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FORBES LUX FZCO  
ANNUAL REPORT  
2020-21

# Content

Directors' Report	1
Independent Auditor's Report	2
Statement of Financial Position	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Changes in Equity	7
Cash Flow Statement	8
Notes to the Financial Statements	9



# Directors' Report

The Director submits his report, together with the audited financial statements of FORBES LUX FZCO (the "company"), for the year ended 31 December 2021.

## Results and Appropriations

The results of the company and the appropriations made for the year ended 31 December 2021 are set out on pages 6 and 7 of the financial statements.

In my opinion, the financial statements set out on pages 5 to 20 are drawn up so as to give a true and fair view of the financial position of the company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the company for the year then ended in accordance with the International Financial Reporting Standards and in compliance with the applicable requirements of the Jebel Ali Free Zone Authority.

At the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

## Going concern

At the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as

and when they fall due and going concern assertions are considered appropriate as the ultimate parent company and parent shareholder company have confirmed their intention to provide the necessary financial support.

The management of the parent shareholder company has resolved not to dissolve the company notwithstanding the fact that the company has accumulated losses amounting to USD 44,445,089 (previous year USD 41,987,929) resulting in significant depletion of its equity funds as of 31 December 2021.

## Review of the business

The company has carried out the activity of trading and distribution of water purifiers, filters and purifications devices, electrical and electronic appliances and related items and spare parts during the year.

## Events since the year end

There were no important events which have occurred since the year end that materially affect the company.

## Shareholder and its Interest

The Shareholders at 31 December 2021 and their interest as at that date in the share capital of the company were as follows :

	Country of Incorporation	No. of Shares	USD
Euro Forbes Limited	U.A.E	1,629	44,378,853
Forbes Lux International AG #	Switzerland	3	81,645
		<b>1,632</b>	<b>44,460,498</b>

#Subsequent to year-end, shares were transferred to Euro Forbes Limited and the legal status of Forbes Lux ZCO has changed from FZCO to FZE.

## Independent auditor

A resolution to re-appoint the independent auditor and fix the remuneration will be put to the board at the annual general meeting.

## On Behalf of the Board

Signed By:

**Sunil Dhondiram Uphale**

Director

# Independent Auditors' Report to the Shareholders of FORBES LUX FZCO

## Opinion

We have audited the financial statements of **FORBES LUX FZCO** (the "company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of **FORBES LUX FZCO** as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2 to the financial statements which states that the company's equity funds have been significantly depleted to USD 15,409 due to losses incurred since inception. The continuation of the company as a going concern is dependent upon parent entities continuing to provide necessary financial support to meet its obligations as and when they fall due and company generating sufficient cash flows and operating profit in the ensuing years.

## Responsibilities of Management and Those Charged with Governance for the financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and applicable requirements 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.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Also, in our opinion, the company has maintained proper books of accounts and these financial statements, are in agreement with the books of accounts. We have obtained all the information considered necessary for our audit. To the best of our knowledge and belief, except for the matter stated in the emphasis of matter section of our report, no violations of

the Jebel Ali Free Zone Companies Implementing Regulations 2016, 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**  
23-Apr-22  
Dubai, United Arab Emirates

# Statement of Financial Position

as at December 31, 2021

	Notes	2021	2021	2020	2020
		US \$	INR Lakhs	US \$	INR Lakhs
<b>Assets</b>					
Non-current assets					
Property, plant and Equipment	5	584	0.44	-	-
Loan to parent shareholder company	6	-	-	9,94,431	725.53
		<b>584</b>	<b>0.44</b>	<b>9,94,431</b>	<b>725.53</b>
<b>Current assets</b>					
Inventories	7	88,613	65.85	1,01,700	74.20
Trade receivables	8	32,088	23.84	14,04,497	1,024.71
Advances and other receivables	9	14,607	10.85	53,211	38.82
Cash & Cash Equivalents	10	5,59,574	415.78	7,02,902	512.83
		<b>6,94,882</b>	<b>516.32</b>	<b>22,62,310</b>	<b>1,650.56</b>
<b>Total assets</b>		<b>6,95,466</b>	<b>516.76</b>	<b>32,56,741</b>	<b>2,376.09</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share Capital	11	4,44,60,498	30,173.42	4,44,60,498	30,173.42
Accumulated losses		(4,44,45,089)	(30,167.32)	(4,19,87,929)	(28,360.69)
<b>Foreign Currency Translation Reserve</b>			5.35		(2.56)
<b>Total equity funds</b>		<b>15,409</b>	<b>11.40</b>	<b>24,72,569</b>	<b>1,810.17</b>
<b>Liabilities</b>					
<b>Non-Current Liability</b>					
Staff end of service gratuity		10,924	8.12	8,502.00	6.20
<b>Current liabilities</b>					
Trade payables	12	6,53,188	485.34	7,60,981	555.20
Advance from Customers		5,421	4.03	-	-
Accruals		10,524	7.82	14,689	10.72
		<b>6,69,133</b>	<b>497.19</b>	<b>7,75,670</b>	<b>565.92</b>
<b>Total liabilities</b>		<b>6,80,057</b>	<b>505.31</b>	<b>7,84,172</b>	<b>565.92</b>
<b>Total equity and liabilities</b>		<b>6,95,466</b>	<b>516.71</b>	<b>32,56,741</b>	<b>2,376.09</b>



# Statement of Profit or Loss and Other Comprehensive Income

for the year ended December 31, 2021

	Notes	2021		2020	
		US \$	INR Lakhs	US \$	INR Lakhs
<b>Sales</b>		11,96,535	885.12	16,19,138	1,200.14
Cost of sales	13	(10,00,611)	(738.36)	(13,73,949)	(1,016.80)
<b>Gross profit</b>		<b>1,95,924</b>	<b>146.76</b>	<b>2,45,189</b>	<b>183.34</b>
Interest Income	6	24,368	18.11	44,431	32.93
Credit Balances written back		-	-	6,063	4.49
<b>Expenses</b>					
Administrative and selling expenses	14	(2,46,122)	(182.07)	(3,43,404)	(254.55)
Provision for doubtful receivables	8 & 9	(12,61,052)	(932.83)	(31,25,461)	(2,316.66)
Provision for slow moving inventories	7	(26,479)	(20.08)	-	(0.53)
<b>Loss from Operations</b>		<b>(13,13,361)</b>	<b>(970.11)</b>	<b>(31,73,182)</b>	<b>(2,350.98)</b>
Impaired of loan and interest receivable	6	(11,43,799)	(836.52)	-	-
<b>Loss for the year</b>		<b>(24,57,160)</b>	<b>(1,806.63)</b>	<b>(31,73,182)</b>	<b>(2,350.98)</b>
Other Comprehensive Income/ (Loss)		-	-	-	-
<b>Total comprehensive loss for the year</b>		<b>(24,57,160)</b>	<b>(1,806.63)</b>	<b>(31,73,182)</b>	<b>(2,350.98)</b>

# Statement of Changes in Equity

for the year ended December 31, 2021

	Share Capital		Accumulated losses		Total	FCTR	Total
	US \$	INR Lakhs	US \$	INR Lakhs	US \$		INR Lakhs
<b>As at 31 December 2019</b>	4,44,60,498	30,173.42	(3,88,14,747)	(26,009.72)	56,45,751	(130.27)	4,033.43
Contribution during the year					-		-
Loss for the year	-	-	(31,73,182)	(2,350.97)	(31,73,182)		(2,350.97)
Foreign Currency Translation Reserve					-	<b>127.71</b>	<b>127.71</b>
<b>As at 31 December 2020</b>	4,44,60,498	30,173.42	(4,19,87,929)	(28,360.69)	24,72,569	(2.56)	1,810.17
Contribution during the year							
Loss for the year			(24,57,160)	(1,806.63)	(24,57,160)		(1,806.63)
Foreign Currency Translation Reserve						7.91	7.91
<b>As at 31 December 2021</b>	<b>4,44,60,498</b>	<b>30,173.42</b>	<b>(4,44,45,089)</b>	<b>(30,167.32)</b>	<b>15,409</b>	<b>5.35</b>	<b>11.45</b>



# Statement of Cashflows

for the year ended December 31, 2021

	Note	2021	2021	2020	2020
		US \$	INR Lakhs	US \$	INR Lakhs
<b>Cash flow from operating activities -</b>					
Loss for the year		(24,57,160)	(1,806.63)	(31,73,182)	(2,350.97)
Adjustments for -					
Depreciation		194	0.14	66	0.05
Provision for staff end of service gratuity		2,422	1.82	8,502	6.30
Provision for doubtful receivables		12,61,052	932.83	31,25,461	2,316.65
Provision for slow moving inventories		26,479	20.08	-	-
Credit Balance written back		-	-	(6,063)	(4.49)
Interest income		(24,368)	(18.11)	(44,431)	(32.93)
Impairment of loan and interest receivable		11,43,799	836.52	-	-
<b>Operating Profit before Working Capital Changes</b>		<b>(47,582)</b>	<b>(33.35)</b>	<b>(89,647)</b>	<b>(65.39)</b>
(Increase)/decrease in Inventories		(13,392)	28.43	(24,634)	(18.80)
(Increase)/decrease in Trade and other receivables		1,49,961	96.01	27,681	20.20
Increase/(decrease) in Trade and other payables		(1,06,537)	(68.73)	5,69,134	418.86
<b>Net cash flow from / (used in) operating activities</b>		<b>(17,550)</b>	<b>22.36</b>	<b>4,82,534</b>	<b>354.87</b>
<b>Cash flow from investing activities -</b>					
Payment for purchase of property, plant and equipment		(778)	(0.58)		
<b>Net cash flow from / (used in) investing activities</b>		<b>(778)</b>	<b>(0.58)</b>	<b>-</b>	<b>-</b>
<b>Cash Flow from Financing Activities -</b>					
Loan advanced to Shareholder Company		(1,25,000)	(92.88)	(9,50,000)	(693.11)
<b>Net cash flow from / (used in) financing activities</b>		<b>(1,25,000)</b>	<b>(92.88)</b>	<b>(9,50,000)</b>	<b>(693.11)</b>
Forex Impact			(25.94)		17.74
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(1,43,328)</b>	<b>(71.10)</b>	<b>(4,67,466)</b>	<b>(338.24)</b>
<b>Cash and Cash equivalents at the beginning of the year</b>		<b>7,02,902</b>	<b>512.83</b>	<b>11,70,368</b>	<b>833.34</b>
<b>Cash and Cash equivalents at the end of the year</b>	10	<b>5,59,574</b>	<b>415.78</b>	<b>7,02,902</b>	<b>512.83</b>

# Notes to the Financial Statements

for the year ended December 31, 2021

## 1 Legal status and activity

FORBES LUX FZCO (the “company”) is a free zone limited liability company incorporated in the Jebel Ali Free Zone, Dubai, United Arab Emirates pursuant to Law No. 2 of 1986 and implementing Rules and Regulations issued there under by the Jebel Ali Free Zone Authority with Euro Forbes Limited (EFL), U.A.E. and Forbes Lux International AG, Switzerland as its shareholders. The company’s registered address and place of business is Office No. FZJOA1617, JAFZA One, Jebel Ali Fee Zone, P O Box 261698, Dubai, United Arab Emirates.

The parent shareholder company is Euro Forbes Limited, Dubai and the ultimate parent company is Eureka Forbes Limited, India.

The company is operating under trade license number 106894 with distribution of cookers and cook stoves, refrigerators, washing machines and household electrical appliances, water heaters, filters and purifications devices, electrical and electronics appliances and spare parts as its licensed activity.

## 2 Basis of preparation

### Going concern

During the year, the company has incurred losses of USD 2,457,160 (2020: USD 3,173,182) and has accumulated losses amounting to USD 44,445,089 (2020: USD 41,987,929) resulting in significant depletion of equity funds to USD 15,409 as of 31 December 2021. The company could not expand the business as was envisaged and has incurred losses since inception.

However, these 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 parent entities continuing to provide necessary financial support to meet its obligations as and when they fall due and company generating sufficient cash flows and operating profit in the ensuing years.

### Statement of Compliance

The financial statements have been prepared under accrual basis of accounting in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements issued by the Jebel Ali Free Zone Authority.

### Basis of measurement

The financial statements have been prepared under the historical cost basis.

### Functional and presentation currency

The financial statements are presented in US Dollars (USD), being the functional and presentation currency of the company.

## Use of estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenue, 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 note 4.

## Application of new and revised International Financial Reporting Standards (IFRSs)

The company has applied all applicable accounting standards and amendments which are effective for annual periods beginning on or after 1 January 2021. The company has not early adopted any other standard, interpretation or amendment that has been issued but are not yet effective.

## 3. Summary of significant accounting policies

The accounting policies adopted which are consistent with those of the previous year in dealing with items that are considered material in relation to the financial statements are as follows:

Property, plant and equipment are stated at cost together with any related expenses of acquisition less accumulated depreciation and impairment if any. Depreciation is charged using the straight -line method whereby the costs of an asset are depreciated over their estimated useful lives as follows:

### Property, plant and equipment

Furniture and office equipment	2-5 years
Vehicles	5 years

### Inventories

Inventories are valued at lower of cost or net realizable value. Cost of inventories are determined using the weighted average cost method and comprises invoice value plus applicable landing charges. Net realizable value is based on estimated selling price less any further costs expected to be incurred up to disposal.

### Financial instruments

Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when



# Notes to the Financial Statements (Contd.)

for the year ended December 31, 2021

substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

## Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss on the basis of the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The company's financial assets comprise financial assets measured at amortized cost, comprising loan to parent shareholder company, trade and other receivables and cash and cash equivalents.

## Trade receivables

Trade receivables are stated at original invoice amount less provision for any uncollectible amounts or Expected Credit Losses (ECLs). The company applies a simplified approach in calculating ECLs. Therefore, the company doesn't track changes in credit risk, but instead recognizes a loss allowance based on Lifetime ECLs at each reporting date. Loss allowance is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## Other current financial assets

Other current financial assets represent advance to dealers, advance to a related party, VAT receivable and refundable deposits.

## Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balance in current accounts that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

## Financial liabilities

The company's financial liabilities comprise trade payables and accruals.

## Trade payables and accruals

Liabilities are recognized for amounts to be paid in future for goods or services received, whether invoiced by the supplier or not.

## Value Added Tax (VAT)

Expenses and assets are recognized net of the amount of VAT except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the Federal Tax Authority, in which case, the VAT is recognized as part of the cost of acquisition of the assets or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the Federal Tax Authority is included as part of receivables or payables in the statement of financial position.

## Revenue Recognition

The company recognizes revenue from sale of goods. Revenue is measured at the fair value of the consideration received or receivable net of VAT. Revenue is reduced for estimated returns, rebates and similar allowances.

## Sale of goods

Revenue from sale of goods is recognized at the point in time when control on such goods is transferred to the customer, generally, when the goods are delivered and have been accepted by the customer and collectability of the related receivable is reasonably assured.

## Interest Income

Revenue from Interest Income is recognised on a time-proportion basis using effective interest method.

## Staff end of services gratuity

Provision is made for the full amount of end of service gratuity in accordance with the company's policy, which is in accordance with U.A.E. Labour Law, for their period of service up to the end of the reporting period. The provision relating to end of service gratuity is classified as a non-current liability.

## Foreign currency transactions

Transactions in currencies other than US Dollars are converted into US Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in currencies other than US Dollars are translated into US Dollars 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. Significant judgment employed in applying accounting policies and key sources of estimation uncertainty

### 4.1 Significant judgment employed

#### Impairment of non-financial assets

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any of such indication exists, the company estimates the asset's recoverable amount. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

# Notes to the Financial Statements (Contd.)

for the year ended December 31, 2021

## 4.2 Key sources of estimation uncertainty

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

### Impact of COVID - 19

The outbreak of COVID-19 continues to progress and evolve, causing disruption to business and economic activity. There has been macro-economic uncertainty with regards to prices and demand for commodities. However, the scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition. The company is monitoring the evolution of the COVID-19 pandemic and will continue to assess further impacts going forward.

The currently known impacts of COVID-19 on the company are slight delays in customers collections due to COVID-19 but management is closely monitoring the situation and has kept adequate provision for expected credit losses. The management does not anticipate a future material impact of this outbreak on the company's financial statements at this stage.

### Inventory provision

Management regularly undertakes a review of the company's inventory in order to assess the likely realization proceeds, taking into account purchase and replacement prices, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment, assumptions are made as to the level of provisioning required.

### Provision for expected credit losses of trade receivables

The company recognizes a loss allowance for expected credit losses (ECL) on its trade receivables. The amount

of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial assets. The company recognizes lifetime ECL for trade receivables, using the simplified approach.

The expected credit losses on these financial assets are estimated using the company's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

### Provision of impairment of other receivables

For all other receivables, the company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12 months ECL.

The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring.

### Staff end of service gratuity

The company computes provision for the liability to staff end of service gratuity assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.



# Notes to the Financial Statements (Contd.)

for the year ended December 31, 2021

## Note 5 - Property Plant and Equipment

(2021)

	Furniture and office equipment		Vehicles		Total	
	US \$	INR Lakhs	US \$	INR Lakhs	US \$	INR Lakhs
<b>Cost</b>						
As at 01.01.2021	1,684	1.23	8,169	5.96	9,853	7.19
Addition during the year	778	0.58	-	-	778	0.58
As at 31.12.2021	<b>2,462</b>	<b>1.81</b>	<b>8,169</b>	<b>5.96</b>	<b>10,631</b>	<b>7.77</b>
<b>Accumulated Depreciation</b>						
As at 01.01.2021	1,684	1.23	8,169	5.96		
Charge for the year	194	0.14	-	-		
As at 31.12.2021	<b>1,878</b>	<b>1.37</b>	<b>8,169</b>	<b>5.96</b>	<b>10,047</b>	<b>7.33</b>
<b>Net book value</b>						
As at 31.12.2021	584	0.44	-	-	584	0.44
As at 31.12.2020	-	-	-	-	-	-

(2020)

	Furniture and office equipment		Vehicles		Total	
	US \$	INR Lakhs	US \$	INR Lakhs	US \$	INR Lakhs
<b>Cost</b>						
As at 01.01.2020	1,684	1.23	8,169	5.96	9,853	7.19
As at 31.12.2020	<b>1,684</b>	<b>1.23</b>	<b>8,169</b>	<b>5.96</b>	<b>9,853</b>	<b>7.19</b>
<b>Accumulated Depreciation</b>						
As at 01.01.2020	1,618	1.23	8,169	5.96	9,787	7.19
Charge for the year	66	-	-	-	66	-
As at 31.12.2020	<b>1,684</b>	<b>1.23</b>	<b>8,169</b>	<b>5.96</b>	<b>9,853</b>	<b>7.19</b>
<b>Net book value</b>						
As at 31.12.2020	-	-	-	-	-	-
As at 31.12.2019	<b>66</b>	-	-	-	<b>66</b>	-

## Note 6 - Loan to Parent Shareholder Company

This represents unsecured and 5% p.a. interest bearing loan together with interest accrued thereon advanced to Euro Forbes Limited, the parent shareholder company to meet with its investments, working capital and general corporate requirements, repayable after 3 years from the date of first disbursement of the working capital finance based on the business exigencies of the parent shareholder company.

Movement in this account were as follows:

	2021		2020	
	US \$	INR Lakhs	US \$	INR Lakhs
Opening Balance	9,94,431	725.53	-	-
Funds advanced	1,25,000	92.88	9,50,000	693.11
Interest Charged for the year	24,368	18.11	44,431	32.42
Impaired during the year	(11,43,799)	(836.52)	-	-
Closing balance	-	-	<b>9,94,431</b>	<b>725.53</b>

# Notes to the Financial Statements (Contd.)

for the year ended December 31, 2021

## Note 7 - Inventories

	2021		2020	
	US \$	INR Lakhs	US \$	INR Lakhs
Goods for re-sale	1,45,466	108.09	1,32,074	96.36
Provision for slow moving inventories #	(56,853)	(42.24)	(30,374)	(22.16)
	<b>88,613</b>	<b>65.85</b>	<b>1,01,700</b>	<b>74.20</b>

Inventories lying at third party warehouse comprising water purifiers, filters and purifications devices, electrical and electronics appliances and related items are stated as per the items physically taken, valued and certified by the management.

As at 31st December 2021, the ageing of inventories are as follows:

Total	0-45 days	46-90 days	91-180 days	181-365 days	> 365 days
USD	USD	USD	USD	USD	USD
1,45,466	6,255	4,589	15,120	43,241	76,261
INR Lakhs	108.08	4.65	3.41	11.23	32.13

Provision of USD 56,853 against inventories of USD 76,261 carried over a period of more than 365 days is considered adequate by the management.

# Movements in provision for slow moving inventories were as follows:

	2021		2020	
	US \$	INR Lakhs	US \$	INR Lakhs
Opening Balance	30,374	22.16	30,374	22.16
Provision for the year	26,479	20.08	-	-
Closing Balance	<b>56,853</b>	<b>42.24</b>	<b>30,374</b>	<b>22.16</b>

## Note 8 - Trade Receivables

	Local Customers	Related parties	Dealers	Others	2021	2020
	USD	USD	USD	USD	Total USD	USD
Trade Receivables ~	32,088	32,10,761	1,01,944	-	33,44,793	35,01,191
Provision for doubtful receivables @	-	(32,10,761)	(1,01,944)	-	(33,12,705)	(20,96,694)
<b>Total USD</b>	<b>32,088</b>	-	-	-	<b>32,088</b>	<b>14,04,497</b>
INR Lakhs	<b>23.84</b>	-	-	-	<b>23.84</b>	<b>1,024.71</b>

~Includes USD 3,210,761 (previous year USD 3,312,178) due from overseas related parties on trade account dealings.

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 granted. Provision of USD 3,312,705 carried in the accounts is considered adequate by the management

Since the date of statement of financial position, the company has recovered USD 200,000 from trade receivables.

As at 31st December 2021, the ageing of accounts receivable was as under :

Total USD	< 120 days USD	120-150 days USD	151-365 days USD	> 365 days USD
33,44,793	3,02,526	71,750	5,30,628	24,39,889
INR Lakhs	2,485.29	224.79	53.31	394.27



# Notes to the Financial Statements (Contd.)

for the year ended December 31, 2021

@ Movement in the provision for doubtful receivables was as under

	2021		2020	
	US \$	INR Lakhs	US \$	INR Lakhs
Opening Balance	20,96,694	1,549.30	1,73,624	123.88
Provision for the year	12,16,011	899.52	19,23,070	1,425.42
Closing Balance	<b>33,12,705</b>	<b>2,448.82</b>	<b>20,96,694</b>	<b>1,549.30</b>

## Note 9 - Advances and other receivables

	2021		2020	
	US \$	INR Lakhs	US \$	INR Lakhs
Advance to dealers	9,700	7.21	9,700	7.08
Advance to related party*	12,57,569	934.41	12,57,569	917.51
	<b>12,67,269</b>	<b>941.62</b>	<b>12,67,269</b>	<b>924.59</b>
Provision for doubtful receivables@	(12,67,269)	(941.62)	(12,67,269)	(924.59)
	-	-	-	-
Advance to suppliers	45,852	34.07	45,454	33.16
Provision for doubtful receivables@	(45,041)	(33.47)	-	-
	<b>811</b>	<b>0.60</b>	<b>45,454</b>	<b>33.16</b>
VAT recoverable	3,592	2.67	3,592	2.62
Deposits	10,204	7.58	4,165	3.04
	<b>14,607</b>	<b>10.85</b>	<b>53,211</b>	<b>38.82</b>

\* This represents unsecured and non interest bearing funds advanced to a related party to meet with its working capital and general corporate requirements which is repayable on demand.

@ Movement in the provision for doubtful receivables was as under:

	2021		2020	
	US \$	INR Lakhs	US \$	INR Lakhs
Opening Balance	12,67,269	924.58	64,878	47.33
Provision for the year	45,041	33.32	12,02,391	877.25
Closing Balance	<b>13,12,310</b>	<b>957.90</b>	<b>12,67,269</b>	<b>924.58</b>

## Note 10 - Cash and Cash Equivalents

	2021		2020	
	US \$	INR Lakhs	US \$	INR Lakhs
Cash on hand	1,362	1.01	1,362	0.99
Bank Balance in current accounts	5,58,212	414.77	7,01,540	511.84
	<b>5,59,574</b>	<b>415.78</b>	<b>7,02,902</b>	<b>512.83</b>

# Notes to the Financial Statements (Contd.)

for the year ended December 31, 2021

## Note 11 - Share Capital

	2021		2020	
	US \$	INR Lakhs	US \$	INR Lakhs
<b>Authorised:</b>				
1632 shares of AED 100,000 each (USD 1 converted @ AED 3.6707)	<b>4,44,60,498</b>	<b>30,173.42</b>	<b>4,44,60,498</b>	<b>30,173.42</b>
<b>Issued and paid up:</b>				
Euro Forbes Limited , UAE	4,43,78,853	30,129.10	4,43,78,853	30,129.10
Forbes Lux International AG, Switzerland <sup>#</sup>	81,645	44.32	81,645	44.32
	<b>4,44,60,498</b>	<b>30,173.42</b>	<b>4,44,60,498</b>	<b>30,173.42</b>

<sup>#</sup>Subsequent to year-end, all shares transferred to Euro Forbes Limited, U.A.E.

## Note 12 - Trade Payables

This represent trade payables of USD 653,188 (previous year USD 760,981) which include USD 538,590 (previous year USD 682,014) due to related parties on trade account.

The average credit period on purchase of goods is 0 – 120 days, except for payables to related parties where extended credit period is availed. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Since the date of statement of financial position, the company has paid USD 384,709 to trade payables.

## Note 13 - Cost of Sales

	2021		2020	
	US \$	INR Lakhs	US \$	INR Lakhs
Opening inventories	1,32,074	96.36	1,07,440	76.50
Purchases (including direct expenses) #	10,14,003	750.09	13,98,583	1,036.66
Closing inventories	(1,45,466)	(108.09)	(1,32,074)	(96.36)
	<b>10,00,611</b>	<b>738.36</b>	<b>13,73,949</b>	<b>1,016.80</b>

## Note 14 - Administrative and Selling Expenses

	2021		2020	
	US \$	INR Lakhs	US \$	INR Lakhs
Directors Remuneration and benefits	62,903	46.53	66,412	49.23
Office Rent	14,986	11.09	19,535	14.48
Warehousing & logistics expense	7,282	5.39	7,915	5.87
Other administrative expenses (net)	35,656	26.38	32,618	24.18
Exchange loss	518	0.38	2,936	2.18
Selling & distribution expenses	1,24,583	92.16	2,13,922	158.56
Depreciation	194	0.14	66	0.05
	<b>2,46,122</b>	<b>182.07</b>	<b>3,43,404</b>	<b>254.55</b>



# Notes to the Financial Statements (Contd.)

for the year ended December 31, 2021

## Note 15 - Related party transactions and balances

The company in the normal course of business enters into transactions with other parties that fall within the definition of related party as contained in the International Accounting Standard – 24: Related Party Disclosures. Transactions between the company and its related parties are made on terms equivalent to those that prevail in arm's length transactions.

Related parties comprise the ultimate parent shareholder company, shareholder companies, entities under common ownership and/or common management control, and key management personnel as under:

### Ultimate Parent shareholder company:

Eureka Forbes Limited, India

### Shareholders companies:

Euro Forbes Limited, UAE

Forbes Lux International AG, Switzerland

### Entities under common ownership and/or common management control:

Lux International AG, Switzerland

Euro P2P Direct Thailand Co. Ltd., Thailand

Aquagnis Technologies Pvt. Ltd., India

### Key Management Personnel:

Rajagopalan Sambamoorthy - Director

Sunil Dhondiram Uphale - Director / Manager

As at the date of statement of financial position, balances and significant transactions during the year with related parties were as follows:

	2021	2021	2020	2020
	US \$	INR Lakhs	US \$	INR Lakhs
<b>Balances</b>				
<b>Loan to a parent shareholder company</b>				
Euro Forbes Limited	-	-	9,94,431	725.53
<b>Trade Receivables</b>				
Eureka Forbes Limited	14,064	10.45	14,064	10.26
Euro P2P Direct Thailand Co Ltd	31,96,697	2,375.25	32,98,114	2,406.27
	<b>32,10,761</b>	<b>2,385.70</b>	<b>33,12,178</b>	<b>2,416.53</b>
<b>Advances</b>				
Euro P2P Direct Thailand Co Ltd	<b>12,57,569</b>	<b>934.41</b>	<b>12,57,569</b>	<b>917.51</b>
<b>Trade Payables</b>				
Eureka Forbes Limited	(5,38,590)	(400.19)	(6,43,204)	(469.28)
Aquagnis Technologies Pvt. Ltd.	-	-	(38,810)	(28.32)
	<b>(5,38,590)</b>	<b>(400.19)</b>	<b>(6,82,014)</b>	<b>(497.60)</b>
<b>Staff year end service gratuity</b>				
Sunil Dhondiram Uphale	<b>(10,924)</b>	<b>(8.12)</b>	<b>(8,502)</b>	<b>(6.20)</b>
<b>Transactions</b>				
<b>Sales :</b>				
Euro P2P Direct Thailand Co Ltd	(8,48,583)	(627.72)	(13,24,873)	(982.03)
Lux International AG	-	-	(51,466)	(38.15)
	<b>(8,48,583)</b>	<b>(627.72)</b>	<b>(13,76,339)</b>	<b>(1,020.18)</b>

# Notes to the Financial Statements (Contd.)

for the year ended December 31, 2021

	2021	2021	2020	2020
	US \$	INR Lakhs	US \$	INR Lakhs
<b>Purchases:</b>				
Eureka Forbes Limited	7,38,424	546.24	9,29,827	689.21
Aquaignis Technologies Pvt. Ltd.	58,415	43.21	1,55,240	115.07
	<b>7,96,839</b>	<b>589.45</b>	<b>10,85,067</b>	<b>804.28</b>
<b>Provision for doubtful receivables:</b>				
Euro P2P Direct Thailand Co Ltd	12,01,947	889.12	30,07,884	2,229.51
Eureka Forbes Limited	14,064	10.40	-	-
	<b>12,16,011</b>	<b>900</b>	<b>30,07,884</b>	<b>2,230</b>
<b>Director's remuneration and benefits:</b>				
Sunil Dhondiram Uphale	<b>62,903</b>	<b>46.53</b>	<b>66,412</b>	<b>49.23</b>
<b>Selling and distribution expenses:</b>				
Euro P2P Direct Thailand Co Ltd	<b>38,476</b>	<b>28.46</b>	<b>36,182</b>	<b>26.82</b>
<b>Impairment of loan and interest receivable:</b>				
Euro Forbes Limited	<b>11,43,799</b>	<b>849.88</b>	-	-
<b>Interest income</b>				
Euro Forbes Limited	<b>(24,368)</b>	<b>(18.11)</b>	<b>(44,431)</b>	<b>(32.42)</b>

Transactions with related parties are as carried out at the terms agreed between the parties.

Transactions with related parties also include unsecured and interest free and/or bearing funds provided or received to meet with working capital requirements.

## Note 16 - 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 bank balance, trade receivables and amount due from related parties and dealers. The company's bank balance in current accounts is placed with a high credit quality financial institution.

The company has derived 70% of its sales from a related party (previous year 85% from two related parties). As at 31 December 2021, the company is exposed to credit risk from trade receivables situated outside the U.A.E. amounting to USD 3,298,641 (previous year USD 3,429,325) due from 2 customers and advances of USD 1,267,269 (previous year USD 1,267,269) due from a related party and a dealer. There are no other 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. The liquidity requirements are monitored by the management and parent shareholder company, who ensure that sufficient funds are made available to the company to meet short, medium and long-term funding and liquidity requirements.

### Market risk

Market risk is the risk that changes in market prices, such as interest rate risk and currency 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. In the absence of interest bearing borrowings, there is no interest rate risk.

### Currency risk

Currency 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. Except for the following, there are no significant currency risks as substantially all financial assets and financial liabilities are denominated in US Dollars or U.A.E Dirhams, which is fixed to US Dollar rate.



# Notes to the Financial Statements (Contd.)

for the year ended December 31, 2021

	2021		2020	
	US \$	INR Lakhs	US \$	INR Lakhs
<b>Foreign Currency Financial Assets:</b>				
<b>Bank Balance</b>				
Euro	6,913	5.14	11,204	8.17
<b>Foreign Currency Financial Liability:</b>				
<b>Trade payables</b>				
Euro	1,08,786	80.83	66,304	48.37

## Note 17 - Capital Risk Management

The company manages its capital to ensure that the company will be able to continue as a going concern while maximizing the return to the shareholder companies through optimization of the debt and equity balance. The capital structure of the company comprises net debt (trade and other payables offset by bank balances and cash) and equity comprising issued and paid up capital and accumulated losses.

## Note 18 - Contingent liability and capital commitments

There are no contingent liabilities and capital commitments outstanding as at the date of statement of financial position.

## Note 19 - Comparative figures

Previous year's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year. Such reclassification do not affect the previously reported loss, net assets or equity of the company.

## Note 20 - Approval of the financial statements

The financial statements were approved by the Board of Directors on 23 April 2022 and authorised Mr.Sunil Dhondiram Uphale to sign on behalf of the board.

## **EUREKA FORBES LIMITED**

(formerly Forbes Enviro Solutions Limited)  
CIN: L27310MH2008PLC188478

### **Registered Office**

B1/B2, 7th Floor, 701, Marathon Innova,  
Off Ganpatrao Kadam Marg,  
Lower Parel, Mumbai – 400 013.  
Phone No.: +91 22 4882 1700 | Fax No.: +91 22 4882 1701  
Website: [www.eurekaforbes.com](http://www.eurekaforbes.com)