81,027           | 7,58,86,655           | 12,69,655           | 8,79,95,086           |
| - Third Parties                                   | 1,91,766            | 1,23,21,886           | 4,22,391            | 2,92,74,356           |
| <b>Total current Liabilities</b>                  | <b>20,54,385</b>    | <b>13,20,04,100</b>   | <b>18,00,499</b>    | <b>12,47,85,918</b>   |
| Loans   |                     |                       |                     |                       |
| - Shareholders                                    | 1,45,88,717         | 93,73,95,109          | 4,75,79,327         | 3,29,75,46,967        |
| - Third parties                                   | 1,64,00,891         | 1,05,38,35,989        | 1,83,84,285         | 1,27,41,46,716        |
| Provision for unrealized exchange gains           | 9,32,391            | 5,99,10,598           | 7,40,954            | 5,13,52,778           |
| <b>Total Non-Current liabilities</b>              | <b>3,19,21,999</b>  | <b>2,05,11,41,696</b> | <b>6,67,04,566</b>  | <b>4,62,30,46,461</b> |
| <b>Total Liabilities</b>                          | <b>3,39,76,384</b>  | <b>2,18,31,45,796</b> | <b>6,85,05,065</b>  | <b>4,74,78,32,379</b> |
| <b>Shareholder's equity</b>                       |                     |                       |                     |                       |
| Share Capital                                     | 2,53,00,000         | 1,68,64,08,305        | 2,53,00,000         | 1,68,64,08,305        |
| Participation Certificates Share Capital          | 3,42,00,000         | 2,19,75,14,198        | -                   | -                     |
| Capital contribution reserves                     | 7,12,110            | 4,93,53,707           | 7,12,110            | 4,93,53,707           |
| Accumulated Losses                                |                     |                       |                     |                       |
| Balance beginning of the year                     | (14,11,771)         | (9,49,22,381)         | -                   | -                     |
| Loss for the period                               | (13,42,665)         | (8,84,57,130)         | (14,11,771)         | (9,49,22,381)         |
| Total accumulated losses                          | (27,54,436)         | (18,33,79,511)        | (14,11,771)         | (9,49,22,381)         |
| Foreign Currency Translation Reserve              |                     | (47,58,26,311)        |                     | (79,91,55,199)        |
| <b>Total shareholders' equity</b>                 | <b>5,74,57,674</b>  | <b>3,27,40,70,387</b> | <b>2,46,00,339</b>  | <b>84,16,84,432</b>   |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>9,14,34,058</b>  | <b>5,45,72,16,183</b> | <b>9,31,05,404</b>  | <b>5,58,95,16,811</b> |

## INCOME STATEMENT 2014

|  | 2014<br>CHF | 2014<br>INR    | 2013<br>CHF | 2013<br>INR    |
|--|-------------|----------------|-------------|----------------|
| <b>OPERATING REVENUES</b>                    |             |                |             |                |
| Dividend Income                              | 16,50,000   | 10,87,04,900   | 17,10,991   | 11,50,40,853   |
| <b>Operating Revenues</b>                    | 16,50,000   | 10,87,04,900   | 17,10,991   | 11,50,40,853   |
| <b>OPERATING EXPENSES</b>                    |             |                |             |                |
| Office and administration expenses           | (13,021)    | (8,57,846)     | (9,290)     | (6,24,626)     |
| Events, meetings and travel expenses         | (18,219)    | (12,00,300)    | (18,745)    | (12,60,346)    |
| Legal and consulting expenses                | (1,88,886)  | (1,24,44,142)  | (10,32,678) | (6,94,33,538)  |
| Service expenses-Group                       | (36,000)    | (23,71,743)    | (21,000)    | (14,11,964)    |
| Swiss stamp duty                             | (3,42,449)  | (2,25,61,142)  | (2,47,414)  | (1,66,35,223)  |
| <b>Total operating expenses</b>              | (5,98,575)  | (3,94,35,173)  | (13,29,127) | (8,93,65,697)  |
| <b>OPERATING RESULT</b>                      | 10,51,425   | 6,92,69,727    | 3,81,864    | 2,56,75,156    |
| <b>NON-OPERATING INCOME/(EXPENSES)</b>       |             |                |             |                |
| Financial income                             | 610         | 40,188         | 1,762       | 1,18,471       |
| Financial expenses                           |             |                |             |                |
| -Shareholder                                 | (19,34,524) | (12,74,49,842) | (12,69,655) | (8,53,67,015)  |
| -Group Companies                             | (3,31,398)  | (2,18,33,083)  | -           | -              |
| -Third Parties                               | (7,45,185)  | (4,90,94,098)  | (9,86,505)  | (6,63,29,032)  |
| Prior Period Income/(Expenses)               | (1,529)     | (1,00,733)     | -           | -              |
| FX Differences                               | 9,11,936    | 6,00,79,947    | 4,60,763    | 3,09,80,039    |
| <b>Total non-operating income/(expenses)</b> | (21,00,090) | (13,83,57,621) | (17,93,635) | (12,05,97,537) |
| <b>NET LOSS BEFORE TAXES</b>                 | (10,48,665) | (6,90,87,894)  | (14,11,771) | (9,49,22,381)  |
| <b>Taxes</b>                                 | (2,94,000)  | (1,93,69,237)  | -           | -              |
| <b>NET LOSS FOR THE YEAR</b>                 | (13,42,665) | (8,84,57,130)  | (14,11,771) | (9,49,22,381)  |

**FORBES LUX INTERNATIONAL AG, Baar**  
**BALANCE SHEET AS OF 31st DECEMBER 2014**

**1 Investments**

| Company and Objective   | Currency | Share Capital<br>(local currency) | 31.12.2014<br>Quota | 31.12.2014<br>Book Values<br>CHF | 31.12.2014<br>Book Values<br>INR | 31.12.2013<br>Quota | 31.12.2013<br>Book Values<br>CHF | 31.12.2013<br>Book Values<br>INR |
|---|----------|-----------------------------------|---------------------|----------------------------------|----------------------------------|---------------------|----------------------------------|----------------------------------|
| A/R Lux International AG<br>Holding Company, Direct<br>sales industry | CHF      | 75,00,000                         | 100%                | 8,81,74,464                      | 5,24,77,71,619                   | 100%                | 8,81,74,464                      | 5,24,77,71,619                   |
| <b>Total Book Value</b>   |          |                                   |                     | 8,81,74,464                      | 5,24,77,71,619                   |                     | 8,81,74,464                      | 5,24,77,71,619                   |

**2 Total amount of assets pledged, related to Third Party's liabilities**

- - - -

**3 Total amount of assets pledged, related to own liabilities**

8,81,74,464 5,24,77,71,619 8,81,74,464 5,24,77,71,619

75.000 nominal shares in Lux International AG - pledged to the  
HSBC / Société Générale Bank consortium to secure the 15.0  
million EUR (18.4 million CHF) loan granted to the company

**4 Total amount of assets under retentions of title**

- - - -

**5 Lease commitments until maturity**

- - - -

**6 Liabilities towards Pension Funds and Staff Welfare institutions**

- - - -

**7 Number of Full-time Employees (average over the year)**

- - - -

**8 Risk assessment**

Upon its regular meetings, the Board of Directors has assessed and reviewed the entire risk situation of the Company and given clear instructions to the Executive Management Board. The sole material asset of the company being the 100% participation in Lux International AG, reference is made to the Risk assessment of this subsidiary.

**Forbes Technosys Limited**  
(a wholly owned Subsidiary Company)

Financial Statements  
for the year ended March 31, 2015

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORBES TECHNOSYS LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **FORBES TECHNOSYS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

# Deloitte Haskins & Sells

an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's 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 financial statements - Refer Note 25 to the financial statements;



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- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm's Registration No.117365W)



*N.V. Shah*

Nilesh Shah  
Partner  
(Membership No. 49660)

*By*  
Place : Mumbai  
Date: May 4, 2015

# Deloitte Haskins & Sells

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit we have not observed any major weaknesses in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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# Deloitte Haskins & Sells

(vii) According to the information and explanations given to us in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and other material statutory dues applicable to it with the appropriate authorities.

Statutory dues with respect to Wealth tax and Cess are not applicable to the Company.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and other material statutory dues in arrears as at 31<sup>st</sup> March, 2015 for a period of more than six months from the date they became payable.
- (c) Details of dues of Excise duty and Service tax which have not been deposited as on 31<sup>st</sup> March, 2015 on account of disputes are given below:

| Name of Statute                        | Nature of Dues                    | Forum where Dispute is pending           | Period to which the Amount Relates | Amount Involved (Rupees) |
|--|-----------------------------------|--|------------------------------------|--------------------------|
| Central Excise Act, 1944               | Excise Duty, Interest and Penalty | Commissioner of Central Excise (Appeals) | February 2009 – December 2009      | 782,947                  |
| Finance Act, 1994 and Service Tax Laws | Service Tax Penalty               | Additional Commissioner Service Tax      | 2007-2012                          | 1,566,599                |
| Central Excise Act, 1944               | Excise Duty, Interest and Penalty | Commissioner of Central Excise (Appeals) | February 2010 – March 2011         | 146,043                  |

- (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

(viii) The accumulated losses of the Company at the end of the financial year are not more than fifty per cent of its net worth and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and debenture holders. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not taken any loans from any financial institution.

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# Deloitte Haskins & Sells

- (x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm's Registration No. 117365W)



*NV Shah*

Nilesh Shah  
Partner  
(Membership No. 49660)

Place : Mumbai  
Date: May 4, 2015

**FORBES TECHNOSYS LIMITED**  
**Balance sheet as at 31st March, 2015**

| Particulars |   | Note No.    | As at 31st March, 2015 | As at 31st March, 2014 |
|-------------|---|-------------|------------------------|------------------------|
|             |   |             | Rupees                 | Rupees                 |
| <b>A</b>    | <b>EQUITY AND LIABILITIES</b>                                   |             |                        |                        |
| <b>1</b>    | <b>Shareholders' funds</b>                                      |             |                        |                        |
|             | (a) Share capital   | <b>2</b>    | 538,972,000            | 538,972,000            |
|             | (b) Reserves and surplus  | <b>3</b>    | (179,304,868)          | (188,475,443)          |
|             |   |             | 359,667,132            | 350,496,557            |
| <b>2</b>    | <b>Non-current liabilities</b>                                  |             |                        |                        |
|             | (a) Long-term borrowings  | <b>4</b>    | 770,000,000            | 270,000,000            |
|             | (b) Other long-term liabilities                                 | <b>5</b>    | 6,507,770              | 7,667,770              |
|             | (c) Long-term provisions  | <b>6</b>    | 17,662,522             | 12,637,316             |
|             |   |             | 794,170,292            | 290,305,086            |
| <b>3</b>    | <b>Current liabilities</b>                                      |             |                        |                        |
|             | (a) Short-term borrowings                                       | <b>7</b>    | 475,870,373            | 532,863,085            |
|             | (b) Trade payables  | <b>8</b>    | 570,706,748            | 492,944,553            |
|             | (c) Other current liabilities                                   | <b>9</b>    | 51,212,624             | 49,252,766             |
|             | (d) Short-term provisions                                       | <b>10</b>   | 3,577,849              | 1,655,575              |
|             |   |             | 1,101,367,594          | 1,076,715,979          |
|             | <b>TOTAL</b>  |             | <b>2,255,205,018</b>   | <b>1,717,517,622</b>   |
| <b>B</b>    | <b>ASSETS</b>   |             |                        |                        |
| <b>1</b>    | <b>Non-current assets</b>                                       |             |                        |                        |
|             | (a) Fixed assets  | <b>11</b>   |                        |                        |
|             | (i) Tangible assets   |             | 72,306,370             | 47,560,895             |
|             | (ii) Intangible assets  |             | 20,197,083             | 8,587,466              |
|             |   |             | 92,503,453             | 56,148,361             |
|             | (iii) Capital work-in-progress                                  |             | 1,575,315              | 21,687,700             |
|             | (iv) Intangible assets under development                        |             | 503,536,028            | 264,657,057            |
|             |   |             | 597,614,796            | 342,493,118            |
|             | (b) Long-term loans and advances                                | <b>12</b>   | 35,683,985             | 17,080,663             |
|             | (c) Other non-current assets                                    | <b>13</b>   | 60,417,163             | 90,239,840             |
|             |   |             | 96,101,148             | 107,320,503            |
| <b>2</b>    | <b>Current assets</b>   |             |                        |                        |
|             | (a) Inventories   | <b>14</b>   | 305,129,469            | 183,654,334            |
|             | (b) Trade receivables   | <b>15</b>   | 1,123,375,222          | 968,086,309            |
|             | (c) Cash and cash equivalents                                   | <b>16</b>   | 44,132,826             | 41,136,681             |
|             | (d) Short-term loans and advances                               | <b>17</b>   | 87,724,419             | 74,702,802             |
|             | (e) Other current assets  | <b>18</b>   | 1,127,138              | 123,875                |
|             |   |             | 1,561,489,074          | 1,267,704,001          |
|             | <b>TOTAL</b>  |             | <b>2,255,205,018</b>   | <b>1,717,517,622</b>   |
|             | See accompanying notes forming part of the financial statements | <b>1-41</b> |                        |                        |

In terms of our report attached.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

Nilesh Shah  
Partner

**For and on behalf of the Board of Directors**

Mr. Ashok Barat \_\_\_\_\_  
Chairman

Mr. Ajay P. Singh \_\_\_\_\_  
Executive Director

Mr. S.Kuppuswamy \_\_\_\_\_  
Director

Mr. Pallon S. Mistry \_\_\_\_\_  
Director

Mr. Eddie Dady Poonawala \_\_\_\_\_  
Director

Mrs. Kashmira Rohinton Mewawala \_\_\_\_\_  
Director

Mr. Vijay K. Lahoti \_\_\_\_\_  
Chief Financial Officer

Mr. V.K Vora \_\_\_\_\_  
Company Secretary

Place : Mumbai  
Date : 4th May, 2015

Place : Mumbai  
Date : 4th May, 2015

**FORBES TECHNOSYS LIMITED**
**Statement of Profit and Loss for the year ended 31st March, 2015**

| Particulars  |   | Note No. | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
|--|---|----------|--|--|
|  |   |          | Rupees                                 | Rupees                                 |
| 1  | Revenue from operations (gross)   | 19       | 3,282,042,627                          | 2,574,514,144                          |
|  | Less: Excise duty   | 19       | 110,860,068                            | 79,937,249                             |
|  | Revenue from operations (net)   |          | 3,171,182,559                          | 2,494,576,895                          |
| 2  | Other income  | 20       | 6,735,080                              | 12,002,357                             |
| 3  | <b>Total revenue (1+2)</b>  |          | <b>3,177,917,639</b>                   | <b>2,506,579,252</b>                   |
| 4  | <b>Expenses</b>   |          |  |  |
|  | (a) Cost of materials consumed  | 21.a     | 708,119,312                            | 570,566,371                            |
|  | (b) Purchases of stock-in-trade (traded goods)                                    | 21.b     | 1,879,087,717                          | 1,483,585,194                          |
|  | (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 21.c     | (32,401,732)                           | (47,562,981)                           |
|  | (d) Employee benefits expense   | 22       | 81,514,767                             | 79,110,130                             |
|  | (e) Finance costs   | 23       | 71,350,415                             | 40,245,439                             |
|  | (f) Depreciation and amortisation expense   | 11       | 30,070,573                             | 24,753,124                             |
|  | (g) Other expenses  | 24       | 431,006,012                            | 340,036,959                            |
|  | <b>Total expenses</b>   |          | <b>3,168,747,064</b>                   | <b>2,490,734,236</b>                   |
| 5  | <b>Profit before tax (3 - 4)</b>  |          | <b>9,170,575</b>                       | <b>15,845,016</b>                      |
| 6  | <b>Tax expense</b>  |          |  |  |
|  | (a) Current tax expense   |          | -                                      | -                                      |
|  | (b) Deferred tax  |          | -                                      | -                                      |
|  |   |          | -                                      | -                                      |
| 7  | <b>Profit for the year from continuing operations (5 - 6)</b>                     |          | <b>9,170,575</b>                       | <b>15,845,016</b>                      |
| 8  | <b>Earnings per share (of Rs. 10/- each):</b>                                     |          |  |  |
|  | Basic and Diluted   | 37       | (0.68)                                 | (1.16)                                 |
| <b>See accompanying notes forming part of the financial statements</b> |   | 1-41     |  |  |

In terms of our report attached.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants

Nilesh Shah  
Partner

**For and on behalf of the Board of Directors**

Mr. Ashok Barat \_\_\_\_\_  
Chairman

Mr. Ajay P. Singh \_\_\_\_\_  
Executive Director

Mr. S.Kuppuswamy \_\_\_\_\_  
Director

Mr. Pallon S. Mistry \_\_\_\_\_  
Director

Mr. Eddie Dady Poonawala \_\_\_\_\_  
Director

Mrs. Kashmira Rohinton Mewawala \_\_\_\_\_  
Director

Mr. Vijay K. Lahoti \_\_\_\_\_  
Chief Financial Officer

Mr. V.K Vora \_\_\_\_\_  
Company Secretary

Place : Mumbai  
Date : 4th May, 2015

Place : Mumbai  
Date : 4th May, 2015

**FORBES TECHNOSYS LIMITED**
**Cash Flow Statement for the year ended 31st March, 2015**

| Particulars   | For the year ended<br>31st March, 2015 |                      | For the year ended<br>31st March, 2014 |                      |
|---|--|----------------------|--|----------------------|
|   | Rupees                                 | Rupees               | Rupees                                 | Rupees               |
| <b>NET PROFIT BEFORE TAX</b>  |  | <b>9,170,575</b>     |  | <b>15,845,016</b>    |
| Depreciation  | 30,070,573                             |                      | 24,753,124                             |                      |
| Interest Income   | (836,751)                              |                      | (1,074,512)                            |                      |
| Finance Cost  | 71,350,415                             |                      | 40,245,439                             |                      |
| Provision for trade receivables   | 1,242,312                              |                      | 6,473,344                              |                      |
| Share issue expenses  | -                                      |                      | 700,000                                |                      |
| Fixed assets written off  | 157,053                                |                      | 4,255,113                              |                      |
| Liabilities/provisions no longer required written back  | (3,015,028)                            |                      | (9,898,501)                            |                      |
| Provision for warranty  | 2,000,000                              |                      | -                                      |                      |
| Loans and advances written off  | -                                      |                      | 3,744,753                              |                      |
| Bad Debts written off   | 1,010,501                              |                      | -                                      |                      |
| Provision for doubtful advances   | -                                      |                      | 5,056,780                              |                      |
| Provision for obsolete stock  | 3,847,885                              |                      | 2,559,098                              |                      |
| Provision for Employee Benefits   | 4,947,480                              |                      | 1,823,016                              |                      |
|   |  | <b>110,774,440</b>   |  | <b>78,637,654</b>    |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>  |  |                      |  |                      |
| Changes in working capital:   |  | <b>119,945,015</b>   |  | <b>94,482,670</b>    |
| <u>Adjustments for (increase) in operating assets:</u>  |  |                      |  |                      |
| Trade and Other Receivables   | (128,004,207)                          |                      | (544,811,318)                          |                      |
| Long Term Loans and Advances  | (2,033,027)                            |                      | (622,806)                              |                      |
| Short Term Loans and Advances   | (13,021,617)                           |                      | (33,579,211)                           |                      |
| Inventories   | (125,323,020)                          |                      | (71,154,736)                           |                      |
| <u>Adjustments for increase / (decrease) in operating liabilities:</u>                                  |  |                      |  |                      |
| Trade Payables  | 80,777,223                             |                      | 210,204,657                            |                      |
| Other Current Liabilities   | (12,606,361)                           |                      | 18,673,174                             |                      |
| Other Long Term Liabilities   | 3,865,206                              |                      | 2,135,000                              |                      |
|   |  | <b>(196,345,803)</b> |  | <b>(421,155,240)</b> |
| <b>CASH USED IN OPERATING ACTIVITIES</b>  |  | <b>(76,400,788)</b>  |  | <b>(326,672,570)</b> |
| Less:- Taxes Paid   |  | 16,570,295           |  | 6,766,489            |
| <b>(a) NET CASH USED IN OPERATING ACTIVITIES</b>  |  | <b>(92,971,083)</b>  |  | <b>(333,439,059)</b> |
| <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>   |  |                      |  |                      |
| Purchase of Fixed Assets including adjustments on account of capital work-in-progress                   | (237,225,301)                          |                      | (158,516,244)                          |                      |
| Bank balances not considered as cash and cash equivalents   | 191,945                                |                      | 4,277,328                              |                      |
| Interest Received   | 118,646                                |                      | 1,157,899                              |                      |
| <b>(b) NET CASH USED IN INVESTING ACTIVITIES</b>  |  | <b>(236,914,710)</b> |  | <b>(153,081,017)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES:</b>   |  |                      |  |                      |
| Proceeds from Long Term Borrowings  | 500,000,000                            |                      | 272,522,466                            |                      |
| Share Issue Expenses  | -                                      |                      | (700,000)                              |                      |
| Proceeds from Short term Borrowings   | 50,507,288                             |                      | 472,782,505                            |                      |
| Repayment of Short Term Borrowings  | (107,500,000)                          |                      | (175,092,066)                          |                      |
| Interest and other finance charges paid (Includes interest cost capitalised - Refer Note 23)            | (109,933,405)                          |                      | (65,600,833)                           |                      |
| <b>(c) NET CASH FROM FINANCING ACTIVITIES</b>   |  | <b>333,073,883</b>   |  | <b>503,912,072</b>   |
| <b>(d) NET INCREASE IN CASH AND CASH EQUIVALENTS (a)+(b)+(c)</b>  |  | <b>3,188,090</b>     |  | <b>17,391,996</b>    |
| Cash and cash equivalents at the beginning of the year  |  | <b>32,847,026</b>    |  | <b>15,455,030</b>    |
| Cash and cash equivalents at the end of the year  |  | <b>36,035,116</b>    |  | <b>32,847,026</b>    |
| <b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>                              |  |                      |  |                      |
| Cash and cash equivalents as per Balance Sheet (Refer Note 16)  |  | <b>44,132,826</b>    |  | <b>41,136,681</b>    |
| Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements |  |                      |  |                      |
| Other Bank Balances   |  |                      |  |                      |
| - Deposits held as margin money   |  | 8,097,710            |  | 8,289,655            |
| <b>Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 16</b>      |  | <b>36,035,116</b>    |  | <b>32,847,026</b>    |
| <b>Cash and cash equivalents at the end of the year</b>   |  |                      |  |                      |
| Comprises of:   |  |                      |  |                      |
| (a) Cash on hand  |  | 484,006              |  | 170,485              |
| (b) Balances with banks   |  |                      |  |                      |
| - In current accounts   |  | 35,551,110           |  | 32,676,541           |
|   |  | <b>36,035,116</b>    |  | <b>32,847,026</b>    |

**Notes:**

(i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS-3) "Cash Flow Statements" notified under the Companies (Accounting Standard) Rules, 2006.

(ii) Conversion of debentures to the extent of Rs. 100,000,000 into equity shares during previous year, being non-cash transaction does not form part of the above Cash Flow Statement.

See accompanying notes 1 - 41 forming part of the financial statements

In terms of our report attached.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants

**Nilesh Shah**

Partner

**For and on behalf of the Board of Directors**

Mr. Ashok Barat \_\_\_\_\_

Chairman

Mr. Ajay P. Singh \_\_\_\_\_

Executive Director

Mr. S.Kuppuswamy \_\_\_\_\_

Director

Mr. Pallon S. Mistry \_\_\_\_\_

Director

Mr. Pallon S. Mistry \_\_\_\_\_

Director

Mr. Eddie Dady Poonawala \_\_\_\_\_

Director

Mrs. Kashmiri Rohinton Mewawala \_\_\_\_\_

Director

Mr. Vijay K. Lahoti \_\_\_\_\_

Chief Financial Officer

Mr. V.K Vora \_\_\_\_\_

Company Secretary

Place : Mumbai

Date : 4th May, 2015

Place : Mumbai

Date : 4th May, 2015

**Note 1. Significant accounting policies**

**a) Basis of accounting**

The Financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation as more fully described in Note 31.1.

**b) Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

**c) Revenue recognition**

**(i) Sale of goods :**

Sales are recognised when risk and rewards of ownership are transferred to the customer, which is generally on dispatch of goods. Turnover of trading goods excludes sales tax/value added tax.

**(ii) Income from Recharge sales :**

Revenue on sale of recharge recognised when the pins are downloaded by the customer.

**(iii) Sale of services :**

Service revenue is recognised on rendering of services or as per contractual arrangement. The revenue from maintenance contracts is recognised on accrual basis and advance received in respect of future period is accounted for as Income received in Advance.

**(iv) Other income :**

Interest income is accounted on accrual basis on time proportion basis.

**d) Fixed assets and depreciation / amortisation**

**(i) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation / impairment losses, if any. The cost of tangible fixed asset comprises its purchase price and net of any trade discounts and rebates, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and borrowing cost attributable to acquisition of qualifying assets up to the date of capitalisation is added to the cost of the assets (if any).

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**(ii) Intangible Assets**

Intangible assets, being computer software and intellectual property / distribution rights, are carried at cost less accumulated amortisation and 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. Research costs are charged to Statement of Profit and Loss, when incurred.

Intangible assets under development:

Expenditure on development eligible for capitalization is carried as Intangible assets under development where such assets are not yet ready for their intended use.

**e) Impairment of assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

**f) Depreciation and Amortisation :**

'Depreciable amount for assets is the cost of an asset, or other amount substituted for cost.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

|                                    |               |
|------------------------------------|---------------|
| Furniture and Fixtures             | 3 to 10 years |
| Office Equipments                  | 3 to 5 years  |
| Data Processing equipment on lease | 3 to 6 years  |
| Vehicles                           | 4 years       |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Assets individually costing Rs. 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets.

Intangible assets are amortized over their estimated useful life as follows:

|   |              |
|---|--------------|
| Intellectual Property / Distribution Rights | 5 years      |
| Bill Payment and Cheque Deposit Software    | 3 to 5 years |
| Computer Software                           | 3 to 5 years |
| Goodwill                                    | 5 years      |

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

**g) Borrowing Cost**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**h) Provisions, contingent liabilities and contingent assets**

Provisions are recognised only when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the Financial Statements

**i) Provision for warranty**

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale on the basis of technical estimate. The estimates for accounting of warranties are reviewed and revisions are made as required.

**j) Inventories**

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

| Sl. No. | Type                             | Basis of determining costs  |
|---------|----------------------------------|---|
| (i)     | <b>Raw and packing materials</b> | Standard cost adjusted for variances based on weighted average purchase price   |
| (ii)    | <b>Work-in-progress</b>          | Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) up to stage of completion on standard cost adjusted for variances |

| Sl. No. | Type   | Basis of determining costs  |
|---------|--|---|
| (iii)   | <b>Finished goods</b>  | Aggregate of cost of materials, other direct costs and absorbed production overheads (including depreciation) on standard cost adjusted for variances and excise duty |
| (iv)    | <b>Stock-in-trade (in respect of goods acquired for trading)</b> | Standard cost adjusted for variances based on weighted average purchase price   |

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. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

#### k) Taxes on income

Current Tax is the tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred Tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax Assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other Deferred Tax Assets are recognised if there is reasonable certainty that there will be sufficient future taxable income to realise such assets. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

#### l) Foreign currency transactions and translation

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary items denominated in foreign currency at the year-end are translated at year end rates. The exchange differences arising on settlement / translation are recognised in the Statement of Profit and Loss. Non-monetary items denominated in foreign currency are carried at historical cost.

#### m) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

#### n) Employee benefits

##### (i) Defined contribution plans :

The Company's contribution to provident fund is considered as defined contribution plans and is charged as an expense based on the amount of contribution required to be made.

**(ii) Defined benefit plans :**

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

**(iii) Compensated absences :**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

**o) Segment reporting**

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

**p) Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**q) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

## Note 2 Share capital

| Particulars  | As at 31st March, 2015 |                    | As at 31st March, 2014 |                    |
|--|------------------------|--------------------|------------------------|--------------------|
|  | Number of shares       | Rupees             | Number of shares       | Rupees             |
| (a) Authorised   |                        |                    |                        |                    |
| Equity shares of Rs.10 each  | 22,000,000             | 220,000,000        | 22,000,000             | 220,000,000        |
| Preference Shares of Rs. 10 each.  | 32,000,000             | 320,000,000        | 32,000,000             | 320,000,000        |
| (b) Issued   |                        |                    |                        |                    |
| Equity Shares of Rs.10 each with voting rights   | 21,897,200             | 218,972,000        | 21,897,200             | 218,972,000        |
| 8% Cumulative Optionally Convertible Redeemable Preference Shares of Rs. 10 each             | 2,000,000              | 20,000,000         | 12,000,000             | 120,000,000        |
| 0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares of Rs. 10 each   | 10,000,000             | 100,000,000        | -                      | -                  |
| 8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares of Rs. 10 each | 20,000,000             | 200,000,000        | 20,000,000             | 200,000,000        |
| (c) Subscribed and fully paid up   |                        |                    |                        |                    |
| Equity Shares of Rs.10 each with voting rights   | 21,897,200             | 218,972,000        | 21,897,200             | 218,972,000        |
| 8% Cumulative Optionally Convertible Redeemable Preference Shares of Rs. 10 each             | 2,000,000              | 20,000,000         | 12,000,000             | 120,000,000        |
| 0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares of Rs. 10 each   | 10,000,000             | 100,000,000        | -                      | -                  |
| 8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares of Rs. 10 each | 20,000,000             | 200,000,000        | 20,000,000             | 200,000,000        |
| <b>Total</b>   |                        | <b>538,972,000</b> |                        | <b>538,972,000</b> |

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

**Note 2 Share capital (contd.)**

| <b>Particulars</b>   |                        |                    |   |                        |
|--|------------------------|--------------------|---|------------------------|
| <b>Notes:</b>  |                        |                    |   |                        |
| <b>(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:</b>  |                        |                    |   |                        |
| <b>Particulars</b>   | <b>Opening Balance</b> | <b>Fresh issue</b> | <b>Conversion (Refer footnotes below)</b> | <b>Closing Balance</b> |
| Equity shares with voting rights :   |                        |                    |   |                        |
| Year ended 31st March, 2015  |                        |                    |   |                        |
| - Number of shares   | 21,897,200             | -                  | -   | 21,897,200             |
| - Amount   | 218,972,000            | -                  | -   | 218,972,000            |
| Year ended 31st March, 2014  |                        |                    |   |                        |
| - Number of shares (Refer foot note 1)   | 11,897,200             | -                  | 10,000,000                                | 21,897,200             |
| - Amount   | 118,972,000            | -                  | 100,000,000                               | 218,972,000            |
| 8% Cumulative Optionally Convertible Redeemable Preference Shares  |                        |                    |   |                        |
| Year ended 31st March, 2015  |                        |                    |   |                        |
| - Number of shares (Refer foot note 2)   | 12,000,000             | -                  | (10,000,000)                              | 2,000,000              |
| - Amount   | 120,000,000            | -                  | (100,000,000)                             | 20,000,000             |
| Year ended 31st March, 2014  |                        |                    |   |                        |
| - Number of shares   | 12,000,000             | -                  | -   | 12,000,000             |
| - Amount   | 120,000,000            | -                  | -   | 120,000,000            |
| 0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares  |                        |                    |   |                        |
| Year ended 31st March, 2015  |                        |                    |   |                        |
| - Number of shares (Refer foot note 2)   | -                      | -                  | 10,000,000                                | 10,000,000             |
| - Amount   | -                      | -                  | 100,000,000                               | 100,000,000            |
| Year ended 31st March, 2014  |                        |                    |   |                        |
| - Number of shares   | -                      | -                  | -   | -                      |
| - Amount   | -                      | -                  | -   | -                      |
| 8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares  |                        |                    |   |                        |
| Year ended 31st March, 2015  |                        |                    |   |                        |
| - Number of shares   | 20,000,000             | -                  | -   | 20,000,000             |
| - Amount   | 200,000,000            | -                  | -   | 200,000,000            |
| Year ended 31st March, 2014  |                        |                    |   |                        |
| - Number of shares   | 20,000,000             | -                  | -   | 20,000,000             |
| - Amount   | 200,000,000            | -                  | -   | 200,000,000            |
| <b>Notes :-</b><br>1) 10,000,000 Equity Shares allotted to Forbes & Company Ltd., intermediate holding company, pursuant to conversion of 1% Compulsory Convertible, Optionally Redeemable Debentures into Equity Shares at par.<br>2) 10,000,000 Cumulative Non Convertible Redeemable Participating Preference Shares allotted to Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd), Ultimate Holding Company , pursuant to consent received on 15th July, 2014 for conversion of 8% Cumulative Optionally Convertible Redeemable Preference Shares. |                        |                    |   |                        |
| <b>(ii) Rights attached to equity shares:</b>  |                        |                    |   |                        |
| a) Right to receive dividend as may be approved by the Board / Annual General Meeting.<br>b) The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provision of the Companies Act.<br>c) Every member of the Company holding equity shares has a right to attend the General Meeting of the Company and has a right to speak and on a show of hands, has one vote if he is present in person and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the Company.           |                        |                    |   |                        |
| <b>(iii) Rights attached to 8% Cumulative Optionally Convertible Redeemable Preference Shares</b>  |                        |                    |   |                        |
| a) The Company has option after expiry of 18 months from the date of allotment to get Preference shares converted into equity shares of face Rs.10 each.<br>b) Entitled for 8% dividend on preferential basis.<br>c) Voting Right only for matters which directly affects the rights attached to Preference shares.  |                        |                    |   |                        |
| <b>(iv) Rights attached to 0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares</b>   |                        |                    |   |                        |
| a) The preference shares shall be redeemable at par upon the expiry of 20 years from dated of allotment.<br>b) Shall have right to dividend with Equity shareholders up to 8% after dividend of 0.1% has been paid to Equity shareholders.<br>c) Voting Right only for matters which directly affects the rights attached to Preference shares.  |                        |                    |   |                        |
| <b>(v) Rights attached to 8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares</b>  |                        |                    |   |                        |
| a) The preference shares shall at the option of the Company to be redeemed after 1 year from the date of allotment. In case the preference shares are not redeemed, the Company shall after expiry of 10 years from the date of allotment can convert preference shares into equity shares. The conversion shall be at a price to be determined by the Board of Directors.<br>b) Entitled for 8% dividend on preferential basis.<br>c) Voting Right only for matters which directly affects the rights attached to Preference shares.  |                        |                    |   |                        |

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

**Note 2 Share capital (contd.)**

| <b>(vi) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:</b>                                     |   |  |  |  |
|---|---|--|--|--|
| <b>Particulars</b>  | <b>Equity shares with voting rights</b> | <b>8% Cumulative Optionally Convertible Redeemable Preference Shares</b> | <b>0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares</b> | <b>8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares</b> |
|   | <b>Number of shares</b>                 |  |  |  |
| <b>As at 31st March, 2015</b>   |   |  |  |  |
| Forbes Campbell Finance Ltd., the holding company   | 11,897,180                              | -  | -  | -  |
| Forbes & Company Ltd., the intermediate holding company   | 10,000,000                              | 2,000,000  | -  | 20,000,000   |
| Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd)   | -                                       |  | 10,000,000   | -  |
| <b>As at 31st March, 2014</b>   |   |  |  |  |
| Forbes Campbell Finance Ltd., the holding company   | 11,897,180                              | -  | -  | -  |
| Forbes & Company Ltd., the intermediate holding company   | 10,000,000                              | 2,000,000  | -  | 20,000,000   |
| Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd)   | -                                       | 10,000,000   | -  | -  |
| <b>(vii) Details of shares held by each shareholder holding more than 5% shares:</b>  |   |  |  |  |
| <b>Class of shares / Name of shareholder</b>  | <b>As at 31st March, 2015</b>           |  | <b>As at 31st March, 2014</b>  |  |
|   | <b>Number of shares held</b>            | <b>% holding in that class of shares</b>                                 | <b>Number of shares held</b>   | <b>% holding in that class of shares</b>   |
| <b>Equity shares with voting rights</b>   |   |  |  |  |
| Forbes Campbell Finance Ltd., the holding company   | 11,897,180                              | 54.33  | 11,897,180   | 54.33  |
| Forbes & Company Ltd., the intermediate holding company   | 10,000,000                              | 45.67  | 10,000,000   | 45.67  |
| <b>8% Cumulative Optionally Convertible Redeemable Preference Shares</b>  |   |  |  |  |
| Forbes & Company Ltd., the intermediate holding company   | 2,000,000                               | 100.00   | 2,000,000  | 16.67  |
| Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd)   | -                                       | -  | 10,000,000   | 83.33  |
| <b>0.1 % Cumulative Non Convertible Redeemable Participating Preference Shares</b>  |   |  |  |  |
| Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd)   | 10,000,000                              | 100.00   | -  | -  |
| <b>8% Cumulative Compulsory Convertible, Optionally Redeemable Preference Shares</b>  |   |  |  |  |
| Forbes & Company Ltd., the Intermediate holding company   | 20,000,000                              | 100.00   | 20,000,000   | 100.00   |
| <b>Note :</b>   |   |  |  |  |
| Due to convertible preference share issued to Forbes & Company Ltd. (FCL), FCL shall become immediate holding Company as per provisions of Companies Act, 2013. |   |  |  |  |

**FORBES TECHNOSYS LIMITED****Notes forming part of the financial statements****Note 2 Share capital (contd.)**

(viii) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash for the period of 5 years immediately preceding the Balance Sheet date:

| Particulars  | Aggregate number of shares |                        |
|--|----------------------------|------------------------|
|  | As at 31st March, 2015     | As at 31st March, 2014 |
| <u>Equity shares</u>   |                            |                        |
| Fully paid up equity shares on conversion of 1% compulsory convertible, optionally redeemable debentures | -                          | 10,000,000             |

**Note 3 Reserves and surplus**

| Particulars                                  | As at 31st March, 2015 | As at 31st March, 2014 |
|--|------------------------|------------------------|
|  | Rupees                 | Rupees                 |
| Deficit in the Statement of Profit and Loss: |                        |                        |
| Opening balance                              | (188,475,443)          | (204,320,459)          |
| Add :Profit for the year                     | 9,170,575              | 15,845,016             |
| <b>Total</b>                                 | <b>(179,304,868)</b>   | <b>(188,475,443)</b>   |

**FORBES TECHNOSYS LIMITED****Notes forming part of the financial statements****Note 4 Long-term borrowings**

| Particulars   | As at 31st March, 2015 | As at 31st March, 2014 |
|---|------------------------|------------------------|
|   | Rupees                 | Rupees                 |
| (a) Debentures (Refer Note (i) below)                 |                        |                        |
| Unsecured   |                        |                        |
| Series I (250 of face value of Rs. 1,000,000/- each)  | 250,000,000            | -                      |
| Series II (250 of face value of Rs. 1,000,000/- each) | 250,000,000            | -                      |
| (b) Term loans (Refer Note (ii) below)                |                        |                        |
| From a bank   |                        |                        |
| Secured   | 270,000,000            | 270,000,000            |
| <b>Total</b>  | <b>770,000,000</b>     | <b>270,000,000</b>     |

**Notes :**

(i) Details of debentures issued by the Company and its repayment terms :

| Particulars                                       | Terms of repayment   |
|---|--|
| Unsecured, Redeemable, Non Convertible Debentures | i) The Series I & Series II Debentures are Unsecured, Redeemable and Non Convertible<br>ii) Date of allotment of Debentures : 20th October, 2014.<br>iii) The maturity of Debentures Series I - 20th March, 2017; Series II - 20th October 2017.<br>iv) The debentures carry interest @ 10.75% p.a payable on quarterly basis.<br>v) The debentures are backed by Corporate Guarantee of Forbes & Company Ltd. |

(ii) Details of terms of repayment for Term loans and security provided in respect thereof :

| Particulars                              | Terms of repayment and security  |
|--|--|
| Term loans from a bank:<br>Axis Bank Ltd | i) One time bullet repayment after 3 years from the date of disbursement with interest rate depending on base rate, currently 10.75% to 11.50%.<br>ii) Secured by exclusive 1st charge on movable and immovable fixed assets (tangible and intangible), present and future, of the Company.<br>iii) Secured by 1st charge, present and future, on all stocks, book debts and receivables of the Company.<br>iv) The Loan is backed by Corporate Guarantee of Forbes & Company Ltd. |

**FORBES TECHNOSYS LIMITED****Notes forming part of the financial statements****Note 5 Other long-term liabilities**

| Particulars                        | As at 31st March, 2015 | As at 31st March, 2014 |
|------------------------------------|------------------------|------------------------|
|                                    | Rupees                 | Rupees                 |
| Others:                            |                        |                        |
| Trade / security deposits received | 6,507,770              | 7,667,770              |
| <b>Total</b>                       | <b>6,507,770</b>       | <b>7,667,770</b>       |

**Note 6 Long-term provisions**

| Particulars   | As at 31st March, 2015 | As at 31st March, 2014 |
|---|------------------------|------------------------|
|   | Rupees                 | Rupees                 |
| Provision for employee benefits:                    |                        |                        |
| (i) Provision for compensated absences              | 8,100,182              | 5,677,823              |
| (ii) Provision for gratuity (net) (Refer Note 34 b) | 9,562,340              | 6,959,493              |
| <b>Total</b>  | <b>17,662,522</b>      | <b>12,637,316</b>      |

**Note 7 Short-term borrowings**

| Particulars   | As at 31st March, 2015 | As at 31st March, 2014 |
|---|------------------------|------------------------|
|   | Rupees                 | Rupees                 |
| (a) Loans repayable on demand                                 |                        |                        |
| From banks  |                        |                        |
| Secured : Cash credits (Refer Note below)                     | 324,670,373            | 325,363,085            |
| Unsecured : Working capital loan                              | 111,200,000            | 100,000,000            |
| (b) Loans and advances from related parties (Refer Note 36.b) |                        |                        |
| Unsecured   | -                      | 7,500,000              |
| (c) Loans from other parties                                  |                        |                        |
| Unsecured   | 40,000,000             | 100,000,000            |
| <b>Total</b>  | <b>475,870,373</b>     | <b>532,863,085</b>     |

**Note:**

Loans from banks on cash credits are secured by hypothecation of current assets of the Company and backed by Corporate Guarantee of Forbes & Company Ltd.

**FORBES TECHNOSYS LIMITED****Notes forming part of the financial statements****Note 8 Trade payables**

| Particulars                       | As at 31st March, 2015 | As at 31st March, 2014 |
|-----------------------------------|------------------------|------------------------|
|                                   | Rupees                 | Rupees                 |
| Trade Payables (Refer Note below) | 570,706,748            | 492,944,553            |
| <b>Total</b>                      | <b>570,706,748</b>     | <b>492,944,553</b>     |

**Note:****Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

| Particulars  | As at 31st March, 2015 | As at 31st March, 2014 |
|--|------------------------|------------------------|
|  | Rupees                 | Rupees                 |
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year   | -                      | 2,695,010              |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year  | -                      | -                      |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day                              | -                      | -                      |
| (iv) The amount of interest due and payable for the year   | -                      | -                      |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year  | -                      | -                      |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | -                      | -                      |

**FORBES TECHNOSYS LIMITED****Notes forming part of the financial statements****Note 9 Other current liabilities**

| Particulars                                       | As at 31st March, 2015 | As at 31st March, 2014 |
|---|------------------------|------------------------|
|   | Rupees                 | Rupees                 |
| (a) Interest accrued but not due on borrowings    | 12,902,438             | 3,361,425              |
| (b) Income received in advance (Unearned revenue) | 2,394,086              | 12,153,385             |
| (c) Other payables                                |                        |                        |
| (i) Statutory remittances                         | 13,055,303             | 20,416,746             |
| (ii) Advances from customers                      | 22,860,797             | 13,321,210             |
| <b>Total</b>                                      | <b>51,212,624</b>      | <b>49,252,766</b>      |

**Note 10 Short-term provisions**

| Particulars                                   | As at 31st March, 2015 | As at 31st March, 2014 |
|---|------------------------|------------------------|
|   | Rupees                 | Rupees                 |
| Provision for employee benefits:              |                        |                        |
| (i) Provision for compensated absences        | 1,082,515              | 840,104                |
| (ii) Provision for gratuity (Refer Note 34.b) | 495,334                | 815,471                |
| (iii) Provision for warranty (Refer Note 38)  | 2,000,000              | -                      |
| <b>Total</b>                                  | <b>3,577,849</b>       | <b>1,655,575</b>       |

**FORBES TECHNOVS LIMITED**  
Notes forming part of the financial statements

**Note 11 Fixed assets**

| Description of Assets   | GROSS BLOCK (at cost)                      |  |  |  | DEPRECIATION / AMORTISATION               |  |  |  | NET BLOCK (in Rupees)                    |                        |  |                        |
|---|--|--|--|--|---|--|--|--|--|------------------------|--|------------------------|
|   | As at 1st April, 2014                      | Additions during the year                | Deductions during the year             | As at 31st March, 2015                     | Upto 1st April, 2014                      | For the year                             | Or deduction during the year           | Upto 31st March, 2015                      | Impairment                               | As at 31st March, 2015 | As at 31st March, 2016                   | As at 31st March, 2014 |
| <b>Tangible assets</b>  |  |  |  |  |   |  |  |  |  |                        |  |                        |
| 1 Furniture and fixtures (Previous year)                      | 4,183,032<br>(6,87,450)                    | 910,998<br>(1,06,899)                    | -<br>(3,776,297)                       | 5,074,020<br>(4,163,052)                   | 2,304,444<br>(1,597,800)                  | 1,082,008<br>(1,850,186)                 | -<br>(1,137,542)                       | 3,396,453<br>(2,304,444)                   | -  | -                      | 1,977,987<br>(1,850,009)                 | 1,858,608              |
| 2 Data Processing Equipment                                   |  |  |  |  |   |  |  |  |  |                        |  |                        |
| (i) On Lease (Previous year)                                  | 53,886,111<br>(37,895,086)                 | 39,285,870<br>(16,173,025)               | -<br>(-)                               | 83,153,961<br>(53,886,111)                 | 27,505,402<br>(20,098,685)                | 11,423,376<br>(7,405,737)                | -<br>(-)                               | 38,928,778<br>(27,505,402)                 | -  | -                      | 54,225,203<br>(26,987,709)               | 26,382,708             |
| (ii) Other than Lease (Previous year)                         | 34,282,158<br>(23,987,507)                 | 1,454,184<br>(274,657)                   | 2,448,388<br>(-)                       | 33,287,844<br>(34,282,158)                 | 19,403,307<br>(13,773,283)                | 4,865,088<br>(5,630,044)                 | 2,408,645<br>(-)                       | 21,881,450<br>(19,403,307)                 | -  | -                      | 11,408,484<br>(14,856,857)               | 14,858,951             |
| 3 Vehicles (Previous year)                                    | 650,000<br>(650,000)                       | 145,000<br>(-)                           | -<br>(-)                               | 795,000<br>(650,000)                       | 850,000<br>(850,000)                      | 145,000<br>(-)                           | -<br>(-)                               | 795,000<br>(650,000)                       | -  | -                      | -<br>(-)                                 | -                      |
| 4 Office equipment (Previous year)                            | 7,587,480<br>(7,258,289)                   | 3,775,530<br>(2,377,982)                 | 50,500<br>(1,985,797)                  | 11,308,480<br>(7,587,480)                  | 3,100,733<br>(1,921,870)                  | 3,259,151<br>(1,561,359)                 | 50,500<br>(382,433)                    | 8,308,384<br>(3,100,733)                   | -  | -                      | 4,997,108<br>(4,480,727)                 | 4,480,727              |
| <b>Total (A) (Previous year)</b>                              | <b>100,524,781</b><br><b>(66,489,308)</b>  | <b>46,671,682</b><br><b>(19,630,563)</b> | <b>2,488,888</b><br><b>(5,776,089)</b> | <b>143,897,435</b><br><b>(100,524,781)</b> | <b>62,983,888</b><br><b>(38,035,539)</b>  | <b>20,784,824</b><br><b>(16,448,323)</b> | <b>2,487,445</b><br><b>(1,610,975)</b> | <b>71,291,086</b><br><b>(62,983,888)</b>   | <b>-</b><br><b>(-)</b>                   | <b>-</b><br><b>(-)</b> | <b>72,206,370</b><br><b>(47,580,895)</b> | <b>47,580,895</b>      |
| <b>Intangible assets</b>                                      |  |  |  |  |   |  |  |  |  |                        |  |                        |
| <b>Internally generated</b>                                   |  |  |  |  |   |  |  |  |  |                        |  |                        |
| 5 Bill Payment and Cheque Deposit Software (Previous year)    | 16,350,380<br>(16,350,380)                 | -<br>(-)                                 | -<br>(-)                               | 16,350,380<br>(16,350,380)                 | 10,927,520<br>(8,040,183)                 | 2,210,112.00<br>(2,887,337)              | -<br>(-)                               | 13,137,632<br>(10,927,520)                 | -  | -                      | 3,212,748<br>(5,422,890)                 | 5,422,890              |
| <b>Others</b>   |  |  |  |  |   |  |  |  |  |                        |  |                        |
| 6 Intellectual Property / Distribution Rights (Previous year) | 44,988,039<br>(44,988,039)                 | -<br>(-)                                 | -<br>(-)                               | 44,988,039<br>(44,988,039)                 | 32,252,283<br>(32,252,283)                | -<br>(-)                                 | -<br>(-)                               | 32,252,283<br>(32,252,283)                 | 12,735,756<br>(12,735,756)               | -                      | -  | -                      |
| 7 Computer Software (Previous year)                           | 8,001,204<br>(8,001,204)                   | 20,895,568<br>(-)                        | 628,236<br>(-)                         | 28,270,554<br>(8,001,204)                  | 48,36,598<br>(28,47,479)                  | 7,075,837<br>(1,888,120)                 | 628,236<br>(-)                         | 11,288,198<br>(4,536,598)                  | -  | -                      | 16,894,335<br>(3,164,606)                | 3,164,606              |
| 8 Goodwill (Previous year)                                    | 17,141,708<br>(17,141,708)                 | -<br>(-)                                 | -<br>(-)                               | 17,141,708<br>(17,141,708)                 | 171,41,708<br>(137,13,364)                | -<br>(3,428,344)                         | -<br>(-)                               | 17,141,708<br>(17,141,708)                 | -  | -                      | -<br>(-)                                 | -                      |
| <b>Total (B) (Previous year)</b>                              | <b>86,481,331</b><br><b>(86,481,331)</b>   | <b>20,895,568</b><br><b>(-)</b>          | <b>628,236</b><br><b>(-)</b>           | <b>106,760,681</b><br><b>(86,481,331)</b>  | <b>65,158,109</b><br><b>(35,853,309)</b>  | <b>9,286,948</b><br><b>(8,304,807)</b>   | <b>628,236</b><br><b>(-)</b>           | <b>73,817,822</b><br><b>(65,158,109)</b>   | <b>12,735,756</b><br><b>(12,735,756)</b> | <b>-</b><br><b>(-)</b> | <b>20,197,083</b><br><b>(8,587,489)</b>  | <b>8,587,488</b>       |
| <b>Total (A + B) (Previous year)</b>                          | <b>187,006,112</b><br><b>(172,950,637)</b> | <b>68,467,118</b><br><b>(19,630,563)</b> | <b>3,125,134</b><br><b>(5,776,089)</b> | <b>250,348,096</b><br><b>(187,006,112)</b> | <b>118,121,995</b><br><b>(94,888,849)</b> | <b>30,070,573</b><br><b>(24,753,124)</b> | <b>3,093,881</b><br><b>(1,519,875)</b> | <b>146,108,887</b><br><b>(118,121,995)</b> | <b>12,735,756</b><br><b>(12,735,756)</b> | <b>-</b><br><b>(-)</b> | <b>92,503,483</b><br><b>(59,748,381)</b> | <b>86,148,381</b>      |

**Note:**  
The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 1,041,116/- consequent to the change in the useful life of the assets (refer note 33), pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014.

**FORBES TECHNOSYS LIMITED****Notes forming part of the financial statements****Note 12 Long-term loans and advances**

(Unsecured, considered good)

| Particulars  | As at 31st March, 2015 | As at 31st March, 2014 |
|--|------------------------|------------------------|
|  | Rupees                 | Rupees                 |
| (a) Security Deposits  | 3,929,708              | 1,497,192              |
| (b) Loans and advances to employees  | 70,013                 | 152,127                |
| (c) Prepaid expenses   | 1,014,425              | 1,331,800              |
| (d) Advance Income Tax [Net of provision of Rs. 327,750 (Previous year Rs. 327,750)] | 30,669,839             | 14,099,544             |
| <b>Total</b>   | <b>35,683,985</b>      | <b>17,080,663</b>      |

**Note 13 Other non-current assets**

| Particulars                                    | As at 31st March, 2015 | As at 31st March, 2014 |
|--|------------------------|------------------------|
|  | Rupees                 | Rupees                 |
| (a) Long term trade receivables                |                        |                        |
| Unsecured, considered good                     | 59,937,541             | 89,475,060             |
| Doubtful                                       | -                      | 756,125                |
|  | 59,937,541             | 90,231,185             |
| Less: Provision for doubtful trade receivables | -                      | 756,125                |
|  | 59,937,541             | 89,475,060             |
| (b) Interest accrued on deposits               | 479,622                | 764,780                |
| <b>Total</b>                                   | <b>60,417,163</b>      | <b>90,239,840</b>      |

**Note 14 Inventories**

(At lower of cost and net realisable value)

| Particulars  | As at 31st March, 2015 | As at 31st March, 2014 |
|--|------------------------|------------------------|
|  | Rupees                 | Rupees                 |
| (a) Raw materials  | 142,064,386            | 52,990,983             |
| (b) Work-in-progress                                       | -                      | 9,709,309              |
| (c) Finished goods (other than those acquired for trading) | 55,540,665             | 42,132,530             |
| (d) Stock in trade (acquired for trading)                  | 107,524,418            | 78,821,512             |
| <b>Total</b>   | <b>305,129,469</b>     | <b>183,654,334</b>     |

**FORBES TECHNOSYS LIMITED****Notes forming part of the financial statements****Note 15 Trade receivables**

| Particulars   | As at 31st March, 2015 | As at 31st March, 2014 |
|---|------------------------|------------------------|
|   | Rupees                 | Rupees                 |
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment |                        |                        |
| Unsecured, considered good  | 403,850,439            | 205,366,213            |
| Doubtful  | 8,254,792              | 6,256,355              |
|   | 412,105,231            | 211,622,568            |
| Less: Provision for doubtful trade receivables  | 8,254,792              | 6,256,355              |
|   | 403,850,439            | 205,366,213            |
| Other Trade receivables   |                        |                        |
| Unsecured, considered good  | 719,524,783            | 762,720,096            |
| <b>Total</b>  | <b>1,123,375,222</b>   | <b>968,086,309</b>     |

**Note 16 Cash and cash equivalents**

| Particulars  | As at 31st March, 2015 | As at 31st March, 2014 |
|--|------------------------|------------------------|
|  | Rupees                 | Rupees                 |
| A. Cash and cash equivalents (as per AS 3 Cash Flow Statements)      |                        |                        |
| (a) Cash on hand   | 484,006                | 170,485                |
| (b) Balances with banks  |                        |                        |
| - In current accounts  | 35,551,110             | 32,676,541             |
| Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements) | 36,035,116             | 32,847,026             |
| B. Other bank balances   |                        |                        |
| - Deposits held as margin money (Refer Note below)                   | 8,097,710              | 8,289,655              |
| <b>Total</b>   | <b>44,132,826</b>      | <b>41,136,681</b>      |

**Note:**

Balances with banks include deposits held as margin monies amounting to Rs.28,46,217/- (As at 31 March, 2014 Rs.63,60,736/-) with remaining maturity of more than 12 months.

**FORBES TECHNOSYS LIMITED****Notes forming part of the financial statements****Note 17 Short-term loans and advances**

(Unsecured, considered good, unless otherwise stated)

| Particulars                                    | As at 31st March, 2015 | As at 31st March, 2014 |
|--|------------------------|------------------------|
|  | Rupees                 | Rupees                 |
| (a) Security deposits                          | 1,497,192              | 3,141,860              |
| (b) Loans and advances to employees            | 3,681,557              | 4,684,189              |
| (c) Prepaid expenses                           | 4,303,083              | 4,296,246              |
| (d) Balances with government authorities       |                        |                        |
| Cenvat credit receivable                       | 22,096                 | -                      |
| Service Tax credit receivable                  | 21,252,780             | 13,544,725             |
| Advances with Public bodies (VAT, Octroi etc.) | 454,188                | 260,251                |
| (e) Others                                     |                        |                        |
| (i) Advances to Suppliers                      |                        |                        |
| Considered good                                | 14,440,625             | 14,421,947             |
| Considered doubtful                            | -                      | 5,056,780              |
|  | 14,440,625             | 19,478,727             |
| Less: Provision for doubtful advances          | -                      | 5,056,780              |
|  | 14,440,625             | 14,421,947             |
| (ii) Earnest money deposits                    | 20,114,379             | 15,136,244             |
| (iii) Others                                   | 21,958,519             | 19,217,340             |
| <b>Total</b>                                   | <b>87,724,419</b>      | <b>74,702,802</b>      |

**Note 18 Other current assets**

| Particulars                  | As at 31st March, 2015 | As at 31st March, 2014 |
|------------------------------|------------------------|------------------------|
|                              | Rupees                 | Rupees                 |
| Interest accrued on deposits | 1,127,138              | 123,875                |
| <b>Total</b>                 | <b>1,127,138</b>       | <b>123,875</b>         |

## Note 19 Revenue from operations

|     | Particulars                                       | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
|-----|---|--|--|
|     |   | Rupees                                 | Rupees                                 |
| (a) | Sale of products (Refer Note (i) below)           | 3,037,722,750                          | 2,395,384,694                          |
| (b) | Sale of services (Refer Note (ii) below)          | 214,247,589                            | 159,089,492                            |
| (c) | Other operating revenues (Refer Note (iii) below) | 30,072,288                             | 20,039,958                             |
|     | Revenue from operations (Gross)                   | 3,282,042,627                          | 2,574,514,144                          |
|     | <u>Less:</u>                                      |  |  |
| (d) | Excise duty                                       | 110,860,068                            | 79,937,249                             |
|     | <b>Total</b>                                      | <b>3,171,182,559</b>                   | <b>2,494,576,895</b>                   |

| Notes | Particulars   | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
|-------|---|--|--|
|       |   | Rupees                                 | Rupees                                 |
| (i)   | Sale of products comprises of :                         |  |  |
|       | <u>Manufactured goods</u>                               |  |  |
|       | Kiosks  | 1,067,844,450                          | 716,880,842                            |
|       | <b>Total - Sale of manufactured goods</b>               | <b>1,067,844,450</b>                   | <b>716,880,842</b>                     |
|       | <u>Traded goods</u>                                     |  |  |
|       | Business Automation Products                            | 543,251,589                            | 748,375,706                            |
|       | Mobile Recharge   | 1,426,626,711                          | 930,128,146                            |
|       | <b>Total - Sale of traded goods</b>                     | <b>1,969,878,300</b>                   | <b>1,678,503,852</b>                   |
|       | <b>Total - Sale of products</b>                         | <b>3,037,722,750</b>                   | <b>2,395,384,694</b>                   |
|       |   |  |  |
| (ii)  | Sale of services comprises of :                         |  |  |
|       | Sales - Annual maintenance and support services charges | 136,047,185                            | 112,669,634                            |
|       | Sales- transaction charges (Refer Note 27)              | 45,108,433                             | 30,059,938                             |
|       | Commission on Mobile Recharge                           | 33,091,971                             | 16,359,920                             |
|       | <b>Total - Sale of services</b>                         | <b>214,247,589</b>                     | <b>159,089,492</b>                     |
| (iii) | Other operating revenues comprise:                      |  |  |
|       | Lease Income (Refer Note 27)                            | 30,072,288                             | 20,039,958                             |
|       | <b>Total - Other operating revenues</b>                 | <b>30,072,288</b>                      | <b>20,039,958</b>                      |

## Note 20 Other income

|     | Particulars  | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
|-----|--|--|--|
|     |  | Rupees                                 | Rupees                                 |
| (a) | Interest on fixed deposit with banks                     | 836,751                                | 1,052,510                              |
| (b) | Interest on staff loans                                  | 12,752                                 | 22,002                                 |
| (c) | Interest on Income tax refund                            | 459,560                                | -                                      |
| (d) | Liabilities / provisions no longer required written back | 3,015,028                              | 9,898,501                              |
| (e) | Miscellaneous income                                     | 2,410,989                              | 1,029,344                              |
|     | <b>Total</b>   | <b>6,735,080</b>                       | <b>12,002,357</b>                      |

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

**Note 21.a Cost of materials consumed**

| Particulars                       | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
|-----------------------------------|--|--|
|                                   | Rupees                                 | Rupees                                 |
| Opening stock                     | 52,990,983                             | 31,958,326                             |
| Add: Purchases                    | 797,192,715                            | 591,599,028                            |
|                                   | 850,183,698                            | 623,557,354                            |
| Less: Closing stock               | 142,064,386                            | 52,990,983                             |
| <b>Cost of materials consumed</b> | <b>708,119,312</b>                     | <b>570,566,371</b>                     |
| Material consumed comprises:      |  |  |
| Cash Acceptor                     | 101,758,097                            | 80,243,747                             |
| Touch Screen and Monitor          | 65,412,347                             | 40,732,917                             |
| Kiosks Enclosure                  | 113,306,966                            | 111,146,067                            |
| Personal Computer                 | 69,400,750                             | 102,499,676                            |
| Scanner                           | 31,441,379                             | 11,070,860                             |
| OEM MICR Module                   | 757,792                                | 5,591,488                              |
| Thermal Printer                   | 84,729,480                             | 70,744,488                             |
| Others                            | 241,312,501                            | 148,537,128                            |
| <b>Total</b>                      | <b>708,119,312</b>                     | <b>570,566,371</b>                     |

**Note 21.b Purchases of stock-in-trade (traded goods)**

| Particulars              | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
|--------------------------|--|--|
|                          | Rupees                                 | Rupees                                 |
| Note Counting Machine    | 45,681,116                             | 53,481,679                             |
| Electronic Cash Register | 8,838,697                              | 7,141,962                              |
| NCR Cash Dispenser       | -                                      | 27,314,824                             |
| Point of Sale Machine    | 25,891,839                             | 79,770,536                             |
| Hand held terminal       | 54,043,350                             | 23,262,913                             |
| Scanner                  | 62,213,216                             | 169,668,003                            |
| Others                   | 275,066,362                            | 204,676,635                            |
| Mobile Recharge Purchase | 1,407,353,137                          | 918,268,642                            |
| <b>Total</b>             | <b>1,879,087,717</b>                   | <b>1,483,585,194</b>                   |

**Note 21.c Changes in inventories of finished goods, work-in-progress and stock-in-trade**

| Particulars                                      | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
|--|--|--|
|  | Rupees                                 | Rupees                                 |
| <u>Inventories at the end of the year:</u>       |  |  |
| Finished goods                                   | 55,540,665                             | 42,132,530                             |
| Work-in-progress                                 | -                                      | 9,709,309                              |
| Stock in trade                                   | 107,524,418                            | 78,821,512                             |
|  | 163,065,083                            | 130,663,351                            |
| <u>Inventories at the beginning of the year:</u> |  |  |
| Finished goods                                   | 42,132,530                             | 19,654,342                             |
| Work-in-progress                                 | 9,709,309                              | 1,859,854                              |
| Stock in trade                                   | 78,821,512                             | 61,586,174                             |
|  | 130,663,351                            | 83,100,370                             |
| <b>Net (increase)</b>                            | <b>(32,401,732)</b>                    | <b>(47,562,981)</b>                    |

**FORBES TECHNOSYS LIMITED****Notes forming part of the financial statements****Note 22 Employee benefits expense**

| Particulars                                       | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
|---|--|--|
|   | Rupees                                 | Rupees                                 |
| Salaries and wages                                | 69,522,482                             | 70,060,723                             |
| Contributions to provident fund (Refer Note 34.a) | 5,541,310                              | 4,608,863                              |
| Gratuity expense (Refer Note 34.b)                | 3,046,607                              | 1,529,878                              |
| Staff welfare expenses                            | 3,404,368                              | 2,910,666                              |
| <b>Total</b>                                      | <b>81,514,767</b>                      | <b>79,110,130</b>                      |

**Note 23 Finance costs**

| Particulars  | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
|--|--|--|
|  | Rupees                                 | Rupees                                 |
| (a) Interest expense on:                                       |  |  |
| (i) Debentures   | 24,003,426                             | 989,041                                |
| (ii) Other loans   | 82,447,946                             | 51,970,731                             |
| (b) Other Borrowing Cost                                       |  |  |
| (i) Loan processing charges                                    | 4,250,000                              | 5,462,500                              |
| (ii) Other charges   | 8,773,046                              | 7,960,808                              |
|  | 119,474,418                            | 66,383,080                             |
| Less : Interest capitalised during the year (Refer Note below) | 48,124,003                             | 26,137,641                             |
|  | 71,350,415                             | 40,245,439                             |

**Note:**

The Company has capitalised the interest cost on borrowings relating to intangible assets under development.

**FORBES TECHNOSYS LIMITED****Notes forming part of the financial statements****Note 24 Other Expenses**

| Particulars   | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
|---|--|--|
|   | Rupees                                 | Rupees                                 |
| Managed assets service provider's charges               | 73,031,098                             | 42,256,137                             |
| Job work charges  | 1,376,698                              | 1,740,895                              |
| Contract labour charges                                 | 82,262,433                             | 72,259,718                             |
| Power and fuel  | 4,982,174                              | 1,743,366                              |
| Water   | 599,985                                | 468,927                                |
| Rent including lease rentals                            | 25,276,293                             | 23,988,792                             |
| Repairs and maintenance - Buildings                     | 843,215                                | 1,511,950                              |
| Repairs and maintenance - Others                        | 11,438,826                             | 6,813,543                              |
| Insurance   | 1,783,040                              | 847,506                                |
| Communication   | 6,837,622                              | 5,562,895                              |
| Travelling and conveyance                               | 31,710,124                             | 31,814,663                             |
| Printing and stationery                                 | 2,385,344                              | 4,991,902                              |
| Advertisement   | 1,320,689                              | 874,619                                |
| Warranty and AMC expenses (Refer Note 38)               | 30,777,323                             | 8,340,399                              |
| Increase of excise duty on inventory                    | 751,957                                | 1,449,703                              |
| Freight and forwarding                                  | 61,080,790                             | 41,838,684                             |
| Recharge incentive                                      | 36,712,710                             | 23,897,794                             |
| Service charges   | 15,900,463                             | 12,285,000                             |
| Fixed assets written off                                | 157,053                                | 4,255,212                              |
| Sales commission  | 3,340,709                              | 1,770,068                              |
| Annual maintenance and service charges                  | 1,304,300                              | 350,464                                |
| Share issue expenses                                    | -                                      | 700,000                                |
| Other filing fees                                       | 1,437,189                              | 1,091,796                              |
| Legal and professional                                  | 6,289,536                              | 4,684,511                              |
| Payments to auditors (Refer Note (i) below)             | 824,947                                | 817,471                                |
| Exchange loss (Net)                                     | 5,744,816                              | 9,599,215                              |
| Loans and advances written off                          | 4,956,334                              | 3,744,753                              |
| Less : Adjusted against provision for doubtful advances | (4,956,334)                            | -                                      |
| Bad debts written off                                   | 1,010,501                              | -                                      |
| Provision for trade receivables (net)                   | 1,242,312                              | 6,473,344                              |
| Provision for doubtful advances                         | -                                      | 5,056,780                              |
| Miscellaneous expenses                                  | 20,583,865                             | 18,806,852                             |
| <b>Total</b>  | <b>431,006,012</b>                     | <b>340,036,959</b>                     |

**Note :****Payments to the auditors comprises of :**

| Particulars                | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
|----------------------------|--|--|
|                            | Rupees                                 | Rupees                                 |
| For statutory audit        | 700,000                                | 700,000                                |
| For taxation matters       | 100,000                                | 100,000                                |
| Reimbursement of expenses  | 24,947                                 | 17,471                                 |
| Service Tax                | 101,963                                | 98,880                                 |
|                            | 926,910                                | 916,351                                |
| Less: Input credit availed | 101,963                                | 98,880                                 |
| <b>Total</b>               | <b>824,947</b>                         | <b>817,471</b>                         |

|    |   | As at 31st March, 2015                       | As at 31st March, 2014                          |
|----|---|--|---|
|    |   | Rupees                                       | Rupees  |
| 25 | <b>Contingent liabilities and commitments (to the extent not provided for)</b>  |  |   |
|    | (a) Dividend on Preference shares   | 76,897,535                                   | 56,924,932                                      |
|    | (b) Excise demand (advance paid Rs. 1,45,049/- against demand of Rs. 4,63,998/- duty amount and Penalty Rs.4,63,998/-; advance paid Rs. 62,069/- against demand of Rs. 62,069/- duty amount and penalty of Rs. 83,794/-; and excise Rs. 21,495/- and interest Rs. 2631/-)   | 1,097,985                                    | 463,998   |
|    | (c) Service Tax demand  | 1,566,599                                    | 1,566,599                                       |
| 26 | <b>Operating leases:</b> The Company has obtained various office premises, Machinery (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. The Company has given refundable interest free security deposits in accordance with the agreed terms. The leases are non-cancellable for a period of one year. Either party can terminate the agreement after lock in period by giving one to three months prior notice in writing. |  |   |
|    |   | For the year ended<br>31st March, 2015       | For the year ended<br>31st March, 2014          |
|    |   | Rupees                                       | Rupees  |
|    | Future minimum lease payments :   |  |   |
|    | not later than one year   | 1,948,378                                    | 17,398,980                                      |
|    | later than one year and not later than five years   | -  | 23,465,376                                      |
|    | later than five years   | -  | 1,791,626                                       |
|    | Lease payments recognised in the Statement of Profit and Loss   | 18,870,028                                   | 19,109,630                                      |
| 27 | The Company has deployed certain Data Processing Equipments at various sites under cancellable Operating Lease whereby it is recovering composite Service Charges in a per transaction basis as per the agreement. Out of the above, the portion attributable towards the use of the assets which has been estimated by the management has been shown as Lease Income and the balance has been shown under Service Income.  |  |   |
| 28 | <b>Details on derivative instruments and unhedged foreign currency exposures</b>  |  |   |
|    | The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:  |  |   |
|    | As at 31 March, 2015  |  | As at 31 March, 2014                            |
|    | Receivable/<br>(Payable)  | Receivable/ (Payable)<br>in Foreign currency | Receivable/<br>(Payable)<br>in Foreign currency |
|    | Receivable  | USD 6,600.00                                 | Receivable                                      |
|    | Payable   | USD (1730,339.91)                            | Payable   |
|    | Payable   | EURO (126,688.50)                            | Payable   |
|    |   |  | USD (1404973.86)                                |
|    |   |  | -   |
| 29 | <b>Value of imports calculated on CIF basis</b>   | For the year ended<br>31st March, 2015       | For the year ended<br>31st March, 2014          |
|    |   | Rupees                                       | Rupees  |
|    | Raw materials and Components  | 320,936,926                                  | 186,023,943                                     |
|    | Purchases for resale  | 190,684,908                                  | 222,254,661                                     |
|    | Total   | 511,621,834                                  | 408,278,604                                     |

|    |   |   |   |
|----|---|---|---|
| 30 | <b>Expenditure in foreign currency</b>  | <b>For the year ended<br/>31st March, 2015</b>            | <b>For the year ended<br/>31st March, 2014</b>  |
|    |   | <b>Rupees</b>   | <b>Rupees</b>                                   |
|    |   | Licenses / Service Charges -                              | 411,960   |
|    |   | Travelling 1,220,056                                      | 864,208   |
|    |   | 1,220,056   | 1,276,168                                       |
| 31 | <b>Details of consumption of imported and indigenous items</b>  | <b>Rupees</b>   | <b>%</b>  |
|    |   | <u>Imported</u>   |   |
|    |   | Raw materials and Components 325,640,635<br>(170,369,581) | 46%<br>(40%)                                    |
|    |   | <u>Indigenous</u>   |   |
|    |   | Raw materials and Components 382,478,677<br>(400,196,790) | 54%<br>(60%)                                    |
|    |   | 708,119,312<br>(570,566,371)                              | 100%<br>(100%)                                  |
|    | Note: Figures / percentages in brackets relate to the previous year   |   |   |
| 32 | <b>Earnings in foreign exchange</b>   | <b>For the year ended<br/>31st March, 2015</b>            | <b>For the year ended<br/>31st March, 2014</b>  |
|    |   | <b>Rupees</b>   | <b>Rupees</b>                                   |
|    |   | Export of goods calculated on FOB basis 383,883           | -   |
|    |   | 383,883   | -   |
| 33 | During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company has revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. Further, assets individually costing Rs. 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets. The details of previously applied depreciation method, rates / useful life are as follows: |   |   |
|    | <b>Asset</b>  | <b>Previous depreciation method</b>                       | <b>Previous depreciation rate / useful life</b> |
|    | Furniture and Fixtures  | SLM   | 10% - 100% / ~1 - 10 years                      |
|    | Office Equipment  | SLM   | 4.75% - 100% / ~1 - 21 years                    |
|    | Data Processing equipment on lease  | SLM   | 16.21% - 100% / ~1 - 6 years                    |
|    | Vehicles  | SLM   | 25% / ~4 years                                  |
|    | Intellectual Property / Distribution Rights   | SLM   | 5 years   |
|    | Bill Payment and Cheque Deposit Software  | SLM   | 1 - 5 years                                     |
|    | Computer Software   | SLM   | 1 - 5 years                                     |
|    | Goodwill  | SLM   | 5 years   |
|    |   |   | <b>Revised useful life based on SLM</b>         |
|    |   |   | 3 - 10 years                                    |
|    |   |   | 3 - 5 years                                     |
|    |   |   | 3 - 6 years                                     |
|    |   |   | 4 years   |
|    |   |   | 5 years   |
|    |   |   | 3 - 5 years                                     |
|    |   |   | 3 - 5 years                                     |
|    |   |   | 5 years   |

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

| (iv)   |  |  |           |             |           |
|--|--|--|-----------|-------------|-----------|
| Experience adjustments                                   |  |  |           |             | (Rupees)  |
|  | 2014-2015                                    | 2013-2014                                    | 2012-2013 | 2011-2012   | 2010-2011 |
| <b>Gratuity</b>  |  |  |           |             |           |
| Opening Net Liability                                    | 7,774,964                                    | 7,245,573                                    | 2,257,314 | 4,132,957   | 3,476,267 |
| Expense as above   | 3,046,607                                    | 1,529,878                                    | 5,260,954 | (1,577,443) | 1,071,794 |
| Amount Recognised in Balance Sheet                       | 10,057,674                                   | 7,774,964                                    | 7,245,573 | 2,257,314   | 4,132,957 |
| Experience gain / (loss) adjustments on plan liabilities | 1,161,638                                    | (98,351)                                     | 4,315,692 | (2,518,986) | 223,137   |
|  |  |  |           |             |           |
|  | <b>For the year ended<br/>31 March, 2015</b> | <b>For the year ended<br/>31 March, 2014</b> |           |             |           |
| <b>Actuarial assumptions</b>                             |  |  |           |             |           |
| Discount rate  | 7.99%  | 9.38%  |           |             |           |
| Salary escalation  | 5%   | 6%   |           |             |           |
| Attrition  | 4%   | 2%   |           |             |           |
| Retirement Age   | 60 yrs                                       | 60 yrs                                       |           |             |           |
| Mortality tables   | Indian Assured Lives<br>Mortality(2006-08)   | Indian Assured Lives<br>Mortality(2006-08)   |           |             |           |

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

**Note 34 Disclosures under Accounting Standards (contd.)**

| Particulars   | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |  |
|---|--|--|--|
|   | Rupees                                 | Rupees                                 |  |
| (iii) <b>Change in obligations during the year</b>                        |  |  |  |
| Present value of defined benefit obligations at the beginning of the year | 7,774,964                              | 7,245,573                              |  |
| Current service cost  | 1,155,677                              | 1,030,469                              |  |
| Interest cost   | 729,292                                | 597,760                                |  |
| Actuarial (gains) / losses  | 1,161,638                              | (98,351)                               |  |
| Past service cost   | -                                      | -                                      |  |
| Benefits paid   | (763,897)                              | (1,000,487)                            |  |
| Present value of defined benefit obligations at the end of the year       | 10,057,674                             | 7,774,964                              |  |

# FORBES TECHNOSYS LIMITED

## Notes forming part of the financial statements

| Note   |  |  |  |  |  |           |           |                      |           |           |               |         |         |                                |   |   |                            |           |          |                      |                  |                  |   |  |  |                         |         |           |
|--|--|--|--|--|--|-----------|-----------|----------------------|-----------|-----------|---------------|---------|---------|--------------------------------|---|---|----------------------------|-----------|----------|----------------------|------------------|------------------|---|--|--|-------------------------|---------|-----------|
| 34   | <b>Employee benefit plans</b>  |  |  |  |  |           |           |                      |           |           |               |         |         |                                |   |   |                            |           |          |                      |                  |                  |   |  |  |                         |         |           |
| 34.a   | <b>Defined contribution plans</b><br>The Company makes Provident Fund contributions which is defined contribution plan for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The Company has recognised the following amount in the statement of profit and loss under the head "Contribution to provident fund".<br><br><table><tr><th>Particulars</th><th>For the year ended<br/>31st March, 2015</th><th>For the year ended<br/>31st March, 2014</th></tr><tr><td>Contributions to provident fund</td><td>5,541,310</td><td>4,608,863</td></tr></table>   | Particulars                            | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 | Contributions to provident fund                            | 5,541,310 | 4,608,863 |                      |           |           |               |         |         |                                |   |   |                            |           |          |                      |                  |                  |   |  |  |                         |         |           |
| Particulars  | For the year ended<br>31st March, 2015   | For the year ended<br>31st March, 2014 |  |  |  |           |           |                      |           |           |               |         |         |                                |   |   |                            |           |          |                      |                  |                  |   |  |  |                         |         |           |
| Contributions to provident fund                            | 5,541,310  | 4,608,863                              |  |  |  |           |           |                      |           |           |               |         |         |                                |   |   |                            |           |          |                      |                  |                  |   |  |  |                         |         |           |
| 34.b   | <b>Defined benefit plans</b><br>The Company offers Gratuity (included as part of Gratuity expense in Note 22 Employee benefits expense) as employee benefit scheme to its employees.<br><br>The following table sets out the unfunded status of the defined benefit schemes and the amount recognised in the financial statements:<br><br><table><tr><th>Particulars</th><th>For the year ended<br/>31st March, 2015</th><th>For the year ended<br/>31st March, 2014</th></tr><tr><td><b>Expenses recognised in Statement of Profit and Loss</b></td><td></td><td></td></tr><tr><td>Current service cost</td><td>1,155,677</td><td>1,030,469</td></tr><tr><td>Interest cost</td><td>729,292</td><td>597,760</td></tr><tr><td>Expected return on plan assets</td><td>-</td><td>-</td></tr><tr><td>Actuarial (gains) / losses</td><td>1,161,638</td><td>(98,351)</td></tr><tr><td><b>Total expense</b></td><td><b>3,046,607</b></td><td><b>1,529,878</b></td></tr><tr><td><b>Actual benefit payments for year</b></td><td></td><td></td></tr><tr><td>Actual benefit payments</td><td>763,897</td><td>1,000,487</td></tr></table> | Particulars                            | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 | <b>Expenses recognised in Statement of Profit and Loss</b> |           |           | Current service cost | 1,155,677 | 1,030,469 | Interest cost | 729,292 | 597,760 | Expected return on plan assets | - | - | Actuarial (gains) / losses | 1,161,638 | (98,351) | <b>Total expense</b> | <b>3,046,607</b> | <b>1,529,878</b> | <b>Actual benefit payments for year</b> |  |  | Actual benefit payments | 763,897 | 1,000,487 |
| Particulars  | For the year ended<br>31st March, 2015   | For the year ended<br>31st March, 2014 |  |  |  |           |           |                      |           |           |               |         |         |                                |   |   |                            |           |          |                      |                  |                  |   |  |  |                         |         |           |
| <b>Expenses recognised in Statement of Profit and Loss</b> |  |  |  |  |  |           |           |                      |           |           |               |         |         |                                |   |   |                            |           |          |                      |                  |                  |   |  |  |                         |         |           |
| Current service cost                                       | 1,155,677  | 1,030,469                              |  |  |  |           |           |                      |           |           |               |         |         |                                |   |   |                            |           |          |                      |                  |                  |   |  |  |                         |         |           |
| Interest cost  | 729,292  | 597,760                                |  |  |  |           |           |                      |           |           |               |         |         |                                |   |   |                            |           |          |                      |                  |                  |   |  |  |                         |         |           |
| Expected return on plan assets                             | -  | -                                      |  |  |  |           |           |                      |           |           |               |         |         |                                |   |   |                            |           |          |                      |                  |                  |   |  |  |                         |         |           |
| Actuarial (gains) / losses                                 | 1,161,638  | (98,351)                               |  |  |  |           |           |                      |           |           |               |         |         |                                |   |   |                            |           |          |                      |                  |                  |   |  |  |                         |         |           |
| <b>Total expense</b>                                       | <b>3,046,607</b>   | <b>1,529,878</b>                       |  |  |  |           |           |                      |           |           |               |         |         |                                |   |   |                            |           |          |                      |                  |                  |   |  |  |                         |         |           |
| <b>Actual benefit payments for year</b>                    |  |  |  |  |  |           |           |                      |           |           |               |         |         |                                |   |   |                            |           |          |                      |                  |                  |   |  |  |                         |         |           |
| Actual benefit payments                                    | 763,897  | 1,000,487                              |  |  |  |           |           |                      |           |           |               |         |         |                                |   |   |                            |           |          |                      |                  |                  |   |  |  |                         |         |           |

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

| Note | Particulars  | For the year ended<br>31st March, 2015 | For the year ended<br>31st March, 2014 |
|------|--|--|--|
| 35   |  | Rupees                                 | Rupees                                 |
|      | <b>Details of borrowing costs capitalised</b>                                      |  |  |
|      | Borrowing costs capitalised during the year to intangible assets under development | 48,124,003                             | 26,137,641                             |
|      |  | <b>48,124,003</b>                      | <b>26,137,641</b>                      |

**FORBES TECHNOSYS LIMITED**  
**Notes forming part of the financial statements**

**Note 25 Disclosures under Accounting Standards (contd.)**

| Note | Particulars  |   |                                  |                            |                      |                          |                                  |
|------|--|---|----------------------------------|----------------------------|----------------------|--------------------------|----------------------------------|
| 36   | Related party transactions   |   |                                  |                            |                      |                          |                                  |
| 36.a | Details of related parties:  |   |                                  |                            |                      |                          |                                  |
|      | Description of relationship  | Names of related parties  |                                  |                            |                      |                          |                                  |
|      | Ultimate holding company   | Shapoorji Pallonji & Company Pvt Ltd (erstwhile Shapoorji Pallonji & Company Ltd) |                                  |                            |                      |                          |                                  |
|      | Intermediate holding company   | Forbes & Company Limited  |                                  |                            |                      |                          |                                  |
|      | Holding company  | Forbes Campbell Finance Ltd   |                                  |                            |                      |                          |                                  |
|      | Fellow Subsidiary  | Eureka Forbes Ltd   |                                  |                            |                      |                          |                                  |
|      | Key Management Personnel   | Mr. Ajay P. Singh, Executive Director   |                                  |                            |                      |                          |                                  |
| 36.b | Details of related party transactions during the year ended 31st March, 2015 and balances outstanding as at 31st March, 2015:  |   |                                  |                            |                      |                          |                                  |
|      |  | Ultimate holding company  | Intermediate holding company     | Holding company            | Fellow Subsidiary    | Key Management Personnel | Total                            |
|      | Purchase of fixed assets   | -<br>(-)  | 128,889<br>(-)                   | -<br>(-)                   | -<br>(-)             | -<br>(-)                 | 128,889<br>(-)                   |
|      | Sale of goods  | -<br>(-)  | 277,956<br>(419,664)             | -<br>(-)                   | -<br>(271,338)       | -<br>(-)                 | 277,956<br>(691,002)             |
|      | Services rendered  | -<br>(-)  | 5,429,425<br>(4,157,059)         | -<br>(-)                   | -<br>(-)             | -<br>(-)                 | 5,429,425<br>(4,157,059)         |
|      | Service charges  | -<br>(-)  | 15,877,625<br>(12,285,024)       | -<br>(-)                   | -<br>(-)             | -<br>(-)                 | 15,877,625<br>(12,285,024)       |
|      | Services received  | -<br>(-)  | 6,198,277<br>(7,960,157)         | -<br>(-)                   | 71,165<br>(37,548)   | -<br>(-)                 | 6,269,442<br>(7,997,706)         |
|      | Interest paid / provided   | 1,551,387<br>(1,883,117)  | -<br>(2,429,041)                 | -<br>(-)                   | -<br>(-)             | -<br>(-)                 | 1,551,387<br>(4,312,158)         |
|      | Deposits taken   | 20,000,000<br>(30,000,000)  | -<br>(20,000,000)                | -<br>(1,000)               | -<br>(-)             | -<br>(-)                 | 20,000,000<br>(50,001,000)       |
|      | Repayment of Deposits  | 27,500,000<br>(30,000,000)  | -<br>(40,000,000)                | -<br>(-)                   | -<br>(-)             | -<br>(-)                 | 27,500,000<br>(70,000,000)       |
|      | Guarantees taken   | -<br>(-)  | 500,000,000<br>(850,000,000)     | -<br>(15,000,000)          | -<br>(-)             | -<br>(-)                 | 500,000,000<br>(865,000,000)     |
|      | Remuneration paid / payable (Refer Note (ii) below)  | -<br>(-)  | -<br>(-)                         | -<br>(-)                   | -<br>(-)             | 8,291,946<br>(6,310,860) | 8,291,946<br>(6,310,860)         |
|      | Reimbursement of expenses  | -<br>(-)  | -<br>(-)                         | -<br>(-)                   | -<br>(-)             | 151,970<br>(126,510)     | 151,970<br>(126,510)             |
|      | Conversion of Debentures into Equity shares  | -<br>(-)  | -<br>(100,000,000)               | -<br>(-)                   | -<br>(-)             | -<br>(-)                 | -<br>(100,000,000)               |
|      | Conversion in terms of issued preference shares from 8% Cumulative Optionally Convertible Redeemable Preference Shares to 0.1% Cumulative Non Convertible Redeemable Participating Preference Shares | 100,000,000<br>(-)  | -<br>(-)                         | -<br>(-)                   | -<br>(-)             | -<br>(-)                 | 100,000,000<br>(-)               |
|      | <u>Balances outstanding at the end of the year</u>   |   |                                  |                            |                      |                          |                                  |
|      | Interest accrued   | -<br>(838,959)  | -<br>(-)                         | -<br>(-)                   | -<br>(-)             | -<br>(-)                 | -<br>(838,959)                   |
|      | Trade payables   | -<br>(-)  | 40,583,450<br>(26,754,786)       | -<br>(-)                   | 192,785<br>(121,890) | -<br>(-)                 | 40,776,235<br>(26,876,676)       |
|      | Deposits payable   | -<br>(7,500,000)  | -<br>(-)                         | -<br>(1,000)               | -<br>(-)             | -<br>(-)                 | -<br>(7,501,000)                 |
|      | Trade receivables  | -<br>(-)  | 10,527,357<br>(4,691,850)        | -<br>(-)                   | -<br>(-)             | -<br>(-)                 | 10,527,357<br>(4,691,850)        |
|      | Guarantees taken   | -<br>(-)  | 1,692,000,000<br>(1,192,000,000) | 15,000,000<br>(15,000,000) | -<br>(-)             | -<br>(-)                 | 1,707,000,000<br>(1,207,000,000) |

**Notes:**

(i) Figures in bracket relates to the previous year

(ii) Remuneration excludes an amount of Rs. 4,209,120/- (P.Y Rs. 3,800,000/- ) paid as annual performance incentive for F.Y 2013-14 against provision made during that year.

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

| Note | Particulars  | For the year ended<br>31st March, 2015         | For the year ended<br>31st March, 2014         |
|------|--|--|--|
|      |  | Rupees   | Rupees   |
| 37   | <b>Earnings per share</b>  |  |  |
|      | <u>Continuing Operations</u>   |  |  |
| 37.a | <u>Basic</u>   |  |  |
|      | Profit for the year from continuing operations   | 9,170,575                                      | 15,845,016                                     |
|      | Less: Preference dividend and tax thereon  | 24,038,625                                     | 29,753,600                                     |
|      | Loss for the year from continuing operations attributable to the equity shareholders   | (14,868,050)                                   | (13,908,584)                                   |
|      | Weighted average number of equity shares   | 21,897,200                                     | 12,006,789                                     |
|      | Par value per share  | 10   | 10   |
|      | Earnings per share from continuing operations - Basic  | (0.68)   | (1.16)   |
| 37.b | <u>Diluted</u>   |  |  |
|      | The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.  |  |  |
| 38   | <b>Provision for Warranty</b>  |  |  |
|      | The Company gives warranty on certain products, undertaking to repair or replace the item 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 frequency and average cost of warranty claims. The Table given below gives information about movement in warranty provisions. |  |  |
|      | <b>Particulars</b>   | <b>For the year ended<br/>31st March, 2015</b> | <b>For the year ended<br/>31st March, 2014</b> |
|      |  | Rupees   | Rupees   |
|      | At the beginning of the year   | -  | -  |
|      | Addition during the year   | 2,000,000                                      | -  |
|      | Utilization during the year  | -  | -  |
|      | Unused amount reversed during the year   | -  | -  |
|      | <b>At the end of the year</b>  | <b>2,000,000</b>                               | <b>-</b>                                       |

**FORBES TECHNOSYS LIMITED**
**Notes forming part of the financial statements**

| Note | Particulars   |  |  |
|------|---|--|--|
| 39   | <b>Deferred Tax :</b>   |  |  |
|      | <b>Components of net deferred tax assets as at March 31st, 2015 are as follows:</b>   |  |  |
|      | <b>Particulars</b>  | <b>For the year ended<br/>31st March, 2015</b> | <b>For the year ended<br/>31st March, 2014</b> |
|      |   | <b>Rupees</b>                                  | <b>Rupees</b>                                  |
|      | <b>Deferred Tax (liabilities)/assets</b>  |  |  |
|      | <b>Deferred Tax liability :</b>   |  |  |
|      | Depreciation  | 8,481,802                                      | 7,323,385                                      |
|      | <b>Total (A)</b>  | <b>8,481,802</b>                               | <b>7,323,385</b>                               |
|      | <b>Deferred Tax assets :</b>  |  |  |
|      | Provision for Gratuity  | 3,325,067                                      | 2,522,587                                      |
|      | Provision for compensated absences  | 3,035,800                                      | 2,113,027                                      |
|      | Provision for warranty  | 661,200  |  |
|      | Unabsorbed Depreciation   | 32,759,927                                     | 30,476,338                                     |
|      | Carry forward of loss   | 74,726,112                                     | 83,593,747                                     |
|      | <b>Total (B)</b>  | <b>114,508,106</b>                             | <b>118,705,699</b>                             |
|      | <b>Net deferred tax assets not recognised :</b>   | <b>106,026,304</b>                             | <b>111,382,314</b>                             |
|      | The Company has restricted the recognition of deferred tax assets on account of unabsorbed depreciation to set off the deferred tax liability arising on accounting of timing difference arising on depreciation. No deferred tax assets has been recognised on these balance amount of unabsorbed depreciation and the carried forward loss in the absence of virtual certainty. |  |  |
| 40   | Refer to Annexure for segment related information.  |  |  |
| 41   | Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.  |  |  |

| Note                | Particulars  |  |  |  |  |  |  |  |  |  |  |  |
|---------------------|--|--|--|--|--|--|--|--|--|--|--|--|
| (A) Primary Segment | The Company has identified business segments as its primary segment. Business segments are primarily Trading Segment, Manufacturing Segment, Forbes Xpress Segment and Transaction Network and Service Segment. Trading segment consists of Note Counting Machine, Electronic Cash Register, Point of Sale Machine etc. Manufacturing segment consists sale of different types of Kiosks Machine, Forbes Xpress Segment consists sale of Mobile Recharge, Transaction network and services consists of sale of Note Counting Machine, Electronic Cash Register, Point of Sale Machine etc. Manufacturing segment consists sale of different types of Kiosks Machine, Forbes Xpress Segment consists sale of Mobile Recharge, Transaction network and services consists of sale of Note Counting Machine, Electronic Cash Register, Point of Sale Machine etc. Manufacturing segment consists sale of different types of Kiosks Machine, Forbes Xpress Segment consists sale of Mobile Recharge, Transaction network and services consists of sale of Note Counting Machine, Electronic Cash Register, Point of Sale Machine etc. Manufacturing segment consists sale of different types of Kiosks Machine, Forbes Xpress Segment consists sale of Mobile 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**LIAG Trading & Investments Limited**

(Incorporated on February 4, 2015 as a wholly owned Subsidiary of Lux International AG,  
financial statements are not attached as the Company is yet to commence its business,its  
financial year will end on December 31, 2015)

**Lux (Deutschland) GmbH.**

(a wholly owned Subsidiary Company of Lux International AG)

Financial Statements  
for the year ended December 31, 2014

| Lux Deutschland GmbH (until 2 March 2015: Lux (Deutschland) GmbH)                         |                    |                       |                    |                       |
|---|--------------------|-----------------------|--------------------|-----------------------|
| Fulda   |                    |                       |                    |                       |
| Balance Sheet at 31 December 2014   |                    |                       |                    |                       |
| Assets  |                    |                       |                    |                       |
|   | 31-12-2014         |                       | 31-12-2013         |                       |
|   | EUR                | INR                   | EUR                | INR                   |
| <b>A. Non-current assets</b>  |                    |                       |                    |                       |
| I. Intangible assets  |                    |                       |                    |                       |
| 1. Industrial protection rights and similar rights and assets purchased for consideration | 1,27,013           | 98,17,152             | 2,05,650           | 1,74,72,024           |
| II. Property, plant and equipment   |                    |                       |                    |                       |
| 1. Other operational and office equipment   | 2,40,555           | 1,85,93,097           | 3,22,086           | 2,73,64,427           |
| III. Financial assets   |                    |                       |                    |                       |
| 1. Shares in affiliated entities  | 78,91,700          | 60,99,69,222          | 97,75,000          | 83,04,84,000          |
|   | 82,59,268          | 63,83,79,472          | 1,03,02,736        | 87,53,20,451          |
| <b>B. Current assets</b>  |                    |                       |                    |                       |
| I. Inventories  |                    |                       |                    |                       |
| 1. Trading stock  | 5,66,842           | 4,38,12,626           | 7,47,449           | 6,35,03,258           |
| II. Receivables and other assets  |                    |                       |                    |                       |
| 1. Trade accounts receivable  | 29,26,448          | 22,61,92,486          | 31,27,983          | 26,57,53,412          |
| 2. Accounts receivable from affiliated entities   | 21,16,915          | 16,36,21,662          | 19,40,411          | 16,48,57,287          |
| 3. Receivable from shareholder  | 4,31,290           | 3,33,35,512           | 10,915             | 9,27,343              |
| 4. Other assets   | 4,49,735           | 3,47,61,110           | 4,76,295           | 4,04,66,041           |
|   | 59,24,388          | 45,79,10,770          | 55,55,604          | 47,20,04,083          |
| III. Cash on hand and bank balances   | 3,05,552           | 2,36,16,866           | 3,02,304           | 2,56,83,759           |
|   | 67,96,782          | 52,53,40,263          | 66,05,357          | 56,11,91,099          |
| <b>C. Prepaid expenses and deferred charges</b>   | 52,425             | 40,52,059             | 25,210             | 21,41,881             |
| <b>D. Deferred Tax Assets</b>   | 2,96,374           | 2,29,07,449           | 2,88,988           | 2,45,52,452           |
| <b>TOTAL</b>  | <b>1,54,04,848</b> | <b>1,19,06,79,243</b> | <b>1,72,22,291</b> | <b>1,46,32,05,882</b> |
| Shareholder equity and liabilities  |                    |                       |                    |                       |
|   | 31-12-2014         |                       | 31-12-2013         |                       |
|   | EUR                | INR                   | EUR                | INR                   |
| <b>A. Shareholder equity</b>  |                    |                       |                    |                       |
| I. Subscribed capital   | 71,53,000          | 60,77,18,880          | 71,53,000          | 60,77,18,880          |
| II. Capital reserve   | 1,81,70,086        | 1,54,37,30,485        | 1,81,70,086        | 1,54,37,30,485        |
| III. Earnings reserves  |                    |                       |                    |                       |
| Other earnings reserves   | 92,054             | 78,20,916             | 92,054             | 78,20,916             |
| IV. Accumulated net loss  | (2,32,15,023)      | (1,96,39,03,228)      | (2,17,41,420)      | (1,84,71,51,069)      |
| V. Loss for the period  | (12,91,919)        | (10,31,11,804)        | (14,73,603)        | (11,67,52,159)        |
| Foreign Currency Translation Reserve  |                    | (2,20,58,386)         |                    | (84,45,145)           |
|   | 9,08,198           | 7,01,96,864           | 22,00,117          | 18,69,21,909          |
| 1. Pension provisions   | 9,20,048           | 7,11,12,810           | 10,35,083          | 8,79,40,652           |
| 2. Tax provisions   | 84,525             | 65,33,149             | 74,525             | 63,31,644             |
| 3. Other provisions and accrued liabilities   | 7,97,755           | 6,16,60,478           | 15,41,904          | 13,10,00,164          |
|   | 18,02,328          | 13,93,06,437          | 26,51,512          | 22,52,72,460          |
| 1. Liabilities due to banks   | 2,00,000           | 1,54,58,500           | 2,00,000           | 1,69,92,000           |
| 2. Trade accounts payable   | 2,36,333           | 1,82,66,760           | 1,86,695           | 1,58,61,625           |
| 3. Accounts payable to affiliated entities  | 2,563              | 1,98,122              | 770                | 65,440                |
| 4. Accounts payable to shareholder  | 33,448             | 25,85,276             | 6,98,969           | 5,93,84,410           |
| 5. Other liabilities  | 1,19,46,811        | 92,33,98,862          | 1,10,01,912        | 93,47,22,421          |
|   | 1,24,19,155        | 95,99,07,519          | 1,20,88,346        | 1,02,70,25,896        |
| <b>D. Deferred income</b>   | 2,75,168           | 2,12,68,423           | 2,82,317           | 2,39,85,618           |
| <b>TOTAL</b>  | <b>1,54,04,848</b> | <b>1,19,06,79,243</b> | <b>1,72,22,291</b> | <b>1,46,32,05,882</b> |

Lux Deutschland GmbH (until 2 March 2015: Lux (Deutschland) GmbH)

Fulda

Income statement for the year ended 31 December 2014

|  | 2014        |                    |                       | 2013        |                    |                       |
|--|-------------|--------------------|-----------------------|-------------|--------------------|-----------------------|
|  | EUR         | EUR                | INR                   | EUR         | EUR                | INR                   |
| 1. Sales revenue   | 1,65,63,017 |                    |                       | 1,84,54,798 |                    |                       |
| Other operating income   | 5,18,667    | <b>1,70,81,684</b> | <b>1,36,33,38,738</b> | 7,33,379    | <b>1,91,88,177</b> | <b>1,52,02,61,041</b> |
| 3. Cost of materials   |             |                    |                       |             |                    |                       |
| a) Cost of purchased trading stock   |             | <b>43,88,955</b>   | <b>35,02,95,252</b>   |             | <b>49,52,799</b>   | <b>39,24,05,522</b>   |
| 4. Personnel expenses  |             |                    |                       |             |                    |                       |
| a) Wages and salaries  | 37,20,856   |                    |                       | 39,82,804   |                    |                       |
| b) Social security costs and expenses for retirement and support benefits              | 5,94,232    | <b>43,15,088</b>   | <b>34,43,99,710</b>   | 6,11,137    | <b>45,93,941</b>   | <b>36,39,73,574</b>   |
| 5. Amortisation of intangible assets and depreciation of property, plant and equipment | 2,24,334    |                    |                       | 2,50,370    |                    |                       |
| 6. Other operating expenses  | 90,55,091   | <b>92,79,426</b>   | <b>74,06,17,878</b>   | 1,04,97,110 | <b>1,07,47,480</b> | <b>85,15,12,626</b>   |
|  |             | <b>-9,01,785</b>   | <b>-7,19,74,102</b>   |             | <b>-11,06,042</b>  | <b>-8,76,30,681</b>   |
| 7. Income from participatory interests   | 2,11,671    |                    |                       | 4,60,997    |                    |                       |
| –of which, from affiliated entities: EUR 211.670,89 (prior year: EUR 460.996,84)--     |             |                    |                       |             |                    |                       |
| 8. Loss (prior year: income) from a profit or loss transfer agreement                  | -11,018     |                    |                       | 1,566       |                    |                       |
| 9. Other interest and similar income   |             |                    |                       |             |                    |                       |
| –of which, from affiliated entities: EUR 0,00 (prior year: EUR 16.861,16)--            | 5,75,855    |                    |                       | 6,20,751    |                    |                       |
| –of which, from interest from provisions: EUR 56.019,00 (prior year: EUR 62.114,37)--  |             |                    |                       |             |                    |                       |
| 10. Interest and similar expenses  |             |                    |                       |             |                    |                       |
| –of which, from affiliated entities EUR 46.261,88 (Vorjahr: EUR 14.223,63)--           | 11,62,267   | <b>-3,85,760</b>   | <b>-3,07,88,610</b>   | 12,35,909   | <b>-1,52,595</b>   | <b>-1,20,89,993</b>   |
| 11. Result from normal operations  |             | <b>-12,87,545</b>  | <b>-10,27,62,712</b>  |             | <b>-12,58,638</b>  | <b>-9,97,20,675</b>   |
| 12. Extraordinary expenses   | -10,389     |                    |                       | -10,389     |                    |                       |
| 13. Taxes on income  | 7,385       |                    |                       | -2,03,877   |                    |                       |
| 14. Other taxes  | -1,370      | <b>-4,374</b>      | <b>-3,49,091</b>      | -699        | <b>-2,14,965</b>   | <b>-1,70,31,485</b>   |
| 15. Loss for the period  |             | <b>-12,91,919</b>  | <b>-10,31,11,804</b>  |             | <b>-14,73,603</b>  | <b>-11,67,52,159</b>  |

**Lux CZ s. r. o.**

(a wholly owned Subsidiary Company of Lux (Deutschland) GmbH)

Financial Statements  
for the year ended December 31, 2014

**Standard Report A.056****Highlights Completion Memorandum — Specified Audit Procedures;**

Date :30-01-2015

**I. Identification**

**Group's Name:** Lux Group (the Group)  
**Period Covered by the Group Audit:** 01 January 2014-31 December 2014  
**Component's Name:** Lux (CZ), s.r.o. (the Component)  
**Component Scope (Type) of Work:** Specified audit Procedures  
**Period and/or as of date covered by the work of the component auditor:** 01 January 2014-31 December 2014  
**Lux Group ("the Group")**

We have complied with your instructions as of the **date of this document, except for those** items listed in the text box below:

n/a

**II.Purpose**

This memorandum is intended solely for use by you, the group engagement team, in connection with your audit of the Group's financial statements (referred to as the group audit). It should not be distributed to either the group or component management or those charged with governance or any third party. However, you may provide component or group management with a summary of information from this memorandum to facilitate the discussion of reporting matters with component or group management and/or those charged with governance.

**III.Outstanding matters****111.1 Significant unresolved matters identified by the component auditor***Check applicable box and input additional information, as applicable*

| <input type="checkbox"/>   | Significant matter to report |
|--|------------------------------|
| X  | No matters to report         |
| Description of significant outstanding or unresolved matter  | Expected resolution date     |
| <i>if matters are to be reported, provide a row here for each matter. If no matters are to be reported hide this row</i> | <i>[Text]</i>                |

**+ Add more rows for each issue identified****111.2 Significant unresolved matters to be followed up upon by the Group engagement team***(Check applicable box and input additional information, as applicable)*☐ Significant matter to report☒ No matters to report

| Description of significant outstanding or unresolved matter  | Preliminary findings to date and action requested to be performed by the Group engagement team |
|--|--|
| <i>if matters are to be reported, provide a row here for each matter. If no matters are to be reported hide this row</i> |  |

#### IV. Business overview

##### Summary of the component's financial performance in the period

|                                      | 31-12-2014    |                    |                    | 31-12-2014    |                    |                    |
|--------------------------------------|---------------|--------------------|--------------------|---------------|--------------------|--------------------|
|                                      | TCZK          | CZK                | INR                | TCZK          | CZK                | INR                |
| <b>BALANCE SHEET</b>                 |               |                    |                    |               |                    |                    |
| Total cash and cash equivalents      | 3,817         | 38,17,000          | 1,06,40,269.20     | 2,807         | 28,07,000          | 86,96,647          |
| Total receivables (net)              | 1,795         | 17,95,000          | 50,03,742.00       | 5,360         | 53,60,000          | 1,66,06,352        |
| Total inventories (net)              | 9,442         | 94,42,000          | 2,63,20,519.20     | 9,971         | 99,71,000          | 3,08,92,152        |
| Total accr. Income & prepayment      | 1,358         | 13,58,000          | 37,85,560.80       | 928           | 9,28,000           | 28,75,130          |
| Total Fixed Assets                   | 671           | 6,71,000           | 18,70,479.60       | 1,758         | 17,58,000          | 54,46,636          |
| Deferred tax asset                   | 5,551         | 55,51,000          | 1,54,73,967.60     | 3,707         | 37,07,000          | 1,14,85,027        |
| <b>TOTAL ASSETS</b>                  | <b>22,634</b> | <b>2,26,34,000</b> | <b>6,30,94,538</b> | <b>24,531</b> | <b>2,45,31,000</b> | <b>7,60,01,944</b> |
| Bank overdraft                       |               |                    |                    | 503           | 5,03,000           | 15,58,395          |
| Current liabilities                  | 3,606         | 36,06,000          | 1,00,52,085.60     | 5,937         | 59,37,000          | 1,83,94,013        |
| Total accrued exp.and prep.income    | 1,912         | 19,12,000          | 53,29,891.20       | 669           | 6,69,000           | 20,72,696          |
| Total provisions (ST + LT)           | 1,124         | 11,24,000          | 31,33,262.40       | 1,622         | 16,22,000          | 50,25,280          |
| Other non-current liabilities        | 5,481         | 54,81,000          | 1,52,78,836        | 6,796         | 67,96,000          | 2,10,55,367        |
| Equity                               | 10,511        | 1,05,11,000        | 2,93,00,463.60     | 9,004         | 90,04,000          | 2,78,96,193        |
| foreign Currency Translation reserve |               |                    | -                  |               |                    |                    |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>22,634</b> | <b>2,26,34,000</b> | <b>6,30,94,538</b> | <b>24,531</b> | <b>2,45,31,000</b> | <b>7,60,01,944</b> |

##### Note 1 Total receivables

The balance of TCZK 1 795 represents sales from **last** two weeks of 2014. As the amount of credit notes issued in January 2015 is 2 TCZK, customers did not returned purchased goods from December. This also proves both receivables and sales balances.

Total receivables net decreased significantly in percentage (by 67% in comparison with prior year figure) due to significant decrease in revenues (by 25%) and also in decrease of sold number of products in December 2014 (66 pieces) in comparison with whole year average (77,5 pieces).

In prior year figures there was 2 MCZK of not due Other Receivables TP included (which were not trade receivables generated from sales of products but it were receivables to employees (resulted from identified frauds). In 2014 approximately MCZK 1,8 out of MCZK 2 was recovered.Internal Controls were put in place to mitigate such a risk



## Note 2 Deferred tax asset

The Company recognized the DTA according to the instruction of HQ management. It predominantly consists of tax losses carried forward. Refer to last page of A.05b for our assessment of DTA recoverability.

## Note 3 Current liabilities

The position mainly consist of employee related liabilities and VAT payable. Decrease is in line with our expectation, as also the key employee staff (sales representatives) decreased from January to December by 30%.

## Note 4 Other non-current liabilities

This position represent long term loan provided by Lux International AG which remain 198 TEUR after part of it was offset against the contribution outside the registered capital (TEUR 362 representing 10 MCZK). Contract for the transaction described above was signed on 17th December 2014.

## Note 5 Equity

The main changes were contribution outside the registered capital of 10 000 TCZK (see note 4) and current year loss 8 493 TCZK. The 2013 loss was transferred to retained earnings. For details refer to WP U 100.

|                                 | 31-12-2014         |                    |                  |                    |            |            |
|---------------------------------|--------------------|--------------------|------------------|--------------------|------------|------------|
| INCOME STATEMENT                | CZK                | INR                | 31-12-2013       | INR                | Change     | Change %   |
| Net Sales External              | (4,10,32,000)      | (12,05,35,603.20)  | (5,60,35,000)    | (16,73,48,528)     | 15,003     | -27%       |
| Net Sales Total                 | (4,43,48,000)      | (13,02,76,684.80)  | (5,91,72,000)    | (17,67,17,178)     | 14,824     | -25%       |
| Operating cost                  | 5,40,20,000        | 15,86,89,152       | 6,84,36,000      | 20,43,84,114       | (14,416)   | -21%       |
| <b>Lux operating result III</b> | <b>96,72,000</b>   | <b>2,84,12,467</b> | <b>92,64,000</b> | <b>2,76,66,936</b> | <b>408</b> | <b>4%</b>  |
| <b>Total financial result</b>   | <b>6,65,000</b>    | 19,53,504.00       | <b>3,96,000</b>  | <b>11,82,654</b>   | <b>269</b> | <b>68%</b> |
| <b>Lux result pre tax</b>       | <b>1,03,37,000</b> | 3,03,65,971        | <b>96,60,000</b> | <b>2,88,49,590</b> | <b>677</b> | <b>7%</b>  |
| Taxes                           | (18,44,000)        | (54,16,934.40)     | (15,75,000)      | (47,03,738)        | (269)      | 17%        |
| <b>LOSS FOR THE PERIOD</b>      | <b>84,93,000</b>   | <b>2,49,49,037</b> | <b>80,85,000</b> | <b>2,41,45,853</b> | <b>408</b> | <b>5%</b>  |



#### **Note 6 Net Sales total**

Total Sales decreased significantly (by 25%) in comparison with prior year's figure. Budgeted amount of external net sales was 68 533 TCZK, which was not achieved mainly due to the lack of good, successful & experienced sales representatives. The number of sales representatives decreased from January to December 2014 by 30%, which correspond closely to turnover achieved. In 2014 the Company sold 928 pieces, which represent 25,6% decrease in comparison with prior year (1247 pieces sold). Prices of products remain mostly the same as in prior years.

#### **Note 7 Operating costs**

The most significant decrease was in personnel expenses as the number of employees decreases by 26% (see table below). It is consistent with personnel expense decrease.

| <b>No of employees</b> | <b>Avg. 2014</b> | <b>Avg. 2013</b> | <b>Change</b> | <b>in %</b>       |
|------------------------|------------------|------------------|---------------|-------------------|
| Sales representatives  | 28,5             | 42               | -13,5         | -32%              |
| Telefon operators      | 19,4             | 27,9             | -8,5          | -30%              |
| Administration staff   | 20               | 22               | -2            | -9% cost cutting  |
| Management             | 6                | 8                | -2            | -25% cost cutting |
| <b>Total</b>           | <b>73,9</b>      | <b>99,9</b>      | <b>-26</b>    | <b>-26%</b>       |

Cost of goods sold decreased by 15 % only (total sales by 25%), because the input prices increased in comparison with previous years mainly due to not favorable development of EUR foreign exchange rates.

Services decreased by 19 %, because represent partly fixed costs which are not dependent on volumes of sold products (e.g. rent, marketing, consulting).



## V. Results of procedures performed

### **Procedure/Topic- Revenue recognition and accounts receivables third party**

*We performed all the procedures required, see WPs C100 and C200 for details. No difference identified*

### **Procedure/Topic -Equity**

*We performed the procedures required, we identified only presentation issue (prior year loss was presented as part of Retain earnings @ 1 January 2014 instead of transferred into Retained earnings during the year 2014). The presentation was corrected by the Company (U 101).*

*See WP U 100 for details.*

### **Procedure/Topic-Deferred tax — assessment of C,E,A, V**

*Deferred tax assets of MCZK 5,5 resulted from fixed asset, inventory allowances, provisions and tax losses carried forward. The asset resulting from tax losses amounts MCZK 4,9. KPMG CZ opinion is that no DTA from tax losses should be recorded because:*

*the company is loss making,*

*local environment does not support direct sales due to bad publicity*

*the Company expects profits since 2016, but the budget expects year to year sale increase*

*above 20%. We considered this assumption very optimistic and difficult to reach*

*the Company budgeting process is not accurate — 2014 budget (loss of MCZK 3) significantly*

*no DTA is recognized for statutory purposes.*

*We discussed DTA recognition with local management. Local management decided to report DTA of MCZK 5,5 as at 31 December 2014 based on the consultation with I-IQ. Therefore KPMG CZ reports uncorrected difference of TCZK 4 911. The difference is below PM For details refer to App. A.06. Refer to WP X 100 for details.*

*ADJ proposed: TCZK 4 911 DT expense/ DTA*

**Lux Hungaria Kereskedelmi.kft**  
(a wholly owned Subsidiary Company of Lux (Deutschland) GmbH)

Financial Statements  
for the year ended December 31, 2014

**KPMG Hungaria Kft.**  
Vac' in 31.  
H-1134 Budapest  
Hungary

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Internet: [kpmg.hu](http://kpmg.hu)

This is an English translation of the Independent Auditors' Report on the 2014 statutory Annual Report of Lux Hunairia Kft. issued in Hungarian. If there are any differences, the Hungarian language original prevails. This report should be read in conjunction with the complete statutory Annual Report it refers to. This translation has been prepared solely for the information of the Member of Lux Hungaria Kft. and must not be distributed to any other party.

#### Independent Auditors'

Report To the Member of Lux Hungaria Kft.

#### Report on the Annual Report

We have audited the accompanying 2014 annual report of Lux Hungtiria Kft. (hereinafter referred to as "the Company"), which comprises the balance sheet as at 31 December 2014, which shows total assets of THUF 2,212,128 and retained loss for the year of THUF 109,183, and the income statement for the year then ended, and supplementary notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Animal Report*

Management is responsible for the preparation and fair presentation of this annual report in accordance with the provisions of the Hungarian Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of annual report that is free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with the Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual report is free from material misstatement.

An audit involves performing, procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the annual report gives a true and fair view of the financial position of Lux Hungaria Kft. as at 31 December 2014, and of its financial performance for the year then ended in accordance with the provisions of the Hungarian Act on Accounting.

### *Other Matters*

The 2013 annual report of the Company was audited by another auditor, who issued an unmodified opinion in its Auditor's Report dated 21 May 2014.

### *Report on the Business Report*

We have audited the accompanying 2014 business report of Lux Humuiria Kft.

Management is responsible for the preparation of the business report in accordance with the provisions of the Hungarian Act on Accounting. Our responsibility is to assess whether this business report is consistent with the annual report prepared for the same business year. Our work with respect to the business report was limited to the assessment of the consistency of the business report with the annual report, and did not include a review of any information other than that drawn from the audited accounting records of the Company.

In our opinion, the 2014 business report of Lux Hungdria Kft. is consistent with the data included in the 2014 annual report of Lux Hungaria Kft.

Budapest, April 9, 2015

KPMG Hungaria Kit.

Registration number: 000202

*Zoltan Varga*  
Zoltan Varga  
*Director*

*Lciszlo Febo*  
Lasz16 Felo  
*Professional Accountant*  
Registration number: 006702

**BALANCE SHEET AS AT 31.12.2014**

| ASSETS                                 |  | 31ST DEC 2013         |                     | 31ST DEC 2014         |                     |
|--|--|-----------------------|---------------------|-----------------------|---------------------|
|  |  | HUF                   | INR                 | HUF                   | INR                 |
| <b>A. FIXED ASSETS AND INVESTMENTS</b> |  | <b>49,80,12,000</b>   | <b>14,27,00,358</b> | <b>40,73,44,000</b>   | <b>9,99,66,291</b>  |
| I. Intangible assets                   |  | -                     | -                   | -                     | -                   |
| 1                                      | Capitalised costs of foundation and restructuring      | -                     | -                   | -                     | -                   |
| 2                                      | Capitalised costs of research and development          | -                     | -                   | -                     | -                   |
| 3                                      | Rights representing money                              | -                     | -                   | -                     | -                   |
| 4                                      | Intellectual property                                  | -                     | -                   | -1,72,000             | -49,285             |
| 5                                      | Goodwill   | -                     | -                   | -                     | -                   |
| 6                                      | Advances on intangible assets                          | -                     | -                   | -                     | -                   |
| 7                                      | Value adjustment of intangible assets                  | -                     | -                   | -                     | -                   |
| II. Tangible assets                    |  | <b>40,09,57,000</b>   | <b>11,48,90,219</b> | <b>40,75,16,000</b>   | <b>11,62,91,088</b> |
| 1                                      | Land and buildings                                     | 34,19,82,000          | 9,79,91,522         | 34,20,53,000          | 9,80,08,946         |
| 2                                      | Technical equipment, machinery and vehicles            | -                     | -                   | 1,54,67,000           | 37,87,929           |
| 3                                      | Other equipment and fittings                           | 5,87,28,000           | 1,68,27,921         | 4,98,91,000           | 1,44,58,285         |
| 4                                      | Breeders   | -                     | -                   | -                     | -                   |
| 5                                      | Construction-in-progress                               | 2,47,000              | 70,775              | 1,05,000              | 35,927              |
| 6                                      | Advances on construction-in-progress                   | -                     | -                   | -                     | -                   |
| 7                                      | Value adjustment of tangible assets                    | -                     | -                   | -                     | -                   |
| III. Financial investments             |  | <b>9,70,55,000</b>    | <b>2,78,10,140</b>  | <b>-</b>              | <b>-</b>            |
| 1                                      | Long-term participation in related companies           | -                     | -                   | -                     | -                   |
| 2                                      | Long-term lendings to related companies                | 9,70,55,000           | 2,78,10,140         | -                     | -                   |
| 3                                      | Other long-term participations                         | -                     | -                   | -                     | -                   |
| 4                                      | Long-term lendings to other holding companies          | -                     | -                   | -                     | -                   |
| 5                                      | Other long-term lendings                               | -                     | -                   | -                     | -                   |
| 6                                      | Securities representing long-term credit relationships | -                     | -                   | -                     | -                   |
| 7                                      | Value adjustment of financial investments              | -                     | -                   | -                     | -                   |
| <b>B. CURRENT ASSETS</b>               |  | <b>1,81,96,50,000</b> | <b>52,14,02,511</b> | <b>1,79,79,59,000</b> | <b>44,12,37,118</b> |
| I. Inventories                         |  | <b>44,65,29,000</b>   | <b>12,79,48,420</b> | <b>51,97,62,000</b>   | <b>12,75,54,792</b> |
| 1                                      | Raw materials  | 10,90,000             | 3,12,329            | 16,15,000             | 3,96,337            |
| 2                                      | Semi-finished goods and work in progress               | -                     | -                   | -                     | -                   |
| 3                                      | Livestock  | -                     | -                   | -                     | -                   |
| 4                                      | Finished products                                      | -                     | -                   | -                     | -                   |
| 5                                      | Purchased goods  | 44,54,39,000          | 12,76,36,091        | 51,81,47,000          | 12,71,58,455        |
| 6                                      | Advances on inventories                                | -                     | -                   | -                     | -                   |
| II. Receivables                        |  | <b>1,35,49,32,000</b> | <b>38,82,42,215</b> | <b>1,26,69,18,000</b> | <b>31,09,14,346</b> |
| 1                                      | Accounts receivable                                    | 1,30,42,12,000        | 37,37,08,906        | 1,22,49,19,000        | 30,06,07,372        |
| 2                                      | Receivables from related companies                     | 13,49,000             | 3,86,542            | 6,67,000              | 1,63,688            |
| 3                                      | Receivables from other holding companies               | -                     | -                   | -                     | -                   |
| 4                                      | Bills receivable                                       | -                     | -                   | -                     | -                   |
| 5                                      | Other receivables                                      | 4,93,71,000           | 1,41,46,766         | 4,13,32,000           | 1,01,43,286         |
| III. Securities                        |  | -                     | -                   | -                     | -                   |
| 1                                      | Participations in related companies                    | -                     | -                   | -                     | -                   |
| 2                                      | Other participations                                   | -                     | -                   | -                     | -                   |
| 3                                      | Own shares, own business shares                        | -                     | -                   | -                     | -                   |
| 4                                      | Securities for resale representing credit relationship | -                     | -                   | -                     | -                   |
| IV. Liquid assets                      |  | <b>1,81,89,000</b>    | <b>52,11,876</b>    | <b>1,12,79,000</b>    | <b>27,67,979</b>    |
| 1                                      | Cash and cheques                                       | 92,89,000             | 26,61,670           | 89,81,000             | 22,04,027           |
| 2                                      | Bank deposits  | 89,00,000             | 25,50,206           | 22,98,000             | 5,63,952            |
| <b>C. PREPAYMENTS</b>                  |  | <b>61,20,000</b>      | <b>17,53,625</b>    | <b>68,25,000</b>      | <b>16,74,923</b>    |
| 1                                      | Prepayments on revenues                                | 32,63,000             | 9,34,980            | 36,64,000             | 8,99,182            |
| 2                                      | Prepayments on costs and expenses                      | 28,57,000             | 8,18,645            | 31,61,000             | 7,75,741            |
| 3                                      | Deferred expenses                                      | -                     | -                   | -                     | -                   |
| <b>TOTAL ASSETS</b>                    |  | <b>2,32,37,82,000</b> | <b>66,58,56,494</b> | <b>2,21,21,28,000</b> | <b>54,28,78,332</b> |

| LIABILITIES                         |   | 31ST DEC 2013         |                     | 31ST DEC 2014         |                     |
|-------------------------------------|---|-----------------------|---------------------|-----------------------|---------------------|
|                                     |   | HUF                   | INR                 | HUF                   | INR                 |
| <b>D. EQUITY</b>                    |   | <b>1,30,12,22,000</b> | <b>37,28,52,152</b> | <b>1,19,20,39,000</b> | <b>29,25,38,291</b> |
|                                     |   | -                     | -                   | -                     | -                   |
| I.                                  | Issued capital of which : repurchased own shares at nominal value | 3,00,00,000           | 85,96,200           | 3,00,00,000           | 85,96,200           |
| II.                                 | Issued unpaid capital (-)   | -                     | -                   | -                     | -                   |
| III.                                | Share premium   | 12,34,96,000          | 3,53,86,544         | 12,34,96,000          | 3,53,86,544         |
| IV.                                 | Retained earnings   | 1,20,93,30,000        | 34,65,21,418        | 1,14,77,26,000        | 33,04,30,453        |
| V.                                  | Tied-up reserves  | -                     | -                   | -                     | -                   |
| VI.                                 | Valuation reserve   | -                     | -                   | -                     | -                   |
| VII.                                | Net profit (loss)   | -6,16,04,000          | -1,60,90,965        | -10,91,83,000         | -2,86,16,864        |
|                                     | Foreign Currency Translation Reserve                              | -                     | -15,61,045          | -                     | -5,32,58,042        |
|                                     |   | -                     | -                   | -                     | -                   |
| <b>E. PROVISIONS</b>                |   | <b>1,61,68,000</b>    | <b>46,32,779</b>    | <b>1,00,17,000</b>    | <b>24,58,272</b>    |
|                                     |   | 1,61,68,000           | 46,32,779           | 1,00,17,000           | 24,58,272           |
|                                     | 1 Provision for contingent liabilities                            | -                     | -                   | -                     | -                   |
|                                     | 2 Provision for future liabilities                                | -                     | -                   | -                     | -                   |
|                                     | 3 Other provisions  | -                     | -                   | -                     | -                   |
|                                     |   | -                     | -                   | -                     | -                   |
| <b>F. LIABILITIES</b>               |   | <b>95,57,87,000</b>   | <b>27,38,71,207</b> | <b>95,84,37,000</b>   | <b>23,52,10,024</b> |
|                                     |   | -                     | -                   | -                     | -                   |
| I.                                  | Deferred liabilities  | -                     | -                   | -                     | -                   |
|                                     | 1 Deferred liabilities to related companies                       | -                     | -                   | -                     | -                   |
|                                     | 2 Deferred liabilities to other holding companies                 | -                     | -                   | -                     | -                   |
|                                     | 3 Deferred liabilities to other enterprises                       | -                     | -                   | -                     | -                   |
|                                     |   | -                     | -                   | -                     | -                   |
| II.                                 | Long-term liabilities   | -                     | -                   | -                     | -                   |
|                                     | 1 Long-term borrowings  | -                     | -                   | -                     | -                   |
|                                     | 2 Convertible bonds   | -                     | -                   | -                     | -                   |
|                                     | 3 Liabilities from bond issues                                    | -                     | -                   | -                     | -                   |
|                                     | 4 Borrowings for capital expenditures and developments            | -                     | -                   | -                     | -                   |
|                                     | 5 Other long-term borrowings                                      | -                     | -                   | -                     | -                   |
|                                     | 6 Long-term liabilities to related companies                      | -                     | -                   | -                     | -                   |
|                                     | 7 Long-term liabilities to other holding companies                | -                     | -                   | -                     | -                   |
|                                     | 8 Egyéb hosszú lejáratú kötelezettségek                           | -                     | -                   | -                     | -                   |
|                                     |   | -                     | -                   | -                     | -                   |
| III.                                | Current liabilities   | <b>95,57,87,000</b>   | <b>27,38,71,207</b> | <b>95,84,37,000</b>   | <b>23,52,10,024</b> |
|                                     | 1 Short-term borrowings   | -                     | -                   | -                     | -                   |
|                                     | 2 out of this: convertible bonds                                  | -                     | -                   | -                     | -                   |
|                                     | 3 Short-term credits  | 76,80,53,000          | 22,00,77,907        | 72,41,00,000          | 17,77,01,381        |
|                                     | 4 Advances from customers   | -                     | -                   | -                     | -                   |
|                                     | 5 Accounts payable  | 4,98,51,000           | 1,42,84,306         | 9,46,67,000           | 2,32,32,228         |
|                                     | 6 Bills payable   | -                     | -                   | -                     | -                   |
|                                     | 7 Short-term liabilities to related companies                     | 95,40,000             | 27,33,592           | 1,05,48,000           | 25,88,585           |
|                                     | 8 Short-term liabilities to other holding companies               | -                     | -                   | -                     | -                   |
|                                     | 9 Other short-term liabilities                                    | 12,83,43,000          | 3,67,75,403         | 12,91,22,000          | 3,16,87,830         |
|                                     |   | -                     | -                   | -                     | -                   |
|                                     |   | -                     | -                   | -                     | -                   |
| <b>G. ACCRUALS</b>                  |   | <b>5,06,05,000</b>    | <b>1,45,00,357</b>  | <b>5,16,35,000</b>    | <b>1,26,71,745</b>  |
|                                     | 1 Accrued income  | -                     | -                   | -                     | -                   |
|                                     | 2 Accrued expenses  | 5,06,05,000           | 1,45,00,357         | 5,16,35,000           | 1,26,71,745         |
|                                     | 3 Deferred income   | -                     | -                   | -                     | -                   |
|                                     |   | -                     | -                   | -                     | -                   |
|                                     |   | -                     | -                   | -                     | -                   |
| <b>TOTAL EQUITY AND LIABILITIES</b> |   | <b>2,32,37,82,000</b> | <b>66,58,56,494</b> | <b>2,21,21,28,000</b> | <b>54,28,78,332</b> |

Budapest, 9 April 2015

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**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014**

|       |   | 2013                |                     | 2014                 |                     |
|-------|---|---------------------|---------------------|----------------------|---------------------|
|       |   | HUF                 | INR                 | HUF                  | INR                 |
|       | 1. Domestic sales   | 2,96,88,92,000      | 77,54,74,590        | 2,73,72,85,000       | 71,74,42,399        |
|       | 2. Export sales   | 1,94,92,000         | 50,91,310           | 1,66,12,000          | 43,54,005           |
| I.    | Total sales   | 2,98,83,84,000      | 78,05,65,901        | 2,75,38,97,000       | 72,17,96,404        |
|       | 3. Changes in self-manufactured inventories                     | -                   | -                   | -                    | -                   |
|       | 4. Capitalised value of self-manufactured assets                | -                   | -                   | -                    | -                   |
| II.   | Capitalised value of own production                             | -                   | -                   | -                    | -                   |
| III.  | Other income  | 4,98,55,000         | 1,30,22,126         | 3,90,71,000          | 1,02,40,509         |
|       | out of this: value loss recovered                               | -                   | -                   | -                    | -                   |
|       | 5. Costs of raw material  | 12,34,38,000        | 3,22,42,006         | 10,44,70,000         | 2,73,81,587         |
|       | 6. Value of material-type services used                         | 77,61,77,000        | 20,27,37,432        | 80,74,69,000         | 21,16,37,625        |
|       | 7. Value of other service                                       | 4,18,10,000         | 1,09,20,772         | 4,75,26,000          | 1,24,56,565         |
|       | 8. Costs of goods sold  | 99,43,43,000        | 25,97,22,392        | 96,61,83,000         | 25,32,36,564        |
|       | 9. Value of services sold (intermediated)                       | -                   | -                   | 1,20,000             | 31,452              |
| IV.   | Material-type expenditures                                      | 1,93,57,68,000      | 50,56,22,602        | 1,92,57,68,000       | 50,47,43,793        |
|       | 10. Wages and salaries  | 60,26,58,000        | 15,74,14,270        | 52,23,12,000         | 13,68,97,975        |
|       | 11. Other payroll related costs                                 | 18,12,50,000        | 4,73,42,500         | 15,52,62,000         | 4,06,94,170         |
|       | 12. Social security contribution                                | 17,58,99,000        | 4,59,44,819         | 16,17,52,000         | 4,23,95,199         |
| V.    | Payroll and related expenditures                                | 95,98,07,000        | 25,07,01,588        | 83,93,26,000         | 21,99,87,345        |
| VI.   | Depreciation  | 3,43,57,000         | 89,74,048           | 2,50,84,000          | 65,74,516           |
| VII.  | Other expenses  | 13,50,60,000        | 3,52,77,672         | 7,86,53,000          | 2,06,14,951         |
|       | out of this: value loss   | -                   | -                   | -                    | -                   |
| A.    | <b>OPERATING RESULT</b>   | <b>-2,67,53,000</b> | <b>-69,87,884</b>   | <b>-7,58,63,000</b>  | <b>-1,98,83,692</b> |
|       | 13. Dividends and other benefits received (due)                 | -                   | -                   | -                    | -                   |
|       | out of this: from related companies                             | -                   | -                   | -                    | -                   |
|       | 14. Exchange gain on sale of business shares                    | -                   | -                   | -                    | -                   |
|       | out of this: from related companies                             | -                   | -                   | -                    | -                   |
|       | 15. Interests and exchange gain on fixed assets                 | 47,30,000           | 12,35,476           | 7,45,000             | 1,95,265            |
|       | out of this: from related companies                             | -                   | -                   | -                    | -                   |
|       | 16. Other interests interest-related revenues received (due)    | 88,15,000           | 23,02,478           | 12,90,000            | 3,38,109            |
|       | out of this: from related companies                             | -                   | -                   | -                    | -                   |
|       | 17. Other revenues of financial transactions                    | 1,24,32,000         | 32,47,238           | 1,06,19,000          | 27,83,240           |
|       | out of this: revaluation difference                             | -                   | -                   | -                    | -                   |
| VIII. | Revenues from financial activities                              | 2,59,77,000         | 67,85,192           | 1,26,54,000          | 33,16,613           |
|       | 18. Exchange loss on fixed assets                               | -                   | -                   | -                    | -                   |
|       | out of this: given to related companies                         | -                   | -                   | -                    | -                   |
|       | 19. Fizesend kamatok és k ráfordítások                          | 5,19,84,000         | 1,35,78,221         | 3,14,07,000          | 82,31,775           |
|       | out of this: given to related companies                         | -                   | -                   | -                    | -                   |
|       | 20. Value loss of business shares, securities and bank deposits | -                   | -                   | -                    | -                   |
|       | 21. Other expenses of financial transactions                    | 88,34,000           | 23,07,441           | 98,42,000            | 25,79,588           |
|       | out of this: revaluation difference                             | -                   | -                   | -                    | -                   |
| IX.   | Total expenses of financial transactions                        | 6,08,18,000         | 1,58,85,662         | 4,12,49,000          | 1,08,11,363         |
| B.    | <b>INCOME (LOSS) ON FINANCIAL ACTIVITIES</b>                    | <b>-3,48,41,000</b> | <b>-91,00,469</b>   | <b>-2,88,95,000</b>  | <b>-75,73,380</b>   |
| C.    | <b>INCOME (LOSS) BEFORE EXTRAORDINARY ACTIVITIES</b>            | <b>-6,15,94,000</b> | <b>-1,60,88,353</b> | <b>-10,44,58,000</b> | <b>-2,73,78,442</b> |
| X.    | Extraordinary revenues  | -                   | -                   | -                    | -                   |
| XI.   | Extraordinary expenditures                                      | 10,000              | 2,612               | 47,25,000            | 12,38,423           |
| D.    | <b>NET GAIN (LOSS) ON EXTRAORDINARY ACTIVITIES</b>              | <b>-10,000</b>      | <b>-2,612</b>       | <b>-47,25,000</b>    | <b>-12,38,423</b>   |
| E.    | <b>PROFIT BEFORE TAX</b>  | <b>-6,16,04,000</b> | <b>-1,60,90,965</b> | <b>-10,91,83,000</b> | <b>-2,86,16,864</b> |
| XII.  | Tax liability   | -                   | -                   | -                    | -                   |
| F.    | <b>PROFIT AFTER TAX</b>   | <b>-6,16,04,000</b> | <b>-1,60,90,965</b> | <b>-10,91,83,000</b> | <b>-2,86,16,864</b> |
|       | 22. Use of retained earnings for dividends                      | -                   | -                   | -                    | -                   |
|       | 23. Dividend paid (approved)                                    | -                   | -                   | -                    | -                   |
| G.    | <b>NET PROFIT (LOSS) FOR PERIOD</b>                             | <b>-6,16,04,000</b> | <b>-1,60,90,965</b> | <b>-10,91,83,000</b> | <b>-2,86,16,864</b> |

Budapest, 9 April 2015

A kiegészítő melléklet az eredménykimutatás elválaszthatatlan részét képezi.

LUX HUNGÁRIA KERESKEDELMI KFT.

SUPPLEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

LUX HUNGÁRIA KERESKEDELMI KFT.  
SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

1. INTRODUCTION OF THE COMPANY

Lux Hungária Kft. (hereinafter referred to as the “Company”) based at 1145 Budapest, Jávor u. 5/A, is engaged in the following:

| <b>Activity</b>   | <b>TEÁOR<br/>(activity code)</b> |
|---|----------------------------------|
| Other non-store, market retailing (core activity)                       | 4799'08                          |
| Agency wholesale of machinery, ships and aircraft                       | 4614'08                          |
| Agency wholesale of furniture, household goods and metalwork            | 4615'08                          |
| Wholesale of electronic household appliances                            | 4643'08                          |
| Wholesale of electronic and telecommunications equipment and components | 4652'08                          |
| Retail sale of electrical household appliances                          | 4754'08                          |
| Retail sale of furniture, lighting and other household goods            | 4759'08                          |
| Repair of household appliances and gardening equipment                  | 9522'08                          |
| Package delivery, Internet retailing                                    | 4791'08                          |
| Other services supplementing financial activities                       | 6619'08                          |
| Renting and leasing of other machinery, equipment and tangible goods    | 7739'08                          |
| Renting and leasing of other personal and household goods               | 7729'08                          |

In its day-to-day activities the Company distributes high-value quality products (primarily cleaning equipment) through its sales agent network (direct selling). As the typical sales method, the customers get to know the products of the Company and the service background on product presentations. About half of the sales agents are Company personnel, while the other half are independent agents who work for the Company based on engagement contracts. The customers of the Company are mainly households; however, industrial use of the products is also frequent. As regards payment methods, to promote sales the Company provides the option to pay by instalments to its customers after payment of deposit.

The Company was established by Electrolux Lehel Hűtőgépgyár Kft. (5100 Jászberény, Fémnyomó u. 1.) on 1 January 1999. The Company launched operations on 7 January 1999. The Company continues the activities of Lux (Hungary) division of Electrolux Lehel Hűtőgépgyár Kft. as an independent legal entity. The Company received its assets from the founder in the form of definitive asset transfer. Previously the assets were used by the division. The Company was registered on 12 January 1999 by the Budapest Court of Registration under the number 01-09-677763/4. Pre-company operations were closed as of the above date.

On 30 September 1999 the founder (Electrolux Lehel Hűtőgépgyár Kft.) sold its 100% interest to AB Lux (Luxbacken 1, Lilla Essingen, S-10545 Stockholm) which is also owned by Electrolux. On 25 November 1999 AB Lux sold its 100% interest to Lux International AG-nak (Baarermatte, CH-6340 Baar). This transaction removed the Company from the Electrolux Group. The change in ownership was registered by the Court of Registration on 24 October 2000 effective from 25 November 1999. On 30 September 2009 Lux International AG sold its 100% interest to its subsidiary, Lux (Deutschland) GmbH.

LUX HUNGÁRIA KERESKEDELMI KFT.  
SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The person authorised to represent the Company is János Koós (mother's maiden name: Piroska Bali) resident at 1116 Budapest, Kohó u. 7. The annual report of the Company is signed by the managing director, János Koós.

LUX HUNGÁRIA KERESKEDELMI KFT.  
SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

Person responsible for managing and directing tasks within the scope of bookkeeping services:

Name: Éva Guba  
Field: business  
Registration number: 169433  
Address: 1141 Budapest, Szomolány u. 62/2.

With reference to Section 155 (2) of Act C of 2000 as amended, the Company must be audited. Auditor of the Company for the year ended 31 December 2014:

KPMG Hungária Kft.  
1134 Budapest, Váci út 31.  
MKVK szám: 000202  
Cg. 01-09-063183

Natural person auditor responsible for the audit as from 31 January 2015:

László Fébó  
Mother's maiden name: Irén Hortváth  
Address: 2112 Veresegyház, Mikes Kelemen utca 3.  
Audit reg. no.: MKVK-006702

Lux Hungária Kft. is a member of the "Lux Group". The consolidated annual report of the Group is prepared by the owner of the Lux Group, Lux International AG. The owners of the Swiss-registered Lux International AG are private individuals, thus the consolidated annual report of the Group is not public in accordance with local regulations.

## 2. ACCOUNTING POLICIES

The Company keeps its books and records in accordance with Act C of 2000 on Accounting as amended (hereinafter referred to as: the Act) and with accounting principles generally accepted in Hungary. The accounting policies and valuation methods and procedures of the Company along with the changes to the accounting policies during the year are as follows:

### 2.1. Basis of accounting

The Act entered into force on 1 January 2001. Both the attached balance sheet, which reflects the position as of 31 December 2013 and 31 December 2014, as well as the income statement for the financial years ended 31 December 2013 and 31 December 2014 were prepared in accordance with the Act.

### 2.2. Balance sheet preparation date

The date for preparing the balance sheet is 31 March 2014 for the 2013 annual report and 31 January 2015 for the 2014 annual report.

LUX HUNGÁRIA KERESKEDELMI KFT.  
SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

2.3. Intangible assets

Intangible assets are recognised at purchase or production cost less accumulated depreciation. Amortisation is calculated using the straight-line method, based on rates necessary to write off the intangible assets over their expected useful life. Capitalised value of rights and concessions and intellectual property is written off over 6 years.

2.4. Tangible assets

The Company records tangible assets contributed by the owners at the value established during the valuation less accumulated depreciation. Purchased tangible assets are recognised at purchase cost less accumulated depreciation.

In 2013 and 2014 residual value was assessed for purchased motor vehicles. For other purchased tangible assets the residual value is insignificant.

Tangible assets with an individual purchase value below THUF 100 are written off at first use (upon capitalisation) in one amount as ordinary depreciation.

The Company applies straight-line depreciation, taking into consideration the expected useful lives of the tangible assets. Expected useful lives are as follows:

|   | <u>Year</u> |
|---|-------------|
| Land and buildings                          | 17          |
| Other equipment, fittings                   | 7           |
| Technical equipment, machinery and vehicles | 5           |

The Company accounts for depreciation on a monthly basis taking into account the above useful lives.

The registered office of the Company located at 1145 Budapest, Jávör u. 5/A is owned by the Company. Considering that based on Decree No. 47/2005. (VII.20.) of the Budapest General Assembly the building is protected, the Company does not book depreciation on the building.

2.5. Inventories

Purchased inventories are recognized either at purchase cost determined with the weighted average price method, or at market value, if the latter is lower than the purchase price.

2.6. Receivables and liabilities denominated in foreign exchange

The Company measures receivables and liabilities denominated in foreign exchange on an aggregate basis as required in the Act on Accounting. Considering that the Company is typically characterized by imports, it values its receivables and liabilities denominated in FX at the selling rate of its bank.

LUX HUNGÁRIA KERESKEDELMI KFT.  
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2.7. Form of the balance-sheet and income statement

The Company prepared Version “A” of the balance sheet. The Company prepared Version “A” income statement using the total-cost method.

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**3. FINANCIAL POSITION AND LIQUIDITY**

The financial position and liquidity of the Company as of 31 December 2013 and 31 December 2014 are presented by the following financial indicators as well as the cash flow statement included in Appendix 1.

| <u>Financial indicators:</u>   | 31-12-2013 | 31-12-2014 |
|--|------------|------------|
| Liquidity ratio =<br>(current assets / current liabilities)* =   | 1,8        | 1,8        |
| Acid test ratio = (current assets less inventories/current liabilities)* =                                 |            |            |
|  | 1,4        | 1,3        |
| Debtor days to sales revenue =<br>(trade receivables net of VAT/ sales revenue x 365 days)                 | 125        | 128        |
| =  |            |            |
| Fixed asset ratio =<br>(fixed assets / balance sheet total) x 100 =  | 21,4%      | 18,4%      |
| Current asset ratio =<br>(current assets / balance sheet total) x 100 =                                    | 78,3%      | 81,3%      |
| Ratio of deferred expenses and accrued income = (deferred exp. and<br>accrued inc. / total assets) x 100 = | 0,3%       | 0,3%       |
| Capital adequacy =<br>(equity / balance sheet total) x 100 =   | 56,0%      | 53,9%      |
| Ratio of provisions =<br>(provisions / balance sheet total) x 100 =  | 0,7%       | 0,5%       |
| Liabilities ratio =<br>(liabilities / balance sheet total) x 100 =   | 41,1%      | 43,3%      |
| Ratio of accrued expenses and deferred income = (accrued exp. and<br>deferred inc. / total assets) x 100 = | 2,2%       | 2,3%       |
| Debt to equity ratio =<br>(liabilities / equity) x 100 =   | 73,5%      | 80,4%      |
| Return on sales =<br>(operating profit or loss / net sales revenue) x 100 =                                | -0,9%      | -2,8%      |

\* With deferred and accrued expenses and income.

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4. INTANGIBLE ASSETS

Summary of changes to intangible assets for the years ended 31 December 2013 and 31 December 2014:

| GROSS VALUE:                        | Rights and concessions |             | Intellectual property |              | Total       |              |
|-------------------------------------|------------------------|-------------|-----------------------|--------------|-------------|--------------|
|                                     | HUF                    | INR         | HUF                   | INR          | HUF         | INR          |
| Opening balance At 1 January 2013   | 10,64,000              | 3,04,878.56 | 2,65,51,000           | 76,07,923.54 | 2,76,15,000 | 79,12,802.10 |
| Additions                           | -                      | -           | -                     | -            | -           | -            |
| Disposals                           | -                      | -           | -                     | -            | -           | -            |
| Closing balance At 31 December 2013 | 10,64,000              | 3,04,879    | 2,65,51,000           | 76,07,924    | 2,76,15,000 | 79,12,802    |
| Additions                           | -                      | -           | -                     | -            | -           | -            |
| Disposals                           | -                      | -           | -                     | -            | -           | -            |
| Closing balance At 31 December 2014 | 10,64,000              | 3,04,879    | 2,65,51,000           | 76,07,924    | 2,76,15,000 | 79,12,802    |
| <b>ACCUMULATED DEPRECIATION:</b>    |                        |             |                       |              |             |              |
| Opening balance At 1 January 2013   | 10,54,000              | 3,02,013.16 | 2,63,20,000           | 75,41,732.80 | 2,73,74,000 | 78,43,745.96 |
| Additions                           | 10,000                 | 2,865.40    | 2,31,000              | 66,190.74    | 2,41,000    | 69,056.14    |
| Disposals                           | -                      | -           | -                     | -            | -           | -            |
| Closing balance At 31 December 2013 | 10,64,000              | 3,04,879    | 2,65,51,000           | 76,07,924    | 2,76,15,000 | 79,12,802    |
| Additions                           | -                      | -           | 1,72,000              | 49,284.88    | 1,72,000    | 49,284.88    |
| Disposals                           | -                      | -           | -                     | -            | -           | -            |
| Closing balance At 31 December 2014 | 10,64,000              | 3,04,879    | 2,67,23,000           | 76,57,208    | 2,77,87,000 | 79,62,087    |
| NET VALUE At 31 December 2013       | -                      | -           | -                     | -            | -           | -            |
| NET VALUE At 31 December 2014       | -                      | -           | (1,72,000)            | (49,285)     | -           | (49,285)     |

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5. TANGIBLE ASSETS

Summary of changes to tangible assets for the years ended 31 December 2013 and 31 December 2014:

| Changes to gross value            | Land and buildings |                | Other equipment, fittings, vehicles |                  | Technical equipment, machinery |           | Assets under construct. |                | Tangible assets with purchase value below THUF 100 |              | Total         |               |
|-----------------------------------|--------------------|----------------|-------------------------------------|------------------|--------------------------------|-----------|-------------------------|----------------|--|--------------|---------------|---------------|
|                                   | HUF                | INR            | HUF                                 | INR              | HUF                            | INR       | HUF                     | INR            | HUF  | INR          | HUF           | INR           |
| <b>GROSS VALUE:</b>               |                    |                |                                     |                  |                                |           |                         |                |  |              |               |               |
| Opening balance at 1 January 2013 | 34,29,79,000       | 9,82,77,202.66 | 27,83,85,000                        | 7,97,68,437.90   | -                              | -         | -                       | -              | 1,27,02,000  | 36,39,631.08 | 63,40,66,000  | 18,16,85,272  |
| Additions                         | -                  | -              | -                                   | -                | -                              | -         | 86,55,000               | 24,80,003.70   | -  | -            | 86,55,000     | 24,80,004     |
| Capitalisations                   | 1,50,000           | 42,981.00      | 82,58,000                           | 23,66,247.32     | -                              | -         | -                       | -              | 1,27,17,000  | 36,43,929.18 | 2,11,25,000   | 60,53,158     |
| Disposals and other decreases     | -                  | -              | (4,18,29,000)                       | (1,19,85,681.66) | -                              | -         | -                       | -              | -  | -            | (4,18,29,000) | (1,19,85,682) |
| Reclassifications                 | -                  | -              | -                                   | -                | -                              | -         | (84,08,000)             | (24,09,228.32) | -  | -            | (84,08,000)   | (24,09,228)   |
|                                   |                    |                |                                     |                  |                                |           |                         |                |  |              |               |               |
| Closing balance                   | 34,31,29,000       | 9,83,20,184    | 24,48,14,000                        | 7,01,49,004      | -                              | -         | 2,47,000                | 70,775         | 2,54,19,000  | 72,83,560    | 61,36,09,000  | 17,58,23,523  |
| At 31 December 2013               |                    |                |                                     |                  |                                |           |                         |                |  |              |               |               |
| Additions                         | -                  | -              | -                                   | -                | 1,59,36,000                    | 39,10,854 | 2,38,91,000             | 58,63,090      | -  | -            | 3,98,27,000   | 97,73,944     |
| Capitalisations                   | 3,00,000           | 73,623         | 77,96,000                           | 19,13,216        | -                              | -         | -                       | -              | 93,56,000  | 22,96,056    | 1,74,52,000   | 42,82,895     |
| Disposals and other decreases     | -                  | -              | (45,93,000)                         | (11,27,168)      | -                              | -         | -                       | -              | -  | -            | (45,93,000)   | (11,27,168)   |
| Reclassifications                 | -                  | -              | -                                   | -                | -                              | -         | (2,40,33,000)           | (58,97,939)    | -  | -            | (2,40,33,000) | (58,97,939)   |
| Closing balance                   | 34,34,29,000       | 9,83,93,807    | 24,80,17,000                        | 7,09,35,052      | 1,59,36,000                    | 39,10,854 | 1,05,000                | 35,927         | 3,47,75,000  | 95,79,616    | 64,22,62,000  | 18,28,55,256  |
| At 31 December 2014               |                    |                |                                     |                  |                                |           |                         |                |  |              |               |               |

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Changes to accumulated depreciation

Depreciation of low-value tangible assets is included in the table below from 2013. In 2013 and 2014 tangible assets with an individual purchase value below THUF 100 were written off in one amount. Depreciation of low-value tangible assets totaled 12,7717 in 2013 and 9,356 in 2014

| ACCUMULATED<br>DEPRECIATION:           | Land and<br>buildings |             | Other equipment,<br>fittings, vehicles |               | Technical<br>equipment,<br>machinery |             | Assets under<br>construct. |        | Tangible assets<br>with purchase value<br>below THUF 100 |              | Total         |              |
|--|-----------------------|-------------|--|---------------|--------------------------------------|-------------|----------------------------|--------|--|--------------|---------------|--------------|
|  | HUF                   | INR         | HUF                                    | INR           | HUF                                  | INR         | HUF                        | INR    | HUF  | INR          | HUF           | INR          |
| Opening balance At 1 January 2013      | 9,24,000              | 2,64,763    | 18,86,34,000                           | 5,40,51,186   | -                                    | -           | -                          | -      | 1,27,02,000  | 36,39,631    | 20,22,60,000  | 5,79,55,580  |
| Booked depreciation                    | 2,23,000              | 63,898      | 2,11,76,000                            | 60,67,771     | -                                    | -           | -                          | -      | 1,27,17,000  | 36,43,929    | 3,41,16,000   | 97,75,599    |
| Disposals and other decreases          | -                     | -           | (2,37,24,000)                          | (67,97,875)   | -                                    | -           | -                          | -      | -  | -            | (2,37,24,000) | (67,97,875)  |
| Closing balance<br>At 31 December 2013 | 11,47,000             | 3,28,661    | 18,60,86,000                           | 5,33,21,082   | -                                    | -           | -                          | -      | 2,54,19,000  | 72,83,560    | 21,26,52,000  | 6,09,33,304  |
| Booked depreciation                    | 2,29,000              | 56,198.89   | 1,48,57,000                            | 36,46,056.37  | 4,69,000                             | 1,15,097.29 | -                          | -      | 93,56,000  | 21,39,903.96 | 2,49,11,000   | 59,57,257    |
| Disposals and other decreases          | -                     | -           | (28,17,000)                            | (6,91,319.97) | -                                    | -           | -                          | -      | -  | -            | (28,17,000)   | (6,91,320)   |
| Closing balance At 31 December<br>2014 | 13,76,000             | 3,84,860    | 19,81,26,000                           | 5,62,75,819   | 4,69,000                             | 1,15,097    | -                          | -      | 3,47,75,000  | 94,23,464    | 23,47,46,000  | 6,61,99,241  |
| NET VALUE At 31 December 2013          | 34,19,82,000          | 9,79,91,522 | 5,87,28,000                            | 1,68,27,921   | -                                    | -           | 2,47,000                   | 70,775 | -  | -            | 40,09,57,000  | 11,48,90,219 |
| NET VALUE At 31 December 2014          | 34,20,53,000          | 9,80,08,946 | 4,98,91,000                            | 1,46,59,233   | 1,54,67,000                          | 37,95,756   | 1,05,000                   | 35,927 | -  | 1,56,152.0   | 40,75,16,000  | 11,66,56,015 |

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6.RAW MATERIALS AND CONSUMABLE GOODS

Composition of raw materials and consumables as of 31 December 2013 and 31 December 2014:

|                     | 31-12-2013 |          | 31-12-2014 |          |
|---------------------|------------|----------|------------|----------|
|                     | HUF        | INR      | HUF        | INR      |
| Servicing materials | 10,90,000  | 3,12,329 | 16,15,000  | 3,96,337 |
| Other               | -          | -        | -          | -        |
| Total               | 10,90,000  | 3,12,329 | 16,15,000  | 3,96,337 |

7.GOODS

Composition of goods as of 31 December 2013 and 31 December 2014:

|                                 | 31-12-2013    |              | 31-12-2014    |              |
|---------------------------------|---------------|--------------|---------------|--------------|
|                                 | HUF           | INR          | HUF           | INR          |
| New goods                       | 32,33,05,000  | 9,26,39,815  | 36,92,46,000  | 9,06,16,661  |
| Goods for presentation purposes | 6,70,38,000   | 1,92,09,069  | 8,11,08,000   | 1,99,04,714  |
| Servicing goods                 | 6,14,53,000   | 1,76,08,743  | 6,89,33,000   | 1,69,16,848  |
| Goods in transit                | 66,90,000     | 19,16,953    | 1,05,53,000   | 25,89,812    |
| Impairment on inventories       | (1,30,47,000) | (37,38,487)  | (1,16,93,000) | (28,69,579)  |
| Total                           | 44,54,39,000  | 12,76,36,091 | 51,81,47,000  | 12,71,58,455 |

8.TRADE RECEIVABLES

Composition of trade receivables as of 31 December 2013 and 31 December 2014:

|  | 31-12-2013     |               | 31-12-2014     |               |
|--|----------------|---------------|----------------|---------------|
|  | HUF            | INR           | HUF            | INR           |
| Trade receivables                              | 1,43,57,17,000 | 41,13,90,349  | 1,34,31,79,000 | 32,96,29,558  |
| Impairment on trade receivables                | (7,26,93,000)  | (2,08,29,452) | (7,44,94,000)  | (1,82,81,573) |
| Impairment on trade receivables due to returns | (5,88,12,000)  | (1,68,51,990) | (4,37,66,000)  | (1,07,40,614) |
| Total  | 1,30,42,12,000 | 37,37,08,906  | 1,22,49,19,000 | 30,06,07,372  |

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Changes to impairment on trade receivables for the years ended 31 December 2013 and 31 December 2014:

|                                   | 31-12-2013  |             | 31-12-2014  |             |
|-----------------------------------|-------------|-------------|-------------|-------------|
|                                   | HUF         | INR         | HUF         | INR         |
| Opening balance                   | 6,28,38,000 | 1,80,05,601 | 7,26,93,000 | 1,78,39,589 |
| Booking of impairment (increase)  | 98,55,000   | 28,23,852   | 18,01,000   | 4,41,983    |
| Reversal of impairment (decrease) | -           | -           | -           | -           |
| Total                             | 7,26,93,000 | 2,08,29,452 | 7,44,94,000 | 1,82,81,573 |

Changes to impairment on trade receivables due to returns expected in the next period for the years ended 31 December 2013 and 31 December 2014:

|                                   | 31-12-2013  |             | 31-12-2014    |             |
|-----------------------------------|-------------|-------------|---------------|-------------|
|                                   | HUF         | INR         | HUF           | INR         |
| Opening balance                   | 4,14,12,000 | 1,18,66,194 | 5,88,12,000   | 1,44,33,053 |
| Booking of impairment (increase)  | 1,74,00,000 | 49,85,796   | -             | -           |
| Reversal of impairment (decrease) | -           | -           | (1,50,46,000) | (36,92,439) |
| Total                             | 5,88,12,000 | 1,68,51,990 | 4,37,66,000   | 1,07,40,614 |

In previous years the impact on profit or loss of returns expected for the next period was booked as deferred sales revenue and deferred cost of good sold. The method was changed as of 01.01.2013.

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9. RECEIVABLES FROM RELATED COMPANIES

Composition of receivables from related companies as of 31 December 2013:

| Type of receivable               | HUF                | INR                | Interest %           |
|----------------------------------|--------------------|--------------------|----------------------|
| <b>Lux International AG:</b>     |                    |                    |                      |
| •Long-term variable rate FX loan | 9,70,55,000        | 2,78,10,140        | 3-month EURIBOR + 3% |
| •Trade receivable                | 11,38,000          | 3,26,083           | -                    |
| <b>Lux (SK), s.r.o:</b>          |                    |                    |                      |
| •Trade receivable                | 2,11,000           | 60,460             | -                    |
| Total                            | <u>9,84,04,000</u> | <u>2,81,96,682</u> |                      |

Composition of receivables from related companies as of 31 December 2014:

| Type of receivable              | HUF             | INR             | Interest % |
|---------------------------------|-----------------|-----------------|------------|
| <b>Lux Lux Österreich GmbH:</b> |                 |                 |            |
| •Trade receivable               | 613000          | 150436.33       | -          |
| <b>Lux International AG:</b>    |                 |                 |            |
| •Trade receivable               | 54000           | 13252.14        | -          |
| Total                           | <u>6,67,000</u> | <u>1,63,688</u> |            |

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10.OTHER RECEIVABLES

Composition of other receivables as of 31 December 2013 and 31 December 2014:

|   | 31-12-2013    |             | 31-12-2014    |             |
|---|---------------|-------------|---------------|-------------|
|   | HUF           | INR         | HUF           | INR         |
| Receivables from agents due to missing items or other |               |             |               |             |
| damage  | 3,63,70,000   | 1,04,21,460 | 3,52,50,000   | 86,50,703   |
| Loans granted   | 1,64,67,000   | 47,18,454   | 1,23,97,000   | 30,42,348   |
| Deposits  | 1,03,67,000   | 29,70,560   | 77,60,000     | 19,04,382   |
| Corporation tax receivable                            | 64,42,000     | 18,45,891   | 64,42,000     | 15,80,931   |
| Business tax receivable                               | 64,22,000     | 18,40,160   | 44,95,000     | 11,03,118   |
| Innovation contribution                               | 13,99,000     | 4,00,869    | 24,96,000     | 6,12,543    |
| Wage advances   | 11,29,000     | 3,23,504    | 8,68,000      | 2,13,016    |
| Other   | 6,66,000      | 1,90,836    | 21,42,000     | 5,25,668    |
| Impairment on other receivables                       | (2,98,91,000) | (85,64,967) | (3,05,18,000) | (74,89,422) |
| Total   | 4,93,71,000   | 1,41,46,766 | 4,13,32,000   | 1,01,43,286 |

11.LIQUID ASSETS

As of 31 December 2013 and 31 December 2014 the Company had only cash and bank deposits.

Bank deposits were as follows as of 31 December 2013 and 31 December 2014:

|                             | 31-12-2013 |           | 31-12-2014 |          |
|-----------------------------|------------|-----------|------------|----------|
|                             | HUF        | INR       | HUF        | INR      |
| Bank accounts               | 8,29,000   | 2,37,542  | 6,08,000   | 1,49,209 |
| Technical transfer accounts | 80,71,000  | 23,12,664 | 16,90,000  | 4,14,743 |
| Total                       | 89,00,000  | 25,50,206 | 22,98,000  | 5,63,952 |

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12.DEFERRED EXPENSES AND ACCRUED INCOME

Composition of deferred expenses as of 31 December 2013 and 31 December 2014:

|         | 31-12-2013 |          | 31-12-2014 |          |
|---------|------------|----------|------------|----------|
|         | HUF        | INR      | HUF        | INR      |
| Rentals | 15,95,000  | 4,57,031 | 18,32,000  | 4,49,591 |
| Other   | 3,02,000   | 86,535   | 13,29,000  | 3,26,150 |
| Total   | 18,97,000  | 5,43,566 | 31,61,000  | 7,75,741 |

Composition of accrued income as of 31 December 2013 and 31 December 2014:

|                                   | 31-12-2013 |           | 31-12-2014 |          |
|-----------------------------------|------------|-----------|------------|----------|
|                                   | HUF        | INR       | HUF        | INR      |
| Income from guarantee cost refund | 22,57,000  | 6,46,721  | 18,69,000  | 4,58,671 |
| Commission income                 | 10,06,000  | 2,88,259  | 15,45,000  | 3,79,158 |
| Conference room rental            | 9,60,000   | 2,75,078  | 2,50,000   | 61,353   |
| Total                             | 42,23,000  | 12,10,058 | 36,64,000  | 8,99,182 |

13.EQUITY

Registered capital as of 31 December 2013 and 31 December 2014:

| <u>Owner</u>         | <u>Total nominal value</u> |              |                |              | <u>Holding</u> |            |
|----------------------|----------------------------|--------------|----------------|--------------|----------------|------------|
|                      | 31.12.2013                 | 31.12.2013   | 31.12.2014     | 31.12.2014   | 31.12.2013     | 31.12.2014 |
|                      | HUF                        | INR          | HUF            | INR          |                |            |
| Lux Deutschland GmbH | 3,00,00,000.00             | 85,96,200.00 | 3,00,00,000.00 | 85,96,200.00 | 100%           | 100%       |

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(All figures are in THUF except if otherwise indicated)

Changes to equity elements for the years ended 31 December 2013 and 31 December 2014:

|   | Capital<br>reserve |             | Retained<br>earnings |               | Non-<br>distributable<br>reserve |     | Retained<br>profit or loss<br>for the year |                  |
|---|--------------------|-------------|----------------------|---------------|----------------------------------|-----|--|------------------|
|   | HUF                | INR         | HUF                  | INR           | HUF                              | INR | HUF  | INR              |
| Balance at 1 January 2013   | 12,34,96,000       | 3,53,86,544 | 1,25,50,55,000       | 35,96,23,460  | -                                | -   | (4,57,25,000)                              | (1,31,02,041.50) |
| Transfer of the profit for the year ended 31.12.2012 to retained earnings | -                  | -           | (4,57,25,000)        | (1,31,02,042) | -                                | -   | 4,57,25,000                                | 1,31,02,041.50   |
| Loss for the year ended 31.12.2013  | -                  | -           | -                    | -             | -                                | -   | (6,16,04,000)                              | (1,76,52,010.16) |
| Balance at 31 December 2013   | 12,34,96,000       | 3,53,86,544 | 1,20,93,30,000       | 34,65,21,418  | -                                | -   | (6,16,04,000)                              | (1,76,52,010)    |
| Transfer of the loss for the year ended 31.12.2013 to retained earnings   | -                  | -           | (6,16,04,000)        | (1,60,90,965) | -                                | -   | 6,16,04,000                                | 1,76,52,010.16   |
| Loss for the year ended 31.12.2014  | -                  | -           | (10,91,83,000)       | (2,86,16,864) | -                                | -   | (10,91,83,000)                             | (2,86,16,864)    |
| Balance at 31 December 2014   | 12,34,96,000       | 3,53,86,544 | 1,03,85,43,000       | 30,18,13,589  | -                                | -   | (10,91,83,000)                             | (2,86,16,864)    |

14. PROVISIONS

Composition of provisions as of 31 December 2013 and 31 December 2014:

|                                     | 31-12-2013  |           | 31-12-2014  |           |
|-------------------------------------|-------------|-----------|-------------|-----------|
|                                     | HUF         | INR       | HUF         | INR       |
| Provisions for warranty liabilities | 1,61,68,000 | 46,32,779 | 1,00,17,000 | 24,58,272 |
| Total                               | 1,61,68,000 | 46,32,779 | 1,00,17,000 | 24,58,272 |

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(All figures are in THUF except if otherwise indicated)

15. LOANS

Liabilities to Budapest Bank Nyrt. outstanding on 31 December 2013:

| Type of loan                       | HUF          | INR            | Expiry     |
|------------------------------------|--------------|----------------|------------|
| Drawn HUF overdraft facility       | 6,80,53,000  | 1,94,99,906.62 | 2015.02.20 |
| Customer financing revolving loan  | 55,00,00,000 | 15,75,97,000   | 2015.01.29 |
| Inventory financing revolving loan | 15,00,00,000 | 4,29,81,000    | 2015.01.29 |

Liabilities to Budapest Bank Nyrt. outstanding on 31 December 2014:

| Type of loan                       | HUF          | INR          | Expiry     |
|------------------------------------|--------------|--------------|------------|
| Drawn HUF overdraft facility       | 2,41,00,000  | 59,14,381    | 2015.10.30 |
| Customer financing revolving loan  | 55,00,00,000 | 13,49,75,500 | 2016.01.27 |
| Inventory financing revolving loan | 15,00,00,000 | 3,68,11,500  | 2016.01.27 |

In 2015 the loan agreements were modified to extend the overdraft facility and the two types of revolving loan for a further year.

Collaterals for the liabilities to Budapest Bank Nyrt. are as follows:

- 1.General mortgage on the property of the Company located at 1145 Budapest, Jávör u. 5/A. up to THUF 1,500,000;
- 2.General mortgage on all assets of the Company up to THUF 1,500,000;
- 3.Guarantee of Lux International AG up to THUF 890,000.

The Company revalued its receivables and liabilities denominated in foreign exchange on the reporting date.

LUX HUNGÁRIA KERESKEDELMI KFT.  
SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

(All figures are in THUF except if otherwise indicated)

16. LIABILITIES TO RELATED COMPANIES

Composition of liabilities to related companies as of 31 December 2013 and 31 December 2014:

| Trade liabilities:   | 31-12-2013 |           | 31-12-2014 |              |
|----------------------|------------|-----------|------------|--------------|
|                      | HUF        | INR       | HUF        | INR          |
| Lux International AG | 70,70,000  | 20,25,838 | 60,90,000  | 14,94,546.90 |
| Lux Eesti OÜ         | 24,70,000  | 7,07,754  | -          | -            |
| Lux Service GmbH     | -          | -         | -          | -            |
| Total                | 95,40,000  | 27,33,592 | 60,90,000  | 14,94,547    |

17. OTHER CURRENT LIABILITIES

Composition of other current liabilities as of 31 December 2013 and 31 December 2014:

|  | 31-12-2013   |                | 31-12-2014   |              |
|--|--------------|----------------|--------------|--------------|
|  | HUF          | INR            | HUF          | INR          |
| Value added tax payable                          | 3,51,14,000  | 1,00,61,565.56 | 3,82,04,000  | 93,75,643.64 |
| Wages  | 3,23,18,000  | 92,60,399.72   | 3,17,78,000  | 77,98,638.98 |
| Liabilities to customers due to overpayment      | 2,66,06,000  | 76,23,683.24   | 2,65,98,000  | 65,27,415.18 |
| Taxes and contributions payable (except for VAT) | 2,21,67,000  | 63,51,732.18   | 2,06,52,000  | 50,68,207.32 |
| Social contribution tax                          | 1,16,68,000  | 33,43,348.72   | 1,13,16,000  | 27,77,059.56 |
| Other  | 4,70,000     | 1,34,673.80    | 5,74,000     | 1,40,865.34  |
| Total  | 12,83,43,000 | 3,67,75,403    | 12,91,22,000 | 3,16,87,830  |

LUX HUNGÁRIA KERESKEDELMI KFT.  
SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

(All figures are in THUF except if otherwise indicated)

18. ACCRUED EXPENSES AND DEFERRED INCOME

Composition of accrued expenses as of 31 December 2013 and 31 December 2014:

|                         | 31-12-2013  |             | 31-12-2014  |             |
|-------------------------|-------------|-------------|-------------|-------------|
|                         | HUF         | INR         | HUF         | INR         |
| Sales agent commissions | 1,55,30,000 | 44,49,966   | 1,78,90,000 | 43,90,385   |
| Service commissions     | 1,15,83,000 | 33,18,993   | 1,23,05,000 | 30,19,770   |
| Other commissions       | 86,86,000   | 24,88,886   | 72,73,000   | 17,84,867   |
| Telephone costs         | 46,34,000   | 13,27,826   | 56,42,000   | 13,84,603   |
| Expert fees             | 75,76,000   | 21,70,827   | 52,32,000   | 12,83,985   |
| Postal costs            | 10,79,000   | 3,09,177    | 10,22,000   | 2,50,809    |
| Fuel costs              | 5,40,000    | 1,54,732    | 4,66,000    | 1,14,361    |
| Other                   | 9,77,000    | 2,79,950    | 18,05,000   | 4,42,965    |
| Total                   | 5,06,05,000 | 1,45,00,357 | 5,16,35,000 | 1,26,71,745 |

19. NET EXPORT SALES REVENUE

Composition of net export sales revenue in the years ended 31 December 2013 and 31 December 2014:

|                           | 31-12-2013  |           | 31-12-2014  |           |
|---------------------------|-------------|-----------|-------------|-----------|
|                           | HUF         | INR       | HUF         | INR       |
| Sales in EU countries     | 1,87,22,000 | 48,90,186 | 1,56,44,000 | 41,00,292 |
| Sales in non-EU countries | 7,70,000    | 2,01,124  | 9,68,000    | 2,53,713  |
| Total                     | 1,94,92,000 | 50,91,310 | 1,66,12,000 | 43,54,005 |

The Company did not export services in 2013 and 2014.

LUX HUNGÁRIA KERESKEDELMI KFT.  
SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

(All figures are in THUF except if otherwise indicated)

20.IMPORT PURCHASES

Import of products in the years ended 31 December 2013 and 31 December 2014:

|                       | 31-12-2013     |              | 31-12-2014     |              |
|-----------------------|----------------|--------------|----------------|--------------|
|                       | HUF            | INR          | HUF            | INR          |
| From EU countries     | 94,38,80,000   | 24,65,41,456 | 1,02,81,56,000 | 26,94,79,688 |
| From non-EU countries | 5,87,23,000    | 1,53,38,448  | 6,73,22,000    | 1,76,45,096  |
| Total                 | 1,00,26,03,000 | 26,18,79,904 | 1,09,54,78,000 | 28,71,24,784 |

Composition of import of services in the years ended 31 December 2013 and 31 December 2014:

|                       | 31-12-2013  |             | 31-12-2014  |             |
|-----------------------|-------------|-------------|-------------|-------------|
|                       | HUF         | INR         | HUF         | INR         |
| From non-EU countries | 9,41,94,000 | 2,46,03,473 | 9,24,16,000 | 2,42,22,234 |
| From EU countries     | 7,21,000    | 1,88,325    | (4,92,000)  | (1,28,953)  |
| Total                 | 9,49,15,000 | 2,47,91,798 | 9,19,24,000 | 2,40,93,280 |

21.OTHER INCOME

Composition of other income in the years ended 31 December 2013 and 31 December 2014:

|  | 31-12-2013  |             | 31-12-2014  |             |
|--|-------------|-------------|-------------|-------------|
|  | HUF         | INR         | HUF         | INR         |
| Impairment reversal                                    | 22,39,000   | 5,84,827    | 1,63,99,000 | 42,98,178   |
| Accounting for expired liabilities                     | 72,40,000   | 18,91,088   | 66,05,000   | 17,31,171   |
| Release of provisions for expected liabilities         | 19,53,000   | 5,10,124    | 61,51,000   | 16,12,177   |
| Compensation   | 90,31,000   | 23,58,897   | 42,16,000   | 11,05,014   |
| Payments for credit loss                               | 14,90,000   | 3,89,188    | 21,46,000   | 5,62,467    |
| Income from tangible asset sales                       | 1,23,15,000 | 32,16,678   | 13,92,000   | 3,64,843    |
| Transfer from tax authorities for a previous tax issue | 1,38,16,000 | 36,08,739   | -           | -           |
| Other  | 17,71,000   | 4,62,585    | 21,62,000   | 5,66,660    |
| Total  | 4,98,55,000 | 1,30,22,126 | 3,90,71,000 | 1,02,40,509 |

**LUX HUNGÁRIA KERESKEDELMI KFT.**  
**SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2014**

**22.SERVICES USED**

Composition of services used in the years ended 31 December 2013 and 31 December 2014:

|                                 | 31-12-2013             |                        | 31-12-2014             |                     |
|---------------------------------|------------------------|------------------------|------------------------|---------------------|
|                                 | HUF                    | INR                    | HUF                    | INR                 |
| Sale commission                 | 43,25,43,000.00        | 11,29,80,231.60        | 50,01,76,000.00        | 13,10,96,130        |
| Name usage fee                  | 9,23,15,000.00         | 2,41,12,678.00         | 8,78,28,000.00         | 2,30,19,719         |
| Rentals                         | 4,61,80,000.00         | 1,20,62,216.00         | 4,29,56,000.00         | 1,12,58,768         |
| Postal costs                    | 4,32,74,000.00         | 1,13,03,168.80         | 4,11,90,000.00         | 1,07,95,899         |
| Maintenance costs               | 3,53,99,000.00         | 92,46,218.80           | 3,25,99,000.00         | 85,44,198           |
| Expert fees                     | 4,79,74,000.00         | 1,25,30,808.80         | 3,17,47,000.00         | 83,20,889           |
| Telephone costs                 | 3,75,80,000.00         | 98,15,896.00           | 2,98,90,000.00         | 78,34,169           |
| Fairs, exhibitions              | 1,01,38,000.00         | 26,48,045.60           | 81,38,000.00           | 21,32,970           |
| Advertising costs               | 62,93,000.00           | 16,43,731.60           | 76,52,000.00           | 20,05,589           |
| Travel costs                    | 58,51,000.00           | 15,28,281.20           | 57,57,000.00           | 15,08,910           |
| Training costs                  | 50,41,000.00           | 13,16,709.20           | 51,04,000.00           | 13,37,758           |
| Advertising and promotion costs | 37,14,000.00           | 9,70,096.80            | 37,94,000.00           | 9,94,407            |
| Transportation costs            | 31,10,000.00           | 8,12,332.00            | 30,52,000.00           | 7,99,929            |
| Other                           | 67,65,000.00           | 17,67,018.00           | 75,86,000.00           | 19,88,291           |
| <b>Total</b>                    | <b>77,61,77,000.00</b> | <b>20,27,37,432.40</b> | <b>80,74,69,000.00</b> | <b>21,16,37,625</b> |

The auditor charged THUF 4,300 for the audit of the 2014 annual report. Upon the special request of the owner the auditor performed an audit with 31 May 2014 as the reporting date for a fee of THUF 1,700. In the year ended 31 December 2014 the auditor did not provide other assurance, tax advisory or other non-audit services.

**23.OTHER SERVICES**

Composition of other services in the years ended 31 December 2013 and 31 December 2014:

|   | 31-12-2013            |                       | 31-12-2014            |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | HUF                   | INR                   | HUF                   | INR                   |
| Bank charges                              | 2,99,54,000.00        | 78,23,984.80          | 3,40,43,000.00        | 89,22,670.30          |
| Insurance premiums                        | 57,22,000.00          | 14,94,586.40          | 54,30,000.00          | 14,23,203.00          |
| Fees and stamp duties paid to authorities | 45,16,000.00          | 11,79,579.20          | 66,32,000.00          | 17,38,247.20          |
| Other                                     | 16,18,000.00          | 4,22,621.60           | 14,21,000.00          | 3,72,444.10           |
| <b>Total</b>                              | <b>4,18,10,000.00</b> | <b>1,09,20,772.00</b> | <b>4,75,26,000.00</b> | <b>1,24,56,564.60</b> |

LUX HUNGÁRIA KERESKEDELMI KFT.  
SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

24.OTHER EXPENSES

Composition of other expenses in the years ended 31 December 2013 and 31 December 2014:

|                                      | 2013         |             | 2014        |             |
|--------------------------------------|--------------|-------------|-------------|-------------|
| Local business tax                   | 3,69,66,000  | 96,55,519   | 3,30,53,000 | 86,63,191   |
| Scrapped and missing purchased goods | 3,58,08,000  | 93,53,050   | 2,67,74,000 | 70,17,465   |
| Innovation contribution              | 55,26,000    | 14,43,391   | 50,23,000   | 13,16,528   |
| Product tax                          | 30,84,000    | 8,05,541    | 28,37,000   | 7,43,578    |
| Credit loss                          | 23,76,000    | 6,20,611    | 25,63,000   | 6,71,762    |
| Impairment on receivables            | 2,72,80,000  | 71,25,536   | 24,28,000   | 6,36,379    |
| Company car tax                      | 27,32,000    | 7,13,598    | 21,75,000   | 5,70,068    |
| Net value of tangible assets sold    | 1,81,05,000  | 47,29,026   | 17,76,000   | 4,65,490    |
| Building tax                         | 12,50,000    | 3,26,500    | 12,50,000   | 3,27,625    |
| Impairment on inventories            | 11,99,000    | 3,13,179    | -           | -           |
| Other                                | 7,34,000     | 1,91,721    | 7,74,000    | 2,02,865    |
| Total                                | 13,50,60,000 | 3,52,77,672 | 7,86,53,000 | 2,06,14,951 |

25.BOARD OF DIRECTORS, MANAGEMENT AND SUPERVISORY BOARD

The following payments were made to the members of the Board of Directors, the management and the Supervisory Board of the Company in the years ended 31 December 2013 and 31 December 2014:

|              | Management<br>2013 |           | Management<br>2014 |           |
|--------------|--------------------|-----------|--------------------|-----------|
|              | HUF                | INR       | HUF                | INR       |
| Remuneration | 13946000           | 3642695.2 | 13946000           | 3655246.6 |

No other payment was made to the Board of Directors and the Supervisory Board,

LUX HUNGÁRIA KERESKEDELMI KFT.  
SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

26. EMPLOYEES

Adjusted average number of employees by staff category in the years ended 31 December 2013 and 31 December 2014:

|                        | 31-12-2013 |           | 31-12-2014 |           |
|------------------------|------------|-----------|------------|-----------|
|                        | HUF        | INR       | HUF        | INR       |
| Sale                   | 1,19,000   | 31,082.80 | 1,06,000   | 27,782.60 |
| Other (administrative) | 1,62,000   | 42,314    | 1,57,000   | 41,149.70 |
| Total                  | 2,81,000   | 73,397    | 2,63,000   | 68,932    |

Wages and other staff benefits by staff category in the years ended 31 December 2013 and 31 December 2014:

|        | Wage costs   |                |              |                |
|--------|--------------|----------------|--------------|----------------|
|        | 31-12-2013   |                | 31-12-2014   |                |
|        | HUF          | INR            | HUF          | INR            |
| Sales  | 28,45,00,000 | 7,43,11,400.00 | 20,61,97,000 | 5,40,44,233.70 |
| Others | 31,81,58,000 | 8,31,02,869.60 | 31,61,15,000 | 8,28,53,741.50 |
| Total  | 60,26,58,000 | 15,74,14,270   | 52,23,12,000 | 13,68,97,975   |

|        | Other staff benefits |             |              |             |
|--------|----------------------|-------------|--------------|-------------|
|        | 31-12-2013           |             | 31-12-2014   |             |
|        | HUF                  | INR         | HUF          | INR         |
| Sales  | 14,72,25,000         | 3,84,55,170 | 13,08,97,000 | 3,43,08,104 |
| Others | 3,40,25,000          | 88,87,330   | 2,43,65,000  | 63,86,067   |
| Total  | 18,12,50,000         | 4,73,42,500 | 15,52,62,000 | 4,06,94,170 |

|        |              |              |              |                |
|--------|--------------|--------------|--------------|----------------|
| Total  |              |              |              |                |
| Sales  | 43,17,25,000 | 11,27,66,570 | 33,70,94,000 | 8,83,52,337.40 |
| Others | 35,21,83,000 | 9,19,90,200  | 34,04,80,000 | 8,92,39,808    |
| Total  | 78,39,08,000 | 20,47,56,770 | 67,75,74,000 | 17,75,92,145   |

LUX HUNGÁRIA KERESKEDELMI KFT.  
SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

27.CORPORATION TAX

The differences between the tax base assessed in accordance with the Act on Corporation Tax and the profit or loss before taxation for the years ended 31 December 2013 and 31 December 2014 are as follows:

|  | 31-12-2013    |               | 31-12-2014     |               |
|--|---------------|---------------|----------------|---------------|
|  | HUF           | INR           | HUF            | INR           |
| Loss before tax                                      | (6,16,04,000) | (1,60,90,965) | (10,91,83,000) | (2,86,16,864) |
| Timing differences:                                  |               |               |                |               |
| Adjustment for loss carry forward                    | -             | -             | -              | -             |
| Adjustment due to provisions                         | (19,53,000)   | (5,10,124)    | (61,51,000)    | (16,12,177)   |
| Adjustment due to depreciation                       | -             | -             | -              | -             |
| Total timing differences                             | (19,53,000)   | (5,10,124)    | (61,51,000)    | (16,12,177)   |
| Permanent differences:                               |               |               |                |               |
| Adjustment for year-end exchange gain on investments | (19,24,000)   | (5,02,549)    | -              | -             |
| Adjustment for bad debts                             | (22,39,000)   | (5,84,827)    | (1,50,46,000)  | (39,43,557)   |
| Adjustment due to donations granted                  | -             | -             | -              | -             |
| Value-enhancing renovation of listed building        | -             | -             | -              | -             |
| Fine, penalty  | (42,82,000)   | (11,18,458)   | 1,24,000       | 32,500        |
| Wages paid to disabled employees                     | -             | -             | -              | -             |
| Adjustment due to impairment                         | 2,72,80,000   | 71,25,536     | 24,28,000      | 6,36,379      |
| Adjustment for non-business related costs            | -             | -             | -              | -             |
| Total permanent differences:                         | 1,88,35,000   | 49,19,702     | (1,24,94,000)  | (32,74,677)   |
| Tax base   | (4,47,22,000) | (1,16,81,386) | (12,78,28,000) | (3,35,03,719) |

28.OTHER OFF-BALANCE SHEET LIABILITIES

As of the balance sheet preparation date the Company has no off-balance sheet liabilities that would significantly affect these financial statements.

LUX HUNGÁRIA KERESKEDELMI KFT.  
SUPPLEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

29. TRANSACTIONS WITH RELATED COMPANIES

Transactions with related companies in the years ended 31 December 2013 and 31 December 2014 were as follows:

| Net export sales revenue | 2013               |                  | 2014             |                  |
|--------------------------|--------------------|------------------|------------------|------------------|
| LUX (CZ), s.r.o.         | 44,54,000          | 12,76,249        | 39,31,000        | 9,64,707         |
| Lux Service GmbH         | 38,29,000          | 10,97,162        | 22,66,000        | 5,56,099         |
| Lux International AG     | 6,78,000           | 1,94,274         | 8,07,000         | 1,98,046         |
| Lux Österreich GmbH      | 9,09,000           | 2,60,465         | 5,97,000         | 1,46,510         |
| Lux Norge                | -                  | -                | 1,61,000         | 39,511           |
| LUX (SK), s.r.o.         | 5,48,000           | 1,57,024         | -                | -                |
| Other related companies  | -                  | -                | -                | -                |
| <b>TOTAL</b>             | <b>1,04,18,000</b> | <b>29,85,174</b> | <b>77,62,000</b> | <b>19,04,872</b> |

| Services used             | 2013               |                    | 2014               |                    |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| - Lux International AG    | 9,41,94,000        | 2,46,03,473        | 9,24,16,000        | 2,42,22,234        |
| - Other related companies | -                  | -                  | -                  | -                  |
| <b>Total</b>              | <b>9,41,94,000</b> | <b>2,46,03,473</b> | <b>9,24,16,000</b> | <b>2,42,22,234</b> |

| Purchase of products      | 2013                |                    | 2014                |                    |
|---------------------------|---------------------|--------------------|---------------------|--------------------|
| - Lux Service GmbH        | 19,25,62,000        | 5,02,97,194        | 23,77,28,000        | 6,23,08,509        |
| - Lux (CZ)                | 1,30,78,000         | 34,15,974          | 95,31,000           | 24,98,075          |
| - Other related companies | 25,02,000           | 6,53,522           | 41,11,000           | 10,77,493          |
| <b>Total</b>              | <b>20,81,42,000</b> | <b>5,43,66,690</b> | <b>25,13,70,000</b> | <b>6,58,84,077</b> |

In all cases the purchase prices applied reflect arm's length prices.

Budapest, 9 April 2015

**Lux International AG**  
(a wholly owned Subsidiary Company of Forbes Lux International AG)

Financial Statements  
for the year ended December 31, 2014

**Lux International Ltd, Baar**  
**Report of the Statutory Auditor**  
**on the Limited Statutory Examination**  
**to the General Meeting of Shareholders**  
**Financial Statements 2014**

KPMG AG  
Zurich, 13 March 2015

Report of the Statutory Auditor on the Limited Statutory Examination to the General Meeting of Shareholders of

**Lux International Ltd, Baar**

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of Lux International Ltd for the year ended 31 December 2014. The financial statements of Lux International Ltd for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on those statements on 20 March 2014.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

KPMG AG  
Roman Wenk  
*Licensed Audit Expert*  
*Auditor in Charge*  
Zurich, 13 March 2015

Larissa Eckstein  
*Licensed Audit Expert*

*Enclosures:*

- Financials Statements (balance sheet, income statement and losses)
- Appropriation of available earnings

**LUX INTERNATIONAL AG, BAAR**  
**BALANCE SHEET AS OF 31st DECEMBER 2014**

|   | 31.12.2014         |                       | 31.12.2013         |                       |
|---|--------------------|-----------------------|--------------------|-----------------------|
| <b>ASSETS</b>                                     | CHF                | INR                   | CHF                | INR                   |
| <b>Current assets</b>                             |                    |                       |                    |                       |
| Cash and bank                                     | 9,63,555           | 6,19,17,177           | 30,16,916          | 20,92,82,558          |
| Trade accounts receivable                         |                    |                       |                    |                       |
| - Third parties                                   | 19,83,249          | 12,74,41,796          | 15,30,061          | 10,61,39,873          |
| - Group companies                                 | 2,18,235           | 1,40,23,585           | 2,34,903           | 1,62,95,151           |
|   |                    |                       |                    | -                     |
| - Third parties                                   | 2,53,492           | 1,62,89,168           | 1,94,790           | 1,35,12,524           |
| - Group companies                                 | 13,118             | 8,42,951              | 23,595             | 16,36,778             |
| - Shareholders                                    | 19,440             | 12,49,197             | 78,311             | 54,32,411             |
| Loans   |                    | -                     |                    | -                     |
| - Third parties                                   | 1,06,742           | 68,59,145             | 59,697             | 41,41,163             |
| - Group Companies                                 |                    |                       | 40,299             | 27,95,530             |
| Accrued income                                    | 1,57,132           | 1,00,97,161           | 1,99,916           | 1,38,68,113           |
| <b>Total current assets</b>                       | <b>37,14,963</b>   | <b>23,87,20,180</b>   | <b>53,78,488</b>   | <b>37,31,04,099</b>   |
| <b>Non current assets</b>                         |                    |                       |                    |                       |
| Investments                                       | 1,89,69,630        | 1,21,89,71,351        | 1,62,71,882        | 1,12,87,75,573        |
| Loans   |                    |                       |                    | -                     |
| - Third parties                                   | 1,40,239           | 90,11,632             | 1,05,658           | 73,29,464             |
| - Group companies                                 | 13,33,303          | 8,56,76,851           | 11,64,338          | 8,07,69,778           |
| Property, plant and equipment                     | 5,34,752           | 3,43,62,682           | 19,391             | 13,45,148             |
| Intangible assets                                 | 19,00,099          | 12,20,98,652          | 18,49,860          | 12,83,24,233          |
| <b>Total non-current assets</b>                   | <b>2,28,78,023</b> | <b>1,47,01,21,168</b> | <b>1,94,11,129</b> | <b>1,34,65,44,195</b> |
| <b>TOTAL ASSETS</b>                               | <b>2,65,92,986</b> | <b>1,70,88,41,348</b> | <b>2,47,89,617</b> | <b>1,71,96,48,294</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                    |                       |                    |                       |
| <b>Liabilities</b>                                |                    |                       |                    |                       |
| Bank overdraft                                    | 12,02,720          | 7,72,85,705           | -                  | -                     |
| Accounts payable                                  |                    |                       |                    |                       |
| - Third parties                                   | 1,49,907           | 96,32,889             | 3,50,757           | 2,43,31,908           |
| - Group companies                                 | 2,07,799           | 1,33,52,977           | 1,99,688           | 1,38,52,297           |
| Other liabilities                                 |                    |                       |                    | -                     |
| - Third parties                                   | -                  |                       | 45,960             | 31,88,231             |
| - Shareholders                                    | -                  |                       | 2,50,000           | 1,73,42,425           |
| Accrued expenses and short-term provisions        | 9,36,087           | 6,01,52,108           | 7,89,491           | 5,47,66,754           |
| <b>Total current liabilities</b>                  | <b>12,93,793</b>   | <b>8,31,37,974</b>    | <b>16,35,896</b>   | <b>11,34,81,615</b>   |
| <b>Non-current liabilities</b>                    |                    |                       |                    |                       |
| Loans   |                    |                       |                    |                       |
| - Group companies                                 | 21,33,128          | 13,70,72,885          | 20,48,355          | 14,20,93,772          |
| - Shareholders                                    | 13,18,602          | 8,47,32,178           |                    | -                     |
| Provision for unrealized exchange gains           |                    |                       | 1,23,304           | 85,53,561             |
| <b>Total non-current liabilities</b>              | <b>34,51,730</b>   | <b>22,18,05,063</b>   | <b>21,71,659</b>   | <b>15,06,47,333</b>   |
| <b>Total liabilities</b>                          | <b>59,48,243</b>   | <b>38,22,28,742</b>   | <b>38,07,555</b>   | <b>26,41,28,948</b>   |
| <b>Shareholders' equity</b>                       |                    |                       |                    |                       |
| Share capital                                     | 75,00,000          | 52,02,72,750          | 75,00,000          | 52,02,72,750          |
| Legal reserves                                    | 15,00,000          | 10,40,54,550          | 15,00,000          | 10,40,54,550          |
| Free reserves                                     | 58,38,548          | 40,50,18,323          | 58,38,548          | 40,50,18,323          |
| Foreign Currency Translation Reserve              |                    | (9,48,39,653)         |                    | 82,98,256             |
| Retained earnings                                 |                    |                       |                    |                       |
| Brought forward                                   | 44,93,514          | 30,56,44,174          | 43,68,841          | 30,30,65,190          |
| Profit for the year                               | 13,12,681          | 8,64,62,462           | 17,74,673          | 11,48,10,277          |
| Total retained earnings                           | 58,06,195          | 39,21,06,636          | 61,43,514          | 41,78,75,467          |
| <b>Total Shareholders' equity</b>                 | <b>2,06,44,743</b> | <b>1,32,66,12,606</b> | <b>2,09,82,062</b> | <b>1,45,55,19,346</b> |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>2,65,92,986</b> | <b>1,70,88,41,348</b> | <b>2,47,89,617</b> | <b>1,71,96,48,294</b> |

**LUX INTERNATIONAL AG, BAAR**  
**STATEMENT OF INCOME 31st DECEMBER 2014**

|  | 2014               |                       | 2013               |                       |
|--|--------------------|-----------------------|--------------------|-----------------------|
|  | CHF                | INR                   | CHF                | INR                   |
| <b>OPERATING REVENUES</b>                |                    |                       |                    |                       |
| Income from Royalties                    |                    |                       |                    |                       |
| - Third Parties                          | 95,372             | 62,81,875             | 66,438             | 42,98,127             |
| - Group companies                        | 7,96,217           | 5,24,44,485           | 13,79,763          | 8,92,62,112           |
| Income from Factory Participation        | 73,22,365          | 48,23,02,765          | 77,81,566          | 50,34,19,074          |
| Other Income                             | 1,65,773           | 1,09,18,983           | 86,462             | 55,93,555             |
| <b>Total operating revenues</b>          | <b>83,79,727</b>   | <b>55,19,48,108</b>   | <b>93,14,229</b>   | <b>60,25,72,868</b>   |
| <b>OPERATING EXPENSES</b>                |                    |                       |                    |                       |
| Production expenses                      | (2,15,806)         | (1,42,14,510)         | (1,97,212)         | (1,27,58,394)         |
| Personnel expenses                       | (38,61,025)        | (25,43,14,423)        | (36,85,070)        | (23,84,01,182)        |
| Office and administration expenses       | (15,55,218)        | (10,24,37,661)        | (15,68,220)        | (10,14,54,111)        |
| Depreciation on fixed assets             | (9,43,419)         | (6,21,40,250)         | (10,49,256)        | (6,78,80,358)         |
| <b>Total operating expenses</b>          | <b>(65,75,468)</b> | <b>(43,31,06,844)</b> | <b>(64,99,758)</b> | <b>(42,04,94,044)</b> |
| <b>OPERATING PROFIT</b>                  | <b>18,04,259</b>   | <b>11,88,41,264</b>   | <b>28,14,471</b>   | <b>18,20,78,824</b>   |
| <b>NON-OPERATING INCOME / (EXPENSES)</b> |                    |                       |                    |                       |
| Financial income                         | 6,60,953           | 4,35,35,041           | 3,98,843           | 2,58,02,669           |
| Restructuring expenses                   | (5,91,752)         | (3,89,76,973)         | (6,83,063)         | (4,41,89,941)         |
| Financial expenses                       | (70,609)           | (46,50,808)           | (6,42,273)         | (4,15,51,081)         |
| Foreign currency differences             | (5,386)            | (3,54,760)            | 1,34,114           | 86,76,344             |
| <b>Total non-operating expenses</b>      | <b>(6,794)</b>     | <b>(4,47,500)</b>     | <b>(7,92,379)</b>  | <b>(5,12,62,009)</b>  |
| <b>EXTRAORDINARY (EXPENSES) / INCOME</b> |                    |                       |                    |                       |
| Extraordinary income                     | 73,967             | 48,71,990             | 2,34,044           | 1,51,41,196           |
| Extraordinary expenses                   | (5,58,490)         | (3,67,86,103)         | (4,80,189)         | (3,10,65,251)         |
| <b>Total extraordinary expenses</b>      | <b>(4,84,523)</b>  | <b>(3,19,14,113)</b>  | <b>(2,46,145)</b>  | <b>(1,59,24,055)</b>  |
| <b>PROFIT BEFORE TAX</b>                 | <b>13,12,942</b>   | <b>8,64,79,653</b>    | <b>17,75,947</b>   | <b>11,48,92,762</b>   |
| Taxes                                    | (261)              | (17,191)              | (1,275)            | (82,485)              |
| <b>NET PROFIT FOR THE YEAR</b>           | <b>13,12,681</b>   | <b>8,64,62,462</b>    | <b>17,74,672</b>   | <b>11,48,10,277</b>   |

**LUX INTERNATIONAL AG, BAAR**  
**NOTES TO FINANCIAL STATEMENTS AS OF 31st December 2014**

|  | 31.12.2014<br>CHF | 31.12.2014<br>INR | 31.12.2013<br>CHF | 31.12.2013<br>INR |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>1 Contingent liabilities</b>  |                   |                   |                   |                   |
| Lux International AG issued a Guarantee in favour of Société Générale and HSBC Bank amounting to EUR 15'750'000 for a loan which these two Banks have granted to Forbes Lux International AG, the parent company which holds 100% of the shares of Lux International AG.   | 1,89,42,840       | 1,21,72,49,850    | 1,93,03,499       | 1,33,90,77,935    |
| Lux International AG issued "Performance Guarantees" in favour of Mr Reto von der Becke, CEO. He has granted loans to three Group companies, being Lux Germany (EUR 3'000'000), Forbes Lux Group AG (EUR 500'000) and Lux Paraguay (EUR 800'000 as of 31.12.2013, and EUR 1'050'000 as of 31.03.2014). - Mr von der Becke does not hold any shares in Lux International AG or any Group subsidiary.                  | 54,72,376         | 35,16,49,957      | 52,70,162         | 36,55,89,557      |
| Lux International AG has issued a Guarantee Declaration towards Commerzbank, Germany, in favour of Lux Germany. The bank granted an overdraft limit of EUR 200'000 to the subsidiary, which has been drawn down completely.  | 2,40,544          | 1,54,57,141       | -                 |                   |
| Lux International AG has issued a Guarantee Declaration towards Commerzbank, Germany, in favour of Lux Germany. The bank established a credit facility of EUR 200'000 which can be used for granting bank guarantees towards landlords (security for rented office facilities). As of 31st December 2014, guarantes amounting to EUR 126'403 have been issued.   | 1,52,027          | 97,69,118         | -                 |                   |
| Lux International AG has issued two Guarantee Declaration towards Bance Pololare di Milano; Italy (EUR 300'000) and Banco Carige; Italy (EUR 100'000), in favour of Lux Italy. The banks have granted overdraft limits to the subsidiary, which has been drawn down partly as of 31st December 2014 (BPM EUR 21'000; Carige: EUR 63'000)   | 4,81,088          | 3,09,14,282       | 6,12,810          | 4,25,10,446       |
| Lux International AG has issued a Guarantee Declaration towards Bank Austria, Austria, in favour of Lux Austria. The bank granted an overdraft limit of EUR 250'000 (PY: EUR 150'000) to the subsidiary, which has not been called at all as of 31st December 2014.  | 3,00,680          | 1,93,21,426       | 1,80,408          | 1,25,14,849       |
| Lux International AG has issued a Letter of Comfort towards Budapest Bank, Hungary, in favour of Lux Hungary. The amount is limited to a maximum of HUF 890'000'000. Lux Hungary has pledged various assets to Budapest Bank on the basis of local Bank Loan Agreements. The subsidiary has drawn dov HUF 724'100'000, equivalent to EUR 2'302k as of 31st December 2014 (PY: HUF 768'053, equivalent to EUR 2'592). | 28,29,619         | 18,18,28,770      | 30,03,750         | 20,83,69,236      |
| <b>2.0 Total amount of assets pledged, related to Third Party's liabilities</b>  | -                 |                   | -                 |                   |
| <b>3.0 Total amount of assets pledged, related to own liabilities</b>  | -                 |                   | -                 |                   |
| <b>4.0 Total amount of assets under retentions of title</b>  | -                 |                   | -                 |                   |
| <b>5.0 Lease commitments until maturity</b>  | 19,57,894         | 12,58,12,506      | 5,45,328          | 3,78,29,240       |
| - Company car leasing commitments  | 1,83,307          | 1,17,79,143       | 2,61,400          | 1,81,33,240       |
| - Office premises rent commitments   | 17,74,587         | 11,40,33,363      | 2,83,928          | 1,96,96,000       |
| <b>6.0 Fire insurance value of Fixed Assets</b>  | 4,00,000          | 2,57,03,640       | 4,00,000          | 2,77,47,880       |
| <b>7.0 Liabilities towards Pension Funds and Staff Welfare institutions</b>  | -                 |                   | -                 |                   |
| <b>8.0 Number of Full-time Employees (average over the year)</b>   | 15                |                   | 12                |                   |

**LUX INTERNATIONAL AG, BAAR**  
**NOTES TO FINANCIAL STATEMENTS AS OF 31st December 2014**

**## Risk Assessment**

Upon its regular meetings, the Board of Directors has assessed and reviewed the entire risk situation of the company and given clear instructions to the Executive Management Board.

Main fields of analysis and assessment were:

Overall economical risks arose from the global finance crisis. These considerations covered sensitivity analysis upon decreasing net sales, and thorough cost analysis. In Lux Germany and Lux Hungary, a significant cost cutting initiative resulted from this. - In Lux Germany, Lux Norway and Lux Czech Republic, new Managing Directors were appointed.

FX currency risks

Here an analysis had been performed with Deutsche Bank. It revealed that the currency streams are not significant enough to go for a FX hedging strategy. Potential cost for hedging premiums were not in line with savings.- The EUR being the FX currency against the CHF, the Board does not see a significant risk of variations, due to the stable situation also confirmed by the Swiss National Bank

Ongoing financial performance

All subsidiaries keep on delivering monthly financial reports, which allow the Executive Management and the Board of Directors to review and analyse the actual situation. Cash reporting has been enhanced, and a monthly Unit sales/Stock report implemented. Rolling Forecasts starting from mid-year follow up the financial development continuously.

**10. Significant events after YE closing date (31st December 2014)**

On 15th January 2015, the Swiss National Bank decided to lift the peg of the CHF towards the EUR, which led to significant variations in the CHF-EUR FX parity. At the beginning of the audit, the FX rate amounted 1.05 (compared to 1.20 on the 31st December 2014). For the moment being, the further development of the FX rate is hard to predict. The following items may be affected by a structural weakening of the EUR against the CHF: Royalties and Factory Participation Income (mostly originate from EUR transactions), Bank Overdraft (as borrowed in EUR denomination), Loan Receivables from subsidiaries (mostly originate from EUR lendings).

**LUX INTERNATIONAL AG, BAAR**

**NOTES TO FINANCIAL STATEMENTS AS OF 31st December 2014**

**10. Investments**

| <i>Company and Objective</i>               | <i>Currency</i> | <i>Share Capital</i>    | <i>31.12.2014</i> | <i>31.12.2014</i>         | <i>31.12.2013</i> | <i>31.12.2013</i>         |
|--|-----------------|-------------------------|-------------------|---------------------------|-------------------|---------------------------|
| <i>CHF</i>                                 |                 | <i>(local currency)</i> | <i>Quota</i>      | <i>Book Values</i>        | <i>Quota</i>      | <i>Book Values</i>        |
| <b>Lux (Schweiz) AG, Switzerland</b>       | CHF             | 1,00,000                | 10%               | 1,00,000                  | 10%               | 1,00,000                  |
| Direct Sales Company                       |                 |                         |                   |                           |                   |                           |
| <b>Lux (Deutschland) GmbH, Germany</b>     | EUR             | 71,53,000               | 10%               | 93,09,580                 | 10%               | 93,09,580                 |
| Direct Sales Company                       |                 |                         |                   |                           |                   |                           |
| <b>Forbes Lux Group AG, Switzerland</b>    | CHF             | 10,00,000               | 10%               | 10,00,000                 | 10%               | 10,00,000                 |
| Holding Company                            |                 |                         |                   |                           |                   |                           |
| <b>AMC Cookware PTE Ltd., South Africa</b> | ZAR             | 100                     | 50%               | 53,58,898                 | 50%               | 53,58,898                 |
| Direct Sales Company & Local production    |                 |                         |                   |                           |                   |                           |
| <b>Lux Italia s.r.l</b>                    | EUR             | 1,10,000                | 10%               | 5,03,404                  | 10%               | 5,03,404                  |
| Direct Sales Company                       |                 |                         |                   |                           |                   |                           |
| <b>Lux (CZ), s.r.o., Czech Republic</b>    | CZK             | 2,00,00,000             | 51%               | 26,97,748                 | 0%                | -                         |
| Direct Sales Company                       |                 |                         |                   |                           |                   |                           |
| <b>Total Book Value in CHF</b>             |                 |                         |                   | <b><u>1,89,69,630</u></b> |                   | <b><u>1,62,71,882</u></b> |

**LUX INTERNATIONAL AG, BAAR****APPROPRIATION OF AVAILABLE EARNINGS AS OF 31st December 2014**

(Proposal of the board of directors)

|   | 31.12.2014       |                     |
|---|------------------|---------------------|
|   | CHF              | INR                 |
| Retained earnings brought forward                         | 44,93,514        | 30,56,44,174        |
| Net profit for the year                                   | 13,12,681        | 8,64,62,462         |
| <b>Retained earnings to be carried forward - subtotal</b> | <b>58,06,195</b> | <b>39,21,06,636</b> |
| Proposed dividend distribution                            | -                |                     |
| <b>Retained earnings to be carried forward</b>            | <b>58,06,195</b> | <b>39,21,06,636</b> |

**Lux Italia s. r. l**

(a wholly owned Subsidiary Company of Lux International AG)

Financial Statements  
for the year ended December 31, 2014

## Standard report A.05b

### Highlights completion memorandum - Specified audit procedures

|                                |                                   |                          |
|--------------------------------|-----------------------------------|--------------------------|
| <b>To:</b><br>Roman Wenk       | <b>Office:</b><br>KPMG AG, Zurich |                          |
| <b>From:</b><br>Paola Maiorana | <b>Office:</b><br>KPMG Milan      | <b>Date</b><br>30-Jan-15 |

#### I. Identification

|   |                                     |
|---|-------------------------------------|
| <b>Group's Name:</b>  | Lux Group (the "Group")             |
| <b>Period Covered by the Group Audit:</b>                                     | 1 January 2014 - 31 December 2014   |
| <b>Component's Name:</b>  | Lux Italia S.r.l. (the "Component") |
| <b>Component Scope (Type) of Work:</b>  | Specified Audit Procedures          |
| <b>Period and/or as of date covered by the work of the component auditor:</b> | 1 January 2014 - 31 December 2014   |

We have complied with your instructions as of the date of this document, except for those items listed in the text box below:

Nothing to report.

#### II. Purpose

This memorandum is intended solely for use by you, the group engagement team, in connection with your audit of the Group's financial statements (referred to as the group audit). It should not be distributed to either the group or component management or those charged with governance or any third party. However, you may provide component or group management with a summary of information from this memorandum to facilitate the discussion of reporting matters with component or group management and/or those charged with governance.

#### III. Outstanding matters

##### *III.] Significant unresolved matters identified by the component auditor*

*[Check applicable box and input additional information, as applicable]*

|                               |   |
|-------------------------------|---|
| Significant Matters To Report |   |
| No Matters To Report          | X |

| Description of significant outstanding or unresolved matter  | Expected resolution date |
|--|--------------------------|
| <i>[If matters are to be reported, provide a row here for each matter, If no matters are to be reported hide this row]</i> | <i>[Text]</i>            |

+ Add more rows for each issue identified.

**111.2 Significant unresolved matters to be followed up upon by the Group engagement team**

*[Check applicable box and input additional information, as applicable]*

| <input type="checkbox"/> Significant matter to report.   |  |
|--|--|
| <input checked="" type="checkbox"/> No matters to report.  |  |
| Description of significant outstanding or unresolved matter  | Preliminary findings to date and action requested to be performed by the Group engagement team |
| <i>[If matters are to be reported, provide a row here for each matter. If no matters are to be reported hide this row]</i> |  |

+ Add more rows for each issue identified.

**IV. Business overview**

**Summary of the component's financial performance in the period**

Lux Italia S.r.l. is based in Agrate (Milan), subsidiary fully owned by Lux International AG; it is a small company with 5 employees including Mr. Gianpaolo Micheli (CEO), Mr. Giovanni Mainini (CFO) and an external consultant who manages the tax matter.

The company operates purchasing the products directly from Lux Group and selling through two different ways, by distributors and agents.

The profit and loss account for the year ended 31 December 2014, compared to the prior year figures, can be summarized as follows:

**LUX ITALIA S.R.L.**

|  | 2014              |                    | 2013            |                    |
|--|-------------------|--------------------|-----------------|--------------------|
|  | EURO              | INR                | EURO            | INR                |
| NET SALES                                      | 17,39,000         | 13,87,94,633       | 18,87,000       | 14,95,05,217       |
| PURCHASE COST                                  | (9,66,000)        | (7,70,99,261)      | (10,44,000)     | (8,27,15,128)      |
| <b>GROSS PROFIT</b>                            | <b>7,73,000</b>   | <b>6,16,95,372</b> | <b>8,43,000</b> | <b>6,67,90,089</b> |
| SALESMEN REMUNERATION AND OTHER SALES EXPENSES | (3,67,000)        | (2,92,91,334)      | (3,91,000)      | (3,09,78,559)      |
| ADMINISTRATION COSTS                           | (4,18,000)        | (3,33,61,792)      | (4,36,000)      | (3,45,43,866)      |
| EXTRAORDINARY EXPENSES                         | (52,000)          | (41,50,271)        | (58,000)        | (45,95,285)        |
| DEPRICIATION AND AMORTIZATION                  | (11,000)          | (8,77,942)         | (11,000)        | (8,71,520)         |
| FINANCIAL CHARGES,NET                          | (23,000)          | (18,35,697)        | (19,000)        | (15,05,352)        |
| TAX  | (6,000)           | (4,78,877)         | (7,000)         | (5,54,603)         |
| <b>NET PROFIT FOR THE YEAR</b>                 | <b>(1,04,000)</b> | <b>(83,00,542)</b> | <b>(79,000)</b> | <b>(62,59,095)</b> |

|                                    | 2014            |                    | 2013            |                    |
|------------------------------------|-----------------|--------------------|-----------------|--------------------|
|                                    | EURO            | INR                | EURO            | INR                |
| Cash                               | 2,000           | 1,54,585           | 7,000           | 5,94,720           |
| Trade Receivables                  | 4,22,000        | 3,26,17,435        | 4,01,000        | 3,40,68,960        |
| Inventories                        | 43,000          | 33,23,578          | 54,000          | 45,87,840          |
| Total accrued income & prepayments | 27,000          | 20,86,898          | 12,000          | 10,19,520          |
| Tangible Assets                    | 5,000           | 3,86,463           | 11,000          | 9,34,560           |
| Intangible Assets                  | 11,000          | 8,50,218           | 9,000           | 7,64,640           |
| <b>Total</b>                       | <b>5,10,000</b> | <b>3,94,19,175</b> | <b>4,94,000</b> | <b>4,19,70,240</b> |
| Bank Overdraft                     | 85,000          | 65,69,863          | 1,07,000        | 90,90,720          |
| Other Liabilities                  | 2,28,000        | 1,76,22,690        | 2,39,000        | 2,03,05,440        |
| Pension Liabilities- Short Term    | 13,000          | 10,04,803          | 12,000          | 10,19,520          |
| Provision Long Term                | 96,000          | 74,20,080          | 94,000          | 79,86,240          |
| Long term Loans                    | 1,50,000        | 1,15,93,875        | -               | -                  |
| Share Capital                      | 1,10,000        | 93,45,600          | 1,10,000        | 93,45,600          |
| FCTR                               |                 | (5,12,658)         |                 | (4,52,745)         |
| Reserves                           | (1,72,000)      | (1,36,25,077)      | (68,000)        | (53,24,535)        |
| <b>Total</b>                       | <b>5,10,000</b> | <b>3,94,19,175</b> | <b>4,94,000</b> | <b>4,19,70,240</b> |

**Final analytical procedures**

The company is currently going through a period of decline in sales compared to year 2013 that decreased by around 10% due to the overall negative trend of the market; in particular local management informed us that the decrease in net sales is due to the result of the distributor ("Omega", the third distributor in terms of turnover) located in the south of Italy.

The slight difference of the Purchase costs and, consequently in the Gross margin, in terms of percentage of the net sales respect to last period substantially reflects the increase in the purchase price applied by Lux International AG.

Local management informed us that the budget approved showed a positive net profit (amounted around €73 thousand) for the next year, substantially due to the acquisition of a new distributor in October 2014 and to other remediation actions regarding overhead and personnel costs saving (Mr. Mainini, CFO of Lux Italia S.r.l. informed us that his salary has been reduced starting to the end of 2014) and the increase of the sales prices applied to the distributors.

**V. Results of procedures performed**

*[Use separate boxes for each review procedure / each procedure performed]*

|                 |   |
|-----------------|---|
| PROCEDURE/TOPIC | <p>We performed enquiries of management and CFO in order to address the following generic matters:</p> <ul style="list-style-type: none"> <li>•the year to date financial performance of the entity;</li> <li>•the variances of year to date financial information as compared against budget/prior year (overall analytical procedures) and consider explanations for significant variations;</li> <li>•the issues and challenges facing the entity in the next 6-12 months;</li> <li>•any unusual or one-off adjustments or items / non-GAAP measures</li> <li>•areas of significant accounting judgement and estimates;</li> <li>•confirm appropriate group accounting policies have been complied with;</li> <li>•obtain sufficient appropriate audit evidence about whether the opening balances contain misstatements that materially affect the current period's financial statements;</li> <li>•agree key accounts in the general ledger to the reporting package.</li> </ul> |
|-----------------|---|

BASED ON PROCEDURES PERFORMED THERE ARE NO SIGNIFICANT MATTERS TO COME TO YOUR ATTENTION.

|                   |  |
|-------------------|--|
| PROCEDURES/ TOPIC | <p>We performed the following procedures on revenue recognition and on account receivables:</p> <ul style="list-style-type: none"> <li>•make inquiries of key management personnel regarding fraudulent revenue recognition;</li> <li>•review "one-off" revenue transactions with unusual terms or conditions;</li> <li>•perform a days sales outstanding (DSO) as of the end of the year and obtain and consider explanations for significant variations;</li> <li>•perform a revenue analytical by obtaining the top customers revenue and gross margins and comparing current year to prior year;</li> <li>•review revenue cut off by obtaining revenue listings for the first weeks of January 2015, and last weeks of December 2014. Use an appropriate KPMG Sampling Method to determine an appropriate sample size for test work. Obtain a copy of the invoice and determine whether the selection was accounted for in the correct fiscal year. Ensure that revenue was recognised in the appropriate period;</li> <li>■obtain an understanding of the account receivable valuation process and appropriated recording of allowances for bad debts;</li> <li>•obtain AR aging report for each year and ensure that it agrees to audit trial balance, ensure that the accounts receivable aging report is complete and accurate</li> <li>■analyse significant accounts receivable outstanding balances by customer for collectability</li> <li>•perform an analytical on current year receivables compared to expectation/budget and perform variance analysis procedures over the accounts receivable reserve balances. Obtain and consider explanations for significant variation.</li> <li>•inquire whether any credit notes relating to revenue recorded at year end have been issued after the balance date and whether appropriate provision had been made for such amounts.</li> </ul> |
|-------------------|--|

Based on procedures performed there are not significant matters to come your attention.

|   |  |
|---|--|
| PROCEDURES/TOPIC  | <p>We performed the following procedure on equity:</p> <ul style="list-style-type: none"> <li>• perform equity roll forward and consider explanations for significant</li> </ul> |
| <p>The movement in the Equity is substantially due to the result of the profit and loss at 31 December 2014 (the Equity decreased from €42 thousand at 31 December 2013 to €-62 thousand at 31 December 2014).</p> <p>We bring to your attention that in order to provide financial support to the subsidiary, during 2014 Lux Italia S.r.l. received a loan amounted to €150 thousand from Lux International AG; at 31 December 2014 this loan is booked on the caption of reporting package "Non- current loans payable Group". Local management informed us that the Lux International AG will convert the loan into equity at the first half year 2015.</p> <p>The company received on 28 January 2014 from Mr. Urs Meier (member of the board of Lux International AG) an email where Lux International AG confirms that will undertake the necessary actions to restore the negative Equity of Lux Italia S.r.l. during the first half year 2015.</p> |  |

|   |   |
|---|---|
| PROCEDURES/TOPIC  | <p>We performed the following procedure on deferred tax assets:</p> <ul style="list-style-type: none"> <li>•review deferred tax calculation and ensure mathematical accuracy, appropriate tax rate applied and inquiry if temporary differences are reasonable and complete.</li> </ul> |
| <p>Based on procedures performed there are not significant matters to come your attention, there are not deferred tax assets recognised on the reporting package at 31 December 2014.</p> |   |

**Lux Norge AS**

(a wholly owned Subsidiary Company of Lux (Deutschland) GmbH)

Financial Statements  
for the year ended December 31, 2014



**KPMG AS**  
P.O. Box 214  
Torggata 22  
N-2302 Hamar

Telephone +47 04063  
Internet [www.kpmg.no](http://www.kpmg.no)  
Enterprise 935 174 627 MVA

To the Annual Shareholders meeting in Lux Norge AS

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of Lux Norge AS showing a loss of NOK 5 045 142. The financial statements comprise the balance sheet as at 31 December 2014, and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *The Board of Directors and the Managing Director's Responsibility for the Financial Statements*

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Lux Norge AS as at 31 December 2014, and of its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Offices in:

|          |              |           |
|----------|--------------|-----------|
| Oslo     | Haugesund    | Stavanger |
| Alta     | Knarvik      | Stord     |
| Arendal  | Kristiansand | Straume   |
| Bergen   | Larvik       | Tromsø    |
| Bodo     | Mo i Rana    | Trondheim |
| Elverum  | Molde        | Tynset    |
| Finnsnes | Narvik       | Tønsberg  |
| Grimstad | Sandefjord   | Ålesund   |
| Hamar    | Sandnessjøen |           |

KPMG AS, a Norwegian member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening.

*Emphasis of Matter*

We draw attention to Note 6 in the financial statements which indicates that the Company incurred a net loss of 5 045 142 during the year ended 31 December 2014 and the Company's equity are lost. These conditions, along with other matters as set forth in Note 6, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements***Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

*Opinion on Accounting Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 28 May 2015

KPMG AS

Svein Wiig

*State Authorized public Accountant*

[Translation has been made for information purposes only]

LUX NORGE ASBALANCE SHEET**ASSETS****FIXED ASSETS****INTANGIBLE FIXED ASSETS**

Deferred tax asset

**Total intangible assets****TANGIBLE FIXED ASSETS**

Equipment and other movables

**Total tangible fixed assets****FINANCIAL FIXED ASSETS**

Investments in shares

Other receivables

**Total financial fixed assets****Total fixed assets****CURRENT ASSETS**

Inventories

**DEBTORS**

Accounts receivables

Other receivables

**Total debtors****INVESTMENTS**

Cash and bank deposits

**Total current assets****Total assets**

| <b>2014</b>        |                     | <b>2013</b>        |                     |
|--------------------|---------------------|--------------------|---------------------|
| NOK                | INR                 | NOK                | INR                 |
|                    |                     |                    |                     |
| 36,87,166          | 3,14,61,518         | 18,41,738          | 1,85,78,900         |
| 36,87,166          | 3,14,61,518         | 18,41,738          | 1,85,78,900         |
|                    |                     |                    |                     |
| 1,90,708           | 16,27,256           | 3,32,423           | 33,53,383           |
| 1,90,708           | 16,27,256           | 3,32,423           | 33,53,383           |
|                    |                     |                    |                     |
| 20,000             | 1,70,654            | 70,000             | 7,06,139            |
| 8,15,197           | 69,55,840           | 8,08,867           | 81,59,608           |
| 8,35,197           | 71,26,494           | 8,78,867           | 88,65,747           |
| 47,13,071          | 4,02,15,268         | 30,53,028          | 3,07,98,031         |
|                    |                     |                    |                     |
| 41,12,371          | 3,50,89,669         | 39,89,207          | 4,02,41,923         |
|                    |                     |                    |                     |
| 66,05,202          | 5,63,60,273         | 74,16,437          | 7,48,14,792         |
| 7,29,693           | 62,26,259           | 4,60,586           | 46,46,253           |
| 73,34,895          | 6,25,86,532         | 78,77,023          | 7,94,61,045         |
|                    |                     |                    |                     |
| 14,54,143          | 1,24,07,781         | 22,00,955          | 2,22,02,574         |
| 1,29,01,409        | 11,00,83,982        | 1,40,67,185        | 14,19,05,542        |
| <b>1,76,14,480</b> | <b>15,02,99,250</b> | <b>1,71,20,213</b> | <b>17,27,03,573</b> |

**EQUITY AND LIABILITIES****RESTRICTED EQUITY**

Share capital

**Total restricted equity****RETAINED EARNINGS**

Other equity

FCTR

**Total retained earnings****Total equity****LIABILITIES****PROVISIONS**

Pension liabilities

**OTHER LONG-TERM LIABILITIES**

Other long term liabilities

Subordinated loans

**Total of other long term liabilities****CURRENT LIABILITIES**

Liabilities to financial institutions

Trade creditors

Public duties payable

Other short term liabilities

**Total short term liabilities****Total liabilities****Total equity and liabilities**

| <b><u>2014</u></b> |                     | <b><u>2013</u></b> |                     |
|--------------------|---------------------|--------------------|---------------------|
| NOK                | INR                 | NOK                | INR                 |
| 10,00,000          | 85,32,710           | 10,00,000          | 1,00,87,700         |
| 10,00,000          | 85,32,710           | 10,00,000          | 1,00,87,700         |
| (15,52,016)        | (2,28,37,193)       | 34,93,125          | 2,60,36,116         |
| -                  | 95,94,291           |                    | 92,01,481           |
| (15,52,016)        | (1,32,42,902)       | 34,93,125          | 3,52,37,597         |
| (5,52,016)         | (47,10,192)         | 44,93,125          | 4,53,25,297         |
| 21,92,066          | 1,87,04,263         | 15,06,747          | 1,51,99,612         |
| 40,38,525          | 3,44,59,563         | -                  | -                   |
| 30,00,000          | 2,55,98,130         | -                  | -                   |
| 70,38,525          | 6,00,57,693         | -                  | -                   |
| 24,32,133          | 2,07,52,686         | 43,03,016          | 4,34,07,535         |
| 17,59,135          | 1,50,10,189         | 22,43,454          | 2,26,31,291         |
| 16,86,253          | 1,43,88,308         | 15,64,115          | 1,57,78,323         |
| 30,58,384          | 2,60,96,304         | 30,09,756          | 3,03,61,516         |
| 89,35,905          | 7,62,47,486         | 1,11,20,341        | 11,21,78,664        |
| 1,81,66,496        | 15,50,09,442        | 1,26,27,088        | 12,73,78,276        |
| <b>1,76,14,480</b> | <b>15,02,99,250</b> | <b>1,71,20,213</b> | <b>17,27,03,573</b> |

LUX NORGE AS

**OPERATING INCOME AND OPERATING EXPENSES**

Revenue

Other operating income

**Operating Income**

Raw materials and consumables used

Payroll expenses

Depreciation and amortisation expense

Other operating expenses

**Operating expenses**

**Operating profit**

**FINANCIAL INCOME AND EXPENSES**

Interest income from group entities

Other interest income

Interest expense to group entities

Other Interest expenses

Other financial expenses

**Net financial income and expenses**

Operating result before tax

Tax on ordinary result

**Operating result after tax**

**Annual net profit**

| 2014               |                      | 2013               |                      |
|--------------------|----------------------|--------------------|----------------------|
| NOK                | INR                  | NOK                | INR                  |
| 3,21,31,365        | 31,12,62,959         | 3,67,65,661        | 36,49,76,393         |
| 16,89,592          | 1,63,67,416          | 34,87,156          | 3,46,17,346          |
| <b>3,38,20,957</b> | <b>32,76,30,375</b>  | <b>4,02,52,817</b> | <b>38,99,37,089</b>  |
| 1,05,66,924        | 10,23,63,906         | 1,08,37,595        | 10,75,85,889         |
| 1,42,22,657        | 13,77,77,723         | 1,54,22,346        | 15,30,99,171         |
| 1,14,472           | 11,08,913            | 1,34,627           | 13,36,456            |
| 1,47,23,861        | 14,26,32,986         | 1,68,38,709        | 16,71,59,548         |
| <b>3,96,27,914</b> | <b>38,38,83,529</b>  | <b>4,32,33,277</b> | <b>42,91,81,064</b>  |
| <b>(58,06,957)</b> | <b>(5,62,53,154)</b> | <b>(29,80,460)</b> | <b>(3,92,43,975)</b> |
| -                  | -                    | 22,312             | 2,21,493             |
| 25,604             | 2,48,031             | 31,776             | 3,15,444             |
| 2,16,142           | 20,93,811            | -                  | -                    |
| 1,36,064           | 13,18,079            | 2,77,880           | 27,58,543            |
| 7,57,012           | 73,33,327            | 6,09,354           | 60,49,118            |
| <b>(10,83,614)</b> | <b>(1,04,97,186)</b> | <b>(8,33,146)</b>  | <b>(82,70,724)</b>   |
| (68,90,571)        | (6,67,50,339)        | (38,13,606)        | (4,75,14,699)        |
| (18,45,428)        | (1,78,77,030)        | (9,79,422)         | (97,22,820)          |
| <b>(50,45,143)</b> | <b>(4,88,73,309)</b> | <b>(28,34,184)</b> | <b>(3,77,91,879)</b> |
|                    |                      |                    |                      |
| <b>(50,45,143)</b> | <b>(4,88,73,309)</b> | <b>(28,34,184)</b> | <b>(3,77,91,879)</b> |
|                    |                      |                    |                      |

**Lux Norge AS****Financial statement 2014****Notes**

The financial statements comprise the income statement, balance sheet, notes and are prepared in accordance with Norwegian Accounting Act and good accounting practice in Norway as of 31 December 2014. The financial statements are based on the fundamental principles and classification of assets and liabilities included Accounting Act definitions. In applying accounting principles and presenting transactions and other matter, emphasis is placed on economic realities, not just legal form. Contingent losses that are probable and quantifiable are expensed in the period.

**Valuation and classification of assets and liabilities:** Assets intended for permanent ownership or use are classified as fixed assets. Other assets are classified as current assets. Debtors due within one year are classified as current assets. The classification of current and non-current liabilities, uses same criteria. Long-term liabilities are recorded at nominal value at the time. Long-term debt denominated in foreign currencies are recorded at the closing rate. Current assets are valued at the lower of cost and net realizable value. Current liabilities are recognized at the nominal amount received at the time. Current liabilities are not measured at fair value due to interest rate changes.

Some items are valued by other rules, as explained below.

**Receivables:** Trade receivables and other receivables are recorded at nominal value less provision for bad debts.

Provisions for doubtful accounts is based on an individual assessment of each receivable.

**Pensions:** Accounting for pensions uses a linear earnings profile and expected final salary basis. Actuarial calculations have been applied. The company has no employees in 2014 and the pension benefit plan is terminated.

**Taxes:** Taxes are expensed as they accrue, i.e. tax expense relates to the accounting profit before tax. When the equity method of accounting for shareholdings in companies which are separately liable for tax, the profit share is already deducted tax. The tax charge comprises current tax and changes in deferred tax. Allocated between the ordinary profit and extraordinary items in accordance with the tax. Deferred tax liabilities and assets are presented net in the balance sheet.

| <b>Note 2 - Personnel cost, number of employees, compensation, pension etc.</b> |             |              |             |              |
|---|-------------|--------------|-------------|--------------|
|   | <b>2014</b> |              | <b>2013</b> |              |
| <b>Personnel cost</b>   | <b>NOK</b>  | <b>INR</b>   | <b>NOK</b>  | <b>INR</b>   |
| Salaries  | 1,16,47,282 | 11,28,29,550 | 1,23,93,295 | 12,30,29,479 |
| Employers national insurance premium  | 15,38,419   | 1,49,02,973  | 18,49,876   | 1,83,63,904  |
| Pension cost  | 6,08,960    | 58,99,117    | 6,70,291    | 66,54,046    |
| Other payroll expenses and other benefits                                       | 4,27,997    | 41,46,093    | 5,08,291    | 50,45,856    |
| Personnel cost  | 1,42,22,658 | 13,77,77,733 | 1,54,22,346 | 15,30,99,171 |

|                              |    |      |
|------------------------------|----|------|
| Average number of employees: | 27 | 28.0 |
|------------------------------|----|------|

| <b>Benefits</b> | <b>Managing director</b> |            |
|-----------------|--------------------------|------------|
|                 | <b>NOK</b>               | <b>INR</b> |
| Remuneration    | 9,12,240                 | 88,37,051  |
| Other benefits  | 1,81,272                 | 17,56,018  |
| Pension         | -                        | -          |

|                                    |            |            |
|------------------------------------|------------|------------|
| <b>Audit</b>                       |            |            |
| The audit fee is stated excl. VAT. | <b>NOK</b> | <b>INR</b> |
| Ordinary fee                       | 1,63,400   | 15,82,888  |
| Other assistance                   | 68,000     | 6,58,730   |

|   |  |  |
|---|--|--|
| <b>Pensioners</b>   |  |  |
| Lux Norway AS is obliged by the Act on mandatory occupational pension scheme for all employees. |  |  |

|  |              |                |
|--|--------------|----------------|
| <b>Note 3 - Tax</b>                              |              |                |
| <b>Tax payable is calculated as follows:</b>     | <b>NOK</b>   | <b>INR</b>     |
| Ordinary result before tax                       | -68,90,570   | (5,87,95,236)  |
| Permanent differences                            | 55,653       | 4,74,871       |
| Adjustment temporary differences                 | 13,09,387    | 1,11,72,620    |
| Taxable income                                   | -55,25,530   | (4,71,47,745)  |
|  |              |                |
| <b>Tax expense is calculated as follows:</b>     |              |                |
| <b>Specifications of basis for deferred tax:</b> |              |                |
|  |              |                |
| Current assets                                   | -2,07,858    | (17,73,592)    |
| Inventory  | -2,43,500    | (20,77,715)    |
| Account receivable                               | -6,81,834    | (58,17,892)    |
| Other temporary differences                      | -26,69,537   | (2,27,78,385)  |
| Tax losses carries forward                       | -98,53,441   | (8,40,76,555)  |
| Total  | -1,36,56,170 | (11,65,24,138) |
| <b>Deferred tax</b>                              | 36,87,170    | 3,14,61,558    |

| <b>Note 4 Tangible fixed assets</b> | Machinery/equipment |                    | Vehicles           |                  | Other equipment    |                  |
|-------------------------------------|---------------------|--------------------|--------------------|------------------|--------------------|------------------|
|                                     | <b>NOK</b>          | <b>INR</b>         | <b>NOK</b>         | <b>INR</b>       | <b>NOK</b>         | <b>INR</b>       |
| Cost on 01.01                       | 12,33,637.00        | 1,05,26,267        | 5,21,695.00        | 44,51,472        | 2,64,955.00        | 22,60,784        |
| Access                              | -                   | -                  | -                  | -                | -                  | -                |
| Sale                                | -                   | -                  | -                  | -                | -                  | -                |
| <b>Total Cost on 31.12</b>          | <b>12,33,637.00</b> | <b>1,05,26,267</b> | <b>5,21,695.00</b> | <b>44,51,472</b> | <b>2,64,955.00</b> | <b>22,60,784</b> |
|                                     |                     | -                  |                    | -                |                    | -                |
| Acc. Depreciation on 01.01          | 9,75,711.00         | 83,25,459          | 4,89,892.00        | 41,80,106        | 2,49,504.00        | 21,28,945        |
| Acc. Depreciation on 31.12          | 10,50,654.00        | 89,64,926          | 5,21,695.00        | 44,51,472        | 2,57,230.00        | 21,94,869        |
| <b>Booked value on 31.12</b>        | <b>1,82,983.00</b>  | <b>15,61,341</b>   | <b>-</b>           | <b>-</b>         | <b>7,725.00</b>    | <b>65,915</b>    |
|                                     |                     | -                  |                    | -                |                    | -                |
| Year depreciation.                  | 74,943.00           | 7,25,988           | 31,803.00          | 3,08,082         | 7,725.00           | 74,834           |
| <b>Linear depreciation.</b>         | <b>10-33%</b>       | <b>10-33%</b>      | <b>10-33%</b>      | <b>10-33%</b>    | <b>10-33%</b>      | <b>10-33%</b>    |

|  |              |             |
|--|--------------|-------------|
| <b>Note 5 Capital and shareholders</b>             |              |             |
|  |              |             |
| <b>Share capital and shareholders information:</b> |              |             |
|  | <b>No.</b>   | <b>In %</b> |
| Lux Deutschland GMBH                               | 5,000        | 100%        |
| <b>Total</b>                                       | <b>5,000</b> | <b>100%</b> |

|  |                  |                     |                  |                     |
|--|------------------|---------------------|------------------|---------------------|
| <b>Note 6 - Equity and shareholder information</b> |                  |                     |                  |                     |
|  | OB 1/1           | Profit for the year | CB31712          | INR                 |
| Equity on 31.12.2013                               | 10,00,000        |                     | 10,00,000        | 85,32,710           |
| Profit for the year                                | -28,34,184       | -50,45,142          | -78,79,326       | -11,59,40,615       |
| Other paid in capital                              | 50,77,302        |                     | 50,77,302        | 7,47,10,136         |
| Change in accounting principles                    | 12,50,007        |                     | 12,50,007        | 1,83,93,271         |
| <b>Equity on 31.12.2014</b>                        | <b>44,93,125</b> | <b>-50,45,142</b>   | <b>-5,52,016</b> | <b>-1,43,04,497</b> |

|  |  |
|--|--|
| <b>Note 7 Cash and cash equivalents</b>                    |  |
| The company restricted bank deposits on 31.12 are 625 248. |  |

|  |                  |                    |                  |                    |
|--|------------------|--------------------|------------------|--------------------|
| <b>Note 8 - Outstanding with group companies</b> |                  |                    |                  |                    |
|  | <b>2014</b>      |                    | <b>2013</b>      |                    |
| <b>Trade receivables</b>                         | <b>NOK</b>       | <b>INR</b>         | <b>NOK</b>       | <b>INR</b>         |
| Receivables                                      | 58,36,475        | 4,98,00,949        | 45,06,848        | 4,54,63,731        |
| Other receivables                                | 23,42,521        | 1,99,88,052        | 37,78,194        | 3,81,13,288        |
| Loss account receivable                          | -18,73,794       | -1,59,88,541       | -8,68,606        | -87,62,237         |
| <b>Total</b>                                     | <b>63,05,202</b> | <b>5,63,60,273</b> | <b>74,16,436</b> | 7,48,14,792        |
|  |                  | -                  |                  |                    |
| <b>Other short-term receivable</b>               | <b>2014</b>      |                    | <b>2013</b>      |                    |
| Human receivables                                | 80,500           | 6,86,883           | 1,84,960         | 18,65,821          |
| Other receivable                                 | 6,49,194         | 55,39,384          | 2,75,626         | 27,80,432          |
| <b>Total</b>                                     | <b>7,29,694</b>  | <b>62,26,259</b>   | <b>4,60,586</b>  | <b>46,46,253</b>   |
|  |                  |                    |                  |                    |
| <b>Trade payables</b>                            |                  |                    |                  |                    |
| Payables   | 17,59,135        | 1,50,10,189        | 22,43,454        | 2,26,31,291        |
| <b>Total</b>                                     | <b>17,59,135</b> | <b>-</b>           | <b>22,43,454</b> | <b>2,26,31,291</b> |

|  |             |      |
|--|-------------|------|
| <b>Note 9 Transactions between related parties</b> | <b>2014</b> | 2013 |
|--|-------------|------|

|  | NOK              | INR         | NOK              | INR                |
|--|------------------|-------------|------------------|--------------------|
| Royalty Lux international AS, Sveits   | -                | -           | 12,86,180        | 1,29,74,598        |
| Loan from Lux International AG, Sveits | 40,38,525        | 3,44,59,563 | 63,665           | 6,42,233           |
| <b>Total</b>                           | <b>40,38,525</b> | <b>-</b>    | <b>13,49,845</b> | <b>1,36,16,831</b> |

#### Note 10 Guarantee

As security for the overdraft is posed pledge of inventories with kr 3 500 000,  
Used bank overdraft at the end of the year were 2 432 133.

| Note 11 Pension                            | 2014             |                    |                 |                  |
|--|------------------|--------------------|-----------------|------------------|
|  | Insured          |                    | Uninsured       |                  |
|  | NOK              | INR                | NOK             | INR              |
| Present value of pensions earned this year | 13,89,998        | 1,18,60,450        | 5,00,704        | 50,50,952        |
| Interest expense on the pension commitment | 9,98,914         | 85,23,443          | 8,15,906        | 82,30,615        |
| Return on pension funds                    | -9,20,102        | -78,50,964         | -9,05,555       | -91,34,967       |
| Differences/estimate changes charged to    | 47,204           | 4,02,778           | 45,608          | 4,60,080         |
| Social security fees                       | 53,506           | 4,56,551           | 64,389          | 6,49,537         |
| <b>Net pension expenses</b>                | <b>15,69,520</b> | <b>1,33,92,259</b> | <b>5,21,052</b> | <b>52,56,216</b> |

| Net pension commitment                     | 2014             |                    |                 |                  | 2013            |                  |                 |                  |
|--|------------------|--------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|
|  | Insured          |                    | Uninsured       |                  | Insured         |                  | Uninsured       |                  |
|  | NOK              | INR                | NOK             | INR              | NOK             | INR              | INR             | INR              |
| Pension commitment incurred at 31.12.      | 2,49,95,527      | 21,32,79,583       | 5,47,788        | 55,25,921        | 2,48,51,312     | 25,06,92,580     | 5,63,292        | 56,82,321        |
| Estimated effect of future salary increase | -2,34,30,486     | -19,99,25,542      | -               | -                | -2,40,94,053    | -24,30,53,578    | -               | -                |
| <b>Estimated pension commitment 31.12.</b> | <b>13,71,640</b> | <b>1,17,03,806</b> | <b>5,47,788</b> | <b>55,25,921</b> | <b>7,57,259</b> | <b>76,39,002</b> | <b>5,63,292</b> | <b>56,82,321</b> |
|  |                  | -                  |                 | -                |                 |                  |                 |                  |
| Social security fees                       | 1,93,401         | 16,50,235          | 77,238          | 7,79,154         | 1,06,773        | 10,77,094        | 79,424          | 8,01,205         |
| <b>Net pension commitment</b>              | <b>15,65,041</b> | <b>-</b>           | <b>6,27,026</b> | <b>63,25,250</b> | <b>8,64,032</b> | <b>87,16,096</b> | <b>6,42,716</b> | <b>64,83,526</b> |

| Financial assumptions:                     | 2014   |        |
|--|--------|--------|
| Discount rate                              | 4.10%  | 4.10%  |
| Estimated salary increase/pension increase | 3.75%  | 4.10%  |
| Base figure adjustment                     | 3.75%  | 3.75%  |
| Expected return on funds                   | 0.00%  | 0.00%  |
| Expected G- increase                       | 3.00%  | 3.00%  |
| Social fee                                 | 14.10% | 14.10% |

| 2013   |        |
|--------|--------|
| 3.00%  | 4.10%  |
| 3.00%  | 0.00%  |
| 0.00%  | 3.25%  |
| 0.50%  | 0.50%  |
| 0.00%  | 0.00%  |
| 14.10% | 14.10% |

**Lux Oesterreich GmbH**

(a wholly owned Subsidiary Company of Lux (Deutschland) GmbH)

Financial Statements  
for the year ended December 31, 2014

## **Auditor's Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements, including the accounting system, of

**Lux Österreich GmbH,  
Schwechat, Austria,**

for the fiscal year from 1 January 2014 to 31 December 2014. These financial statements comprise the statement of financial position as of 31 December 2014, the income statement for the fiscal year 2014, and the notes.

Our liability as auditors is guided under Section 275 UGB (Austrian Commercial code).

### ***Management's Responsibility for the Financial Statements and for the***

#### ***Accounting System***

The Company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### ***Auditors' Responsibility and Description of Type and Scope of the statutory audit***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 31 December 2014 and of its financial performance for the year from 1 January 2014 to 31 December 2014 in accordance with Austrian Generally Accepted Accounting Principles.

Vienna, 23 January 2015

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

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signed by:

Thomas Smrekar  
Wirtschaftsprüfer  
(Austrian Chartered Accountants)

pp Alexander Knott  
Wirtschaftsprüfer

**Lux Österreich GmbH**
**Schwechat**

Statement of Financial Position as of 31 December 2014

**ASSETS**

|  | 31-12-2014 |           |              |              | 31-12-2013 |              |
|--|------------|-----------|--------------|--------------|------------|--------------|
|  | EUR        |           | INR          |              | EUR        | INR          |
| <b>A. Fixed Assets</b>                           |            |           |              |              |            |              |
| I. Intangible Assets                             |            |           |              |              |            |              |
| 1. Licences                                      |            | 3,125     |              | 2,41,539     | -          | -            |
| II. Tangible Assets                              |            |           |              |              |            |              |
| 1. Other plants, furniture and fixtures          |            | 46,445    |              | 35,89,850    | 30,723     | 26,10,226    |
| III. Financial assets                            |            |           |              |              |            |              |
| 1. Securities                                    |            | 59,073    |              | 45,65,900    | 54,708     | 46,47,992    |
|  |            | 1,08,643  |              | 83,97,289    | 85,431     | 72,58,218    |
| <b>B. Current assets</b>                         |            |           |              |              |            |              |
| I. Inventories                                   |            |           |              |              |            |              |
| 1. Finished goods and merchandise                |            | 2,89,111  |              | 2,23,46,132  | 3,02,065   | 2,56,63,430  |
| II. Accounts receivable                          |            |           |              |              |            |              |
| 1. Accounts receivable from trade                | 17,29,218  |           | 13,36,55,581 |              | 21,04,001  | 17,87,55,903 |
| 2. Accounts receivable from affiliated companies | 3,78,205   |           | 2,92,32,422  |              | 3,55,495   | 3,02,02,870  |
| 4. Other receivables and assets                  | 27,452     | 21,34,875 | 21,21,805    | 16,50,09,808 | 26,631     | 22,62,602    |
|  |            |           |              |              | 24,86,127  | 21,12,21,375 |
| III. Cash on hand and in banks                   |            | 2,63,221  |              | 2,03,44,998  | 2,50,292   | 2,12,64,800  |
|  |            | 26,87,207 |              | 20,77,00,939 | 30,38,484  | 25,81,49,605 |
| <b>C Prepaid expenses</b>                        |            | 10,306    |              | 7,96,554     | -          | -            |
|  |            | 28,06,156 |              | 21,68,94,782 | 31,23,915  | 26,54,07,823 |

**LIABILITIES AND SHAREHOLDERS EQUITY**

|  | 31-12-2014 |           |             |              | 31-12-2013 |              |
|--|------------|-----------|-------------|--------------|------------|--------------|
|  | EUR        |           | INR         |              | EUR 1.000  | INR          |
| <b>A. Shareholder's equity</b>                     |            |           |             |              |            |              |
| I. Share capital                                   |            | 5,00,000  |             | 4,24,80,000  | 5,00,000   | 4,24,80,000  |
| III. Net profit/loss                               |            | 3,56,950  |             | 2,84,89,220  | 2,11,671   | 1,67,70,529  |
| thereof profit carryforward 0,00 (PY: TEUR 0)      |            | 8,56,950  |             | 7,09,69,220  | 7,11,671   | 5,92,50,529  |
| Foreign Currency Translation Reserve               |            |           |             | (47,33,407)  |            | 12,13,029    |
| <b>B. Accruals</b>                                 |            |           |             |              |            |              |
| 1. Accrued severance payments                      | 95,400     |           | 73,73,705   |              | 77,803     | 66,10,143    |
| 2. Accrued pensions                                | 62,618     |           | 48,39,902   |              | 65,284     | 55,46,529    |
| 3. Other accruals                                  | 1,43,650   | 3,01,668  | 1,11,03,068 | 2,33,16,674  | 1,43,087   | 1,21,56,672  |
| <b>C. Liabilities</b>                              |            |           |             |              |            |              |
| 1. Bank loans and overdrafts                       | 12,08,463  |           | 9,34,05,127 |              | 14,66,618  | 12,46,03,866 |
| 2. Accounts payable from trade                     | 21,043     |           | 16,26,442   |              | 34,502     | 29,31,321    |
| 3. Accounts payable to affiliated companies        | 38,000     |           | 29,37,134   |              | 1,16,517   | 98,99,300    |
| 4. Other liabilities                               |            |           |             |              |            |              |
| thereof due to taxes: EUR 58.183,17 (PY: TEUR 80); |            |           |             |              |            |              |
| thereof due to social security: EUR 37.433,29      |            |           |             |              |            |              |
| (PY: TEUR 36)                                      | 3,80,032   | 16,47,538 | 2,93,73,592 | 12,73,42,295 | 5,08,433   | 4,31,96,433  |
|  |            | 28,06,156 |             | 21,68,94,782 | 31,23,915  | 26,54,07,823 |
| <b>Contingencies</b>                               |            | 59,265    |             | 45,80,732    | 62         | 5,268        |

| INCOME STATEMENT FOR FY 2014   |            |                 |               |                    | 2013            |                    |
|--|------------|-----------------|---------------|--------------------|-----------------|--------------------|
| PARTICULARS  | EUR        |                 | INR           |                    | EUR             | INR                |
| 1. Net sales   |            | 52,34,022       |               | 41,77,42,478       | 58,21,570       | 46,12,37,480       |
| 2. Other operating income  |            |                 |               |                    |                 |                    |
| a) Income from disposal and revaluation of fixed assets excluding financial assets                     | 2,000      |                 | 1,59,626      |                    |                 |                    |
| b) Income from the reversal of accruals  | 12,396     |                 | 9,89,358      |                    | 37,294          | 29,54,764          |
| c) Sundry  | 1,56,054   | 1,70,450        | 1,24,55,157   | 1,36,04,141        | 42,556          | 33,71,687          |
|  |            |                 |               |                    | 79,850          | 63,26,452          |
| 3. Cost of materials and other purchased production services   |            |                 |               |                    |                 |                    |
| a) Cost of materials   |            | -13,14,763      |               | -10,49,35,057      | -14,89,944      | -11,80,46,865      |
| 4. Personnel expenses  |            |                 |               |                    |                 |                    |
| a) Salaries  | -20,64,994 |                 | -16,48,13,140 |                    | -22,14,887      | -17,54,83,370      |
| b) Expenses for severance payments   | -35,504    |                 | -28,33,654    |                    | -24,841         | -19,68,114         |
| c) Expenses for pensions   | -3,174     |                 | -2,53,334     |                    | -6,586          | -5,21,793          |
| d) Expenses for statutory social security and payroll related taxes and contributions                  | -3,85,428  | -24,89,100      | -3,07,62,146  | -19,86,62,274      | -3,59,075       | -2,84,49,187       |
|  |            |                 |               |                    | -26,05,389      | -20,64,22,464      |
| 5. Amortization and depreciation   |            | -19,403         |               | -15,48,579         | -12,124         | -9,60,574          |
| 6. Other operating expenses  |            |                 |               |                    |                 |                    |
| a) Sundry  |            | -14,29,767      |               | -11,41,13,823      | -14,34,641      | -11,36,65,213      |
| <b>7. Subtotal from line 1 to 6 (EBIT)</b>   |            | <b>1,51,440</b> |               | <b>1,20,86,886</b> | <b>3,59,323</b> | <b>2,84,68,816</b> |
| 8. Income from other long-term securities  |            | 4,365           |               | 3,48,383           | -               | -                  |
| 9. Other interest and similar income<br>thereof from affiliated companies: EUR 17.889,50 (PY: TEUR 15) |            | 2,62,985        |               | 2,09,89,565        | 2,80,938        | 2,22,58,460        |
| 10 Expenses for financial assets<br>thereof depreciation: EUR 0,00 (PY: TEUR -2)                       |            | -               |               | -                  | -1,940          | -1,53,704          |
| 11 Interest and similar expenses<br>thereof for affiliated companies: EUR 0,00 (PY: TEUR 0)            |            | -37,811         |               | -30,17,790         | -43,633         | -34,57,019         |
| <b>12 Subtotal from line 8 to 11 (Financial result)</b>  |            | <b>2,29,539</b> |               | <b>1,83,20,158</b> | <b>2,35,365</b> | <b>1,86,47,737</b> |
| <b>13 Result on ordinary operations</b>  |            | <b>3,80,979</b> |               | <b>3,04,07,044</b> | <b>5,94,688</b> | <b>4,71,16,553</b> |
| <b>14 Extraordinary result</b>   |            | -               |               | -                  | -3,65,672       | -2,89,71,877       |
| 15 Taxes on income   |            | -24,029         |               | -19,17,824         | -17,344         | -13,74,146         |
| <b>16 Net income for the year = Profit for the year</b>  |            | <b>3,56,950</b> |               | <b>2,84,89,220</b> | <b>2,11,671</b> | <b>1,67,70,529</b> |
| 17 Profit carried forward from prior year  |            | -               |               | -                  | -               | -                  |
| <b>18 Net profit</b>   |            | <b>3,56,950</b> |               | <b>2,84,89,220</b> | <b>2,11,671</b> | <b>1,67,70,529</b> |

**Lux Schweiz AG**

(a wholly owned Subsidiary Company of Lux International AG)

Financial Statements  
for the year ended December 31, 2014

LUX SCHWEIZ AG, BAAR

BALANCE SHEET AS OF DECEMBER 31, 2014

|   | 31-12-2014      |                    | 31-12-2013      |                    |
|---|-----------------|--------------------|-----------------|--------------------|
|   | CHF             | INR                | CHF             | INR                |
| <b>ASSETS</b>                               |                 |                    |                 |                    |
| <b>Current assets</b>                       |                 |                    |                 |                    |
| Cash and cash equivalents                   | 31,820          | 20,44,699          | 84,259          | 58,45,042          |
| Trade accounts receivables                  |                 |                    |                 |                    |
| - Third parties                             | 5,01,661        | 3,22,36,304        | 5,24,744        | 3,64,01,359        |
| - Group Companies                           | 11,826          | 7,59,936           | 8,190           | 5,68,128           |
| Other receivables                           |                 |                    |                 |                    |
| - Third parties                             | 1,539           | 98,869             | 1,528           | 1,06,028           |
| Inventories                                 | 87,283          | 56,08,739          | 86,071          | 59,70,708          |
| Prepaid expenses and accrued income         | 842             | 54,074             | 6,082           | 4,21,894           |
| <b>Total current assets</b>                 | <b>6,34,970</b> | <b>4,08,02,621</b> | <b>7,10,875</b> | <b>4,93,13,159</b> |
| <b>Non-current assets</b>                   |                 |                    |                 |                    |
| Loans                                       |                 |                    |                 |                    |
| - granted to shareholders                   | -               | -                  | -               | -                  |
| - granted to third parties                  | 43,884          | 28,19,921          | 13,884          | 9,63,102           |
| Tangible assets                             | 3,950           | 2,53,823           | 6,738           | 4,67,413           |
| <b>Total non-current assets</b>             | <b>47,834</b>   | <b>30,73,745</b>   | <b>20,622</b>   | <b>14,30,515</b>   |
| <b>TOTAL ASSETS</b>                         | <b>6,82,804</b> | <b>4,38,76,366</b> | <b>7,31,496</b> | <b>5,07,43,674</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> |                 |                    |                 |                    |
| <b>Current liabilities</b>                  |                 |                    |                 |                    |
| Trade accounts payable third parties        | 82,514          | 53,02,256          | 98,995          | 68,67,228          |
| Other payables                              |                 |                    |                 |                    |
| - Third parties                             | 93,132          | 59,84,587          | 58,236          | 40,39,846          |
| - Group companies                           | 58,105          | 37,33,791          | 92,661          | 64,27,851          |
| Accrued liabilities                         | 28,500          | 18,31,384          | 28,500          | 19,77,036          |
| <b>Total current liabilities</b>            | <b>2,62,251</b> | <b>1,68,52,018</b> | <b>2,78,392</b> | <b>1,93,11,961</b> |
| <b>Non-current liabilities</b>              |                 |                    |                 |                    |
| Loan from group companies                   | -               | -                  | -               | -                  |
| Provisions                                  | 1,61,418        | 1,03,72,586        | 1,61,290        | 1,11,88,607        |
| <b>Total non-current liabilities</b>        | <b>1,61,418</b> | <b>1,03,72,586</b> | <b>1,61,290</b> | <b>1,11,88,607</b> |
| <b>Total liabilities</b>                    | <b>4,23,669</b> | <b>2,72,24,605</b> | <b>4,39,681</b> | <b>3,05,00,568</b> |
| Foreign currency Translation Reserve        | -               | -3,11,769          |                 | 4,97,365           |
| <b>Equity</b>                               |                 |                    |                 |                    |
| Share capital                               | 1,00,000        | 69,36,970          | 1,00,000        | 69,36,970          |
| Reserves                                    | 66,000          | 37,45,964          | 54,000          | 37,45,964          |

|   |          |             |          |             |
|---|----------|-------------|----------|-------------|
| Retained earnings /Accumulated deficit            |          | -           |          |             |
| - Profit brought forward                          | 815      | 1,99,757    | 31,447   | 21,81,470   |
| - Profit / Loss for the year                      | 92,320   | 60,80,839   | 1,06,368 | 68,81,337   |
| Retained earnings / Accumulated deficit           | 93,135   | 62,80,596   | 1,37,815 | 90,62,808   |
| <b>Total Shareholders' equity</b>                 | 2,59,135 | 1,69,63,530 | 2,91,815 | 1,97,45,741 |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | 6,82,804 | 4,38,76,366 | 7,31,496 | 5,07,43,674 |

**LUX SCHWEIZ AG, BAAR**

**INCOME STATEMENT 2014**

|   | 2014              |                      | 2013              |                      |
|---|-------------------|----------------------|-------------------|----------------------|
|   | CHF               | INR                  | CHF               | INR                  |
| <b>INCOME</b>                                     |                   |                      |                   |                      |
| Net sales   | 17,19,050         | 11,32,28,774         | 17,18,980         | 11,12,07,343         |
| Other operational revenue                         | 82,325            | 54,22,479            | 65,217            | 42,19,107            |
| <b>TOTAL INCOME</b>                               | <b>18,01,374</b>  | <b>11,86,51,253</b>  | <b>17,84,196</b>  | <b>11,54,26,450</b>  |
| <b>EXPENSE</b>                                    |                   |                      |                   |                      |
| Material expense                                  | -3,20,449         | -2,11,07,005         | -3,34,583         | -2,16,45,457         |
| Personnel expense                                 | -10,50,276        | -6,91,78,598         | -9,96,267         | -6,44,52,310         |
| Depreciations                                     | -2,788            | -1,83,637            | -2,788            | -1,80,366            |
| Rent expense                                      | -10,416           | -6,86,071            | -10,416           | -6,73,851            |
| Energy and maintenance                            | -28,854           | -19,00,516           | -24,099           | -15,59,038           |
| Office and administration expenses                | -1,72,364         | -1,13,53,112         | -1,19,078         | -77,03,589           |
| Advertising expenses                              | -20,399           | -13,43,605           | -26,480           | -17,13,068           |
| Representation and travel expenses                | -1,201            | -79,087              | -344              | -22,249              |
| Distribution expenses                             | -19,101           | -12,58,113           | -20,827           | -13,47,393           |
| Other expenses                                    | -69,534           | -45,80,015           | -1,31,056         | -84,78,498           |
| <b>Total operating expense</b>                    | <b>-16,95,381</b> | <b>-11,16,69,758</b> | <b>-16,65,937</b> | <b>-10,77,75,819</b> |
| <b>Operating result before interest and taxes</b> | <b>1,05,994</b>   | <b>69,81,494</b>     | <b>1,18,259</b>   | <b>76,50,631</b>     |
| Disposal of assets                                | -                 | -                    | -                 | 0                    |
| Extraordinary income                              | -                 | -                    | 1,082             | 70,001               |
| Financial income                                  | 725               | 47,763               | 732               | 47,342               |
| Financial expense                                 | -6,703            | -4,41,483            | -4,094            | -2,64,836            |
| Foreign exchange gain, net                        | -                 | -                    | -                 | 0                    |
| Foreign exchange loss, net                        | -7,500            | -4,93,975            | -9,120            | -5,90,003            |
| Income from financial restructuring               | -                 | -                    | -                 | 0                    |
| <b>Profit / Loss before taxes</b>                 | <b>92,517</b>     | <b>60,93,798</b>     | <b>1,06,859</b>   | <b>69,13,134</b>     |
| Taxes   | -197              | -12,959              | -492              | -31,797              |
| <b>PROFIT / LOSS FOR THE YEAR</b>                 | <b>92,320</b>     | <b>60,80,839</b>     | <b>1,06,368</b>   | <b>68,81,337</b>     |

**LUX SCHWEIZ AG, BAAR**  
**NOTES AS OF DECEMBER 31, 2014**

| Particulars   | 31-12-2014<br>CHF  | 31-12-2013<br>CHF |
|---|--|-------------------|
| 1. Fire insurance values of the tangible fixed assets | 1,00,000   | 1,00,000          |
| 2. Total amount of leasing commitments                | 49,512   | 13,268            |
| 3. Payables to pension funds                          | -  | -                 |
| 4. Riskmanagement                                     | -  | -                 |
|   | Lux Schweiz AG is a subsidiary of Lux International Group. The risk management of Lux Schweiz AG is managed at group level by the board of directors of Lux International AG as well as by the group management. The board of directors of Lux International AG is responsible for the risk assessment as well as the risk process as such. The management process includes four steps: risk identification, risk assessment, risk valuation and risk control. |                   |
| 5. Disputes with former employees / Litigations       | -  | -                 |
|   | Provision amounting to CHF 110'000 for potential legal litigation costs.   |                   |

**LUX SCHWEIZ AG, BAAR**

**APPROPRIATION OF AVAILABLE EARNINGS AS OF DECEMBER 31, 2014**

(Proposal of the board of directors)

|  | 2014    |            | 2013      |            |
|--|---------|------------|-----------|------------|
|  | CHF     | INR        | CHF       | INR        |
| Balance brought forward from previous years                  | 815     | 1,99,757   | 31,447    | 21,81,470  |
| Profit / Loss for the year                                   | 92,320  | 60,80,839  | 1,06,368  | 68,81,337  |
| <b>Retained Earnings for distribution</b>                    | 93,135  | 62,80,596  | 1,37,815  | 90,62,808  |
| Dividend, gross  | -80,000 | -52,69,366 | -1,25,000 | -80,86,725 |
| Attribution towards the legal reserves (OR 671.1)            | -       | -          | -         | -          |
| Additional attribution towards the legal reserves (OR 671.1) | -7,500  | -4,94,003  | -12,000   | -7,76,326  |
| <b>Retained Earnings to be carried forward</b>               | 5,635   | 5,17,227   | 815       | 1,99,757   |

**Lux Services GmbH**

(a wholly owned Subsidiary Company Lux (Deutschland) GmbH)

Financials for the year ended December 31, 2014 are not attached as the same are consolidated with the financial of the holding company viz. Lux (Deutschland) GmbH.

**Lux/ SK/ s. r. o**

(a wholly owned Subsidiary Company of Forbes Lux Group AG)

Financial Statements  
for the year ended December 31, 2014

**Standard Report A.05b****Highlights Completion Memorandum — Specified Audit Procedures**

To: Office:  
Roman Wenk KPMG AG, Zurich  
From: Office: Date  
Rastislav Begar KPMG Slovensko, spol. s r.o. 30 January 2015 Friday, January 30, 2015

**I. Identification**

**Group's Name** Lux Group ("the Group")  
**Period Covered** 01 January 2014 — 31 December 2014  
**Component's Name** ILUX /SKI s.r.o. ("the Component")  
**Component Scope** Specified Audit Procedures  
**Period and/or work of the component auditor:** 01 January 2014 — 31 December 2014

We have complied with your instructions as of date of this document, except for those items listed in the text box below:

n/a

**II. Purpose & Identification and scope of work**

This memorandum is intended solely for use by you, the group engagement team, in connection with your audit of the Group's financial statements (referred to as the group audit). It should not be distributed to either the group or component management or those charged with governance or any third party. However, you may provide component or group management with a summary of information from this memorandum to facilitate the discussion of reporting matters with component or group management and/or those

In accordance with the requirements of the Lux Group Group Audit Instructions for the

In accordance with the requirements of these audit instructions, our work has been based on the materiality levels provided in those instructions (section 3.1 Scope).

**III. Outstanding matters****III.1 Significant unresolved matters identified by the component auditor**

*[Check applicable box and input additional information, as applicable]*

| <input type="checkbox"/>                                    | Significant matter to report |
|---|------------------------------|
| <input checked="" type="checkbox"/>                         | No matters to report         |
| Description of significant outstanding or unresolved matter | Expected resolution date     |
| n/a   | n/a                          |

+ Add more rows for each issue identified

**III.2 Significant unresolved matters to be followed up upon by the Group engagement team**

*[Check applicable box and input additional information, as applicable]*

| <input type="checkbox"/>            | Significant matter to report   |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | No matters to report   |
| Description of significant          | Preliminary findings to date and action requested to be performed by the Group engagement team |
| n/a                                 | n/a  |

+ Add more rows for each issue identified

#### IV. Business overview

##### Summary of the component's financial performance in the period

| Balance sheet                 |   |            |          |              |             |          |             |             |              |
|-------------------------------|---|------------|----------|--------------|-------------|----------|-------------|-------------|--------------|
| Code                          | Description                                 | 31/12/2014 |          |              | 31/12/2013  |          |             | Change [f]  | Change [%]   |
|                               |   | TEUR       | EUR      | INR          | TEUR        | EUR      | INR         |             |              |
| <b>Current assets</b>         |   |            |          |              |             |          |             |             |              |
| 11100                         | Cash and bank balances                      | 7          | -        | -            | 9           | -        | -           | (2)         | -22%         |
| 12149                         | Total Trade receivables gross               | 176        | -        | -            | 141         | -        | -           | 35          | 25%          |
| 12149                         | Total Other receivables TP gross            | 21         | -        | -            | 22          | -        | -           | (1)         | -5%          |
| 12150                         | Less bad debts allowances                   | (146)      | -        | -            | (123)       | -        | -           | (23)        | 18%          |
| 13200                         | Finished products gross                     | 101        | -        | -            | 180         | -        | -           | (79)        | -44%         |
| 13250                         | Less inventory allowances finished products | (10)       | -        | -            | (8)         | -        | -           | (2)         | 25%          |
| 13450                         | Aeroguard                                   | 8          | -        | -            | 6           | -        | -           | 2           | 33%          |
| 14900                         | Accrued income & Prepaym. TP                | 12         | -        | -            | 26          | -        | -           | (14)        | -54%         |
|                               | <b>Total assets</b>                         | <b>169</b> | <b>-</b> | <b>-</b>     | <b>253</b>  | <b>-</b> | <b>-</b>    | <b>(84)</b> | <b>-33%</b>  |
| <b>Current liabilities</b>    |   |            |          |              |             |          |             |             |              |
| 22150                         | Current liabilities accounts external       | 19         | -        | -            | 61          | -        | -           | (42)        | -69%         |
| 22310                         | Value added tax (VAT) payable               | 9          | -        | -            | 13          | -        | -           | (4)         | -31%         |
| 22320                         | Withholding tax payable                     | 5          | -        | -            | 4           | -        | -           | 1           | 25%          |
| 22300                         | Current liabilities accounts IC             | 9          | -        | -            | 45          | -        | -           | (36)        | -80%         |
| 22330                         | Social security premiums                    | 12         | -        | -            | 7           | -        | -           | 5           | 71%          |
| 22410                         | Commissions for agents                      | 26         | -        | -            | 29          | -        | -           | (3)         | -10%         |
| 22420                         | Personnel                                   | 8          | -        | -            | 8           | -        | -           | -           | -            |
| 24900                         | Accrued exp. and prepaid income TP          | -          | -        | -            | 6           | -        | -           | (6)         | -100%        |
| 25400                         | Provision for human resource (short-term)   | 15         | -        | -            | 13          | -        | -           | 2           | 15%          |
| 25900                         | Other provision (short-term)                | 12         | -        | -            | 10          | -        | -           | 2           | 20%          |
|                               | <b>Total current liabilities</b>            | <b>115</b> | <b>-</b> | <b>-</b>     | <b>196</b>  | <b>-</b> | <b>-</b>    | <b>(81)</b> | <b>-41%</b>  |
| <b>Noncurrent liabilities</b> |   |            |          |              |             |          |             |             |              |
| 26400                         | Provision for human resource (long-term)    | 9          | -        | -            | 8           | -        | -           | 1           | 13%          |
| 27220                         | Finance lease liability (long-term)         | -          | -        | -            | 15          | -        | -           | (15)        | -100%        |
| 27230                         | Long-term loans payable IC                  | -          | -        | -            | 65          | -        | -           | (65)        | -100%        |
|                               |   | <b>9</b>   | <b>-</b> | <b>-</b>     | <b>88</b>   | <b>-</b> | <b>-</b>    | <b>(79)</b> | <b>-90%</b>  |
| <b>Equity</b>                 |   |            |          |              |             |          |             |             |              |
| 28100                         | Share capital                               | 363        | -        | -            | 133         | -        | -           | 230         | 173%         |
| 28120                         | Capital reserves                            | 67         | -        | -            | 67          | -        | -           | -           | -            |
| 28400                         | Retained earnings                           | (231)      | -        | (4,516,059)  | (174)       | -        | -           | (57)        | 33%          |
|                               | Foreign Currency Translation Reserve        |            |          | 16,807,245   |             |          | 4,516,059   |             |              |
| 28500                         | Profit (Loss)                               | (154)      | -        | (12,291,187) | (57)        | -        | (4,516,059) | (97)        | 170%         |
|                               | <b>Total equity</b>                         | <b>45</b>  | <b>-</b> | <b>-</b>     | <b>(31)</b> | <b>-</b> | <b>-</b>    | <b>76</b>   | <b>-245%</b> |
|                               | <b>Total equity and liabilities</b>         | <b>169</b> | <b>-</b> | <b>-</b>     | <b>253</b>  | <b>-</b> | <b>-</b>    | <b>(84)</b> | <b>-33%</b>  |
|                               |   |            |          |              | -           | -        | -           |             |              |

The decrease in finished products of EUR 79 thousand is connected with the decrease in sales revenues as well as attempts in optimization of stock balances.

| DESCRIPTION                  | 12/31/2014 |     |     | 12/31/2013 |     |     |
|------------------------------|------------|-----|-----|------------|-----|-----|
|                              | TEUR       | EUR | INR | TEUR       | EUR | INR |
| Sales                        | 851        | -   | -   | 1046       | -   | -   |
| Cost Of Sales                | -270       | -   | -   | -311       | -   | -   |
| Gross Profit                 | 581        | -   | -   | 735        | -   | -   |
| Gross Profit Margin          | 68%        | -   | -   | 70%        | -   | -   |
| Expenses Salesman            | -241       | -   | -   | -272       | -   | -   |
| Expenses Salesman Management | -64        | -   | -   | -70        | -   | -   |
| Expenses Telemarketing       | -153       | -   | -   | -145       | -   | -   |
| Other Sales Expenses         | -105       | -   | -   | -102       | -   | -   |
| Total Sales Expenses         | -563       | -   | -   | -589       | -   | -   |
|                              |            | -   | -   |            | -   | -   |
| Admin Expenses               | -110       | -   | -   | -177       | -   | -   |
| Expenses For Services I/C    | -30        | -   | -   | -5         | -   | -   |
| Other Revenues               | 13         | -   | -   | 23         | -   | -   |
| Royalty                      | -35        | -   | -   | -42        | -   | -   |
| Other Expenses               | -7         | -   | -   | -2         | -   | -   |
| Total Sales Expenses         | -169       | -   | -   | -203       | -   | -   |
|                              |            | -   | -   |            | -   | -   |
| Lux Operating Result Pre Tax | -151       | -   | -   | -57        | -   | -   |
| Tax                          | -3         | -   | -   |            | -   | -   |
| Net Profit/Loss              | -154       | -   | -   | -57        | -   | -   |

|                                    |
|------------------------------------|
| <b>Final analytical procedures</b> |
| See above.                         |

## Balance sheet (rounded EUR)

Company LUX /SK/ s.r.o. (2014), Svrčia 25, 841 04, Bratislava

| Code     | Assets  |    | 2014    |            | 2013    |
|----------|---|----|---------|------------|---------|
|          |   |    | EURO    | INR        | EURO    |
| a        | b   |    |         |            |         |
|          | Total assets line 02 + line 33 + line 74  | 1  | 168,142 | 12,996,116 | 252,241 |
| A.       | Non-current assets line 03 + line 11 + line 21  | 2  | 2,449   | 189,289    | 17,269  |
| A.I.     | Non-current intangible assets - total (lines 04 to 10)  | 3  |         |            |         |
| A.I.1.   | Capitalized development costs (012) - /072, 091A/   | 4  |         |            |         |
| 2.0      | Software (013) - /073, 091A/  | 5  |         |            |         |
| 3.0      | Valuable rights (014) - /074, 091A/   | 6  |         |            |         |
| 4.0      | Goodwill (015) - /075, 091A/  | 7  |         |            |         |
| 5.0      | Other non-current intangible assets (019, 01X) - /079, 07X, 091A/   | 8  |         |            |         |
| 6.0      | Acquisition of non-current intangible assets (041) - /093/  | 9  |         |            |         |
| 7.0      | Advance payments made for non-current intangible assets (051) - /095A/  | 10 |         |            |         |
| A.II.    | Property, plant and equipment - total (lines 12 to 20)  | 11 | 2,449   | 189,289    | 17,269  |
| A.II.1.  | Land (031) - /092A/   | 12 |         |            |         |
| 2.0      | Structures (021) - /081, 092A/  | 13 |         |            |         |
| 3.0      | Individual movable assets and sets of movable assets (022) - /082, 092A/  | 14 | 2,449   | 189,289    | 17,269  |
| 4.0      | Perennial crops (025) - /085, 092A/   | 15 |         |            |         |
| 5.0      | Livestock (026) - /086, 092A/   | 16 |         |            |         |
| 6.0      | Other property, plant and equipment (029, 02X, 032) - /089, 08X, 092A/  | 17 |         |            |         |
| 7.0      | Acquisition of property, plant and equipment (042) - /094/  | 18 |         |            |         |
| 8.0      | Advance payments made for property, plant and equipment (052) - /095A/  | 19 |         |            |         |
| 9.0      | Value adjustment to acquired assets (+/- 097)+/- 098  | 20 |         |            |         |
| A.III.   | Non-current financial assets - total (lines 22 to 32)   | 21 | -       | -          |         |
| A.III.1. | Participation certificates and shares in interconnected accounting entities (061A, 062A, 063A) - /096A/   | 22 |         |            |         |
| 2.0      | Participation certificates and shares with share participation excluding to the interconnected accounting entities (062A) - /096A/  | 23 |         |            |         |
| 3.0      | Other viable securities and shares (063A) - /096A/  | 24 |         |            |         |
| 4.0      | Loans to the interconnected accounting entities (066A) - /096A/   | 25 |         |            |         |
| 5.0      | Loans within the share participation excluding to the interconnected accounting entities (066A) -   | 26 |         |            |         |
| 6.0      | Other loans (067A) - /096A/   | 27 |         |            |         |
| 7.0      | Debt securities and other long-term financial assets (065A, 069A, 06XA) - /096A/  | 28 |         |            |         |
| 8.0      | Loans and other non-current financial assets with residual maturity up to one year (066A, 067A, 069A, 06XA) - /096A/  | 29 |         |            |         |
| 9.0      | Bank accounts with notice period exceeding one year (22XA)  | 30 |         |            |         |
| 10.0     | Acquisition of non-current financial assets (043) - /096A/  | 31 |         |            |         |
| 11.0     | Advance payments made for non-current financial assets (053) - /095A/   | 32 |         |            |         |
| B.       | Current assets line 34 + line 41 + line 53 + line 66 + line 71  | 33 | 163,695 | 12,652,396 | 232,707 |
| B.I.     | Inventory - total (lines 35 to 40)  | 34 | 98,079  | 7,580,771  | 178,056 |
| B.I.1.   | Raw material (112, 119, 11X) - /191, 19X/   | 35 |         |            |         |
| 2.0      | Work in progress and semi-finished products (121, 122, 12X) - /192, 193, 19X/   | 36 |         |            |         |
| 3.0      | Finished goods (123) - /194/  | 37 |         |            |         |
| 4.0      | Animals (124) - /195/   | 38 |         |            |         |
| 5.0      | Merchandise (132, 133, 13X, 139) - /196, 19X/   | 39 | 98,079  | 7,580,771  | 178,056 |
| 6.0      | Advance payments made for inventory (314A) - /391A/   | 40 |         |            |         |
| B.II.    | Non-current receivables - total (line 42 + lines 46 to 52)  | 41 |         |            |         |
| B.II.1.  | Trade receivables - total (lines 43 to 45)  | 42 |         |            |         |
| 1.a.     | Receivables from the business activity with the interconnected accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/  | 43 |         |            |         |
| 1.b.     | Receivables from the business activity within the share participation excluding receivables to the interconnected accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 44 |         |            |         |
| 1.c.     | Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/   | 45 |         |            |         |
| 2.0      | Net value of the contract (316A)  | 46 |         |            |         |
| 3.0      | Other receivables with the interconnected accounting entities (351A) - /391A/   | 47 |         |            |         |
| 4.0      | Other receivables within the share participation excluding receivables to the interconnected accounting entities (351A) - /391A/  | 48 |         |            |         |
| 5.0      | Receivables from participants, members, and association (354A, 355A, 358A, 35XA) - /391A/   | 49 |         |            |         |
| 6.0      | Receivables from derivative operations (373A, 376A)   | 50 |         |            |         |
| 7.0      | Other receivables (335A, 336A, 33XA, 371A, 374A, 375A, 378A) - /391A/   | 51 |         |            |         |
| 8.0      | Deferred tax asset (481A)   | 52 |         |            |         |
| B.III.   | Current receivables - total (line 54 + lines 58 to 65)  | 53 | 58,185  | 4,497,264  | 45,794  |
| B.III.1. | Trade receivables - total (lines 55 to 57)  | 54 | 51,664  | 3,993,240  | 39,552  |
| 1.a.     | Receivables from the business activity with the interconnected accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/  | 55 |         |            |         |
| 1.b.     | Receivables from the business activity within the share participation excluding receivables to the interconnected accounting entities (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/ | 56 |         |            |         |
| 1.c.     | Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/   | 57 | 51,664  | 3,993,240  | 39,552  |
| 2.0      | Net value of the contract (316A)  | 58 |         |            |         |
| 3.0      | Other receivables with the interconnected accounting entities (351A) - /391A/   | 59 |         |            |         |
| 4.0      | Other receivables within the share participation excluding receivables to the interconnected accounting entities (351A) - /391A/  | 60 |         |            |         |
| 5.0      | Receivables from participants, members, and association (354A, 355A, 358A, 35XA, 398A) - /391A/   | 61 |         |            |         |
| 6.0      | Social security (336A) - /391A/   | 62 |         |            |         |
| 7.0      | Tax assets (341, 342, 343, 345, 346, 347) - /391A/  | 63 |         |            |         |
| 8.0      | Receivables from derivative operations (373A, 376A)   | 64 |         |            |         |
| 9.0      | Other receivables (335A, 33XA, 371A, 373A, 374A, 375A, 376A, 378A) - /391A/   | 65 | 6521    | 504,024    | 6242    |
| B.IV.    | Current financial assets - total (lines 67 to 70)   | 66 |         |            |         |
| B.IV.1.  | Short-term financial assets in the interconnected accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/   | 67 |         |            |         |
| 2.0      | Short-term financial assets excluding the short-term financial assets in the interconnected accounting entities (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/                       | 68 |         |            |         |
| 3.0      | Own shares and own ownership interests (252)  | 69 |         |            |         |
| 4.0      | Acquisition of current financial assets (259, 314A) - /291A/  | 70 |         |            |         |
| B.V.     | Financial accounts - total (line 72 + line 73)  | 71 | 7,431   | 574,361    | 8,857   |
| B.V.1.   | Cash on hand (211, 213, 21X) AND Bank accounts (221A, 22X, +/-261)  | 72 | -       | -          | 1,430   |
| C.       | Accruals/deferrals - total (lines 75 to 78)   | 73 | 7,431   | 574,361    | 7,427   |
| C.1.     | Non-current prepaid expenses (381A, 382A)   | 74 | 1,998   | 154,430    | 2,265   |
| 2.0      | Current prepaid expenses (381A, 382A)   | 75 |         |            |         |
| 3.0      | Non-current accrued income (385A)   | 76 | 1,998   | 154,430    | 2,265   |
| 4.0      | Current accrued income (385A)   | 77 |         |            |         |
|          |   | 78 |         |            |         |

Omega - účtovníctvo, sklad a fakturácia. Výrobca programu : KROS a.s., A. Rudnaya 21, 010 01 Žilina, tel. 041/707 10 11, e-mail : kros@

**Profit and loss account (rounded EUR)**  
 Comp. LUX /SK/ s.r.o. (2014), Svrčia 25, 841 04, Bratislava

| Code  | Text   |    | EURO      | INR          | EUR       | INR         |
|-------|--|----|-----------|--------------|-----------|-------------|
| a     |  |    |           |              |           |             |
| *     | Net turnover (part of account group 6)   | 1  | 892,158   | 71,205,717   |           |             |
| **    | Operating income - total (lines 03 to 09)  | 2  | 892,644   | 71,244,506   | 1,065,820 | 84,443,959  |
| I.    | Revenue from the sale of merchandise (604, 607)  | 3  | 872,187   | 69,611,774   | 1,054,274 | 83,529,180  |
| II.   | Revenue from the sale of own products (601)  | 4  |           |              |           |             |
| III.  | Revenue from the sale of services (602, 606)   | 5  | 19,971    | 1,593,943    | 3,549     | 281,184     |
| IV.   | Changes in internal inventory (+/-) (account group 61)   | 6  |           |              |           |             |
| V.    | Own work capitalized (account group 62)  | 7  |           |              |           |             |
| VI.   | Revenue from the sale of non-current assets and raw materials (641, 642)   | 8  |           |              |           |             |
| VII.  | Other operating income (644, 645, 646, 648, 655, 657)  | 9  | 486       | 38,789       | 7,997     | 633,595     |
| **    | Operating expenses - total line 11 + line 12 + line 13 + line 14 + line 15   | 10 | 1,049,273 | 83,745,521   | 1,143,091 | 90,566,071  |
| A.    | Cost of merchandise sold (504, 507)  | 11 | 268,311   | 21,414,679   | 305,538   | 24,207,501  |
| B.    | Consumed raw materials, energy consumption, and consumption of other non-current assets (505, 506)   | 12 | 29,294    | 2,338,039    | 24,531    | 1,943,569   |
| C.    | Adjusting entries for the stocks (+/-) (505)   | 13 | 3,007     | 239,997      | 6,705     | 531,231     |
| D.    | Services (account group 51)  | 14 | 453,494   | 36,194,671   | 426,867   | 33,820,288  |
| E.    | Personnel expenses total (lines 16 to 19)  | 15 | 247,873   | 19,783,463   | 338,329   | 26,805,502  |
| E.1.  | Wages and salaries (521, 522)  | 16 | 176,290   | 14,070,216   | 245,093   | 19,418,498  |
| 2.0   | Remuneration of board members of company or cooperative (523)  | 17 |           |              |           |             |
| 3.0   | Social insurance expenses (524, 525, 526)  | 18 | 63,591    | 5,075,382    | 84,940    | 6,729,720   |
| 4.0   | Social expenses (527, 528)   | 19 | 7,992     | 637,865      | 8,296     | 657,285     |
| F.    | Taxes and fees (account group 53)  | 20 | 1,100     | 87,794       | 1,441     | 114,169     |
| G.    | Amortization and adjustments to non-current intangible assets and depreciation of property, plant and equipment (line 22 + line 23)  | 21 | 14,820    | 1,182,827    | 14,820    | 1,174,175   |
| G.1.  | Amortization to non-current intangible assets and depreciation of property, plant and equipment (551)  | 22 | 14,820    | 1,182,827    | 14,820    | 1,174,175   |
| 2.0   | Adjustments to non-current intangible assets, property, plant and equipment (+/-) (553)  | 23 |           |              |           |             |
| H.    | Carrying value of non-current assets sold and raw materials sold (541, 542)  | 24 |           |              |           |             |
| I.    | Adjusting entries for the receivables (+/-) (547)  | 25 | 22,476    | 1,793,875    | 11,149    | 883,325     |
| J.    | Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557)  | 26 | 8,898     | 710,175      | 13,711    | 1,086,310   |
| ***   | Profit/loss from operations (+/-) (line 02 - line 10)  | 27 | (156,629) | (12,501,015) | (77,271)  | (6,122,112) |
| *     | Added value (line 03+ line 04+line 05+ line 06 + line 07) - (line 11 + line 12 + line 13 + line 14)  | 28 | 138,052   | 11,018,330   | 294,182   | 23,307,775  |
| **    | Return from financial activities - total line 30 + line 31 + line 35 + line 39 + line 42 + line 43 + line 44   | 29 | 13,514    | 1,078,592    | 24,676    | 1,955,057   |
| VIII. | Revenue from the sale of securities and shares (661)   | 30 |           |              |           |             |
| IX.   | Income from non-current financial assets - total (lines 32 to 34)  | 31 |           |              |           |             |
| IX.1. | Income from the participation certificates and shares in the interconnected accounting entities (665A)   | 32 |           |              |           |             |
| 2.0   | Income from participation certificates and shares in share participation excluding the return from the interconnected accounting entities (665A)   | 33 |           |              |           |             |
| 3.0   | Other income from participation certificates and shares (665A)   | 34 |           |              |           |             |
| X.    | Income from current financial assets - total (lines 36 to 38)  | 35 |           |              |           |             |
| X.1.  | Income from current financial assets in the interconnected accounting entities (666A)  | 36 |           |              |           |             |
| 2.0   | Income from current financial assets in share participation excluding the return from the interconnected accounting entities (666A)  | 37 |           |              |           |             |
| 3.0   | Other income from current financial assets (666A)  | 38 |           |              |           |             |
| XI.   | Interest income (line 40 + line 41)  | 39 | 1         | 80           | 193       | 15,291      |
| XI.1. | Interest income in the interconnected accounting entities (662A)   | 40 |           |              |           |             |
| 2.0   | Other interest income (662A)   | 41 | 1         | 80           | 193       | 15,291      |
| XII.  | Exchange rate gains (663)  | 42 |           |              | 1,551     | 122,884     |
| XIII. | Gains on revaluation of securities and income from derivative transactions (664)   | 43 |           |              |           |             |
| XIV.  | Other income from financial activities (668)   | 44 | 13,513    | 1,078,512    | 22,932    | 1,816,882   |
| **    | Other expenses related to financial activities - total line 46 + line 47 + line 48 + line 49 + line 50 + line 51 + line 52 + line 53 + line 54 + line 55 + line 56 + line 57 + line 58 + line 59 + line 60 + line 61 + line 62 + line 63 + line 64 + line 65 + line 66 + line 67 + line 68 + line 69 + line 70 + line 71 + line 72 + line 73 + line 74 + line 75 + line 76 + line 77 + line 78 + line 79 + line 80 + line 81 + line 82 + line 83 + line 84 + line 85 + line 86 + line 87 + line 88 + line 89 + line 90 + line 91 + line 92 + line 93 + line 94 + line 95 + line 96 + line 97 + line 98 + line 99 + line 100  | 45 | 6,469     | 516,310      | 5,107     | 404,623     |
| K.    | Securities and shares sold (561)   | 46 |           |              |           |             |
| L.    | Expenses related to current financial assets (566)   | 47 |           |              |           |             |
| M.    | Adjusting entries for financial assets (+/-) (565)   | 48 |           |              |           |             |
| N.    | Interest expense (line 50 + line 51)   | 49 | 4,542     | 362,510      | 1,963     | 155,527     |
| N.1.  | Interest expense for the interconnected accounting entities (562A)   | 50 |           |              |           |             |
| 2.0   | Other interest expense (562A)  | 51 | 4,542     | 362,510      | 1,963     | 155,527     |
| O.    | Exchange rate losses (563)   | 52 | 198       | 15,803       | 570       | 45,161      |
| P.    | Loss on revaluation of securities and expenses related to derivative transactions (564)  | 53 |           |              |           |             |
| Q.    | Other expenses related to financial activities (568, 569)  | 54 | 1,729     | 137,997      | 2,574     | 203,936     |
| ***   | Profit/loss from financial activities (+/-) (line 29 - line 45)  | 55 | 7,045     | 562,282      | 19,569    | 1,550,434   |
| ****  | Profit/loss for the accounting period before taxation (+/-) (line 27 + line 28 + line 29 + line 30 + line 31 + line 32 + line 33 + line 34 + line 35 + line 36 + line 37 + line 38 + line 39 + line 40 + line 41 + line 42 + line 43 + line 44 + line 45 + line 46 + line 47 + line 48 + line 49 + line 50 + line 51 + line 52 + line 53 + line 54 + line 55 + line 56 + line 57 + line 58 + line 59 + line 60 + line 61 + line 62 + line 63 + line 64 + line 65 + line 66 + line 67 + line 68 + line 69 + line 70 + line 71 + line 72 + line 73 + line 74 + line 75 + line 76 + line 77 + line 78 + line 79 + line 80 + line 81 + line 82 + line 83 + line 84 + line 85 + line 86 + line 87 + line 88 + line 89 + line 90 + line 91 + line 92 + line 93 + line 94 + line 95 + line 96 + line 97 + line 98 + line 99 + line 100) | 56 | (149,584) | (11,938,733) | (57,702)  | (4,571,678) |
| R.    | Income tax (line 58 + line 59)   | 57 | 2,881     | 229,941      | 1         | 79          |
| R.1.  | Income tax current (591, 595)  | 58 | 2,881     | 229,941      | 1         | 79          |
| 2.0   | Income tax deferred (+/-) (592)  | 59 |           |              |           |             |
| S.    | Transfer of net profit/net loss shares to partners (+/- 596)   | 60 |           |              |           |             |
| ****  | Profit/loss for the accounting period (+/-) (line 56 - line 57 - line 60)  | 61 | (152,465) | (12,168,674) | (57,703)  | (4,571,757) |

**Balance sheet (rounded EUR)**

Compai LUX /SK/ s.r.o. (2014), Svrčia 25, 841 04, Bratislava

| Code     | Liabilities  |     | 2014       |              | 2013       |               |
|----------|--|-----|------------|--------------|------------|---------------|
|          |  |     | EUR        | INR          | EUR        | INR           |
|          |  |     |            |              |            |               |
|          | Total equity and liabilities line 80 + line 101 + line 141   | 79  | 168,142.00 | 12,996,116   | 252,241.00 | 21,430,395.36 |
| A.       | Equity line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 100  | 80  | 45,193     | 3,493,080    | (32,342)   | (2,747,776)   |
| A.I.     | Share capital - total (lines 82 to 84)   | 81  | 362,776    | 28,039,864   | 132,776    | 11,280,649    |
| A.I.1.   | Share capital (411 or +/- 491)   | 82  | 362,776    | 28,039,864   | 132,776    | 11,280,649    |
| 2.0      | Change in share capital +/- 419  | 83  |            |              |            |               |
| 3.0      | Receivables related to unpaid share capital (-/353)  | 84  |            |              |            |               |
| A.II.    | Share premium (412)  | 85  |            |              |            |               |
| A.III.   | Other capital funds (413)  | 86  | 399,743    | 30,897,136   | 399,743    | 33,962,165    |
| A.IV.    | Legal reserve funds (lines 88 + line 89)   | 87  | 3,989      | 308,320      | 3,989      | 338,905       |
| A.IV.1.  | Legal reserve fund and non-distributable fund from capital contributions (417A,418,421A, 422)  | 88  | 3,989      | 308,320      | 3,989      | 338,905       |
| 2.0      | Reserve fund for own stocks and own shares (417A, 421A)  | 89  |            |              |            |               |
| A.V.     | Other funds created from profit line 91 + line 92  | 90  | -          |              |            |               |
| A.V.1.   | Statutory funds (423, 42X)   | 91  |            |              |            |               |
| 2.0      | Other funds (427, 42X)   | 92  |            |              |            |               |
| A.VI.    | Differences from revaluation - total (lines 94 to 96)  | 93  |            |              |            |               |
| A.VI.1.  | Differences from revaluation of assets and liabilities (+/- 414)   | 94  |            |              |            |               |
| 2.0      | Investment revaluation reserves (+/- 415)  | 95  |            |              |            |               |
| 3.0      | Differences from revaluation in the event of amalgamation into a separate accounting entity or demerger (+/- 416)  | 96  |            |              |            |               |
| A.VII.   | Net profit/loss of previous years (line 98 and line 99)  | 97  | (568,850)  | (43,967,839) | (511,147)  | (43,427,049)  |
| A.VII.1. | Retained earnings from previous years (428)  | 98  | 74,770     | 5,779,160    | 74,770     | 6,352,459     |
| 2.0      | Accumulated losses from previous years (-/429)   | 99  | (643,620)  | (49,746,999) | (585,917)  | (49,779,508)  |
| A.VIII.  | Net profit/loss for the accounting period +/- line 01 - (line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 101 + line 141)  | 100 | (152,465)  | (12,168,674) | (57,703)   | (4,571,757)   |
|          | Foreign Currency Translation Reserve   |     |            | 384,273      |            | (330,690)     |
| B.       | Liabilities line 102 + line 118 + line 121 + line 122 + line 136 + line 139 + line 140   | 101 | 122,949    | 9,503,036    | 278,628    | 23,672,235    |
| B.I.     | Non-current liabilities - total (line 103 + lines 107 to 117)  | 102 | 9,212      | 712,019      | 73,292     | 6,226,888     |
| B.I.1.   | Non-current trade liabilities - total (lines 104 to 106)   | 103 |            |              |            |               |
| 1.a.     | Liabilities from the business activity with the interconnected accounting entities (321A, 475A, 476A)  | 104 |            |              |            |               |
| 1.b.     | Liabilities from the business activity within the share participation excluding liabilities to the interconnected accounting entities (321A, 475A, 476A)   | 105 |            |              |            |               |
| 1.c.     | Other trade liabilities (321A, 475A, 476A)   | 106 |            |              |            |               |
| 2.0      | Net value of the contract (316A)   | 107 |            |              |            |               |
| 3.0      | Other liabilities with the interconnected accounting entities (471A, 47XA)   | 108 |            |              |            |               |
| 4.0      | Other liabilities within the share participation excluding liabilities to the interconnected accounting entities (471A, 47XA)  | 109 |            |              | 65,000     | 5,522,400     |
| 5.0      | Other non-current liabilities (479A, 47XA)   | 110 |            |              |            |               |
| 6.0      | Long-term advance payments received (475A)   | 111 |            |              |            |               |
| 7.0      | Long-term bills of exchange to be paid (478A)  | 112 |            |              |            |               |
| 8.0      | Bonds issued (473A/-/255A)   | 113 |            |              |            |               |
| 9.0      | Liabilities related to social fund (472)   | 114 | 9,212      | 712,019      | 8,292      | 704,488       |
| 10.0     | Other non-current liabilities (336A, 372A, 474A, 47XA)   | 115 |            |              |            |               |
| 11.0     | Non-current liabilities from derivative operations (373A, 377A)  | 116 |            |              |            |               |
| 12.0     | Deferred tax liability (481A)  | 117 |            |              |            |               |
| B.II.    | Long-term provisions line 119 + line 120   | 118 | -          |              |            |               |
| B.II.1.  | Legal provisions (451A)  | 119 |            |              |            |               |
| 2.0      | Other provisions (459A, 45XA)  | 120 |            |              |            |               |
| B.III.   | Long-term bank loans (461A, 46XA)  | 121 |            |              |            |               |
| B.IV.    | Current liabilities - total (line 123 + lines 127 to 135)  | 122 | 86,538     | 6,688,738    | 185,304    | 15,743,428    |
| B.IV.1.  | Trade liabilities - total (lines 124 to 126)   | 123 | 40,154     | 3,103,603    | 100,619    | 8,548,590     |
| 1.a.     | Liabilities from the business activity with the interconnected accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)  | 124 |            |              |            |               |
| 1.b.     | Liabilities from the business activity within the the share participation excluding liabilities to the interconnected accounting entities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA) | 125 |            |              |            |               |
| 1.c.     | Other liabilities from the business activity (321A, 322A, 324A, 325A, 326A, 32XA,475A, 476A, 478A, 47XA)   | 126 | 40,154     | 3,103,603    | 100,619    | 8,548,590     |
| 2.0      | Net value of the contract (316A)   | 127 |            |              |            |               |
| 3.0      | Other liabilities with the interconnected accounting entities (361A, 36XA, 471A,47XA)  | 128 |            |              |            |               |
| 4.0      | Other liabilities within the share participation excluding liabilities to the interconnected accounting entities (361A, 36XA, 471A, 47XA)  | 129 |            |              |            |               |
| 5.0      | Liabilities to partners and association (364. 365, 366, 367, 368, 398A, 478A, 479A)  | 130 |            |              |            |               |
| 6.0      | Liabilities to employees (331, 333, 33X, 479A)   | 131 | 20,221     | 1,562,932    | 21,933     | 1,863,428     |
| 7.0      | Liabilities related to social security (336A)  | 132 | 12,013     | 928,515      | 7,249      | 615,875       |
| 8.0      | Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)  | 133 | 14,005     | 1,082,481    | 16,905     | 1,436,249     |
| 9.0      | Liabilities from derivative operations (373A, 377A)  | 134 |            |              |            |               |
| 10.0     | Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA)   | 135 | 145        | 11,207       | 38,598     | 3,279,286     |
| B.V.     | Current provisions line 137 + line 138   | 136 | 27,199     | 2,102,279    | 20,032     | 1,701,919     |
| B.V.1.   | Legal provisions (323A, 451A)  | 137 | 15,349     | 1,186,363    | 20,032     | 1,701,919     |
| 2.0      | Other provisions (323A, 32X, 459A, 45XA)   | 138 | 11,850     | 915,916      |            |               |
| B.VI.    | Current bank loans (221A, 231, 232, 23X, 461A, 46XA)   | 139 |            |              |            |               |
| B.VII.   | Short-term financial assistance (241, 249, 24X, 473A, -/255A)  | 140 |            |              |            |               |
| C.       | Accruals/deferrals - total (lines 142 to 145)  | 141 | -          |              | 5,955      | 505,937       |
| C.1.     | Non-current accrued expenses (383A)  | 142 |            |              |            |               |
| 2.0      | Current accrued expenses (383A)  | 143 |            |              | 5,955      | 505,937       |
| 3.0      | Non-current deferred Income 384A   | 144 |            |              |            |               |
| 4.0      | Current deferred Income 384A   | 145 |            |              |            |               |

**Radiant Energy Systems Private Limited**  
(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements  
for the year ended March 31, 2015

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Radiant Energy Systems Private Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Radiant Energy Systems Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by 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, 2015, its profit, and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("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 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Act;
  - (f) With respect to the other matters to be included in the Auditor's 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 does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Batliboi & Purohit**

Chartered Accountants

ICAI Firm Registration Number: 101048W

**Atul Mehta**

Partner

Membership Number: 15935

Place: Mumbai

Date: April 24, 2015

Annexure referred to in Clause 1 of paragraph on Report on Other Legal and Regulatory Requirements of our report of even date

Re: Radiant Energy Systems Private Limited (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year, no material discrepancies were identified on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have *generally* been regularly deposited with the appropriate authorities *though there has been a slight delay in few cases*.

Annexure referred to in Clause 1 of paragraph on Report on Other Legal and Regulatory Requirements of our report of even date

Re: Radiant Energy Systems Private Limited (“the Company”)

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **Batliboi & Purohit**  
Chartered Accountants  
ICAI Firm Registration Number: 101048W

**Atul Mehta**  
Partner  
Membership Number: 15935

Place: Mumbai  
Date: April 24, 2015

**Radiant Energy Systems Private Limited****BALANCE SHEET AS AT 31st MARCH, 2015.**

|                                   | Notes | As at 31 March<br>2015    | As at 31 March<br>2014    |
|-----------------------------------|-------|---------------------------|---------------------------|
| <b>I EQUITY AND LIABILITIES</b>   |       |                           |                           |
| <b>1. Shareholders' funds</b>     |       |                           |                           |
| a Share Capital                   | 2     | 7,25,000                  | 7,25,000                  |
| b Reserves and Surplus            | 3     | <u>1,69,81,130</u>        | <u>1,62,99,972</u>        |
|                                   |       | 1,77,06,130               | 1,70,24,972               |
| <b>2. Non-current liabilities</b> |       |                           |                           |
| Long-term provisions              | 5     | 1,40,698                  | -                         |
| Deferred tax liabilities (net)    | 10    | <u>1,20,504</u>           | <u>-</u>                  |
|                                   |       | 2,61,202                  | -                         |
| <b>3. Current liabilities</b>     |       |                           |                           |
| a Short-term borrowings           | 6     | 1,08,09,399               | -                         |
| b Trade payables                  | 7     | 2,63,04,867               | 2,96,92,997               |
| c Other current liabilities       | 4     | 1,42,86,952               | 1,44,18,787               |
| d Short-term provisions           | 5     | <u>4,10,727</u>           | <u>7,13,763</u>           |
|                                   |       | 5,18,11,945               | 4,48,25,547               |
| <b>Total</b>                      |       | <u><u>6,97,79,277</u></u> | <u><u>6,18,50,519</u></u> |
| <b>II ASSETS</b>                  |       |                           |                           |
| <b>1. Non-current assets</b>      |       |                           |                           |
| a Fixed Assets                    |       |                           |                           |
| (i) Tangible assets               | 8     | 18,27,849                 | 16,00,182                 |
| (ii) Intangible assets            | 9     | 4,31,077                  | 4,32,855                  |
| b Non-current investment          |       | -                         | -                         |
| c Deferred tax assets (net)       | 10    | -                         | 1,57,247                  |
| d Long-term loans and advances    | 11    | 27,68,338                 | 24,78,026                 |
| e Other non-current assets        | 12    | <u>12,58,393</u>          | <u>12,27,199</u>          |
|                                   |       | 62,85,657                 | 58,95,509                 |
| <b>2. Current assets</b>          |       |                           |                           |
| a Current investments             | 13    | 1,00,000                  | 87,382                    |
| b Inventories                     | 14    | 16,65,640                 | 9,71,557                  |
| c Trade receivables               | 15    | 6,02,77,395               | 5,19,19,667               |
| d Cash and bank balances          | 16    | 7,64,922                  | 17,35,233                 |
| e Short-term loans and advances   | 11    | 6,85,663                  | 12,41,171                 |
| f Other current assets            | 12    | <u>-</u>                  | <u>-</u>                  |
|                                   |       | 6,34,93,620               | 5,59,55,010               |
| <b>Total</b>                      |       | <u><u>6,97,79,277</u></u> | <u><u>6,18,50,519</u></u> |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS 1 to 34

As per our report of even date  
For BATLIBOI&PUROHIT  
Chartered Accountants  
Firm Regn No.101048W

A.V.Suresh

Director

ATUL MEHTA  
Partner  
Membership No.15935

R.S.Moorthy

Director

Mumbai, Dated 24th April,2015.



## Statement of Profit and Loss for the year ended 31st March,2015.

|   | Notes | As at 31 March<br>2015 | As at 31 March<br>2014 |
|---|-------|------------------------|------------------------|
| <b>Income</b>   |       |                        |                        |
| I Revenue from operation (net)                                      | 17    | 7,41,47,042            | 10,19,21,420           |
| II Other income   | 18    | 2,04,348               | 1,85,431               |
| <b>III Total Revenue</b>  |       | <b>7,43,51,390</b>     | <b>10,21,06,851</b>    |
| <b>IV Expenses</b>  |       |                        |                        |
| Purchase of Traded goods  | 19    | 4,59,98,999            | 6,47,51,196            |
| Changes in inventories of stock-in-trade                            | 20    | (6,94,083)             | (4,75,946)             |
| Employee benefit expense  | 21    | 1,34,77,951            | 1,25,64,771            |
| Other expenses  | 22    | 1,33,41,546            | 1,59,99,070            |
| Finance cost  | 23    | 11,50,818              | 2,99,555               |
| Depreciation and amortisation expense                               | 24    | (1,19,200)             | 6,77,436               |
| <b>Total Expenses</b>   |       | <b>7,31,56,031</b>     | <b>9,38,16,082</b>     |
| <b>Profit before exceptional items, extraordinary items and tax</b> |       | <b>11,95,359</b>       | <b>82,90,769</b>       |
| Exceptional items   |       | -                      | -                      |
| <b>Profit before extraordinary items and tax</b>                    |       | <b>11,95,359</b>       | <b>82,90,769</b>       |
| Extraordinary items   |       | -                      | -                      |
| <b>Profit before tax</b>  |       | <b>11,95,359</b>       | <b>82,90,769</b>       |
| Tax expense   |       |                        |                        |
| Current tax   |       | 2,10,000               | 28,00,000              |
| Deferred tax  |       | 2,85,924               | (1,04,905)             |
| Prior Years' Tax Adjustments ( Net)                                 |       | -                      | -                      |
|   |       | <b>4,95,924</b>        | <b>26,95,095</b>       |
| <b>Profit/(Loss) for the year</b>                                   |       | <b>6,99,435</b>        | <b>55,95,674</b>       |
| <b>Earnings per equity share (₹)</b>                                | 25    |                        |                        |
| Basic and Diluted-Par value of ₹ 100/- per share                    |       | 96.47                  | 771.82                 |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES 1 to 34  
TO ACCOUNTS

As per our report of even date  
For BATLIBOI&PUROHIT  
Chartered Accountants  
Firm Regn No.101048W

A.V.Suresh

Director

ATUL MEHTA  
Partner  
Membership No.15935

R.S.Moorthy

Director

Mumbai, Dated 24th April,2015.

**Cash Flow Statement for the Year ended 31 March, 2015**

|   | <b>2014-15</b> |              | <b>2013-14</b> |             |
|---|----------------|--------------|----------------|-------------|
|   |                |              |                |             |
| <b>NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>                         |                | 11,95,359    |                | 82,90,769   |
| Adjusted For -  |                |              |                |             |
| Depreciation, amortisation and impairment                                     | -1,19,200      |              | 6,77,436       |             |
| Finance cost  | 11,50,818      |              | 2,99,555       |             |
| Interest income   | (1,75,176)     |              | (1,76,530)     |             |
| Investment written off  |                |              |                |             |
| Provision / write-off of doubtful debts, advances and other current assets    | 39,444         |              | 1,46,240       |             |
| Dimunition of Current Investment written back                                 | (16,554)       |              | (2,056)        |             |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>  |                | 8,79,332     |                | 9,44,645    |
| Adjustments for (increase)/ decrease in operating assets:                     |                | 20,74,691    |                | 92,35,414   |
| Trade Receivables   | (83,97,172)    |              | (22,88,051)    |             |
| Inventories   | (6,94,083)     |              | (4,75,946)     |             |
| Short Term Loans and advances   | 5,55,508       |              | (5,11,018)     |             |
| Long -Term Loans and advances   | (1,52,550)     |              | (3,12,589)     |             |
| Adjustments for increase/ (decrease) in operating liabilities:                |                |              |                |             |
| Trade Payables  | (33,71,576)    |              | 71,98,570      |             |
| Other current liabilities   | (1,31,835)     |              | (61,47,963)    |             |
| Short Term Provisions   | (3,03,036)     |              | (14,387)       |             |
| Long -Term Provisions   | 1,40,698       |              | 97,148         |             |
|   | (1,23,54,045)  |              | (24,54,236)    |             |
| Cash generated from operations  |                | -1,02,79,354 |                | 67,81,178   |
| Direct Taxes Paid (net of refunds)  |                | (3,47,762)   |                | (46,83,331) |
| <b>(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITES</b>                 |                | -1,06,27,116 |                | 20,97,847   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>                                   |                |              |                |             |
| Purchase of Fixed Assets(Including adjustment on account of Capital Advances) | (1,33,138)     |              | (3,01,575)     |             |
| Investment in other bank balances   | (49,222)       |              | 3,28,050       |             |
| Reversal of dimunition of current investments                                 | (12,618)       |              | -              |             |
| Interest Received   | 66,244         |              | 1,20,051       |             |
| <b>(b) NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>                     |                | (1,28,734)   |                | 1,46,526    |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                    |                |              |                |             |
| Net increase / (decrease) in working capital borrowings                       |                |              | (9,28,194)     |             |
| Proceeds from other short term borrowings                                     | 1,08,09,399    |              |                |             |
| Finance cost  | (11,50,818)    |              | (2,99,555)     |             |
| <b>(c) NET CASH FROM/ (USED IN) FINANCING ACTIVITIES</b>                      |                | 96,58,581    |                | (12,27,749) |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (a+b+c)</b>                      |                | (10,97,270)  |                | 10,16,624   |



# Radiant Energy Systems Pvt Limited

## Cash Flow Statement for the Year ended 31 March, 2015 (Contd.)

|   | 2014-15   |             | 2013-14   |           |
|---|-----------|-------------|-----------|-----------|
|   |           |             |           |           |
| <b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :</b> |           |             |           |           |
| Cash , Cheques on hand  | 1,56,474  |             | 5,199     |           |
| Balances with scheduled banks on Current accounts,                                | 10,62,049 | 12,18,523   | 1,96,701  | 2,01,900  |
| <b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :</b>          |           |             |           |           |
| Cash , Cheques on hand  | 93,363    |             | 1,56,474  |           |
| Balances with scheduled banks on Current accounts,                                | 27,889    | 1,21,253    | 10,62,049 | 12,18,523 |
| <b>NET INCREASE /(DECREASE) AS DISCLOSED ABOVE</b>                                |           | (10,97,270) |           | 10,16,623 |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO

1 to 34

|  |                              |
|--|------------------------------|
| As per our report of even date<br>For BATLIBOI & PUROHIT<br>Chartered Accountants<br>Firm Regn No. 101048W | <u>A.V.Suresh</u> Directors  |
| ATUL MEHTA<br>Partner<br>Membership No. 15935  | <u>R.S.Moorthy</u> Directors |
| Mumbai, Dated 24th April,2015.   |                              |



**Notes to the financial statements for the year ended 31st March,2015**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation of Financial statement.**

**(i) Basis of Accounting**

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting standards specified under Section 133 of the Companies Act,2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act,2013 and other accounting pronouncements of the Institute of Chartered Accountants of India. The financial statements have been prepared under historical cost convention and on accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for change in the accounting policy for depreciation as mentioned in Note 29(i)

**(ii) Uses of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates

**(b) Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation/ amortisation. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

**(c) Depreciation and amortisation**

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in schedule II to the Companies Act, 2013. Intangible assets ( Computer Software) is amortised over a period of 5 years.

**(d) Inventories**

Inventories are valued at cost or net realisable value, whichever is lower by using First In First Out (FIFO) method of valuation. Obsolete / Slow moving inventories are adequately provided for.

**(e) Revenue Recognition**

Revenue from sale of goods is recognised when risks and rewards are of ownership are transferred to the buyer under the terms of the contract net of sales return, discounts, rebates and sales tax/ VAT. Erection & Commissioning revenue is recognised based on milestones as agreed in the contract and revenue is recognised net of tax.

Income from Services are recognised proportionately over the period in which services are rendered and recorded net of Sales tax/ VAT and Service tax.

**(f) Foreign Currency**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end at closing exchange rate, are recognised in the statement of profit and loss. In the case of forward exchange contract, the premium or discount is recognised in the statement of profit and loss over the life of the contract.

**(g) Retirement Benefits**

Contributions are made to Provident fund on actual liability basis and Gratuity Fund on actuarial valuation basis. The Company provides for encashment of leave on the basis of actuarial valuation as per company policy.

**(h) Taxation**

Income Taxes are accounted for in accordance with Accounting Standard 22 "Accounting for Taxes on Income" notified under the Companies (Accounting Standard) Rules 2006. Income Tax comprises both current and deferred tax. Current tax is measured on the basis of estimated income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax is recognised on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**(i) Impairment of Assets**

An Asset is treated as impaired as and when the carrying cost of the asset exceeds its recoverable value. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cashflows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less cost of disposal. An impairment loss is charged off to the statement of Profit and Loss in the year in which the asset is identified and impaired. The impaired loss recognised in prior accounting periods is reversed if there has been a change in the carrying amount of the asset.

**(j) Provisions, Contingent Liabilities and Contingent Assets**

Provision involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

**(k) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss after tax for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year.

**(l) Leases**

Leasing of assets whereby the lessor essentially remains the owner of the asset is classified as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on Straight Line basis. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.



## Notes to the financial statements for the year ended 31st March,2015

|  | As at 31 March 2015 |                  | As at 31 March 2014 |                  |
|--|---------------------|------------------|---------------------|------------------|
|  | Number of shares    |                  | Number of shares    |                  |
| <b>2. Share Capital</b>                      |                     |                  |                     |                  |
| Authorised                                   |                     |                  |                     |                  |
| Equity shares of ` 100/ each *               | <u>10,000</u>       | <u>10,00,000</u> | <u>10,000</u>       | <u>10,00,000</u> |
|  | <u>10,000</u>       | <u>10,00,000</u> | <u>10,000</u>       | <u>10,00,000</u> |
| <b>Issued</b>                                |                     |                  |                     |                  |
| Equity shares of ` 100/ each fully paid up * |                     |                  |                     |                  |
| At the beginning of the year                 | 7,250               | 7,25,000         | 7,250               | 7,25,000         |
| Add: Issued during the year                  | -                   | -                | -                   | -                |
| Less: Bought back during the year            | -                   | -                | -                   | -                |
| At the end of the year                       | <u>7,250</u>        | <u>7,25,000</u>  | <u>7,250</u>        | <u>7,25,000</u>  |
| <b>Subscribed</b>                            |                     |                  |                     |                  |
| Equity shares of ` 100/ each fully paid up * |                     |                  |                     |                  |
| At the beginning of the year                 | 7,250               | 7,25,000         | 7,250               | 7,25,000         |
| Add: Issued during the year                  | -                   | -                | -                   | -                |
| Less: Bought back during the year            | -                   | -                | -                   | -                |
| At the end of the year                       | <u>7,250</u>        | <u>7,25,000</u>  | <u>7,250</u>        | <u>7,25,000</u>  |
| <b>Fully Paid up</b>                         |                     |                  |                     |                  |
| Equity shares of ` 100/ each fully paid up * |                     |                  |                     |                  |
| At the beginning of the year                 | 7,250               | 7,25,000         | 7,250               | 7,25,000         |
| Add: Issued during the year                  | -                   | -                | -                   | -                |
| Less: Bought back during the year            | -                   | -                | -                   | -                |
| At the end of the year                       | <u>7,250</u>        | <u>7,25,000</u>  | <u>7,250</u>        | <u>7,25,000</u>  |

\* Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders.

## 2 Details of shareholders holding more than 5% shares of the Company

|   |                 | As at 31 March 2015 |           | As at 31 March 2014 |           |
|---|-----------------|---------------------|-----------|---------------------|-----------|
|   |                 | Number of shares    | % holding | Number of shares    | % holding |
| Equity shares of ` 100/- each fully paid up held by |                 |                     |           |                     |           |
| EUREKA FORBES LIMITED                               | Holding company | 7,250               | 100       | 7,250               | 100       |



**Notes to the financial statements for the year ended 31st March,2015**

|   | As at 31<br>March 2015 | As at 31<br>March 2014 |
|---|------------------------|------------------------|
| <b>3. Reserves and surplus</b>  |                        |                        |
| <b>GENERAL RESERVE</b>  |                        |                        |
| At the beginning of the year  | 36,50,000              | 30,50,000              |
| Add: Transferred from surplus balance in the statement of profit and loss   | -                      | 6,00,000               |
| At the end of the year  | <b>36,50,000</b>       | <b>36,50,000</b>       |
| <b>(Deficit)/ surplus in the Statement of Profit and Loss</b>   |                        |                        |
| Balance at the beginning of the year  | 1,26,49,972            | 76,54,298              |
| Add/ (less): Profit/ (loss) for the year  | 6,99,435               | 55,95,674              |
| Less: Depreciation on transition to Schedule II of the Companies Act 2013 on tangible fixed assets with nil remaining useful life( Net of Deferred tax) (Refer Note 29(ii)) | 18,277                 | -                      |
| Less: Appropriations  | -                      | -                      |
| Transfer to general reserve **  | -                      | 6,00,000               |
| Balance at the end of the year  | <b>1,33,31,130</b>     | <b>1,26,49,972</b>     |
| <b>Total</b>  | <b>1,69,81,130</b>     | <b>1,62,99,972</b>     |



Notes to the financial statements for the year ended 31st March,2015

|  | Long-term              |                        | Current                   |                           |
|--|------------------------|------------------------|---------------------------|---------------------------|
|  | As at 31<br>March 2015 | As at 31<br>March 2014 | As at 31<br>March 2015    | As at 31<br>March 2014    |
| <b>4. Other liabilities</b>  |                        |                        |                           |                           |
| Advance received from customers  | -                      | -                      | 25,48,482                 | 42,55,846                 |
| Statutory liabilities(Contributions to PF,Pension,<br>ESIC,withholding Taxes,VAT etc.) | -                      | -                      | 6,85,188                  | 8,58,852                  |
| Employee dues  | -                      | -                      | 3,61,210                  | 7,36,068                  |
| Other payables   | -                      | -                      | 1,06,91,914               | 85,68,021                 |
| <b>Total</b>   | <u>-</u>               | <u>-</u>               | <u><b>1,42,86,952</b></u> | <u><b>1,44,18,787</b></u> |



## Notes to the financial statements for the year ended 31st March,2015

|  | Long-term              |                        | Short-term             |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | As at 31<br>March 2015 | As at 31<br>March 2014 | As at 31<br>March 2015 | As at 31<br>March 2014 |
| <b>5. Provisions</b>                   |                        |                        |                        |                        |
| <b>Provision for employee benefits</b> |                        |                        |                        |                        |
| Leave encashment (refer note 28)       | 1,40,698               | -                      | 47,406                 | 2,65,309               |
| <b>Other provisions</b>                |                        |                        |                        |                        |
| Warranties                             | -                      | -                      | 3,63,321               | 4,48,454               |
|  | <u>-</u>               | <u>-</u>               | <u>3,63,321</u>        | <u>7,13,763</u>        |
| <b>Total</b>                           | <u>1,40,698</u>        | <u>-</u>               | <u>4,10,727</u>        | <u>7,13,763</u>        |

## Provision for Warranties

The company 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 and determined based on past experience where no reimbursements are expected. The Table given below gives information about movement in warranty provisions.

|  | As at 31<br>March 2015 | As at 31<br>March 2014 |
|--|------------------------|------------------------|
| At the beginning of the year           | 4,48,454               | 4,37,757               |
| Additions during the year              | 3,63,321               | 4,48,454               |
| Utilization during the year            | (22,000)               | -                      |
| Unused amount reversed during the year | (4,26,454)             | (4,37,757)             |
| At the end of the year                 | <u>3,63,321</u>        | <u>4,48,454</u>        |



**Notes to the financial statements for the year ended 31st March,2015**

|                                 | Secured/<br>unsecured | As at 31 March<br>2015 | As at 31 March<br>2014 |
|---------------------------------|-----------------------|------------------------|------------------------|
| <b>6. Short-term borrowings</b> |                       |                        |                        |
| Loans repayable on demand       |                       |                        |                        |
| From banks                      | Secured               | 8,09,399               | -                      |
| From related parties            | Unsecured             | 1,00,00,000            | -                      |
| <b>Total</b>                    |                       | <u>1,08,09,399</u>     | <u>-</u>               |

Short term borrowing(Overdraft) from banks is secured by charge over Fixed Deposits and carries interest rate of 11.25 % per annum



## Notes to the financial statements for the year ended 31st March,2015

|  | Long-term              |                        | Current                |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | As at 31<br>March 2015 | As at 31<br>March 2014 | As at 31<br>March 2015 | As at 31<br>March 2014 |
| <b>7. Trade Payables</b>                       |                        |                        |                        |                        |
| Due to Micro, Small and Medium Enterprises *   | -                      | -                      | 20,19,701              | -                      |
| Due to others (including acceptances)          | -                      | -                      | 1,87,18,601            | 2,25,45,226            |
| Due to related parties (including acceptances) | -                      | -                      | 55,66,565              | 71,47,771              |
| <b>Total</b>                                   | <u>-</u>               | <u>-</u>               | <u>2,63,04,867</u>     | <u>2,96,92,997</u>     |

\*During the year there are no dues of interest to the above suppliers. This information has been determined to the extent such parties have been identified on the basis of information available with the company.



## Notes to the financial statements for the year ended 31st March,2015

## 8. Tangible Assets

| Gross block at Cost         | Plant and machinery | Furniture and fixtures | Vehicles         | Computers        | Office Equipments | Total            |
|-----------------------------|---------------------|------------------------|------------------|------------------|-------------------|------------------|
| As At 1 April 2013          | 6,60,858            | 5,40,839               | 13,44,810        | 13,79,700        | 4,58,948          | 43,85,155        |
| Additions                   | -                   | 2,060.00               | -                | 1,13,094         |                   | 1,15,154         |
| Deletions                   | -                   | -                      | -                | -                |                   | -                |
| As At 31st March 2014       | 6,60,858            | 5,42,898               | 13,44,810        | 14,92,794        | 4,58,948          | 45,00,309        |
| Additions                   | -                   | 1,33,138               | -                | -                | -                 | 1,33,138         |
| Deletions                   | -                   | -                      | -                | -                | -                 | -                |
| As at 31 March 2015         | <u>6,60,858</u>     | <u>6,76,036</u>        | <u>13,44,810</u> | <u>14,92,794</u> | <u>4,58,948</u>   | <u>46,33,447</u> |
| <b>Depreciation</b>         |                     |                        |                  |                  |                   |                  |
| As At 1 April 2013          | 5,93,429            | 3,40,738               | 2,73,905         | 11,07,232        | 84,477            | 23,99,781        |
| Charge for the year         | 8,555               | 36,581                 | 2,77,258         | 1,26,776         | 51,175            | 5,00,345         |
| Deletions                   | -                   | -                      | -                | -                |                   | -                |
| As At 31st March 2014       | 6,01,984            | 3,77,319               | 5,51,163         | 12,34,008        | 1,35,652          | 29,00,126        |
| Depreciation written back * | (28,669)            | (1,47,276)             | (2,83,568)       | (1,19,541)       | (79,452)          | (6,58,506)       |
| Charge for the year         | 10,448              | 94,257                 | 1,78,573         | 1,25,213         | 1,29,036          | 5,37,528         |
| Deletions                   | -                   | -                      | -                | -                | -                 | -                |
| Transition adjustment @     | (363)               | (897)                  | -                | 8,658            | 19,051            | 26,450           |
| As at 31 March 2015         | <u>5,83,400</u>     | <u>3,23,404</u>        | <u>4,46,169</u>  | <u>12,48,338</u> | <u>2,04,287</u>   | <u>28,05,598</u> |
| <b>Net Block</b>            |                     |                        |                  |                  |                   |                  |
| As at 31 March 2014         | <u>58,874</u>       | <u>1,65,579</u>        | <u>7,93,647</u>  | <u>2,58,786</u>  | <u>3,23,296</u>   | <u>16,00,183</u> |
| As at 31 March 2015         | <u>77,459</u>       | <u>3,52,632</u>        | <u>8,98,641</u>  | <u>2,44,456</u>  | <u>2,54,660</u>   | <u>18,27,849</u> |



**Notes to the financial statements for the year ended 31st March,2015**

**9. Intangible Assets**

| <b>Cost or Valuation</b>     | <b>Software</b>        | <b>Total</b>           |
|------------------------------|------------------------|------------------------|
| <i>As At 1 April 2013</i>    | <i>6,26,421</i>        | <i>6,26,421</i>        |
| <i>Additions</i>             | -                      | -                      |
| <i>Deletions</i>             | -                      | -                      |
| <i>As At 31st March 2014</i> | <i>6,26,421</i>        | <i>6,26,421</i>        |
| <i>Additions</i>             | -                      | -                      |
| <i>Deletions</i>             | -                      | -                      |
| <i>As at 31 March 2015</i>   | <u><u>6,26,421</u></u> | <u><u>6,26,421</u></u> |

**Depreciation**

|                                    |                        |                        |
|------------------------------------|------------------------|------------------------|
| <i>As At 1 April 2013</i>          | <i>16,475</i>          | <i>16,475</i>          |
| <i>Charge for the year</i>         | <i>1,77,091</i>        | <i>1,77,091</i>        |
| <i>Deletions</i>                   | -                      | -                      |
| <i>As At 31st March 2014</i>       | <i>1,93,566</i>        | <i>1,93,566</i>        |
| <i>Depreciation written back *</i> | <i>(96,951)</i>        | <i>(96,951)</i>        |
| <i>Charge for the year</i>         | <i>98,730</i>          | <i>98,730</i>          |
| <i>Deletions</i>                   | -                      | -                      |
|                                    | <u><u>1,95,344</u></u> | <u><u>1,95,344</u></u> |

**Net Block**

|                            |                        |                        |
|----------------------------|------------------------|------------------------|
| <i>As at 31 March 2014</i> | <u><u>4,32,855</u></u> | <u><u>4,32,855</u></u> |
| <i>As at 31 March 2015</i> | <u><u>4,31,077</u></u> | <u><u>4,31,077</u></u> |



**Notes to the financial statements for the year ended 31st March,2015**

|   | As at 31<br>March 2015 | As at 31<br>March 2014 |
|---|------------------------|------------------------|
| <b>10. Deferred tax assets (net)</b>  |                        |                        |
| Deferred tax asset :  |                        |                        |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 58,124                 | 2,00,203               |
| Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.     | 8,173                  | -                      |
| Gross deferred tax asset  | <u>66,297</u>          | <u>2,00,203</u>        |
| Deferred tax liability:   |                        |                        |
| Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.     | 1,86,801               | 42,956                 |
| Gross deferred tax liability  | <u>1,86,801</u>        | <u>42,956</u>          |
| Net deferred tax asset  | <u>(1,20,504)</u>      | <u>1,57,247</u>        |



## Notes to the financial statements for the year ended 31st March, 2015

|  | Long-term               |                         | Short-term             |                         |
|--|-------------------------|-------------------------|------------------------|-------------------------|
|  | As at 31<br>March 2015  | As at 31<br>March 2014  | As at 31<br>March 2015 | As at 31<br>March 2014  |
| <b>11. Loans and Advances</b>                      |                         |                         |                        |                         |
| <b>Security deposits</b>                           |                         |                         |                        |                         |
| Secured, considered good                           |                         |                         |                        |                         |
| Unsecured, considered good                         | 3,30,000                | 3,30,000                | -                      | -                       |
| Unsecured, considered doubtful                     | -                       | -                       | -                      | -                       |
|  | <u>3,30,000</u>         | <u>3,30,000</u>         | <u>-</u>               | <u>-</u>                |
| Less: Provision for doubtful security deposits     |                         |                         |                        |                         |
|  | <u>3,30,000</u>         | <u>3,30,000</u>         | <u>-</u>               | <u>-</u>                |
| <b>Other loans and advances</b>                    |                         |                         |                        |                         |
| Unsecured considered good, unless stated otherwise |                         |                         |                        |                         |
| Loans to employees                                 | -                       | -                       | 36,501                 | 46,999                  |
| Balance with statutory/ government authorities     | 8,99,280                | 7,46,730                | -                      | -                       |
| Prepaid expenses                                   | -                       | -                       | 5,23,142               | 93,225                  |
| Advance income-tax (Net of provision of taxation)  | 15,39,058               | 14,01,296               | -                      | -                       |
| Advances recoverable in cash or kind               | -                       | -                       | 1,26,020               | 11,00,947               |
|  | <u>24,38,338</u>        | <u>21,48,026</u>        | <u>6,85,663</u>        | <u>12,41,171</u>        |
| <b>Total</b>                                       | <u><u>27,68,338</u></u> | <u><u>24,78,026</u></u> | <u><u>6,85,663</u></u> | <u><u>12,41,171</u></u> |



Notes to the financial statements for the year ended 31st March,2015

|  | Non Current             |                         | Current                |                        |
|--|-------------------------|-------------------------|------------------------|------------------------|
|  | As at 31<br>March 2015  | As at 31<br>March 2014  | As at 31<br>March 2015 | As at 31<br>March 2014 |
| <b>12. Other assets</b>                                  |                         |                         |                        |                        |
| Unsecured considered good, unless otherwise stated       |                         |                         |                        |                        |
| Interest accrued on fixed deposits                       | 1,65,411                | 56,479.00               | -                      | -                      |
| Bank Deposit with maturity over 12 months(refer note 16) | <u>10,92,982</u>        | <u>11,70,720</u>        | <u>-</u>               | <u>-</u>               |
|  | <u><u>12,58,393</u></u> | <u><u>12,27,199</u></u> | <u><u>-</u></u>        | <u><u>-</u></u>        |



**Notes to the financial statements for the year ended 31st March,2015**

|   | As at 31<br>March 2015 | As at 31<br>March 2014 |
|---|------------------------|------------------------|
| <b>13. Current investments</b>  |                        |                        |
| Current investments (valued at cost or market value whichever is lower)   |                        |                        |
| <b>Unquoted</b>   |                        |                        |
| Reliance Vision Fund - Growth Plan<br>(357.856 Units(Previous Year Units 357.856) having face value of Rs.100 each, | 87,382                 | 87,382                 |
| Add: Reversal of diminution in value of investment charged in earlier years   | 12,618                 | -                      |
| Total   | <u>1,00,000</u>        | <u>87,382</u>          |
| Aggregate book value of unquoted investments  | 1,00,000               | 87,382                 |
| NAV of unquoted investments   | 453.68                 | 296.52                 |



Notes to the financial statements for the year ended 31st March,2015

|  | As at 31<br>March 2015 | As at 31<br>March 2014 |
|--|------------------------|------------------------|
| <b>14. Inventories</b>                             |                        |                        |
| Stock in Trade:                                    |                        |                        |
| Components, Spares and Accessories (Refer note 20) | <u>16,65,640</u>       | <u>9,71,557</u>        |
|  | <u>16,65,640</u>       | <u>9,71,557</u>        |



## Notes to the financial statements for the year ended 31st March,2015

|  | Non Current            |                        | Current                |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | As at 31<br>March 2015 | As at 31<br>March 2014 | As at 31<br>March 2015 | As at 31<br>March 2014 |
| <b>15. Trade receivables</b>   |                        |                        |                        |                        |
| Debts outstanding for a period exceeding six months from the date they are due for payment : |                        |                        |                        |                        |
| Unsecured, considered good   | -                      | -                      | 1,76,56,721            | 2,05,73,144            |
| Debts due from related parties, unsecured  | -                      | -                      | 1,56,585               | -                      |
| Unsecured, considered doubtful   | -                      | -                      | -                      | -                      |
|  | <u>-</u>               | <u>-</u>               | <u>1,78,13,306</u>     | <u>2,05,73,144</u>     |
| Less: Provision for doubtful debts   | <u>-</u>               | <u>-</u>               | <u>1,78,13,306</u>     | <u>2,05,73,144</u>     |
|  | <u>-</u>               | <u>-</u>               | <u>1,78,13,306</u>     | <u>2,05,73,144</u>     |
| Other debts :  |                        |                        |                        |                        |
| Unsecured, considered good   | -                      | -                      | 1,87,13,388            | 1,98,12,181            |
| Debts due from related parties, unsecured  | -                      | -                      | 2,37,50,701            | 1,15,34,342            |
| Unsecured, considered doubtful   | -                      | -                      | -                      | -                      |
|  | <u>-</u>               | <u>-</u>               | <u>4,24,64,089</u>     | <u>3,13,46,523</u>     |
| Less: Provision for doubtful debts   | <u>-</u>               | <u>-</u>               | <u>-</u>               | <u>-</u>               |
|  | <u>-</u>               | <u>-</u>               | <u>4,24,64,089</u>     | <u>3,13,46,523</u>     |
| Total  | <u>-</u>               | <u>-</u>               | <u>6,02,77,395</u>     | <u>5,19,19,667</u>     |



## Notes to the financial statements for the year ended 31st March,2015

|  | Non Current            |                        | Current                |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | As at 31<br>March 2015 | As at 31<br>March 2014 | As at 31<br>March 2015 | As at 31<br>March 2014 |
| <b>16. Cash and bank balances</b>  |                        |                        |                        |                        |
| <b>Cash and cash equivalents</b>   |                        |                        |                        |                        |
| <b>Balance with banks in</b>   |                        |                        |                        |                        |
| Current accounts   | -                      | -                      | 27,889                 | 10,62,049              |
| Cash on hand   | -                      | -                      | 93,363                 | 1,56,474               |
|  | <u>-</u>               | <u>-</u>               | <u>1,21,252</u>        | <u>12,18,523</u>       |
| <b>Other bank balances</b>   |                        |                        |                        |                        |
| Deposits with original maturity of more than 12 months *                               | 10,92,982              | -                      | -                      | 1,78,889               |
| Deposits with original maturity of more than 3 months but less than 12 months *        | -                      | -                      | 6,43,670               | 3,37,821               |
|  | <u>10,92,982</u>       | <u>-</u>               | <u>6,43,670</u>        | <u>5,16,710</u>        |
| Amount disclosed under non-current assets (note 12)                                    | (10,92,982)            | -                      |                        |                        |
| <b>Total</b>   | <u>-</u>               | <u>-</u>               | <u>7,64,922</u>        | <u>17,35,233</u>       |
| * FDR given as security to bank for overdraft facility to the extent of Rs. 9,04,792/- |                        |                        |                        |                        |



## Radiant Energy Systems Private Limited

### Notes to the financial statements for the year ended 31st March,2015

|   | As at 31<br>March 2015 | As at 31<br>March 2014 |
|---|------------------------|------------------------|
| <b>17. Revenue from operation</b>             |                        |                        |
| Sale of products *                            | 6,21,82,772            | 9,15,86,159            |
| Sale of services **                           | 1,19,64,270            | 1,03,35,261            |
| Revenue from operations                       | <u>7,41,47,042</u>     | <u>10,19,21,420</u>    |
| <br>* Sale of products                        |                        |                        |
| Water & Waste Water Treatment Plants          | 6,21,82,772            | 9,15,86,159            |
|   | <u>6,21,82,772</u>     | <u>9,15,86,159</u>     |
| <br>** Sale of services                       |                        |                        |
| Maintenance Service                           | 1,14,94,806            | 1,02,12,365            |
| Others  | 4,69,464               | 1,22,896               |
|   | <u>1,19,64,270</u>     | <u>1,03,35,261</u>     |
| <br><b>18. Other Income</b>                   |                        |                        |
| Interest income on                            |                        |                        |
| Bank deposits                                 | 1,75,176               | 1,76,530               |
| Reversal of dimunition of current investments | 12,618                 | -                      |
| Excess Provision Written back                 | 16,554                 | 2,056                  |
| Miscellaneous Income                          | -                      | 6,845                  |
|   | <u>2,04,348</u>        | <u>1,85,431</u>        |



**Notes to the financial statements for the year ended 31st March,2015**

|  | As at 31<br>March 2015 | As at 31<br>March 2014 |
|--|------------------------|------------------------|
| <b>19. Purchase of Traded goods</b>                            |                        |                        |
| Components & Accessories                                       | 4,59,98,999            | 6,47,51,196            |
| Total  | <u>4,59,98,999</u>     | <u>6,47,51,196</u>     |
| <b>20. Changes in inventories of stock-in-trade</b>            |                        |                        |
| Opening stock:   |                        |                        |
| - Stock in Trade (Components, Spares & Accessories)            | 9,71,557               | 4,95,611               |
| Less :   |                        |                        |
| Closing stock:   |                        |                        |
| - Stock in Trade (Components, Spares & Accessories)*           | 16,65,640              | 9,71,557               |
| Net( increase)/ decrease                                       | <u>(6,94,083)</u>      | <u>(4,75,946)</u>      |
| Details of Traded Inventory:                                   |                        |                        |
| *Pumps, blowers, pipes and fittings, electrical items & others | 16,65,640              | 9,71,557               |



**Notes to the financial statements for the year ended 31st March,2015**

|  | As at 31<br>March 2015 | As at 31<br>March 2014 |
|--|------------------------|------------------------|
| <b>21. Employee benefit expense</b>        |                        |                        |
| Salaries, wages and bonus                  | 1,22,09,223            | 1,13,18,795            |
| Contribution to provident and other fund   | 8,52,749               | 9,55,730               |
| Staff welfare expense                      | 4,15,979               | 2,90,246               |
|  | <u>1,34,77,951</u>     | <u>1,25,64,771</u>     |
| <b>22. Other expenses</b>                  |                        |                        |
| Electricity                                | 3,09,060               | 3,10,680               |
| Rent                                       | 4,79,657               | 3,92,871               |
| Repairs and Maintenance                    |                        |                        |
| Building                                   | -                      | -                      |
| Machinery                                  | -                      | -                      |
| Others                                     | 2,22,766               | 3,38,205               |
| Insurance                                  | 2,34,437               | 1,73,397               |
| Freight, Forwarding and Delivery           | 7,54,292               | 9,43,164               |
| Payment to Auditors (Refer details Below)  | 1,31,296               | 1,64,107               |
| Printing and Stationery                    | 71,735                 | 65,595                 |
| Communication cost                         | 94,220                 | 73,945                 |
| Travelling and Conveyance                  | 18,94,822              | 46,03,622              |
| Legal and Professional Fees                | 13,69,274              | 12,56,985              |
| Rates and taxes, excluding taxes on income | 3,13,683               | 1,70,137               |
| Warranty Cost                              | (63,133)               | 4,48,454               |
| Other Establishment Expenses               | 74,59,993              | 68,87,668              |
| Directors' Sitting Fees                    | 30,000                 | 24,000                 |
| Bad Debts/Advances Written-Off             | 39,444                 | 1,46,240               |
|  | <u>1,33,41,546</u>     | <u>1,59,99,070</u>     |
| <b>23. Finance cost</b>                    |                        |                        |
| Interest expense                           | 11,50,818              | 2,99,555               |
|  | <u>11,50,818</u>       | <u>2,99,555</u>        |
|  | As at 31<br>March 2015 | As at 31<br>March 2014 |
| Payment to auditors                        |                        |                        |
| As auditor                                 |                        |                        |
| Audit fee                                  | 80,000                 | 80,000                 |
| Tax audit fee                              | 15,000                 | 15,000                 |
| For other services                         | 27,500                 | 25,500                 |
| For reimbursement of expenses              | 8,796                  | 43,607                 |
|  | <u>1,31,296</u>        | <u>1,64,107</u>        |

**24. Depreciation and amortisation expense**

|   |                                      |                 |
|---|--------------------------------------|-----------------|
| Depreciation on tangible assets   | 5,37,528                             | 5,00,345        |
| Amortization on intangible assets   | 98730                                | 1,77,091        |
| For the year Charge   | <u>6,36,257</u>                      | <u>6,77,436</u> |
| Less: Depreciation on tangible/ intangible assets<br>written back on change in accounting policy. | <u>7,55,457</u><br><u>(1,19,200)</u> | <u>6,77,436</u> |

**25. Earnings per equity share**

|   |          |           |
|---|----------|-----------|
| Number of Equity Shares                           | 7,250    | 7,250     |
| Weighted average number of equity shares          | 7,250    | 7,250     |
| Face Value per share                              | 100      | 100       |
| Profit After Tax available to Equity Shareholders | 6,99,435 | 55,95,674 |
| Basic and Diluted Earning Per Share               | 96.47    | 771.82    |



## Radiant Energy Systems Private Limited

Related Party disclosure as referred in note 30

(I) Name of related Party and nature of relationship where control exists are as under :

- A Enterprises having more than one half of Voting Powers -  
Shapoorji Pallonji & Company Private Limited - Ultimate Holding Company  
Forbes & Company Ltd - Holding Company of Eureka Forbes Ltd  
Eureka Forbes Ltd -Holding Company
- B Fellow Subsidiary(where there are transactions)  
Waterwings Equipments Pvt.Ltd.

|  |                                | A                  | B                               |
|--|--------------------------------|--------------------|---------------------------------|
|  |                                | Eureka Forbes Ltd. | Waterwings Equipments Pvt. Ltd. |
|  | <b>Nature of Transaction</b>   |                    |                                 |
|  | <b>Purchases</b>               |                    |                                 |
|  | Goods and Materials            | -                  | 75,98,132                       |
|  |                                | -                  | 1,09,97,975                     |
|  | Service Charges                | -                  | 45,000                          |
|  |                                | -                  | -                               |
|  | <b>Sales (Excluding taxes)</b> |                    |                                 |
|  | Goods and Materials            | 4,02,97,663        | -                               |
|  |                                | 5,44,36,230        | -                               |
|  | Services Rendered              | 17,51,504          | -                               |
|  |                                | 17,30,005          | -                               |
|  | <b>Expenses</b>                |                    |                                 |
|  | Interest                       | 10,08,822          | -                               |
|  |                                | -                  | -                               |
|  | <b>Finance</b>                 |                    |                                 |
|  | Intercompany deposits Taken    | 1,00,00,000        | -                               |
|  |                                | -                  | -                               |
|  | <b>Outstandings</b>            |                    |                                 |
|  | Intercompany deposits Taken    | 1,00,00,000        | -                               |
|  |                                | -                  | -                               |
|  | Trade Payables                 | -                  | 55,66,565                       |
|  |                                | -                  | 71,47,771                       |
|  | Trade Receivables              | 2,39,07,286        | -                               |
|  |                                | 1,15,29,797        | 4,545                           |

Figures in italics is in respect of previous year.



26 Estimated amount of contracts remaining to be executed on capital account and not provided for : Nil (previous year : Nil).

27 Expenditure in foreign currency : Nil (Previous year : Nil)

28 The disclosures required under Accounting Standard 15 "Employee Benefits notified in the Companies (Accounting Standards)

(i) **Defined Contribution Plan**

Contribution to Defined Contribution Plans, recognised as expense for the year is as under.

Amount recognised as expense and included in note no. 21 as contribution to provident and other funds.

| 2014-15  | 2013-14  |
|----------|----------|
| 8,52,749 | 9,55,730 |

(ii) **Defined Benefit Plan**

The company has a defined benefit gratuity for employees who have completed minimum 5 years of service. The scheme is funded with Life Insurance Corporation (LIC).

|  | 2014-15          | 2013-14           |
|--|------------------|-------------------|
|  | Gratuity         | Gratuity          |
|  | Funded           | Funded            |
| <b>a. Change in benefit obligations</b>  |                  |                   |
| Defined benefit obligation at the beginning of the year  | 4,53,233         | 7,85,519          |
| Adjustment based on actuarial  | -                | -                 |
| Current Service cost   | 1,12,689         | 1,95,558          |
| Interest cost  | 42,196           | 62,842            |
| Actuarial (gain)/loss on obligations -Due to change in financial assumptions                       | 84,265           | (3,74,838)        |
| Actuarial (gain)/loss on obligations- Due to Experience  | (61,305)         | -                 |
| Benefit paid   | (81,727)         | (2,15,848)        |
| Defined benefit obligation at the end of the year  | <b>5,49,351</b>  | <b>4,53,233</b>   |
| <b>b. Change in fair value of Plan Assets</b>  |                  |                   |
| Fair value of Plan Assets at the beginning of the year   | 9,24,815         | 7,38,274          |
| Expected return on Plan Assets   | 80,459           | 64,230            |
| Employer Contribution  | 9,625            | 4,02,389          |
| Benefit paid   | (81,727)         | (2,15,848)        |
| Total Actuarial gain / (loss) on plan assets - Due to Experience                                   | 80,612           | (64,230)          |
| Fair value of Plan Assets at year end  | <b>10,13,784</b> | <b>9,24,815</b>   |
| <b>c. Expenses recognised during the year (under the head "Employee benefit expense - Note 21)</b> |                  |                   |
| Current Service cost   | 1,12,689         | 1,95,558          |
| Interest Cost  | (38,263)         | 24,700            |
| Expected Returns on Plan Assets  | -                | (64,230)          |
| Actuarial Gain or Loss   | (57,652)         | (3,10,608)        |
| Expense Recognised in the Profit and Loss account  | <b>16,774</b>    | <b>(1,16,438)</b> |
| <b>d. Category of Assets as on 31.03.2015</b>  |                  |                   |
| Government of India Assets   | Nil              | Nil               |
| Corporate Bonds  | Nil              | Nil               |
| Special Deposit Scheme   | Nil              | Nil               |
| State Government (Maharashtra)   | Nil              | Nil               |
| Insurer managed Funds  | 1013784          | 9,24,815          |
| Others   | Nil              | Nil               |
| Total Investments  | 1013784          | 9,24,815          |
| <b>e. Balance Sheet Reconciliation</b>   |                  |                   |
| Defined benefit obligation at the end of the year  | 5,49,351         | 4,53,233          |
| Fair value of planned assets at the end of the year  | 10,13,784        | 9,24,815          |
| Net Liability(Asset) Recognised in the Balance Sheet   | (4,64,433)       | (4,71,582)        |
| <b>f. Assumptions used in the accounting for defined benefit plans</b>                             |                  |                   |
| Discount Rate  | 8.03%            | 8.03%             |
| Salary Escalation Rate   | 5.00%            | 5.00%             |
| Rate of return on plan assets  | 8.03%            | 8.70%             |
| <b>g. Experience Adjustment</b>  |                  |                   |
| Actuarial (Gains)/Losses on Obligations - Due to Experience  | (61,305)         | (35,301)          |
| Actuarial Gains/(Losses) on Plan Assets - Due to Experience  | 80,612           | -                 |





**Notes to the financial statements for the year ended 31 March 2015**

The estimates for rate of escalation in salary considered in the actuarial valuation takes into account the present salary suitable projected for future taking into consideration the general trend in salary raise and inflation rates. The above information is certified by the actuary.

- 29 (i) During the current year, the Company has revised its accounting policy in respect of depreciation method of its fixed assets where depreciation was provided in the previous years under the 'written down value method'. Based on an evaluation carried out by the management in the current year, fixed assets are now being depreciated on 'straight line method' over the expected useful life of the fixed assets as against written down value method. This change in accounting policy has been made as it would result in a more appropriate presentation of the financial statements. As a result of this change, depreciation has been calculated retrospectively on straight line method and accordingly the Company has recorded reversal of depreciation expense amounting to Rs.7,55,457/- pertaining to previous years in the current year's Statement of Profit & Loss. Further, assets individually costing Rs. 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets.
- (ii) Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets (determined after considering the change in the method of depreciation from WDV to SLM), after retaining the residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs.18,277/- (net of deferred tax of Rs. 8713/-) against the opening Surplus balance in the balance sheet under Reserves and Surplus.
- (iii) The depreciation expense in the Statement of Profit and Loss for the year is lower by Rs.210,968/- consequent to the above change in the method of depreciation and higher/ lower by Rs. due to change in useful life as prescribed by Companies Act 2013.
- 30 As required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the list of related parties and their transactions is attached.
- 31 The Company is primarily engaged in business of constructing, supplying, trading and maintaining of water and waste water treatment plants, equipments, components and spares. As the basic nature of these activities are governed by the same set of risk and returns, these have been grouped as single segment as per accounting standard 17 dealing with "Segment Reporting" issued by the Institute of Chartered Accountants of India. The geographical segmentation is insignificant as the export turnover is less than 10% of the total turnover.
- 32 The company has taken office premises under cancelable operating lease. Lease rental expenses included in the profit and loss account for the year is Rs.392,871/- (*Previous Year Rs.3,23,695 /-*). None of the lease agreement entered into by the Company contain a clause on contingent rent. In all agreement there are no terms for purchase option or any restriction such as those concerning dividend and additional debts.
- 33 Forbes Enviro Solutions Limited (fellow subsidiary) has made an application, in the matter of Sections 391 to 394 of the Companies Act, 1956 for the Scheme of Amalgamation of Radiant Energy Systems Pvt. Ltd into Forbes Enviro Solutions Limited to the Hon'ble High Court, Mumbai on 30th January 2013. The process for the amalgamation is expected to be completed during the financial year 2015-16.



**Radiant Energy Systems Private Limited**

**Notes to the financial statements for the year ended 31 March 2015**

- 34 Previous year figures have been re-grouped wherever necessary.

As per our report of even date  
For BATLIBOI & PUROHIT  
Chartered Accountants  
Firm Regn No. 101048W

ATUL MEHTA  
Partner  
Membership No. 15935

Mumbai , Dated 24th April,2015

\_\_\_\_\_  
A V Suresh

Directors

\_\_\_\_\_  
R S Moorthy

Directors

**Shapoorji Pallonji Forbes Shipping Limited**  
(Formally SCI Forbes Limited)  
(a Subsidiary Company)

Financial Statements  
for the year ended March 31, 2015

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of  
SHAPOORJI PALLONJI FORBES SHIPPING LIMITED  
(FORMERLY SCI FORBES LIMITED)**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Shapoorji Pallonji Forbes Shipping Limited (Formerly SCI Forbes Limited), ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due

to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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, 2015, and its loss and its cash flows for the year ended on that date.

### **Emphasis of Matters**

We draw attention to the following matters in the Notes to the financial statements:

1. Note No. 33 to the financial statements regarding the application made by the Company under section 197 read with Schedule V of the Act to the Central Government for the re-appointment and approval of remuneration of the Chief Executive Officer and Manager for the year ended March 31, 2015, the approval for which is awaited.
2. Note No. 34 to the financial statements regarding the change in accounting policy relating to transaction costs on term loans. During the year the Company has written off the transaction costs amounting to Rs. 26,463,585 on the new loan availed from Axis Bank as against the previous policy of amortizing such costs over the loan period. Consequently, the reported finance costs and Loss for the year are higher by Rs. 23,155,637.
3. Note No. 35 to the financial statements regarding the change in Residual Value of Ships from Nil to 5% of original cost pursuant to the notification of Schedule II to the Companies Act, 2013. Consequent upon such change, the depreciation on ships and the Loss for the year is lower by Rs. 15,237,683/-.

Our opinion is not modified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of section 164(2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's 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, we further report that:
    - i. The Company does not have any pending litigations which would impact its financial position other than certain income tax and service tax demands disputed by the Company and disclosed under Contingent liabilities, note 24 to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Kalyaniwalla & Mistry**  
Chartered Accountants  
Firm Registration No: 104607W  
  
**Ermin K. Irani**  
Partner  
Membership Number: 35646

Place : Mumbai

Date: April 18, 2015

**Annexure to the Independent Auditor's Report**

Referred to in Paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date on the financial statements of the Company for the year ended March 31, 2015:

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b. The fixed assets have been physically verified by the management at periodic intervals. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies reported on such verification were not material and have been properly dealt with in the books of account.
2. a. The Company did not have any inventory as at the Balance sheet date. Inventory of fuel oils is handed over to the pool operators on the vessels joining the pool, which deposit is confirmed by the operators and inventories of stores and spares delivered on board ships are charged to revenue as per the accounting policy followed by the company.  
b. In view of the above, the requirements of paragraphs 3 (ii)(b) and (c) are not applicable.
3. The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of sub-clause (a) and (b) of paragraph 3 (iii) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and therefore, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable to the Company.
6. As informed to us, the maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Act in respect of the activities carried on by the Company.
7. a. According to the information and explanations given to us and the records examined by us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty

**KALYANIWALLA  
& MISTRY**

of excise, value added tax,, cess and any other statutory dues with the appropriate authorities, wherever applicable and there are no such outstanding dues as at March 31, 2015, for a period of more than six months from the date they became payable.

- b. According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax or cess outstanding on account of any dispute.
  - c. According to the information and explanation given to us there are no amounts required to be transferred to investor education and protection fund.
8. According to the information and explanations given to us and the records examined by us, the accumulated losses at the end of the financial year are less than fifty percent of its net worth. The Company has not incurred cash losses in the current financial year, however, in the immediately preceding financial year, the Company had incurred cash losses.
9. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
10. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
11. According to the information and explanations given to us and the records examined by us, the term loans have been applied for the purpose for which the loans were obtained.
12. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For Kalyaniwalla & Mistry**  
Chartered Accountants  
Firm Registration No: 104607W



**Ermin K. Irani**  
Partner  
Membership Number: 35646

Place : Mumbai  
Date : April 18, 2015

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
**Balance Sheet as at March 31, 2015**

|  | <u>Notes</u> | <u>As at<br/>March 31, 2015<br/>Rs.</u> | <u>As at<br/>March 31, 2014<br/>Rs.</u> |
|--|--------------|---|---|
| <b>EQUITY AND LIABILITIES</b>              |              |   |   |
| <b>Shareholder's Funds</b>                 |              |   |   |
| Share Capital                              | 3            | 2,836,000,000                           | 2,836,000,000                           |
| Reserves and Surplus                       | 4            | <u>(1,114,069,410)</u>                  | <u>(951,657,802)</u>                    |
|  |              | <b>1,721,930,590</b>                    | <b>1,884,342,198</b>                    |
| <b>Non Current Liabilities</b>             |              |   |   |
| Long-term Borrowings                       | 5            | 2,092,625,300                           | -                                       |
| <b>Current Liabilities</b>                 |              |   |   |
| Trade payables                             | 6            | 60,662,940                              | 38,859,643                              |
| Other Current Liabilities                  | 7            | 100,872,395                             | 2,118,252,344                           |
| Short-term provisions                      | 8            | <u>1,633,379</u>                        | <u>1,226,315</u>                        |
|  |              | <b>163,168,714</b>                      | <b>2,158,338,302</b>                    |
| <b>TOTAL</b>                               |              | <u><b>3,977,724,604</b></u>             | <u><b>4,042,680,500</b></u>             |
| <b>ASSETS</b>                              |              |   |   |
| <b>Non Current Assets</b>                  |              |   |   |
| Fixed Assets                               |              |   |   |
| Tangible Assets                            | 9            | 3,523,986,070                           | 3,652,208,672                           |
| Intangible Assets                          | 10           | 62,164                                  | 74,599                                  |
| Long-term loans and advances               | 11           | 4,844,765                               | 4,844,738                               |
| Other non-current assets                   | 12           | <u>82,485,068</u>                       | <u>211,816,964</u>                      |
|  |              | <b>3,611,378,067</b>                    | <b>3,868,944,973</b>                    |
| <b>Current assets</b>                      |              |   |   |
| Trade receivables                          | 13           | 103,847,048                             | 50,563,303                              |
| Cash and bank balances                     | 14           | 125,976,122                             | 26,171,022                              |
| Short-term loans and advances              | 15           | 98,869,261                              | 83,891,799                              |
| Other current assets                       | 16           | <u>37,654,106</u>                       | <u>13,109,403</u>                       |
|  |              | <b>366,346,537</b>                      | <b>173,735,527</b>                      |
| <b>TOTAL</b>                               |              | <u><b>3,977,724,604</b></u>             | <u><b>4,042,680,500</b></u>             |
| Summary of significant accounting policies | 2            |   |   |

The accompanying notes are an integral part of the financial statements

As per our report of even date  
For and on behalf of  
**KALYANIWALLA & MISTRY**  
CHARTERED ACCOUNTANTS  
Firm Registration No. : 104607W

**For and on behalf of the Board**

**Director                      Director**

**Ermin K. Irani**  
PARTNER  
Membership Number: 35646  
Mumbai, Dated : 18 APR 2015

**Chief Financial Officer**

**Company Secretary**  
Mumbai, Dated : 18 APR 2015

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
**Statement of Profit and Loss for the year ended March 31, 2015**

|  | <u>Notes</u> | <u>Year ended<br/>March 31, 2015<br/>Rs.</u> | <u>Year ended<br/>March 31, 2014<br/>Rs.</u> |
|--|--------------|--|--|
| <b>INCOME</b>  |              |  |  |
| Revenue from operations  | 17           | 800,625,859                                  | 744,911,002                                  |
| Other Income   | 18           | 41,706,627                                   | 32,056,644                                   |
|  |              | <u><b>842,332,486</b></u>                    | <u><b>776,967,646</b></u>                    |
| <b>EXPENSES</b>  |              |  |  |
| Employee benefits expense  | 19           | 242,765,036                                  | 233,558,021                                  |
| Operating and Other expenses   | 20           | 355,520,660                                  | 238,155,615                                  |
| Finance Costs  | 21           | 185,442,157                                  | 107,161,978                                  |
| Depreciation & Amortization Expense  | 22           | 219,828,068                                  | 232,638,851                                  |
| Impairment loss on ships   |              | -  | 23,609,514                                   |
|  |              | <u><b>1,003,555,921</b></u>                  | <u><b>835,123,979</b></u>                    |
| <b>Profit / (Loss) before tax</b>  |              | <b>(161,223,435)</b>                         | <b>(58,156,333)</b>                          |
| <b>Tax expense</b>   |              |  |  |
| Current Tax  |              | 1,188,173                                    | 1,504,466                                    |
| Deferred Tax   |              | -  | -  |
|  |              | <u><b>1,188,173</b></u>                      | <u><b>1,504,466</b></u>                      |
| <b>Profit / (Loss) for the year</b>  |              | <u><b>(162,411,608)</b></u>                  | <u><b>(59,660,799)</b></u>                   |
| Earnings per equity share {nominal value of share Rs 10 (March 31, 2014: Rs 10)} | 23           |  |  |
| Basic  |              | (1.02)                                       | (0.37)                                       |
| Diluted  |              | (1.02)                                       | (0.37)                                       |

The accompanying notes are an integral part of the financial statements

As per our report of even date  
For and on behalf of  
**KALYANIWALLA & MISTRY**  
CHARTERED ACCOUNTANTS  
Firm Registration No. : 104607W

**For and on behalf of the Board**

**Director**

**Director**

**Ermin K. Irani**  
PARTNER  
Membership Number: 35646  
Mumbai, Dated : 18 APR 2015

**Chief Financial Officer**

**Company Secretary**  
Mumbai, Dated : 18 APR 2015

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
Cash Flow Statement for the year ended March 31, 2015

|   | Year ended<br>March 31, 2015<br>Rs. | Year ended<br>March 31, 2014<br>Rs. |
|---|-------------------------------------|-------------------------------------|
| <b>A. Cash Flow from operating activities :</b>               |                                     |                                     |
| (Loss) / Profit before tax                                    | (161,223,435)                       | (58,156,333)                        |
| <b>Adjusted for :</b>   |                                     |                                     |
| Depreciation / amortizations                                  | 219,828,068                         | 232,638,851                         |
| Impairment loss on ships                                      | -                                   | 23,609,514                          |
| Interest income   | (1,604,163)                         | (1,600,340)                         |
| Financial costs   | 185,442,157                         | 107,161,978                         |
| Unrealised foreign exchange (gain) / loss                     | (11,784,501)                        | (14,756,104)                        |
| <b>Operating profit before working capital changes</b>        | <b>230,658,126</b>                  | <b>288,897,566</b>                  |
| <b>Adjustment for :</b>                                       |                                     |                                     |
| Trade payables  | 21,677,650                          | 13,208,126                          |
| Other payables  | (23,240,281)                        | 23,456,420                          |
| Trade receivables   | (51,876,561)                        | (11,405,207)                        |
| Other receivables   | (49,890,995)                        | (34,069,129)                        |
| <b>Cash generated from operations</b>                         | <b>127,327,939</b>                  | <b>280,087,776</b>                  |
| Direct taxes paid   | (1,192,330)                         | (1,625,109)                         |
| <b>Net cash generated from operating activities</b>           | <b>126,135,609</b>                  | <b>278,462,667</b>                  |
| <b>B. Cash flow from Investing activities :</b>               |                                     |                                     |
| Purchase of fixed assets including intangible assets          | (187,827)                           | (84,946)                            |
| Short Term Fixed Deposits placed during the year              | (92,795,528)                        | -                                   |
| Movement in deposit placed as security with lender bank       | 69,847,330                          | (791,132)                           |
| Interest received   | 1,604,163                           | 1,600,340                           |
| <b>Net Cash generated from investing activities</b>           | <b>(21,531,862)</b>                 | <b>724,262</b>                      |
| <b>C. Cash flow from financing activities</b>                 |                                     |                                     |
| Increase in / (Repayment) of term borrowings                  | 18,960,071                          | (262,538,039)                       |
| Interest Paid   | (101,957,230)                       | (23,927,796)                        |
| <b>Net cash used in financing activities</b>                  | <b>(82,997,159)</b>                 | <b>(286,465,835)</b>                |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>21,606,588</b>                   | <b>(7,278,906)</b>                  |
| Cash and cash equivalents at the beginning of the year        | 648,126                             | 7,602,183                           |
| Effect of exchange rate changes gain / (loss)                 | 3,333,929                           | 324,849                             |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>25,588,643</b>                   | <b>648,126</b>                      |
| <b>Components of cash and cash equivalents</b>                |                                     |                                     |
| Cash on hand  | 6,108                               | 30,018                              |
| Balances with Banks:  |                                     |                                     |
| - on current account  | 25,582,535                          | 618,108                             |
| - deposit account   | -                                   | -                                   |
|   | <b>25,588,643</b>                   | <b>648,126</b>                      |

As per our report of even date  
For and on behalf of  
**KALYANIWALLA & MISTRY**  
CHARTERED ACCOUNTANTS  
Firm Registration No. : 104607W

**For and on behalf of the Board**

**Director                      Director**

**Ermin K. Irani**  
PARTNER  
Membership Number: 35646  
Mumbai, Dated : 18 APR 2015

**Chief Financial Officer**

**Company Secretary**  
Mumbai, Dated : 18 APR 2015

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
**Notes to financial statements for the year ended March 31, 2015**

**Note:-1 -General information**

The Company was incorporated on July 18, 2006 to carry on the business of shipowners, charterers, etc. The Company was operating as a 50:50 joint venture between Shipping Corporation of India Limited and The Shapoorji Pallonji group till July 01, 2014 when the entire equity and preference shareholding of Shipping Corporation of India Limited are transferred to G.S. Enterprises a partnership firm in the Shapoorji Pallonji group. The Company's name was changed from SCI Forbes Limited to Shapoorji Pallonji Forbes Shipping Limited with effect from 21 August, 2014. The Company has four chemical tankers currently which are deployed on time charter basis under a pooling arrangement.

**Note:-2 -Significant accounting policy**

**1 Basis of preparation**

The financial statements have been prepared on the accrual basis of accounting, under the historical cost convention and in conformity in all material aspects with generally accepted accounting principles in India and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 services rendered and the time between the rendering of service and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

**2 Use of Estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

**3 Tangible Assets**

Fixed assets are stated at cost of acquisition, including taxes and incidental expenses related to acquisition and borrowing costs during construction period, less accumulated depreciation and impairment losses, if any.

Exchange differences on repayment and year end translation of foreign currency liabilities relating to acquisition of depreciable assets, to the extent permitted under Para 46A of AS - 11, are adjusted to the carrying cost of the depreciable asset.

**4 Depreciation**

Depreciation is provided on the straight line method over the useful life as prescribed under Schedule II of the Companies Act, 2013. The residual value is considered as Nil in case of asset other than ships as the residual value of such assets is insignificant.

The Useful Life is as under :

| <b>Assets</b>        | <b>Useful life</b> |
|----------------------|--------------------|
| Vessels              | 20 years           |
| Computers            | 3 years            |
| Office Equipments    | 5 years            |
| Furniture & Fixtures | 10 years           |

**5 Intangible Assets**

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any.

| <b>Assets</b> | <b>Useful life</b> |
|---------------|--------------------|
| Software      | 3 years            |

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
**Notes to financial statements for the year ended March 31, 2015**

**6 Borrowing cost**

Borrowing costs including ancillary cost incurred in connection with the arrangement of borrowings that are directly attributable to the acquisition / construction of the underlying fixed assets are capitalized as a part of the cost of asset, up to the date of acquisition / completion of construction. Borrowing costs include amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

**7 Assets impairment**

The carrying amounts of the Company's tangible & intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment . If any such indication exists, the asset's recoverable amounts are estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss, if any, is recognized in the Statement of Profit and Loss in the period in which impairment takes place.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, however subject to the increased carrying amount not exceeding the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior accounting periods.

**8 Revenue Recognition**

Charter hire earnings are recognized as the service is performed and accrued on time basis.  
Interest income is recognized on a time proportion basis unless the collection is doubtful.

**9 Operating Expenses**

Operating expenses are recognised as expense on accrual basis.  
Stores and spares delivered on board the ship are charged to statement of profit & loss A/c

**10 Employee Benefits**

The provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employees' State Insurance Act, 1948 and the Payment of Gratuity Act, 1972 are not applicable to the Company.

Compensated absences are provided on the basis of the leave accumulated to the credit of each employee and his applicable salary as on the Balance Sheet date. Compensated absence is classified as "current" as on the Balance Sheet date since the Company does not have an unconditional right to defer the employee's leave.

**11 Foreign Exchange Transactions**

Transactions in foreign currencies are recorded at the exchange rate prevailing on that date. Monetary assets and liabilities denominated in foreign currencies, remaining unsettled at period end are translated at closing rates. The difference in translation of long - term monetary items and realised gains and losses on foreign currency transactions relating to acquisition of depreciable capital assets are added to or deducted from the cost of the asset and depreciated over the balance life of the asset. The difference in translation of other monetary assets and liabilities and realized gains and losses on other foreign currency transactions are recognized in the Statement of Profit and Loss.

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
**Notes to financial statements for the year ended March 31, 2015**

**12 Provision for Taxation**

Tax expense comprises both current and deferred tax.

Provision for current income - tax is made on the basis of assessable income under the Income - tax Act, 1961. Income from shipping activities is assessed on the basis of deemed tonnage income of the Company.

Deferred income - tax is recognized on timing differences, between taxable income and accounting income which originate in one period and are capable of reversal in one or more subsequent periods only in respect of the non - shipping activities of the company. The tax effect is calculated on the accumulated timing differences at the year end based on tax rates and laws, enacted or substantially enacted as of the balance sheet date.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

**13 Provision for Contingent Liabilities**

Provisions are recognized in the accounts in respect of present probable obligations as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

**14 Cash and cash equivalents**

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**15 Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

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|   | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. |
|---|--------------------------------|--------------------------------|
| <b>3 - Share Capital</b>  |                                |                                |
| <b>Authorised</b>   |                                |                                |
| 160,000,000 (March 31, 2014: 160,000,000) Equity Shares of Rs. 10/- each                              | 1,600,000,000                  | 1,600,000,000                  |
| 175,000,000 (March 31, 2014: 175,000,000) 0% Redeemable Preference Shares of Rs. 10/- each            | 1,750,000,000                  | 1,750,000,000                  |
| <b>Issued, Subscribed and Paid up</b>   |                                |                                |
| 160,000,000 (March 31, 2014: 160,000,000) Equity Shares of Rs. 10/- each fully paid                   | 1,600,000,000                  | 1,600,000,000                  |
| 123,600,000 (March 31, 2014: 123,600,000) 0% Redeemable Preference Shares of Rs.10/- each fully paid. | 1,236,000,000                  | 1,236,000,000                  |
| <b>Total Issued, subscribed and paid up</b>   | <b>2,836,000,000</b>           | <b>2,836,000,000</b>           |

**(a) Reconciliation of shares outstanding at the beginning and at the end of the year**  
**Equity shares**

|   | As at March 31, 2015 | As at March 31, 2014 |
|---|----------------------|----------------------|
|   | Nos                  | Rupees               |
| Outstanding at the beginning of the year  | 160,000,000          | 1,600,000,000        |
| Add: Issued during the year               | -                    | -                    |
| <b>Outstanding at the end of the year</b> | <b>160,000,000</b>   | <b>1,600,000,000</b> |

**Preference shares**

|   | As at March 31, 2015 | As at March 31, 2014 |
|---|----------------------|----------------------|
|   | Nos                  | Rupees               |
| Outstanding at the beginning of the year  | 123,600,000          | 1,236,000,000        |
| Add: Issued during the year               | -                    | -                    |
| <b>Outstanding at the end of the year</b> | <b>123,600,000</b>   | <b>1,236,000,000</b> |

**(b) Rights, preferences and restrictions attached to shares**

*Equity Shares*

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

*Preference Shares*

The following 0% Redeemable Preference Shares were issued 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.

| Date of<br>Allotment | Number of Shares<br>allotted | Date of<br>redemption<br>(Not later than) | Redemption terms  |
|----------------------|------------------------------|---|-------------------|
| 12-Aug-09            | 24,800,000                   | 12-Aug-29                                 | Redeemable at par |
| 6-Nov-09             | 32,000,000                   | 6-Nov-29                                  | Redeemable at par |
| 22-Mar-10            | 42,200,000                   | 22-Mar-30                                 | Redeemable at par |
| 2-Jul-10             | 24,600,000                   | 2-Jul-30                                  | Redeemable at par |
|                      | <b>123,600,000</b>           |   |                   |

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.

**(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

|   | As at March 31, 2015 | As at March 31, 2014 |
|---|----------------------|----------------------|
|   | No. of Shares        | % of holding         |
| <b>Equity shares of Rs 10 each fully paid</b>   |                      |                      |
| Shipping Corporation of India Limited   | -                    | -                    |
| G.S.Enterprises, a partnership firm represented by its partners<br>Shapoorji Pallonji & Company Limited and Goswami Infratech Private<br>Limited holding the shares jointly in the Company. | 80,000,000           | 50%                  |
| Sterling Investment Corporation Private Limited   | 40,000,000           | 25%                  |
| Forbes & Co. Limited  | 40,000,000           | 25%                  |
| <b>0% Redeemable Preference shares of Rs 10 each fully paid</b>   |                      |                      |
| Shipping Corporation of India Limited   | -                    | -                    |
| G.S.Enterprises, a partnership firm represented by its partners<br>Shapoorji Pallonji & Company Limited and Goswami Infratech Private<br>Limited holding the shares jointly in the Company. | 61,800,000           | 50%                  |
| Sterling Investment Corporation Private Limited   | 30,900,000           | 25%                  |
| Forbes & Co. Limited  | 30,900,000           | 25%                  |

**(d) Information regarding issue of shares in the last five years:**

- The Company has not issued any shares without payment being received in the last five years.
- The Company has not issued any bonus shares in the last five years.
- The Company has not undertaken any buyback of shares in the last five years.

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|   | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. |
|---|--------------------------------|--------------------------------|
| <b>4 - Reserves and Surplus</b>                             |                                |                                |
| <b>Tonnage Tax Reserve</b>                                  |                                |                                |
| Balance as per last financial statements                    | 45,150,000                     | 45,150,000                     |
| Add : Transfer from surplus in Statement of Profit and Loss | -                              | -                              |
| <b>Closing Balance</b>                                      | <b>45,150,000</b>              | <b>45,150,000</b>              |
| <b>Surplus in Statement of Profit and Loss</b>              |                                |                                |
| Balance as per last financial statements                    | (996,807,802)                  | (937,147,003)                  |
| (Loss) / Profit for the year                                | (162,411,608)                  | (59,660,799)                   |
| <b>Closing Balance</b>                                      | <b>(1,159,219,410)</b>         | <b>(996,807,802)</b>           |
| <b>Total Reserves and Surplus</b>                           | <b>(1,114,069,410)</b>         | <b>(951,657,802)</b>           |

**5 - Long Term Borrowings**

|  | Non-current portion            |                                | Current maturities             |                                |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. |
| <b>Term Loans - Secured</b>  |                                |                                |                                |                                |
| Foreign currency loans from bank                                     | 2,092,625,300                  | -                              | 74,206,571                     | 2,049,803,114                  |
| Amount disclosed under the head 'other current liabilities' (note 7) | -                              | -                              | (74,206,571)                   | (2,049,803,114)                |
| <b>Total Long term borrowings</b>                                    | <b>2,092,625,300</b>           | <b>-</b>                       | <b>-</b>                       | <b>-</b>                       |

(a) The foreign currency term loan from Natixis Bank outstanding as on March 31, 2014 was repaid in its entirety on July 2, 2014 by way of refinance obtained from Axis Bank, DIFC Branch, Dubai. The new term loan has been obtained at Libor plus a Margin of 4.15%. The loan is repayable in 12 consecutive unequal semi-annual installments starting at the end of 6 months from the initial utilisation date i.e. July 2, 2014. The repayment of installment follow an increasing pattern culminating in a bullet repayment installment of USD 18,728,138 on July 2, 2020.

(b) The above term loan is 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 Company is required to maintain as on the last date of each financial reporting period, a Fixed Asset Coverage Ratio of atleast 1.25:1

The Company 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.

(c) The Company is required to establish and maintain the Designated Earnings Account and ensure that all Earnings in respect of each Vessel are paid into the Designated Earnings Account. The Company has not transferred all earnings from the vessels to the Designated Earnings Account during the year.

(d) The Company 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 scheduled repayment installment to be paid and the next immediate scheduled interest due and payable, which has been complied with.

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|   | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. |
|---|--------------------------------|--------------------------------|
| <b>6 - Trade payables</b>                               |                                |                                |
| Sundry Creditors other than micro and small enterprises | 60,662,940                     | 38,859,643                     |
| <b>Total trade payables</b>                             | <b>60,662,940</b>              | <b>38,859,643</b>              |

Based on the information available with the Company, there are no outstanding dues to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006. There is no interest payable to any suppliers under the said Act.

|   | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. |
|---|--------------------------------|--------------------------------|
| <b>7 - Other Current Liabilities</b>                      |                                |                                |
| Current maturities of long-term borrowings (refer note 5) | 74,206,571                     | 2,049,803,114                  |
| Interest accrued and due on borrowings                    | -                              | 39,944,783                     |
| Interest accrued but not due on borrowings                | 24,071,720                     | 2,258,868                      |
| Tax deducted at source                                    | 641,303                        | 2,631,908                      |
| Employee benefits payable                                 | 997,377                        | 816,296                        |
| Other payables  | 955,424                        | 22,797,375                     |
| <b>Total other current liabilities</b>                    | <b>100,872,395</b>             | <b>2,118,252,344</b>           |

|   | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. |
|---|--------------------------------|--------------------------------|
| <b>8 - Short Term Provisions</b>              |                                |                                |
| Provision for compensated absences            | 1,608,743                      | 1,197,549                      |
| Provision for tax (net of advance income tax) | 24,636                         | 28,766                         |
| <b>Total short term provisions</b>            | <b>1,633,379</b>               | <b>1,226,315</b>               |

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**9 - Tangible Assets**

| Description          | Gross Block          |                |           |   |                      | Depreciation         |                    |                            |                      | Impairment          |                   |                      | Net Block            |                      |
|----------------------|----------------------|----------------|-----------|---|----------------------|----------------------|--------------------|----------------------------|----------------------|---------------------|-------------------|----------------------|----------------------|----------------------|
|                      | As at April 1, 2014  | Additions      | Disposals | Adjustments - Exchange differences (refer note (b) below) | As at March 31, 2015 | Up to April 1, 2014  | For the year       | On Disposals / Adjustments | Up to March 31, 2015 | Up to April 1, 2014 | For the year      | Up to March 31, 2015 | As at March 31, 2015 | As at March 31, 2014 |
| Ships                | 5,154,895,030        | -              | -         | 91,405,204  | 5,246,300,234        | 1,020,623,869        | 219,725,819        | -                          | 1,240,349,688        | 482,133,574         | -                 | 482,133,574          | 3,523,816,972        | 3,652,137,587        |
| Office Equipments    | 108,297              | 15,900         | -         | -   | 124,197              | 87,823               | 12,720             | -                          | 100,543              | -                   | -                 | -                    | 23,654               | 20,474               |
| Furniture & fixtures | 59,251               | -              | -         | -   | 59,251               | 21,985               | 5,926              | -                          | 27,911               | -                   | -                 | -                    | 31,340               | 37,266               |
| Computers            | 480,613              | 151,689        | -         | -   | 632,302              | 467,268              | 50,930             | -                          | 518,198              | -                   | -                 | -                    | 114,104              | 13,345               |
| <b>Total</b>         | <b>5,155,543,191</b> | <b>167,589</b> | <b>-</b>  | <b>91,405,204</b>   | <b>5,247,115,984</b> | <b>1,021,200,945</b> | <b>219,795,395</b> | <b>-</b>                   | <b>1,240,996,340</b> | <b>482,133,574</b>  | <b>-</b>          | <b>482,133,574</b>   | <b>3,523,986,070</b> | <b>3,652,208,672</b> |
| <i>Previous Year</i> | <i>4,947,261,528</i> | <i>-</i>       | <i>-</i>  | <i>208,281,663</i>  | <i>5,155,543,191</i> | <i>788,572,439</i>   | <i>232,628,506</i> | <i>-</i>                   | <i>1,021,200,945</i> | <i>458,524,060</i>  | <i>23,609,514</i> | <i>482,133,574</i>   | <i>3,652,208,672</i> | <i>3,700,165,029</i> |

(a) Ships are mortgaged to a financial institution for banking loan facility (refer note 5).

(b) Exchange differences on borrowing for acquisition of capital assets:

Pursuant to the Ministry of Corporate Affairs notification date March 31, 2009 and December 29, 2011 inserting paragraph 46 & 46A in Accounting standard (AS) 11 " The Effects of changes in Foreign Exchange Rates ", the Company has exercised the option available there under in respect of long term foreign currency monetary items covered under the notification. Accordingly, (gain) / loss arising from the effect of changes in foreign exchange rates on settlement / revaluation of the foreign currency loans relating to the acquisition of depreciable capital asset is added to / (reduced from) the cost of ships.

**10 - Intangible Assets**

| Description          | Gross Block         |               |           |                      | Amortization        |               |              |                      | Net Block            |                      |
|----------------------|---------------------|---------------|-----------|----------------------|---------------------|---------------|--------------|----------------------|----------------------|----------------------|
|                      | As at April 1, 2014 | Additions     | Disposals | As at March 31, 2015 | Up to April 1, 2014 | For the year  | On Disposals | Up to March 31, 2015 | As at March 31, 2015 | As at March 31, 2014 |
| Software             | 96,444              | 20,238        | -         | 116,682              | 21,845              | 32,673        | -            | 54,518               | 62,164               | 74,599               |
| <b>Total</b>         | <b>96,444</b>       | <b>20,238</b> | <b>-</b>  | <b>116,682</b>       | <b>21,845</b>       | <b>32,673</b> | <b>-</b>     | <b>54,518</b>        | <b>62,164</b>        | <b>74,599</b>        |
| <i>Previous Year</i> | <i>11,500</i>       | <i>84,944</i> | <i>-</i>  | <i>96,444</i>        | <i>11,500</i>       | <i>10,345</i> | <i>-</i>     | <i>21,845</i>        | <i>74,599</i>        | <i>-</i>             |

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|  | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. |
|--|--------------------------------|--------------------------------|
| <b>11 - Long-term loans and advances</b>                     |                                |                                |
| <b>Unsecured, considered good (unless stated otherwise):</b> |                                |                                |
| Security Deposits  | 19,850                         | 19,850                         |
| Other Long-term loans and advances                           |                                |                                |
| - Advance income tax (net of provision of tax)               | 4,824,915                      | 4,824,888                      |
| <b>Total long term loans and advances</b>                    | <b>4,844,765</b>               | <b>4,844,738</b>               |

**12 - Other non-current assets**

|   | Non-current                    |                                | Current                        |                                |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|   | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. |
| <b>Unamortized expenditure</b>  |                                |                                |                                |                                |
| Loan arrangement expenses   | -                              | 88,507,455                     | -                              | 13,109,403                     |
| Amount disclosed under the head 'other current assets' (note 16)          |                                |                                | -                              | (13,109,403)                   |
|   | -                              | <b>88,507,455</b>              | -                              | -                              |
| <b>Other bank balances</b>  |                                |                                |                                |                                |
| - Long term deposit with bank - earmarked balances (refer note (a) below) | 82,485,068                     | 123,309,509                    | -                              | -                              |
| <b>Total other non-current assets</b>                                     | <b>82,485,068</b>              | <b>211,816,964</b>             | -                              | -                              |

(a) Long term deposit with bank represents amount deposited with Axis Bank (previous year Natixis Bank) under the Debt Service Reserve to be maintained as a part of the loan agreement with the Bank. The said deposit is marked under lien with the Bank.

|   | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. |
|---|--------------------------------|--------------------------------|
| <b>13 - Trade receivables</b>   |                                |                                |
| <b>Unsecured, considered good (unless stated otherwise):</b>                    |                                |                                |
| Outstanding for a period exceeding six months from date they are due of payment | -                              | -                              |
| Others  | 103,847,048                    | 50,563,303                     |
| <b>Total trade receivables</b>  | <b>103,847,048</b>             | <b>50,563,303</b>              |

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|   | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. |
|---|--------------------------------|--------------------------------|
| <b>14 - Cash and bank balances</b>  |                                |                                |
| <b>Cash and cash equivalents</b>  |                                |                                |
| Cash on hand  | 6,108                          | 30,018                         |
| Balances with Banks:  |                                |                                |
| - on current accounts   | 25,582,535                     | 618,108                        |
|   | <b>25,588,643</b>              | <b>648,127</b>                 |
| <b>Other bank balances</b>  |                                |                                |
| - Earmarked balances with banks in retention account.                         | -                              | 25,522,896                     |
| - Deposits with bank with maturity more than 3 months but less than 12 months | 100,387,479                    | -                              |
| <b>Total cash and bank balances</b>   | <b>125,976,122</b>             | <b>26,171,022</b>              |

|  | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. |
|--|--------------------------------|--------------------------------|
| <b>15 - Short-term loans and advances</b>                  |                                |                                |
| <b>Unsecured, considered good, unless stated otherwise</b> |                                |                                |
| Security deposit (refer note (a) below)                    | 45,072,607                     | 43,105,789                     |
| Service Tax paid under protest                             | 3,913,436                      | -                              |
| Advances recoverable in cash or kind                       | 49,883,218                     | 40,786,010                     |
| <b>Total short-term loans and advances</b>                 | <b>98,869,261</b>              | <b>83,891,799</b>              |

(a) Security deposit includes deposit given to Marida Tankers Inc (the pool) of Rs 44,071,557 (March 31, 2014: Marida Tankers Inc (the pool) Rs 42,104,738). The deposit is furnished in the form of bunker provided by the Company, on its four vessels at the time of their entry in the pool.

|   | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. |
|---|--------------------------------|--------------------------------|
| <b>16 - Other current assets</b>                                |                                |                                |
| Amount receivable from a related party for recovery of expenses | 37,654,106                     | -                              |
| Unamortized expenditure   |                                |                                |
| -current portion of unamortized loan arrangement expenses       | -                              | 13,109,403                     |
| <b>Total other current assets</b>                               | <b>37,654,106</b>              | <b>13,109,403</b>              |

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|                                      | Year ended<br>March 31, 2015<br>Rs. | Year ended<br>March 31, 2014<br>Rs. |
|--------------------------------------|-------------------------------------|-------------------------------------|
| <b>17 - Revenue from operations</b>  |                                     |                                     |
| Sale of services                     |                                     |                                     |
| -Charter hire income                 | 800,625,859                         | 744,911,002                         |
| <b>Total revenue from operations</b> | <b>800,625,859</b>                  | <b>744,911,002</b>                  |

Charter hire income includes income earned from the vessels deployed under pool arrangements Rs 800,625,859 (previous year: Rs 744,911,002). The income is accounted by the Company on the basis of monthly preliminary estimated earnings statements received from the pool. These earnings are net of expenses like bunker, port expenses, brokerage, commission, etc. The earnings are distributed by the pool in accordance with the pool sharing formula as defined in the pool agreement and on the basis of vessel's rating as defined in the pool formula.

|   | Year ended<br>March 31, 2015<br>Rs. | Year ended<br>March 31, 2014<br>Rs. |
|---|-------------------------------------|-------------------------------------|
| <b>18 - Other income</b>                    |                                     |                                     |
| Interest income on                          |                                     |                                     |
| - deposits with banks                       | 1,604,163                           | 1,600,340                           |
| Gain on foreign exchange transactions (net) | 25,330,561                          | 19,299,687                          |
| Misc Income                                 | 14,771,903                          | 4,579,658                           |
| Claim Received                              | -                                   | 4,233,245                           |
| Excess Provision written back               | -                                   | 2,343,714                           |
| <b>Total other income</b>                   | <b>41,706,627</b>                   | <b>32,056,644</b>                   |

|  | Year ended<br>March 31, 2015<br>Rs. | Year ended<br>March 31, 2014<br>Rs. |
|--|-------------------------------------|-------------------------------------|
| <b>19 - Employee benefits expense</b>  |                                     |                                     |
| Salaries, Allowances and Bonus         | 12,980,891                          | 11,587,729                          |
| Crew wages and allowances              | 226,078,445                         | 218,675,979                         |
| Crew provident fund and other funds    | 3,609,768                           | 3,219,203                           |
| Staff welfare expenses                 | 95,932                              | 75,110                              |
| <b>Total employee benefits expense</b> | <b>242,765,036</b>                  | <b>233,558,021</b>                  |

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|  | Year ended<br>March 31, 2015<br>Rs. | Year ended<br>March 31, 2014<br>Rs. |
|--|-------------------------------------|-------------------------------------|
| <b>20 - Operating and Other expenses</b>   |                                     |                                     |
| Fuel, Oil & Lubricants   | 25,368,969                          | 16,450,322                          |
| Repairs & Maintenance - Fleet (including dry dock expenses 125,027,094, previous year Rs. NIL) | 141,721,833                         | 21,280,908                          |
| Stores and Spares  | 50,412,026                          | 53,558,977                          |
| Crew Repatriation ,Victualling etc.  | 27,894,999                          | 27,573,035                          |
| Vessel Operating expenses  | 18,050,622                          | 14,523,159                          |
| Insurance & Protection Club Fees   | 20,477,631                          | 18,150,801                          |
| Management Fees  | 31,964,758                          | 31,118,567                          |
| Communication Charges  | 3,463,638                           | 4,053,622                           |
| Survey Expenses  | 9,205,567                           | 7,494,767                           |
| Rent   | 2,858,400                           | 2,857,511                           |
| Legal & Professional expenses  | 11,616,927                          | 30,197,697                          |
| Auditors' remuneration   | 851,114                             | 661,818                             |
| Directors Sitting Fees   | 1,305,848                           | 370,788                             |
| Miscellaneous Expenses   | 10,328,328                          | 9,863,644                           |
| <b>Total other expenses</b>  | <b>355,520,660</b>                  | <b>238,155,615</b>                  |
|  |                                     |                                     |
|  | Year ended<br>March 31, 2015<br>Rs. | Year ended<br>March 31, 2014<br>Rs. |
| <b>21 - Interest and Finance cost</b>  |                                     |                                     |
| Interest on long term borrowings   | 75,549,327                          | 61,433,211                          |
| - Loan arrangement expenses amortised  | 100,742,553                         | 35,380,753                          |
| -Bank and finance charges  | 2,383,251                           | 1,458,793                           |
| Exchange difference to the extent considered as an adjustment to borrowing costs               | 6,767,026                           | 8,889,221                           |
| <b>Total interest and finance cost</b>   | <b>185,442,157</b>                  | <b>107,161,978</b>                  |
|  |                                     |                                     |
|  | Year ended<br>March 31, 2015<br>Rs. | Year ended<br>March 31, 2014<br>Rs. |
| <b>22 - Depreciation and amortization expense</b>  |                                     |                                     |
| Depreciation on tangible assets  | 219,795,395                         | 232,628,506                         |
| Depreciation on intangible assets  | 32,673                              | 10,345                              |
| <b>Total depreciation and amortization expense</b>   | <b>219,828,068</b>                  | <b>232,638,851</b>                  |

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
**Notes to Financial Statements for the year ended March 31, 2015**

**23 - Earnings Per Share**

|   | Year ended<br>March 31, 2015<br>Rs. | Year ended<br>March 31, 2014<br>Rs. |
|---|-------------------------------------|-------------------------------------|
| (a) Profit / (Loss) for the year after tax for Equity Shareholders (Rs) | (162,411,608)                       | (59,660,799)                        |
| (b) Number of Equity shares   |                                     |                                     |
| Number of Equity shares as on April 1                                   | 160,000,000                         | 160,000,000                         |
| Number of fully paid Equity shares as on March 31                       | 160,000,000                         | 160,000,000                         |
| Weighted average number of equity shares (Nos.)                         | <u>160,000,000</u>                  | <u>160,000,000</u>                  |
| (c) Nominal value of Equity share (Rs)                                  | 10                                  | 10                                  |
| (d) Basic and Diluted Earnings per share (Rs)                           | <u>(1.02)</u>                       | <u>(0.37)</u>                       |

**24 - Contingent liabilities and commitments (to the extent not provided for)**

|   | Year ended<br>March 31, 2015<br>Rs. | Year ended<br>March 31, 2014<br>Rs. |
|---|-------------------------------------|-------------------------------------|
| (i) Contingent liabilities classified as:   |                                     |                                     |
| Claims against the company not acknowledged as debt;  |                                     |                                     |
| - Income Tax Demands under dispute  | 3,443,032                           | 2,566,822                           |
| - Default Bank Interest   | -                                   | 16,974,340                          |
| - Service Tax & Interest thereon  | 3,913,436                           | -                                   |
| (ii) Commitments classified as:   |                                     |                                     |
| Estimated amount of contracts remaining to be executed on capital account and not provided for; | -                                   | -                                   |
|   | <u>7,356,468</u>                    | <u>19,541,162</u>                   |

**25 - Operating Lease**

(a) The Company has entered into Leave and License Agreement for the period of 12 months for a residential flat, the terms of which will expire on 24.06.2015.

(b) Future minimum lease rentals payable as per the lease agreements :

|   | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. |
|---|--------------------------------|--------------------------------|
| Not Later than one year                           | 648,276                        | 495,833                        |
| Later than one year and not later than five years | -                              | -                              |
| Later than five years                             | -                              | -                              |
| <b>Total</b>                                      | <u>648,276</u>                 | <u>495,833</u>                 |

|   | Year ended<br>March 31, 2015<br>Rs. | Year ended<br>March 31, 2014<br>Rs. |
|---|-------------------------------------|-------------------------------------|
| (c) Lease payments recognized in the Statement of Profit & Loss | 2,828,400                           | 2,857,511                           |

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
**Notes to Financial Statements for the year ended March 31, 2015**

**26 - Related party disclosures**

a) Names of related parties and related party relationship

*Holding Company*

Forbes & Company Limited - With effect from 01.12.2014

*Venturers in respect of which the Company is a joint venture*

The Shipping Corporation of India Limited - Up to 01.07.2014

G.S. Enterprises - With effect from 02.07.2014

Forbes & Company Limited - Up to 30.11.2014

Sterling Investment Corporation Private Limited.

*Enterprises under common control of Venturers*

Volkart Fleming Shipping & Services (subsidiary of Forbes & Company Limited)

Forvol International Services Limited (subsidiary of Sterling Investment Corporation Private Limited)

Forbes Facility Services Pvt. Ltd. (fellow subsidiary of Forbes & Company Limited)

Eureka Forbes Limited (subsidiary of Forbes & Company Limited)

*Key Management Personnel*

Ms. Sunetra Ganesan - Director and Chief Financial Officer

Mr. Ashok Khanna - Chief Executive Officer and Manager

Ms. Vijayalakshmi Kumar - Company Secretary

b) Transactions with related parties (including details of significant related party transactions):

b) Transactions with related parties (including details of significant related party transactions).

|        |  |                 |                |                                  |                          | Amount in Rupees |
|--------|--|-----------------|----------------|----------------------------------|--------------------------|------------------|
| Sr. No | Nature of transactions   | Holding Company | Joint Venturer | Enterprises under common control | Key management personnel | Total            |
| 1      | Reimbursement of expenditure incurred on behalf of the Company<br><br>The Shipping Corporation of India Ltd. Rs.4,786,763/-<br>Forbes & Company Limited - Rs. 73,111/-<br>Mr Ashok Khanna- Rs. 642,716/-<br>Ms. Vijayalakshmi Kumar - Rs. 8,909/-<br><br><i>Shipping Corporation Of India Ltd.-Rs. 35,150/-</i><br><i>Sterling Investment Coroporation Pvt. Ltd - Rs. 17, 575/-</i><br><i>Forbes &amp; Company Limited - Rs. 137,575/-</i><br><i>Mr Ashok Khanna- Rs. 4,30,328/-</i> | 73,111          | 4,786,763      |                                  | 651,625                  | 5,511,499        |
|        |  | -               | (190,300)      | -                                | (430,328)                | (620,628)        |
| 2      | Receiving of services<br><br>Forvol International Services Limited - Rs. 853,449/-<br>Forbes Facility Services Pvt. Ltd. - Rs. 405,912/-<br><br><i>Forvol International Services Limited - Rs 4,87,394/-</i><br><i>Eureka Forbes Limited - Rs. 12, 890/-</i><br><i>Forbes Facility Services Pvt. Ltd. - Rs.3,94, 651/-</i>   |                 |                | 1,259,361                        |                          | 1,259,361        |
|        |  |                 | -              | (894,935)                        | -                        | (894,935)        |
| 3      | Reimbursement of Expense claimed<br>G.S. Enterprises - Rs. 37,654,106  |                 | 37,654,106     | -                                |                          | 37,654,106       |
| 4      | Rent Paid<br>Volkart Fleming Shipping & Services - Rs 728,400/-<br><br><i>Volkart Fleming Shipping &amp; Services - Rs 728,403/-</i>   |                 |                | 728,400                          |                          | 728,400          |
|        |  |                 | -              | (728,403)                        | -                        | (728,403)        |
| 5      | Remuneration<br>Ms. Sunetra Ganesan Rs. Nil<br>Mr Ashok Khanna- Rs. 9,082,184/-<br>Ms. Vijayalakshmi Kumar - Rs. 741,091/-<br><br><i>Ms. Sunetra Ganesan Rs. Nil</i><br><i>Mr Ashok Khanna- Rs. 8,350,683/-</i><br><i>Ms. Vijayalakshmi Kumar - Rs. Nil</i>  | -               | -              | -                                | 9,823,275                | 9,823,275        |
|        |  | -               | -              | -                                | 8,350,683                | 8,350,683        |
| 6      | Balances outstanding as on March 31, 2015<br>Payable<br>Mr. Ashok Khanna Rs. 954,061/-<br><br><i>Mr. Ashok Khanna - Rs 765,064/-</i><br><i>Forbes Facility Services Private Limited - Rs. 32,969/-</i><br><i>Eureka Forbes Limited - Rs. 12,890/-</i>  |                 |                |                                  | 954,061                  | 954,061          |
|        |  |                 | -              | (45,859)                         | (765,064)                | (810,923)        |
| 7      | Receivable<br>Shipping Corporation Of India Ltd.-Rs. 35,150/-<br>G.S. Enterprises - Rs. 37,654,106/-<br><br><i>Shipping Corporation Of India Ltd.- Rs.35,150/-</i><br><i>Forbes &amp; Company Limited - Rs 17,575/-</i>  | -               | 37,689,256     | -                                | -                        | 37,689,256       |
|        |  | -               | (52,725)       | -                                | -                        | (52,725)         |
| 8      | Deposit received and refunded during the year on behalf of Directors.<br><br>Forbes & Company Limited - Rs 100,000/-<br>Sterling Investment Corporation Private Limited - Rs 100,000/-<br>G. S. Enterprises - Rs. 100,000/-<br><br><i>Forbes &amp; Company Limited - Rs NIL</i><br><i>Sterling Investment Corporation Private Limited - Rs NIL</i><br><i>G.S.Enterprises - Rs. NIL</i>   | 100,000         | 200,000        | -                                | -                        | 300,000          |
|        |  |                 | -              | -                                | -                        | -                |
| 9      | Share application money received and refunded during the year<br><br>NIL<br><br><i>Forbes &amp; Company Limited - Rs 18,425,000/-</i><br><i>Sterling Investment Corporation Private Limited - Rs 18,425,000/-</i>  |                 | -              | -                                | -                        | -                |
|        |  |                 | (36,850,000)   | -                                | -                        | (36,850,000)     |

*Previous year figures are in brackets*

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
**Notes to Financial Statements for the year ended March 31, 2015**

**27 - Unhedged foreign currency exposure**

|                                | Currency | As at<br>March 31, 2015<br>Rs. | As at<br>March 31, 2014<br>Rs. |
|--------------------------------|----------|--------------------------------|--------------------------------|
| <b>Liabilities:</b>            |          |                                |                                |
| Foreign currency borrowings    | USD      | 34,611,495                     | 34,271,720                     |
| Interest Accrued on Borrowings | USD      | -                              | 288,505                        |
| Payables                       | USD      | 50,000                         | 21,220                         |
| Payables                       | GBP      | -                              | 1,000                          |
| <b>Assets:</b>                 |          |                                |                                |
| Receivables                    | USD      | 1,658,782                      | 845,392                        |
| Advances given                 | USD      | 553,096                        | 565,170                        |
| Advances given                 | GBP      | -                              | 2,620                          |
| Bank Balances                  | USD      | 3,273,591                      | 2,493,798                      |
| Security Deposit furnished     | USD      | 703,969                        | 703,969                        |

**28 - Segment Reporting**

The Company is only engaged in Shipping business and there are no reportable segments as per Accounting Standard (AS) 17 'Segment Reporting.'

**29 - Deferred Tax**

Pursuant to the introduction of Section 115 VA under the Income Tax Act 1961, the Company 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 Company 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 Company are not material, in view of which provision for deferred taxation is not considered as necessary.

**30 - Payment to Auditors**

|                    | Year ended<br>March 31, 2015<br>Rs. | Year ended<br>March 31, 2014<br>Rs. |
|--------------------|-------------------------------------|-------------------------------------|
| As Auditor:        |                                     |                                     |
| - Audit Fees       | 280,900                             | 280,900                             |
| - Tax Audit Fees   | 112,360                             | 112,360                             |
| - Taxation Matters | 336,406                             | 179,776                             |
| - Other Services   | 121,448                             | 88,782                              |
|                    | <b>851,114</b>                      | <b>661,818</b>                      |

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
**Notes to Financial Statements for the year ended March 31, 2015**

**31 - Earnings in foreign currency (accrual basis)**

|                     | Year ended<br>March 31, 2015<br>Rs. | Year ended<br>March 31, 2014<br>Rs. |
|---------------------|-------------------------------------|-------------------------------------|
| Charter hire income | 800,625,859                         | 744,911,002                         |
| Other Income        | 1,604,163                           | 1,514,660                           |
| <b>Total</b>        | <b>802,230,022</b>                  | <b>746,425,662</b>                  |

**32 - Expenditure in foreign currency (accrual basis)**

|   | Year ended<br>March 31, 2015<br>Rs. | Year ended<br>March 31, 2014<br>Rs. |
|---|-------------------------------------|-------------------------------------|
| Crew Wages                              | 226,078,445                         | 218,675,979                         |
| Oil & Lubricants                        | 17,269,152                          | 16,316,451                          |
| <b>Other Operating expenses</b>         | -                                   |                                     |
| Boat & Launch Hire Exp.                 | 298,386                             | 253,962                             |
| Cargo Claims Expenses                   | 414,281                             | 2,021,733                           |
| Communication Charges - Ship            | 3,233,002                           | 3,773,563                           |
| Crew Expenses                           | 16,454,526                          | 16,049,619                          |
| Deck Stores                             | 4,714,692                           | 1,996,254                           |
| Dry Dock Expenses                       | 100,682,108                         | -                                   |
| Engine Stores                           | 3,692,521                           | 1,294,638                           |
| Inspection & Certification Expenses     | 1,302,773                           | 1,229,119                           |
| Insurance Charges- Freight at Risk Prem | 2,996,747                           | 2,287,997                           |
| Insurance Charges- Hull & Marine        | 7,062,838                           | 6,819,070                           |
| Insurance Charges- War Risk Premium     | 855,080                             | 1,450,216                           |
| Medical Stores                          | -                                   | 49,662                              |
| Other Expense                           | 1,765,706                           |                                     |
| P&I Club Fee                            | 3,751,859                           | 10,126,057                          |
| Postage and Courier Expenses            | -                                   | 17,691                              |
| Repairs and Maintenance                 | 2,018,400                           | 4,579,802                           |
| Ship Management Fees                    | 15,497,213                          | 14,863,086                          |
| Ship Spares                             | 4,496,298                           | 3,438,318                           |
| Survey Charges                          | 7,037,935                           | 1,753,460                           |
| Testing Expenses                        | 676,003                             | 954,829                             |
| Vessel Expenses                         | 21,029,906                          | 8,203,195                           |
| Victualing Expenses                     | 15,055,755                          | 14,746,667                          |
| Interest and financial cost             | 171,783,224                         | 37,294,694                          |
| Foreign Travelling Expenses             | 1,771,984                           | 408,650                             |
| Legal & Professional expenses           | 9,376,799                           | 28,514,033                          |
| <b>Total</b>                            | <b>639,315,636</b>                  | <b>397,118,745</b>                  |

**SHAPOORJI PALLONJI FORBES SHIPPING LIMITED**  
(FORMERLY KNOWN AS SCI FORBES LIMITED)  
**Notes to Financial Statements for the year ended March 31, 2015**

**33 - Managerial Remuneration**

The Company had delayed in the repayment of its loan instalments and interest for a continuous period of 30 days during preceding financial year ended March 31, 2014. In order to comply with the requirement of section 197 read with Schedule V of Companies Act, 2013 in respect of the re-appointment of Chief Executive Officer and Manager for the financial year ended March 31, 2015 and fixing his remuneration, the Company had made an application to Central Government in Form Number MR -2 seeking its approval for the same, which is awaited.

**34 - Loan arrangement expenses**

Pursuant to the loan recall notice and legal proceedings commenced by Natixis bank against the Company during the previous year, the Company has repaid the entire loan to Natixis Bank by way of a refinance loan obtained from Axis Bank, DIFC Branch, Dubai. The balance in the unamortised loan arrangement expenses, net of recoveries, relating to the loan from Natixis Bank amounting to Rs. 74,278,968 have been written off to the Statement of Profit and Loss during the year. Further, the transaction costs incurred on the new loan availed from Axis Bank, Dubai aggregating to Rs.26,463,585/- have also been written off to the Statement of Profit and Loss as against the previous policy of amortising the transaction costs over the period of loan. Had the Company followed the same policy as in the previous years, Interest and Financial Costs and Loss for the year would have been lower by Rs. 23,155,637.

**35 - Change in Residual Value of Vessels**

Pursuant to the notification of Schedule II to the Companies Act, 2013, the Company has revised the Residual Value of the Vessels from NIL to 5% of the Original Cost. Consequent to the change, the depreciation on ships and the loss for the year is lower by Rs. 15,237,683/- .

**36 - Previous year figures**

Previous year's figures have been regrouped wherever necessary to confirm to current year's classifications.

**Volkart Fleming Shipping & Services Limited**

(a wholly owned Subsidiary Company)

Financial Statements  
for the year ended March 31, 2015

# **BATLIBOI & PUROHIT**

## **Chartered Accountants**

### **INDEPENDENT AUDITOR'S REPORT**

To the Members of Volkart Fleming Shipping & Services Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Volkart Fleming Shipping & Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



**Chartered Accountants****Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by 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, 2015, its profit, and its cash flows for the year ended on that date.


**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2015 ("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 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Act;
  - (f) With respect to the other matters to be included in the Auditor's 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 financial statements - refer note 20 to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For BATLIBOI & PUROHIT**

Chartered Accountants

ICAI Firm Registration Number: 101048W

**Janak Mehta**

Partner

Membership Number: 116976



Place: Mumbai

Date: April 21, 2015

Annexure referred to in Clause 1 of paragraph on Report on Other Legal and Regulatory Requirements of our report of even date

Re: Volkart Fleming Shipping & Services Limited ("the Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no discrepancies were identified on such verification.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



Annexure referred to in Clause 1 of paragraph on Report on Other Legal and Regulatory Requirements of our report of even date

Re: Volkart Fleming Shipping & Services Limited ("the Company")

- (c) According to the records of the Company, the dues of income-tax on account of any dispute are as follows:

| Name of statute | Nature of dues     | Amount under dispute (Rs.)** | Amount outstanding (Rs.) | Period to which the amount relates | Forum where dispute is pending |
|-----------------|--------------------|------------------------------|--------------------------|------------------------------------|--------------------------------|
| Income Tax Act  | Income Tax Demands | 18,96,866                    | Nil                      | A.Y. 2003-04                       | Bombay High Court              |
| Income Tax Act  | Income Tax Demands | 870,812                      | Nil                      | A.Y. 2009-10                       | Income Tax Appellate, Tribunal |

\*\*Demands adjusted by income tax dept. from refunds due to the Company; appeal filed by Company

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For BATLIBOI & PUROHIT**

Chartered Accountants

ICAI Firm Registration Number: 101048W



**Janak Mehta**

Partner

Membership Number: 116976



Place: Mumbai

Date: April 21, 2015

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

BALANCE SHEET AS AT 31st MARCH, 2015

| Particulars                      | Note No. | As at<br>31st Mar, 2015<br>Rs. | As at<br>31st Mar, 2014<br>Rs. |
|----------------------------------|----------|--------------------------------|--------------------------------|
| <b>I EQUITY AND LIABILITIES</b>  |          |                                |                                |
| <b>1 Shareholders' funds</b>     |          |                                |                                |
| a Share capital                  | 2        | 50,38,500                      | 50,38,500                      |
| b Reserves and surplus           | 3        | 3,64,95,884                    | 3,34,80,665                    |
|                                  |          | <b>4,15,34,384</b>             | <b>3,85,19,165</b>             |
| <b>2 Non-current liabilities</b> |          |                                |                                |
| a Other Long Term Liabilities    | 4        | 22,99,840                      | 18,99,840                      |
|                                  |          | <b>22,99,840</b>               | <b>18,99,840</b>               |
| <b>3 Current liabilities</b>     |          |                                |                                |
| a Short-term borrowings          | 5        | 65,00,000                      | 1,85,00,000                    |
| b Trade payables                 |          | 2,28,092                       | 6,65,258                       |
| c Other current liabilities      | 6        | 6,96,810                       | 6,55,827                       |
| d Short-term provisions          | 7        | 86,51,462                      | 83,90,335                      |
|                                  |          | <b>1,60,76,364</b>             | <b>2,82,11,420</b>             |
| <b>TOTAL</b>                     |          | <b>5,99,10,588</b>             | <b>6,86,30,425</b>             |
| <b>II ASSETS</b>                 |          |                                |                                |
| <b>1 Non-current assets</b>      |          |                                |                                |
| a Fixed assets                   |          |                                |                                |
| (i) Tangible assets              | 8        | 3,113                          | 55,274                         |
| b Non-current investments        | 9        | 3,91,451                       | 3,91,451                       |
| c Long-term loans and advances   | 10       | 5,84,19,585                    | 6,69,26,592                    |
|                                  |          | <b>5,88,14,149</b>             | <b>6,73,73,317</b>             |
| <b>2 Current assets</b>          |          |                                |                                |
| a Cash and cash equivalents      | 11       | 10,93,814                      | 12,23,502                      |
| b Short-term loans and advances  | 12       | -                              | 29,436                         |
| c Other current assets           | 13       | 2,625                          | 4,170                          |
|                                  |          | <b>10,96,439</b>               | <b>12,57,108</b>               |
| <b>TOTAL</b>                     |          | <b>5,99,10,588</b>             | <b>6,86,30,425</b>             |

Significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Batliboi & Purohit**  
Chartered Accountants  
Firm Reg No-101048W

SUNETRA GANESAN \_\_\_\_\_ Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_ } Directors

**Janak Mehta**  
Partner

PRAKASH KARUNAKARAN \_\_\_\_\_

Membership No-116976  
Mumbai, 21st April, 2015

Mumbai, 21st April, 2015

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

| Particulars |  | Note No. | Year ended<br>31st Mar, 2015<br>Rs. | Year ended<br>31st Mar, 2014<br>Rs. |
|-------------|--|----------|-------------------------------------|-------------------------------------|
| I           | Revenue from operations  | 14       | 1,46,02,296                         | 1,38,67,956                         |
| II          | Other income   | 15       | 16,38,230                           | 46,634                              |
| III         | <b>Total revenue (I + II)</b>  |          | <b>1,62,40,526</b>                  | <b>1,39,14,590</b>                  |
| IV          | <b>Expenses:</b>   |          |                                     |                                     |
|             | Employee benefits expense  | 16       | 73,69,514                           | 72,26,163                           |
|             | Finance cost   | 17       | 13,59,732                           | 22,20,001                           |
|             | Depreciation and amortisation expense  | 18       | 52,161                              | 52,161                              |
|             | Other expenses   | 19       | 33,18,900                           | 34,37,594                           |
|             | <b>Total expenses</b>  |          | <b>1,21,00,307</b>                  | <b>1,29,35,919</b>                  |
| V           | <b>Profit before tax (III - IV)</b>  |          | <b>41,40,219</b>                    | <b>9,78,671</b>                     |
| VI          | <b>Tax expense / (credit):</b>   |          |                                     |                                     |
|             | <u>Income-tax</u>  |          |                                     |                                     |
|             | Current tax  |          | 11,25,000                           | 2,65,000                            |
|             | Deferred tax   |          | -                                   | 73,354                              |
| VII         | <b>Profit for the year (V - VI)</b>  |          | <b>30,15,219</b>                    | <b>6,40,317</b>                     |
| VIII        | <b>Earning per equity share:</b>   |          |                                     |                                     |
|             | Basic and diluted earnings per equity share (nominal value of share Rs. 100) |          | <b>Rs. 59.84</b>                    | <b>Rs. 12.71</b>                    |

Significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Batliboi & Purohit**

Chartered Accountants

Firm Reg No-101048W

SUNETRA GANESAN \_\_\_\_\_ Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_

PRAKASH KARUNAKARAN \_\_\_\_\_

Directors

**Janak Mehta**

Partner

Membership No-116976

Mumbai, 21st April, 2015

Mumbai, 21st April, 2015

**VOLKART FLEMING SHIPPING & SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015**

|  | Year ended<br>31st Mar, 2015<br>Rs. | Year ended<br>31st Mar, 2014<br>Rs. |
|--|-------------------------------------|-------------------------------------|
| <b>Profit / (Loss) before tax</b>  | <b>41,40,219</b>                    | <b>9,78,671</b>                     |
| <b>Adjustments for -</b>   |                                     |                                     |
| Depreciation and amortisation expense  | 52,161                              | 52,161                              |
| Interest on long-term investments - other than trade   | (3,089)                             | (3,089)                             |
| Finance Costs  | 13,59,732                           | 22,20,001                           |
| Provision for Wealth Tax   | 1,25,000                            | 3,00,000                            |
| Sundry Balances Written off  | -                                   | 2,58,821                            |
| Credit balances / excess provision written back  | -                                   | (19,678)                            |
|  | <b>15,33,804</b>                    | <b>28,08,216</b>                    |
| <b>Operating profit / (loss) before working capital changes</b>  | <b>56,74,023</b>                    | <b>37,86,887</b>                    |
| <b>Adjustments for changes in working capital:</b>   |                                     |                                     |
| Increase / (decrease) in trade payables  | (4,37,165)                          | 4,42,833                            |
| Increase / (decrease) in Other long-term liabilities   | 4,00,000                            | -                                   |
| Increase / (decrease) in short-term provisions   | (1,60,239)                          | 80,862                              |
| Increase / (decrease) in other current liabilities   | 5,85,259                            | (7,22,263)                          |
| Decrease / (increase) in trade receivables   | -                                   | 63,481                              |
| Decrease / (increase) in long-term loans and advances  | 8,86,416                            | 10,04,917                           |
| Decrease / (increase) in short-term loans and advances   | 29,435                              | (23,314)                            |
|  | <b>13,03,706</b>                    | <b>8,46,516</b>                     |
| <b>Cash generated from / (used in) operations</b>  | <b>69,77,729</b>                    | <b>46,33,403</b>                    |
| Income taxes paid (net of refunds)   | <b>67,91,957</b>                    | <b>(19,75,306)</b>                  |
| <b>(a) Net cash generated from / (used in) operating activities</b>  | <b>1,37,69,686</b>                  | <b>26,58,097</b>                    |
| <b>Cash flows from investing activities:</b>   |                                     |                                     |
| Interest received  | 4,634                               | -                                   |
| <b>(b) Net cash generated from / (used in) investing activities</b>  | <b>4,634</b>                        | <b>-</b>                            |
| <b>Cash flows from financing activities:</b>   |                                     |                                     |
| Repayment of short-term borrowings   | (1,20,00,000)                       |                                     |
| Interest paid  | (19,04,008)                         | (16,75,725)                         |
| <b>(c) Net cash generated from / (used in) financing activities</b>  | <b>(1,39,04,008)</b>                | <b>(16,75,725)</b>                  |
| <b>(d) Net increase / (decrease) in cash and cash equivalents (a + b + c)</b>  | <b>(1,29,688)</b>                   | <b>9,82,372</b>                     |
| <b>(e) Cash and cash equivalents as at the commencement of the year ( see footnote 2)</b>  | <b>12,23,502</b>                    | <b>2,41,130</b>                     |
| <b>(f) Cash and cash equivalents as at the end of the year (d + e) ( see footnote 3)</b>   | <b>10,93,814</b>                    | <b>12,23,502</b>                    |
| <b>Footnotes:</b>  |                                     |                                     |
| 1 Cash-flow statement is prepared in accordance with "Indirect method" as explained in the Accounting Standard on Cash Flow Statements (AS-3). |                                     |                                     |
| 2 Details of Cash and cash equivalents as at the commencement of the year are as under :-  |                                     |                                     |
| a) Cash on hand  | 4,560                               | 7,381                               |
| b) Balances with banks- Current Account  | 12,18,942                           | 2,33,749                            |
|  | <b>12,23,502</b>                    | <b>2,41,130</b>                     |
| 3 Details of Cash and cash equivalents as at the end of the year are as under :-   |                                     |                                     |
| a) Cash on hand  | 1,948                               | 4,560                               |
| b) Balances with banks- Current Account  | 10,91,866                           | 12,18,942                           |
|  | <b>10,93,814</b>                    | <b>12,23,502</b>                    |
| <b>The accompanying notes are an integral part of the financial statements</b>   |                                     |                                     |

As per our report of even date  
**For Batliboi & Purohit**  
Chartered Accountants  
Firm Reg No-101048W

**Janak Mehta**  
Partner  
Membership No-116976  
Mumbai, 21st April, 2015

SUNETRA GANESAN \_\_\_\_\_ Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_ } Directors

PRAKASH KARUNAKARAN \_\_\_\_\_ }  
Mumbai, 21st April, 2015

**VOLKART FLEMING SHIPPING & SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

**2. Share capital**

**Authorised:**

100,000 (*Previous year: 100,000*) equity shares of Rs. 100 each

**Issued, subscribed and fully paid:**

50,385 (*Previous year: 50,385*) equity shares of Rs. 100 each

**TOTAL**

| <b>As at<br/>31st Mar, 2015<br/>Rs.</b> | <b>As at<br/>31st Mar, 2014<br/>Rs.</b> |
|---|---|
| <b>1,00,00,000</b>                      | <b>1,00,00,000</b>                      |
| 50,38,500                               | 50,38,500                               |
| <b>50,38,500</b>                        | <b>50,38,500</b>                        |

**(a) Rights, preferences and restrictions attached to equity shares**

The Company has only one class of share referred to as equity shares having a par value of Rs 100 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 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.

**(b) Equity shares held by holding company and subsidiary company**

50,385 (*Previous year - 50,385*) equity shares are held by holding company - Forbes & Company Limited

**(c) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows:**

| <b>Name of Shareholder</b> | <b>31st Mar, 2015</b>               |                  | <b>31st Mar, 2014</b>               |                  |
|----------------------------|-------------------------------------|------------------|-------------------------------------|------------------|
|                            | <b>Number of equity shares held</b> | <b>% holding</b> | <b>Number of equity shares held</b> | <b>% holding</b> |
| Forbes & Company Limited   | <b>50,385</b>                       | <b>100.00</b>    | 50,385                              | 100.00           |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|   | As at<br>31st Mar, 2015<br>Rs. | As at<br>31st Mar, 2014<br>Rs. |
|---|--------------------------------|--------------------------------|
| <b>3. Reserves and surplus</b>                                      |                                |                                |
| <b>(a) Capital Redemption Reserve</b>                               |                                |                                |
| Balance as per last balance sheet                                   | 29,61,500                      | 29,61,500                      |
| <b>(b) General reserve:</b>   |                                |                                |
| Balance as per last balance sheet                                   | 70,04,807                      | 70,04,807                      |
| <b>(c) Surplus / (deficit) in the statement of profit and loss:</b> |                                |                                |
| Balance as per last balance sheet                                   | 2,35,14,358                    | 2,28,74,041                    |
| Add: Profit for the year  | 30,15,219                      | 6,40,317                       |
|   | <b>2,65,29,577</b>             | <b>2,35,14,358</b>             |
| <b>TOTAL</b>  | <b>3,64,95,884</b>             | <b>3,34,80,665</b>             |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|                                       | As at<br>31st Mar, 2015<br>Rs. | As at<br>31st Mar, 2014<br>Rs. |
|---------------------------------------|--------------------------------|--------------------------------|
| <b>4. Other Long Term Liabilities</b> |                                |                                |
| Security Deposits                     | 22,99,840                      | 18,99,840                      |
| <b>TOTAL</b>                          | <b>22,99,840</b>               | <b>18,99,840</b>               |

## 5. Short-term borrowings

### Unsecured borrowings:

'Loans from related parties - Repayable on demand

|              |                  |                    |
|--------------|------------------|--------------------|
|              | 65,00,000        | 1,85,00,000        |
| <b>TOTAL</b> | <b>65,00,000</b> | <b>1,85,00,000</b> |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|  | As at<br>31st Mar, 2015<br>Rs. | As at<br>31st Mar, 2014<br>Rs. |
|--|--------------------------------|--------------------------------|
| <b>6. Other current liabilities</b>        |                                |                                |
| (a) Interest accrued and due on borrowings | -                              | 5,44,276                       |
| (b) Income received in advance             | 4,66,666                       | -                              |
| (c) Payables to statutory authorities      | 12,529                         | 4,505                          |
| (d) Others                                 | 2,17,615                       | 1,07,046                       |
| <b>TOTAL</b>                               | <b>6,96,810</b>                | <b>6,55,827</b>                |

## 7. Short-term provisions

Others

|  |                  |                  |
|--|------------------|------------------|
| (i) Tax provisions less payments (other than deferred tax) | 84,93,447        | 80,72,081        |
| (ii) Provisions for wealth tax less payments               | 1,58,015         | 3,18,254         |
| <b>TOTAL</b>   | <b>86,51,462</b> | <b>83,90,335</b> |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 8. Fixed assets

| Description of Assets           | GROSS BLOCK (at cost) |                           |                            |                      | DEPRECIATION / AMORTISATION |                        |                              |                     | NET BLOCK            |                      |
|---------------------------------|-----------------------|---------------------------|----------------------------|----------------------|-----------------------------|------------------------|------------------------------|---------------------|----------------------|----------------------|
|                                 | As at 31st Mar, 2014  | Additions during the year | Deductions during the year | As at 31st Mar, 2015 | Upto 31st March, 2014       | For the year on assets | On deduction during the year | Upto 31st Mar, 2015 | As at 31st Mar, 2015 | As at 31st Mar, 2014 |
| <b>A. Tangible assets</b>       |                       |                           |                            |                      |                             |                        |                              |                     |                      |                      |
| 1 Buildings                     | 1,39,21,529           | -                         | -                          | 1,39,21,529          | 1,38,76,928                 | 41,488                 | -                            | 1,39,18,416         | 3,113                | 44,601               |
| 2 Plant and equipment:<br>Owned | 53,363                |                           |                            | 53,363               | 42,690                      | 10,673                 |                              | 53,363              | -                    | 10,673               |
|                                 | 1,39,74,892           | -                         | -                          | 1,39,74,892          | 1,39,19,618                 | 52,161                 | -                            | 1,39,71,779         | 3,113                | 55,274               |
|                                 |                       |                           |                            |                      |                             |                        |                              |                     |                      |                      |
| Previous Year                   | 1,40,84,892           | -                         | 1,10,000                   | 1,39,74,892          | 1,39,77,457                 | 52,161                 | 1,10,000                     | 1,39,19,618         | 55,274               |                      |

**VOLKART FLEMING SHIPPING & SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

|   | As at<br>31st Mar, 2015<br>Rs. | As at<br>31st Mar, 2014<br>Rs. |
|---|--------------------------------|--------------------------------|
| <b>9. Non - current investments</b>   |                                |                                |
| Other than trade investments [Long-term - unquoted (fully paid) (valued at cost unless stated otherwise)] |                                |                                |
| In equity shares  |                                |                                |
| In Other entities   |                                |                                |
| 1125 ( <i>Previous year: 1125</i> ) equity shares of Rs. 10 each in Carmel Properties Pvt. Ltd.           | 2,500                          | 2,500                          |
| In debentures in a other entities   |                                |                                |
| 3089 ( <i>Previous year: 3089</i> ) irredeemable debentures of Rs 100 each in Carmel Properties Pvt. Ltd. | 3,88,951                       | 3,88,951                       |
| <b>TOTAL</b>  | <b>3,91,451</b>                | <b>3,91,451</b>                |
| <b>Footnotes:</b>   |                                |                                |
| 1. Aggregate amount of unquoted investments   | <b>3,91,451</b>                | <b>3,91,451</b>                |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|   | As at<br>31st Mar, 2015<br>Rs. | As at<br>31st Mar, 2014<br>Rs. |
|---|--------------------------------|--------------------------------|
| <b>10. Long-term loans and advances</b>                     |                                |                                |
| (unsecured, considered good unless otherwise stated)        |                                |                                |
| (a) Security deposits                                       |                                |                                |
| (i) Unsecured, considered good                              | 3,27,75,786                    | 3,27,49,886                    |
| (ii) Doubtful   | -                              | -                              |
|   | <u>3,27,75,786</u>             | <u>3,27,49,886</u>             |
| Less: Provision for doubtful deposits                       | -                              | -                              |
|   | <b>3,27,75,786</b>             | <b>3,27,49,886</b>             |
| <br>(b) Loans and advances to related parties               | -                              | 9,10,501                       |
| <br>(c) Taxes paid less provision (other than deferred tax) | 2,55,31,599                    | 3,31,52,190                    |
| (d) Advance wealth tax (net of provisions)                  | 1,07,520                       | 1,07,520                       |
| (e) Balances with statutory / government authorities        |                                |                                |
| (i) Unsecured, considered good                              | 4,680                          | 6,495                          |
| (ii) Doubtful   | -                              | -                              |
|   | <u>4,680</u>                   | <u>6,495</u>                   |
| Less: Provision for doubtful balances                       | -                              | -                              |
|   | <b>4,680</b>                   | <b>6,495</b>                   |
| <b>TOTAL</b>  | <b>5,84,19,585</b>             | <b>6,69,26,592</b>             |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|   | As at<br>31st Mar, 2015<br>Rs. | As at<br>31st Mar, 2014<br>Rs. |
|---|--------------------------------|--------------------------------|
| <b>11. Cash and cash equivalents</b>              |                                |                                |
| 1. Balances with banks:                           |                                |                                |
| (A) In current accounts                           |                                |                                |
| (i) Others  | 10,91,866                      | 12,18,942                      |
| 2. Cash on hand                                   | 1,948                          | 4,560                          |
| <b>TOTAL</b>                                      | <b>10,93,814</b>               | <b>12,23,502</b>               |
| <b>12. Short-term loans and advances</b>          |                                |                                |
| (a) Prepaid expenses                              | -                              | 29,436                         |
| <b>TOTAL</b>                                      | <b>-</b>                       | <b>29,436</b>                  |
| <b>13. Other current assets</b>                   |                                |                                |
| (a) Interest accrued on investments in Debentures | 2,625                          | 4,170                          |
| <b>TOTAL</b>                                      | <b>2,625</b>                   | <b>4,170</b>                   |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|   | Year ended<br>31st Mar, 2015<br>Rs. | Year ended<br>31st Mar, 2014<br>Rs. |
|---|-------------------------------------|-------------------------------------|
| <b>14. Revenue from operations</b>                  |                                     |                                     |
| (a) Service Charges                                 |                                     |                                     |
| (i) Professional Services                           | 81,00,000                           | 81,00,000                           |
| (b) Other operating revenues:                       |                                     |                                     |
| (i) Rent and amenity charges                        | 65,02,296                           | 57,67,956                           |
| <b>TOTAL</b>  | <b>1,46,02,296</b>                  | <b>1,38,67,956</b>                  |
| <b>15. Other income</b>                             |                                     |                                     |
| (a) Interest  |                                     |                                     |
| (i) on long-term investments                        | 3,089                               | 3,089                               |
| (ii) on Income Tax refund                           | 16,35,141                           | -                                   |
| (b) Credit balances / excess provision written back | -                                   | 19,678                              |
| (c) Other non-operating income                      | -                                   | 23,867                              |
| <b>TOTAL</b>  | <b>16,38,230</b>                    | <b>46,634</b>                       |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

|                                      | Year ended<br>31st Mar, 2015<br>Rs. | Year ended<br>31st Mar, 2014<br>Rs. |
|--------------------------------------|-------------------------------------|-------------------------------------|
| <b>16. Employee benefits expense</b> |                                     |                                     |
| (a) Salaries and wages               | 73,49,203                           | 71,87,942                           |
| (b) Staff welfare expense            | 20,311                              | 38,221                              |
| <b>TOTAL</b>                         | <b>73,69,514</b>                    | <b>72,26,163</b>                    |
| <b>17. Finance costs</b>             |                                     |                                     |
| (a) Interest expense on:             |                                     |                                     |
| i) borrowings                        | 13,04,878                           | 22,20,001                           |
| iii) payment of income tax           | 54,854                              | -                                   |
| <b>TOTAL</b>                         | <b>13,59,732</b>                    | <b>22,20,001</b>                    |

# **VOLKART FLEMING SHIPPING & SERVICES LIMITED**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

|  | <b>Year ended<br/>31st Mar, 2015<br/>Rs.</b> | <b>Year ended<br/>31st Mar, 2014<br/>Rs.</b> |
|--|--|--|
| <b>18. Depreciation and amortisation expense</b>               |  |  |
| (a) Depreciation of tangible assets                            | <b>52,161</b>                                | <b>52,161</b>                                |
| <b>TOTAL</b>   | <b>52,161</b>                                | <b>52,161</b>                                |
| <b>19. Other expenses</b>                                      |  |  |
| (a) Repairs to   |  |  |
| (ii) Buildings   | <b>6,53,525</b>                              | <b>6,44,610</b>                              |
| (iii) Others   | <b>76,961</b>                                | <b>1,38,926</b>                              |
|  | <b>7,30,486</b>                              | <b>7,83,536</b>                              |
| (b) Rent   | <b>1,26,380</b>                              | <b>1,28,880</b>                              |
| (c) Rates and taxes  | <b>11,33,629</b>                             | <b>15,61,983</b>                             |
| (d) Electricity Charges  | <b>3,03,446</b>                              | <b>1,83,906</b>                              |
| (e) Brokerage, commission, discount and other selling expenses | <b>1,20,667</b>                              | <b>-</b>                                     |
| (f) Legal and professional charges                             | <b>4,32,999</b>                              | <b>66,153</b>                                |
| (g) Communication  | <b>74,785</b>                                | <b>84,683</b>                                |
| (h) Travelling and conveyance                                  | <b>45,061</b>                                | <b>49,794</b>                                |
| (i) Sundry balance written off                                 | <b>-</b>                                     | <b>2,58,821</b>                              |
| (j) Payments to the auditor (excluding service tax):           |  |  |
| (i) Statutory Audit fees                                       | <b>30,000</b>                                | <b>30,000</b>                                |
| (ii) For Tax Audit fees  | <b>15,000</b>                                | <b>15,000</b>                                |
| (iii) For other services                                       | <b>20,000</b>                                | <b>-</b>                                     |
| (iv) For reimbursement of expenses                             | <b>600</b>                                   | <b>-</b>                                     |
|  | <b>65,600</b>                                | <b>45,000</b>                                |
| (k) Miscellaneous expenses                                     | <b>2,85,847</b>                              | <b>2,74,838</b>                              |
| <b>TOTAL</b>   | <b>33,18,900</b>                             | <b>34,37,594</b>                             |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 20 Contingent liabilities are as follows :-

- A. Legal matter :- (i) An eviction suit against the company, as a tenant and a claim for mense profit. The claim amount is not ascertainable.  
(ii) Other legal matter Rs. 11,00,000/- (Previous Year Rs. 11,00,000/-)
- B. Income Tax matters in dispute under appeal Rs. 27,67,678/- (Previous Year Rs. 27,67,678/- )

### 21 COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES

| Nature of Timing Difference | Deferred Tax (Liability) / Assets as at 31/03/2015 | Deferred Tax (Liability) / Assets as at 31/03/2014 |
|-----------------------------|--|--|
| Depreciation                | -  | -  |
| Items under section 43B     | -  | -  |
| <b>T O T A L</b>            | -  | -  |

### 22 BREAKUP OF EARNING PER SHARE

| Sr. No. | Particulars  | As on 31/03/2015 | As on 31/03/2014 |
|---------|--|------------------|------------------|
| (a)     | Net Profit / (Loss) Attributable to Equity Shareholders  | 30,15,219        | 6,40,317         |
| (b)     | Weighted Average Number of Equity Shares outstanding during the period (Face Value - Rs.100/- per Share) | 50,385           | 50,385           |
| (c)     | Earning Per Share  | 59.84            | 12.71            |

The Company has not issued any potential dilutive equity shares.

### 23 RELATED PARTY TRANSACTIONS

Names of related parties and nature of related party relationship as on 31.3.2015

#### **(A) Holding Company / Ultimate Holding Company**

- 1 Shapoorji Pallonji And Company Private Limited (Ultimate Holding Company)
- 2 Forbes & Company Limited ( Holding Company)

#### **(B) Fellow subsidiary (With which there are transactions during the year)**

- 1 Shapoorji Pallonji Investment Advisors Pvt Ltd
- 2 Gokak Textiles Limited
- 3 Shapoorji Pallonji Forbes Shipping Limited (Formerly known as SCI Forbes Limited)
- 4 Forbes Campbell Services Ltd.
- 5 Forbes Campbell Finance Ltd.

**VOLKART FLEMING SHIPPING & SERVICES LIMITED**
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

Transactions with related parties for the year ended 31st March, 2015 (April-2014 to March-2015)

|    |                                   | A                     | B                                    | B                      | B                            | B                             | B  |             |
|----|-----------------------------------|-----------------------|--------------------------------------|------------------------|------------------------------|-------------------------------|--|-------------|
|    |                                   | Forbes & Company Ltd. | Shapoorji Pallonji Advisors Pvt Ltd. | Gokak Textiles Limited | Forbes Campbell Finance Ltd. | Forbes Campbell Services Ltd. | Shapoorji Pallonji Forbes Shipping Limited | Total       |
|    | <b>Nature of Transaction</b>      |                       |                                      |                        |                              |                               |  |             |
|    | <b>Purchases</b>                  |                       |                                      |                        |                              |                               |  |             |
| 1  | Goods and Materials               |                       |                                      |                        |                              |                               |  |             |
| 2  | Services Rendered                 |                       |                                      |                        |                              |                               |  |             |
| 3  | Fixed Assets                      |                       |                                      |                        |                              |                               |  |             |
| 4  | Investment (buy Back of shares)   |                       |                                      |                        |                              |                               |  |             |
|    | <b>Sales</b>                      |                       |                                      |                        |                              |                               |  |             |
| 5  | Goods and Materials               |                       |                                      |                        |                              |                               |  |             |
| 6  | Services Rendered                 | 81,00,000             |                                      |                        |                              |                               |  | 81,00,000   |
| 7  | Fixed Assets                      |                       |                                      |                        |                              |                               |  |             |
| 8  | Investment                        |                       |                                      |                        |                              |                               |  |             |
| 9  | Investment - Write off            |                       |                                      |                        |                              |                               |  |             |
|    | <b>Expenses</b>                   |                       |                                      |                        |                              |                               |  |             |
| 10 | Rent                              |                       |                                      |                        |                              |                               |  |             |
| 11 | Repairs & Other Expenses          |                       |                                      |                        |                              |                               |  |             |
| 12 | Recovery of Expenses              |                       |                                      |                        |                              |                               |  |             |
| 13 | Dim. in Value of Investment       |                       |                                      |                        |                              |                               |  |             |
| 14 | Agency Commission                 |                       |                                      |                        |                              |                               |  |             |
| 15 | Interest Paid                     | 13,04,878             |                                      |                        |                              |                               |  | 13,04,878   |
| 16 | Dividend Paid                     |                       |                                      |                        |                              |                               |  |             |
| 17 | Professional Fees                 |                       |                                      |                        |                              |                               |  |             |
| 18 | Directors Fees                    |                       |                                      |                        |                              |                               |  |             |
| 19 | Provision /Write offs             |                       |                                      |                        |                              |                               |  |             |
| 20 | Misc. Expenses                    | 12                    |                                      |                        |                              |                               |  | 12          |
|    | <b>Income</b>                     |                       |                                      |                        |                              |                               |  |             |
| 21 | Rent and Other Service Charges    | 4,80,000              | 8,40,000                             |                        |                              |                               | 6,48,276                                   | 19,68,276   |
| 22 | Interest Received                 |                       |                                      |                        |                              |                               |  |             |
| 23 | Dividend Received                 |                       |                                      |                        |                              |                               |  |             |
| 24 | Profit on sale of Investment      |                       |                                      |                        |                              |                               |  |             |
| 25 | Provision /Write backs            |                       |                                      |                        |                              |                               |  |             |
| 26 | Misc. Income                      |                       |                                      |                        |                              |                               |  |             |
|    | <b>Other Payments/(Receipts)</b>  |                       |                                      |                        |                              |                               |  |             |
| 27 | Deputation of Staff               |                       |                                      |                        |                              |                               |  |             |
| 28 | Other Reimbursements              | 73,70,740             |                                      |                        | (23,140)                     | (43,058)                      |  | 73,04,542   |
|    | <b>Finance</b>                    |                       |                                      |                        |                              |                               |  |             |
| 29 | Loans and Advances Given          |                       |                                      |                        |                              |                               |  |             |
| 30 | Loans and Advances Taken          |                       |                                      |                        |                              |                               |  |             |
| 31 | Deposits Given                    |                       |                                      |                        |                              |                               |  |             |
| 32 | Deposits Taken                    |                       |                                      |                        |                              |                               |  |             |
| 33 | Repayment of Deposits Taken       | 1,20,00,000           |                                      |                        |                              |                               |  | 1,20,00,000 |
| 34 | Repayment of Deposits Given       |                       |                                      |                        |                              |                               |  |             |
|    | <b>Outstandings</b>               |                       |                                      |                        |                              |                               |  |             |
| 35 | Sundry Creditors                  | 1,68,080              |                                      |                        |                              |                               |  | 1,68,080    |
| 36 | Interest accrued                  |                       |                                      |                        |                              |                               |  |             |
| 37 | Sundry Debtors                    |                       |                                      |                        |                              |                               |  |             |
| 38 | Loans and Advances                |                       |                                      |                        |                              |                               |  |             |
| 39 | Advance for Capital Purchase      |                       |                                      |                        |                              |                               |  |             |
| 40 | Prov. for Doubtful Loans and Adv. |                       |                                      |                        |                              |                               |  |             |
| 41 | Provision for Doubtful Debts      |                       |                                      |                        |                              |                               |  |             |
| 42 | Deposits Payable                  | 65,00,000             |                                      |                        |                              |                               |  | 65,00,000   |
| 43 | Deposits Receivable               |                       |                                      |                        |                              |                               |  |             |
| 44 | Prepaid Expenses                  |                       |                                      |                        |                              |                               |  |             |
|    | <b>Remuneration</b>               |                       |                                      |                        |                              |                               |  |             |
| 45 | Paid / Payable                    |                       |                                      |                        |                              |                               |  |             |
| 46 | Outstanding                       |                       |                                      |                        |                              |                               |  |             |
| 47 | Recoverable                       |                       |                                      |                        |                              |                               |  |             |
|    | <b>Guarantees</b>                 |                       |                                      |                        |                              |                               |  |             |
| 48 | Given                             |                       |                                      |                        |                              |                               |  |             |
| 49 | Outstanding                       |                       |                                      |                        |                              |                               |  |             |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### Transactions with related parties for the year ended 31st March, 2014 (April-2013 to March-2014)

|    |                                   | A<br>Forbes &<br>Company Ltd | B<br>Shapoorji Pallonji<br>Advisors Pvt Ltd | B<br>SCI Forbes | B<br>Gokak<br>Textiles<br>Limited | B<br>Forbes<br>Campbell<br>Finance Ltd | B<br>Forbes<br>Campbell<br>Services Ltd | Total       |
|----|-----------------------------------|------------------------------|---|-----------------|-----------------------------------|--|---|-------------|
|    | <b>Nature of Transaction</b>      |                              |   |                 |                                   |  |   |             |
|    | <b>Purchases</b>                  |                              |   |                 |                                   |  |   |             |
| 1  | Goods and Materials               |                              |   |                 |                                   |  |   |             |
| 2  | Services Rendered                 |                              |   |                 |                                   |  |   |             |
| 3  | Fixed Assets                      |                              |   |                 |                                   |  |   |             |
| 4  | Investment (buy Back of shares)   |                              |   |                 |                                   |  |   |             |
|    | <b>Sales</b>                      |                              |   |                 |                                   |  |   |             |
| 5  | Goods and Materials               |                              |   |                 |                                   |  |   |             |
| 6  | Services Rendered                 | 81,00,000                    |   |                 |                                   |  |   | 81,00,000   |
| 7  | Fixed Assets                      |                              |   |                 |                                   |  |   |             |
| 8  | Investment                        |                              |   |                 |                                   |  |   |             |
| 9  | Investment - Write off            |                              |   |                 |                                   |  |   |             |
|    | <b>Expenses</b>                   |                              |   |                 |                                   |  |   |             |
| 10 | Rent                              |                              |   |                 |                                   |  |   |             |
| 11 | Repairs & Other Expenses          |                              |   |                 |                                   |  |   |             |
| 12 | Recovery of Expenses              |                              |   |                 |                                   |  |   |             |
| 13 | Dim. in Value of Investment       |                              |   |                 |                                   |  |   |             |
| 14 | Agency Commission                 |                              |   |                 |                                   |  |   |             |
| 15 | Interest Paid                     | 22,20,001                    |   |                 |                                   |  |   | 22,20,001   |
| 16 | Dividend Paid                     |                              |   |                 |                                   |  |   |             |
| 17 | Professional Fees                 |                              |   |                 |                                   |  |   |             |
| 18 | Directors Fees                    |                              |   |                 |                                   |  |   |             |
| 19 | Provision /Write offs             |                              |   |                 |                                   |  |   |             |
| 20 | Misc. Expenses                    | 12                           |   |                 |                                   |  |   | 12          |
|    | <b>Income</b>                     |                              |   |                 |                                   |  |   |             |
| 21 | Rent and Other Service Charges    | 4,80,000                     | 8,40,000                                    | 6,48,276        |                                   |  |   | 19,68,276   |
| 22 | Interest Received                 |                              |   |                 |                                   |  |   |             |
| 23 | Dividend Received                 |                              |   |                 |                                   |  |   |             |
| 24 | Profit on sale of Investment      |                              |   |                 |                                   |  |   |             |
| 25 | Provision /Write backs            |                              |   |                 |                                   |  |   |             |
| 26 | Misc. Income                      |                              |   |                 |                                   |  |   |             |
|    | <b>Other Payments/(Receipts)</b>  |                              |   |                 |                                   |  |   |             |
| 27 | Deputation of Staff               |                              |   |                 |                                   |  |   |             |
| 28 | Other Reimbursements              | 74,70,339                    |   |                 |                                   | (56,182)                               | (1,81,248)                              | 72,32,909   |
|    | <b>Finance</b>                    |                              |   |                 |                                   |  |   |             |
| 29 | Loans and Advances Given          |                              |   |                 |                                   |  |   |             |
| 30 | Loans and Advances Taken          |                              |   |                 |                                   |  |   |             |
| 31 | Deposits Given                    |                              |   |                 |                                   |  |   |             |
| 32 | Deposits Taken                    | 1,000                        |   |                 |                                   |  |   | 1,000       |
| 33 | Repayment of Deposits Taken       | 1,000                        |   |                 |                                   |  |   | 1,000       |
| 34 | Repayment of Deposits Given       |                              |   |                 |                                   |  |   |             |
|    | <b>Outstandings</b>               |                              |   |                 |                                   |  |   |             |
| 35 | Sundry Creditors                  | (5,99,189)                   |   |                 |                                   |  |   | (5,99,189)  |
| 36 | Interest accrued                  | (5,44,277)                   |   |                 |                                   |  |   | (5,44,277)  |
| 37 | Sundry Debtors                    |                              |   |                 | 9,10,501                          |  |   | 9,10,501    |
| 38 | Loans and Advances                | (27,000)                     |   |                 |                                   |  |   | (27,000)    |
| 39 | Advance for Capital Purchase      |                              |   |                 |                                   |  |   |             |
| 40 | Prov. for Doubtful Loans and Adv. |                              |   |                 |                                   |  |   |             |
| 41 | Provision for Doubtful Debts      |                              |   |                 |                                   |  |   |             |
| 42 | Deposits Payable                  | 1,85,00,000                  |   |                 |                                   |  |   | 1,85,00,000 |
| 43 | Deposits Receivable               |                              |   |                 |                                   |  |   |             |
| 44 | Prepaid Expenses                  |                              |   |                 |                                   |  |   |             |
|    | <b>Remuneration</b>               |                              |   |                 |                                   |  |   |             |
| 45 | Paid / Payable                    |                              |   |                 |                                   |  |   |             |
| 46 | Outstanding                       |                              |   |                 |                                   |  |   |             |
| 47 | Recoverable                       |                              |   |                 |                                   |  |   |             |
|    | <b>Guarantees</b>                 |                              |   |                 |                                   |  |   |             |
| 48 | Given                             |                              |   |                 |                                   |  |   |             |
| 49 | Outstanding                       |                              |   |                 |                                   |  |   |             |

**VOLKART FLEMING SHIPPING & SERVICES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

**24. Segment reporting**

The Company has identified business segments as "Professional services" and "Real estate".

Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

**Information about primary business segments for the year:**

| Particulars   | Professional Services |                   | Real Estate        |                    | Total                |                      |
|---|-----------------------|-------------------|--------------------|--------------------|----------------------|----------------------|
|   | 31st March, 2015      | 31st March, 2014  | 31st March, 2015   | 31st March, 2014   | 31st March, 2015     | 31st March, 2014     |
| External segment revenue  | 81,00,000             | 81,00,000         | 65,05,385          | 57,71,045          | 1,46,05,385          | 1,38,71,045          |
| Add: Inter segment revenue  | -                     | -                 | -                  | -                  | -                    | -                    |
| <b>Revenue from operations</b>  | <b>81,00,000</b>      | <b>81,00,000</b>  | <b>65,05,385</b>   | <b>57,71,045</b>   | <b>1,46,05,385</b>   | <b>1,38,71,045</b>   |
| <b>Segment Results - Profit / (Loss)</b>  | <b>(27,148)</b>       | <b>(94,049)</b>   | <b>44,01,137</b>   | <b>36,53,801</b>   | <b>43,73,988</b>     | <b>35,59,753</b>     |
| Add: Unallocated income   |                       |                   |                    |                    | 16,35,141            | 43,545               |
| Less: Unallocated expenses  |                       |                   |                    |                    | (5,09,178)           | (4,04,626)           |
| <b>Profit / (Loss) before tax and finance costs</b>   |                       |                   |                    |                    | <b>54,99,951</b>     | <b>31,98,672</b>     |
| Less: Finance costs   |                       |                   |                    |                    | (13,59,732)          | (22,20,001)          |
| <b>Profit / (Loss) before tax</b>   |                       |                   |                    |                    | <b>41,40,219</b>     | <b>9,78,671</b>      |
| <b>Provision for taxation:</b>  |                       |                   |                    |                    |                      |                      |
| Current tax expense   |                       |                   |                    |                    | (11,25,000)          | (2,65,000)           |
| Deferred tax  |                       |                   |                    |                    | -                    | (73,354)             |
| <b>Profit / (Loss) after tax</b>  |                       |                   |                    |                    | <b>30,15,219</b>     | <b>6,40,317</b>      |
| <b>Capital employed</b>   |                       |                   |                    |                    |                      |                      |
| <b>Segment assets</b>   | -                     | -                 | <b>3,32,80,495</b> | <b>3,33,32,051</b> | <b>3,32,80,495</b>   | <b>3,33,32,051</b>   |
| Unallocated corporate assets  |                       |                   |                    |                    | 2,66,30,093          | 3,52,98,374          |
| <b>Total assets</b>   | -                     | -                 | <b>3,32,80,495</b> | <b>3,33,32,051</b> | <b>5,99,10,588</b>   | <b>6,86,30,425</b>   |
| <b>Segment liabilities</b>  | <b>(2,01,670)</b>     | <b>(6,46,027)</b> | <b>(31,28,058)</b> | <b>(22,78,302)</b> | <b>(33,29,728)</b>   | <b>(29,24,329)</b>   |
| Unallocated corporate liabilities   |                       |                   |                    |                    | (1,50,46,476)        | (2,71,86,931)        |
| <b>Total liabilities</b>  | <b>(2,01,670)</b>     | <b>(6,46,027)</b> | <b>(31,28,058)</b> | <b>(22,78,302)</b> | <b>(1,83,76,204)</b> | <b>(3,01,11,260)</b> |
| <b>Capital employed</b>   | <b>(2,01,670)</b>     | <b>(6,46,027)</b> | <b>3,01,52,437</b> | <b>3,10,53,749</b> | <b>4,15,34,384</b>   | <b>3,85,19,165</b>   |
| <b>Cost incurred to acquire segment assets including adjustments on account of capital work-in-progress</b> |                       |                   |                    |                    | -                    | -                    |
| Unallocated cost incurred to acquire assets including adjustments on account of capital work-in-progress    |                       |                   |                    |                    | -                    | -                    |
| <b>Total capital expenditure</b>  |                       |                   |                    |                    |                      |                      |
| <b>Segment depreciation / amortisation</b>  | -                     | -                 | <b>52,161</b>      | <b>52,161</b>      | <b>52,161</b>        | <b>52,161</b>        |
| Unallocated corporate depreciation / amortisation   |                       |                   |                    |                    | -                    | -                    |
| <b>Total depreciation / amortisation</b>  |                       |                   |                    |                    | <b>52,161</b>        | <b>52,161</b>        |
| <b>Non-cash segment expenses other than depreciation</b>  |                       |                   | <b>1,25,000</b>    | <b>3,00,000</b>    | <b>1,25,000</b>      | <b>3,00,000</b>      |
| Unallocated non-cash expenses other than depreciation   |                       |                   |                    |                    | -                    | 2,58,821             |
| <b>Total non-cash expenses other than depreciation</b>  |                       |                   |                    |                    | <b>1,25,000</b>      | <b>5,58,821</b>      |

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

### 25 LEASE ACCOUNTING

- (a) The company has taken certain office premises on operating lease basis. Lease payments in respect of such leases recognised in profit & Loss account Rs 1.26 Lacs (*previous year Rs 1.29 Lacs*)
- (b) Except for escalation clauses contained in certain lease agreements providing for increase in the lease payment by a specified percentage / amounts after completion of specified period, the lease terms do not contain any exceptional / restrictive covenants other than prior approval of the lessee before the renewal of lease.
- (c) There are no restrictions such as those concerning dividend and additional debt other than in some cases where prior approval of lessor is required for further leasing. There is no contingent rent payment.
- (d) Operating Lease: Company as lessor
- (i) The company has given certain office / residential premises on operating lease basis, the details of which are as follows:

| Class of Asset            | As at 31.03.2015 | As at 31.03.2014 |
|---------------------------|------------------|------------------|
| Gross carrying Amount     | 1,39,74,892      | 1,39,74,892      |
| Accumulated Depreciation  | 1,39,71,779      | 1,39,19,618      |
| Depreciation for the year | 52,161           | 52,161           |

- (ii) The company has entered into non cancellable operating lease arrangement. The details of the premises leased are as follows:

| Non - Current Investments   | Buildings                  |                            |
|---|----------------------------|----------------------------|
|   | As At 31st March, 2015 Rs. | As At 31st March, 2014 Rs. |
| 1125 Equity shares of Rs. 10 each in Carmel Properties Pvt. Ltd.            | 2,500                      | 2,500                      |
| 3089 irredeemable debentures of Rs. 100 each in Carmel Properties Pvt. Ltd. | 3,88,951                   | 3,88,951                   |
|   | 3,91,451                   | 3,91,451                   |

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

| Period  | As At 31st March, 2015 Rs. | As At 31st March, 2014 Rs. |
|---|----------------------------|----------------------------|
| Not later than one year                           | 14,00,000                  | NA                         |
| Later than one year but not later than five years | 23,33,333                  | NA                         |
| Later than five years                             | -                          | NA                         |
| <b>TOTAL</b>                                      | <b>37,33,333</b>           | <b>NA</b>                  |

### 26 Micro, Small and Medium Enterprises

On the basis of responses received against enquiries made by the Company, there was no amount outstanding in respect of Micro and Small Enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 as at the Balance Sheet date. The Company has not defaulted in payment of dues to such entities during the year.

### 27 Previous year's figures have been regrouped wherever necessary.

As per our report of even date

**For Batliboi & Purohit**

Chartered Accountants

Firm Reg No-101048W

SUNETRA GANESAN \_\_\_\_\_

Chairperson

SHRIKRISHNA BHAVE \_\_\_\_\_

Directors

**Janak Mehta**

Partner

Membership No-116976

Mumbai, 21st April, 2015

PRAKASH KARUNAKARAN \_\_\_\_\_

Mumbai, 21st April, 2015

# VOLKART FLEMING SHIPPING & SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES :-

#### a) Basis of Accounting

The Financial Statements are prepared under historical cost convention, consistently on accrual basis and are in accordance with the requirements of the Companies Act, 2013 and comply with Accounting Standards referred to in Section 133 of the said Act, read with rule 7 of the Companies (Accounts) Rule, 2014.

#### b) Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principle requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

#### c) Fixed Assets

Fixed Assets are stated in the accounts at the purchase price including any attributable cost of bringing the assets to their working condition for their intended use.

#### d) Depreciation

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of Buildings, in whose case the life of the assets has been assessed taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, etc.:-

| Asset                   | At the Estimated useful life of an asset | Previous Year at the rate of depreciation |
|-------------------------|--|---|
|                         | Number of Years                          | Percentage                                |
| <b>Building</b>         | <b>20</b>                                | <b>5%</b>                                 |
| <b>Office Equipment</b> | <b>5</b>                                 | <b>20%</b>                                |

#### e) Impairment of assets

The Company assesses at each balance sheet date 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. 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. 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.

# **VOLKART FLEMING SHIPPING & SERVICES LIMITED**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015 (contd.)**

### **f) Investments**

The Company has classified its investments into long term investments which are stated at cost less provision for permanent diminution in value.

### **g) Taxes on Income**

- (i) Tax expenses comprises of current, deferred tax. Current Income Tax is measured at the amount expected to be paid to the Tax Authorities in accordance with the Indian Income Tax Act, 1961.
- (ii) Deferred Tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods in accordance with the requirements of Accounting Standards (AS-22) on Accounting of Taxes and Income.

### **h) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

### **i) Provision, contingent liabilities and contingent assets**

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

### **j) Cash flow statements**

Cash flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standard on Cash Flow Statements (AS-3) notified under the Companies (Accounts) Rules, 2014.

### **k) Cash and Cash Equivalents**

Cash and Bank balances and current Investments that have insignificant risk of change in value, which have duration's up to three months, are included in the Company's Cash and Cash Equivalents in the Cash Flow Statement.

### **l) Revenue Recognition**

Income from services is recognised as and when the services are performed.

# **VOLKART FLEMING SHIPPING & SERVICES LIMITED**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015 (contd.)**

### **m) Lease Accounting**

#### **Operating Lease :-**

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

### **n) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### **o) Segment Reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

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

**Waterwings Equipments Private Limited**  
(a wholly owned Subsidiary Company of Eureka Forbes Limited)

Financial Statements  
for the year ended March 31, 2015

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Waterwings Equipments Private Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Waterwings Equipments Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by 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, 2015, its loss, and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("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 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Act;
  - (f) With respect to the other matters to be included in the Auditor's 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 does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Batliboi & Purohit**

Chartered Accountants

ICAI Firm Registration Number: 101048W

**Atul Mehta**

Partner

Membership Number: 15935

Place: Mumbai

Date: April 24, 2015

Annexure referred to in Clause 1 of paragraph on Report on Other Legal and Regulatory Requirements of our report of even date

Re: Waterwings Equipments Private Limited (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year, no material discrepancies were identified on such verification .
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have *generally* been regularly deposited with the appropriate authorities *though there has been a slight delay in few cases*.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

Annexure referred to in Clause 1 of paragraph on Report on Other Legal and Regulatory Requirements of our report of even date

Re: Waterwings Equipments Private Limited (“the Company”)

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

| Name of statute | Nature of dues              | Amount (Rs.) | Period to which amount relates | Forum where the dispute is pending |
|-----------------|-----------------------------|--------------|--------------------------------|------------------------------------|
| Sales Tax Act   | Maharashtra Value Added Tax | 10,71,025    | 2002-03, 2004-05               | Commissioner of Sales Tax          |
|                 | Central Sales Tax           | 34,851       | 2004-05                        | Commissioner of Sales Tax          |

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- (viii) *The Company’s accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses in the current and immediately preceding financial year.*
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **Batliboi & Purohit**  
Chartered Accountants  
ICAI Firm Registration Number: 101048W

**Atul Mehta**  
Partner  
Membership Number: 15935

Place: Mumbai  
Date: April 24, 2015

**Balance Sheet As At 31st March,2015.**

|   | Notes   | As at 31 March<br>2015    | As at 31 March<br>2014   |
|---|---------|---------------------------|--------------------------|
| <b>I EQUITY AND LIABILITIES</b>           |         |                           |                          |
| <b>1. Shareholders' funds</b>             |         |                           |                          |
| a Share Capital                           | 2       | 500,000                   | 500,000                  |
| b Reserves and Surplus                    | 3       | <u>2,347,185</u>          | <u>4,280,519</u>         |
|   |         | 2,847,185                 | 4,780,519                |
| <b>2. Non-current liabilities</b>         |         |                           |                          |
| Long-term provisions                      | 5       | 123,939                   | 27,641                   |
| Deferred tax liability (net)              | 10      | <u>107,266</u>            | <u>-</u>                 |
|   |         | 231,205                   | 27,641                   |
| <b>3. Current liabilities</b>             |         |                           |                          |
| a Short-term borrowings                   | 7       | 25,000,000                | -                        |
| b Trade payables                          | 6       | 76,833,750                | 51,802,368               |
| c Other current liabilities               | 4       | 1,726,809                 | 1,144,584                |
| d Short-term provisions                   | 5       | 744,574                   | 798,289                  |
|   |         | 104,305,133               | 53,745,241               |
| <b>Total</b>                              |         | <u><u>107,383,523</u></u> | <u><u>58,553,401</u></u> |
| <b>II ASSETS</b>                          |         |                           |                          |
| <b>1. Non-current assets</b>              |         |                           |                          |
| a Fixed Assets                            |         |                           |                          |
| (i) Tangible assets                       | 8       | 3,990,102                 | 3,834,352                |
| (ii) Intangible assets                    | 9       | 407,073                   | 395,703                  |
| b Deferred tax assets (net)               | 10      | -                         | 270,205                  |
| c Long-term loans and advances            | 11      | 9,010,895                 | 4,098,326                |
| d Other non-current assets                | 12      | <u>986,972</u>            | <u>871,972</u>           |
|   |         | 14,395,042                | 9,470,558                |
| <b>2. Current assets</b>                  |         |                           |                          |
| a Inventories                             | 13      | 9,135,955                 | 11,223,332               |
| b Trade receivables                       | 14      | 73,311,837                | 30,926,383               |
| c Cash and Bank balances                  | 15      | 2,223,531                 | 4,579,325                |
| d Short-term loans and advances           | 11      | 8,183,493                 | 2,333,664                |
| e Other current assets                    | 12      | <u>133,665</u>            | <u>20,139</u>            |
|   |         | 92,988,481                | 49,082,843               |
| <b>Total</b>                              |         | <u><u>107,383,523</u></u> | <u><u>58,553,401</u></u> |
| Significant accounting policies and notes | 1 to 35 | -                         | -                        |

The notes referred to above form an integral part of the financial statements

As per our report of even date  
For **BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Regn No.101048W

A.V.Suresh Director

ATUL MEHTA  
Partner  
Membership No.15935

R.S.Moorthy Director

Mumbai, Dated 24th April,2015.

**Statement of Profit and Loss for the year ended 31st March,2015.**

|   | Notes | For the year<br>ended 31 March<br>2015 | For the year<br>ended 31<br>March 2014 |
|---|-------|--|--|
| <b>Income</b>   |       |  |  |
| I Revenue from operation (gross)  | 16    | 206,869,902                            | 171,610,287                            |
| Less: Excise duty   |       | <u>2,806,647</u>                       | <u>2,540,940</u>                       |
| Revenue from operation (net)  |       | 204,063,255                            | 169,069,347                            |
| II Other income   | 17    | <u>435,012</u>                         | <u>164,078</u>                         |
| <b>III Total Revenue</b>  |       | 204,498,267                            | 169,233,425                            |
| <b>IV Expenses</b>  |       |  |  |
| Cost of materials consumed  | 18    | 179,440,089                            | 147,460,255                            |
| Changes in inventories of finished<br>goods,work in progress and stock-in-trade | 19    | (21,281)                               | 1,677,705                              |
| Employee benefit expense  | 20    | 15,060,973                             | 13,064,898                             |
| Other expenses  | 21    | 8,629,910                              | 10,099,364                             |
| Finance cost  | 22    | 3,001,921                              | 2,027,140                              |
| Depreciation and amortisation expense   | 23    | <u>(176,540)</u>                       | <u>1,142,663</u>                       |
| <b>Total Expenses</b>   |       | 205,935,072                            | 175,472,025                            |
| <b>Profit before tax</b>  |       | (1,436,805)                            | (6,238,600)                            |
| Tax expense   |       |  |  |
| Current tax   |       | -                                      | -                                      |
| Deferred tax  |       | 414,260                                | (169,751)                              |
| Prior Years' Tax Adjustments ( Net)   |       | -                                      | -                                      |
|   |       | <u>414,260</u>                         | <u>(169,751)</u>                       |
| <b>Profit/(Loss) for the year</b>   |       | <u>(1,851,065)</u>                     | <u>(6,068,849)</u>                     |
| <b>Earnings per equity share (₹)</b>  | 24    |  |  |
| Basic and Diluted-Par value of ₹ 10/- per share                                 |       | (37.02)                                | (121.38)                               |

Significant accounting policies and notes 1 to 35

The notes referred to above form an integral part of the financial statements

As per our report of even date  
For **BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Regn No.101048W

A.V.Suresh

Director

ATUL MEHTA  
Partner  
Membership No.15935

R.S.Moorthy

Director

Mumbai, Dated 24th April,2015.



## Cash Flow Statement for the Year ended 31 March, 2015

|   | 2014-15      |              | 2013-14      |             |
|---|--------------|--------------|--------------|-------------|
| <b>NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS</b>                         |              | (1,436,805)  |              | (6,238,600) |
| Adjusted For -  |              |              |              |             |
| Depreciation, amortisation and impairment                                     | (176,540)    |              | 1,142,663    |             |
| Unclaimed balances/ excess provision written back                             | -            |              | (13,197)     |             |
| Finance cost  | 3,001,921    |              | -            |             |
| Interest income   | (127,868)    |              | (137,058)    |             |
| Prior period adjustment   | (300,400)    |              | -            |             |
| Provision / write-off of doubtful debts, advances and other current assets    | -            |              | 169,310      |             |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>                        |              | 2,397,113    |              | 1,161,718   |
| <b>AND OTHER ADJUSTMENTS</b>  |              | 960,308      |              | (5,076,882) |
| Adjustments for (increase)/ decrease in operating assets:                     |              |              |              |             |
| Trade Receivables   | (42,385,454) |              | 18,932,837   |             |
| Inventories   | 2,087,377    |              | (1,572,049)  |             |
| Short Term Loans and advances   | (5,849,829)  |              | (935,224)    |             |
| Long -Term Loans and advances   | (4,882,945)  |              | 121,500      |             |
| Adjustments for increase/ (decrease) in operating liabilities:                |              |              |              |             |
| Short term borrowings   |              |              | (17,095,180) |             |
| Trade Payables  | 25,331,782   |              | 14,011,910   |             |
| Other current liabilities   | 582,225      |              | (2,087,921)  |             |
| Short Term Provisions   | (53,715)     |              | 198,289      |             |
| Long -Term Provisions   | 96,298       |              | (13,451)     |             |
|   | (25,074,261) |              | 11,560,711   |             |
| Cash generated from operations  |              | (24,113,953) |              | 6,483,829   |
| Direct Taxes Paid (net of refunds)  |              | (29,624)     |              | (2,129,845) |
| <b>(a) NET CASH FLOW FROM / (USED IN) OPERATION ACTIVITIES</b>                |              | (24,143,577) |              | 4,353,984   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES:</b>                                   |              |              |              |             |
| Purchase of Fixed Assets(including adjustment on account of capital advances) | (109,638)    |              | (462,697)    |             |
| Investment in other bank balances   | 10,564       |              | (89,882)     |             |
| Interest Received   | 14,342       |              | 116,919      |             |
| <b>(b) NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>                     |              | (84,732)     |              | (435,660)   |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                    |              |              |              |             |
| Buyback of Shares at premium  |              |              |              |             |
| Proceeds from long term borrowings  |              |              |              |             |
| Repayment of long term borrowings   |              |              |              |             |
| Net increase / (decrease) in working capital borrowings                       |              |              | -            |             |
| Proceeds from other short term borrowings                                     | 25,000,000   |              | -            |             |
| Repayment of other short term borrowings                                      |              |              | -            |             |
| Finance cost  | (3,001,921)  |              | -            |             |
| Dividend Paid ((including Dividend tax)                                       | -            |              | -            |             |
| <b>(c) NET CASH FROM/ (USED IN) FINANCING ACTIVITIES</b>                      |              | 21,998,079   |              | -           |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (a+b+c)</b>           |              | (2,230,230)  |              | 3,918,324   |



## Cash Flow Statement for the Year ended 31 March, 2015 (Contd.)

|   | 2014-15   |             | 2013-14   |           |
|---|-----------|-------------|-----------|-----------|
| <b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR, COMPRISING :</b> |           |             |           |           |
| Cash , Cheques on hand  | 96,636    |             | 19,481    |           |
| Balances with scheduled banks on Current accounts,                                | 3,973,253 | 4,069,889   | 132,084   | 151,565   |
| <b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR, COMPRISING :</b>          |           |             |           |           |
| Cash , Cheques on hand  | 110,194   |             | 96,636    |           |
| Balances with scheduled banks on Current accounts,                                | 1,729,465 | 1,839,659   | 3,973,253 | 4,069,889 |
| <b>NET INCREASE /(DECREASE) AS DISCLOSED ABOVE</b>                                |           | (2,230,230) |           | 3,918,324 |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 to 35

As per our report of even date  
For BATLIBOI & PUROHIT  
Chartered Accountants  
Firm Regn No. 101048W

A.V.Suresh

Director

ATUL MEHTA  
Partner  
Membership No.15935

R.S.Moorthy

Director

Mumbai, Dated 24th, April,2015.

Mumbai, Dated 24th, April,2015.



**Notes to the financial statements for the year ended 31st March,2015.**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation of Financial statement.**

**(i) Basis of Accounting**

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting standards specified under Section 133 of the Companies Act,2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act,2013 and other accounting pronouncements of the Institute of Chartered Accountants of India. The financial statements have been prepared under historical cost convention and on accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for change in the accounting policy for depreciation as mentioned in Note 28(i)

**(ii) Uses of Estimates**

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates

**(b) Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation/ amortisation. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

**(c) Depreciation and amortisation**

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in schedule II to the Companies Act, 2013.

Intangible assets ( Computer Software) is amortised over a period of 5 years.

**(d) Inventories**

Inventories are valued at cost or net realisable value, whichever is lower by using First In First Out (FIFO) method of valuation. Obsolete / Slow moving inventories are adequately provided for.

**(e) Revenue Recognition**

Revenue from sale of goods is recognised when risks and rewards of ownership are transferred to the buyer under the terms of the contract net of sales return, discounts, rebates and sales tax/ VAT. Erection & Commissioning revenue is recognised based on milestones as agreed in the contract and revenue is recognised net of tax.

Income from Services are recognised proportionately over the period in which services are rendered and recorded net of Service tax.

**(f) Foreign Currency**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies, which are outstanding as at the year end at closing exchange rate, are recognised in the statement of profit and loss. In the case of forward exchange contract, the premium or discount is recognised in the profit and loss account over the life of the contract.

**(g) Retirement Benefits**

Contributions are made to Provident fund on actual liability basis and Gratuity Fund on actuarial valuation basis. The Company provides for encashment of leave on the basis of actuarial valuation as per company policy.

**(h) Taxation**

Income Taxes are accounted for in accordance with Accounting Standard 22 "Accounting for Taxes on Income" notified under the Companies (Accounting Standard) Rules 2006. Income Tax comprises both current and deferred tax. Current tax is measured on the basis of estimated income and tax credits computed in accordance with the provisions of the Income Tax Act,1961. Deferred Tax is recognised on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**(i) Impairment of Assets**

An Asset is treated as impaired as and when the carrying cost of the asset exceeds its recoverable value. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cashflows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less cost of disposal. An impairment loss is charged off to the Profit and Loss account in the year in which the asset is identified and impaired. The impaired loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable value.

**(j) Provisions, Contingent Liabilities and Contingent Assets**

Provision involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

**(k) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss after tax for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year.



**Notes to the financial statements for the year ended 31st March,2015.**

|   |  | As at 31 March 2015 |                | As at 31 March 2014 |                |
|---|--|---------------------|----------------|---------------------|----------------|
|   |  | Number<br>of shares |                | Number of<br>shares |                |
| <b>2. Share Capital</b>                     |  |                     |                |                     |                |
| Authorised                                  |  |                     |                |                     |                |
| Equity shares of ` 10/ each *               |  | 50,000              | 500,000        | 50,000              | 500,000        |
|   |  | <u>50,000</u>       | <u>500,000</u> | <u>50,000</u>       | <u>500,000</u> |
| <b>Issued</b>                               |  |                     |                |                     |                |
| Equity shares of ` 10/ each fully paid up * |  |                     |                |                     |                |
| At the beginning of the year                |  | 50,000              | 500,000        | 50,000              | 500,000        |
| Add: Issued during the year                 |  | -                   | -              | -                   | -              |
| Less: Bought back during the year           |  | -                   | -              | -                   | -              |
| At the end of the year                      |  | <u>50,000</u>       | <u>500,000</u> | <u>50,000</u>       | <u>500,000</u> |
| <b>Subscribed</b>                           |  |                     |                |                     |                |
| Equity shares of ` 10/ each fully paid up * |  |                     |                |                     |                |
| At the beginning of the year                |  | 50,000              | 500,000        | 50,000              | 500,000        |
| Add: Issued during the year                 |  | -                   | -              | -                   | -              |
| Less: Bought back during the year           |  | -                   | -              | -                   | -              |
| At the end of the year                      |  | <u>50,000</u>       | <u>500,000</u> | <u>50,000</u>       | <u>500,000</u> |
| <b>Fully Paid up</b>                        |  |                     |                |                     |                |
| Equity shares of ` 10/ each fully paid up * |  |                     |                |                     |                |
| At the beginning of the year                |  | 50,000              | 500,000        | 50,000              | 500,000        |
| Add: Issued during the year                 |  | -                   | -              | -                   | -              |
| Less: Bought back during the year           |  | -                   | -              | -                   | -              |
| At the end of the year                      |  | <u>50,000</u>       | <u>500,000</u> | <u>50,000</u>       | <u>500,000</u> |

\* Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders. During the year ended 31st March,2014, the company has not declared any dividend(Previous year

**Details of shareholders holding more than 5% shares of the Company**

|  |                    | As at 31 March 2015 |           | As at 31 March 2014 |           |
|--|--------------------|---------------------|-----------|---------------------|-----------|
|  |                    | Number<br>of shares | % holding | Number of<br>shares | % holding |
| Equity shares of ` 10/- each fully paid up held by |                    |                     |           |                     |           |
| Eureka Forbes Limited                              | Holding<br>company | 50,000              | 100       | 50,000              | 100       |



## Waterwings Equipments Pvt Ltd.

### Notes to the financial statements for the year ended 31st March,2015.

|  | As at 31<br>March 2015 | As at 31<br>March 2014 |
|--|------------------------|------------------------|
| <b>3. Reserves and surplus</b>   |                        |                        |
| <b>GENERAL RESERVE</b>   |                        |                        |
| At the beginning of the year   | 9,700,000              | 9,700,000              |
| Add: Transferred from surplus balance in the statement of profit and loss  | -                      | -                      |
| At the end of the year   | <u>9700000</u>         | <u>9,700,000</u>       |
| <b>(Deficit)/ surplus in the Statement of Profit and Loss</b>  |                        |                        |
| Balance at the beginning of the year   | (5,419,481)            | 649,368                |
| Add/ (less): Profit/ (loss) for the year   | (1,851,065)            | (6,068,849)            |
| Less: Depreciation on Transition to Schedule II of the Companies Act 2013 on tangible fixed assets with nil remaining useful life( Net of Deferred tax) (Refer Note 28 (ii)) | 82,269                 |                        |
| Balance at the end of the year   | <u>(7,352,815)</u>     | <u>(5,419,481)</u>     |
| <b>Total</b>   | <u>2347185</u>         | <u>4,280,519</u>       |



## Waterwings Equipments Pvt Ltd.

### Notes to the financial statements for the year ended 31st March,2015.

|  | Long-term                 |                           | Current                |                        |
|--|---------------------------|---------------------------|------------------------|------------------------|
|  | As at 31<br>March<br>2015 | As at 31<br>March<br>2014 | As at 31<br>March 2015 | As at 31<br>March 2014 |
| <b>4. Other liabilities</b>  |                           |                           |                        |                        |
| Income received in advance - AMC   | -                         | -                         | 69,090                 | 9,549                  |
| Statutory liabilities(Contributions to PF,Pension,<br>ESIC,withholding Taxes,VAT etc.) | -                         | -                         | 556,672                | 310,365                |
| employee dues  | -                         | -                         | 559,374                | 617,500                |
| Other payables :   |                           |                           |                        |                        |
| due to Related Party   |                           |                           | 7332                   | -                      |
| due to Others  |                           |                           | 534,341                | 207,170                |
| <b>Total</b>   | <b>-</b>                  | <b>-</b>                  | <b>1,726,809</b>       | <b>1,144,584</b>       |



## Waterwings Equipments Pvt Ltd.

### Notes to the financial statements for the year ended 31st March,2015.

|  | Long-term              |                           | Short-term             |                        |
|--|------------------------|---------------------------|------------------------|------------------------|
|  | As at 31<br>March 2015 | As at 31<br>March<br>2014 | As at 31<br>March 2015 | As at 31<br>March 2014 |
| <b>5 Provisions</b>                    |                        |                           |                        |                        |
| <b>Provision for employee benefits</b> |                        |                           |                        |                        |
| Leave encashment (refer note 27)       | 123,939                | 27,641                    | 46917                  | 223,453.00             |
| <b>Other provisions</b>                |                        |                           |                        |                        |
| Warranty                               | -                      | -                         | 697,657                | 574,836                |
|  | <u>-</u>               | <u>-</u>                  | <u>697,657</u>         | <u>574,836</u>         |
| <b>Total</b>                           | <u>123,939</u>         | <u>27,641</u>             | <u>744,574</u>         | <u>798,289</u>         |

#### Provision for Warranties \*

\* The company 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 and determined based on past experience where no reimbursements are expected. The Table given below gives information about movement in warranty provisions.

|  | As at 31<br>March 2015 | As at 31<br>March 2014 |
|--|------------------------|------------------------|
| At the beginning of the year           | 574,836                | 600,000                |
| Additions during the year              | 697,657                | 574,836                |
| Utilization during the year            | (136,271)              | (123,312)              |
| Unused amount reversed during the year | <u>(438,565)</u>       | <u>(476,688)</u>       |
| At the end of the year                 | <u>697,657</u>         | <u>574,836</u>         |



## Waterwings Equipments Pvt Ltd.

Notes to the financial statements for the year ended 31st March,2015.

|  | Long-term                 |                           | Current                |                        |
|--|---------------------------|---------------------------|------------------------|------------------------|
|  | As at 31<br>March<br>2015 | As at 31<br>March<br>2014 | As at 31<br>March 2015 | As at 31<br>March 2014 |
| <b>6. Trade Payables</b>                       |                           |                           |                        |                        |
| Due to Micro, Medium and Small Enterprises     | -                         | -                         | 6,166,524              | -                      |
| Due to Others (including acceptances)          | -                         | -                         | 70,667,226             | 51,770,487             |
| Due to related parties (including acceptances) | -                         | -                         | -                      | 31,881                 |
| <b>Total</b>                                   | <b>-</b>                  | <b>-</b>                  | <b>76,833,750</b>      | <b>51,802,368</b>      |

There is no interest due to Micro, Small & Medium enterprises. This information has been determined to the extent such parties have been identified on the basis of information available with the company.



Waterwings Equipments Pvt Ltd.

**Notes to the financial statements for the year ended 31st March,2015.**

|   | Secured/<br>unsecured | As at 31<br>March 2015 | As at 31<br>March<br>2014 |
|---|-----------------------|------------------------|---------------------------|
| <b>7. Short-term borrowings</b>           |                       |                        |                           |
| Intercompany deposit from related parties | Unsecured             | 25,000,000             | -                         |
| <b>Total</b>                              |                       | <u>25,000,000</u>      | <u>-</u>                  |

**Notes to the financial statements for the year ended 31st March,2015.**
**8. Tangible Assets**

| <b>Gross block at Cost</b> | Furniture and fixtures  | Vehicles                | Computers               | Electrical Installation# | Office Equipments #   | Total                   |
|----------------------------|-------------------------|-------------------------|-------------------------|--------------------------|-----------------------|-------------------------|
| As At 1 April 2013         | 2,254,648               | 1,088,199               | 851,939                 | 794,904                  | 628,227               | 5,617,917               |
| Additions                  | 202,853                 | -                       | 124,912                 | 59,697                   | 61,585                | 449,047                 |
| Deletions                  | -                       | -                       | -                       | -                        | -                     | -                       |
| As At 31st March 2014      | 2,457,501               | 1,088,199               | 976,851                 | 854,601                  | 689,812               | 6,066,964               |
| Additions                  | -                       | -                       | 56,238                  | -                        | 53,400                | 109,638                 |
| Deletions                  | -                       | -                       | -                       | -                        | -                     | -                       |
| As at 31 March 2015        | <u><b>2,457,501</b></u> | <u><b>1,088,199</b></u> | <u><b>1,033,089</b></u> | <u><b>854,601</b></u>    | <u><b>743,212</b></u> | <u><b>6,176,602</b></u> |

**Depreciation**

|                             |                       |                       |                       |                       |                       |                         |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| As At 1 April 2013          | 344,460               | 151,288               | 538,238               | 103,088               | 149,986               | 1,287,060               |
| Charge for the year         | 375,368               | 242,566               | 151,284               | 103,331               | 73,003                | 945,552                 |
| Deletions                   | -                     | -                     | -                     | -                     | -                     | -                       |
| As At 31st March 2014       | 719,828               | 393,854               | 689,522               | 206,419               | 222,989               | 2,232,612               |
| Depreciation written back * | (443,910)             | (234,962)             | (187,700)             | (130,786)             | (130,883)             | (1,128,241)             |
| Charge for the year         | 250,549               | 135,370               | 257,633               | 90,749                | 228,771               | 963,072                 |
| Deletions                   | -                     | -                     | -                     | -                     | -                     | -                       |
| Transition adjustment @     | -                     | -                     | 78,904.00             | -                     | 40,154.00             | 119,058                 |
| As at 31 March 2015         | <u><b>526,467</b></u> | <u><b>294,262</b></u> | <u><b>838,359</b></u> | <u><b>166,382</b></u> | <u><b>361,030</b></u> | <u><b>2,186,500</b></u> |

**Net Block**

|                            |                         |                       |                       |                       |                       |                         |
|----------------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| <b>As at 31 March 2014</b> | <u><b>1,737,673</b></u> | <u><b>694,345</b></u> | <u><b>287,329</b></u> | <u><b>648,182</b></u> | <u><b>466,823</b></u> | <u><b>3,834,352</b></u> |
| <b>As at 31 March 2015</b> | <u><b>1,931,034</b></u> | <u><b>793,937</b></u> | <u><b>194,730</b></u> | <u><b>688,219</b></u> | <u><b>382,182</b></u> | <u><b>3,990,102</b></u> |

\* on account of change in the accounting policy (refer note 28 (i))

@ adjusted against the opening surplus balance (refer note 28(ii))

# Based on the life of the asset the Plant and Machinery figures have been bifurcated under the head Electrical Installations

**Notes to the financial statements for the year ended 31st March,2015.**
**9. Intangible Assets**

| <b>Gross Block</b>          | Computer Software     | Total                 |
|-----------------------------|-----------------------|-----------------------|
| As At 1 April 2013          | 813,582               | <b>813,582</b>        |
| Additions                   | 13,650                | <b>13,650</b>         |
| As At 31 March 2014         | 827,232               | 827,232               |
| Additions                   | -                     | -                     |
| As at 31 March 2015         | <u>827,232</u>        | <u><b>827,232</b></u> |
| <b>Depreciation</b>         |                       |                       |
| As At 1 April 2013          | 234,418               | 234,418               |
| Charge for the year         | 197,111               | 197,111               |
| As at 31 March 2014         | 431,529               | 431,529               |
| Depreciation written back * | (139,885)             | (139,885)             |
| Charge for the year         | 128,515               | 128,515               |
| Deletions                   | -                     | -                     |
| As at 31 March 2015         | <u>420,159</u>        | <u><b>420,159</b></u> |
| <b>Net Block</b>            |                       |                       |
| As at 31 March 2014         | <u>395,703</u>        | <u><b>395,703</b></u> |
| As at 31 March 2015         | <u><b>407,073</b></u> | <u><b>407,073</b></u> |



Notes to the financial statements for the year ended 31st March,2015.

|   | As at 31<br>March 2015 | As at 31<br>March 2014 |
|---|------------------------|------------------------|
| <b>10. Deferred tax assets</b>  |                        |                        |
| Deferred tax asset :  |                        |                        |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 52,795                 | 158,273                |
| Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.     | 36,789                 | 111,932                |
| Gross deferred tax asset  | <u>89,584</u>          | <u>270,205</u>         |
| Deferred tax liability:   |                        |                        |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis |                        | -                      |
| Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting.     | 196,849                | -                      |
| Gross deferred tax liability  | <u>196,849</u>         | <u>-</u>               |
| <b>Net deferred tax asset / (liability)</b>   | <u>(107,266)</u>       | <u>270,205</u>         |

**Notes to the financial statements for the year ended 31st March,2015.**

|  | <b>Long-term</b>       |                        | <b>Short-term</b>      |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | As at 31<br>March 2015 | As at 31<br>March 2014 | As at 31<br>March 2015 | As at 31<br>March 2014 |
|  | ,                      | ,                      | ,                      | ,                      |
| <b>11. Loans and Advances</b>                      |                        |                        |                        |                        |
| <b>Security deposits</b>                           |                        |                        |                        |                        |
| Unsecured, considered good                         | 1,091,850              | 1,271,850              | 120,000                | -                      |
|  | <u>1,091,850</u>       | <u>1,271,850</u>       | <u>120,000</u>         | <u>-</u>               |
| Less: Provision for doubtful security deposits     |                        |                        |                        |                        |
|  | <u>1,091,850</u>       | <u>1,271,850</u>       | <u>120,000</u>         | <u>-</u>               |
| <b>Other loans and advances</b>                    |                        |                        |                        |                        |
| Unsecured considered good, unless stated otherwise |                        |                        |                        |                        |
| Loans to employees                                 | -                      | -                      | 19,329                 | 147,499                |
| Balance with statutory/ government authorities     | 5,062,945              | -                      | 5,527,355              | 1,704,322              |
| Prepaid expenses                                   | -                      | -                      | 235,910                | 247,899                |
| Advance income-tax (Net of provision of taxation)  | 2,856,100              | 2,826,476              | -                      | -                      |
| Advances recoverable in cash or kind               | -                      | -                      | 2,280,899              | 233,944                |
|  | <u>7,919,045</u>       | <u>2,826,476</u>       | <u>8,063,493</u>       | <u>2,333,664</u>       |
| <b>Total</b>                                       | <u>9,010,895</u>       | <u>4,098,326</u>       | <u>8,183,493</u>       | <u>2,333,664</u>       |



## Waterwings Equipments Pvt Ltd.

### Notes to the financial statements for the year ended 31st March,2015.

|  | Non Current            |                   | Current           |                   |
|--|------------------------|-------------------|-------------------|-------------------|
|  | As at 31<br>March 2015 | As at 31<br>March | As at 31<br>March | As at 31<br>March |
| <b>12. Other assets</b>  |                        |                   |                   |                   |
| Unsecured considered good, unless otherwise stated                       |                        |                   |                   |                   |
| Interest accrued on fixed deposits                                       | -                      | -                 | 133,665           | 20,139            |
| Bank deposit with original maturity of more than<br>12 months (Note 15 ) | 986,972                | 871,972           | -                 | -                 |
|  | <u>986,972</u>         | <u>871,972</u>    | <u>133,665</u>    | <u>20,139</u>     |



## Waterwings Equipments Pvt Ltd.

### Notes to the financial statements for the year ended 31st March,2015.

|  | As at 31<br>March 2015 | As at 31<br>March 2014 |
|--|------------------------|------------------------|
|--|------------------------|------------------------|

#### 13. Inventories

|                       |                  |                   |
|-----------------------|------------------|-------------------|
| Raw Material & Spares | 5,399,057        | 7,507,715         |
| Work in Progress      | <u>3,736,898</u> | <u>3,715,617</u>  |
|                       | <u>9,135,955</u> | <u>11,223,332</u> |



## Waterwings Equipments Pvt Ltd.

Notes to the financial statements for the year ended 31st March,2015.

|  | Non Current            |                        | Current                |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | As at 31<br>March 2015 | As at 31<br>March 2014 | As at 31<br>March 2015 | As at 31<br>March 2014 |
| <b>14. Trade receivables</b>   |                        |                        |                        |                        |
| Debts outstanding for a period exceeding six months from the date they are due for payment |                        |                        |                        |                        |
| Secured, considered good   | -                      | -                      | -                      | -                      |
| Unsecured, considered good   | -                      | -                      | 4,298,723              | 1,815,433              |
| Debts due from related parties, unsecured  |                        |                        | 310,184                | -                      |
| Unsecured, considered doubtful   |                        |                        |                        |                        |
|  | <u>-</u>               | <u>-</u>               | <u>4,608,907</u>       | <u>1,815,433</u>       |
| Less: Provision for doubtful debts   |                        |                        |                        |                        |
|  | <u>-</u>               | <u>-</u>               | <u>4,608,907</u>       | <u>1,815,433</u>       |
| Other debts  |                        |                        |                        |                        |
| Unsecured, considered good   | -                      | -                      | 1,863,923              | 2,977,630              |
| Debts due from related parties, unsecured  | -                      | -                      | 66,839,007             | 26,133,320             |
|  | <u>-</u>               | <u>-</u>               | <u>68,702,930</u>      | <u>29,110,950</u>      |
| Total  | <u>-</u>               | <u>-</u>               | <u>73,311,837</u>      | <u>30,926,383</u>      |

\* Trade Receivable includes Rs.55,66,565/- (Previous Year Rs.77,47,771/-) due from a private company (Radiant Energy Systems Pvt Ltd.) in which a Director of the company is a Director.



**Notes to the financial statements for the year ended 31st March,2015.**

|   | <b>Non Current</b>     |                        | <b>Current</b>         |                        |
|---|------------------------|------------------------|------------------------|------------------------|
|   | As at 31<br>March 2015 | As at 31<br>March 2014 | As at 31<br>March 2015 | As at 31<br>March 2014 |
| <b>15. Cash and bank balances</b>                   |                        |                        |                        |                        |
| <b>Cash and cash equivalents</b>                    |                        |                        |                        |                        |
| <b>Balance with banks in</b>                        |                        |                        |                        |                        |
| Current accounts                                    | -                      | -                      | 1,729,465              | 3,973,253              |
| Cash on hand  | -                      | -                      | 110,194                | 96,636                 |
|   | <u>-</u>               | <u>-</u>               | <u>1,839,659</u>       | <u>4,069,889</u>       |
| <b>Other bank balances</b>                          |                        |                        |                        |                        |
| Balance with banks as margin money deposit          | 986,972                | 871,972                | 383,872                | 509,436.00             |
| Amount disclosed under non-current assets (note 12) | (986,972)              | (871,972)              | -                      | -                      |
| <b>Total</b>  | <u>-</u>               | <u>-</u>               | <u>2,223,531</u>       | <u>4,579,325</u>       |

**Notes to the financial statements for the year ended 31st March,2015.**

|                                       | As at 31 March<br>2015 | As at 31 March<br>2014 |
|---------------------------------------|------------------------|------------------------|
| <b>16. Revenue from operation</b>     |                        |                        |
| Sale of products *                    |                        |                        |
| Finished Goods                        | 205,787,173            | 170,499,895            |
| Sale of services **                   | 1,082,729              | 1,110,392              |
| Revenue from operations(Gross)        | 206,869,902            | 171,610,287            |
| Less: Excise Duty                     | 2,806,647              | 2,540,940              |
| Revenue from operations(Net)          | <u>204,063,255</u>     | <u>169,069,347</u>     |
| <br>* <u>Sale of products</u>         |                        |                        |
| Water & Waste Water Treatment Plants: |                        |                        |
| Finished Goods                        | 186,583,709            | 156,318,548            |
| Components and Spares                 | 16,396,817             | 11,640,407             |
|                                       | <u>202,980,526</u>     | <u>167,958,955</u>     |
| <br>** <u>Sale of services</u>        |                        |                        |
| Erection & Commissioning              | 1,082,729              | 1,110,392              |
|                                       | <u>1,082,729</u>       | <u>1,110,392</u>       |
| <br><b>17. Other Income</b>           |                        |                        |
| Interest income on :                  |                        |                        |
| Bank deposits                         | 127,868                | 137,058                |
| Credit balances written back          | 400                    | 13,197                 |
| Excess Provision Written back         | 300,000                | -                      |
| Exchange difference (net)             | 6,744                  | 13,823                 |
|                                       | <u>435,012</u>         | <u>164,078</u>         |

**Notes to the financial statements for the year ended 31st March,2015.**

|   | As at 31<br>March 2015 | As at 31 March<br>2014 |
|---|------------------------|------------------------|
| <b>18. Cost of Raw Material and Components consumed</b>   |                        |                        |
| Inventory at the Beginning of the Year                    | 7,507,715              | 4,257,961              |
| Add:- Purchases   | 177,331,431            | 150,710,009            |
|   | 184,839,146            | 154,967,970            |
| Less:- Inventory at the End of the Year                   | 5,399,057              | 7,507,715              |
| Cost of Raw Material & Components consumed                | 179,440,089            | 147,460,255            |
| <i>Details of Raw Material &amp; Components Consumed:</i> |                        |                        |
| Pump  | 22,906,432             | 23,010,916             |
| Membrane/RO Packages                                      | 15,598,679             | 73,280,517             |
| FRP Vessels/MS Vessels                                    | 14,427,046             | 13,947,886             |
| Valves(all types)   | 8,075,404              | 3,274,078              |
| Resins  | 2,529,580              | 3,630,610              |
| Other Fabricated Components                               | 115,902,948            | 30,316,248             |
|   | 179,440,089            | 147,460,255            |
| <b>19. Changes in inventories of work in Progress</b>     |                        |                        |
| Work In Progress at the beginning of the year             | 3,715,617              | 5,393,322              |
|   | 3,715,617              | 5,393,322              |
| Work In Progress at the end of the year                   | 3,736,898              | 3,715,617              |
| Net (increase) /decrease                                  | (21,281)               | 1,677,705              |

**Notes to the financial statements for the year ended 31st March,2015.**

|   | As at 31<br>March 2015 | As at 31<br>March 2014 |
|---|------------------------|------------------------|
| <b>20. Employee benefit expense</b>   |                        |                        |
| Salaries, wages and bonus   | 14,509,821             | 12,526,431             |
| Contribution to provident and other fund  | 476,171                | 443,916                |
| Staff welfare expense   | 74,981                 | 94,551                 |
|   | <u>15,060,973</u>      | <u>13,064,898</u>      |
| <b>21. Other expenses</b>   |                        |                        |
| Electricity   | 33,336                 | 197,979                |
| Rent  | 1,453,032              | 1,427,733              |
| Repairs and Maintenance :   |                        |                        |
| Others  | 80,436                 | 193,844                |
| Insurance   | 247,656                | 262,555                |
| Advertisement   | -                      | 18,500                 |
| Freight, Forwarding and Delivery  | 2,253,403              | 2,458,596              |
| Payment to Auditors (Refer details Below)   | 172,684                | 167,771                |
| Printing and Stationery   | 61,487                 | 238,868                |
| Communication cost  | 929,302                | 693,654                |
| Travelling and Conveyance   | 1,624,921              | 1,652,682              |
| Legal and Professional Fees   | 583,277                | 656,454                |
| Vehicle Running Expenses  | 40,040                 | 43,533                 |
| Rates and taxes, excluding taxes on income  | 181,599                | 465,170                |
| warranty cost   | 122,821                | 574,836                |
| Other Establishment Expenses  | 815,916                | 853,879                |
| Directors' Sitting Fees   | 30,000                 | 24,000                 |
| Bad Debts/Advances Written-Off  | -                      | 169,310                |
|   | <u>8,629,910</u>       | <u>10,099,364</u>      |
| Payment to auditors   |                        |                        |
| As auditor  |                        |                        |
| Audit fee   | 100,000                | 100,000                |
| Tax audit fee   | 30,000                 | 30,000                 |
| For other services  | 27,500                 | 20,000                 |
| For reimbursement of expenses   | 15,184                 | 17,771                 |
|   | <u>172,684</u>         | <u>167,771</u>         |
| <b>22. Finance cost</b>   |                        |                        |
| Interest expense  | 3,001,921              | 1,557,890              |
| Other borrowing cost  | -                      | 469,250                |
|   | <u>3,001,921</u>       | <u>2,027,140</u>       |
| <b>23. Depreciation and amortisation expense</b>  |                        |                        |
| Depreciation on tangible assets   | 963,072                | 945,552                |
| Amortization on intangible assets   | 128,515                | 197,111                |
| Charge for the year   | 1,091,586              | 1,142,663              |
| Less: Depreciation on tangible/ intangible assets written back on change in accounting policy.(refer note ) | 1,268,126              | -                      |
|   | <u>(176,540)</u>       | <u>1,142,663</u>       |
| <b>24 Earnings per equity share</b>   |                        |                        |
| Number of Equity Shares   | 50,000                 | 50,000                 |
| Weighted average number of equity shares  | 50,000                 | 50,000                 |
| Face Value per share  | 10                     | 10                     |
| Profit/(loss) After Tax available to Equity Shareholders  | (1,851,065)            | (6,068,849)            |
| Basic and Diluted Earning Per Share   | (37.02)                | (121.38)               |

**Notes to the financial statements for the year ended 31 March 2015.**

25 Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs. Nil (*previous year Rs.Nil*).

26 Contingent liabilities and commitments (to the extent not provided for)

(i) Contingent Liabilities :

(a) Bank Guarantees issued on behalf of the Company :- Nil (*previous year Rs.Nil*)

(b) Disputed Sales tax Demand:- Rs. Nil (*previous year Rs.11,40,450/- (VAT) & Rs.152,797/- (CST)*)

(ii) Commitments - performance guarantee Rs.Nil (*previous year Rs.Nil*)

27 The disclosures required under Accounting Standard 15 "Employee Benefits notified in the Companies (Accounting Standards) Rules 2006", are given below :

**Defined Contribution Plan**

Contribution to Defined Contribution Plans, recognised as expense for the year is as under.

|  | <b>2014-15</b> | <b>2013-14</b> |
|--|----------------|----------------|
| Amount recognised as expense and included in note no. 20 as contribution to provident and other funds. | 476,171        | 443,916        |

**Defined Benefit Plan**

The company has a defined benefit gratuity for employees who have completed minimum 5 years of service. The scheme is funded with Life Insurance Corporation (LIC).

|  | Gratuity<br>(Funded) | 2014-15<br>Leave Encashment | 2013-14<br>Gratuity<br>(Funded) |
|--|----------------------|-----------------------------|---------------------------------|
|  | Rs.                  | Rs.                         | Rs.                             |
| <b>a. Change in benefit obligations</b>  |                      |                             |                                 |
| Defined benefit obligation at the  | 208,509              | 251,094                     | 221,793                         |
| Current Service cost   | 59,839               | 54,313                      | 66,418                          |
| Interest cost  | 19,412               | 23,377                      | 17,743                          |
| Actuarial (gain)/loss on obligations -Due to change in financial assumptions                     | 47,495               | 29,623                      | 14,479                          |
| Actuarial (gain)/loss on obligations-Due to experience   | (13,778)             | 63,543                      | -                               |
| Benefit paid   | (47,538)             | (251,094)                   | (111,924)                       |
| Defined benefit obligation at the end of the year  | <b>273,939</b>       | <b>170,856</b>              | <b>208,509</b>                  |
| <b>b Change in fair value of Plan Assets</b>   |                      |                             |                                 |
| Fair value of Plan Assets at the   | 315,074              |                             | 263,722                         |
| Expected return on Plan Assets   | 27,411               |                             | 22,944                          |
| Employer Contribution  | 49,923               |                             | 163,276                         |
| Benefit paid   | (47,538)             |                             | (111,924)                       |
| Actuarial gain/(loss) on Plan Assets   | -                    |                             | -                               |
| Total Actuarial gain / (loss) to be  | 31,839               |                             | (22,944)                        |
| Fair value of Plan Assets at year end  | <b>376,709</b>       |                             | <b>315,074</b>                  |
| <b>c Expenses recognised during the year (under the head Employee Benefit Expense - Note 20)</b> |                      |                             |                                 |
| Current Service cost   | 59,839               | 54,313                      | 66,418                          |
| Net Interest Cost  | (7,999)              | 23,377                      | 17,743                          |
| Expected Returns on Plan Assets  | -                    |                             | (22,944)                        |
| Actuarial Gain or Loss   | 1,878                | 93,166                      | 37,423                          |
| Expense Recognised in the Profit   | <b>53,718</b>        | <b>170,856</b>              | <b>98,640</b>                   |
| <b>d Category of Assets as on 31.03.2015.</b>  |                      |                             |                                 |
| Insurer managed Funds  | 376,709              |                             | 315,074                         |
| Others   | Nil                  |                             | Nil                             |
| Total Investments  | 376,709              |                             | 315,074                         |
| <b>e Balance Sheet Reconciliation</b>  |                      |                             |                                 |
| Defined benefit obligation at the end of the year  | 273,939              |                             | 208,509                         |
| Fair value of planned assets at the end of the year  | 376,709              |                             | 315,074                         |
| Net Liability(Asset) Recognised in the Balance Sheet   | (102,770)            |                             | (106,565)                       |

**f Assumptions used in the accounting for defined**

|                               |       |       |       |
|-------------------------------|-------|-------|-------|
| Discount Rate                 | 8.03% | 8.03% | 9.31% |
| Salary Escalation Rate        | 5.00% |       | 5.00% |
| Rate of return on plan assets | 8.03% |       | 8.70% |

**g Experience Adjustment**

|   |          |        |   |
|---|----------|--------|---|
| Actuarial (Gains)/Losses on Obligations - Due to Experience | (13,778) | 63,543 | - |
| Actuarial Gains/(Losses) on Plan Assets - Due to Experience | 31,839   | -      | - |

The estimates for rate of escalation in salary considered in the actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

**Additional information to the financial statements**

- 28 (i) During the current year, the Company has revised its accounting policy in respect of depreciation method of its fixed assets where depreciation was provided in the previous years under the 'written down value method'. Based on an evaluation carried out by the management in the current year, fixed assets are now being depreciated on 'straight line method' over the expected useful life of the fixed assets as against written down value method. This change in accounting policy has been made as it would result in a more appropriate presentation of the financial statements. As a result of this change, depreciation has been calculated retrospectively on straight line method and accordingly the Company has recorded reversal of depreciation expense amounting to Rs.12,68,126/- pertaining to previous years in the current year's Statement of Profit & Loss. Further, assets individually costing Rs. 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets.
- (ii) Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets (determined after considering the change in the method of depreciation from WDV to SLM), after retaining the residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs. 82,269/- (net of deferred tax of Rs. 36,789/-) against the opening Surplus balance in the balance sheet under Reserves and Surplus.
- (iii) The depreciation expense in the Statement of Profit and Loss for the year is lower by Rs.4,63,058/- consequent to the above change in the method of depreciation.
- 29 The Company is primarily engaged in business of water and waste water treatment equipments, plants, and its components and spares. As the basic nature of these activities are governed by the same set of risk and returns, these have been grouped as single segment as per accounting standard 17 dealing with "Segment Reporting" issued by the Institute of Chartered Accountants of India.
- 30 As required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the list of related parties and their transactions is attached.
- 31 The company has taken commercial premises under cancelable operating lease. Lease rental expenses included in the statement of profit and loss for the year is Rs. 14,53,032/- (Previous Year Rs. 14,27,733/-). None of the lease agreement entered into by the Company contain a clause on contingent rent. The agreements contain escalation clause, however there are no terms for purchase option or any restriction such as those concerning dividend and additional debts.
- 32 Details of imported and indigenous raw materials, consumables and packaging material consumed during the financial year.

| Particulars  | Year ended 31.03.2015 |                        | Year ended 31.03.2014 |                        |
|--------------|-----------------------|------------------------|-----------------------|------------------------|
|              | Value                 | % of total consumption | Value                 | % of total consumption |
| Imported     | 1,462,308             | 0.81%                  | -                     | -                      |
| Indigenous   | 177,977,781           | 99.19%                 | 147,460,255           | 100.00%                |
| <b>Total</b> | <b>179,440,089</b>    | <b>100.00%</b>         | <b>147,460,255</b>    | <b>100.00%</b>         |

**Waterwings Equipments Private Limited**
**33 Value of Imports on CIF Basis**

| Particulars  | Year ended 31.03.2015 | Year ended 31.03.2014 |
|--------------|-----------------------|-----------------------|
| Raw Material | 1,576,512             | -                     |

- 34 Forbes Enviro Solutions Limited (fellow subsidiary) has made an application, in the matter of Sections 391 to 394 of the Companies Act, 1956 for the Scheme of Amalgamation of Waterwings Equipment Pvt. Ltd. into Forbes Enviro Solutions Limited to the Hon'ble High Court, Mumbai on 30th January 2013. The process for the amalgamation is expected to be completed during the financial year 2015-16.

- 35 Figures of previous year have been re-grouped wherever necessary.

As per our report of even date

**For BATLIBOI & PUROHIT**

Chartered Accountants  
Firm Regn No. 101048W

A.V.Suresh Director

**ATUL MEHTA**

Partner  
Membership No. 15935

R.S.Moorthy Director

Mumbai, Dated 24th April, 2015.

Mumbai, Dated 24th April, 2015.