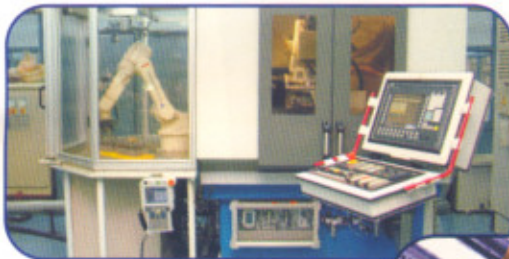




Since 1767, A tradition of excellence



DIRECTORS:	PALLONJI S. MISTRY	<i>Chairman Emeritus</i>
	SHAPOOR P. MISTRY	<i>Chairman</i>
	ASHOK BARAT	<i>Managing Director</i>
	CYRUS P. MISTRY	
	D. B. ENGINEER	
	D. S. SOMAN	
	N. D. KHURODY	
	R. N. JHA	
	S. L. GOKLANEY	
	T. R. DOONGAJI	
SECRETARY:	A. T. SHAH	<i>Company Secretary</i>
MANAGEMENT:	ASHOK BARAT	<i>Managing Director</i>
	AMIT MITTAL	<i>Director (Finance)</i>
	C. A. KARNIK	<i>Director (Human Resources)</i>
	DILIP SANGLE <i>(from 12.10.2009)</i>	<i>Director (Engineering)</i>
	SANJIV VAIDYA <i>(from 11.03.2010)</i>	<i>Director (Shipping & Logistics)</i>
AUDITORS:	MESSRS. DELOITTE HASKINS AND SELLS	
SOLICITORS AND ADVOCATES:	MESSRS. CRAWFORD BAYLEY & CO.	
BANKERS:	IDBI BANK LIMITED	
	PUNJAB NATIONAL BANK	
	STANDARD CHARTERED BANK	



**REGISTRARS AND SHARE
TRANSFER AGENTS:**

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

FACTORIES:

MAHARASHTRA

AURANGABAD

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

MUMBAI

CHANDIVALI ESTATE,
SAKI POWAI ROAD,
MUMBAI 400 072

THANE

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

CONTAINER FREIGHT STATIONS:

MAHARASHTRA

NHAVA SHEVA

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

GUJARAT

MUNDRA

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

REGISTERED OFFICE:

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

NINETY-FIRST ANNUAL REPORT 2009-2010

CONTENTS	Pages
Notice	4-7
Directors' Report and Annexures	8-14
Corporate Governance	15-25
Summarised Balance Sheets 1990-91 to 2009-2010	26
Summarised Profit and Loss Accounts 1990-91 to 2009-2010	27
Auditors' Report	28-31
Balance Sheet	32
Profit and Loss Account	33-34
Cash Flow Statement	35-36
Schedule 1 – Share Capital	37
Schedule 2 – Reserves and Surplus	38
Schedule 3 – Secured Loans	38-39
Schedule 4 – Unsecured Loans	39
Schedule 5 – Fixed Assets	40
Schedule 6 – Investments	41-42
Schedule 7 – Current Assets, Loans and Advances	43-44
Schedule 8 – Current Liabilities and Provisions	45
Schedule 9 – Voluntary Retirement Compensation	45
Schedule 10 – Manufacturing, Trading and other Expenses	46-47
Schedule 11 – Notes to the Accounts	48-78
Balance Sheet Abstract and Company's General Business Profile	79
Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies	80-81
Additional information on the Subsidiary Companies	82-83
Additional disclosure as required by the amended Clause 32 of the listing agreement with Stock Exchange	84
Consolidated Financial Statements for the year ended 31 March 2010	85-128

**Annual General Meeting will be held on Wednesday, 22nd September, 2010
at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building,
4th Floor, IMC Marg, Churchgate, Mumbai 400 020**

NOTICE

NOTICE is hereby given that the NINETY-FIRST ANNUAL GENERAL MEETING of the shareholders of FORBES & COMPANY LIMITED will be held at Indian Merchants' Chambers, Walchand Hirachand Hall, IMC Building, 4th floor, Churchgate, Mumbai 400020 on Wednesday, the 22nd September, 2010 at 4.00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Pallonji S. Mistry who retires by rotation and is eligible for re-appointment.
3. Mr. D. S. Soman who retires by rotation is not seeking re-appointment and the vacancy would be filled by the Board of Directors.
4. To appoint a Director in place of Mr. R. N. Jha who retires by rotation and is eligible for re-appointment.
5. To appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants, as Auditors and to authorise the Board of Directors to fix their remuneration.
6. To consider and, if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution:
"RESOLVED that, pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors to create charges in order to secure the term loans, as per the details given below –

	Details of Loan and the Lender	Security
1.	Loan of Rs.23.75 crores from Bank of India.	Corporate Loan I – Rs. 12.50 crores Existing charge by way of Equitable Mortgage of 11 residential flats in 'Volkart House' on Bhulabhai Desai Road, Mumbai. Corporate Loan II – Rs. 11.25 crores Extension of the existing charge on residential flats in 'Volkart House'.
2.	Secured Loan of Rs. 15 crores from Export-Import Bank of India (Exim Bank).	Mortgage of plot of land admeasuring 5 acres, at Perungudi, Chennai.

on such terms and conditions as the Board of Directors may think fit, in order to secure the due repayment of term loans availed by the Company from the above lenders, together with the payment of interest thereon at the respective agreed rates, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to the lenders, in terms of the Loan Agreements entered into / executed by the Company, in respect of the above mentioned term loans.

RESOLVED FURTHER that the Board of Directors of the Company, be and is hereby authorised to finalise with the lenders all necessary documents for creating the mortgage and/or charge as aforesaid and to do all other acts, deeds, matters and things and to execute all such documents and writings as it may deem necessary, usual, requisite or proper for the purpose of giving effect to the aforesaid Resolution."

For and on behalf of the
Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, 13th August, 2010.

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

NOTES:

1. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A SHAREHOLDER.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of business at Item 6 is annexed hereto.
3. Pursuant to the exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956, the annual accounts of the subsidiary companies and the related detailed information are not attached to the Company's accounts for the year ended 31st March, 2010. The annual accounts of the subsidiary companies will be made available to the investors seeking such information as and when such request is received by the Company. Such information is also available for inspection by any investor at the Registered Office of the Company and of the subsidiary companies concerned.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 13th September, 2010 to Wednesday, 22nd September, 2010 (both days inclusive).
5. Shareholders are requested to immediately notify the REGISTRARS AND SHARE TRANSFER AGENTS or the DEPOSITORY PARTICIPANTS (in case of shares which have been dematerialised) of any change in their address.
6. (a) Please address all communications including lodging of Transfer Deeds to -

REGISTRARS AND SHARE TRANSFER AGENTS

TSR Darashaw Ltd.,
 UNIT: FORBES & COMPANY LIMITED
 6-10, Haji Moosa Patrawala Industrial Estate,
 20, Dr. E. Moses Road,
 Mahalaxmi, Mumbai 400 011
 Tel. : 91 22 66568484 Fax. :91 22 66568494
 Business Hours : 10.00 a.m. to 3.30 p.m. (Monday to Friday)
 Email : csg-unit@tsrdarashaw.com
 Website : www.tsrdarashaw.com

Branch Offices

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. TSR Darashaw Ltd.
 503, Barton Centre, 5th floor,
 84, Mahatma Gandhi Road,
 Bangalore 560 001
 Tel.:080 25320321 Fax:080 25580019
 email: tsrdlbbang@tsrdarashaw.com 2. TSR Darashaw Ltd.
 Tata Centre, 1st floor,
 43, Jawaharlal Nehru Road,
 Kolkata 700 071
 Tel.:033 22883087 Fax:033 22883062
 email: tsrdlcal@tsrdarashaw.com | <ol style="list-style-type: none"> 3. TSR Darashaw Ltd.
 Bungalow No.1, "E" Road,
 Northern Town, Bistupur,
 Jamshedpur 831 001
 Tel.:0657 2426616 Fax:0657 2426937
 email: tsrdljsr@tsrdarashaw.com 4. TSR Darashaw Ltd.
 Plot No.2/42, Sant Vihar,
 Ansari Road, Daryaganj,
 New Delhi 110 002
 Tel.:011 23271805 Fax:011 23271802
 email: tsrdldel@tsrdarashaw.com |
|---|---|

Agent

1. M/s. Shah Consultancy Services Ltd.
Sumatinath Complex,
Pritam Nagar, Akhada Road, Ellisbridge,
Ahmedabad 380 006
Telefax: 079 26576038
Email: shahconsultancy8154@gmail.com
- (b) Investors, if they so prefer, can send transfer request, correspondence and queries to the Company at the following address –

Company Secretary
Forbes & Company Ltd.
Forbes Building,
Charanjit Rai Marg,
Fort, Mumbai 400 001
Telephone: 022 40749117
Email: atshah@forbes.co.in
- (c) **Kindly quote your Ledger Folio No. in all correspondences with the Company or Registrars and Share Transfer Agents**

ANNEXURE TO NOTICE

Explanatory Statement under Section 173 of the Companies Act, 1956

Item 6:

For the purpose of augmenting the long-term resources, the Company has borrowed money from a bank and a financial institution.

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

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

	Details of Loan and the Lender	Security
1.	Loan of Rs.23.75 crores from Bank of India.	Corporate Loan I – Rs.12.50 crores Existing charge by way of Equitable Mortgage of 11 residential flats in ‘Volkart House’ on Bhulabhai Desai Road, Mumbai. Corporate Loan II – Rs.11.25 crores Extension of the existing charge on residential flats in ‘Volkart House’.
2.	Secured Loan of Rs.15 crores from Export-Import Bank of India (Exim Bank).	Mortgage of plot of land admeasuring 5 acres, at Perungudi, Chennai.

Section 293 (1) (a) of the Companies Act, 1956 provides that a public company, shall not, without the consent of its shareholders in General Meeting, sell lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. Hence the resolution at Item 6 of the Notice.

For and on behalf of the
Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, 13th August, 2010.

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

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

DIRECTORS' REPORT

To,

The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2010.

1. FINANCIAL RESULTS:

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

	<i>Rupees in Crores</i>	
	For the year ended 31st March, 2010	<i>For the year ended 31st March, 2009</i>
Sales, Services and Other Income	217.06	211.95
Less: Expenditure	212.65	241.75
Profit/(Loss) after Interest and before Depreciation	4.41	(29.80)
Less: Depreciation	16.54	11.99
Profit/(Loss) after Depreciation	(12.13)	(41.79)
Less: Provision for Doubtful Loans & Advances and for diminution in value of investments	0.55	4.68
	(12.68)	(46.47)
Add: Profit for the year ended 31.3.2009 in respect of Shipping Agency Division of Volkart Fleming Shipping and Services Ltd., pursuant to Scheme of Demerger and transfer	2.46	—
Profit/(Loss) before taxation	(10.22)	(46.47)
Less: Provision for Taxation		
- (Reversal)/Provision relating to previous year	1.91	0.12
- for Fringe Benefit Tax	—	0.81
- for Wealth tax	0.13	0.15
- for Deferred tax	—	(0.06)
Profit/(Loss) after Taxation	(12.26)	(47.49)
Add: Balance brought forward	(31.68)	15.81
Balance Carried to Balance Sheet	(43.94)	(31.68)

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

Comments are set out in the following paragraphs.

2.1 ENGINEERING:

The performance of Engineering Solutions Group was impacted, mainly due to downturn in Automobile industry during the second half of the year. However, the situation had improved towards end of the year. In response, the Engineering Division restructured its businesses into two main groups viz., Engineering Solutions Group and Energy Solutions Group (ESG) to bring synergy and offer value-added solutions to the customers.

Various initiatives are underway, these include, product augmentation, re-layout of production lines, closure of non-performing products and outsourced supplies of standard products. Initiative to enter non-auto sectors, like Defence and Aerospace, have also commenced.

Energy Solutions Group (ESG) changed its business model from representing Dresser-Rand, USA and Gardner Denver, USA to becoming Value Added Reseller (VAR) and has been successful in establishing its presence as a vendor for supply of Steam Turbine and Blower Packages for extremely demanding customers like BHEL, Ingersoll Rand, L&T, etc. ESG could also undertake the erection and commissioning activities for its major customers like HPCL, Vizag and IOCL, Panipat sites. Going forward, ESG has envisaged forays into hitherto uncharted territories like 'Engineering Procurement and Construction (EPC)' contracting for small and medium power projects, 'Refurbishing and Modernisation (R&M)' activities and putting up 'grid-connected biomass-based' power plants on BOOT basis. ESG has planned to put up a modern facility for turbine refurbishing at Waluj, Aurangabad and this facility will be ready by the end of 2010.

2.2 LOGISTICS SOLUTIONS AND SHIPPING RELATED ACTIVITY:

The impact of recession on the Shipping industry continued during FY 2009-10, which had an impact on the Container Freight Station (CFS) business. The year saw a huge decline in throughput of container volumes in JNPT (Nhava Sheva Port) as MLOs (Main Line Operators) curtailed / consolidated their services to JNPT. Our main customer NYK Line stopped their ICX service, which was nominated to our CFS. This had a direct adverse effect on our volumes at CFS-Veshvi, which saw more than 80% decline in import volumes. Even though NYK resumed operations in Veshvi from January, 2010 with a different service, our earnings in CFS - Veshvi were impacted due to reduced ground rent income and stiff cost pressures.

In Mundra, we succeeded in getting nominations from two reputed MLOs - Hapag Lloyd and CSAV, which started operations in August, 2009 and November, 2009 respectively. Even though import volumes increased, but here, too, like Veshvi, our earnings were strained due to lower operating margins. In CFS - Mundra large chunk of business comes from Cotton Exporters. Cotton export from Mundra did show signs of recovery initially but it was not sustained mid – season, since the cargo was diverted to the port of Pipavav. We, therefore, did not earn the expected revenue from exports.

In Logistics, we introduced end-to-end freight forwarding solution, with an outsourced model. During the year, we provided services to our Group companies, which created learning -base and the platform for us to expand aggressively in the market place in the year 2010-11.

In our Agency business, we faced severe pressures on our revenue and margins due to dropping freight rates. However, we managed to keep our Principals satisfied and met their expectations.

2.3 UPMARKET BRANDS:

After a review, the Company had decided to exit the business as it had no strategic fit. The Company was holding the licence from a foreign brand. Our efforts to sub-license it, were not successful. It was, therefore, decided to surrender it after a negotiated settlement with the licensor.

2.4 OTHERS:

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

At the same time, Branch offices at different locations are being consolidated in order to improve efficiency as well as minimise costs. Last year, operations in Chennai were consolidated. This year operations in Kolkata and Bangalore were consolidated.

2.5 FINANCE AND CORPORATE:

The Company continued to face liquidity crunch. Despite this, the Company was able to bring down its overall borrowings by Rs. 5422.71 lakhs and net interest cost by Rs. 46.51 lakhs. This was a result of continued monitoring and better working capital management, disposing off assets, which were not likely to be employed gainfully, curtailing the activities, which were not

remunerative or viable, transferring businesses within the group with strategic fit, replacing high-cost borrowings with low-cost borrowings, sale of non-core investments, etc.

Eureka Forbes Ltd., and Latham India Ltd. (now known as Forbes Campbell Finance Ltd.), the wholly-owned subsidiaries of the Company, decided to buy-back a portion of their share capital, which also helped improve liquidity and reduce borrowings.

2.6 OUTLOOK FOR FUTURE AND POST BALANCE SHEET EVENTS:

The restructuring of the business portfolio including exiting of non-core business verticals, segments and investing in selectively chosen ones will continue into 2010-2011; this is expected to lay the foundation and shape the organisation into a focussed one for the future. SAP was rolled out, enterprise-wide and information is now available on a real-time basis for effective decision making.

The company would continue its focus on Shipping, Logistics, Engineering and Energy. It will also invest in the Business and Financial Automation Business and Services through its wholly owned subsidiary Forbes Technosys Ltd. The shipping and offshore business as housed in SCI Forbes Ltd., and Forbes Bumi Armada Ltd., would continue to be in an investment mode for the next few years.

An exercise to rationalise the legal structure including investments and businesses of the Company and its subsidiaries was continued during the year. The highlights were:

- Completion of the merger of 5 group companies into another company w.e.f. 1st April, 2008.
- Completion of demerger of Business Automation Group in a subsidiary company.
- Disposal of the shareholding in Next Gen Publishing Ltd.
- Disposal of Optionally Convertible Preference Shares held in Forbes Infotainment Ltd.

3. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

3.1 Details of these companies are set out in the statement, pursuant to Section 212 of the Companies Act 1956. Full accounts of these subsidiaries are available to the shareholders of the holding company and other investors at any point of time on request. These are also available for inspection to any investor, at the registered office of the Company and that of the subsidiary company concerned.

3.2. Eureka Forbes Ltd., and its subsidiaries performed reasonably well even though their margins and performance, are under pressure due to changing nature of trade and with increasing competition from the well-established names in the industry. It introduced new models of water purifiers to face the competition. Its subsidiary company, which is engaged in industrial cleaning business, received contracts from Indian Railway.

During the year, Eureka Forbes Ltd., bought-back 3,05,000 shares i.e. 7.16 % of its share capital. During the year, Eureka Forbes Ltd., added two more subsidiaries, namely, Radiant Energy Systems Pvt. Ltd. and Waterwings Equipments Pvt. Ltd.

3.3 Forbes Technosys Ltd. (FTL) – The business related to the Business Automation Group (BAG) of Forbes & Company Ltd. was transferred to FTL, as a part of strategic transfer of