



**EUREKA  
FORBES**

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EURO FORBES LIMITED  
ANNUAL REPORT  
2020-21

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# Directors' Report

The Directors submit their report, together with the audited financial statements of **EURO FORBES LIMITED** (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 5 and 6 of the financial statements

In our opinion, the financial statements set out on pages 4 to 16 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 International Financial Reporting Standards and applicable provisions of Jebel Ali Free Zone Authority Offshore Companies Regulations.

At the date of the 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 parent shareholder company has confirmed its 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 51,290,838 (2020: USD 49,325,499) resulting in significant depletion of its equity funds as of 31 December 2021.

## Review of the Business

The company's activity remain the same as investments holding during the year.

## Directors

The Directors who served during the year were as follows :

Rajagopalan Sambamoorthy

Sunil Dhondiram Uphale"

## Shareholder and its Interest

The Shareholder at 31 December 2021 and its interest as at that date in the share capital of the company was as under :

	No.Of.Shares	USD
Eureka Forbes Limited , India	357,765	51,307,145

## Independent auditor

A resolution to re-appoint the 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 Ruro Forbes Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of EURO FORBES LIMITED (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 **EURO FORBES LIMITED** 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.

### Emphases of Matter

Without qualifying our opinion, we draw attention to note 2 to the financial statements which states that:

- The financial statements contain information about the company as an individual company and do not contain consolidated financial information as a parent of the group.
- The company has incurred loss of USD 1,965,339 for the year ended 31 December 2021 and has accumulated losses of USD 51,290,838 as of the above date (2020: USD 49,325,499) resulting in significant depletion of its equity funds. The continuation of the company as a going concern is dependent upon the parent shareholder company continuing to provide necessary financial support and upon the subsidiary 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 the financial statements in accordance with IFRSs and with the implementing rules and regulations issued by the Jebel Ali Free Zone Authority, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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 auditor's 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 auditor's 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, proper books of account have been kept by the company, and the information contained in the Directors' report relating to these financial statements, is in

agreement with the books of accounts. According to the information available to us, except for the matters stated in the Emphases of Matter section of our report, there were no violations of the laws of Jebel Ali Free Zone Authority Offshore Companies Regulations 2018, or the Articles of Association of the company have occurred during the year, which would have had a material effect on the business of the company or on its financial performance.

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 31 December 2021

Particulars	Notes	2021	2021	2020	2020
		US \$	₹ Lakhs	US \$	₹ Lakhs
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investments	5	15,381	11.52	15,37,832	978.65
Loan to a related party	6	-	-	14,15,278	1,028.16
		<b>15,381</b>	<b>11.52</b>	<b>29,53,110</b>	<b>2,006.81</b>
<b>Current asset</b>					
Other receivable				17	0.01
Cash and cash equivalents	7	16,006	11.89	38,954	28.42
		<b>16,006</b>	<b>11.89</b>	<b>38,971</b>	<b>28.43</b>
<b>Total assets</b>		<b>31,387</b>	<b>23.41</b>	<b>29,92,081</b>	<b>2,035.24</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	8	5,13,07,145	34,732.26	5,13,07,145	34,732.26
Accumulated losses		(5,12,90,838)	(34,469.75)	(4,93,25,499)	(33,173.59)
Foreign Currency Translation Reserve			(250.30)		(243.18)
<b>Total equity funds</b>		<b>16,307</b>	<b>12.21</b>	<b>19,81,646</b>	<b>1,315.49</b>
<b>Liabilities</b>					
<b>Non - current liability</b>					
Loan from a Subsidiary Company	9	-	-	9,94,431	708.07
		-	-	<b>9,94,431</b>	<b>708.07</b>
<b>Current liabilities</b>					
Accruals		15,080	11.20	16,004	11.68
		<b>15,080</b>	<b>11.20</b>	<b>16,004</b>	<b>11.68</b>
<b>Total liabilities</b>		<b>15,080</b>	<b>11.20</b>	<b>10,10,435</b>	<b>719.75</b>
<b>Total equity and liabilities</b>		<b>31,387</b>	<b>23.41</b>	<b>29,92,081</b>	<b>2,035.24</b>



# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2021

Particulars	Notes	2021	2021	2020	2020
		US \$	₹ Lakhs	US \$	₹ Lakhs
<b>Revenue</b>					
Interest income	6 & 11	34,409	25.45	63,907	47.37
Gain on sale of investment		-	-	17	0.01
<b>Total revenue</b>		<b>34,409</b>	<b>25.45</b>	<b>63,924</b>	<b>47.38</b>
Provision for impairment	5	(15,22,451)	(967.13)	-	-
Impairment of loan and interest receivable	6	(15,74,684)	(1,170.03)	-	-
Write back of liability	9	11,43,799	849.88	-	-
<b>Expenditure</b>					
Administrative expenses		(19,737)	(14.60)	(29,605)	(21.94)
Finance charges	10 & 11	(26,618)	(19.69)	(45,645)	(33.83)
Exchange Loss		(57)	(0.04)	(967)	(0.72)
<b>Total expenditure</b>		<b>(46,412)</b>	<b>(34.33)</b>	<b>(76,217)</b>	<b>(56.49)</b>
<b>Loss for the year</b>		<b>(19,65,339)</b>	<b>(1,296.16)</b>	<b>(12,293)</b>	<b>(9.11)</b>
<b>Other comprehensive income / (loss)</b>		-	-	-	-
<b>Total comprehensive loss for the year</b>		<b>(19,65,339)</b>	<b>(1,296.16)</b>	<b>(12,293)</b>	<b>(9.11)</b>

# Statement of Cash Flows

for the year ended 31 December 2021

	Note	2021	2021	2020	2020
		USD	₹ Lakhs	USD	₹ Lakhs
<b>Cash Flow from Operating Activities</b>					
Loss for the year		(19,65,339)	(1,296.16)	(12,293)	(9.11)
Adjustments for:					
Provision for Impairment		15,22,451	967.13	-	-
Impairment of loan and interest received		15,74,684	1,170.03		
Write back of liability		(11,43,799)	(849.88)		
Interest Income		(34,409)	(25.45)	(63,907)	(47.37)
Gain on sale of investments		-	-	(17)	(0.01)
Finance Charges		26,618	19.69	45,645	33.83
<b>Operating loss before working capital changes</b>		<b>(19,794)</b>	<b>(14.64)</b>	<b>(30,572)</b>	<b>(22.66)</b>
(Increase) / Decrease in other receivable		17	0.01		
Increase / (Decrease) in accruals		(924)	(0.48)	10,286	7.61
<b>Net cash from / (used in) operating activities</b>		<b>(20,701)</b>	<b>(15.11)</b>	<b>(20,286)</b>	<b>-15.05</b>
<b>Cash flow from investment activity</b>					
Payments of loan to a related party		(1,25,000)	(92.88)	(11,00,000)	(802.55)
Interest income received		3	0.00	53	0.04
<b>Net Cash from / (used in) investing activities</b>		<b>(1,24,997)</b>	<b>(92.88)</b>	<b>(10,99,947)</b>	<b>(802.51)</b>
<b>Cash Flow from financing activities</b>					
Receipts / (payment) of loan from a subsidiary company		1,25,000	92.88	9,50,000	693.11
Finance Charges paid		(2,250)	(1.66)	(1,214)	(0.90)
<b>Net Cash introduced from / (used in) financing activities</b>		<b>1,22,750</b>	<b>91.22</b>	<b>9,48,786</b>	<b>692.21</b>
Effect of Foreign Exchange Translation		-	0.24	-	3.96
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(22,948)</b>	<b>(16.77)</b>	<b>(1,71,447)</b>	<b>(125.35)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>38,954</b>	<b>28.42</b>	<b>2,10,401</b>	<b>149.81</b>
<b>Cash and cash equivalents at the end of the year</b>	7	<b>16,006</b>	<b>11.89</b>	<b>38,954</b>	<b>28.42</b>





# Statement of Changes in Equity

for the year ended 31 December 2021

Particulars	Share Capital		Accumulated Loss		Total		FCTR	Total
	US \$	₹ Lakhs	US \$	₹ Lakhs	US \$	₹ Lakhs	₹ Lakhs	₹ Lakhs
As at 31 December 2019	5,13,07,145	34,732.26	(4,93,13,206)	(33,164.48)	19,93,939	1,567.78	(264.37)	1,303.41
Loss for the year	-	-	(12,293)	(9.11)	(12,293)	(9.11)	21.19	12.08
As at 31 December 2020	5,13,07,145	34,732.26	(4,93,25,499)	(33,173.59)	19,81,646	1,558.67	(243.18)	1,315.49
Loss for the year	-	-	(19,65,339)	(1,296.16)	(19,65,339)	(1,296.16)	(7.12)	(1,303.28)
As at 31 December 2021	5,13,07,145	34,732.26	(5,12,90,838)	(34,469.75)	16,307	262.51	(250.30)	12.21

# Notes to the Financial Statements

for the year ended 31 December 2021

## 1 Legal status and business activity

EURO FORBES LIMITED (the “company”) is an offshore company with limited liability, incorporated as per the laws of Jebel Ali Free Zone Offshore Companies Regulations 2003 under registration number 145214 with Eureka Forbes Limited as its sole shareholder. The registered office address of the company is P. O. Box 118767, Dubai, U.A.E.

The company is the wholly owned subsidiary of eureka Forbes Limited, India

Subsequent to year end, Composite Scheme of Arrangement (the “scheme”) has been approved by the National Company Law Tribunal (NCLT) and the board of directors of the parent shareholder company, Eureka Forbes Limited (EFL) vide its circular resolution passed on 31 January 2022 have taken on record the order passed by the NCLT and accorded 1 February 2022 as the appointed date for the purpose of the scheme. Pursuant to this Eureka Forbes Limited (EFL) is amalgamated with Forbes and Company Limited (FCL).

The scheme, inter alia, provides for amalgamation and vesting of EFL with and into FCL and Demerger and vesting of Demerged Undertaking (health, hygiene, safety products and services undertaking, as defined in the scheme) of FCL into Forbes Enviro Solutions Limited (FESL), on a going concern basis.

The company is incorporated to carry out general trading and investment holding globally. The company has invested in a subsidiary company and advanced funds to a related party as described in notes 5 and 6 to the financial statements

## 2 Basis of preparation

These financial statements contain information about the company as an individual company and do not contain consolidated financial information as the parent of a group. The company has availed itself exemption under IFRS 10 – Consolidated Financial Statements from the requirement to prepare consolidated financial statements as it, and its subsidiary are included by consolidation in the consolidated financial statements of the ultimate parent company.

### Going concern

During the year ended 31 December 2021, the company has incurred loss of USD 1,965,339 (2020: USD 12,293) mainly due to provision for impairment for investment in subsidiary company and impairment of loan and interest receivable from a related party. As of 31 December 2021, the company has accumulated losses amounting to USD 51,290,838 (2020: USD 49,325,499) resulting in significant depletion of its equity funds.

The company’s subsidiary could not expand the business as was envisaged over the years and has not yielded any returns. Further, provision for impairment of the investment in the subsidiary company has significantly impacted the equity funds of the company

However, these financial statements are prepared on the basis that the company will continue as a going concern. The continuation of the company as a going concern is dependent upon the parent shareholder company continuing to provide necessary financial support and upon the subsidiary 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) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of Jebel Ali Free Zone Authority.

### Basis of measurement

The financial statements have been prepared on 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



# Notes to the Financial Statements (Contd.)

for the year ended 31 December 2021

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 not yet effective.

### 3. Summary of significant accounting policies

The accounting policies applied, 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:

#### Investment in subsidiaries and associates

A subsidiary is an entity that is controlled by the company. The company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investment in a subsidiary is measured initially at cost and subsequently carried in the company's separate financial statements at cost less any accumulated impairment losses. Associate is an entity in which the company has significant influence and which is neither subsidiary nor joint venture.

Investment in subsidiary and associate are accounted for at cost less provision for impairment in value of the investments, if any. Dividend income is recognized in the statement of profit or loss and other comprehensive income when dividend is declared by the subsidiary and associate out of the profits made subsequent to the date of acquisition.

#### 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 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

The company's financial assets comprise financial assets at amortized cost, comprising loan to a related party and cash and cash equivalents.

#### Loans receivables

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets,

except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Loans receivable are initially measured at fair value and subsequently carried at amortized cost using effective interest method. The company assesses at the end of each reporting date whether there is objective evidence that the financial assets are impaired.

#### Cash and cash equivalents

Cash and cash equivalents comprise 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.

#### Impairment of financial assets

The company recognizes an allowance for expected credit losses (ECLs) on its financial assets. ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, which represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.
- Lifetime ECL, which represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

#### Financial liabilities

The company's financial liabilities comprise loan from a subsidiary company and accruals.

#### Loans and borrowings

Loans and borrowings are initially recognized at fair value net of directly attributable transaction costs. Interest-bearing loans and borrowings are subsequently measured at amortized cost using effective interest method. Gains and losses are recognized in statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

#### Accruals

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

# Notes to the Financial Statements (Contd.)

for the year ended 31 December 2021

## Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

## Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

## Revenue Recognition

Revenue is recognized to the extent that it is possible that the economic benefits will flow to the company and the revenue can be reliably measured.

## Interest income

Revenue from interest income is recognized on accrual basis using the effective interest method.

## 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 gain or loss is 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 uncertainties

### 4.1 Significant judgment employed

The significant judgment made in applying accounting policies that has the most significant effect on the amounts recognized in the financial statements pertains to impairment. At each reporting date, management conducts an assessment of investments and all financial assets to determine whether there are any indications that they may be impaired.

In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

### 4.2 Key sources of estimation uncertainty

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

#### Impairment of Loans and receivables

The loss allowance for financial assets are based on assumptions about risk of default and expected credit loss rates. The company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Any difference between the amounts actually collected in the future period and the amounts expected, will be recognized in the company's statement of profit or loss in that period.



# Notes to the Financial Statements (Contd.)

for the year ended 31 December 2021

## 5. Investments

	Country of Incorporation	% of Ownership	2021	2021	2020	2020
			US \$	₹ Lakhs	US \$	₹ Lakhs
<b>Investment in a subsidiary</b>						
Forbes Lux FZCO*						
1,629 shares of AED 100,000 each (USD 27,248 each)	U. A. E.	99.82	4,43,78,853	30,129.10	4,43,78,853	30,129.10
Provision for impairment#			(4,43,63,472)	(30,117.58)	(4,28,41,021)	(29,150.45)
			<b>15,381</b>	<b>11.52</b>	<b>15,37,832</b>	<b>978.65</b>
<b>Investment in an associate:</b>						
Euro P2P Direct Thailand Co. Ltd.®	Thailand	49	-	-	-	-
<b>Total Investments</b>			<b>15,381</b>	<b>11.52</b>	<b>15,37,832</b>	<b>978.65</b>
<b>Share of net book value as at 31 December 2021</b>						
Forbes Lux FZCO			15,381	-	24,68,118	-
Euro P2P Direct Thailand Co. Ltd.			-	-	-	-
			<b>15,381</b>	<b>-</b>	<b>24,68,118</b>	<b>-</b>

\* The principal activity of Forbes Lux FZCO is trading and distribution of water purifiers, filters and purifications devices, electrical and electronics appliances and related items and spare parts manufactured by an overseas related party and sourced from external/ third party vendors.

# Although, the subsidiary company has incurred significant losses over the past few years and its equity has significantly diluted as of 31 December 2021, in the opinion of the management, the provision carried in the accounts is considered adequate.

® During the year 2015, the company acquired 49% stake in Euro P2P Direct Thailand Co. Ltd., an overseas company held by the related party of ultimate parent company at nil value. Subsequent to year end, the company has sold its 19,598 shares to Mr. Itthidech Jarontad.

## 6. Loan to a related party

This represents unsecured and 5% interest bearing, medium term funding loan together with interest accrued thereon advanced to Forbes Lux International AG, a fellow subsidiary company to meet with its working capital requirements, repayable within 3 years or such other time as may be mutually agreed between the parties. This loan is secured against undertaking from the parent shareholder company, Eureka Forbes Limited, for the financial support and repayment of the loan and accrued interest thereon. Movements in the loan to a related party and interest receivable accounts were as follows:

	2021	2021	2020	2020
	US \$	₹ Lakhs	US \$	₹ Lakhs
<b>Loan to related party</b>				
Opening balance	13,50,000	1,003.09	2,50,000	178.01
Funds advanced	1,25,000	92.88	11,00,000	802.55
Impairment	(14,75,000)	(1,095.97)	-	-
Closing balance	-	-	<b>13,50,000</b>	<b>980.56</b>
<b>Interest receivable</b>				
Opening balance	65,278	48.50	1,424	1.01
Charge for the year	34,406	25.56	63,854	46.59
Impairment	(99,684)	(74.06)	-	-
Closing balance	-	-	<b>65,278</b>	<b>47.60</b>
	-	-	<b>14,15,278</b>	<b>1,028.16</b>

## Notes to the Financial Statements (Contd.)

for the year ended 31 December 2021

### 7. Cash and cash equivalents

This represents balance in current accounts with a bank.

### 8. Share capital

Particulars	2021	2021	2020	2020
	US \$	₹ Lakhs	US \$	₹ Lakhs
<b>Authorized capital</b>				
361,000 shares of nominal value of AED 1,000 each (Converted @ 1 USD =AED 3.67)	9,83,65,123		9,83,65,123	
<b>Issued and paid-up capital</b>				
357,765 shares of nominal value of AED 1,000 each ! # * @	5,13,07,145	34,732.26	5,13,07,145	34,732.26

! Includes 41,615 shares issued at AED 1,000 each

# Includes 188,500 shares issued at discounted value of AED 460 each

\* Includes 74,000 shares issued at discounted value of AED 475 each

@ Includes 53,650 shares issued at discounted value of AED 465 each

### 9. Loan from a subsidiary

This represents unsecured, 5% p.a. interest bearing loan and accrued interest thereon from Forbes Lux FZCO, a subsidiary company, to meet with the 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 company. The company has utilized the funds to advance funds to an overseas related party.

Movements in the loan from a subsidiary and interest payable accounts were as follows:

	2021	2021	2020	2020
	USD	₹ Lakhs	USD	₹ Lakhs
<b>Loan to a subsidiary</b>				
Opening Balance	9,50,000	705.88	-	-
Receipt of Loan	1,25,000	92.88	9,50,000	693.11
Balance written back *	(10,75,000)	(798.76)		
Closing Balance	-	-	<b>9,50,000</b>	<b>693.11</b>
<b>Interest payable</b>				
Opening Balance	44,431	33.01		
Charge for the year	24,368	18.11	44,431	32.42
Balance written back *	(68,799)	(51.12)		
Closing Balance	-	-	<b>44,431</b>	<b>32.42</b>
	-	-	<b>9,94,431</b>	<b>725.53</b>

\* During the year, the company assessed that loan and interest payable were no longer payable and has, accordingly written back such amounts.

### 10. Finance charges

	2021	2021	2020	2020
	USD	₹ Lakhs	USD	₹ Lakhs
Interest on loan from related parties	24,368	18.03	44,431	32.93
Bank charges	2,250	1.66	1,214	0.90
	<b>26,618</b>	<b>19.69</b>	<b>45,645</b>	<b>33.83</b>



# Notes to the Financial Statements (Contd.)

for the year ended 31 December 2021

## 11. Related party transactions and balances

The company in the normal course of business enters into transactions with other business enterprises that fall within the definition of related party as contained in the International Accounting Standard – 24: Related 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 are the parent shareholder company, subsidiary company, associate company, fellow subsidiary company and directors as under

Eureka Forbes Limited, India	Parent shareholder company
Forbes Lux FZCO, Dubai, UAE	Subsidiary
Euro P2P Direct Thailand Co. Ltd., Thailand	Associate
Forbes Lux International AG, Switzerland	Fellow subsidiary
Rajagopalan Sambamoorthy	Director
Sunil Dhondiram Uphale	Director

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

		Subsidiary		Fellow Subsidiary		Total	
		USD	₹ Lakhs	USD	₹ Lakhs	USD	₹ Lakhs
		Dr/(Cr)	Dr/(Cr)	Dr/(Cr)	Dr/(Cr)	Dr/(Cr)	Dr/(Cr)
<b>Balances:</b>							
Investment in a subsidiary	2021	15,381	11.43	-	-	15,381	11.43
	2020	15,37,832	1,121.99	-	-	15,37,832	1,121.99
Loan to a related party	2021	-	-	-	-	-	-
	2020	-	-	14,15,258	1,032.56	14,15,258	1,032.56
Loan from a subsidiary company	2021	-	-	-	-	-	-
	2020	(9,94,431)	(708.07)	-	-	(9,94,431)	(708.07)
<b>Transactions:</b>							
Provision For Impairment	2021	15,22,451	1,110.77	-	-	15,22,451	1,110.77
	2020	-	-	-	-	-	-
<b>Impairment of loan and interest receivable</b>	2021	-	-	15,74,684	1,167.19	15,74,684	1,167.19
	2020	-	-	-	-	-	-
<b>Write back of liability</b>	2021	(11,43,799)	(834.50)	-	-	(11,43,799)	(834.50)
	2020	-	-	-	-	-	-
Interest income	2021	-	-	(34,409)	(25.45)	(34,409)	(25.45)
	2020	-	-	(63,854)	(47.33)	(63,854)	(47.33)
Finance Charges	2021	24,368	17.78	-	-	24,368	17.78
	2020	44,431	32.42	-	-	44,431	32.42

Related party transactions during the year also include professional fees of USD 10,000 (2020: USD 20,000) incurred on behalf of an overseas related party. The company also receives and provides interest bearing loans from / to the related parties as and when required to meet their requirements.

# Notes to the Financial Statements (Contd.)

for the year ended 31 December 2021

## 12. 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. The company's bank balance in current accounts are placed with a high credit quality financial institution.

### 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 the 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. There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in US Dollars or U.A.E. Dirhams to which US Dollar rate is pegged.

## 13. Financial instruments: Fair values

The fair values of the company's financial assets, comprising bank balance and financial liabilities, comprising accruals, approximate to their carrying values.

## 14. 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 parent shareholder company through optimization of the debt and equity balance. The capital structure of the company comprises share capital and accumulated losses.

## 15. Contingent liabilities and capital commitments

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

## 16. 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.

## 17. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorized for issue 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

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