SP GROUP

FORBES & COMPANY LIMITED

FORBES

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Annual Report / 2010-11

Advanced laser Marking systems







Bradma Marking Machines



Bradma Marking Hand Tools



DIRECTORS:	PALLONJI S. MISTRY	*Chairman Emeritus*
	SHAPOOR P. MISTRY	*Chairman*
	ASHOK BARAT	*Managing Director*
	CYRUS P. MISTRY	
	D. B. ENGINEER	
	N. D. KHURODY	
	R. N. JHA	
	S. L. GOKLANEY	
	T. R. DOONGAJI	
	KAIWAN D. KALYANIWALLA *(from 29.10.2010)*	
SECRETARY:	A. T. SHAH	*Company Secretary*
MANAGEMENT:	ASHOK BARAT	*Managing Director*
	AMIT MITTAL	*Director (Finance)*
	C. A. KARNIK	*Director (Human Resources)*
	DILIP SANGLE	*Director (Engineering)*
	A. NAGENDRA	*Chief Operating Officer – Shipping & Logistics*
AUDITORS:	MESSRS. DELOITTE HASKINS AND SELLS	
SOLICITORS AND ADVOCATES:	MESSRS. CRAWFORD BAYLEY & CO.	
BANKERS:	PUNJAB NATIONAL BANK	
	STANDARD CHARTERED BANK	
	IDBI BANK LIMITED	
	HDFC BANK LIMITED	

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:

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 410 206.

MUNDRA

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

GUJARAT

REGISTERED OFFICE:

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

NINETY-SECOND ANNUAL REPORT 2010-2011

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Annual General Meeting will be held on Wednesday, 24th August, 2011 at 4.00 p.m. 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- SECOND 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 24th August, 2011 at 4.00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, 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. Kaiwan D. Kalyaniwalla, who was appointed as an Additional Director of the Company pursuant to Article 112 of the Articles of Association of the Company, and who holds office under Section 260 and other applicable provisions, if any, of the Companies Act, 1956, upto the date of this Annual General Meeting but being eligible, offers himself for appointment and in respect of whom the Company has received a notice in writing from a shareholder under Section 257 of the Companies Act, 1956 signifying his intention to propose his candidature for the office of Director.
3. To appoint a Director in place of Mr. Shapoor P. Mistry who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. D. B. Engineer who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. Cyrus P. Mistry who retires by rotation and is eligible for re-appointment.
6. To appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants, as Auditors and to authorise the Board of Directors to fix their remuneration.
7. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

   "RESOLVED that, pursuant to Schedule XIII of the Companies Act, 1956, where in any financial year during a period of 3 years from 1st April, 2011 to 31st March, 2014, or during the tenure of Mr. Ashok Barat, as the Managing Director, whichever period is less, the Company has no profit or its profits are inadequate, it shall pay remuneration to Mr. Ashok Barat by way of salary, dearness allowance, perquisites and other allowances, as per the Agreement dated 3rd December, 2008 entered into between the Company and Mr. Ashok Barat, pursuant to the authority granted by the Shareholders at their meeting held on 27th August, 2008."
8. 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 charge in order to secure the term loan, as per the details given below :

	Details of Loan and the Lender		**Security**
1.	Corporate Loan of Rs.30 crores from The Federal Bank Ltd.	:	Equitable Mortgage of immovable properties- Volkart House, 63 Westfield Estate Lane, Breach Candy, Bhulabhai Desai Road, Mumbai 400 026 (Flat Nos. 11, 12 & 14 Ground floor, Flat Nos. 15 & 16 First Floor, Flat No. 18 Second Floor, Flat Nos. 19 & 20 Third Floor, Flat Nos. 21 & 22 Fourth Floor, Flat Nos. 11 & 23 Fifth Floor, Part Basement & Garages) with first pari passu sharing with Bank of India.

   on such terms and conditions as the Board of Directors may think fit, in order to secure the due repayment of term loan(s) availed by the Company from the above lender, 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 its Loan Agreement entered into / executed by the Company, in respect of the above mentioned term loan.

   RESOLVED FURTHER that the Board of Directors of the Company, be and is hereby authorized to finalise with the lenders all necessary documents for creating the mortgage and/or charge and / or hypothecation 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, 19th July, 2011.

Registered Office:
Forbes Building,
Charanjit Rai Marg,
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 businesses at items 2, 7 and 8 are annexed hereto.
3. Corporate members are requested to send to the Company a duly certified copy of the Board Resolution authorisng their representative to attend and vote at the Annual General Meeting.
4. Pursuant to the direction under Section 212(8) of the Companies Act, 1956 exemption granted by the Central Government vide their Circular No.2/201I dated 8th February, 2011, 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, 2011. 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.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 17th August, 2011 to Wednesday, 24th August, 2011 (both days inclusive).
6. 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.
7. **The Ministry of Corporate Affairs ("MCA"), Government of India has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies. MCA has issued a Circular No.17/2011 dated 21st April, 2011 stating that the service of notice / document by a company to its Members may now be made through electronic mode, after giving an advance opportunity to the Member to register his e-mail address and changes therein from time to time with the Company or with the concerned depository. Keeping this in view, your Company had vide its circular dated 13th May, 2011 and 7th June, 2011 requested you to advise your email address in case you wish to receive documents such as the Notice of the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, Balance Sheet, Profit & Loss Account, Explanatory Statement etc., henceforth in electronic mode. We are confident that you would appreciate the "Green Initiative" taken by MCA and co-operate in helping the Company to implement the e-governance initiatives of the Government.**
8. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
9. 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

1. TSR Darashaw Ltd.
   503, Barton Centre, 5th floor, 84,
   Mahatma Gandhi Road,
   Bangalore 560 001
   Tel.:080 25320321
   Fax:080 25580019
   email: tsrdlbang@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
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

Agents

1. M/s. Shah Consultancy Services Pvt.Ltd.
   3, Sumatinath Complex,
   Pritam Nagar, Akhada Road, Ellisbridge,
   Ahmedabad 380 006
   Telefax: 079 26576038
   Email: shahconsultancy8154@gmail.com

2. 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: ashok.shah@forbes.co.in

   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 2:

At a meeting of the Board of Directors held on 29th October, 2010, Mr. Kaiwan D Kalyaniwalla was appointed an Additional Director of the Company. Pursuant to Section 260 of the Companies Act, 1956 (hereinafter referred to as "the Act") read with Article 112 of the Articles of Association of the Company (hereinafter referred to as "the Articles") Mr. Kaiwan D Kalyaniwalla holds office upto the date of the forthcoming Annual General Meeting of the Company.

A notice, in writing, has been received from a shareholder under Section 257 of the Act alongwith a deposit of Rs.500, signifying his intention to propose Mr. Kaiwan D Kalyaniwalla as a candidate for appointment as a Director.

Mr. Kaiwan D Kalyaniwalla, aged 46 years, is a Solicitor and Advocate of the Bombay High Court and a Partner of the law firm of Maneksha & Sethna in Mumbai. He has been in practice for over 20 years. Mr. Kalyaniwalla is enrolled as a Solicitor of the Supreme Court of England and Wales. He is on the Board of various Indian and foreign companies and advises private sector corporate, multinational banks, logistics and shipping companies and some of India's largest property development companies and business houses. His practice is predominantly in the field of corporate laws, property laws and general commercial laws, Mr. Kalyaniwalla has been an active member of the Managing Committee of the Bombay Incorporated Law Society.

The Directors consider that the services of Mr. Kaiwan D Kalyaniwalla will be useful to the Company having regard to his knowledge and experience and recommend that he be appointed as a Director of the Company.

Mr. Kaiwan D Kalyaniwalla is interested in the Resolution at Item 2 of the Notice since it relates to his appointment.

Item No.7:

Pursuant to Schedule XIII of the Companies Act, 1956, where in any financial year during the currency of tenure of Mr. Ashok Barat, the Company has no profits or its profits are inadequate, it may, subject to approval of the shareholders of the Company by a special resolution, pay remuneration to Mr. Ashok Barat by way of salary, dearness allowance perquisites and any other allowances, not exceeding the ceiling limit of Rs.48,00,000 per annum or Rs.4,00,000 per month without Central Government approval and exceeding Rs.48,00,000 per annum or Rs.4,00,000 per month with the Central Government approval, on the scale related to the effective capital of the Company. The shareholders can approve payment of remuneration for a period not exceeding three years.

Accordingly, the resolution at Item 7 is proposed as a Special Resolution to enable the Company to pay remuneration to Mr. Ashok Barat for the period 1st April, 2011 to 31st March, 2014 as per the Agreement dated 3rd December, 2008 entered into between the Company and Mr. Ashok Barat, pursuant to the authority granted by the Shareholders at their meeting held on 27th August, 2008. The Company has not made any default in payment of any of its debts (including public deposits) or debentures or any interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment of Mr. Ashok Barat.

Statement containing information required to be given to the shareholders pursuant to Paragraph 1 of Section II in Part II of Schedule XIII to the Companies Act, 1956 as amended is attached and forms part of this Notice.

Mr. Barat is interested in the Special Resolution at Item 7 of the Notice since it relates to his remuneration.

Item No. 8:

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

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

The details of term loan and the charge to be created is set out below:

Details of Loan and the Lender		Security
1. Corporate Loan of Rs.30 crores from The Federal Bank Ltd.	:	Equitable Mortgage of immovable properties- Volkart House, 63 Westfield Estate Lane, Breach Candy, Bhulabhai Desai Road, Mumbai 400 026 (Flat Nos. 11, 12 & 14 Ground floor, Flat Nos. 15 & 16 First Floor, Flat No. 18 Second Floor, Flat Nos. 19 & 20 Third Floor, Flat Nos. 21 & 22 Fourth Floor, Flat Nos. 11 & 23 Fifth Floor, Part Basement & Garages) with first pari passu sharing with Bank of India.

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 8 of the Notice.

For and on behalf of the
Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, 19th July, 2011.
Registered Office:
Forbes Building,
Charanjit Rai Marg,
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.

1. **Statement containing the information required to be furnished pursuant to paragraph 1 (B) (iv) of Section II in Part II of Schedule XIII to the Companies Act, 1956 as amended by notification dated 16th January, 2002 is given hereunder.**

I. General Information

(1) Nature of Industry

Light Engineering including threading and other tools, Shipping and Logistic Services, Business Automation and Equipments and through subsidiaries clean water, air and hygiene products and transaction solutions systems.

(2) Date or expected date of commencement of commercial production.

The Company is in commercial production since the year 1919.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

Not Applicable.

(4) Financial Performance based on given indicators.

(Rs. in Crores)

	Y.E. 31.3.2011	Y.E. 31.3.2010	Y.E. 31.3.2009
Gross Income	264.24	219.91	211.96
PBT	0.60	(10.22)	(46.47)
Net Worth	133.67	133.09	142.95
Dividend %	-	-	-
Dividend	-	-	-

(5) Export Performance & net foreign exchange earning.

(Rs. in Crores)

	Y.E. 31.3.2011	Y.E. 31.3.2010	Y.E. 31.3.2009
Foreign Exchange Earning	32.86	16.62	19.47
Less: Foreign Exchange Outgo	63.42	35.10	30.53
Net Position	(30.56)	(18.48)	(11.06)

(6) Foreign Investor or Collaborators, if any.

There is no direct foreign investment in the Company.