

FORBES & COMPANY LIMITED

ANNUAL REPORT 2011-2012





DESIGN & DEVELOPMENT FOR HIGH PERFORMANCE TOOLS



CONTROL PANEL FOR POWER PROJECTS

DIRECTORS:

SHAPOOR P. MISTRY

Chairman

ASHOK BARAT

Managing Director

D. B. ENGINEER

N. D. KHURDY

R. N. JHA

S. L. GOKLANEY

T. R. DOONGAJI

KAIWAN D. KALYANIWALLA

D. SIVANANDHAN *(from 14.03.2012)*JIMMY J. PARAKH *(from 29.03.2012)*JAI L. MAVANI *(from 22.05.2012)***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

**REGISTRAR 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

PLOT B-13, WALUJ INDUSTRIAL AREA
AURANGABAD 431 133

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:**

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

REGISTERED OFFICE: FORBES BUILDING,
CHARANJIT RAI MARG,
FORT,
MUMBAI 400 001

NINETY-THIRD ANNUAL REPORT 2011-2012

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**Annual General Meeting will be held on Tuesday, 21st August, 2012 at 4.00 p.m.
at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20 Kaikhushru
Dubash Marg, (Behind Prince of Wales Museum), Mumbai 400001.**

NOTICE

NOTICE is hereby given that the NINETY-THIRD ANNUAL GENERAL MEETING of the shareholders of FORBES & COMPANY LIMITED will be held at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20 Kaikhushru Dubash Marg, (Behind Prince of Wales Museum), Mumbai 400001 on Tuesday, the 21st August, 2012 at 4.00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint Mr. D. Sivanandhan, as a Director 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 and is eligible, 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.
4. To appoint Mr. Jimmy J. Parakh, as a Director 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 and is eligible, 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.
5. To appoint Mr. Jai L. Mavani, as a Director 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 and is eligible, 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.
6. Mr. N.D. Khurody who retires by rotation is not seeking re-appointment and the vacancy would be filled by the Board of Directors.
7. To appoint a Director in place of Mr. S. L. Goklaney who retires by rotation and is eligible for re-appointment.
8. To appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants, as Auditors and to authorise the Board of Directors to fix their remuneration.

For and on behalf of the
Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, 29th May, 2012.

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 3, 4, and 5 are annexed hereto.
3. Corporate members are requested to send to the Company a duly certified copy of the Board Resolution authorising 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 and exemption granted by the Central Government vide their General Circular No.2/2011 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, 2012. 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 Tuesday, 31st July, 2012 to Monday, 6th August, 2012 (both days inclusive).
6. The Dividend, when declared, will be paid within 30 days from the date of declaration to those shareholders whose names appear on the Register of Members on 6th August, 2012. In respect of shares held in dematerialised form in the depository system, the dividend will be paid to the beneficial owner (s) as per the list provided by the depositories.
7. Shareholders are requested to immediately notify the REGISTRAR AND SHARE TRANSFER AGENTS or the DEPOSITORY PARTICIPANTS (in case of shares which have been dematerialised) of any change in their address.
8. **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 circulars dated 12th 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 implement the e-governance initiatives of the Government.**
9. 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.
10. Pursuant to Clause 5A of the Listing Agreement entered into with Bombay Stock Exchange Ltd., the Company had sent reminders on 3rd August, 2011, 23rd December, 2011 and 29th March, 2012 to the shareholders whose share certificates have remained unclaimed.
11. Please address all communications including lodging of Transfer Deeds to-

REGISTRAR 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.comWebsite : www.tsrdarashaw.com

Branch Offices

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. TSR Darashaw Ltd.
503, Barton Centre, 5 th floor,
84, Mahatma Gandhi Road,
Bangalore 560 001
Tel.:080 25320321
Fax:080 25580019
email: tsrdlbg@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 |
| 2. TSR Darashaw Ltd.
Tata Centre, 1 st floor,
43, Jawaharlal Nehru Road,
Kolkata 700 071
Tel.:033 22883087
Fax:033 22883062
email: tsrdlcal@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 Pvt. Ltd.
3, Sumatinath Complex,
Pritam Nagar, Akhada Road, Ellisbridge,
Ahmedabad 380 006
Telefax: 079 26576038
Email: shahconsultancy8154@gmail.com

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 Registrar and Share Transfer Agents.

ANNEXURE TO NOTICE**Explanatory Statement under Section 173 of the Companies Act, 1956****Item 3:**

The Board of Directors, on 14th March, 2012, appointed, Mr. D. Sivanandhan as 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. D. Sivanandhan 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 ₹ 500, signifying his intention to propose Mr. D. Sivanandhan as a candidate for appointment as a Director.

Mr. D. Sivanandhan, aged 61 years, is Retired Director General of Police, Maharashtra. He is a post graduate in Economics and was Assistant Professor in the University of Madras. He joined IPS during 1976 and has served in different agencies like Intelligence Bureau, Central Bureau of Investigation etc. in various capacities. He is the recipient of Meritorious Service Medal and the President’s Distinguished Services Medal.

The Directors consider that the services of Mr. D. Sivanandhan will be useful to the Company having regard to his knowledge and experience on the security aspects covering assets, operations and personnel of the Company and recommend that he be appointed as a Director of the Company.

Mr. D. Sivanandhan is interested in the Resolution at item 3 of the Notice since it relates to his appointment.

Item No.4:

The Board of Directors, on 29th March, 2012, appointed, Mr. Jimmy J. Parakh as 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. Jimmy J. Parakh 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 ₹ 500, signifying his intention to propose Mr. Jimmy J. Parakh as a candidate for appointment as a Director.

Mr. Jimmy J. Parakh, aged 63 years, is a Bachelor of Commerce (Hons.) from Mumbai University and a Fellow Member of the Institute of Chartered Accountants of India. He has over 37 years of experience in the Real Estate and Construction Sector, in addition to General Management including mergers and acquisitions. He is on the Board of various companies.

The Directors consider that the services of Mr. Jimmy J. Parakh 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. Jimmy J. Parakh is interested in the Resolution at item 4 of the Notice since it relates to his appointment.

Item No.5:

The Board of Directors, on 22nd May, 2012, appointed, Mr. Jai L. Mavani as 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. Jai L. Mavani 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 ₹ 500, signifying his intention to propose Mr. Jai L. Mavani as a candidate for appointment as a Director.

Mr. Jai L. Mavani, aged 40 years, is a Member of the Institute of Chartered Accountants of India. He has worked with firms like Arthur Andersen, KPMG and PWC. His industry specialization includes Infrastructure, Real Estate and Private Equity. His skills include Mergers & Acquisitions, tax & regulatory and private equity fund structuring.

The Directors consider that the services of Mr. Jai L. Mavani 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. Jai L. Mavani is interested in the Resolution at item 5 of the Notice since it relates to his appointment.

For and on behalf of the
Board of Directors

SHAPOOR P. MISTRY
Chairman

Mumbai, 29th May, 2012.

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.

DIRECTORS' REPORT

To,
The Shareholders,

Your Directors submit their Report and the Audited Accounts of the Company for the year ended 31st March, 2012.

1. FINANCIAL RESULTS:

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

	For the year ended 31st March, 2012	₹ in Crores For the year ended 31st March, 2011
Revenue from Operations and Other Income	286.94	251.65
Less: Expenses	271.62	245.43
Profit/(Loss) after Interest and before Depreciation	15.32	6.22
Less: Depreciation	12.12	13.62
Profit/(Loss) after Depreciation and before exceptional items	3.20	(7.40)
Add: Exceptional items	1.53	4.89
Profit/(Loss) before tax	4.73	(2.51)
Less: Tax expense/ (credit)		
-Current tax relating to previous year	-	(0.10)
Profit/(Loss) from continuing operations	4.73	(2.41)
Add : Profit for the year from discontinuing operations	-	2.99
Profit for the year	4.73	0.58
Add : Balance brought forward from previous year	(43.37)	(43.95)
Balance carried to Balance Sheet	(38.64)	(43.37)

2. The Company has earned net profit after tax of ₹ 4.73 crores. As per the provisions of the Companies Act, 1956, the Company is required to set off losses of the earlier years, before declaring any dividend for the year; the accumulated losses to be set off exceed the current year's profit. However, the Board of Directors, encouraged by the performance of the Company, have proposed payment of dividend out of reserves at the maximum permissible rate of 10% (*Previous year - Nil*)

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

3.1 ENGINEERING DIVISION:

Precision Tools:

After two years of slow growth, there was a significant improvement in the performance of this vertical. This was achieved with a continued focus on up-gradation of manufacturing facilities with installation of state of the art CNC machines at Aurangabad and Mumbai plants, as well as expansion of manufacturing facilities at Aurangabad for solid carbide tools and spring washers. To improve on-time delivery to customers, a consumption-based inventory management system was implemented that will result in reduced working capital, besides improving competitiveness in the market place.

An arrangement with IIT, Mumbai was entered into to jointly research and work on improving the technological edge in the areas of high performance tools and coating technology.

Opportunities for international tie-ups are being explored to enable new product offerings as well as to enhance the product portfolio of threading and cutting tools.

Industrial Automation:

The setting up of facilities at Aurangabad with a dedicated team will enable a renewed focus to project execution for the Industrial Marking Automation Business. Strong systems and processes have been set up and various initiatives in Line Automation and allied areas are being made to expand the product range through sales and technology tie ups with market leaders in such products.

Both the Precision Tools and Industrial Automation businesses, have undergone the ISO 9001-2008 certification audit process for all the five manufacturing plants and have been recommended for certification.

Energy Solutions:

The major initiative started for building in-house capabilities for turnkey execution of projects resulted in bagging of several energy efficiency projects from customers like Maruti Suzuki India Limited (MSIL), Rashtriya Chemicals and Fertilizers Limited (RCF), Bharat Heavy Electricals Limited (BHEL) and Mather