



VOLTAS

A **TATA** Enterprise

Annual Report

2005-2006

Five decades ago, Voltas took its first step by installing India's first air conditioner. Ever since, we have never looked back and achieved one milestone after another. As this saga continues, we take pride in calling ourselves **India ka dil. India ka AC.**



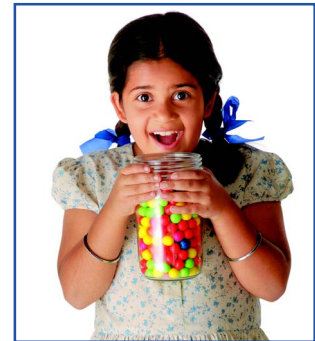
The Voltas Range

Through the years, Voltas has been committed to offering value for money, performance and best-in-class quality as seen in a wide range of brands and solutions in cooling and refrigeration.

It has a range of Window, Split and Sensicool air conditioners for the institutional and retail segments. The Window range of ACs includes Vertis Gold, Vertis Premium, Vertis Plus and Vertis; whereas the Split range of ACs includes Vertis Gold and Vertis.

Voltas caters to the commercial cooling segment with its Venture range of ACs. It includes Slimline, Cassette and Ductable ACs.

Water coolers and dispensers offered by Voltas come under the Tushar and Minimagic range of products. Voltas also offers freezers and coolers under the Coldcel range, which includes Visi Coolers, Chest Coolers, Upright Coolers, Wine Cellars and Chest Freezers.





BOARD OF DIRECTORS

Chairman	Ishaat Hussain
Managing Director	A. Soni
Directors	N. M. Munjee
	N. J. Jhaveri
	S. D. Kulkarni
	Ravi Kant
	N. D. Khurody
	N. N. Tata

General Manager - Taxation & Company Secretary	V. P. Malhotra
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AUDIT COMMITTEE

Chairman	N. J. Jhaveri
	N. M. Munjee
	S. D. Kulkarni

REMUNERATION COMMITTEE

Chairman	S. D. Kulkarni
	N. M. Munjee
	N. J. Jhaveri

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Chairman	N. N. Tata
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CORPORATE MANAGEMENT

Managing Director	A. Soni
Executive Vice Presidents	P. N. Dhume
	M. M. Miyajiwala
	Sanjay Johri
	S. Venkatraman
	A. K. Joshi
Vice Presidents	A. J. Gole
	S. Bilgi

Solicitors

Messrs Mulla & Mulla and
Craigie, Blunt & Caroe

Auditors

Messrs S.B. Billimoria & Co.,
Chartered Accountants

Bankers

State Bank of India
Bank of India
Punjab National Bank
Citibank N.A.
BNP Paribas
State Bank of Hyderabad
Emirates Bank International pjsc (UAE)
Union National Bank (UAE)
Abu Dhabi Commercial Bank (UAE)
HSBC Bank Middle East Limited (UAE)
HSBC Bank Middle East Limited (Qatar)
Doha Bank (Qatar)
The Commercial Bank of Qatar (Qatar)
Standard Chartered Bank (Singapore)
Export - Import Bank of India

Registered Office

Voltas House 'A',
Dr. Babasaheb Ambedkar Road,
Chinchpokli,
Mumbai 400 033

Share Service Centre

T.B. Kadam Marg,
Mumbai 400 033

Annual General Meeting :
Monday, 7th August, 2006 at 3.30 p.m.
at Birla Matushri Sabhagar,
19, Sir Vithaldas Thackersey Marg, Mumbai 400 020.

HIGHLIGHTS

		2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
1.	SALES AND SERVICES	Rs. 190418	144143	132994	123041	94066
2.	OTHER INCOME	Rs. 2431	1953	1688	1413	1243
3.	COST OF SALES AND SERVICES (incl. Excise Duty)	Rs. 145162	108570	100562	101926	74302
4.	OPERATING, ADMINISTRATION AND OTHER EXPENSES	Rs. 35898	32265	30422	20122	19191
5.	Staff Expenses (included in 3 & 4)	Rs. (17623)	(14435)	(12619)	(12573)	(10982)
	Number of Employees (excluding Contract Staff)	Nos. 2855	3550	3593	3935	4329
6.	PROFIT/(LOSS) BEFORE TAXATION#	Rs. 9169	5766	4687	2905	1671
	Percentage to Sales	%	4.8	4.0	3.5	2.4
	Percentage to Total Assets	%	29.3	19.2	17.2	11.5
7.	TAXATION	Rs. 2120	725	784	348	(12)
8.	PROFIT/(LOSS) AFTER TAXATION	Rs. 7049	5041	3903	2558	1683
	Percentage to Sales	%	3.7	3.5	2.9	2.1
	Percentage to Shareholders' Funds	%	29.2	26.1	20.6	15.9
9.	RETAINED PROFIT	Rs. 4785	3155	2783	1624	1088
10.	DIVIDEND ON EQUITY CAPITAL	Rs. 1985	1654	993	827	596
	Percentage	%	60	50	30	25
11.	FIXED ASSETS (AT COST)	Rs. 28074	24858	24751	23987	23140
12.	DEPRECIATION	Rs. 14592	16615	12491	11799	10500
13.	INVESTMENTS	Rs. 6103	4622	4547	3626	3139
14.	NET CURRENT ASSETS	Rs. 9089	14974	9396	7107	6241
15.	DEFERRED TAX ASSET	Rs. 2668	2153	1021	1375	1169
16.	DEFERRED REVENUE EXPENDITURE	Rs. —	—	—	899	5317
17.	TOTAL ASSETS	Rs. 31342	29992	27224	25195	28506
18.	SHARE CAPITAL	Rs. 3306	3305	3305	3305	3305
19.	RESERVES AND SURPLUS	Rs. 20835	16046	15595	12811	15496
20.	SHAREHOLDERS' FUNDS	Rs. 24141	19351	18900	16116	18801
	Equity per Share	Rs. † 72.96	58.48	57.12	48.7	56.8
	Earnings per Share	Rs. † 21.3	15.2	11.8	7.7	5.1
	Number of Shareholders	Nos. 52365	53674	60622	72174	76512
	Share prices on Stock Exchange – High	Rs. † 1088	248	159	66	57
	– Low	Rs. † 218	88	50	42	31
21.	BORROWINGS	Rs. 7201	10641	8324	9079	9705
	Debt/Equity Ratio (Percentage to Shareholders' Funds)	%	30	55	44	56

Notes : All amounts are Rupees in lakhs except those marked †
After taking into account Extraordinary/Exceptional items



Rs. in Lakhs

2000-2001	1999-2000	1998-1999	1997-1998	1996-1997	1994-1995	1984-1985	1974-1975	1964-65	1954-55	
85372	78639	98428	109907	104061	81089	26607	15934	4223	991	1
1211	1653	1451	781	2310	759	150	40	5	2	2
66223	60253	77135	84709	82187	60368	21080	13856	3468	815	3
18641	19349	23936	27004	25863	19225	5556	1955	522	153	4
(10030)	(10939)	(14072)	(13077)	(11889)	(9997)	(3170)	(1031)	(363)	(109)	5
5136	5807	8796	10269	10711	10667	8147	7252	5082	2324	
572	596	1412	(931)	(1679)	2177	121	163	238	25	6
0.7	0.8	1.4	—	—	2.7	0.5	1.0	5.9	2.5	
2.0	2.0	4.1	—	—	5.0	1.1	4.6	18.3	6.5	
14	46	133	24	3	5	Nil	83	141	11	7
558	550	1279	(955)	(1682)	2172	121	80	97	14	8
0.6	0.7	1.3	—	—	2.7	0.5	0.5	2.3	1.4	
3.6	3.6	8.4	—	—	13.2	4.1	6.7	17.6	9.1	
120	109	839	—	—	997	23	5	59	6	9
397	397	397	—	—	1158	98	75	38	8	10
12	12	12	—	—	35	10	12	15	5.5	
26328	23852	22605	39632	39023	30651	5014	1232	447	53	11
12097	10870	9914	16579	14435	10718	1580	642	82	3	12
3127	4230	9033	5454	5806	8245	512	132	67	—	13
5962	8140	12180	18479	18018	14230	6583	2859	867	336	14
—	—	—	—	—	—	—	—	—	—	15
5634	4222	156	86	181	720	—	—	—	—	16
28954	29574	34060	47072	48593	43128	10529	3581	1299	386	17
3305	3305	3305	3305	3431	3428	978	623	255	150	18
12202	12082	11973	11134	12108	13048	2002	570	295	4	19
15507	15387	15278	14439	15539	16476	2980	1193	550	154	20
46.9	46.5	46.2	43.6	46.6	49.5	305	191	216	1027	
1.7	1.7	3.9	—	—	6.8	12	13	38	93	
83615	87192	81750	83950	82594	84180	45237	14395	7356	150	
60	142	142	60	47	176	470	211	276		
26	33	32	21	21	92	356	125	183		
13447	14187	18782	32633	33054	26652	7549	2388	749	232	21
87	92	123	226	213	162	253	200	136	151	

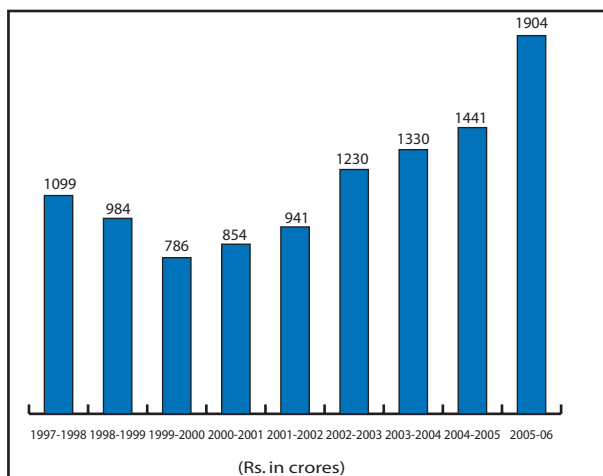
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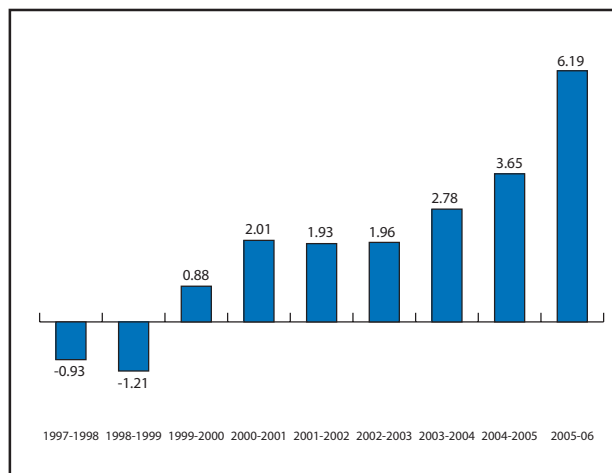


SIGNIFICANT TRENDS AT VOLTAS

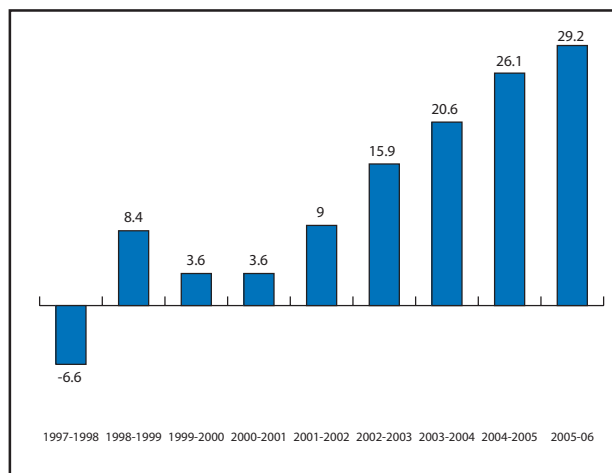
SALES AND SERVICES



PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS AS % TO TURNOVER

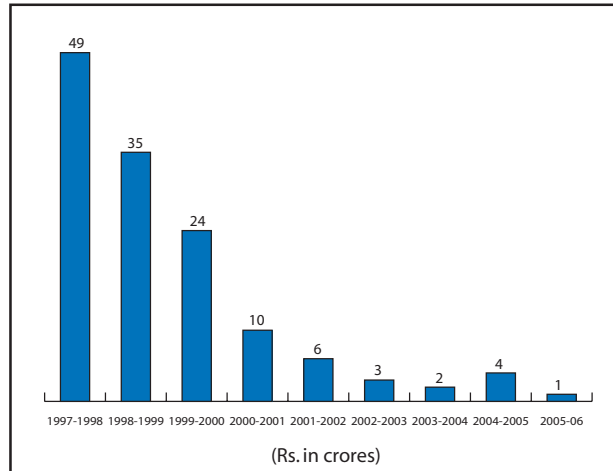


PAT % TO SHAREHOLDER'S FUND

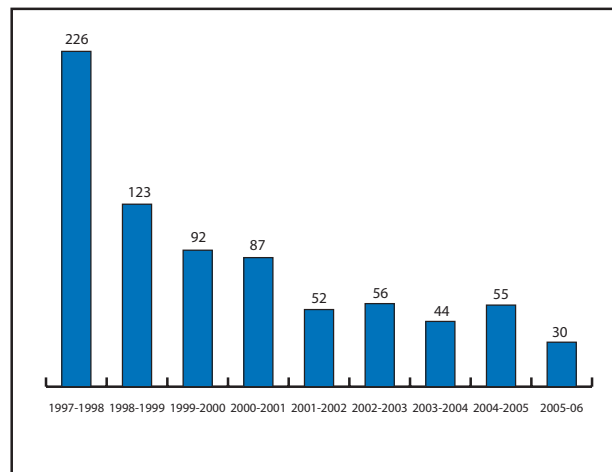


SIGNIFICANT TRENDS AT VOLTAS

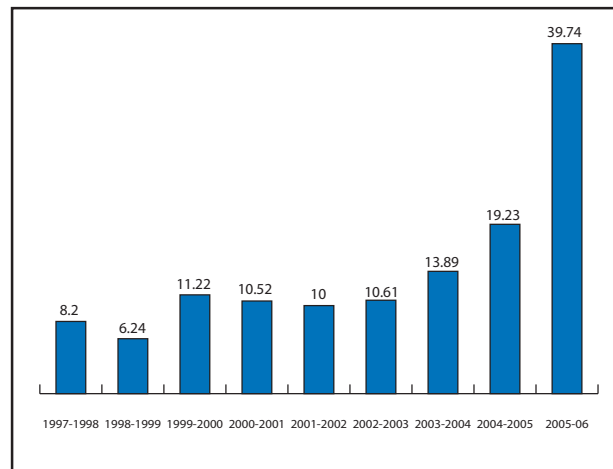
INTEREST COST



DEBT/EQUITY RATIO - %



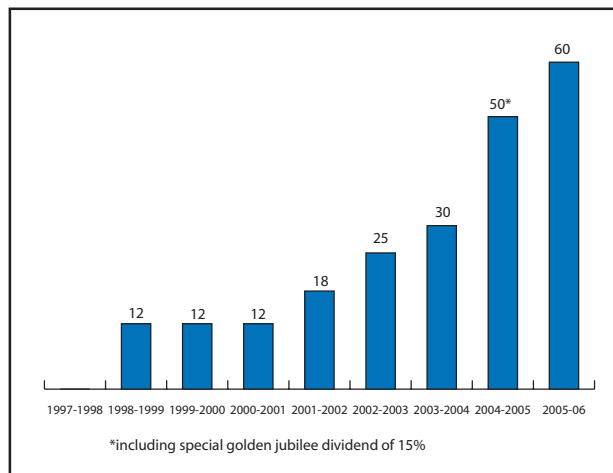
ROCE %



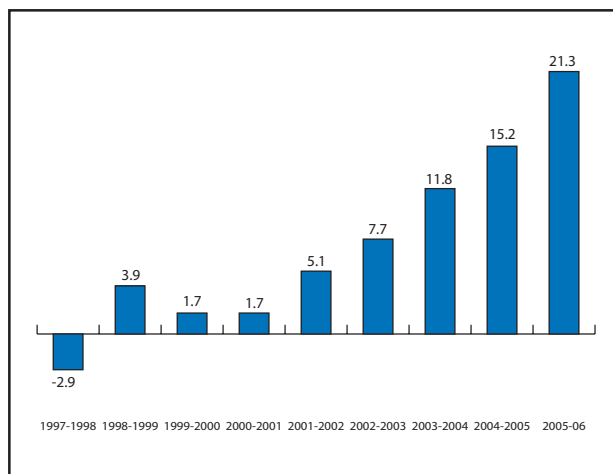


SIGNIFICANT TRENDS AT VOLTAS

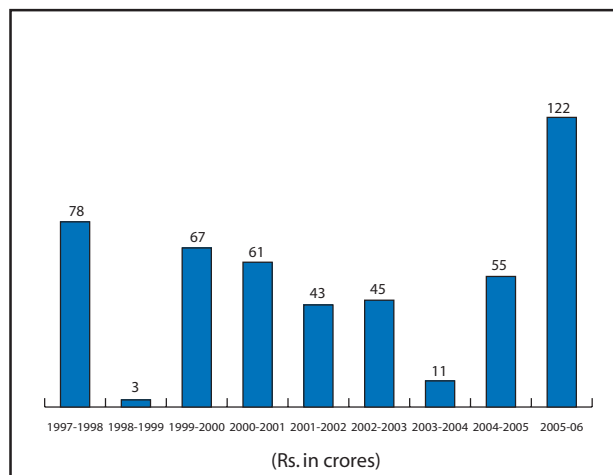
DIVIDEND % ON EQUITY CAPITAL



EARNINGS PER SHARE (RS.)



CASH GENERATED FROM OPERATIONS



REPORT OF THE BOARD OF DIRECTORS**To the Members**

Your Directors have pleasure in presenting their Fifty-Second Annual Report and the Accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS

	2005-2006 Rs. in Lakhs	2004-2005 Rs. in Lakhs
2. The Profit for the year after meeting all expenses but before financial items, depreciation and exceptional items	12504	6401
Adjusting from the above:		
Financial items	(392)	92
Depreciation	1108	1047
Profit before exceptional items	11788	5262
Exceptional items	(2619)	504
Profit before tax	9169	5766
Deducting provision for taxation including deferred tax	2120	725
Profit after tax	7049	5041
Adding thereto:		
Balance brought forward from the previous year	2000	1500
Amount transferred from Foreign Projects Reserve	400	50
Profit available for appropriations:	9449	6591
Appropriations:		
General Reserve	4700	2702
Proposed Dividend	1985	1654
Tax on Dividend	279	235
Leaving a balance to be carried forward	2485	2000



REPORT OF THE BOARD OF DIRECTORS, continued

DIVIDEND

3. The Company's dividend policy is based on the need to balance the twin objectives of appropriately rewarding the shareholders with cash dividend and of conserving resources to meet the Company's investment needs. The Directors recommend a dividend of 60% for the year 2005-06 (2004-05: 50%, including golden jubilee dividend of 15%).

OPERATIONS

4. The Company's net profit has increased by 40% from Rs.5041 lakhs to Rs.7049 lakhs despite a substantial charge of Rs.6508 lakhs towards Voluntary Retirement of a large section of the employees at Hyderabad Unit. At the operating level, i.e., before Exceptional items and Taxation, there was an impressive improvement in profits by 124% from Rs.5262 lakhs to Rs.11788 lakhs.

5. There has been an all round improvement in the performance of the Company and each of its continuing businesses have contributed significantly better than in the previous year. The Company's Pumps and Civil businesses are under closure. The Company had been facing a very difficult business situation in Hyderabad Unit for the last few years, with high costs and vastly under utilized facilities resulting in substantial losses. The Management had been working to find a solution to this problem. During the year, the Management succeeded in arriving at an understanding with the Union and the offer for a generous Voluntary Retirement was accepted by all the workers. As a result of the settlement at Hyderabad Unit, the Company was required to reverse the impairment in respect of the assets of the Hyderabad Unit, as per the provisions of Accounting Standard AS-28, for which, a credit of Rs. 2774 lakhs has been taken in the Exceptional Items.

6. The Company is setting up a new Plant at Pantnagar in Uttaranchal for manufacture of some of the more profitable commercial refrigeration products. This Plant is likely to be commissioned in June 2006.

FINANCE

7. There has been an overall increase in interest rates in the economy. Nevertheless, despite 32% growth in turnover, the interest costs of the Company have actually come down.

This is the result of prudent tying up of borrowings at lower cost in anticipation of hardening of interest rates and better and more effective management of working capital. Due to a lower increase in inventories and receivables, the cash flow has also been much better. At the end of the year, the Debt:Equity ratio of the Company had improved substantially, from 0.6:1 to 0.3:1.

TATA BUSINESS EXCELLENCE MODEL (TBEM)

8. In order to drive high performance in the organization, in an institutionalized manner, the Tata group companies including Voltas had adopted the Tata Business Excellence Model (TBEM) which is based on the Malcolm Balridge National Quality Award Criteria, USA. The TBEM criteria are designed to help organizations develop and use aligned approaches that result in: delivery of improved value to customers and contributing to market place success; improvement of overall organizational effectiveness and capabilities resulting in enhanced value to other stakeholders and organizational and personal learning. The effectiveness of TBEM framework is measured periodically and improvements are carried out as an ongoing activity. While the assessment process (internal and external) is used annually to evaluate the progress on a 1000 point scale, assurance process is deployed to gather annual feedback through an Assurance Survey conducted by an external agency. The Company has trained adequate number of employees to carry out the internal assessment process.

9. The Company's adoption of TBEM continued to yield improvements in several targeted areas. These include a customer relationship management, employee productivity, waste reduction and cycle time reduction in manufacturing, sales and service operations, among others.

10. In response to the challenges emerging from the contemporary business environment, the Company has taken several steps towards improving and sustaining its leadership in various businesses. The Company has recently revisited and evolved a new formulation of goals, reflected in the newly launched initiative for growth - MEGAVOL. All the businesses have aligned their Vision, Mission and Values in line with this new imperative. Strategic business planning as well as the periodic business review processes have been strengthened.

REPORT OF THE BOARD OF DIRECTORS, continued

11. The Company has also adopted the 'Balanced Scorecard' approach for reviewing the performance of its businesses. A structured TBEM internal assessment process has been put in place, to assess the business units and provide feedback on improvement areas.

12. Various businesses of the Company were assessed both internally and externally to review the progress made along the business excellence path. The assessment outcome indicated good progress, with the Company's Air Conditioning & Refrigeration business winning an award through an external assessment conducted by Tata Quality Management Services.

IT INITIATIVES

13. The Company has successfully completed its 'Project Disha - II' to extend SAP software from its initial installation in Cooling Appliances to all other businesses. The availability of on-line, accurate and integrated information to all concerned employees and managers has helped businesses in using information more effectively in their daily operations.

14. In response to the Company's need for IT application systems to support Strategic management of businesses, over and above operational systems like SAP, the Company has decided to outsource its IT function to a specialized consultancy organization with proven expertise in strategic application of IT in business, effective April 2006.

COMMUNITY DEVELOPMENT AND ENVIRONMENTAL PROTECTION

15. The Company remains committed to facilitating the development of a strong and self-reliant community through a well-defined framework for implementing its Community Development philosophy. The framework is founded on application of the Company's core competencies in the interest of social development. The Company has shifted its emphasis from large organized projects towards the institutionalizing of individual volunteering and organization of the activities of its over 10,000 volunteers in locally relevant projects across the Company.

16. Voltas volunteers continued visiting and aiding the Shepherd Widows Home, the ANZA Special School, SOS Children's village and VISAMO, among others. The Akanksha

mentoring programme is now in its fifth successful year. Over 125 volunteering trips were undertaken across the Company in 2005-06.

17. In its core competency project, the Company has partnered with Joseph Cardijn Technical School in Mumbai, to impart hands-on technical education in air conditioning and refrigeration to the underprivileged and those not academically inclined. Seven batches of students have successfully completed this course, to which Voltas sponsors a full-time instructor.

18. The Voltas Organisation of Women (VOW), exclusively managed by lady employees and wives of male employees, continued its humanitarian work in medical and educational relief. Health camps were organized for the underprivileged. Voltas volunteers participated in the Mumbai Marathon to raise funds for VOW.

19. The Company continues to extend financial support in the form of donations and contributions to institutions, including the Tata Council for Community Initiatives (TCCI), Voltas Organisation of Women, Cancer Patients Aid Association and Bombay Environmental Action Group.

GLOBAL COMPACT

20. The Company is a signatory to the Global Compact with United Nations. The Compact enumerates ten key principles based on universally accepted and internationally applicable values and goals in the areas of Human Rights, Labour Standards and Environment. The Company conducted several workshops to enhance employee awareness regarding the particulars of the Global Compact.

CORPORATE SUSTAINABILITY REPORT

21. The Company embarked upon the initiative to further reinforce its commitment to 'improving the quality of life of communities we serve', by adopting the GRI framework for Corporate Sustainability Reporting. The GRI framework sharpens the focus on the implications of the emergent global debate on sustainable development for the Company's businesses. The Company has extended the framework of Sustainability Report of its Hyderabad Unit to all other divisions and units. The first Company-wide report has been completed.



REPORT OF THE BOARD OF DIRECTORS, continued

STATEMENT OF EMPLOYEES' PARTICULARS

22. As required by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, a statement of information relating to employees has been given by way of an Annexure to this Report.

APPOINTMENT OF COST AUDITOR

23. As per the directions given by the Central Government, the Company has made the application to the Government for their approval for re-appointment of M/s. Sagar & Associates, a firm of Cost Accountants as the Cost Auditors of the Company for the year ending 31st March, 2007 in respect of refrigerator products manufactured by the Company. Similar approval was obtained for the year ended 31st March, 2006, as well.

SUBSIDIARIES AND JOINT VENTURES

24. Pursuant to the Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial information of its subsidiary companies namely, Metrovol FZE (Metrovol), VIL Overseas Enterprises B.V. (VOEBV), Voice Antilles N.V. (VANV), Weathermaker Limited (WML), Simto Investment Company Limited (Simto), Auto Aircon (India) Limited (AAIL) and Simtools Limited (Simtools). In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copy of the Balance Sheet, Profit and Loss Account, Directors' Report, Auditors' Report and other documents of the aforesaid subsidiary companies for the year ended 31st March, 2006 (31st December, 2005 in case of WML), have not been attached to the Balance Sheet of the Company. However, the Annual Accounts of these subsidiary companies are open for inspection by any member/investor and the Company will make available these documents/details upon request by any member of the Company or its subsidiaries interested in obtaining the same.

25. Metrovol, VOEBV, VANV, WML (foreign subsidiaries) and Simto have reported a profit and the foreign subsidiaries have also paid/declared a dividend. During the year under review, WML became a subsidiary of the Company. WML, a limited liability company registered in the Isle of Man, is engaged in the business of manufacturing galvanized iron,

aluminium, black mild steel and stainless steel duct and has its manufacturing facility in Jebel Ali Free Zone, UAE. The Company along with Metrovol, its subsidiary in UAE held 49% of the paid-up capital of USD 408441 of WML comprising 408441 shares of USD 1 each (Voltas 24% and Metrovol 25%). The balance 51% of the capital of WML was held by individuals, including a local UAE national. The financial year of WML is 1st January – 31st December, each year. The Company had made an offer in January 2006 to all the shareholders including Metrovol for purchase of entire 76% shareholding of WML (310415 shares) at an aggregate cost of Rs. 276 lakhs approx. Based on acceptance of offers and receipt of relevant documents/transfer deeds, 157250 shares were transferred and registered in the name of the Company at the Companies Registry in Isle of Man, upto 31st March, 2006. Accordingly, the Company's shareholding stood increased from 24% to 62.50% as at 31st March, 2006. As for the balance 153165 shares of WML, the Company's offer was accepted by the concerned shareholders in the last week of March 2006/first week of April 2006 and the transfers/registration of shares in the name of the Company have since been completed. WML is now a wholly-owned subsidiary of the Company.

26. SERMO-PM INDIA LIMITED (SPMIL). During the year under review, the Company had upon receipt of relevant clearances from the French Court and execution of relevant documents, divested its 50% shareholding in SPMIL on 6th October, 2005 in favour of a Japanese listed group – ARRK for a consideration of Euro 450000 (equivalent to Rs. 239.40 lakhs). The shareholders agreement was also terminated and SPMIL ceased to be a joint venture of the Company effective that date.

27. UNIVERSAL COMFORT PRODUCTS PRIVATE LIMITED (UCPL), a joint venture company between Voltas and Fedders is engaged in the business of manufacturing airconditioners and has its Plant at Dadra. The existing paid-up capital of UCPL of Rs. 2764.20 lakhs is held in equal proportion of Rs. 1382.10 lakhs each by Voltas and Fedders. With a view to expand the manufacturing capacity of UCPL (Dadra Plant has a capacity of 250000 units) to support the growth volumes expected by the Company's Unitary Products Group, UCPL is in the process of establishing a new manufacturing facility with annual capacity of 300000 units at Pantnagar in

Uttaranchal, which is an excise free zone. UCPL's investment would be partly financed through bank borrowings and partly through Promoters equity participation in equal proportion by Voltas and Fedders. The Company's contribution would be upto Rs. 700 lakhs of which Rs 225 lakhs has been paid towards share application money. UCPL has made good progress and has reported a turnover of Rs. 20665 lakhs and a net profit of Rs. 202 lakhs for the year ended 31st March, 2006.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

28. Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy and technology absorption is given by way of an Annexure to this Report. As regards the information in respect of foreign exchange earnings and outgo, the same has been given in the notes forming part of the accounts for the year ended 31st March, 2006.

DIRECTORS' RESPONSIBILITY STATEMENT

29. Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- (b) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

30. Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report, Auditor's Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report. A declaration signed by the Managing Director in regard to compliance with the Code of Conduct by the Board Members and Senior Management personnel forms part of the Annual Report.

DIRECTORATE

31. In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. N. M. Munjee, Mr. S. D. Kulkarni and Mr. N. N. Tata retire by rotation and being eligible, offer themselves for re-election.

AUDITORS

32. At the Annual General Meeting, members will be required to appoint Auditors for the current year. M/s. S. B. Billimoria & Co., the present Auditors of the Company have, pursuant to Section 224(1) of the Companies Act, 1956, furnished a certificate regarding their eligibility for re-appointment. The approval of the members is also sought for the appointment of the Branch Auditors of the Company, in consultation with the Company's Auditors. In this connection, the attention of members is invited to item No.8 of the Notice of the Annual General Meeting and the relevant Explanatory Statement.

SPECIAL BUSINESS

33. As regards the items of the Notice of the Annual General Meeting relating to the Special Business, the Resolutions incorporated in the Notice and the Explanatory Statements thereto fully indicate the reasons for seeking the approval of the members to those proposals. The members' attention is drawn to these.

GENERAL

34. The Notes forming part of the Accounts are self-explanatory or to the extent necessary, have been dealt with in the preceding paragraphs of the Report.

On behalf of the Board of Directors

ISHAAT HUSSAIN
Chairman

Mumbai, 11th May, 2006



ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (2A) (b) (ii), READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2006

NAME, AGE, DESIGNATION, NATURE OF DUTIES, REMUNERATION RECEIVED GROSS (Rs.), NET (Rs.), QUALIFICATION, DATE OF COMMENCEMENT OF EMPLOYMENT, EXPERIENCE YEARS, LAST EMPLOYMENT HELD, DESIGNATION, PERIOD FOR WHICH POST HELD

SECTION I - MANAGEMENT STAFF

AHMED KHALID *, 47, SR. PROCUREMENT MANAGER, UNITED ARAB EMIRATES, 1642740, 1642740, B.E. Elec., 29/09/05, 25, SIEMENS L.L.C., ABU DHABI, PROJECT MANAGER, (2 YEARS)

ASHOKA M.*, 56, ERECTION SUPERVISOR, 366948, 346588, FTT, HSC, 10/04/72, 33, NIL

BASHA SHAIKH MEHBOOB, 39, PROJECT MANAGER, UNITED ARAB EMIRATES, 2665428, 2665428, B.Tech (Mech.), 01/08/02, 13, M/S. EMI, ABU DHABI, DESIGN ENGINEER, (1 YEAR)

BHIDE MUKUND*, 59, SENIOR PRODUCTION CONTROL ENGINEER (MHBD), THANE, 789724, 677459, B.Sc., D.I.E., 22/12/69, 36, NIL

BILGI SATISHCHANDRA, 54, VICE PRESIDENT & CIO (IT), 2461849, 1500374, B.Sc., DIPLOMA IN O & M, M.M.M., 02/07/01, 5, HIRANDANI SOFTWARES & SYSTEMS, MUMBAI, VP(IT), (10 MONTHS)

BLAZE MINI*, 42, SUPERVISOR, F&C (UPBG), COCHIN, 832554, 816222, B.A., 10/11/86, 19, NIL

DATE SHASHIKANT*, 59, SENIOR ENGINEER-SAFETY & TRAINING, TECHNICAL SERVICES, THANE, 488140, 456231, D.M.E., 01/08/77, 37, BAJAJ AUTO LTD, ENGINEER, (8 YEARS)

DEY S., 47, PROJECT MANAGER (PLUMBING & FIRE FIGHTING) QATAR BRANCH, 2607493, 2607493, D.M.E., 02/07/02, 26, EMIRATES TRADING AGENCY, DUBAI, PROJECT MANAGER-PLUMBING, (6 YEARS)

DHAWAN RICKIE*, 41, ASSISTANT GENERAL MANAGER - OPERATIONS (AC&RBG), NEW DELHI, 1143198, 1012992, B.E., 14/11/88, 17, NIL

DHONDE M.S., 46, CONTROLLER-FINANCE & ADMINISTRATION, QATAR BRANCH, 3459629, 3459629, B.Com., A.C.A., 01/02/88, 23, BATLIBOI & PUROHIT, CHARTERED ACCOUNTANTS, SENIOR ASSISTANT, (5 YEARS)

DHUME PN., 58, EXECUTIVE VICE PRESIDENT & COO (IOBG), MUMBAI, 4677497, 2775149, B.E. (Elec.), D.B.M., P.G.D.I.M., M.F.M., 11/02/75, 32, LARSEN & TOUBRO LTD., JUNIOR ENGINEER, (1 YEAR)

D'SOUZA RALPH, 40, BUSINESS DEVELOPMENT MANAGER, UNITED ARAB EMIRATES, 3105000, 3105000, B.E. (Elec.), 14/10/91, 17, GENERAL ELECTRIC COMPANY., MUMBAI, PROJECT ENGINEER, (2 YEARS)

FADRA MOHAMMAD ALI*, 48, SR. DESIGN ENGINEER-ELECTRICAL, UNITED ARAB EMIRATES, 1348824, 1348824, B.E. (Elec.), 08/09/05, 22, BSNI ENGINEERING, QATAR, BUSINESS DEVELOPMENT MANAGER, (2 YEARS)

FAN KI HUNG KEN*, 36, SR. ELECTRICAL ENGINEER - HONG KONG BRANCH, 1441940, 1441940, M.E. (Elec.), 02/01/03, 13, ROYDEN SPIE JOINT VENTURE, ELECTRICAL ENGINEER, (4 YEARS)

FU SEE KWONG FRANK, 57, GENERAL MANAGER - HONG KONG BRANCH, 6148880, 6080480, B.Sc., 19/09/01, 32, SHUN CHEONG ENGINEERING LTD., DIRECTOR, (2 YEARS)

GANGULY S.K.*, 48, SUPERVISOR (CABD), KOLKATA, 1029483, 956708, HSC, 01/08/79, 26, NIL

GEHANI SANJAY, 38, SR. COORDINATION MANAGER - ELECTRICAL, UNITED ARAB EMIRATES, 2903700, 2903700, B.E. (Elec.), 14/07/92, 16, NIL

GOLE ANIL, 46, VICE PRESIDENT (HUMAN RESOURCE), 3092177, 1818519, B.Sc., M.L.S., 01/06/01, 5, OTIS INDIA LTD., GM-HR, (8 MONTHS)

GUPTA JAIKUMAR*, 59, MEDICAL OFFICER, THANE, 1205640, 944641, M.B.B.S., 21/01/86, 25, BOMBAY PORT TRUST, RESIDENT MEDICAL OFFICER, (8 YEARS)

HARSHE MOHAN*, 60, CHIEF MANAGER-ENGINEERING (MHBD), THANE, 1521447, 1202687, B.E., 17/04/78, 28, NIL

HIBBITT STANLEY, 60, PROJECT DIRECTOR, UNITED ARAB EMIRATES, 5580780, 5580780, B.Sc. Elec. Engg., 05/04/03, 28, BIRSE STADIA, HULL, UK, M & E MANAGER, (1 YEAR)

IQBAL MOHD FAIZAN, 38, PROJECT MANAGER - MECHANICAL, UNITED ARAB EMIRATES, 3039600, 3039600, B.Sc. Engg., 17/05/93, 16, USHA MARTIN INDUSTRIES LTD., RANCHI, TRAINEE ENGINEER, (1 YEAR)

IYER GOPAL*, 56, BUSINESS DEVELOPMENT MANAGER (IOBG), MUMBAI, 783585, 636592, FICWA, FCA, 13/06/90, 26, CHRISTINE HODEN (INDIA) PVT. LTD., MANAGER - FINANCE, (11 YEARS)

JAWA K.J., 46, SENIOR VICE PRESIDENT - OPERATIONS (UPBG), NEW DELHI, 3948595, 2505989, B.E. (Mech.) P.G.D.M., 07/05/01, 25, CARRIER AIRCON LTD., SALES MANAGER, (13 YEARS)

JOHRI SANJAY, 53, EXECUTIVE VICE PRESIDENT & COO (UPBG, M&CE & MHBD), HO, MUMBAI, 3761940, 1562885, M.A. B.A. (Hons), 06/09/04, 31, RDI PRINT & PUBLISHING LTD., MD, (25 YEARS)

JOSHI A.K., 53, EXECUTIVE VICE PRESIDENT & COO (AC&RBG), MUMBAI, 3436831, 1736569, B.E. (Mech.), 08/06/79, 27, KIRLOSKAR PNEUMATIC CO. LTD., PUNE, PROJECT ENGINEER, (4 YEARS)

JOSHI VIRENDRA, 58, VICE PRESIDENT (EMD), 2699413, 1641254, B.E. (Elec.), 01/08/84, 32, NIL

MAHAJAN R.P., 56, VICE PRESIDENT (PDC & WMBD), 2478983, 1448532, B.Tech. (Agricultural Engg.), 24/12/75, 30, NIL

MANAY LS, 42, CONSTRUCTION MANAGER, SINGAPORE BRANCH, 3684839, 3651959, B.E., D.E.E., 07/01/86, 24, ARMATIC ENGG., ERECTION ENGINEER, (3 YEARS)

MIR SHAUKAT ALI, 48, REGIONAL DIRECTOR - MIDDLE EAST REGION, 9099600, 9099600, B.E. (Mech.), 13/05/83, 23, NIL

MIYAJIWALA M.M., 55, EXECUTIVE VICE PRESIDENT (FINANCE), HO, MUMBAI, 3911705, 2208802, B.A. LL.B., A.C.A., 02/05/80, 35, DARA SORABJI, OFFICE INCHARGE, (1½ YEARS)

MOUSA NIDAL, 35, PLANNING MANAGER, UNITED ARAB EMIRATES, 3472500, 3472500, B.E. (Elec.), 26/07/02, 13, THERMO LLC., DUBAI, PROJECT ENGINEER, (6 YEARS)

NAGESHWAR RAO P.*, 51, SUPERVISOR, F&C (UPBG), VIJAYAWADA, 1100237, 1030908, B.Com., 01/12/79, 26, NIL

NASEEM AHMED MD.*, 49, SUPERVISOR (CABD), LUCKNOW, 845073, 830166, INTER, ITI, 21/12/84, 21, NIL

PANT C.D., 51, CHIEF PROJECT MANAGER-QATAR BRANCH, SHARJAH, U.A.E., 5660930, 5660930, B.Tech. (Elec.), 01/04/02, 27, TURNER STEINER INTERNATIONAL, SHARJAH, U.A.E., CONSULTING ENGINEER (M&E), (3 YEARS)

PRADHAN VIKAS*, 59, GENERAL MANAGER (EMD), 5445644, 4929820, B.E. (Elec.), 28/07/83, 36, BHARAT HEAVY ELECTRICALS LTD., DY. MANAGER (ELEC.), (10 YEARS)

PRITMANI S., 48, GENERAL MANAGER-FAR EAST & SOUTH EAST ASIA REGION, SINGAPORE 7729694, 7401431, B.E. (Mech.), 09/02/84, 25, BATLIBOI ENGINEERS LTD., PROJECT ENGINEER, (3 YEARS)

RAM KUMAR S.V.S.*, 37, CHIEF FINANCIAL OFFICER (UPBG), 1406859, 1041246, A.C.A., 01/08/94, 11, I.S. RAO & CO., ASSOCIATE, (1 YEAR)

RANE SANDEEP, 40, PROJECT MANAGER, HONG KONG BRANCH, 2956373, 2887973, B.E. (Mech.), 01/03/02, 13, CHOUGULE ENGINEERS LTD., PROJECT ENGINEER, (2 YEARS)

RAVI S.P.*, 45, SENIOR MANAGER - MARKETING (TMD), COIMBATORE, 715270, 620136, B.Tech., 13/03/87, 21, SITALAKSHMI MILLS, ENGINEER, (2 YEARS)

SAMBASIVA RAO K.*, 41, SUPERVISOR (CABD), VIJAYAWADA, 813893, 776852, SSC, ITI, 02/09/85, 20, NIL

SAMPATH D., 51, PROJECT DIRECTOR, UNITED ARAB EMIRATES, 6291348, 6291348, D.M.E., 24/05/02, 31, BUMI JAYA CORPN. SDN. BHD, BRUNEI, GENERAL MANAGER, (11 YEARS)

SAPALIGA SHANKAR*, 60, DEPUTY GENERAL MANAGER-CUSTOMER CARE (AC&RBG), MUMBAI, 2320146, 1628589, D.M.E., 01/12/76, 28, NIL

SHANKARNARAYAN T*, 61, COMMERCIAL MANAGER, (WMBD), MUMBAI, 528401, 525417, B.A., M.A., LL.B., 16/10/67, 36, NIL

SHARMA GOPAL, 45, M.E.P COORDINATOR, UNITED ARAB EMIRATES, 3115200, 3115200, B.E. (Mech.), 01/08/02, 22, SHAIKH SUROOR OFFICE, ABU DHABI, MEP MANAGER, (3 YEARS)

SHARMA PRADEEP*, 50, SENIOR GENERAL MANAGER (MHBD), THANE, 1733223, 1248557, B.Tech. (Agricultural Engg.), 01/05/2000, 5, ESCORTS LTD., DY. GENERAL MANAGER, (7 YEARS)

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NAME, AGE, DESIGNATION, NATURE OF DUTIES, REMUNERATION RECEIVED GROSS (Rs.), NET (Rs.), QUALIFICATION, DATE OF COMMENCEMENT OF EMPLOYMENT, EXPERIENCE YEARS, LAST EMPLOYMENT HELD, DESIGNATION, PERIOD FOR WHICH POST HELD

SECTION I - MANAGEMENT STAFF (contd.)

SHEEHAN MIKE, 49, PROJECT DIRECTOR, UNITED ARAB EMIRATES, 5049120, 5049120, PG DIP.PM, 10/08/02, 33, VA TECH ELIN GMBH, GERMANY, BUILDING SERVICES ENGINEER, (2 YEARS)

SHIV PRAKASH U.*, 53, GENERAL MANAGER (MANUFACTURING), 1113341, 862443, B.Sc., D.I.I.T., D.M.S., 16/07/97, 8, JOST'S ENGG. CO. LTD., MARKETING MANAGER, (8 MONTHS)

SIDHWANI S., 51, CHIEF PROJECT MANAGER- SINGAPORE BRANCH, 4590525, 3604647, B.E. (Civil), M.Sc. (Environ), C.Engg., MICE, 31/01/03, 26, MAUNSELL CONSULTANTS (ASIA) LTD., RESIDENT ENGINEER, (1 YEAR)

SONI ASHOK, 61, MANAGING DIRECTOR, HO, MUMBAI, 7711925, 4205043, B.Sc., A.C.A., 01/04/90, 37, INMARK PVT. LTD., SR. VICE PRESIDENT, (2 YEARS)

TAN C.K., 47, CONTRACTS MANAGER, SINGAPORE BRANCH, 2976827, 2621984, MBA, 12/01/04, 20, RIDER HENT LEVETT & BAILEY, PROJECT MANAGER, (3 YEARS)

THOMAS O.K., 46, SR. PROJECT MANAGER (ELECTRICAL), QATAR BRANCH, 3288198, 3288198, B.E. (Elec.), D.E.E., 02/11/92, 25, CENTRAL PUBLIC WORKS DEPT., JUNIOR ENGINEER, (11 YEARS)

TRIPATHI S.N.*, 64, EXECUTIVE DIRECTOR & COO, (UP GROUP), HYDERABAD, 7447768, 4428551, B.Sc. (Engg.), D.B.M., 09/03/70, 43, HYDERABAD METAL ALLWYN WORKS LTD., DEVELOPMENT ENGINEER, (7 YEARS)

VARMA N.R., 55, CHIEF PROJECT MANAGER - UNITED ARAB EMIRATES, 3991200, 3991200, D.E.E., 01/09/82, 33, MAHARASHTRA STATE ELECTRICITY BOARD, MAINTENANCE ENGINEER, (1 YEAR)

VELLANIKARAN S., 39, REGIONAL FINANCIAL CONTROLLER, SINGAPORE, 4001592, 4001592, A.C.A., 29/05/95, 14, SRIMAN PETROCHEMICALS LTD., ASST. MANAGER - FINANCE, (1 YEAR)

VENKATRAMAN S., 58, EXECUTIVE VICE PRESIDENT & COO (TMD & MTD), COIMBATORE, 3534077, 2197135, B.Tech. (Textiles), P.G.D. in Engg., 20/01/97, 36, KOTHARI INDUSTRIAL CORPORATION LTD., GROUP GM (TEXTILE), (2 YEARS)

VERMA LALIT*, 54, ASSISTANT MANAGER - PRODUCT SUPPORT (M&CE), KOLKATA, 295481, 269974, D.E.E., 15/12/89, 16, SECL, BILASPUR, FOREMAN, (5 MONTHS)

WORSLEY WILLIAM, 62, CONSTRUCTION SUPERINTENDENT, UNITED ARAB EMIRATES, 4612224, 4612224, M.I.E.T., 01/07/02, 40, M/S. ASTER, ABU DHABI, CONSTRUCTION SUPERINTENDENT, (3 YEARS)

SECTION II - OTHER STAFF

A. ANTHONY*, 45, Worker, 761749, 747742, 6TH STD., 01/09/82, 23, NIL

A. ASHOK*, 43, Worker, 877770, 871219, NAC SHEET METAL, 03/12/81, 24, NIL

A. KISHORE SINGH*, 43, Worker, 738915, 735243, 01/09/84, 21, NIL

A. KRISHNA MURTHY*, 48, Worker, 888023, 875633, INTER, 06/11/81, 24, NIL

A. NAGI REDDY*, 47, COMMERCIAL SUPERVISOR, 796366, 775289, B.Com., 11/09/85, 20, NIL

A. RAMANA REDDY*, 38, Worker, 649945, 636013, SSC, 10/06/86, 19, NIL

A. RAMESH KUMAR*, 47, Worker, 815379, 795935, 9TH STD., 01/09/82, 23, NIL

A. RAMESH*, 42, TECHNICAL SUPERVISOR, 725623, 706037, NAC D. MAN (Mech.), 03/11/87, 18, NIL

A. SHAMSUNDER*, 46, TECHNICAL SUPERVISOR, 1049274, 1024696, ITR&AC, 06/10/81, 24, NIL

A. VIJAYALAKSHMI*, 41, COMMERCIAL SUPERVISOR, 905592, 888117, D.C.P., 27/06/85, 20, NIL

ABDUL BASHEER KHAN*, 50, Worker, 746105, 728831, 6TH STD., 01/09/84, 21, NIL

ARJUN SETTY REDDY*, 48, Worker, 816776, 813009, NAC FITTER, 21/02/83, 22, NIL

B. NANDAIAH*, 53, Worker, 502043, 500427, 01/01/89, 16, NIL

B. SUDHAKAR*, 43, TECHNICAL SUPERVISOR, 827900, 822093, NAC FITTER, 15/10/84, 21, NIL

B. AGAIAH*, 51, Worker, 753212, 750366, NAC FITTER, 23/07/81, 24, NIL

B. AMRUTRAJ*, 41, Worker, 820387, 800224, 4TH STD., 01/09/82, 23, NIL

B. ASHOK KUMAR*, 46, Worker, 794289, 777314, 9TH STD., 06/12/82, 23, NIL

B. ASHOK*, 41, Worker, 752504, 734058, 01/09/84, 21, NIL

B. CHANDRA SARKAR*, 44, ASSISTANT OFFICER (TECHNICAL), 1015247, 976790, C.I.T.D., 08/08/85, 20, NIL

B. DEVENDER RAO*, 47, Worker, 819150, 798830, 9TH STD., 01/09/82, 23, NIL

B. HANUMANDLU*, 45, Worker, 972927, 953467, NAC WELDER, 22/09/81, 24, NIL

B. HARI RAM*, 52, Worker, 721801, 718947, SSC, 23/08/83, 22, NIL

B. JAYAMMA*, 52, SENIOR ASSISTANT, 719209, 713240, 21/08/86, 19, NIL

B. JOHN*, 51, Worker, 770306, 753026, SSC, 20/11/84, 21, NIL

B. KISHAN*, 48, Worker, 919042, 901078, ITI TURNER, 18/09/81, 24, NIL

B. KRISHNA*, 44, Worker, 823337, 818061, 6TH STD., 01/09/82, 23, NIL

B. M. KRISHNA REDDY*, 51, Worker, 663522, 661485, ITI WELDER, 06/11/87, 18, NIL

B. NARSING RAO*, 44, Worker, 815642, 795810, 5TH STD., 01/09/82, 23, NIL

B. PANDU*, 52, Worker, 757979, 754832, 26/09/73, 32, NIL

B. RAJ REDDY*, 47, Worker, 923187, 904582, SSC, 20/07/81, 24, NIL

B. RAMA RAO*, 43, SENIOR ASSISTANT, 999739, 967128, SSC, 01/07/80, 25, NIL

B. RAMBABU*, 42, FOREMAN, 863670, 855343, SSC, 05/05/84, 21, NIL

B. RAMESH BABU*, 38, Worker, 609149, 580504, SSC, 22/11/90, 15, NIL

B. RAMULU*, 45, Worker, 841263, 836351, B.A., 21/10/83, 22, NIL

B. SAMBAIAH*, 41, Worker, 733524, 717883, 01/09/84, 21, NIL

B. SRINIVAS RAO*, 42, Worker, 736164, 733446, ITI FITTER, 27/06/85, 20, NIL

B. SUBHASH*, 39, Worker, 759612, 742069, ITI PAINTER, 01/11/83, 22, NIL

B.V. SUBRAMANYAM*, 43, COMMERCIAL SUPERVISOR, 865993, 853850, 30/09/85, 20, NIL

B. VENKATAIAH*, 45, Worker, 818139, 798224, 01/09/82, 23, NIL

BHATTIPROLU SARMA*, 46, SK-II MECHANIC, 808320, 753841, INTER YEAR, 22/10/79, 26, NIL

C. VENKATESH*, 53, CLERK-A, 1059103, 1016601, B.Com., 21/08/80, 25, NIL

C. ARJUN*, 49, Worker, 927451, 907922, SSC, 21/08/81, 24, NIL

C. D'CRUZ*, 53, Worker, 573892, 572791, 01/08/81, 24, NIL

C. NARSING RAO*, 48, Worker, 860631, 854098, SSC, 29/07/81, 24, NIL

C. RAMA KRISHNA*, 45, Worker, 728706, 714148, NAC FITTER, 16/10/85, 20, NIL

C. VEERA CHANDRA R. *, 45, Worker, 817640, 797633, 7TH STD., 01/09/82, 23, NIL

C. VENKATESH*, 45, Worker, 821796, 818150, 01/09/82, 23, NIL

C. VINAYAK SAGAR*, 46, Worker, 623746, 614154, NAC WELDER, 23/07/87, 18, NIL



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SECTION II - OTHER STAFF (contd.)

C.VISWANATHAM*, 49, TECHNICAL SUPERVISOR, 970307, 943683, NAC FITTER, 14/08/81, 24, NIL
CH. ANURADHA*, 43, COMMERCIAL SUPERVISOR, 869964, 860317, 05/07/84, 21, NIL
CH. AYYAPPA RAO*, 42, TECHNICAL SUPERVISOR, 685744, 682257, NAC D.MAN(MECH.), 01/09/88, 17, NIL
CH. S. BENARJEE*, 51, Worker, 592131, 588289, 01/01/89, 16, NIL
CH. SATHYANARAYANA*, 51, Worker, 655939, 650225, NACTURNER, 09/09/87, 18, NIL
CH. SREERAMA MURTHY*, 47, Worker, 696955, 686248, ITI MACHINIST, 03/03/84, 21, NIL
CH. V. KRISHNA REDDY*, 45, ASSISTANT OFFICER (TECHNICAL), 991949, 961900, LEE, 28/09/83, 22, NIL
CH. VENUGOPAL REDDY*, 47, Worker, 803036, 800576, SSC, 26/09/83, 22, NIL
D. DEVANAND*, 47, COMMERCIAL SUPERVISOR, 983196, 956595, M.A, 11/08/80, 25, NIL
D. MALLESH*, 44, Worker, 821374, 802160, 01/09/82, 23, NIL
D. SIVA KUMAR RAJU*, 42, Worker, 639384, 632995, ITI FITTER, 13/04/87, 18, NIL
D. STEVENSON*, 45, ASSISTANT OFFICER (TECHNICAL), 979509, 952113, ITI MACHINIST, 12/08/85, 20, NIL
D. V. RAMANA RAO*, 41, TECHNICAL SUPERVISOR, 796779, 792529, NAC ELECTRICIAN, 13/05/85, 20, NIL
D. VIDYA SAGAR*, 41, Worker, 701691, 692242, SSC, 19/03/85, 20, NIL
DEEP SINGH*, 43, Worker, 824420, 819058, 01/09/82, 23, NIL
DEVAIAH*, 43, Worker, 818139, 814438, 01/09/82, 23, NIL
E. MALLA RAO*, 49, Worker, 954049, 938545, 9TH STD., 24/11/81, 24, NIL
G. SATYANARAYANA*, 42, Worker, 775964, 772740, NAC MILL WRIGHT MECHANIC, 07/09/88, 17, NIL
G. BAL REDDY*, 47, Worker, 588992, 578492, 4TH STD., 01/01/89, 16, NIL
G. BIKSHAPATHY*, 44, Worker, 816979, 797039, 01/09/82, 23, NIL
G. HANUMANTH REDDY*, 53, Worker, 714649, 711950, SSC, 10/04/75, 30, NIL
G. JAI PAL REDDY*, 50, Worker, 649635, 636909, ITI WELDER, 06/11/87, 18, NIL
G. KRISHNA REDDY*, 37, Worker, 651664, 646686, SSC, 03/03/87, 18, NIL
G. PRATAP*, 46, Worker, 821151, 800439, 01/09/82, 23, NIL
G. RAMULU*, 47, Worker, 735446, 719312, 01/09/84, 21, NIL
G. SRINIVAS*, 42, Worker, 832529, 830849, 17/11/81, 24, NIL
G. STEVEN*, 49, Worker, 986789, 962034, 14/09/73, 32, NIL
G. SUDERSHAN*, 49, Worker, 753646, 751998, SSC, 24/09/84, 21, NIL
G. SURESH BABU*, 44, Worker, 768759, 765903, NAC MOTOR MECHANIC, 21/11/84, 21, NIL
G. THIRUPATHI*, 44, Worker, 700687, 683795, ITI WELDER, 28/07/86, 19, NIL
G. VENU GOPAL*, 45, Worker, 904966, 888538, NAC SHEET METAL, 03/12/81, 24, NIL
HASNUL BANNA*, 50, Worker, 920279, 902614, SSC, 25/08/81, 24, NIL
ISMAIL SHARIEF*, 45, Worker, 751069, 734213, ITI SHEET METAL, 28/12/84, 21, NIL
J. BHASKAR*, 45, FOREMAN, 905788, 890863, NAC FITTER, 16/08/83, 22, NIL
J.G. MOSES*, 44, Worker, 781398, 762792, ITI MILL WRIGHT MECHANIC, 19/06/84, 21, NIL
J. RAGHU*, 39, Worker, 660944, 649823, 5TH STD., 14/08/86, 19, NIL
J. SUDHAKAR RAO*, 49, Worker, 924281, 905497, NAC ELECTRICIAN, 07/09/81, 24, NIL
JAGADISH*, 50, Worker, 919601, 901614, ITI FITTER, 20/07/81, 24, NIL
K. BALAIAH*, 41, Worker, 651040, 647801, NAC WELDER, 15/09/87, 18, NIL
K. S. N. P. RAO*, 45, Worker, 628461, 625691, ITI FITTER, 10/04/87, 18, NIL
K. ANANTHA REDDY*, 50, Worker, 907289, 876410, SSC, 12/09/81, 24, NIL
K.B. SHANKER KUMAR*, 51, Worker, 772153, 769737, ITI MACHINIST, 22/08/81, 24, NIL
K. BALRAJ*, 49, TECHNICAL SUPERVISOR, 772871, 748723, SSC, 07/06/86, 19, NIL
K. BUCHAIAH*, 47, TECHNICAL SUPERVISOR, 785679, 770378, SSC, 20/03/85, 20, NIL
K.C. PRESTON*, 49, Worker, 890189, 855445, INTER, 24/07/81, 24, NIL
K. ESHWARAPPA*, 43, Worker, 757002, 739867, 9TH STD., 08/09/84, 21, NIL
K. GANGADHAR REDDY*, 42, WORKER, 775629, 772336, INTER, 04/06/84, 21, NIL
K. KISTAIAH*, 43, Worker, 852117, 845586, 17/11/81, 24, NIL
K. KRISHNAIAH*, 50, Worker, 920718, 902433, NAC WIREMAN, 21/09/81, 24, NIL
K. MARKANDEYA*, 43, Worker, 797234, 781597, 01/09/82, 23, NIL
K. MAVU LINGAM*, 46, COMMERCIAL SUPERVISOR, 916406, 907789, 07/01/83, 22, NIL
K. MURTHY*, 45, Worker, 873325, 846569, 8TH STD., 08/09/80, 25, NIL
K.N. ANILAN*, 50, SENIOR ASSISTANT, 947441, 922583, DIP IN R & AC, 01/01/80, 26, NIL
K. NAGESHWAR RAO*, 51, COMMERCIAL SUPERVISOR, 912840, 890009, B.A, 22/02/83, 22, NIL
K. PRAKASH REDDY*, 50, Worker, 879059, 849949, ITI WELDER, 22/09/81, 24, NIL
K. PRASADA RAO*, 53, Worker, 583289, 580934, INTER, 31/01/83, 22, NIL
K. RAM MOHAN RAO*, 51, Worker, 816966, 813558, 8TH STD., 28/12/82, 22, NIL
K. SARASWATHI*, 51, COMMERCIAL SUPERVISOR, 845530, 838447, B.A, 11/09/85, 20, NIL
K. SATYANARAYANA M.*, 45, Worker, 756117, 743586, NAC MACHINIST(GRINDER), 05/04/84, 21, NIL
K. SURESH*, 54, Worker, 637039, 634747, ITI RADIO & TELEVISION, 15/09/73, 32, NIL
K. SURYA RAJ*, 48, Worker, 980783, 950635, 9TH STD., 01/06/79, 26, NIL
K. YADAVA REDDY*, 44, Worker, 886380, 876626, ITI WELDER, 22/09/81, 24, NIL
KHAJA HUSSAIN*, 51, Worker, 848423, 846248, 27/09/73, 32, NIL
KRISHNA BADA*, 49, Worker, 813392, 810276, ITI FITTER, 06/05/83, 22, NIL
M. POWRANIKA RAO*, 39, Worker, 604598, 601498, 9TH STD., 14/04/88, 17, NIL
M.A. QUDDUS*, 48, Worker, 885103, 850876, NAC WELDER, 30/07/81, 24, NIL
M. ANIL KUMAR*, 41, TECHNICAL SUPERVISOR, 765009, 758830, ITI D. MAN (MECH.), 30/09/86, 19, NIL
M. ANJALIAH*, 47, Worker, 806378, 802128, 7TH STD., 01/09/82, 23, NIL
M. BHASKAR*, 46, Worker, 854139, 847424, 9TH STD., 17/11/81, 24, NIL
M. HARI CHANDER*, 51, Worker, 734708, 729728, 01/09/82, 23, NIL
M. JOHN*, 51, Worker, 854079, 851448, 27/09/73, 32, NIL
M. MALLIKARJUNA RAO*, 47, COMMERCIAL SUPERVISOR, 827333, 815238, B.Com., 05/07/85, 20, NIL
M.N. SHANTHA KUMAR*, 43, Worker, 711104, 697247, 9TH STD., 01/09/84, 21, NIL

INFORMATION AS PER SECTION 217 (2A) (b) (ii), READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2006 (Contd.)

NAME, AGE, DESIGNATION, NATURE OF DUTIES, REMUNERATION RECEIVED GROSS (Rs.), NET (Rs.), QUALIFICATION, DATE OF COMMENCEMENT OF EMPLOYMENT, EXPERIENCE YEARS, LAST EMPLOYMENT HELD, DESIGNATION, PERIOD FOR WHICH POST HELD

SECTION II - OTHER STAFF (contd.)

M. NARSIMHULU*, 43, Worker, 823316, 802648, 01/09/82, 23, NIL
M. NARSING RAO*, 52, SENIOR ASSISTANT GR-II, 693229, 691368, INTER, 11/05/82, 23, NIL
M. PAPAIAH*, 48, Worker, 756364, 742972, ITI WELDER, 27/04/84, 21, NIL
M. PRAKASHAM*, 52, Worker, 758737, 756209, ITI TURNER, 11/08/81, 24, NIL
M. RAVINDER REDDY*, 47, Worker, 915479, 897925, NAC R & AC, 06/10/81, 24, NIL
M. SATYANARAYANA*, 44, Worker, 783290, 778569, NAC FITTER, 08/09/84, 21, NIL
M. SHANKARAI AH*, 47, Worker, 807497, 788158, ITI FITTER, 10/05/83, 22, NIL
M. SOMA SUNDER*, 49, Worker, 820035, 816146, 9TH STD., 01/09/82, 23, NIL
M. SRIKANTH*, 42, Worker, 738192, 735805, ITI FITTER, 28/08/85, 20, NIL
M. SRINIVAS*, 41, Worker, 734515, 719416, 01/09/84, 21, NIL
M. SUBASH*, 50, Worker, 944577, 928127, 15/09/73, 32, NIL
M. SUBHAN KHAN*, 43, Worker, 735389, 732522, NAC WELDER, 31/07/84, 21, NIL
M.V. CHOWDARY*, 52, Staff, 619057, 616353, SSC, 10/11/87, 18, NIL
M.V. RAMANAND*, 44, COMMERCIAL SUPERVISOR, 746529, 715931, B.Com., 14/08/87, 18, NIL
M. VASANTHA*, 42, SENIOR ASSISTANT GR-1, 878117, 870610, SSC, 21/09/81, 24, NIL
M. YELLAIAH*, 53, COMMERCIAL SUPERVISOR, 802148, 792480, B.A, 01/11/79, 26, NIL
MD. ABDUL HAMEED*, 47, Worker, 904447, 865347, NAC FITTER, 09/09/81, 24, NIL
MD. ABID ALI*, 47, Worker, 915565, 898282, ITI WELDER, 22/09/81, 24, NIL
MD. AHMED HUSSAIN*, 46, Worker, 821307, 817488, 6TH STD., 01/09/82, 23, NIL
MD. ASLAM*, 43, Worker, 768457, 752017, 01/09/82, 23, NIL
MD. DASTAGIR*, 51, Worker, 726438, 722330, 01/09/82, 23, NIL
MD. JILANI*, 44, Worker, 810654, 791019, 01/09/82, 23, NIL
MD. OMAR*, 47, Worker, 821473, 800813, 01/09/82, 23, NIL
MD. ZAHOR AHMED*, 51, Worker, 821955, 803911, ITI WELDER, 22/09/81, 24, NIL
MOHD. BABAR*, 50, Worker, 817019, 797655, 01/09/82, 23, NIL
MOHD. YOUNUS*, 51, Worker, 721849, 720196, 01/09/82, 23, NIL
MOHD. JAFFAR HUSSA*, 49, Worker, 931267, 888914, NAC WELDER, 22/09/81, 24, NIL
MOHD. YOUSUF KHAN*, 49, Worker, 806935, 803321, SSC, 26/09/83, 22, NIL
N. ADINARAYANA SHA*, 43, SENIOR ASSISTANT, 704014, 697733, PG DIP. IN IRPM, 14/08/87, 18, NIL
N. ASHOK*, 50, Worker, 933115, 918331, 26/09/73, 32, NIL
N. KISHAN*, 49, Worker, 840654, 835059, ITI PAINTER, 06/12/82, 23, NIL
N. NARSING RAO*, 47, SENIOR ASSISTANT, 922907, 900869, 7TH STD., 06/06/81, 24, NIL
N. RAMESH KUMAR*, 41, Worker, 744033, 726292, 01/09/84, 21, NIL
N. YELLAIAH*, 44, Worker, 855468, 849188, 17/11/81, 24, NIL
P. BHAKTAVATSALAM*, 52, COMMERCIAL SUPERVISOR, 784354, 774686, B.Com., 19/02/79, 27, NIL
P. BHOOAIAH*, 43, Worker, 735505, 733580, 01/09/84, 21, NIL
P. DAMODAR*, 50, Worker, 922092, 910248, NAC FITTER, 01/10/81, 24, NIL
P. DAYA RAJ*, 44, COMMERCIAL SUPERVISOR, 1006091, 968187, SSC, 01/08/81, 24, NIL
P. GNANESWAR*, 51, Worker, 806080, 790820, NAC FITTER, 30/07/81, 24, NIL
P. ILLAIAH*, 50, Worker, 904241, 889551, NAC TURNER, 12/08/81, 24, NIL
P. KOTESHWARA RAO*, 48, Worker, 665878, 649735, ITI MOTOR MECHANIC, 15/12/86, 19, NIL
P. LAXMINARAYANA*, 42, Worker, 806363, 803905, ITI PAINTER, 25/01/83, 22, NIL
P. MALLAIAH*, 45, Worker, 812866, 790983, SSC, 09/07/83, 22, NIL
P. NAGA MOHAN RAO*, 47, TECHNICAL SUPERVISOR, 968783, 937296, NAC FITTER, 27/07/81, 24, NIL
P. RAJA SEKHAR*, 37, Worker, 607308, 579446, NAC FITTER, 17/01/90, 15, NIL
P. RAJI REDDY*, 52, Worker, 725102, 722036, NAC WELDER, 23/09/81, 24, NIL
P. SIMON*, 47, Worker, 681397, 668083, ITI PAINTER, 03/02/87, 19, NIL
P. STEPHEN*, 49, Worker, 758170, 745622, NAC WELDER, 26/04/84, 21, NIL
P.V.N. REDDY*, 42, Worker, 727849, 711291, 01/09/84, 21, NIL
P. YADAGIRI*, 41, Worker, 745050, 731435, SSC, 06/02/85, 20, NIL
P. DEV KUMAR*, 39, Worker, 655637, 652870, SSC, 13/08/86, 19, NIL
P. PENTOJI RAO*, 42, Worker, 744588, 742857, 01/09/84, 21, NIL
R. NARASIAH*, 51, TECHNICAL SUPERVISOR, 883637, 869449, ITI ELECTRICIAN, 16/09/81, 24, NIL
R. UMATHI*, 52, Semi Skilled, 217055, 204596, ITI PLUMBING, 03/04/81, 24, NIL
R. RAJENDER*, 46, Worker, 625002, 619455, NAC FITTER, 05/02/87, 18, NIL
R. RAMESH*, 44, COMMERCIAL SUPERVISOR, 930123, 913194, B.Com., 15/12/82, 23, NIL
RAFATH MOHIUDDIN*, 44, Worker, 649804, 644218, NAC FITTER, 15/04/87, 18, NIL
RAM DAYAL*, 48, Staff, 788773, 769467, 10/10/83, 22, NIL
S. BALARAMA RAJU*, 51, TECHNICAL SUPERVISOR, 881566, 868962, METRIC, 21/08/81, 24, NIL
S. MARKANDEYA*, 48, Worker, 899500, 884971, ITI WIREMAN, 07/09/81, 24, NIL
S. PRAKASH*, 52, Worker, 695972, 681160, ITI PAINTER, 13/08/86, 19, NIL
S. RADHA KRISHNA*, 49, Worker, 774175, 756634, ITI WELDER, 16/08/83, 22, NIL
S. YADAGIRI*, 41, Worker, 753647, 737543, INTER, 21/11/84, 21, NIL
SARDAR HUSSAIN KHAN*, 42, Worker, 737973, 736237, 01/09/84, 21, NIL
SAROJ KUMAR SAHOO*, 42, Worker, 782072, 763812, 8TH STD., 01/12/83, 22, NIL
SD. KHALEELUDDIN*, 48, Worker, 920883, 902938, NAC FITTER, 29/07/81, 24, NIL
SD.S. HUSSAIN*, 47, Staff, 949392, 925261, B.A., 23/07/81, 24, NIL
SHABEER AHMED*, 47, Worker, 914776, 895467, ITI WELDER, 22/09/81, 24, NIL
SHAIKH RASHEED*, 38, Worker, 629679, 620531, 08/08/86, 19, NIL
SUDHAKAR KRISHNA*, 50, SENIOR ASSISTANT, 771242, 768016, B.A., 08/04/85, 20, NIL
SWAMY NATH PRASAD*, 51, Worker, 588007, 586212, 01/01/89, 16, NIL
T. BHASKER*, 46, Staff, 953224, 929433, B.A., 22/09/81, 24, NIL
T. MADHAVA SWAMY*, 50, Worker, 848578, 842609, NAC BOILER OPERATOR, 04/08/82, 23, NIL



INFORMATION AS PER SECTION 217 (2A) (b) (ii), READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2006 (Contd.)

NAME, AGE, DESIGNATION, NATURE OF DUTIES, REMUNERATION RECEIVED GROSS (Rs.), NET (Rs.), QUALIFICATION, DATE OF COMMENCEMENT OF EMPLOYMENT, EXPERIENCE YEARS, LAST EMPLOYMENT HELD, DESIGNATION, PERIOD FOR WHICH POST HELD

SECTION II - OTHER STAFF (contd.)

T.MAHESHWAR*, 51, Worker, 841748, 835681, SSC, 22/09/81, 24, NIL	V.R. PRABHAKER RAO*, 43, Worker, 731343, 726787, ITI FITTER, 04/07/85, 20, NIL
T.NARSING*, 46, Worker, 814872, 810228, 6TH STD., 01/09/82, 23, NIL	V. RAMACHANDRAIAH*, 48, TECHNICAL SUPERVISOR, 993104, 955680, ITI TURNER, 18/09/81, 24, NIL
T.PARAMESHWAR RAO*, 43, Worker, 888629, 872779, ITI SHEETMETAL, 18/11/81, 24, NIL	V.SAHODAR REDDY*, 52, Worker, 704228, 700480, INTER, 13/12/82, 22, NIL
T.RAMULU*, 44, Worker, 741775, 725058, 01/09/84, 21, NIL	V.SAMBALIAH*, 51, Worker, 826065, 823546, B.A., 07/09/81, 24, NIL
T.S.MANO HAR*, 39, Worker, 618073, 613675, SSC, 28/03/88, 17, NIL	V.SATYANARAYANA*, 50, Worker, 951225, 933745, 17/09/73, 32, NIL
T.V. RAM NARSAIAH*, 50, Worker, 886360, 875095, ITI WELDER, 24/07/81, 24, NIL	V.SHYAM RAO*, 42, Worker, 799661, 782311, 6TH STD., 01/09/82, 23, NIL
U. CHANDRASEKHAR*, 45, Worker, 762055, 760134, 9TH STD., 27/10/83, 22, NIL	V.SOMANATHAN*, 46, Worker, 830257, 808153, 15/09/82, 23, NIL
U.RAMESH*, 48, Worker, 915694, 898236, NAC WELDER, 23/09/81, 24, NIL	Y.KRISHNAIAH*, 46, Worker, 617594, 612298, 9TH STD., 19/05/87, 18, NIL
V.ANJANEYULU*, 44, Worker, 812918, 793623, 01/09/82, 23, NIL	Y.SIVARAMI REDDY*, 50, COMMERCIAL SUPERVISOR, 972253, 947001, NAC BOOK-KEEPING & ACCOUNTS, 13/09/83, 22, NIL
V.KAMESHWAR RAO*, 52, COMMERCIAL SUPERVISOR, 837821, 826719, 31/08/79, 26, NIL	Y.UMA MAHESHWARA*, 51, Worker, 821732, 804046, NAC WELDER, 22/09/81, 24, NIL
V.LAKSHMAN*, 40, Worker, 683539, 670015, 7TH STD., 14/08/86, 19, NIL	ZAFFAR ALI KHAN*, 48, ASSISTANT OFFICER (TECHNICAL), 970278, 942129, SSC, 28/05/85, 20, NIL
V. MUNIRAJULU*, 50, Worker, 911004, 899906, NAC SHEET METAL, 13/12/82, 23, NIL	

*** EMPLOYED FOR PART OF THE YEAR**

- NOTES: (1) The nature of employment in all cases is contractual. The other terms and conditions are as per the Company's Rules.
- (2) Remuneration includes salary, dearness allowance, bonus, other allowances, contribution to provident fund and superannuation fund, leave travel assistance, house rent allowance, compensation under VRS, etc. The value of perquisites has been calculated as per Income Tax Rules, 1962.
- In addition to the above remuneration, managerial staff are also entitled to gratuity and medical insurance benefits, while non-management staff are entitled to gratuity as well as certain medical assistance in accordance with the Company's Rules.
- (3) Net remuneration is shown after deduction of member's provident fund contribution and income tax from the gross remuneration.
- (4) None of the employees mentioned above is a relative of any Director of the Company.

Abbreviations used :

AC&RBG	-	Air Conditioning and Refrigeration Business Group
CABD	-	Cooling Appliances Business Division
COO	-	Chief Operating Officer
CIO	-	Chief Information Officer
EMD	-	Electrical and Mechanical Division
F&C	-	Finance and Commercial
HO	-	Head Office
IOBG	-	International Operations Business Group
MHBD	-	Materials Handling Business Division
M&CE	-	Mining and Construction Equipment
MTD	-	Machine Tools Division
PDC	-	Property Development Cell
PPBD	-	Pumps and Projects Business Division
TMD	-	Textile Machinery Division
UPBG	-	Unitary Products Business Group
UP	-	Unitary Products
WMBD	-	Water Management Business Division

On behalf of the Board of Directors

Mumbai, 11th May, 2006

ISHAAT HUSSAIN
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

FORM B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

1. Specific areas in which R&D carried out by the Company

- (i) Development of low temperature hot water Vapour Absorption Machine (VAM).
- (ii) Development of split evaporator/absorber type VAM.
- (iii) Development of exhaust fired VAM.
- (iv) Development of compressor package for Ammonia system.
- (v) Development of airconditioning products for maintenance of ambient at shelters housing telecom equipment.
- (vi) Development of energy efficient freezers with higher hold over time.
- (vii) Development of walk in coolers to store various food products.
- (viii) Development of 8 tonne capacity Forklift truck with optimized chassis design and indigenous components.
- (ix) Development of indigenous transmission for 3 tonne capacity diesel Forklift truck.

2. Product and processes developed through in-house technology

- (i) Low temperature hot water VAM of 9 TR capacity.
- (ii) Split evaporator/absorber type VAM of 400 TR capacity.
- (iii) Exhaust fired VAM with 80 TR capacity.
- (iv) Development of compressor package system using J&E Hall Screw Compressor for Ammonia system for temperature at 2 degree centigrade for dairy applications.
- (v) Development of 3 TR package airconditioners for specialized applications.
- (vi) Development of 2 TR X 2 and 1.5 TR X 2 package airconditioners for telecom shelters (Sensicool).
- (vii) Development of 1.7 TR package airconditioners (horizontal) for specialized applications.
- (viii) Development of 220 L Eutectic freezers.
- (ix) Development of 6000 Btu and 9000 Btu Cold Room (Coolers).
- (x) Development of 45 MT capacity Hydraulic Mobile Crane with indigenous components.

- (xi) Development of 10 tonne and 12 tonne Forklift trucks at 600 mm load centre capacity with indigenous components.
- (xii) Development of 12 tonne Forklift trucks at 900 mm load centre capacity with indigenous engine and transmission.
- (xiii) Development of 3 tonne Forklift truck with Tata 4 SP engine in fluid coupling as well as auto transmission versions.
- (xiv) Development of 2 tonne electric Forklift truck with SEPEX Drive.

3. Imported Technology

Technology Imported	Year of Import	Has technology been fully absorbed
R134a product and process modification	2000	Yes
4 Models of small size, direct fired absorption machines of capacities 40 TR – 80 TR from Hitachi Airconditioning Systems Co. Ltd., Japan – Phase II (manufacturing welded components indigenously)	2001	Yes

4. Expenditure on R&D

The expenditure on R & D for the year 2005–2006 was Rs. 57.36 lakhs. In relation to the turnover of own manufactured products, the R & D expenditure was 0.30% of turnover.

5. Energy Conservation

R & D continues to explore the possibility of reducing the energy consumption in the products manufactured by the Company. Redesigning the parts of freezers, coolers, watercoolers and airconditioners has resulted into lower energy consumption, during the year. Some of the other measures taken for conservation of energy at the Company's Thane Works were: (i) installed power factor controller for maintaining power factor to unity (ii) installation of AC drives of low pressure compressor and VAM Test bed (mixing pump) (iii) installed solar water heater system in canteen (iv) 14 watt compact flourecent lamps have been installed in place of 40 watt tube lights at select places.

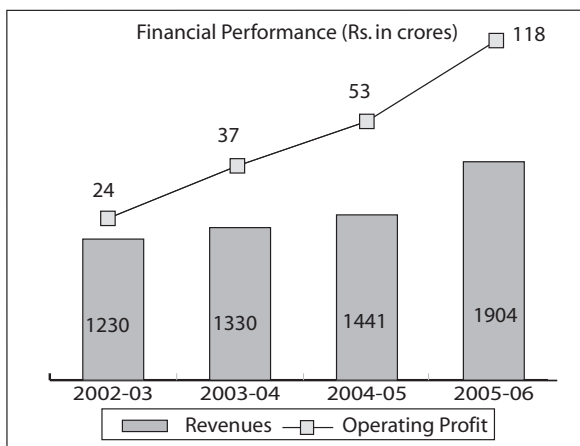


MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

1. Following the earlier phase of consolidation, the Company achieved its highest ever Profit After Tax of Rs. 70.49 crores. Most businesses perform at their peak levels judged by various parameters.

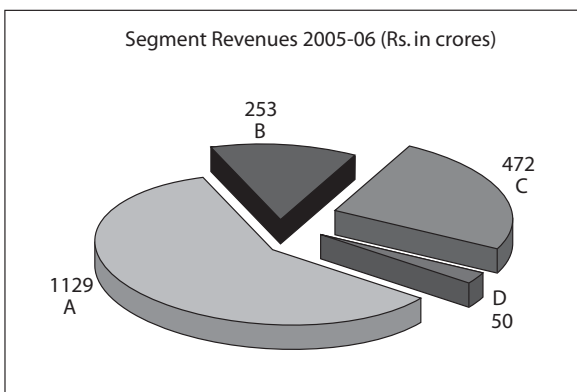
Operating profits have tripled over the last three years



2. The Company's focus was on sustaining its competitive edge and maximising growth through available opportunities, by means of on-going efforts towards offering value-added products and services, reducing delivery lead times, lowering costs, rationalising resources, increasing productivity, strengthening the IT infrastructure and further improving after-sales service.

3. The business segments of the Company are:

- (A) Electro-mechanical Projects and Services
- (B) Engineering Products and Services
- (C) Unitary Cooling Products for Comfort and Commercial Use
- (D) Others



ELECTRO-MECHANICAL PROJECTS AND SERVICES

4. The domestic market for Heating, Ventilation, Air Conditioning and Refrigeration (HVACR) was buoyant, and grew by more than 20% over the previous year. This growth was fuelled by massive private investments in large-sized projects in the service sector, such as IT/ITeS, entertainment, hospitality, retail and healthcare. Furthermore, in the industrial segment, the Government as well as private enterprise made commitments to heavy investments for modernization and greenfield airports, in addition to power, metal and other infrastructure projects.

5. The Company's domestic business achieved a growth of 50% in orders booked and consolidated its leadership position in Central Air Conditioning Systems. The order booked included some of the single largest HVAC jobs in the domestic market – Rs.60 crores from TCS and Rs.39 crores from Ambience Developers Private Limited. The Company also booked all the major airport projects, namely Calicut, Kochi, Delhi, Mumbai, Chennai, Pune and the greenfield Hyderabad International Airport. The strategic focus on the power sector led to booking of jobs from several major power plants.

6. In the Cold Chain area, the Company has made great strides, and secured an order of Rs.15 crores from M/s Adani Agri-Fresh, for refrigeration systems for their cold storage facilities with Controlled Atmosphere technology.

7. As a strategic initiative to offer energy-efficient solutions, the Company has made an entry in Variable Refrigerant Flow (VRF) systems and Co-Generation Vapour Absorption Machines (VAM).

8. In anticipation of the increased volume of business, the Company is setting up a new Plant at Uttaranchal for expanding the capacity for manufacture of Central Air Conditioning equipment. This Plant is likely to be commissioned around the middle of 2006-07.

9. The Company's international electro-mechanical projects business continued with its high pace of growth, contributing significantly to the Company's top and bottom line. The revenue and contribution from this business have been substantially higher compared to the previous year. The thrust on project exports in the overseas markets continued with further consolidation of position in the Middle East market where the Company has a major presence. The Company successfully completed some

prestigious projects, such as the Mall of Emirates in Dubai and the Airbase Project in Qatar well within the contractual completion schedule. During the year, the Company secured a mega project for the world's tallest and most iconic edifice, The Burj Tower in Dubai. This project, worth approximately Rs.10 billion, is being undertaken by the Company in a Joint Venture with two other internationally reputed electro-mechanical companies. Besides, the Company has a string of other successes through prestigious contracts in Dubai, Abu Dhabi and Bahrain.

10. The Company is also gearing itself to complete the installation of the first section, out of two, within the Changi Water Reclamation Plant (CRP) in Singapore, in line with the stipulated contractual date. Once commissioned, this project is expected to give a tremendous boost to the Company's track record in Water Treatment projects, considering that CRP in Singapore is currently the world's largest and most state-of-the-art infrastructure project, in this domain.

11. The international electro-mechanical projects business starts the new financial year (2006-07) with a healthy carry-forward order book position, in excess of Rs.1300 crores. This is expected to swell further, based on the bids already made and active negotiations taking place thereon.

12. The international electro-mechanical business once again received recognition from Project Export Promotion Council of India and Engineering Export Promotion Council, the two independent export promotion bodies under the aegis of Ministry of Commerce, for its creditable achievements by way of a robust export performance. The Company continued to win accolades from satisfied customers, enabling it to secure repeat business and positive referrals.

13. Considering the growth potential in water management business, the Company is exploring the opportunity of expanding its presence in this sector. Detailed assessment of market opportunities and capability gap is currently being worked upon.

ENGINEERING PRODUCTS AND SERVICES

14. The Engineering Products and Services cluster has shown good growth, which has been well spread out, with all its constituent businesses contributing to the progress.

15. With the continuing growth in the capital goods sector, the order inflow for specialised machines in the Company's Machine Tools business sustained its upward trend. Some of the principals from Europe are facing sustainability issues due to increasing costs. This had some adverse impact on the Company's Machine Tools business. The Company is enhancing its focus on identifying new principals and is also working on offering value added services to customers.

16. A notable factor is that the Company has strengthened its relationships with Mitsubishi Heavy Industries (MHI) of Japan, by assisting them in establishing manufacturing operations in India. They have taken over a major cutting tools manufacturing company; the resultant market penetration through cutting tools as well as specialised machines from MHI offers bright prospects for Mitsubishi and, in turn, the Company.

17. The Indian mining equipment segment experienced considerable demand resulting from large investments made by various mining companies, including Coal India Limited subsidiaries and steel companies, among others. The iron ore sector also had substantial equipment requirements to meet the demands from steel industries in India and China. However, the Company faced stiff competition from local players who offered mining equipment at lower prices. Despite this, the Company's Mining & Construction Equipment business successfully obtained orders for large capacity excavators from Terex O&K, Germany and dump trucks from Terex Equipment, Scotland, for a leading steel company in India. The Company is also handling several large maintenance contracts with various customers for mining equipment, which has performed well over the past few years.

18. The demand for construction equipment was also high, driven by large expenditures on several infrastructure projects, such as the NHAI Highway Development Programme and construction projects for hydel power, ports, airports and industrial plants. This led to high growth for equipment such as hydraulic excavators, crushing and screening plants and crawler cranes. The Company obtained many large orders for the above equipment for various projects, despite competition from lower-priced machines of local manufacture.

19. The Company's Textile Machinery business registered a noteworthy growth of 45% in machinery sales, by capitalizing on opportunities arising from the overall upward trend in performance of the Indian textile industry, supported by its principals and their range of outstanding products.

20. In line with expectations, the growth in the Textile Spinning sector has registered a sharp increase of around 30%. The Company has sustained its market share by booking several orders for spinning machinery, to be sourced from LMW. The year-end order book position is very healthy. The Company's principals are making every effort to augment their capacities to meet the increased demand from textile mills. With both supply and demand showing a positive outlook, the Company looks forward to the coming year with much better prospects. With regard to Post-Spinning, the Company has tied up with important principals for



supply of machinery, in preparation for tapping the latent potential.

21. The domestic prospect for materials handling equipment was marked by very high growth due to large investments towards increased manufacturing capacity in industries such as automobiles, engineering, steel and petroleum. The Company's Materials Handling business recorded revenue growth of 46% in value, largely resulting from 52% growth in sales volumes of forklifts. There was an increase in market share in this segment, which also registered its highest ever manufacturing output. The Company also increased its revenues from parts and service by 30%. Sale of warehousing equipment such as stackers and pallet trucks also yielded significant increase in revenues. The Company is looking at expanding its manufacturing capacities and product portfolio, for further growth.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

22. The Indian air conditioner industry continued to register over 25% growth. The year was marked by increased competition from large Chinese and domestic players entering the market with low-cost products. Another significant trend was the growing preference for split ACs in the household segment.

23. The Company's Unitary Products business registered 43% growth in the overall sales volume of airconditioners, resulting in an increased market share. A major contributor was the 73% growth in split ACs. An important positive factor was the strengthening of focus on low-cost offerings, such as the sub-Rs.10,000 window AC and sub-Rs.16,000 split AC. Market reach was also increased through an expanded network of dealers and retailers, penetrating into rural areas as well.

24. The sales performance of the Company's room air conditioner business was as under:

Category	Industry Sales (Nos.)			Company sales (Nos.)			Company Share (%)	
	2004-05	2005-06	% growth	2004-05	2005-06	% growth	2004-05	2005-06
WRAC	757000	885000	16.9	80000	100440	25.5	10.6	11.3
SAC	238000	390000	63.8	46700	80750	72.9	19.6	20.7
Total	995000	1275000	28.1	126700	181190	43	12.7	14.2

WRAC: Window Room Air Conditioner; SAC: Split Air Conditioner

Source: Company estimates

25. The business' growth was also stimulated by marketing and advertising efforts capitalizing on consumers' growing pride in 'Indianness', expressed in an advertising campaign with the theme *India ka dil, India ka AC* ('India's soul, India's AC').

26. Universal Comfort Products Private Limited, the joint venture company manufacturing unitary air conditioning products, is also looking at expanding manufacturing capacities by establishing a state-of-the-art facility in Uttaranchal. This facility is likely to start production by the middle of 2006-07.

27. In water coolers and dispensers, the Company achieved 45% growth and maintained its No. 1 market position. The growth was largely in water dispensers, which grew by 57%, in addition to 30% growth in water coolers. The Commercial Refrigeration business registered sales growth of 25%, driven mainly by an upsurge in demand. To adequately supply the growing market for these products, as well as for water coolers, the Company is investing in setting up a modern greenfield plant in an excise-free zone, in Pantnagar in Uttaranchal State, offering a low-cost base, coupled with high efficiency and improved quality.

28. The Company ceased to manufacture domestic refrigerators at the Hyderabad Unit, in line with its decision to exit this business, due to the long-standing industry trends of excess capacity, falling prices, sharp input cost increases and surplus of supply over demand, all of which consistently result in huge losses for most players.

OTHER BUSINESSES

29. The Company's Chemicals Trading activities continued to record satisfactory performance and healthy growth. Several new agency lines and products were added, with a focus on the paint, personal care, plastics, polymers and catalysts industries. The Company targeted new client industries in pursuit of growth opportunities. The main focus areas were (a) pharmaceuticals; (b) food, which will be serviced through existing principal Aqualon, offering colours, flavours and fragrances; and (c) construction. The Company is also sourcing chemicals for use by its other business groups.

OPPORTUNITIES AND OUTLOOK

ELECTRO-MECHANICAL PROJECTS AND SERVICES

30. Large-sized domestic air conditioning projects are undergoing a shift in customer profile, from end-users to BOT/BOOT contractors and real estate developers. Due to preference of these clients for single-point responsibility, there is a growing market for overall electro-mechanical solutions rather than only HVAC services, as was the case previously.

31. HVAC demand will also grow as a result of the continued high growth rate in the service sector, with much higher floor space requirements. Additionally, HVAC growth will be fuelled by the Government's policies in liberalizing FDI in retail, SEZs, steel, power, modernization and setting up

of new airports and regional hubs and other infrastructure sectors. In fact, such infrastructure development projects could help bring the electro-mechanical concept into India.

32. In the Cold Storage segment, business potential will be enhanced by the Government's proposed changes in the Integrated Food Laws, amendment in APMC Act and Forward Market Commission; as well as by incentives offered for investment in this sector for setting up Agri Export Zones and promoting Food Parks. The Company is preparing to seize these emerging opportunities by further strengthening its organizational capabilities.

33. The West Asian region, especially the Gulf, is in the midst of experiencing an economic boom and there is major and unprecedented activity in construction. For the international electro-mechanical business, this augurs very well, as UAE – Dubai and Abu Dhabi in particular – offers strong and sustained opportunities. Real estate development in these Emirates is dramatic. The Governments in the Gulf are vying for leadership in tourism and to become leading financial centers and regional hubs for global companies. Many new international airports are coming up in the region, along with massive plans for upgradation, extension and expansion for the existing ones. Some countries have invested heavily in creating mass transit railway systems. Even the infrastructure for Power and Water is undergoing huge upgradation and capacity increase. Governments in the Middle East are also investing substantial amounts in other regions, particularly in Africa. The international electro-mechanical business is well poised to reap the benefits of this activity, not only in its current geographies but also adjacent countries, which show good promise. The Company is scanning the environment to expand the geographical spread of its activities.

34. The South East and Far East region showed signs of recovery after a long period of sedate economic growth. The Company is expecting a share of business arising out of investment in entertainment and leisure-related projects.

ENGINEERING PRODUCTS AND SERVICES

35. The Indian manufacturing sector's revival gained momentum, especially in its capital formation, as well as its growing role as an offshore manufacturing base. This phenomenon continues to yield opportunities in capital goods, primarily machine tools and textile machinery.

36. The growing demand for textile spun yarn, for both export and indigenous consumption, the Government's ongoing thrust to expand the textile industry from \$37 billion to \$85 billion by 2010, as well as to modernise its technology, represent promising opportunities for Textile Machinery business.

37. Post-Spinning operations in India offer prospects in the long run, though it is yet to be established as a high growth area. The Government has undertaken several positive initiatives to realise its latent potential; the Company is consequently approaching the market with optimism and vigor through strong support of its principals.

38. The Government's thrust in infrastructure development represents an opportunity in Construction Equipment business and the Company is reviewing its strategy in this regard.

39. Increasing investments in logistics and retail segments are likely to stimulate demand for new lines of warehousing equipment over the next few years. The Company has consequently made plans to increase its presence in such new product categories. Growing requirements in cargo/container handling also offer attractive prospects, towards which the Company has plans to increase capacity for manufacture of forklifts and increase its presence in other materials handling areas such as equipment and automated systems.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

40. The market for household and commercial/institutional air conditioners is expected to sustain its 25% growth over the next three years, offering a significant opportunity. It is also one of the fastest growing segments in consumer durables, driven by the ongoing real estate boom, rising disposable incomes, large untapped markets and ease of financing. In order to strengthen its hand in exploiting these opportunities, the Company continues to make sizeable investments in brand building, distribution and marketing.

41. Commercial refrigeration products have considerable long-term potential, stimulated by growth in organized retail, changing food habits and the service industry boom. To sharpen its competitive edge in addressing these possibilities, the Company is setting up a low-cost high-efficiency manufacturing and small product development facility in Uttaranchal, expected to go on stream in the 1st quarter of 2006-07.

THREATS

ELECTRO-MECHANICAL PROJECTS AND SERVICES

42. India is one of the fastest growing economies and consequently, most of the international players are focusing on the business opportunities available here. The domestic market will therefore continue to face intensifying competition, caused by the entry of more international players, as well as by local players strengthening their operations. This will result in increased pressures on margins and delivery time. To protect against this possibility, the



Company is presently setting up a greenfield manufacturing facility at Pantnagar, in an excise free zone. This Unit will help increase manufacturing capacity, achieve competitive pricing and reduce delivery lead times.

43. In the international market, the Company is experiencing intensified competition from existing players as well as newer competitors from South East Asia, Europe and Turkey among others, who sense the apparent large opportunities in the Middle East compared to any other region. It is somewhat paradoxical that while the market size is so large, these competitors tend to offer unrealistically low prices to gain market access and thereby disturb the optimum price regime. There is also the recent phenomenon of spiraling prices of input materials, like most ferrous and non-ferrous metals, which is a cause for concern with regard to ongoing fixed price contracts and those under negotiation.

44. The Company also faces the challenge of acquiring and retaining talent and manpower, against competitive pressures from other domestic players and opportunities in the Middle East. To offset this, the Company is intensifying its recruitment and HR activities. Off-shoring of engineering requirements of overseas projects through back office support from Mumbai is in an advanced stage of implementation.

45. Mobilising the right type of skilled human resource continues to pose a challenge, considering the very large magnitude of projects and the demanding project completion schedules. This situation is further complicated by restrictive visa regimes imposed by Gulf countries and by demand outstripping supply.

46. The international electro-mechanical business has been continuously reviewing its Risk Assessment framework through interaction with experts in the field, as well as by transferring learnings and experiences from past and ongoing projects. Efforts and initiatives have been taken to build in safeguarding provisions in contract documents.

47. In the international electro-mechanical business, due to the fact that it undertakes primarily large value integrated projects, which have not only extended completion cycles but also a great deal of design and engineering works preceding physical site execution allied to progress billings, it is relatively difficult to maintain quarter on quarter growth and in fact, at times, leads to temporary dip in performance. However, the overall year on year performance growth should continue to remain satisfactory.

ENGINEERING PRODUCTS AND SERVICES

48. The Textile Machinery business needs to constantly maintain parity between demand for machinery and available capacity to manufacture and supply in adequate quantity. Failure to do so represents the threat of losing orders, though this risk is of a temporary nature.

49. The Company's expectations resulting from the Government's thrust in infrastructure development are contingent on allocation and disbursement of the proposed funds and securing of the relevant contracts. The continued growth of certain sectors like iron ore mining are dependant on the whole economic outlook and could be adversely affected in case there is a slow down of output in other countries, particularly, China.

UNITARY COOLING PRODUCTS FOR COMFORT AND COMMERCIAL USE

50. Profitability continues to be vulnerable due to increased competition from growing numbers of local and foreign players. These include companies from China, whose excess capacity has depressed the prices. Costs of input materials, as well as non-availability of continuous power, also remain critical factors, as are issues pertaining to FTA vis-à-vis certain countries, since the inverted duty structure is yet to be resolved. To counter these, the Company is working closely with its JV partner, Fedders International Inc. USA, to develop products more attuned to market/consumer needs, while also addressing policy-related matters at suitable forums like RAMA and CII.

FINANCIAL PERFORMANCE

51. Financial performance as a measure of operational performance

	% of turnover	
	Year ended 31st March	
	2006	2005
• Turnover including other income and net of excise duty	100.0	100.0
• Expenditure		
– Material (including changes in stock)	74.4	73.2
– Employee Cost	9.4	10.2
– Manufacturing and other expenses	9.3	11.9
• Total Expenditure	93.1	95.3
• Profit before depreciation, interest, exceptional items and tax	6.9	4.7
• Depreciation	0.6	0.7
• Interest (Net)	0.1	0.3
• Profit before tax and exceptional items	6.2	3.7

The above table gives the key expense items as a % of net revenues. EBITDA margins have increased from 4.7% to 6.9%. Employee cost has reduced from 10.2% to 9.4% and other operating costs have come down from 11.9% to 9.3%. As a result of an overall improvement – in revenues, realizations and cost reductions, the EPS has increased from Rs.15.24 to Rs.21.30.

LIQUIDITY AND CAPITAL RESOURCES

52. In line with the performance of the Company, the cash flow position has also improved significantly. This has been achieved by judicious management of working capital, as a result of which, inventories and receivables have increased at a slower pace than the growth in turnover. The Company has met the extraordinarily large outflow of cash on account of Voluntary Retirement of employees at Hyderabad Unit, and the significant capital expenditure internally, and has thereafter been able to further reduce the Debt : Equity ratio to about 0.3:1 per end March 2006. The Company has set aside some surplus funds by way of investment in Mutual Funds. The liquidity position is adequate for meeting the normal funds requirements.

RISK AND CONCERNS

53. **Commodity Prices:** The increase in commodity prices, specifically metal and crude oil, which started in the previous year, continued their upward spiral after a brief pause. Due to continued increase in their demand, the prices are likely to rise further. This is a matter of concern, since this could lead to a global slowdown. The Indian economy is now integrated with the world economy to a very large extent and therefore vulnerable to the direct impact of such a slowdown; such an impact could adversely affect the Company's performance as well. The increase in input costs could also put some pressure on the Company's margins.

54. **Interest Rates:** Due to inflationary pressures arising from crude oil and metal prices, interest rates have been hardening over the last couple of years. This trend is likely to continue for some time. In view of the Company's good liquidity position, there is unlikely to be a significant direct impact on its working arising from this. However, there could be some impact caused by interest rates on the overall performance.

55. **Foreign Exchange Rates:** The US Dollar continues to be under pressure due to the macro-economic factors affecting the US economy, against the Euro and other currencies. The Indian Rupee was volatile during the year 2005-06. Towards the end of the year, there was an underlying trend of Rupee strength vis-à-vis the US Dollar. If this trend continues, there could be some savings in cost of imported inputs used in India; on the other hand, there would be a negative impact

on cost of imports in the Company's Middle East operations. There could also be some loss on conversion of the revenues and assets in the Middle East into Indian Rupees, since most currencies in that region move in tandem with the US Dollar.

56. **Geopolitical stability of the Gulf region is an area of concern.** Though the Iraq cauldron did not affect neighbouring countries, there is a need for vigilance, agility and contingency planning to guard against possible flare-ups. The dispute with Iran is also increasing tensions in the region.

57. **Human Resources:** As earlier mentioned, the availability of trained human resources is becoming a challenge in view of the very high demand for Indian professionals and trained workers. This trend, coupled with the restrictions on visas for Indian labour, could in the best case increase the cost of running the business, and in the worst case impact the Company's execution capabilities in the projects businesses.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

58. The Company has a proper and adequate system of internal controls geared towards achieving efficiency in its various business operations, safeguarding assets, optimum utilization of resources and compliance with statutory regulations.

59. The Company has continued its efforts to align its processes and controls with best practices and has put in place a process-wise internal control framework across the Company. It has also implemented SAP, a highly integrated ERP solution.

60. The Internal Audit Department of the Company conducts audits of various departments based on an annual audit plan covering key area of operations, including overseas operations. The Department reviews and evaluates the adequacy and effectiveness of internal controls, ensuring adherence to operating guidelines and systems and recommending improvements for strengthening them. The Company has put in place a Risk Assessment and Control Self-Assessment Process for its overseas operations, which is closely monitored and also periodically reviewed by Internal Audit. A similar exercise is also being initiated in other areas of business operations.

61. Significant audit findings and suggestions along with the 'Action taken Reports' are regularly reported to the Board Audit Committee, which consists of three non-executive independent directors. The Audit Committee monitors and reviews the significant audit observations, compliance with accounting standards, risk management and control systems and the status of outstandings and inventory levels.



62. The Company has, with the assistance of PricewaterhouseCoopers Private Limited (PWC), formulated a robust internal control framework for the Company. Though clause 49 of the listing agreement requires reporting on internal control framework for financial processes only, the Company has covered the operational process as well, and the same has been linked to the compliance objectives, as per COSO framework. Moreover, in order to ensure the financial interface of the process, they have been mapped to the Company's Account Code Structure.

HUMAN RELATIONS

63. The Company values and appreciates the dedication and drive with which its employees have contributed towards improved performance during the year under review. The Company continued its focus on acquiring and developing its human capital, based on the recognition that productive and high-performing employees are the Company's most valuable assets in building up a robust organisation. The Company is placing strong and extra emphasis on training, retraining and development of relevant staff, vocational training of technicians and supervisors, attraction and retention of suitable talent and broad-basing of nationalities working on its overseas projects. In addition, certain HR initiatives have been intensified, such as career and succession planning, identification and development of high-potential staff, reward and recognition methodologies and knowledge management. The training process was further customised to enable employees to meet the challenges faced by the various businesses. Programs were conducted for development in specific areas such as effective leadership and effective personal productivity, in addition to management development programs and leadership development. The On-line employees' performance management system proved its value in tracking developmental needs and providing timely inputs.

64. With the unprecedented growth in the Indian economy and the consequential high demand for trained professionals, availability of the right talent is becoming a key concern for most companies. This situation will result in an escalation in the cost of human resources in years to come. The Company is working out various options for dealing with this imperative.

65. To meet the requirements of large numbers in the technical work force for its overseas projects, the Company

has tied up with a number of institutes in India (Chennai, Rajapalayam) and overseas (Colombo) and conducted specifically designed technical training programs. To supply the needs of the new manufacturing Units at Pantnagar, apprentice technicians were recruited and suitably trained.

66. The Company also sustained its initiatives in the area of knowledge management and launched the V-Gyan portal. Workshops on innovation were conducted to inculcate innovativeness as part of the organisational culture. To maintain high-performing work systems, actions were initiated based on feedback received through employees' satisfaction and internal customer satisfaction surveys. Special attention was also paid to employees' well-being and motivation.

67. The Company successfully reached an amicable settlement with the Federation/Union in respect of the Charter of Demands. This represents a significant breakthrough, since such a settlement has been pending for about 13 years. Further, the Company was able to maintain harmonious employee relations throughout and both parties sustained their efforts towards improvement of organizational productivity, quality and overall operational flexibility, leading to total and committed performance at all levels.

68. With a view to discontinue refrigerator manufacturing activity at Hyderabad Unit, which had become unviable, an amicable understanding was reached between the Company and the Union representatives. This was in respect of the terms of the VRS offered to employees, which was accepted by almost all the employees.

69. The total staff strength as on 31st March, 2006 was 2855.

CAUTIONARY STATEMENT

70. Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

Report on Corporate Governance

1. Company's philosophy on code of governance

Good Corporate Governance is an integral part of the Company's Management and business philosophy. The Company subscribes fully to the principles and spirit of good Corporate Governance and embeds the principles of independence, integrity, accountability and transparency into the value system driving the Company. The Company's Board and the Management are aware that the standards of governance are rising and provide critical yardsticks by which the stakeholders judge Corporates and their managements.

The Board of Directors exercise their fiduciary responsibilities towards all stakeholders by ensuring transparency and independence in the decision making process. The Company has adopted the Tata Business Excellence Model as a means of driving excellence and the Balanced Scorecard methodology for tracking progress on long term strategic goals. The Company has also adopted the Tata Code of Conduct which serves as a guide to each employee including the Managing Director, on the standards of values, ethics and business principles. The Whistle Blower Policy of the Company provides a mechanism for the employees to approach the Chairman of Board Audit Committee/Ethics Counsellor and disclose information that may evidence unethical or improper activity concerning the Company.

2. Board of Directors

(a) Composition

The present Board comprises 8 members: 7 Non-Executive Directors (NEDs) and the Managing Director. Of the 7 NEDs, 3 are Independent Directors. All the Directors of the Company are liable to retire by rotation and there is no permanent director. The Company does not have any Nominee Director.

The Company has a Non-Executive Chairman and the number of Independent Directors is more than one-third of the total number of Directors. The number of NEDs is more than 50% of the total number of Directors. The Company, therefore, meets with the requirements relating to the composition of Board of Directors.

(b) Non-Executive Directors' compensation and disclosures

The Sitting Fees paid to Non-Executive Directors, including Independent Directors for attending Board/Committee Meetings are within the limits prescribed under the Companies Act, 1956 (the Act). The shareholders have at the 50th Annual General Meeting (AGM) held on 27th August, 2004 passed the Special Resolution approving payment of commission to Non-Executive Directors of a sum not exceeding 1% per annum of the net profits of the Company, calculated in accordance with the provisions of the Act. The aforesaid Resolution passed was for a period of five financial years, commencing from 1st April, 2005.

(c) Other provisions as to Board and Committees:

The gap between two Board Meetings does not generally exceed 2 months as against the statutory requirement of the gap not exceeding 4 months. During the year 2005-06, eight Board Meetings were held on the following dates:

19th April, 2005; 20th June, 2005; 28th July, 2005;
19th September, 2005; 27th October, 2005;
9th December, 2005; 31st January, 2006 and 17th March, 2006.

The Annual Calendar of Board Meetings is agreed upon at the beginning of the year and the Notice for Board Meetings and detailed agenda papers are circulated to all the Directors well in advance to enable them to attend and take informed decisions at the Meetings. The information as required under Annexure - IA to Clause 49 of the Listing Agreement is made available to the Board. In addition, all proposals of investments, divestments and decisions in respect of properties of the Company, execution of overseas mega projects and credit facilities in respect thereof are placed before the Board for its consideration and appropriate decision in the matter. The annual budgets – Revenue, Capital as well as the Divisional Budgets/Strategic Business Plans are presented in detail to the Directors and their valuable inputs/suggestions are taken. Similarly, actions taken in respect of suggestions made and decisions taken at the Board Meetings and Board Audit Committee Meetings are reviewed by the Directors, periodically. Considerable time is spent by the Directors on discussions and deliberations at the Board Meetings and their active participation is borne out by the number of meetings held during the year and attended by the Directors.

None of the Directors on the Board holds directorship in more than 15 companies and no Director is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies of which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The Board periodically reviews compliance of all laws applicable to the Company, based on a certificate given by the Managing Director including the steps taken, to rectify instances (if any), of non-compliances.

(d) Code of Conduct

The Board has adopted the Code of Conduct for the Directors and also for the senior management of the Company and the same have been posted on the website of the Company. All the Board members and senior management of the Company have affirmed compliance with their respective Code of Conduct as on 31st March, 2006. A declaration to this effect, signed by the Managing Director of the Company is annexed hereto. Senior management comprises the Division/Department/Functional Heads and the CFOs of the respective business clusters.



The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies (as on the date of the Directors' Report) are given below:

Name of Directors	Category	Board Meetings Attended	Attendance at the last AGM held on 29 th August, 2005	Number of Directorships in other public limited companies (excluding private/foreign companies)	Number of Committee positions held in other public companies #	
					Chairman	Member
Mr. Ishaat Hussain (Chairman)	Promoter Not Independent Non-Executive	8	Yes	12	3	3
Mr. A. Soni (Managing Director)	Not Independent Executive	8	Yes	2	—	—
Mr. N. M. Munjee	Independent Non-Executive	5	Yes	14	2	6
Mr. N. J. Jhaveri	Independent Non-Executive	6	Yes	12	2	6
Mr. S. D. Kulkarni	Independent Non-Executive	7	Yes	4	2	3
Mr. Yash Paul*	Independent Non-Executive	3	Yes	1	—	2
Mr. S. N. Tripathi**	Not Independent Executive	3	Yes	—	—	—
Mr. Ravi Kant	Promoter Not Independent Non-Executive	6	Yes	4	—	1
Mr. N. D. Khurody	Not Independent Non-Executive	7	Yes	7	—	2
Mr. Noel N. Tata	Promoter Not Independent Non-Executive	7	Yes	5	—	—

* Ceased to be Director of the Company upon resignation with effect from 30th September, 2005.

** Ceased to be the Executive Director and Director of the Company upon expiry of contract with effect from 25th September, 2005.

Includes Chairmanship/Membership in Board Audit Committee and Shareholders /Investors Grievance Committee.

3. Audit Committee

(a) Composition, name of Members and Chairman

The Company has a Board Audit Committee comprising Non-Executive Independent Directors – Mr. N. J. Jhaveri, Mr. N. M. Munjee, Mr. S. D. Kulkarni and Mr. Yash Paul (resigned with effect from 30th September, 2005). Mr. N. J. Jhaveri is the Chairman of the Board Audit Committee. All members of Audit Committee are financially literate and have relevant finance and/or audit exposure. Mr. S. D. Kulkarni is a Chartered Accountant by qualification. The Managing Director, the Executive Vice President (Finance), the Chief Internal Auditor and the Statutory Auditors attend the Meetings as Invitees. The Division Heads and other operating people also attend the Meetings, when required. The Cost Auditor attends the Meetings at which Cost Audit related issues are discussed. The Company Secretary acts as the Secretary of the Audit Committee. The Minutes of the Audit Committee Meetings are circulated and discussed at the Board Meetings.

(b) Meetings and attendance during the year

Seven Board Audit Committee Meetings were held during the financial year 2005-06 on the following dates:

19th April, 2005; 16th June, 2005; 10th August, 2005; 19th September, 2005; 27th October, 2005, 31st January, 2006 and 3rd March, 2006.

The attendance of each member of the Committee is given below:

Name of Directors	No. of Meetings attended
Mr. N. J. Jhaveri	6
Mr. N. M. Munjee	3
Mr. S. D. Kulkarni	7
Mr. Yash Paul (upto 30.9.2005)	4

The quorum of Board Audit Committee Meetings is two members or one-third of the members, whichever is less.

(c) Terms of reference and role of Audit Committee

The terms of reference, powers and role of Audit Committee are in accordance with Clause 49 II(C), (D) and (E) of the Listing Agreement with the Stock Exchanges. The broad terms of reference includes the following:

- Oversight of Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (i) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same.
 - (iii) Major accounting entries involving estimates based on the exercise of judgement by management.
 - (iv) Significant adjustments made in the financial statements arising out of audit findings.
 - (v) Compliance with listing and other legal requirements relating to financial statements.
 - (vi) Disclosure of any related party transactions.
 - (vii) Qualifications in the draft Audit Report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors on significant audit findings and follow up thereon.

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee also periodically reviews the progress on execution of overseas projects including the Company's exposure on bank credit facilities and guarantees, the cash flow position and risk ratings of overseas projects, position of inventory and outstandings including the action plan for its realization.

4. Subsidiary Companies

The Company has seven unlisted subsidiary companies, of which three are Indian subsidiaries. As defined in Clause 49 III of the Listing Agreement, none of the Indian subsidiaries falls under the category of 'material non-listed Indian subsidiary'. However, the financial statements of all subsidiary companies including investments made, if any, are reviewed by the Board Audit Committee. The performance of the subsidiary companies and the Minutes of Board Meetings of these subsidiary companies are discussed at the Board Meetings of the Company. Any significant transaction or arrangement entered into by the subsidiary company is also reported to the Board of Directors of the Company.

5. Managerial Remuneration

(a) Remuneration Committee

Consequent upon resignation of Mr. Yash Paul, Director, who was a member of the Remuneration Committee, the Committee was re-constituted and the present Committee comprises 3 Non-Executive Independent Directors - Mr. S. D. Kulkarni, Mr. N. J. Jhaveri and Mr. N. M. Munjee. Mr. S. D. Kulkarni is the Chairman of the Remuneration Committee. During the financial year 2005-06, one meeting was held on 20th June, 2005 which



was attended by all the members of the said Committee. The Non-Executive Chairman of the Board attends the Meeting by invitation. The Minutes of the Remuneration Committee Meetings are circulated and discussed at the Board Meetings.

(b) Remuneration Policy

The remuneration of the Managing Director and Executive Director (if any) is reviewed by the Remuneration Committee based on certain criteria such as industry benchmarks, the Company's performance, the responsibilities shouldered, performance/goals and achievements of the concerned managerial person. The remuneration comprises salary, perquisites and allowances, incentive remuneration and/or commission. Annual salary increments and incentive remuneration are decided by the Remuneration Committee within the scales approved by the shareholders. The Remuneration Committee also decides on the commission payable to the Managing Director/Executive Director, on determination of net profits of the Company for the financial year, within the overall ceiling on remuneration prescribed under the Companies Act, 1956. The recommendation of the Board Remuneration Committee for annual increment, incentive remuneration and/or commission is placed before the Board for its approval. The Remuneration Committee also reviews and recommends the revision in pension payable to the retired managerial personnel, under the Retirement Benefit Scheme adopted by the Company.

The remuneration by way of commission to the Non-Executive Directors is decided by the Board of Directors and distributed to them based on their contributions at the Board and certain Committee Meetings as well as time spent on operational matters other than at the Meetings. The Members had, at the 50th AGM held on 27th August, 2004, approved payment of commission to the Non-Executive Directors of the Company, of a sum not exceeding 1% per annum of the net profits of the Company, calculated in accordance with the provisions of the Act, for a period of five financial years commencing from 1st April, 2005. The commission for the financial year 2005-06 will be distributed amongst the said directors in accordance with the directives given by the Board.

The sitting fees to Non-Executive Directors for attending Board Meetings and Board Audit Committee Meetings is Rs. 10,000 and for Remuneration Committee Meeting and Shareholders/Investors Grievance Committee Meetings, it is Rs. 5,000. The maximum sitting fees permitted under the Companies Act, as applicable to the Company, is Rs.20,000 for each Director per Meeting of the Board/Committees.

Remuneration to Directors

The Directors' remuneration paid/payable and sitting fees paid in 2005-06 and their shareholding in the Company as on date is given below:

● Non-Executive Directors

Name of Directors	Commission for 2005-06* Rs.in Lakhs	Sitting Fees paid in 2005-06 Rs.in Lakhs	No. of Shares held
Mr. Ishaat Hussain	3.50	0.80	—
Mr. N. M. Munjee	3.50	0.85	—
Mr. N. J. Jhaveri	3.50	1.20	—
Mr. S. D. Kulkarni	3.50	1.45	199
Mr. Yash Paul (upto 30.9.2005)	1.50	0.85	—
Mr. Ravi Kant	3.50	0.60	—
Mr. N. D. Khurody	3.50	0.70	—
Mr. Noel N. Tata	3.50	0.70	—

* payable in financial year 2006-07.

The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the year 2005-06 except as stated above.

● Executive Directors

(Rs. in Lakhs)

Name of Directors	Salary	Incentive Remuneration paid for the year 2004-05	Perquisites and allowances including contribution to PF and Superannuation Fund	Commission for 2005-06*
Mr. A. Soni	19.20	30.00	27.92	40.00
Mr. S. N. Tripathi**	6.96	12.00	10.51	6.00

* payable in financial year 2006-07.

** ceased to be Director of the Company upon expiry of contract, with effect from 25th September, 2005.

Notes:

- Mr. A. Soni was reappointed as the Managing Director for a period between 25th September, 2005 and 22nd April, 2010. Either party is entitled to terminate the agreement by giving not less than six months notice in writing to the other party. No severance fees is payable.
- The Company has not introduced any stock options to its directors/employees.
- Mr. A. Soni does not hold any Equity Shares of the Company either singly or jointly.

5. Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee, apart from reviewing the operations of in-house Share Service Centre also looks into the redressal of shareholder and investor complaints, compliances in respect of dividend payments and transfer of unclaimed amounts to the Investor Education and Protection Fund pursuant to the provisions of Section 205C of the

Companies Act, 1956. Consequent upon resignation of Mr. Yash Paul who was the Chairman of this Committee, Mr. Noel N. Tata, Non-Executive Director was appointed Chairman of this Committee. The Shareholders/ Investors Grievance Committee Meeting is attended by the Company Secretary and the Share Manager. During the financial year 2005-06, two Meetings were held on 19th April, 2005 and 19th September, 2005. The Minutes of the Shareholders/Investors Grievance Committee Meetings are circulated and noted by the Directors at the Board Meetings.

The entire share registry work for physical as well as demat shares is carried out by the Company's in-house Share Service Centre. The Company has established direct connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) – the Depositories in respect of shares in demat form. The Share Service Centre is prompt in attending to requests received from shareholders/ investors for transfer, split, consolidation as well as for issue of duplicate certificates and completes the process and despatches the certificates quickly, well within the stipulated time. The demat requests are also processed well within the stipulated time. Requests for transfer of shares are processed weekly. The number of complaints received from SEBI/Stock Exchange were very few, 5 during the financial year 2005-06 and the same have been suitably dealt with and resolved. The number of transfers pending as on 31st March, 2006 was 8.

Mr. V. P. Malhotra, General Manager – Taxation & Company Secretary and Mr. A. H. Khilnani, Share Manager liaise with SEBI and other Regulatory authorities in the matter of investors complaints. The Board has nominated Mr. V. P. Malhotra as the Compliance Officer of the Company for monitoring the share transfer process and other related matters.

6. Other Committees

In addition to the above Committees, the Board has constituted certain other Committees i.e. Board Committee, Investment Committee and Ethics and Compliance Committee.

(a) The Board Committee comprising any two Directors is authorized to approve routine matters such as opening/closing and changes in the operation of bank accounts of the Company, to grant limited power of attorney to the officers of the Company and for authorizing executives for signing sales tax and excise forms, declarations, etc.

(b) The Investment Committee comprising Mr. S. D. Kulkarni, Non-Executive Independent Director, Mr. A. Soni, Managing Director and Mr. M. M. Miyajiwala, Executive Vice President (Finance) and Chief Financial Officer of the Company, has been constituted to consider and take decisions for investment/deployment of surplus funds of the Company.

(c) The Ethics and Compliance Committee comprising Mr. N. M. Munjee and Mr. N. D. Khurody, NEDs has been constituted to oversee the implementation of the Code of Conduct adopted by the Company for prevention of Insider Trading and Corporate Disclosure Practices formulated for Tata group companies in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992. This Code is applicable to all Directors and designated

employees and as per the terms, they are restricted from dealing in the shares of the Company during the 'restricted period' notified by the Company, from time to time. All Directors and designated employees disclose their shareholding in the Company as at the end of the financial year. The Board of Directors have nominated Mr. M. M. Miyajiwala as the Compliance Officer to ensure due compliance of the aforesaid Code. Mr. B. N. Garudachar, General Manager (Corporate Communications) has been nominated as the Public Spokesperson of the Company for Corporate Disclosures.

7. General Body Meetings

The last three Annual General Meetings (AGMs) were held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai – 400 020, as under:

Date of AGM	Time	Special Resolutions passed	
		No.	Nature
49 th AGM - 18 th August, 2003	3.30 p.m.	4	(1) Revision in remuneration of Mr. A. Soni, Managing Director (2) Revision in remuneration of Mr. S. N. Tripathi, Executive Director (3) Delisting of shares (4) Appointment of Auditors
50 th AGM - 27 th August, 2004	3.30 p.m.	2	(1) Commission to Non-Executive Directors (2) Appointment of Auditors
51 st AGM - 29 th August, 2005	3.30 p.m.	2	(1) Reappointment of Mr. A. Soni as Managing Director (2) Place of keeping and inspection of Registers and Returns

• A Special Resolution for raising the limit of investments by Foreign Institutional Investors from 24% to 30% of the paid-up Share Capital of the Company was passed by shareholders vide postal ballot on 7th March, 2006. Whilst the said resolution was not required to be passed by postal ballot, the Company, as a matter of good corporate governance, conducted a postal ballot for obtaining the shareholders approval and the Notice along with Explanatory Statement dated 20th December, 2005 and the postal ballot forms were sent to all shareholders. Ms. Shirin Bharucha, Legal Advisor of repute, was appointed as the Scrutinizer to conduct the postal ballot voting process in a fair and transparent manner. Ms. Bharucha carried out the scrutiny of all forms received upto the close of business hours on 23rd February, 2006 which was the last date for receiving the response from the shareholders. The following results were announced on 7th March, 2006 and also released in newspapers:

Particulars	No. of postal ballots	No. of votes/ shares	%
(A) Valid postal ballots in favour of the Resolution	3872	10766497	99.62
(B) Valid postal ballots against the Resolution	118	8781	0.08
(C) Total valid postal ballot forms received (A+B)	3990	10775278	99.70
(D) Invalid postal ballots	276	31836	0.30
Total (C+D)	4266	10807114	100



Accordingly, the Special Resolution set out in the Notice dated 20th December, 2005 was duly approved by the requisite majority of shareholders.

No Special Resolutions are proposed to be passed through postal ballot at the ensuing Annual General Meeting.

There was no Extraordinary General Meeting held during the financial year 2005-06.

8. Details of Directors seeking appointment/reappointment as required under Clause 49 IV(G)(i) of the Listing Agreement entered into with Stock Exchanges

As required under Clause 49 IV(G)(i), particulars of Directors seeking reappointment are given in the Explanatory Statement annexed to the Notice of the Annual General Meeting to be held on 7th August, 2006.

9. Disclosures

- During the year under review, besides the transactions reported in Notes to Accounts (Refer Point No. 35), there were no other related party transactions with the promoters, directors, management and subsidiaries that had a potential conflict with the interest of the Company at large. The related parties do not vote on the related party transactions. The interest of Directors, if any, on transactions are disclosed at Board Meetings and the interested Director does not participate in the discussion or vote on such transactions. Details of transactions with related parties are placed before the Board Audit Committee on quarterly basis. All transactions with related parties during the financial year 2005-06 were in the normal course of business.
- During the last three years, there were no strictures or penalties imposed by SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to capital markets.
- The Company has adopted a Whistle Blower Policy which enables the employees to report concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct. The mechanism provides for adequate safeguards against victimization of employees and provides a direct access to the Chairman of the Board Audit Committee on concerns relating to financial accounting matters. For all other concerns, if they pertain to employees below the Vice-President level, the same gets referred to the Ethics Counsellor and for Vice Presidents and above, the same would be referred to the Chairman of the Board Audit Committee. Whistle Blower Policy has been communicated to the employees of the Company.
- Senior management has made the disclosure to the Board and confirmed that they had no material financial and commercial transactions that could have a potential conflict with the interest of the Company at large.
- In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

- The Company has laid down procedures for the risk assessment and minimization procedures. This has been informed to the Board and would be periodically reviewed to ensure that Executive Management controls risk through a means of a properly defined framework.

- The Company did not raise funds through public/rights/preferential issues during the financial year 2005-06.

- In line with the requirements of SEBI, Secretarial Audit is carried out on a quarterly basis by a firm of practising Company Secretaries to confirm that the aggregate number of equity shares of the Company held in NSDL and CDSL and in physical form tally with the total number of issued/paid-up, listed and admitted capital of the Company.

- Management Discussion and Analysis (MDA) forms part of the Annual Report and includes discussions on various matters specified under Clause 49 IV(F) of the Listing Agreement. The Board Audit Committee has reviewed the MDA for the financial year 2005-06.

- The Managing Director and Executive Vice President (Finance) (CFO) have certified to the Board in accordance with Clause 49 V of the Listing Agreement pertaining to CEO/CFO certification for the financial year 2005-06.

- The Company has complied with the Mandatory requirements of Clause 49 of the Listing Agreement. As regards Non-mandatory requirements, the Company has constituted a Board Remuneration Committee, adopted a Whistle Blower Policy and has unqualified financial statements. The Non-Executive Directors freely interact with the Management on information that may be required by them. The Management also shares with the Board, changes in relevant laws and regulations and its implication on the Company. The performance of Non-Executive Directors is based on the contributions at Board/Committee Meetings as well as time spent on operational matters other than at the Meetings. The Company has not adopted the Non-mandatory requirements in regard to maintenance of Non-Executive Chairman's office and sending half-yearly financial results to the shareholders at their residence.

10. Means of Communication

- The quarterly and half-yearly results are published in widely circulated newspapers: Asian Age in English and Tarun Bharat and Sakal in Marathi.

- As per the requirements of Clause 51 of the Listing Agreement, all the data related to quarterly financial results, shareholding pattern, annual report, etc. are uploaded on the SEBI's EDIFAR website www.sebidifar.nic.in within the timeframe prescribed in this regard.

- The financial results, official news releases and presentations, if any, made to institutional investors or

to the analysts are displayed on the Company's website www.voltas.com. Copies of Press Release are also sent to the Stock Exchanges.

11. General Shareholders Information

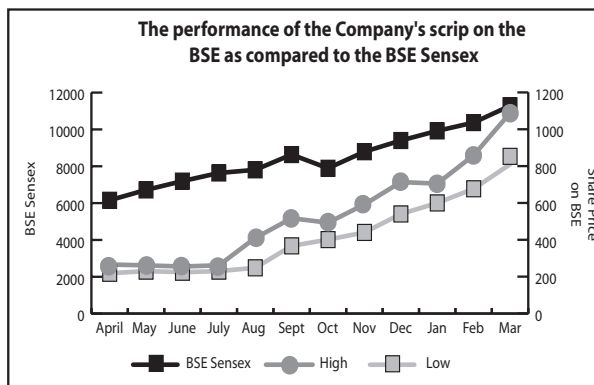
- AGM: Date, time and venue : Monday, 7th August, 2006 at 3.30 p.m. at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai - 400 020.
- Financial Calendar : (a) 1st April to 31st March
(b) First Quarter Results – By end July
(c) Second Quarter Results – By end October
(d) Third Quarter Results – By end January
(e) Results for the year ending 31st March, 2007 – By end June 2007
- Date of Book closure : Tuesday, 11th July, 2006 to Monday, 7th August, 2006 (both days inclusive).
- Dividend Payment date : Dividend would be paid on or after 8th August, 2006.
- Listing on Stock Exchange : Bombay Stock Exchange Limited, National Stock Exchange of India Limited

The Company has paid the listing fees to BSE and NSE for the year 2006-07.

- Stock Code
 - NSE : VOLTAS
 - BSE : 500575
 - ISIN Number for NSDL/CDSL : INE226A01013
- Market Information

Market price data-monthly high/low and trading volumes during the last financial year on the BSE/ NSE depicting liquidity of the Company's Equity Shares on the said exchanges is given hereunder:

Month	BSE Sensex	Bombay Stock Exchange (BSE)				National Stock Exchange (NSE)			
		High Rs.	Low Rs.	No. of Shares Traded	Turnover Rs. in Lakhs	High Rs.	Low Rs.	No. of Shares Traded	Turnover Rs. in Lakhs
2005									
April	6154.44	266.00	218.35	7973399	1954.67	265.40	215.00	954007	2333.95
May	6715.11	261.00	230.10	355037	887.12	262.00	228.50	413220	1027.04
June	7193.85	255.00	224.00	381320	921.59	254.25	223.10	562887	1365.21
July	7635.42	261.50	230.00	1469805	3545.10	262.00	218.60	1108041	2671.32
August	7805.43	410.00	247.80	1899017	6204.14	409.80	248.00	3570697	11501.81
September	8634.48	517.00	366.90	2978985	13561.00	517.50	371.55	6564504	29721.85
October	7892.32	492.90	401.10	1220487	5619.55	493.00	400.05	2651689	12185.53
November	8788.81	592.00	440.00	1014771	5328.86	592.00	439.05	2821136	14732.86
December	9397.93	713.40	540.10	2869018	18266.18	713.40	511.20	5780092	36618.61
2006									
January	9919.89	705.00	599.90	987160	6525.94	705.00	600.00	2132432	14111.32
February	10370.24	859.00	676.90	1781322	13882.58	855.05	676.00	3215942	25059.02
March	11279.96	1088.40	810.00	1656629	16310.54	1100.00	807.15	3119079	30897.58



• **Distribution of shareholding as on 31st March, 2006**

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Issued Share Capital
Upto 500	50217	3970218	12.00
501 to 1000	1288	942924	2.85
1001 to 2000	482	693035	2.10
2001 to 3000	140	350532	1.05
3001 to 4000	58	203112	0.61
4001 to 5000	38	176103	0.53
5001 to 10000	46	321805	0.97
10001 and above	96	26430745	79.89
Total	52365	33088474	100
Physical Mode	26184	2645977	8.00
Electronic Mode	26181	30442497	92.00

• **Shareholding Pattern as on 31st March, 2006**

Category	No. of Shares held	% of Issued Share Capital
Tata Group of Companies	9119348	27.56
FIs	7760789	23.45
Financial Institutions	4668976	14.12
Mutual Funds and UTI	3256368	9.84
Bodies Corporate	1857302	5.61
NRIs	221540	0.67
Nationalised Banks	60401	0.18
Foreign Companies	8985	0.03
Directors	199	0.00
Public	6134566	18.54
Total	33088474	100



● **Shareholders holding more than 1% Equity shares of the Company as on 31st March, 2006**

Name of Shareholder	No. of Shares held	% of Issued Share Capital
Tata Sons Ltd.	7873178	23.79
Life Insurance Corporation of India	2842167	8.59
Tata Investment Corporation Ltd.	1030233	3.11
Citigroup Global Markets Mauritius Pvt. Ltd.	970561	2.93
Templeton Mutual Fund A/c Franklin India Flexi Cap Fund	794479	2.40
Deutsche Securities Mauritius Ltd.	763977	2.31
ABN Amro Bank N.V. London Branch	747957	2.26
The New India Assurance Co. Ltd.	698808	2.11
The Master Trust Bank of Japan Ltd. A/c Nomura India Investment Fund Mother Fund	686685	2.08
General Insurance Corporation of India	679785	2.05
The India Fund Inc.	594360	1.80
Templeton Mutual Fund A/c Franklin India Prima Fund	514309	1.55
The Lokprakashan Ltd.	473297	1.43
Mirae Asset Investment Management Co. Ltd. A/c Mirae Asset India Discovery Equity Investment Trust 1	461284	1.39
Matthews International Funds A/c Matthews India Fund	415631	1.26
The Oriental Insurance Co. Ltd.	382224	1.16
Carlson Fund Equity – Asian Small Cap	373509	1.13
Tata Trustee Co. Pvt. Ltd. A/c Tata Mutual Fund –Tata Infrastructure Fund	365966	1.11

- Registrar & Transfer Agent : In-house
Volta Limited
Share Service Centre
T.B. Kadam Marg
Mumbai - 400 033
Tel : 66656511
Fax : 66656311
e-mail : shareservices@voltas.com
- Share Transfer System : The transfers are processed and approved by the Share Transfer Committee on a weekly basis.
- Dematerialisation of shares and liquidity : 92% of the share capital has been dematerialized as on 31st March, 2006.
- Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity : The Company has not issued GDRs/ADRs/Warrants or any Convertible instruments
- Plant locations : The Company's Plants are located at Thane, Dadra and Hyderabad
- Addresses for correspondence : Shareholders' correspondence should be addressed to the Company's Share Service Centre at the address mentioned aforesaid.
Shareholders holding shares in electronic mode should address all their correspondence to the respective Depository Participants.

● **Unclaimed Dividends**

Pursuant to Section 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government and no claim shall lie against the said fund or the Company for the amount of dividend so transferred. Shareholders are advised to claim the un-cashed dividends lying in the unpaid dividend accounts of the Company before the due date. Given below are the dates of declaration of dividend and corresponding dates when unclaimed dividends are due for transfer to IEPF.

Date of declaration/ payment of dividend	Dividend for the year	Due for transfer to the IEPF
7 th September, 1999	1998-1999	25 th October, 2006
26 th May, 2000 (Interim)	1999-2000	13 th July, 2007
8 th August, 2001	2000-2001	13 th September, 2008
12 th August, 2002	2001-2002	17 th September, 2009
18 th August, 2003	2002-2003	23 rd September, 2010
27 th August, 2004	2003-2004	1 st October, 2011
29 th August, 2005	2004-2005	3 rd October, 2012

● **Remittance of Dividend through ECS**

Members desirous of receiving dividend by direct electronic deposit through Electronic Clearing Service (ECS) Scheme of Reserve Bank of India to their bank accounts may authorize the Company with their ECS mandate. For details, kindly write to the Company's Share Service Centre.

● **Bank details for Electronic Shareholding**

While opening Accounts with Depository Participants (DPs), you may have given your Bank Account details, which will be used by the Company for printing on dividend warrants for remittance of dividend. However, members who wish to receive dividend in a bank account, other than the one specified while opening the Depository Account, may notify their DPs about any change in bank account details. Members are requested to furnish complete details of their bank accounts including MICR codes of their Banks to their DPs.

● **Bank details for Physical Shareholdings**

In order to provide protection against fraudulent encashment of dividend warrants, the members are requested to provide, if not provided earlier, their bank Account numbers, names and addresses of the Bank, quoting Folio numbers to the Company's Share Service Centre to incorporate the same on the dividend warrants.

DECLARATION BY THE MANAGING DIRECTOR ON COMPLIANCE WITH THE CODE OF CONDUCT

The Board of Directors of Voltas Limited have on 20th December, 2005 adopted the Code of Conduct for the Directors and also for the Senior Management personnel of the Company, which have been posted on the website of the Company.

I hereby declare that all the Directors and Senior Management personnel have affirmed compliance of the aforesaid Code of Conduct as on 31st March, 2006 and a confirmation to that effect has been given by each of them.

11th May, 2006

A. Soni
Managing Director

AUDITORS' CERTIFICATE**To the Members of VOLTAS LIMITED**

We have examined the compliance of conditions of Corporate Governance by VOLTAS LIMITED, for the year ended 31st March, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For S.B. BILLIMORIA & CO.
Chartered Accountants

Mumbai,
11th May, 2006

Udayan Sen
Partner
Membership No. 31220



AUDITORS' REPORT

To the Members of Voltas Limited

1. We have audited the attached Balance Sheet of VOLTAS LIMITED, as at 31st March, 2006, the Profit and Loss Account of the Company for the year ended on that date annexed thereto and also the Cash Flow Statement for the year ended on that date annexed thereto in which are incorporated the Returns from the U.A.E and Qatar Branches audited by other auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from U.A.E and Qatar Branches audited by other auditors;
 - (iii) the report on the accounts of the U.A.E and Qatar Branches audited by other auditors have been forwarded to us and have been dealt with by us in preparing this report;
 - (iv) the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and returns;
 - (v) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (vi) on the basis of written representations received from the Directors, as on 31st March, 2006, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2006, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vii) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For S. B. BILLIMORIA & CO.
Chartered Accountants

UDAYAN SEN
Partner

Membership No. 31220

Mumbai
11th May, 2006

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

- | | |
|---|---|
| <p>(i) (a) In respect of fixed assets, the Company has maintained proper records showing full particulars including quantitative details and situation in most cases of such assets.</p> <p>(b) As explained to us, most of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.</p> <p>(c) During the year, in our opinion, a substantial part of fixed assets has not been disposed off by the Company.</p> <p>(ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.</p> <p>(b) According to the information and explanations given to us, in our opinion, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>(c) According to the information and explanations given to us, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material, having regard to the size of the operations of the Company.</p> <p>(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Hence paragraphs (iii)(b), (c) and (d) are not applicable.</p> <p>(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Hence paragraphs (iii)(f) and (g) are not applicable.</p> <p>(iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed nor have been informed of any continuing failure to correct major weakness in the internal controls.</p> <p>(v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are</p> | <p>of the opinion that the contracts or arrangements that need to be entered in the Register required to be maintained under Section 301 of the Companies Act, 1956 have been so entered.</p> <p>(b) In our opinion and according to the information and explanations given to us and having regard to our comments in Para (iv) above, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time, where such market prices are available.</p> <p>(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the period covered by our audit report. In respect of unclaimed deposits, the Company has complied with the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. To the best of our knowledge and as per information and explanations given to us, no order under the aforesaid sections has been passed by the National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.</p> <p>(vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.</p> <p>(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of air conditioners and refrigerators and are of the opinion that <i>prima facie</i> the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate and complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.</p> <p>(ix) In respect of statutory and other dues:</p> <p>(a) According to the information and explanations given to us and according to the books and records as produced and examined by us, the Company is generally regular in depositing with the appropriate authorities, undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, Sales Tax and any other material statutory dues applicable to it. According to information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Sales Tax and Cess were in arrears, as at 31st March, 2006 for a period of more than six months from the date they became payable other than undisputed Service Tax of Rs. 8.89 Lakhs which has remained outstanding for more than six months and has been paid after the year end.</p> |
|---|---|



- (b) According to the information and explanations given to us, details of dues of income tax, excise duty, service tax and sales tax which have not been deposited as on 31st March, 2006 on account of any dispute are given below:

Particulars	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in Lakhs)
1. Income Tax	High Court	1974-1976, 1991-1993	4.39
2. Excise Duty	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)	1993-1995, 2001-2003	46.25
	Commissioner of Central Excise (Appeals)	2003-2005	12.26
	Commissioners/ Adjudicating Authority	1981-1982, 1983-1984, 1985-1986, 1986-1987, 1988-1989, 1990-1991, 1992-1993, 1994-1996, 1997-1998, 1999-2000, 2000-2002, 2003-2006.	3062.55
3. Service Tax	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	1999-2006	213.61
	Commissioners/ Adjudicating Authority	1998-2006	23.46
4. Sales Tax	Commissioner Appeals	1986-1988, 1989-2003	834.16
	Deputy Commissioner Appeals	1985-1986, 1991-1992, 1995-1996, 1999-2004	91.66
	Appellate Tribunal	1986 -2002	850.76
	High Court	1987-2001, 2002-2004	724.60
	Assessing Authority	1981-1982, 1985-2003	563.68

- (x) The Company does not have accumulated losses as at 31st March, 2006 and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (xii) Based on our examination of the records, and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a Chit fund or a *nidhi*/mutual benefit fund/society. Therefore, the provisions of any special statute as specified under clause (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks and financial institutions, are not *prima facie* prejudicial to the interests of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, during the year, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) In our opinion and according to information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report.
- (xx) As informed to us, during the period covered by our audit, the Company has not raised any money through public issue.
- (xxi) According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud by the Company and no material fraud on the Company has been noticed or reported during the course of our audit.

For S. B. BILLIMORIA & CO.
Chartered Accountants

Mumbai
11th May, 2006

UDAYAN SEN
Partner
Membership No.31220

BALANCE SHEET AS AT 31ST MARCH, 2006

	Schedule	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
SOURCES OF FUNDS				
1. SHARE CAPITAL	A		3306.26	3305.53
2. RESERVES AND SURPLUS	B		20834.68	16045.62
3. TOTAL SHAREHOLDERS' FUNDS			24140.94	19351.15
4. SECURED LOANS	C		4700.84	7446.73
5. UNSECURED LOANS	D		2500.00	3193.67
	TOTAL		31341.78	29991.55
APPLICATION OF FUNDS				
6. FIXED ASSETS	E		13482.27	8242.73
7. INVESTMENTS	F		6103.30	4621.60
8. DEFERRED TAX ASSET (Net) (See Note 10, Schedule 'P')			2668.00	2153.00
9. CURRENT ASSETS, LOANS AND ADVANCES				
(A) Current Assets				
1. Interest accrued on Investments		25.93		14.81
2. Inventories	G	29923.97		24000.58
3. Sundry Debtors	H	39766.12		36132.81
4. Cash and Bank Balances	I	10863.09		14566.29
		80579.11		74714.49
(B) Loans and Advances	J	12816.66		11727.24
		93395.77		86441.73
10. LESS: CURRENT LIABILITIES AND PROVISIONS	K	84307.56		71467.51
11. NET CURRENT ASSETS			9088.21	14974.22
	TOTAL		31341.78	29991.55

(For notes forming part of the Accounts See Schedule 'P'.
The Schedules referred to above form an integral part of the Accounts)

In terms of our Report of even date.

For S. B. Billimoria & Co.
Chartered Accountants

Udayan Sen
Partner
Mumbai, 11th May, 2006

Chairman
Managing Director
Directors

Ishaat Hussain
A. Soni
N. J. Jhaveri
S.D. Kulkarni
Ravi Kant
N.D. Khurody
Noel N. Tata
M.M. Miyajiwala

Executive Vice President (Finance)
General Manager - Taxation
& Company Secretary
Mumbai, 11th May, 2006

V.P. Malhotra



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

	Schedule	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2005 Rupees in Lakhs
1. SALES AND SERVICES (See Notes 11 and 33, Schedule 'P')		190417.77		144143.17
Less: EXCISE DUTY		5104.02		5477.05
NET SALES AND SERVICES			185313.75	138666.12
2. OTHER INCOME	L		2431.39	1952.85
3. COST OF SALES, SERVICES AND EXPENSES	M		175240.88	134217.65
4. PROFIT BEFORE FINANCIAL ITEMS, DEPRECIATION AND EXCEPTIONAL ITEMS			12504.26	6401.32
5. FINANCIAL ITEMS	N		(392.49)	91.93
6. DEPRECIATION ON FIXED ASSETS			1108.51	1047.63
7. PROFIT BEFORE EXCEPTIONAL ITEMS			11788.24	5261.76
8. EXCEPTIONAL ITEMS	O		(2619.10)	504.26
9. PROFIT BEFORE TAXATION			9169.14	5766.02
10. PROVISION FOR TAXATION				
- Provision for Current Tax [Including Foreign Income Tax Rs. 277.30 Lakhs (2004-05: Rs. 9.15 Lakhs)]		2280.00		488.00
- Provision for Taxation of Earlier Years		Nil		(14.31)
- Provision for Deferred Tax		(515.00)		239.00
- Provision for Wealth Tax		30.00		12.00
- Provision for Fringe Benefit Tax		325.00		Nil
			2120.00	724.69
11. PROFIT AFTER TAXATION			7049.14	5041.33
12. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			2000.00	1500.00
13. AMOUNT TRANSFERRED FROM FOREIGN PROJECTS RESERVE			400.00	50.00
14. PROFIT AVAILABLE FOR APPROPRIATIONS			9449.14	6591.33
15. APPROPRIATIONS :				
(a) GENERAL RESERVE		4700.00		2702.33
(b) PROPOSED DIVIDEND		1985.31		1654.42
(c) TAX ON DIVIDEND		278.44		234.58
			6963.75	4591.33
16. BALANCE CARRIED FORWARD			2485.39	2000.00
Basic and diluted earnings per share of Rs. 10 each (with Exceptional items) (in Rs.) (See Note 15, Schedule 'P')			21.30	15.24

(For notes forming part of the Accounts See Schedule 'P'.
The Schedules referred to above form an integral part of the Accounts)

In terms of our Report of even date.

For S. B. Billimoria & Co.
Chartered Accountants

Udayan Sen
Partner
Mumbai, 11th May, 2006

Chairman
Managing Director
Directors

Executive Vice President (Finance)
General Manager - Taxation
& Company Secretary
Mumbai, 11th May, 2006

Ishaat Hussain
A. Soni
N. J. Jhaveri
S.D. Kulkarni
Ravi Kant
N.D. Khurody
Noel N. Tata
M.M. Miyajiwala
V.P. Malhotra

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2006

A. CASH FLOW FROM OPERATING ACTIVITIES	Rupees in Lakhs	Rupees in Lakhs	2004-2005 Rupees in Lakhs
Net Profit before taxation		9169.14	5766.02
Add - Adjustments for :			
Depreciation	1108.51		1047.63
Provision for Contingencies	(850.00)		300.00
Loss on revaluation of assets of discontinued business	Nil		29.97
Provision for Diminution in value of Investments	(395.71)		261.30
Net Profit on Sale/Retirement of Fixed Assets	(1579.32)		(1380.92)
(Profit)/Loss on Sale of Non-Trade Investments	(0.27)		(2.87)
Interest paid (Net)	140.05		386.37
Income from Investments	(532.54)		(294.44)
Provision for Leave Encashment	227.57		117.56
Provision for Gratuity	146.68		120.10
Impairment written back	(2773.54)		Nil
(Profit)/Loss on Sale of Trade Investments	410.60		(74.05)
(Profit)/Loss on Sale of assets of discontinued business	Nil		(12.75)
Cost of Voluntary Retirement Scheme	6507.87		353.31
		2409.90	851.21
Operating Profit before Working Capital changes		11579.04	6617.23
Less - Adjustments for:			
Increase/(Decrease) in Inventories	5923.39		8152.15
Increase/(Decrease) in Trade and other Receivables	3633.31		362.25
Increase/(Decrease) in Loans and Advances	1449.61		746.55
Decrease/(Increase) in Advances from Customers	(2313.96)		(3789.43)
Decrease/(Increase) in Trade Payables	(9283.79)		(4342.53)
		(591.44)	1128.99
Cash generated from operations		12170.48	5488.24
Less:			
Taxes paid	588.98		698.48
Voluntary Retirement /Pension Scheme payments	6687.68		412.60
		7276.66	1111.08
NET CASH FROM / (USED IN) OPERATING ACTIVITIES		4893.82	4377.16
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(3688.87)		(1330.63)
Sale of Fixed Assets	480.41		1468.85
Proceeds from Surrender of Tenancy Rights	1213.27		139.60
Purchase of Investments	(3229.73)		(850.26)
Investment in Subsidiaries	(233.84)		(1.29)
Sale of Investments	1742.24		592.25
Interest received	69.67		52.83
Income from Investments	574.19		241.67
Inter Corporate Deposits & Loans including to Subsidiary companies	(22.54)		0.30
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		(3095.20)	313.32
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Share Capital (Calls in arrears)	0.73		Nil
Securities Premium (Calls in arrears)	3.67		Nil
Proceeds of Term Loan	Nil		3000.00
Increase/(Decrease) in other Borrowings	(3439.56)		(682.84)
Interest paid (Net)	(213.88)		(453.98)
Increase/(Decrease) in unpaid Debentures/Deposits	15.36		(34.74)
Dividend paid including dividend tax	(1868.14)		(1110.59)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		(5501.82)	717.85
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(3703.20)	5408.33
CASH AND CASH EQUIVALENTS AS AT 1-4-2005 (See Schedule I)		14566.29	9157.96
CASH AND CASH EQUIVALENTS AS AT 31-3-2006 (See Schedule I)		10863.09	14566.29

In terms of our Report of even date.

For S. B. Billimoria & Co.
Chartered Accountants

Udayan Sen
Partner

Mumbai, 11th May, 2006

Chairman
Managing Director
Directors

Executive Vice President (Finance)
General Manager - Taxation
& Company Secretary

Mumbai, 11th May, 2006

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M.M. Miyajiwala
V.P. Malhotra



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006

SCHEDULE 'A' : SHARE CAPITAL

	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
1. AUTHORISED		
6,00,00,000 Equity Shares of Rs. 10 each	6000.00	6000.00
40,00,000 Redeemable Preference Shares of Rs.100 each	4000.00	4000.00
TOTAL	10000.00	10000.00
2. ISSUED, SUBSCRIBED AND CALLED UP (See Note 2 , Schedule 'P')		
3,30,88,474 Equity Shares of Rs.10 each	3308.85	3308.85
Less: Calls in Arrears	2.59	3.32
TOTAL	3306.26	3305.53

SCHEDULE 'B' : RESERVES AND SURPLUS

	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
1. SECURITIES PREMIUM		
As per last Balance Sheet	617.51	617.51
Add: Calls in Arrears received during the year	3.67	Nil
	621.18	617.51
2. CAPITAL RESERVE		
As per last Balance Sheet	155.52	155.52
3. CAPITAL REDEMPTION RESERVE		
As per last Balance Sheet	125.70	125.70
4. GENERAL RESERVE		
As per last Balance Sheet	11576.89	11576.00
Add : Transferred from Profit and Loss Account	4700.00	2702.33
Less : Impairment of Fixed Assets [Net of Deferred Tax Asset of Rs. Nil (2004-05: Rs. 1371 Lakhs)] - [See Note 10, Schedule 'P']	Nil	2701.44
	16276.89	11576.89
5. STAFF WELFARE RESERVE		
As per last Balance Sheet	1.00	1.00
6. FOREIGN PROJECTS RESERVE		
As per last Balance Sheet	1569.00	1619.00
Less : Transferred to Profit and Loss Account	400.00	50.00
	1169.00	1569.00
7. PROFIT AND LOSS ACCOUNT	2485.39	2000.00
TOTAL	20834.68	16045.62

SCHEDULE 'C' : SECURED LOANS

	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
LOANS FROM BANKS (See Note 3, Schedule 'P')	4700.84	7446.73
TOTAL	4700.84	7446.73

SCHEDULE 'D' : UNSECURED LOANS

	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
1. FIXED DEPOSITS	Nil	1193.67
2. SHORT TERM LOANS AND ADVANCES Commercial Paper	1500.00	2000.00
3. OTHER LOANS AND ADVANCES From other than Banks	1000.00	Nil
TOTAL	2500.00	3193.67

Commercial Paper from Banks [maximum amount outstanding at any time during the year : Rs. 4000 Lakhs (2004-05 : Rs. 4000 Lakhs)]

SCHEDULE 'E' : FIXED ASSETS (At Cost or Book Value Less Depreciation)

Particulars	GROSS BLOCK AT COST OR BOOK VALUE				DEPRECIATION					NET BLOCK	
	As at March 31, 2005	Additions	Deductions	As at March 31, 2006	Up to March 31, 2005	For the Year	On Dedu- ctions	Impairment/ (Reversal of Impair- ment)	Up to March 31, 2006	As at March 31, 2006	As at March 31, 2005
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
				(1+2-3)				(See Note 14, Schedule 'P')	(5+6-7+8)	(4-9)	(1-5)
	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
1. Leasehold Land	3.03	Nil	Nil	3.03	Nil	Nil	Nil	Nil	Nil	3.03	3.03
2. Other Land	79.14	Nil	0.06	79.08	8.63	Nil	Nil	(8.63)	Nil	79.08	70.51
3. Buildings*	5180.76	1760.33	42.55	6898.54	2167.02	91.44	14.58	(510.69)	1733.19	5165.35	3013.74
4. Plant & Machinery	15133.75	655.27	299.70	15489.32	11751.83	656.66	257.34	(2200.94)	9950.21	5539.11	3381.92
5. Furniture & Fittings	1539.72	87.10	62.09	1564.73	1131.52	91.70	53.45	(38.78)	1130.99	433.74	408.20
6. Vehicles	600.07	36.20	48.44	587.83	225.02	50.60	30.81	(14.50)	230.31	357.52	375.05
7. Intangible Assets											
- Manufacturing Rights & Technical Know-how	1299.54	19.81	19.81	1299.54	1260.48	20.76	2.11	Nil	1279.13	20.41	39.06
- Software	326.83	726.84	Nil	1053.67	70.81	197.35	Nil	Nil	268.16	785.51	256.02
	24162.84	3285.55	472.65	26975.74	16615.31	1108.51	358.29	(2773.54)	14591.99	12383.75	7547.53
Previous Year	(24653.36)	(732.63)	(1223.35)	(24162.84)	(12491.05)	(1047.63)	(950.12)	(4026.75)	(16615.31)	(7547.53)	
8. Capital Work-in-Progress [Including advances against Capital Expenditure Rs.605.46 Lakhs (31-3-2005 : Rs 271.38 Lakhs)]				1098.52						1098.52	695.20
				28074.26						13482.27	8242.73

* includes Rs. 0.46 Lakh being cost of shares and bonds in Co-operative Housing Societies.


SCHEDULE 'F' : INVESTMENTS (at Cost)

	No.	Currency/ Face Value		Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
LONG TERM INVESTMENTS						
1. TRADE INVESTMENTS						
Fully paid Equity Shares of Subsidiary Companies :						
UNQUOTED:						
Auto Aircon (India) Ltd.	1,13,00,000	Rs.	10	565.00		565.00
Simto Investment Company Ltd. (3,500 Shares purchased during the year)	14,59,587	Rs.	10	203.89		203.54
Agro Foods Punjab Ltd. (See Note 4, Schedule 'P')	2,80,000	Rs.	100	Nil		Nil
Westerwork Engineers Ltd.	9,600	Rs.	100	109.29		109.29
Simtools Ltd.	23,576	Rs.	100	37.29		37.29
Metrovol FZE, Jebel Ali, UAE	1	AED	2000000	10.78		10.78
VIL Overseas Enterprises B.V, The Netherlands	13,635	EURO	45.38	265.21		265.21
Weathermaker Ltd. (2,63,445 Shares acquired during the year) (Subsidiary with effect from 20-01-2006) (See Note 4, Schedule 'P')	3,61,471	US \$	1	264.50		31.01
					1455.96	1222.12
Other fully paid Shares						
QUOTED:						
Lakshmi Automatic Loom Works Ltd.	6,15,200	Rs.	10	110.03		110.03
Tata Chemicals Ltd.	2,00,440	Rs.	10	93.91		93.91
Lakshmi Machine Works Ltd.	60,000	Rs.	100	600.48		600.48
Reliance Industries Ltd. (See Note 4, Schedule 'P')	2,640	Rs.	10	4.55		4.55
UNQUOTED:						
Tata International Ltd.	5,000	Rs.	1000	65.00		65.00
Lakshmi Ring Travellers (Coimbatore) Ltd.	1,20,000	Rs.	10	3.00		3.00
Tata Services Ltd.	448	Rs.	1000	4.48		4.48
Industrial Estates Pvt. Ltd.	24	Rs.	1000	0.23		0.23
Universal Comfort Products Pvt. Ltd.	1,38,21,000	Rs.	10	1382.10		1382.10
Tata Industries Limited	8,70,480	Rs.	100	874.59		874.59
Tata Projects Ltd.	22,500	Rs.	100	26.25		26.25
Sermo - PM India Ltd. (65,00,000 Shares sold during the year)	Nil	Rs.	10	Nil		650.00
Premium Granites Ltd.	4,91,220	Rs.	10	49.77		49.77
Agrotech Industries Ltd.	3,67,500	US \$	1	115.42		115.42
OMC Computers Ltd.	4,04,337	Rs.	10	44.37		44.37
Lalbuksh Voltas Engineering Services and Trading LLC, Muscat, Sultanate of Oman	3,000	RO	10	8.14		8.14
Saudi Ensas Company for Engineering Services Ltd., Saudi Arabia	2,600	SR	100	17.90		17.90
AVCO Marine S.a.S., France	1,910	Euro	10	7.97		7.97
Rujuvalika Investments Ltd.	1,83,333	Rs.	10	30.00		30.00
Rallis India Ltd.						
7.5% Cumulative Redeemable Preference Shares	50,00,000	Rs.	10	500.00		500.00
					3938.19	4588.19

SCHEDULE 'F' : INVESTMENTS (at Cost) (contd.)

				As at 31-3-2005	
	No.	Currency/ Face Value	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
2. OTHER INVESTMENTS					
Fully paid Shares:					
UNQUOTED:					
Voltas Employees Consumers Co-operative Society Ltd.	750	Rs.	10	0.08	0.08
Saraswat Co-operative Bank Ltd.	10	Rs.	10	_*	_*
Brihat Trading Private Ltd.	2	Rs.	10	_**	_**
Super Bazar Co-operative Stores Ltd.	500	Rs.	10	0.05	0.05
Hyderabad Allwyn Employees' Consumer Co-operative Stores Ltd.	250	Rs.	10	0.02	0.02
Units of Mutual Funds:					
QUOTED:					
Unit Trust of India - 6.75% Tax Free US 64 Bonds	1,64,585	Rs.	100	164.59	164.59
				164.74	164.74
TOTAL LONG TERM INVESTMENTS				5558.89	5975.05
CURRENT INVESTMENTS					
Units of Mutual Funds:					
QUOTED:					
DSP Merrill Lynch Liquidity Fund - Institutional - Daily Dividend (1,50,071 units purchased and 1,00,073 units sold during the year)	49,998	Rs.	1000	500.08	Nil
LIC Mutual Fund - Liquid Fund -Dividend Plan (91,65,883 units purchased and 45,80,981 units sold during the year)	45,84,902	Rs.	10	501.99	Nil
Birla Cash Plus Institutional Premium Plan - Daily Dividend (49,91,067 units purchased during the year)	49,91,067	Rs.	10	500.08	Nil
Government Securities:					
UNQUOTED:					
National Savings Certificates				0.50	0.50
Other than Treasury Bills				0.05	0.05
Other Securities:					
QUOTED:					
Tata Motors Ltd. (9,682 Shares allotted in lieu of 1,21,027 Shares of Tata Finance Ltd. on merger with Tata Motors Ltd.)	9,682	Rs.	10	38.91	38.91
Hindustan Lever Ltd.	20,000	Re.	1	4.88	4.88
TOTAL CURRENT INVESTMENTS				1546.49	44.34
TOTAL INVESTMENTS				7105.38	6019.39
Less : PROVISION FOR DIMINUTION IN VALUE				1002.08	1397.79
TOTAL				6103.30	4621.60
* Cost Rs. 100 (31-3-2005: Rs. 100)					
** Cost Rs. 20 (31-3-2005: Rs. 20)					
Quoted : Cost				2519.51	1017.35
: Market Value				15485.60	5414.78
Unquoted : Cost				4585.87	5002.04

Abbreviations for Currencies :

Rs. : Indian Rupees	US\$: United States Dollar	SR : Saudi Riyal
AED : United Arab Emirates Dirhams	RO : Omani Riyal	EURO : European Union Currency



SCHEDULE 'G' : INVENTORIES

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
1. STORES AT OR BELOW COST		13.66	17.13
2. STOCK-IN-TRADE:			
(a) Raw Materials and Components, at the lower of Cost (Less: Written off for obsolescence) and Realisable Value	6489.12		5427.99
(b) Work-in-Progress, at cost (See Note 5, Schedule 'P') Less: Amounts Invoiced	101656.99 90371.47		44859.89 <u>35097.58</u>
	11285.52		9762.31
(c) Finished Goods produced and purchased by the Company, at the lower of Cost (Less: Written off for obsolescence) and Realisable Value	12135.67		<u>8793.15</u>
		29910.31	23983.45
TOTAL		29923.97	<u>24000.58</u>

SCHEDULE 'H' : SUNDRY DEBTORS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
Dues in respect of			
1. SALES ON DEFERRED TERMS OF PAYMENT			
(i) Over six months old	121.77		141.54
(ii) Others	Nil		Nil
		121.77	<u>141.54</u>
2. OTHER SALES			
(i) Over six months old	12036.83		13236.15
(ii) Others	30072.19		25370.30
		42109.02	<u>38606.45</u>
		42230.79*	38747.99*
3. Less: PROVISION FOR DOUBTFUL DEBTS		2464.67	<u>2615.18</u>
TOTAL		39766.12	<u>36132.81</u>
* Of the above debts			
(a) Fully secured		5856.09	1287.63
(b) Unsecured, considered good		33910.03	34845.18
(c) Considered doubtful		2464.67	<u>2615.18</u>
TOTAL		42230.79	<u>38747.99</u>
1. Due by Officers		Nil	0.07
2. Maximum due by Officers at any time during the year		0.07	0.08
3. Due by firms or private companies respectively in which any Director of the Company is a Partner, a Director or a Member		Nil	277.01

SCHEDULE 'I' : CASH AND BANK BALANCES

	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
1. CASH AND CHEQUES ON HAND	2637.86	1701.74
2. BANK BALANCES WITH SCHEDULED BANKS (See Note 6, Schedule 'P')	3134.55	4604.07
3. BANK BALANCES WITH NON-SCHEDULED BANKS (See Note 7, Schedule 'P')	5090.68	8260.48
TOTAL	10863.09	14566.29

SCHEDULE 'J' : LOANS AND ADVANCES

	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
1. ADVANCES TO SUBSIDIARY COMPANIES (See Note 8, Schedule 'P')	366.45	343.91
2. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	8933.72	7865.75
3. ADVANCE PAYMENT OF TAXES	2042.86	2597.83
4. LOANS TO EMPLOYEES	288.70	223.55
5. ADVANCE SHARE APPLICATION MONEY	225.00	Nil
6. DEPOSITS WITH CUSTOMERS / OTHERS	1338.18	1033.05
7. INTERCORPORATE DEPOSITS	1000.00	1000.00
8. BALANCE WITH CUSTOMS, PORT TRUST, ETC.	277.19	450.84
	14472.10*	13514.93*
Less: PROVISION FOR DOUBTFUL ADVANCES	1655.44	1787.69
TOTAL	12816.66	11727.24
* Of the above advances		
(a) Fully Secured	287.03	203.53
(b) Unsecured, considered good	12529.63	11523.71
(c) Considered doubtful	1655.44	1787.69
TOTAL	14472.10	13514.93
1. Due by Officers	4.70	6.64
2. Maximum due by Officers at any time during the year	6.64	7.67



SCHEDULE 'K' : CURRENT LIABILITIES AND PROVISIONS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
(A) CURRENT LIABILITIES			
1. ACCEPTANCES		9043.97	3473.35
2. SUNDRY CREDITORS (See Note 9, Schedule 'P') [including subsidiaries: Rs. 1.58 Lakhs (31-3-2005: Rs. 52.23 Lakhs)]		43805.41	41184.99
3. ADVANCE PAYMENTS AND DEPOSITS RECEIVED :			
(a) From Customers/Others [including from subsidiaries : Rs. 20.63 Lakhs (31-3-2005 : Rs. 16.54 Lakhs)]	16430.71		14085.48
(b) Against Unexpired Service Contracts	935.60		966.87
		17366.31	15052.35
4. OTHER LIABILITIES		2480.08	1792.77
5. INTEREST ACCRUED BUT NOT DUE ON LOANS		142.62	135.12
6. INVESTOR EDUCATION AND PROTECTION FUND - AMOUNTS LIABLE TO BE CREDITED * :			
(a) Unpaid Dividend		67.28	48.96
(b) Unpaid Matured Deposits		41.69	25.22
(c) Unpaid Matured Debentures		21.02	22.13
(d) Interest accrued on (b) and (c) above		6.18	17.83
TOTAL (A)		72974.56	61752.72
(B) PROVISIONS			
7. PROVISION FOR TAXATION		2226.76	735.71
8. PROPOSED DIVIDEND		1985.31	1654.42
9. PROVISION FOR CORPORATE DIVIDEND TAX		278.44	232.03
10. PROVISION FOR TRADE GUARANTEES (See Note 9, Schedule 'P')		2396.31	1990.89
11. PROVISION FOR LEAVE ENCASHMENT		1034.34	806.77
12. PROVISION FOR FUTURE PENSION		938.17	1117.98
13. PROVISION FOR GRATUITY		1598.67	1451.99
14. PROVISION FOR CONTINGENCIES (See Note 9, Schedule 'P')		875.00	1725.00
TOTAL (B)		11333.00	9714.79
TOTAL (A) + (B)		84307.56	71467.51

* The figures reflect the position as at 31st March, 2006. The actual amount to be transferred to the Investor Education and Protection Fund in respect thereof shall be determined on the due dates.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

SCHEDULE 'L' : OTHER INCOME

	Rupees in Lakhs	Year ended 31st March, 2005 Rupees in Lakhs
1. Miscellaneous Income	529.13	977.04
2. Profit/(Loss) on Sale/Retirement of Fixed Assets (Net) [including Capital Surplus of Rs. Nil (31-3-2005: Rs. 57.59 Lakhs)]	Nil	18.88
3. Profit on Sale of Non-Trade Investments	0.27	2.87
4. Rent Received	1058.17	954.06
5. Difference in Foreign Exchange (Net)	191.68	Nil
6. Adjustment in respect of previous years (Net)	652.14	Nil
TOTAL	2431.39	1952.85

SCHEDULE 'M' : COST OF SALES, SERVICES AND EXPENSES

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2005 Rupees in Lakhs
1. Stock-in-Trade per 1-4-2005 [including Work-in-Progress : Rs. 44859.89 Lakhs (1-4-2004 : Rs. 13940.94 Lakhs)]		59081.03	25150.49
2. Purchases and cost of jobs, manufacture and services		201259.18	137023.63
3. Stock-in-Trade per 31-3-2006 [including Work-in-Progress : Rs. 101656.99 Lakhs (31-3-2005 : Rs. 44859.89 Lakhs)]		120281.78	59081.03
4. Cost of Sales and Services (1 + 2 - 3)		140058.43	103093.09
5. Staff Expenses			
(a) Salaries, Wages and Bonus	14932.14		12210.74
(b) Company's contribution to Provident Funds and other Funds	832.24		831.00
(c) Retiring Gratuity	782.80		420.24
(d) Welfare Expenses	1076.27		973.27
		17623.45	14435.25
6. Forwarding Charges (Net) (See Note 12, Schedule 'P')		982.67	852.15
7. Commission other than to Sole Selling Agents under Section 294 of the Companies Act, 1956		1722.28	1327.58
8. Advertising (Net) (See Note 12, Schedule 'P')		812.30	828.90
9. Rent paid	1578.48		953.39
Less: Rent recovered	18.44		40.16
		1560.04	913.23
10. Rates and Taxes		136.50	155.97
11. Insurance		385.95	279.91
12. Stores Consumed		215.06	196.30
13. Power		304.43	350.25
14. Repairs to Buildings		116.40	93.15
15. Repairs to Plant and Machinery		223.48	252.54
16. Travelling		1900.64	2169.42
17. Conveyance		925.90	663.48
18. Stationery, Postage, Telex and Telephone		1250.78	1169.06
19. Amounts payable to Auditors:			
(a) Audit fees including reimbursement towards expenses Rs. 4.66 Lakhs (2004-05 : Rs. 4.48 Lakhs) and Service Tax Rs. 3.67 Lakhs (2004-05 : Rs. 3.67 Lakhs)	44.33		44.15
(b) In Other capacity	42.33		38.01
		86.66	82.16
20. Audit fees payable to Branch Auditors (See Note 21, Schedule 'P')		19.88	13.41
21. Audit fees payable to Cost Auditors		0.23	0.23
22. Legal and Professional charges (See Note 12, Schedule 'P')		855.70	1065.87
23. Other expenses (See Note 12, Schedule 'P')		5454.95	4843.35
24. Bad and Doubtful Debts / Advances (Net)		531.61	1363.37
25. Donations and Charities		42.11	47.56
26. Adjustment in respects of previous years (Net)		Nil	21.42
27. Net Loss on Sale of Fixed Assets [including capital surplus of Rs. 7.37 Lakhs (2004-05: Nil)]		31.43	Nil
TOTAL		175240.88	134217.65


SCHEDULE 'N' : FINANCIAL ITEMS

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2005 Rupees in Lakhs
1. Interest Paid			
(a) On fixed loans	407.75		480.10
(b) On other accounts [Net of write back of Rs. 282.49 Lakhs (2004-05: Nil)]	51.83		197.80
		459.58	677.90
2. Less: Interest received in respect of sales on deferred payment terms and other accounts-Gross (See Note 13, Schedule 'P') [Tax deducted at source Rs. 1.31 Lakhs (2004-05: Rs. 7.58 Lakhs)]		319.53	291.53
		140.05	386.37
3. Less: Income from Investments [Tax deducted at source Rs. 5.00 Lakhs (2004-05: Rs. 5.31 Lakhs)]			
(a) Dividend from Subsidiary companies	205.18		147.76
(b) Trade Investments	310.52		133.79
(c) Other Investments	16.84		12.89
		532.54	294.44
TOTAL		(392.49)	91.93

SCHEDULE 'O' : EXCEPTIONAL ITEMS

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2005 Rupees in Lakhs
1. Profit on Sale of Property/Transfer of Development Rights/ Surrender of Tenancy Rights [Including Capital Surplus Rs. 1603.45 Lakhs (2004-05 : Rs. 1200.46 Lakhs)]		1610.75	1362.04
2. Profit on Sale of Trade Investments		Nil	74.05
3. Reversal of Contingency Provision		850.00	Nil
4. Reversal of Impairment of Assets (See Note 14, Schedule 'P')		2773.54	Nil
		5234.29	1436.09
Less :			
5. Provision for diminution in value of Investments		0.23	261.30
6. Cost of Voluntary Retirement Scheme		6507.87	353.31
7. Loss on revaluation of assets of discontinued business [Net of Profit on sale of assets Nil (2004-05 : Rs. 12.75 Lakhs)]		Nil	17.22
8. Provision for doubtful advances (Net)		4.73	Nil
9. Provision for Contingencies (Net)		Nil	300.00
10. Loss on Sale of Trade Investments (Net)		14.66	Nil
11. Settlement of Claims (See Note 14, Schedule 'P')		1325.90	Nil
		7853.39	931.83
TOTAL		(2619.10)	504.26

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006

1. SIGNIFICANT ACCOUNTING POLICIES

(i) All revenues, cost, assets and liabilities are accounted for on accrual basis.

(ii) SALES AND SERVICES

(a) Sales exclude sales tax, value added tax and works contract tax but include excise duty. Consignment sales are excluded from sales and services, but commission earned on such sales is accounted for as part of sales and services.

(b) Sales and services are accounted on accrual basis when the sale of goods or services are completed.

(c) Revenue from long-term contracts, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion on the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. When the current estimate of total costs and revenue is a loss, provision is made for the entire loss on the contract irrespective of the amount of work done.

(iii) JOINT VENTURE

The financial statements of the Company reflect its share of Assets, Liabilities, Income and Expenditure of the Joint Venture Operations which are accounted on the basis of the audited accounts on line - by line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the Joint Venture Agreements.

(iv) DEPRECIATION / AMORTIZATION

Depreciation on all fixed assets has been provided on Straight Line Basis at the rates prescribed in Schedule XIV to the Companies Act, 1956, except Depreciation on furniture and fittings, which, has been provided on Written Down Value basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.

Intangible assets are amortized on Straight Line Basis over their useful life. Manufacturing Rights and Technical Know-how has been amortized over 72 months and Software over 60 months.

(v) PROVISION FOR TRADE GUARANTEES

Provision for estimated cost to be incurred in providing warranty service is made in the accounts in the year in which the sale of goods is effected.

(vi) FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation.

Own manufactured goods are capitalised at standard cost excluding interest but including excise duty net of CENVAT, octroi duty and receiving / installation charges.

Machinery developed in-house is capitalized at prime cost exclusive of standing charges but inclusive of excise duty net of CENVAT, octroi duty and receiving / installation charges. Additional cost arising out of increase in liability on loans taken for acquisition of plant and machinery resulting from exchange fluctuation is adjusted to the cost of the asset and depreciated over the balance life of the asset.

Interest on borrowed money, allocated to and utilised for qualifying fixed assets, pertaining to the period upto the date of capitalisation is capitalised.

Assets acquired under finance leases are recognized at the lower of the fair value of the leased assets at inception and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the leased term at a constant periodic rate of interest on the remaining balance of the liability.

(vii) INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortization.

(viii) IMPAIRMENT OF ASSETS

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment of assets. If any indication of such impairment exists, the recoverable amount of those assets is estimated and impairment is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting future cash flows to their present value based on appropriate discount factor. When there is indication that an impairment loss recognized for an asset in prior accounting periods no longer exists or may have decreased such reversal of impairment loss is recognized.

(ix) PROVISIONS AND CONTINGENCIES

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made.



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized.

(x) INVESTMENTS

Long term investments are carried at cost less provision, if any, for permanent diminution in value of such investments. Current investments are carried at lower of cost and fair value.

(xi) CURRENT ASSETS

Current Assets are accounted at cost or realisable value, whichever is lower.

Inventories including Work-in-Progress other than Construction Contracts, are valued at cost or realisable value, whichever is lower, cost being worked out on weighted average basis. Cost includes all charges for bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. With regard to Construction Contracts, Work-in-Progress includes profits / losses to the extent recognized.

(xii) TAXES ON INCOME

Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax Assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other Deferred Tax Assets are recognised if there is reasonable certainty that there will be sufficient future taxable income to realize such assets.

(xiii) FOREIGN EXCHANGE TRANSACTIONS / TRANSLATIONS

(a) The foreign branches of the Company have been classified as "Integral foreign operations". Revenue transactions (other than depreciation) of foreign branches are incorporated in the Company's accounts at average exchange rate during the year, fixed assets are incorporated at the average rate of the year of acquisition and current assets and liabilities are translated at the rate of exchange prevailing on the last working day of the year. Depreciation is translated at the average rate applicable to fixed assets.

(b) Monetary assets and liabilities relating to foreign currency transactions remaining unsettled at the end of the year are translated at the year-end rate and the difference in translation and realised gains and losses on foreign exchange transactions (other than for fixed assets) are recognised in the Profit and Loss Account. In respect of transactions covered by foreign exchange contracts, the difference between the contract rate and spot rate on the date of the transaction is charged to the Profit and Loss Account over the period of the contract.

(xiv) ACCOUNTING FOR VOLUNTARY RETIREMENT SCHEMES

(a) The cost of Voluntary Retirement Schemes / Retrenchment Compensation including ex-gratia and additional Gratuity and Leave Encashment liability arising therefrom is charged to the Profit and Loss Account in the month of separation of employees.

(b) The Present Value of future payments to employees opting for Early Separation Scheme (ESS), the additional Gratuity and Leave Encashment liability arising therefrom is charged to the Profit and Loss Account in the month of separation of employees.

(xv) PREOPERATIVE EXPENSES OF NEW PROJECTS

Directly identifiable preoperative expenses of new projects of capital nature under implementation are carried forward under Capital Work-in-Progress, pending capitalisation.

(xvi) RETIRAL BENEFITS

In respect of employees in India, the cost of retiral benefits such as Provident Fund, Superannuation Fund, Pension, Gratuity and Leave Encashment are accounted on accrual basis. The liability in respect of Gratuity, Pension and Leave Encashment is determined on actuarial basis.

In respect of employees abroad, the cost of retiral benefits such as Gratuity and Leave Encashment are accounted on accrual basis and in accordance with local laws of respective countries.

The cost in respect of post retirement medical benefits available to certain categories of staff is accounted on the basis of claims received as they are not categorized as Defined Benefit Schemes under AS 15 - Accounting for Retirement Benefits in the Financial Statements of Employers.

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

2. SHARE CAPITAL

Equity Share Capital includes :

- (a) 97,66,130 shares of Rs. 10 each allotted as fully paid bonus shares by capitalising Rs. 80.82 Lakhs out of Securities Premium Account, Rs. 100 Lakhs from Capital Reserve and Rs. 795.79 Lakhs out of General Reserve.
- (b) 17,72,904 shares of Rs. 10 each allotted to erstwhile shareholders of Tata-Merlin & Gerin Ltd. (TMG), The National Electrical Industries Ltd. (NEI), Volrho Ltd., Wandleside National Conductors Ltd. (WNC) and Hyderabad Allwyn Ltd. (HAL) consequent upon the amalgamation of these companies with the Company.
- (c) 1,19,78,400 shares of Rs. 10 each allotted to the holders of Convertible Part 'A' of Rs. 60 of the 14% Secured Redeemable Partly Convertible Debentures 1992-99 on compulsory conversion thereof into equity shares.

3. SECURED LOANS - FROM BANKS

Nature of Security	Rupees Lakhs	As at 31-3-2005 Rupees Lakhs
(a) Loan from Exim Bank [Deposit of title deeds of certain immovable properties of the Company]	3000.00	3000.00
(b) Working Capital Demand Loan	Nil	4000.00
(c) Loan from ICICI Bank (Against hypothecation on vehicles)	6.62	18.27
(d) Cash Credit		
(i) Secured against assignment of contract dues and lien on Term Deposits	1670.92	182.54
(ii) Others	23.30	245.92
[Items (b) and (d)(ii) are hypothecated by way of a first charge to and in favour of the participating banks ranking <i>pari passu inter se</i> without any preference or priority to one over the other(s) on all stocks and all other Current Assets, except those of Hyderabad Unit].		
	4700.84	7446.73

4. INVESTMENTS

- (a) Under a loan agreement for Rs. 60 Lakhs (fully drawn and outstanding) entered into between Agro Foods Punjab Ltd. (AFPL) and the Punjab State Industrial Development Corporation Ltd. (PSIDC), the Company has given an undertaking to PSIDC that it will not dispose off its shares in AFPL till the monies under the said loan agreement between PSIDC and AFPL remain due and payable by AFPL to PSIDC. During 1998-99, the Company had transferred its beneficial rights in the shares of AFPL.
- (b) In respect of Company's investment in 2640 equity shares of Reliance Industries Ltd., there is an Injunction Order passed by the Court in Kanpur, restraining the transfer of these shares. The share certificates are however in the possession of the Company. Pending disposal of the case, dividend on these shares has not been received.
- (c) In respect of Company's investment in Weathermaker Ltd., 106195 Ordinary shares have been lodged for transfer.

5. INVENTORIES - WORK-IN-PROGRESS, AT COST

With regard to construction contracts that are in progress as at the year end, the aggregate amounts of costs incurred and net recognised profits is Rs. 93747.67 Lakhs (2004-2005 : Rs. 32954.49 Lakhs). For such contracts in progress, the total amount of advances received is Rs. 5601.82 Lakhs (2004-2005 : Rs. 4562.61 Lakhs) and the amount of Retentions is Rs. 2392.31 Lakhs (2004-2005 : Rs. 1067.62 Lakhs). The gross amount due from customers is Rs. 10552.59 Lakhs (2004-2005 : Rs. 6069.70 Lakhs) and the gross amount of billing and advances from customers are Rs. 4244.15 Lakhs (2004-2005 : Rs. 10911.34 Lakhs).

6. CASH AND BANK BALANCES - BANK BALANCES WITH SCHEDULED BANKS

	Rupees Lakhs	As at 31-3-2005 Rupees Lakhs
(a) On Current Accounts	2599.53	3257.12
(b) On Fixed Deposit Account	535.02	1346.95
	3134.55	4604.07



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

7. CASH AND BANK BALANCES - BANK BALANCES WITH NON-SCHEDULED BANKS

	Rupees Lakhs	As at 31-3-2005 Rupees Lakhs
(a) ON CURRENT ACCOUNTS		
(i) Abu Dhabi Commercial Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs. 1022.48 Lakhs (2004-2005 : Rs. 3065.36 Lakhs)]	Nil	220.41
(ii) Union National Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs. 6279.83 Lakhs (2004-2005 : Rs. 1748.63 Lakhs)]	1130.77	1202.49
(iii) Emirates Bank International, Dubai, U.A.E. [Maximum balance during the year : Rs. 3297.75 Lakhs (2004-2005 : Rs. 2292.54 Lakhs)]	259.91	455.17
(iv) HSBC Bank Middle East, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs. 1213.61 Lakhs (2004-2005 : Rs. 228.10 Lakhs)]	173.69	97.07
(v) HSBC Bank Middle East, Qatar [Maximum balance during the year : Rs. 7.84 Lakhs (2004-2005 : Rs. 8.41 Lakhs)]	7.84	7.71
(vi) Commercial Bank of Qatar, Qatar [Maximum balance during the year : Rs. 820.31 Lakhs (2004-2005 : Rs. 786.93 Lakhs)]	34.71	170.16
(vii) Doha Bank, Qatar [Maximum balance during the year : Rs. 1745.34 Lakhs (2004-2005 : Rs. 1589.11 Lakhs)]	35.09	126.68
	1642.01	2279.69
(b) ON FIXED DEPOSIT ACCOUNTS		
(i) Abu Dhabi Commercial Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs. 1670.20 Lakhs (2004-2005 : Rs. 1830.00 Lakhs)]	243.80	1671.60
(ii) Union National Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs. 1145.03 Lakhs (2004-2005 : Rs. 343.36 Lakhs)]	962.31	276.88
(iii) Emirates Bank International, Dubai, U.A.E. [Maximum balance during the year : Rs. 559.62 Lakhs (2004-2005 : Rs. 1849.50 Lakhs)]	375.96	Nil
(iv) Commercial Bank of Qatar, Qatar [Maximum balance during the year : Rs. 1611.94 Lakhs (2004-2005 : Rs. 1116.47 Lakhs)]	1611.94	1118.32
(v) Doha Bank, Qatar [Maximum balance during the year : Rs. 2906.34 Lakhs (2004-2005 : Rs. 3019.82 Lakhs)]	245.40	2905.87
(vi) Union National Bank, Abu Dhabi, U.A.E. [Maximum balance during the year : Rs. 0.73 Lakh (2004-2005 : Rs. 0.74 Lakh)]	0.73	0.72
(vii) Emirates Bank International, Dubai, U.A.E. [Maximum balance during the year : Rs. 8.53 Lakhs (2004-2005 : Rs. 7.65 Lakhs)]	8.53	7.40
	3448.67	5980.79

8. LOANS AND ADVANCES

Loans and Advances in the nature of Loans given to Subsidiaries and Associates, etc.

Sr. No.	Name of the Company	Rupees Lakhs	Maximum Balance during the year	
			As at 31-3-2005 Rupees Lakhs	As at 31-3-2005 Rupees Lakhs
1.	Auto Aircon (India) Ltd.	77.10	72.37	112.37
2.	Metrovol FZE	1.12	Nil	1.12
3.	Simtools Ltd.	288.23	271.54	288.23

Note :

Loans and Advances shown in 1 and 2 above, to subsidiaries fall under the category of "Loans and Advances in nature of Loans where there is no repayment schedule and no interest is payable".

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

9. CURRENT LIABILITIES AND PROVISIONS

(a) Sundry Creditors include Rs. 934.24 Lakhs (31-3-2005 : Rs. 457.08 Lakhs) due to Small Scale Industrial Undertakings (SSI Units) as identified by the Company and relied upon by the auditors.

(b) SSI Units to whom the Company owes a sum outstanding for more than 30 days are as follows:

Accuferrous, Advance Reinforced Plastics, Advance Valves Co., Advance Valves Pvt. Ltd., Aerosol Filters Pvt. Ltd., Air Action Equipments, Aircontrol Engineering, Airfab Engineers, Air-tech, Ajanta Engg. Works, Ajanta Sheet Metal Works, Alibhai Badruddin Contractor, Am Clean Air Engineering Pvt. Ltd., Anand Tools and Equipments, Apex Controls, Aryan Paper Containers, Auro Engineering Co., Autocom Industries, B M Engineers, Beeta Kone Tools, BEMCO India Pvt. Ltd., Bhagirath Engg. Work, Blow-Well Fan Industries, Boopathy Engg Works Pvt. Ltd., C & R Pumps & Valves Pvt. Ltd., Cary-Air Systems Pvt. Ltd., Castle Valves Limited, Chauhan Engg. Co., Choksi Indl. Products Pvt. Ltd., Cool Air Company, Delta Tube Fittings, Doshi Enterprise, Dyna Filters Pvt. Ltd., Dynacraft Air Controls, Dynamic Engineer, Emerald Enterprises, Ethos HVAC Systems Ltd., Excel Engineers, FIE Spherotech, Fitzer Instruments (India) Pvt. Ltd., Forward Alloys & Castings, Gala Precision Technology Ltd., Gangadhar Alloy Pvt. Ltd., Genpower Electric (P) Ltd., Hallmark Industries, Hercules Industries, Hi Power Automotive Parts P, HPS Air Systems Pvt. Ltd., Hyderabad EPS Products Pvt. Ltd., India Engineering Works, Indu Engineers, Industrial Instruments, International Ind. Springs, Investment & Precision Castings Ltd., Jai Rubber Products, Jaico Seals, Jayant Printers and Engineers, Jhawar Industries, Jinal Sales Corporation, K. C. Industries & Fabricators, Karthik Industries, Keystone India Pvt. Ltd., Khokhar Electricals Pvt. Ltd., Krishna Mechanical Works, Kruger M & E Industries (I) (P) Ltd., Maxwell Aircon India Pvt. Ltd., Maxwell Corporation, Mechdes Engineers, Menon Metalliks Pvt. Ltd., Metasys Corporation, Midland Industries, Minal Industries, Mukund Industries, Multi Tech Equipments Pvt. Ltd., National Air System, Neogen Chemical Ltd., New Bharat Mechanical Works, New Janjuha Mech. Works, Nu-Air Distributors Engineers, O. P. Engineering, O. P. Industries, Omkar (Mah) Profile Inds. P., Paras Motor Manufacturing Co., Patel Airflow Ltd., Peekay International, Pravin Wiper & Ancillaries Ltd., Precision Industrial Products, Prijai Cooltech (P) Ltd., Process Instrument Corpn, Pulsars Engineering, Pune. Fin Tube Pvt. Ltd., Rajco Metal Industries Pvt. Ltd., Rajesh Industries, Rangtarang, Rapid Controls Pvt. Ltd., Rapid Cool, Sagar Air Pvt. Ltd., Samiz Industries, Sangeeta Industries, Sanlan Controls, Sant Indl. Controls Pvt. Ltd., Shivshakti Metaform Industries, Shreyas Gaskets, SMP Engineers, Softhard Automation Pvt. Ltd., Softhard Sales & Services, Steel Tech Engineers, Sushma & Co. (Electricals), Tanus Sheet Metal Industries, Techno Fab Services, Thermadyne Pvt. Ltd., Thittanix Instruments, Three Star Air Tech, Uniwel Industries, V.J. Air Controls, Ventura Air Products Pvt. Ltd., Vinod Enterprises, Volthermic Heaters Pvt. Ltd., Waaree Instruments Ltd., Yash Metalliks Pvt. Ltd., Ace Fabricators & Engineers, ACS Hydraulics, Ardee Agro Industries, Annop Forging, B.M. Engg., Chemtek Fibre, Churi Engg., Cresnet Springs, Crystal, Curtis Instruments India Pvt. Ltd., Dalip Mfg., Devkishin Holding Co., Essel Fabricators Pvt. Ltd., Fine Automotive, Forward Alloys & Casting, Gautam Castings Industries Pvt. Ltd., Harness Tech., Hydrolines, Jew Ltd., Midland Industries, Malhotra Engg., National Radiators Pvt. Ltd., Paresh Enterprises, Pravi Auto Spring, Precision Industrial Products, Prema Engg., Prestige Rubber, Quadromatic, Siddhivinayak Engg., Starling Rubbers, Stun Engineers, S. K. Steel, Uniwel, Vako Seals, Weldon Engineers, Cassio Electronics Private Ltd., Anil & Sridhar Plastic Works, Annapurna Earcanal Private Ltd., Annapurna Electr. & Ser. Pvt. Ltd., Annapurna Kenmore Tube Pro., Arasna Industries, Classic Service Engineers, Crystal Coated Products (P) Ltd., Esvee Industries, Hyderabad Press Products, Jyothi Press Products, K.A.A. Cottage Metal Works, Kusuma Venkateswara Plastics, Light Engineering Industries, Mahesh Enterprises, Precision Press Products, Pushp Trading Company Pvt. Ltd., S.V.S. Wires Pvt. Ltd., Sai Sowmya Products, Saketh Industries, Sampat Industries, Screen Graphics, Siri Technologies, Sravanthi Electronics, Sree Tirumala Industries, Endress + Hauser (I) Pvt. Ltd., B. L. Saraswat, Sreerama Press Products, Sri Ram Industries, Sudha Enterprises, Valmeti Industries, K-Tech Engineers, B. D. Engineers, Sona Industries, Aluplex India Pvt. Ltd., Bell Engg. Works.

(c) Provisions

	Rupees Lakhs			
	Opening Balance	Additions	Utilisation/ Reversal	Closing Balance
Trade Guarantee	1990.89	2042.89	1637.47	2396.31
	1548.59	1649.85	1207.55	1990.89
Contingencies	1725.00	Nil	850.00	875.00
	1425.00	850.00	550.00	1725.00

With regard to Trade Guarantee, proportionate reversal of provision is made over the period of the guarantee and the costs are charged directly to Cost of Sales.



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

10. DEFERRED TAX ASSET

Major components of deferred tax assets and liabilities are :

	As at 31st March, 2005			
	Deferred Tax Assets		Deferred Tax Liabilities	
	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs
(i) Depreciation [Net of Deferred tax asset of Rs. Nil (2004-2005: Rs. 1371 Lakhs) arising from Impairment of Fixed Assets]	—	2360	—	1238
(ii) Voluntary Retirement Scheme	1416	—	637	—
(iii) Unpaid Statutory Liability	971	—	836	—
(iv) Provision for Doubtful Debts and Advances	1387	—	1482	—
(v) Provision for Contingency	295	—	295	—
(vi) Others	959	—	141	—
Total	<u>5028</u>	<u>2360</u>	<u>3391</u>	<u>1238</u>
Net Timing Differences	2668	—	2153	—

11. SALES AND SERVICES

With regard to long term Construction Contracts undertaken, the amount of net revenue recognised is Rs. 65149.74 Lakhs (2004-2005: Rs. 67212.77 Lakhs).

12. OPERATING AND ADMINISTRATION EXPENSES

- (i) Forwarding charges are net of Freight Recovery of Rs. 191.70 Lakhs (2004-2005: Rs. 318.21 Lakhs).
- (ii) Advertising Expenses are net of Advertisement Recovery of Rs. 352.55 Lakhs (2004-2005: Rs. 287.05 Lakhs).
- (iii) Other Expenses include :

	2004-2005	
	Rupees Lakhs	Rupees Lakhs
(a) Payment to Directors other than Wholetime Directors for Sitting Fees	7.15	9.75
(b) Lease rentals	59.81	46.32
(c) Foreign Exchange Loss (net)	Nil	119.98
(iv) Legal and Professional Expenses includes Rs. 3 Lakhs (2004-2005 : Rs. 1 Lakh) paid to a firm in which some of the partners of the statutory auditors are partners.		

13. Interest received in respect of sales on deferred payment terms and other accounts includes Rs. 10.61 Lakhs (2004-2005 : Rs. 81.52 Lakhs) being the interest received on Income Tax Refund.

14. EXCEPTIONAL ITEMS

- (a) In respect of an overseas contract undertaken by the Company's Project - Specific Overseas Special Purpose Vehicle, the Company has, paid an amount of Rs. 1325.90 Lakhs towards settlement of claims as an alternative to litigation proceedings which in the opinion of the management would entail exorbitant costs.
- (b) As per the requirement of Accounting Standard (AS)-28, the Company had estimated an impairment of Assets of Rs. 4072 Lakhs for the year 31st March, 2005. Accordingly, as per the transitional provision in the standard, an amount of Rs. 2701 Lakhs net of Deferred Tax Asset of Rs. 1371 Lakhs was adjusted against the opening balance of Revenue Reserves. During the current year, the Impairment Loss of Rs. 2773.54 Lakhs has been reversed in accordance with the Accounting Standard (AS)-28.

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

15. Earnings per Share has been computed as under:

		2004-2005
Net profit (Rs. Lakhs)	7049.14	5041.33
Weighted average number of Equity Shares Outstanding	330,88,474	330,88,474
Earnings Per Share (Rs.) - Basic and Diluted (Face value of Rs. 10 per share)	21.30	15.24

16. Derivative Instruments :

The Company has entered into the following derivative instruments:

(a) Forward Exchange Contracts (being a derivative instrument), which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

The following are the outstanding Forward Exchange Contracts entered into by the Company as on 31st March, 2006 :

<u>Currency</u>	<u>Amount</u>	<u>Buy/Sell</u>	<u>Cross Currency</u>
US Dollar	25,00,000	Sell	Rupees

(b) The year end foreign currency exposures (estimated in US \$) that have not been hedged by a derivative instrument or otherwise are given below :

(i) Amounts receivable in foreign currency on account of the following:

- Export of goods	Rs. 975.49 Lakhs	US\$ 21.82 Lakhs
- Overseas Operations	Rs. 29129.71 Lakhs	US\$ 651.67 Lakhs

(ii) Amounts payable in foreign currency on account of the following :

- Import of goods and services	Rs. 3445.35 Lakhs	US\$ 77.08 Lakhs
- Overseas Operations	Rs. 23747.83 Lakhs	US\$ 531.27 Lakhs

17. Estimated amount of contracts remaining to be executed on capital account and not provided for : Rs. 702.28 Lakhs (31-3-2005 : Rs. 1926.21 Lakhs). Advance paid against such contracts : Rs. 605.46 Lakhs (31-3-2005 : Rs. 668.18 Lakhs).

18. Contingent liabilities not provided for:

(a) Guarantees on behalf of other companies:

Limits Rs. 2274.09 Lakhs (31-3-2005 : Rs. 2466.01 Lakhs) against which amount outstanding was Rs. 1115.03 Lakhs (31-3-2005 : Rs. 1891 Lakhs).

(b) Claims not acknowledged as debts:

In respect of various matters Rs. 17906.06 Lakhs (31-3-2005 : Rs. 21499.09 Lakhs), net of tax Rs. 11878.88 Lakhs (31-3-2005 : Rs. 19813.35 Lakhs) against which a provision has been made for contingencies Rs. 875 Lakhs (31-3-2005: Rs. 1725 Lakhs). In respect of a contingent liability of Rs. 3808 Lakhs (31-3-2005 : Rs. 2956 Lakhs), the Company has a right to recover the same from a third party.

	2004-2005
	Rupees Lakhs
Taxes, Cesses and Duties	10008.31
Contractual matters in the course of business	3608.98
Real Estate Disputes and Demands	3885.76
Ex-employees matters	248.63
Others	154.38
	17906.06
	21499.09

(c) Income tax demands :

(i) In respect of matters decided in Company's favour by Appellate Authorities where the Department is in further appeal - Rs. 353.83 Lakhs (31-3-2005: Rs. 453.55 Lakhs).

(ii) In respect of other matters - Rs. 2027.03 Lakhs (31-3-2005: Rs. 1891.99 Lakhs).

(d) Staff demands under adjudication: Amount indeterminate.

(e) Liquidated damages, except to the extent provided, for delay in delivery of goods : Amount indeterminate.



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

19. In respect of guarantees aggregating Rs. 29556.45 Lakhs (31-3-2005 : Rs. 26441.35 Lakhs) issued by Banks at the request of the Company in favour of third parties, the Company has given security by way of hypothecation of a part of tangible movable assets, book debts and stocks.

20. Amounts paid by the Company to Directors as remuneration for services rendered in any capacity (See Schedule 'Q' for Computation of Net Profit in accordance with Sections 198 and 309 of the Companies Act, 1956):

	2004-2005
	Rupees
	Lakhs
Remuneration to the Managing Director and Wholetime Director (inclusive of contribution to Provident Fund and other funds : Rs. 7.06 Lakhs (2004-2005: Rs. 8.10 Lakhs), estimated money value of benefits : Rs. 12.24 Lakhs (2004-2005: Rs. 6.71 Lakhs) and commission : Rs. 46 Lakhs (2004-2005: Nil).	93.98
	152.59

21. (a) Amounts payable to Auditors in Other capacity :

	2004-2005
	Rupees
	Lakhs
Tax Matters	11.25
Company Law Matters	0.30
Other Services (Net of service tax set off of Rs. 2.15 Lakhs)	23.14
Service Tax	3.32
(b) Remuneration to Branch Auditors :	
Audit Fees	13.29
Other Services	0.12
Out of Pocket Expenses	Nil

22. Fixed assets acquired under operating Lease:

Total future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following future periods :

	2004-2005
	Rupees
	Lakhs
Not later than one year	20.93
Later than one year but not later than five years	62.80
Later than five years	12.59

23. In terms of agreement dated 30th September, 1998, Company's Refrigerators manufacturing facility at Nandalur was transferred on a running business / going concern basis to Electrolux Voltas Limited (EVL) on the close of the business hours on 31st March, 1999. In respect of land for the Nandalur Plant, Deed of Conveyance is pending completion.

24. The Company has accounted in 2004-2005 the profit on transfer of development rights Rs. 505.53 Lakhs in respect of property at Thane for which agreement was executed and consideration received but for which conveyance formalities will be completed at a later date.

25. The Company has accounted in 2003-2004, the profit on transfer of development rights Rs. 1735.95 Lakhs in respect of property at Thane and Rs. 2145.53 Lakhs in respect of property at Pune for which agreements were executed and consideration received but for which conveyance formalities will be completed at a later date.

26. The Company had accounted in 1999-2000 for the profit on transfer of development rights Rs. 734.12 Lakhs in respect of property at Lalbaug, Mumbai for which agreement for assignment was executed and clearance from the Income Tax Department under Section 269 UC of the Income Tax Act, 1961 was received but for which conveyance formalities will be completed at a later date.

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

27. Earnings in foreign exchange received in India :						
						2004-2005
					Rupees	Rupees
					Lakhs	Lakhs
(a) F.O.B. Value of exports (including amounts invoiced against work-in-progress)					1752.10	1967.65
(b) Service Commission (On Cash basis)					1805.33	1891.55
(c) Other Income					381.84	317.97
(d) Foreign Projects Profit					5651.17	3873.82
28. Expenditure (subject to deduction of tax wherever applicable) in foreign currency from India :						2004-2005
					Rupees	Rupees
					Lakhs	Lakhs
Royalty					18.69	3.59
Know-how					15.93	Nil
Other matters					267.79	399.57
29. Remittances in foreign currencies for dividends :						
The particulars of remittances in foreign currencies on account of dividends made by the Company during the year are as under :						2004-2005
Number of non-resident equity shareholders					Nil	2
Number of equity shares held by them					Nil	1,25,000
Gross amount of dividend (Rupees in Lakhs)					Nil	3.75
30. Value of Imports on C.I.F. basis :						2004-2005
					Rupees	Rupees
					Lakhs	Lakhs
Raw Materials					967.75	978.51
Finished Goods					13363.31	4833.57
Components & Spares					3148.68	3636.72
Capital goods					102.93	36.18
31. Information in regard to Raw Materials and Components consumed :						
(a) Items	Unit of		2004-2005			2004-2005
	Measurement	Quantity	Quantity		Value	Value
					Rupees	Rupees
					Lakhs	Lakhs
Steel/Ferrous Metals	M. Tonnes	6012	7798		2794.39	3001.81
Non-Ferrous Metals	M. Tonnes	766	947		1471.03	1356.96
Engines	Numbers	688	435		496.51	318.53
Motors	Numbers	12437	11829		664.55	639.22
Castings & Forgings	Numbers	82141	64135		810.26	423.60
Compressors	Numbers	110287	196212		3416.27	4858.00
Shells	Numbers	1239	796		68.13	44.31
Valves	Numbers	36561	18376		347.97	183.22
Thermostats & Pressurestats	Numbers	111536	203819		120.38	146.45
Tyres, Tubes, Flaps and Rims	Numbers	10807	6791		178.84	115.20
Centrifugal Components	Numbers	70	129		33.66	92.03
Others					11278.70	12967.59
					21680.69	24146.92



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

(b)	2004-2005		2004-2005	
	% to total Consumption	Value Rupees Lakhs	% to total Consumption	Value Rupees Lakhs
Imported	13.42	2909.90	7.78	1878.22
Indigenous	86.58	18770.79	92.22	22268.70
	100.00	21680.69	100.00	24146.92

Note: Above consumption figures are without adjustment for realisation on sale of scrap of Rs. 31.34 Lakhs (2004-2005: 39.55 Lakhs).

32. Quantitative information in regard to Licensed Capacity, Installed Capacity and Actual Production of the goods manufactured by the Company:

	Installed Capacity	Installed Capacity 2004-2005	Actual Production	Actual Production 2004-2005
Air Conditioners & Water Coolers:				
Room Air Conditioners (Numbers)			416	868
Airconditioners for Specialised Applications (Numbers)			1,746	3,145
Water Coolers (Numbers)	6,30,000	6,30,000	25,155	13,317
White Goods:				
Refrigerators (Numbers)			24,608	1,34,835
Commercial Refrigerators (Numbers)			48,240	35,043
Open Type Compressors with Accessories (Numbers)	1,000	1,000	564	458
Packaged Airconditioners (Numbers)	11,050	10,050	7,907	7,382
Package Chillers (Numbers)	850	830	590	417
Semi Hermetic Compressors (Numbers)	3,600	3,600	1,382	1,572
Materials Handling Equipment:				
Forklift Trucks	500	500	783	539
Mining and Other Engineering Equipment:				
Hydraulic Truck Cranes / Rough Terrain Cranes	100	100	2	2
Power Driven Pumps	2,400	2,400	4	298

Notes:

- (i) As per the Industrial Policy declared in July 1991 and as amended in April 1993, no licenses are required for the products manufactured by the Company.
- (ii) Installed capacities are as certified by the Management. These are alternative and not cumulative and as such production is not strictly comparable with the same. In respect of spares, installed capacity has been determined as the excess capacity available after full utilisation of the installed capacity for the equipment.
- (iii) Production includes for captive consumption.

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

33. Information in regard to Purchases, Sales, Opening Stocks and Closing Stocks:

(A) Purchases (Other than Raw Materials and Components) and Sales :

Class of Goods	Unit of Measurement	Purchases				Sales			
		Quantity	Quantity	Rupees	Rupees	Quantity	Quantity	Rupees	Rupees
		2004-2005	2004-2005	Lakhs	Lakhs	2004-2005	2004-2005	Lakhs	Lakhs
Airconditioners and Water Coolers									
Room Airconditioners	Numbers	170605	129118	17229.09	15977.61	177713	105234	28373.96	18465.99
Airconditioners for Specialised Applications	Numbers	Nil	Nil	Nil	Nil	1711	3071	1505.46	2289.62
Water Coolers	Numbers	28772	12744	943.22	470.60	41223	28312	5025.50	3422.29
White Goods									
Refrigerators	Numbers	1	Nil	0.03	Nil	37194	156609	2045.13	8404.62
Freezers and Bottle Coolers	Numbers	60	168	8.30	19.55	37523	35800	4611.52	4494.34
Airconditioning and Refrigeration									
Turnkey jobs	Number of jobs					1120	1213	29544.91	25160.70
Sundry Equipment for Airconditioning and Refrigeration, Consumer Durables and Spare Parts									
				3894.98	7487.07			6905.71	8941.02
Materials Handling Equipment and Spares									
Forklift Trucks	Numbers					799	523	7028.43	4337.44
Sundry Material Handling Eqpt., Spares for Forklift Trucks, etc.				Nil	4.38			1474.47	1332.16
Hydraulic Truck Cranes	Numbers	Nil	Nil	Nil	Nil	2	2	136.09	229.84
Machine Tools									
Machine Tools, Accessories and Sundry Equipment				18.84	Nil			31.26	Nil
Pollution Control Equipment and Systems									
Water Pollution Control Equipment and Systems				724.96	367.77			598.19	821.13
Mining and Other Engineering Items									
Sundry Construction & Earthmoving Equipment & Spares				Nil	Nil			Nil	6.25
Sundry Equipment, Accessories and Spares for Drilling and Mining				7664.28	988.82			7661.64	2657.17
Textile Machinery and Equipment				1966.30	1427.29			2360.36	2033.03
Pesticides and Chemicals									
Chemicals and Minerals				2534.43	2270.52			2882.41	2675.57
Agro Industrial Products									
Hydraulic Pumps, Motors and Other Agro Industrial Products				1787.28	1761.55			2290.85	5513.17
Others									
Other Engineering Products				83.46	183.18			116.06	244.01
Turnkey Contracts								64396.82	34057.12
Property held for Sale								51.00	Nil
Camera		2160	Nil	18.61	Nil	1367	Nil	35.90	Nil
Room Heaters		3070	Nil	54.47	Nil	1087	Nil	41.47	Nil
Services Rendered								23300.63	19057.70
								190417.77	144143.17



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

(B) Opening and Closing Stocks

Class of Goods	Unit of Measurement	Opening Stock				Closing Stock			
		Quantity	Quantity	Rupees Lakhs	Rupees Lakhs	Quantity	Quantity	Rupees Lakhs	Rupees Lakhs
		2004-2005	2004-2005	2004-2005	2004-2005	2004-2005	2004-2005	2004-2005	2004-2005
Airconditioners and Water Coolers									
Room Airconditioners	Numbers	36812	13107	3111.91	1494.51	29057	36812	3319.41	3111.91
Water Coolers	Numbers	8757	11106	642.28	607.40	21143	8757	1961.30	642.28
Airconditioners for Specialised Applications	Numbers	132	58	74.85	38.30	150	132	92.01	74.85
White Goods									
Refrigerators	Numbers	13858	35910	732.98	1928.78	1255	13858	62.02	732.98
Freezers and Bottle Coolers	Numbers	6078	6667	561.76	632.84	16941	6078	1803.18	561.76
Sundry Equipment for Airconditioning and Refrigeration, Consumer Durables and Spare Parts									
				1946.98	1572.95			2304.68	1946.98
Materials Handling Equipment and Spares									
Forklift Trucks	Numbers	17	1	166.33	7.04	1	17	6.26	166.33
Sundry Material Handling Eqpt., Spares for Forklift Trucks, etc.				291.14	246.77			77.24	291.14
Hydraulic Truck Cranes	Numbers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Machine Tools									
Machine Tools, Accessories and Sundry Equipment				Nil	Nil			Nil	Nil
Pollution Control Equipment and Systems									
Electrostatic Precipitators, Mechanical Dust Collectors, etc. - Components and Parts				29.44	12.14			1.22	29.44
Mining and Other Engineering Items									
Sundry Equipment, Accessories and Spares for Drilling and Mining				746.23	178.48			1875.84	746.23
Textile Machinery and Equipment				164.15	135.08			228.56	164.15
Chemicals									
Chemicals and Minerals				269.45	212.15			359.01	269.45
Agro Industrial Products									
Hydraulic Pumps, Motors, etc.				4.65	204.99			0.55	4.65
Others									
Property held for sale				51.00	115.36			Nil	51.00
Camera				Nil	Nil	790	Nil	6.32	Nil
Room Heaters				Nil	Nil	1983	Nil	38.07	Nil
				8793.15	7386.79			12135.67	8793.15

Note: Quantities of finished goods capitalised or (decapitalised), scrapped and / or transferred to jobs during the year.

	Unit of Measurement	Quantity	Quantity 2004-2005
Room Airconditioners	Numbers	1063	1047
Water Coolers	Numbers	318	98
Refrigerators	Numbers	18	278
Airconditioners for Specialised Applications	Numbers	17	Nil
Freezers and Bottle Coolers	Numbers	(86)	Nil
Camera	Numbers	3	Nil

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

34 A. Information about Business Segments

1. **SEGMENT REVENUE**

	Rupees Lakhs	2004-2005 Rupees Lakhs
(a) Segment - A (Electro - mechanical Projects and Services)	112953.27	80374.33
(b) Segment - B (Engineering Products and Services)	25282.32	15909.56
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial Use)	47230.45	42653.42
(d) Others	5071.88	5471.50
Less : inter segment revenue	120.15	265.64
NET SALES / INCOME FROM OPERATIONS	190417.77	144143.17

2. **SEGMENT RESULTS**

(a) Segment - A (Electro - mechanical Projects and Services)	6471.53	4294.01
(b) Segment - B (Engineering Products and Services)	6969.51	4009.52
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial Use)	(3736.06)	(831.93)
(d) Others	2681.58	2161.91
Total	12386.56	9633.51
Less: (i) Interest	140.05	386.37
(ii) Other unallocable expenditure net of unallocable income	3077.37	3481.12
PROFIT BEFORE TAX	9169.14	5766.02

Particulars	Segment Assets		Segment Liabilities	
	Rupees Lakhs	As at 31-3-2005 Rupees Lakhs	Rupees Lakhs	As at 31-3-2005 Rupees Lakhs
(a) Segment - A (Electro - mechanical Projects and Services)	52872.42	51970.58	47000.64	43887.65
(b) Segment - B (Engineering Products and Services)	9669.97	6530.14	6748.70	2776.57
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial Use)	22750.26	17610.85	16883.01	12726.98
(d) Others	6345.83	4323.15	2873.95	2687.46
Segment Total	91638.48	80434.72	73506.30	62078.66
Unallocated	24010.86	21024.34	10801.26	9388.85
Total	115649.34	101459.06	84307.56	71467.51

	Capital Expenditure		Depreciation		Non-Cash Expenses Other than Depreciation	
	Rupees Lakhs	2004-05 Rupees Lakhs	Rupees Lakhs	2004-05 Rupees Lakhs	Rupees Lakhs	2004-05 Rupees Lakhs
(a) Segment - A (Electro - mechanical Projects and Services)	361.48	337.36	312.52	357.90	1191.57	780.24
(b) Segment - B (Engineering Products and Services)	77.09	49.55	67.12	61.91	402.82	152.45
(c) Segment - C (Unitary Cooling Products for Comfort and Commercial Use)	64.50	241.95	220.37	228.31	1663.76	402.02
(d) Others	1240.41	17.69	87.07	73.41	18.77	205.53
Segment Total	1743.48	646.55	687.08	721.53	3276.92	1540.24
Unallocated	1542.08	86.08	421.44	326.10	334.69	1030.01
Total	3285.56	732.63	1108.52	1047.63	3611.61	2570.25



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

34 B. Information about Secondary Business Segments

	Rupees Lakhs	2004-2005 Rupees Lakhs
Revenue by Geographical Market		
India	126063.16	110269.91
Middle East	51756.01	23576.51
Others	12598.60	10296.75
Total	190417.77	144143.17
Additions to Fixed Assets and Intangible Assets		
India	1577.85	436.67
Middle East	154.49	182.76
Others	11.14	27.12
Total	1743.48	646.55
Carrying Amount of Segment Assets		
India	61541.05	46948.99
Middle East	25507.46	26036.14
Others	4589.97	7449.59
Total	91638.48	80434.72

35. Related Party Disclosures

(a) List of Related Parties and Relationships

Party	Relation
A. Simto Investment Company Ltd. Auto Aircon (India) Ltd. Metrovol FZE VIL Overseas Enterprises B.V. Voice Antilles N.V. Agro Foods Punjab Ltd. (Under liquidation) Westerwork Engineers Ltd. (Under liquidation) Simtools Ltd. Weathermaker Ltd. (w.e.f. 20-1-2006)	Subsidiary
B. Brihat Trading Private Ltd.	Associate - Shareholding of the Company on its own or along with subsidiaries exceed 20%
C. Joint Ventures Universal Comfort Products Private Ltd. Sermo-PM India Ltd. Saudi Ensas Company for Engineering Services Ltd. Universal Voltas LLC Weathermaker Ltd. (upto 19-1-2006) AVCO Marine S.a.S. (Under liquidation) Lalbuksh Voltas Engineering Services & Trading LLC Agrotech Industries Ltd. (Under closure)	Holdings and/or agreements in conjunction with group companies
D. Tata Sons Ltd.	Promoters holding together with its Subsidiary is more than 20%
E. Key Management Personnel Mr. A. Soni Mr. S.N. Tripathi (upto 24-9-2005)	Managing Director Executive Director

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

35. (b) Related Party Transactions

Transactions	Rupees Lakhs				
	Subsidiaries	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Purchase of Goods (Refer 35 (c) (1))	1362.59 (103.46)	14126.52 (11705.54)	— —	— (5.52)	15489.11 (11814.52)
Sale of Goods (Refer 35 (c) (2))	34.06 (0.14)	396.81 (81.28)	— —	6.67 (2.93)	437.54 (84.35)
Service Income (Refer 35 (c) (3))	9.23 —	634.67 (757.80)	— —	— (12.47)	643.90 (770.27)
Sale of Fixed Assets (Refer 35 (c) (4))	— —	— —	0.68 —	— —	0.68 —
Rental Income (Refer 35 (c) (5))	— —	16.22 (26.90)	— —	6.67 (41.53)	22.89 (68.43)
Interest Income (Refer 35 (c) (6))	20.29 (12.08)	69.68 (11.65)	— —	— —	89.97 (23.73)
Commission Paid (Refer 35 (c) (7))	0.20 —	2.53 —	— —	— —	2.74 —
Dividend Income (Refer 35 (c) (8))	243.96 (147.76)	37.18 (36.85)	— —	— —	281.14 (184.61)
Freight Recovery (Refer 35 (c) (9))	— —	147.86 (211.80)	— —	— —	147.86 (211.80)
Advertising Recovery (Refer 35 (c) (10))	— —	352.55 (368.78)	— —	— —	352.55 (368.78)
Warranty Recovery (Refer 35 (c) (11))	— —	120.62 (182.07)	— —	— —	120.62 (182.07)
Remuneration Paid/Payable (Refer 35 (c) (12))	— —	— —	152.59 (93.98)	— —	152.59 (93.98)
Settlement of Claims (Refer 35 (c) (13))	— —	1325.90 —	— —	— —	1325.90 —
Recovery of Loan (Refer 35 (c) (14))	— —	— —	1.42 (0.48)	— —	1.42 (0.48)
Interest on Housing Loan (Refer 35 (c) (15))	— —	— —	0.03 (0.08)	— —	0.03 (0.08)
Unsecured Advances Given - Others (Refer 35 (c) (16))	42.00 (5.59)	— (112.93)	— —	— —	42.00 (118.52)
Repayment of Unsecured Advances Given (Refer 35 (c) (17))	37.27 (5.00)	— (2.97)	— —	— —	37.27 (7.97)
Other Operating & Administration Expenses - Received/Receivable (Refer 35 (c) (18))	1.12 (1.50)	20.21 (9.01)	— —	0.18 (0.30)	21.51 (10.81)
Other Operating & Administration Expenses - Paid/Payable (Refer 35 (c) (19))	34.91 —	0.31 (295.75)	0.59 —	44.55 (3.33)	80.36 (299.08)



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

35. (b) Related Party Transactions (contd.)

Rupees Lakhs

Transactions	Subsidiaries	Associates and Joint Ventures	Key Management Personnel	Promoter	Total
Intercorporate Deposits Placed (Refer 35 (c) (20))	—	500.00 (1000.00)	—	—	500.00 (1000.00)
Refund of Intercorporate Deposits Placed (Refer 35 (c) (21))	—	500.00 —	—	—	500.00 —
Provision for Debts and Advances Due (Refer 35 (c) (22))	— (72.37)	782.45 (782.45)	—	—	782.45 (854.82)
Advance Share Application Money (Refer 35 (c) (23))	—	225.00 —	—	—	225.00 —
Write back of Debts and Advances (Refer 35 (c) (24))	— (4.91)	—	—	—	— (4.91)
Consulting Charges Paid (Refer 35 (c) (25))	—	—	—	0.02 (13.10)	0.02 (13.10)
Refund of Sitting Fees Received from Subsidiary (Refer 35 (c) (26))	—	—	0.01 (0.01)	—	0.01 (0.01)
Tata Brand Equity (Refer 35 (c) (27))	—	—	—	316.09 (224.00)	316.09 (224.00)
Unsecured Advances Received (Refer 35 (c) (28))	— (16.54)	—	—	—	— (16.54)
Interest Expenses (Refer 35 (c) (29))	—	46.23 (5.84)	—	—	46.23 (5.84)
Commision Received (Refer 35 (c) (30))	—	— (5.06)	—	—	— (5.06)
Investments (Refer 35 (c) (31))	—	— (350.00)	—	—	— (350.00)
Intercorporate Deposits Placed Due (Refer 35 (c) (32))	—	1000.00 (1000.00)	—	—	1000.00 (1000.00)
Debit Balance outstanding as on 31-3-2006 (Refer 35 (c) (33))	365.33 (390.98)	880.51 (1122.34)	— (1.42)	—	1245.84 (1514.74)
Credit Balance outstanding as on 31-3-2006 (Refer 35 (c) (34))	473.61 (68.78)	1980.28 (1845.92)	46.00 —	293.23 (213.45)	2793.12 (2128.15)

Note: Figures in bracket are of previous year

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

35 (c) Related Party Transaction Details

Details of material (more than 10% of the total related party transactions of the same type) transactions with related party.

		Rupees Lakhs	
Name of Party	Transaction Value	Transaction Value 2004-2005	
1. Purchase of Goods Universal Comfort Products Private Ltd.	14084.68	11290.38	
2. Sale of Goods Universal Comfort Products Private Ltd.	396.81	70.70	
3. Service Income Universal Comfort Products Private Ltd. Universal Voltas LLC	537.85 96.32	665.69 88.39	
4. Sale of Fixed Assets Mr. S.N. Tripathi (upto 24-9-2005)	0.68	—	
5. Rental Income Sermo - PM India Ltd. Tata Sons Ltd.	16.22 6.67	26.90 41.53	
6. Interest Income Simtools Ltd. Universal Comfort Products Private Ltd.	20.29 69.68	17.22 6.51	
7. Commission Paid Sermo - PM India Ltd.	2.53	—	
8. Dividend Income Lalbuksh Voltas Engg. Services & Trading Co. LLC Metrovol FZE VIL Overseas Enterprises B.V. Weathermaker Ltd.	28.85 156.28 48.90 38.77	28.19 96.64 51.12 —	
9. Freight Recovery Universal Comfort Products Private Ltd.	147.86	211.80	
10. Advertising Recovery Universal Comfort Products Private Ltd.	352.55	368.78	
11. Warranty Recovery Universal Comfort Products Private Ltd.	120.62	182.07	
12. Remuneration Paid / Payable Mr. A. Soni Mr. S.N. Tripathi	117.12 35.47	50.98 43.00	
13. Settlement of Claims AVCO Marine S.a.S.	1325.90	—	
14. Recovery of Loan Mr. S.N. Tripathi	1.35	0.48	
15. Interest on Housing Loan Mr. S.N. Tripathi	0.03	0.08	
16. Unsecured Advances Given - Others Auto Aircon (India) Ltd. Simtools Ltd.	40.00 —	— 112.93	
17. Repayment of Unsecured Advances Given Auto Aircon (India) Ltd. Simtools Ltd.	35.27 —	5.00 2.97	



SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

35 (c) Related Party Transaction Details

Details of material (more than 10% of the total related party transactions of the same type) transactions with related party (contd.)

		Rupees Lakhs	
Name of Party	Transaction Value	Transaction Value 2004-2005	
18. Other Operating & Administration Expenses - Received / Receivable			
Lalbuksh Voltas Engineering Services & Trading LLC	2.27		—
Metrovol FZE	—		1.50
Sermo - PM India Ltd.	4.49		6.38
Universal Comfort Products Private Ltd.	12.53		—
19. Other Operating & Administration Expenses -Paid/Payable			
Metrovol FZE	34.91		—
Tata Sons Ltd.	44.55		—
Universal Comfort Products Private Ltd.	—		216.03
Universal Voltas LLC	—		79.72
20. Intercorporate Deposits Placed			
Universal Comfort Products Private Ltd.	500.00		1000.00
21. Refund of Intercorporate Deposits Placed			
Universal Comfort Products Private Ltd.	500.00		—
22. Provision for Debts and Advances Due			
AVCO Marine S.a.S.	782.45		782.45
23. Advance Share Application Money			
Universal Comfort Products Private Ltd.	225.00		—
24. Write back of Debts and Advances			
Auto Aircon (India) Ltd.	—		4.91
25. Consulting Charges Paid			
Tata Sons Ltd.	0.02		13.10
26. Refund of Sitting Fees Received from Subsidiary			
Mr. A. Soni	0.01		0.01
27. Tata Brand Equity			
Tata Sons Ltd.	316.09		224.00
28. Unsecured Advances Received			
Metrovol FZE	—		16.54
29. Interest Expenses			
Universal Comfort Products Private Ltd.	46.23		5.84
30. Commission Received			
Sermo - PM India Ltd.	—		5.06
31. Investments			
Universal Comfort Products Private Ltd.	—		350.00
32. Intercorporate Deposits Placed Due			
Universal Comfort Products Private Ltd.	1000.00		1000.00
33. Debit Balance Outstanding as on 31-3-2006			
AVCO Marine S.a.S.	782.45		782.45
Simtools Ltd.	288.23		271.54
34. Credit Balance Outstanding as on 31-3-2006			
Tata Sons Ltd.	293.23		213.45
Universal Comfort Products Private Ltd.	1964.17		1731.15
Weathermaker Ltd.	461.75		—

SCHEDULE 'P' : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006 (contd.)

36. Interest in Joint-Ventures

Details of Joint-ventures in which Company is a venturer are given herewith.

As at 31st March, 2006						Rupees Lakhs Year ended 31st March, 2006	
Name of the Joint Venture	% Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitment	Income	Expenses
Universal Comfort Products Private Ltd.	50	5605.53 (5668.71)	3833.72 (4222.82)	1560.72 (1217.85)	12.74 (38.55)	8651.89 (7642.63)	8550.98 (7595.04)
Lalbuksh Voltas Engineering Services & Trading LLC	49	1176.20 (1015.98)	547.60 (522.66)	173.04 (255.83)	Nil (Nil)	1199.99 (1089.63)	1003.61 (923.00)
*Weathermaker Ltd.	49	764.53 (615.46)	465.05 (343.58)	18.82 (15.50)	30.82 (Nil)	1457.79 (700.69)	1353.38 (648.28)
*Universal Voltas LLC	49	2471.86 (1711.68)	1770.54 (1100.92)	1132.01 (702.75)	Nil (Nil)	3243.67 (2817.17)	2981.73 (2632.91)
*Saudi Ensas Company for Engineering Services Ltd.	49	1756.99 (1924.04)	1540.60 (1622.41)	99.31 (110.68)	Nil (Nil)	2008.87 (1933.07)	2099.71 (2012.97)

* As the accounting year of these companies ends on 31st December, 2005, the figures are as of that date.

Note: Figures in brackets are of previous year.

37. Previous year's figures have been regrouped wherever necessary.



SCHEDULE 'Q' : COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SECTIONS 198 AND 309(5) OF THE COMPANIES ACT, 1956

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2005 Rupees in Lakhs
1. Profit before Taxation as per Profit and Loss Account		9169.14	5766.02
2. Add:			
(a) Managerial Remuneration, including benefits in cash or in kind	178.59		93.98
(b) Provision for Diminution in value of Investments written back	0.23		261.30
(c) Bad and Doubtful Debts/Advances	536.34		1363.37
		715.16	1718.65
		9884.30	7484.67
3. Less:			
(a) Capital Surplus on Sale/Retirement of Fixed Assets	7.37		57.59
(b) Profit/(Loss) on Sale of Investments (Net)	(14.39)		76.92
(c) Wealth Tax	30.00		12.00
(d) Profit on Sale of Property/Transfer of Development Rights/ Surrender of Tenancy Rights	1603.45		1362.04
(e) Bad and Doubtful Debts/Advances written off (Net of Recoveries)	678.09		578.18
(f) Excess of Expenditure over Income brought forward from preceding years as per Section 349 of the Companies Act,1956	4647.16		10045.10
		6951.68	12131.83
Net profit/(deficit) for Directors' Commission referred to below:		2932.62	(4647.16)
Commission to Directors (other than Wholetime Directors) at 1% of the net profits : Rs. 29.33 Lakhs, restricted to		26.00	Nil
Commission to Wholetime Directors		46.00	Nil

Chairman

Managing Director

Directors

Ishaat Hussain

A. Soni

N. J. Jhaveri

S.D. Kulkarni

Ravi Kant

N.D. Khurody

Noel N. Tata

Executive Vice President (Finance)

General Manager - Taxation

& Company Secretary

Mumbai, 11th May, 2006

M.M. Miyajiwala

V. P. Malhotra

Balance Sheet Abstract and Company's General Business Profile pursuant to Part IV of Schedule VI to the Companies Act, 1956.

I. Registration Details:

Registration No.

L	2	9	3	0	8	M	H	1	9	5	4	P	L	C	0	0	9	3	7	1
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 State Code

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Balance Sheet Date :

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Date Month Year

II. Capital raised during the year (Amount in Thousands):

Public Issue <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L					Rights Issue <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L				
			N	I	L																
			N	I	L																
Bonus Issue <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L					Private Placement <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L				
			N	I	L																
			N	I	L																

III. Position of Mobilisation and Deployment of Funds (Amounts in Rs. Thousands):

Total Liabilities <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>1</td><td>3</td><td>4</td><td>1</td><td>7</td><td>8</td></tr></table>			3	1	3	4	1	7	8	Total Assets <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>1</td><td>3</td><td>4</td><td>1</td><td>7</td><td>8</td></tr></table>			3	1	3	4	1	7	8
		3	1	3	4	1	7	8											
		3	1	3	4	1	7	8											

Sources of Funds

Paid-up Capital <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>3</td><td>0</td><td>6</td><td>2</td><td>6</td></tr></table>			3	3	0	6	2	6	Reserves & Surplus <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>0</td><td>8</td><td>3</td><td>4</td><td>6</td><td>8</td></tr></table>			2	0	8	3	4	6	8
		3	3	0	6	2	6											
		2	0	8	3	4	6	8										
Secured Loans <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>4</td><td>7</td><td>0</td><td>0</td><td>8</td><td>4</td></tr></table>			4	7	0	0	8	4	Unsecured Loans <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>5</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>			2	5	0	0	0	0	
		4	7	0	0	8	4											
		2	5	0	0	0	0											

Application of Funds

Net Fixed Assets <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>3</td><td>4</td><td>8</td><td>2</td><td>2</td><td>7</td></tr></table>			1	3	4	8	2	2	7	Investments <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>6</td><td>1</td><td>0</td><td>3</td><td>3</td><td>0</td></tr></table>			6	1	0	3	3	0	
		1	3	4	8	2	2	7											
		6	1	0	3	3	0												
Net Current Assets <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>9</td><td>0</td><td>8</td><td>8</td><td>2</td><td>1</td></tr></table>			9	0	8	8	2	1	Deferred Tax Asset <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>6</td><td>6</td><td>8</td><td>0</td><td>0</td></tr></table>			2	6	6	8	0	0		
		9	0	8	8	2	1												
		2	6	6	8	0	0												
Misc. Expenditure <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>			N	I	L					Accumulated Losses <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>			N	I	L				
		N	I	L															
		N	I	L															

IV. Performance of the Company (Amount in Rs. Thousands):

Turnover <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>9</td><td>0</td><td>4</td><td>1</td><td>7</td><td>7</td><td>7</td></tr></table>			1	9	0	4	1	7	7	7	Total Expenditure <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>8</td><td>1</td><td>2</td><td>4</td><td>8</td><td>6</td><td>3</td></tr></table>			1	8	1	2	4	8	6	3
		1	9	0	4	1	7	7	7												
		1	8	1	2	4	8	6	3												
Profit Before Tax <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>9</td><td>1</td><td>6</td><td>9</td><td>1</td><td>4</td></tr></table>			9	1	6	9	1	4	Profit After Tax <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td>7</td><td>0</td><td>4</td><td>9</td><td>1</td><td>4</td></tr></table>			7	0	4	9	1	4				
		9	1	6	9	1	4														
		7	0	4	9	1	4														
Earnings Per Share in Rs. <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>2</td><td>1</td></tr></table>							2	1	Dividend Rate % <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>6</td><td>0</td></tr></table>							6	0				
						2	1														
						6	0														

V. Generic name of Three Principal Products/Services of the Company (as per Monetary Terms):

Item Code No. (ITC Code)

8	4	1	5	1	0	9	0
---	---	---	---	---	---	---	---

Product Description

A	I	R	C	O	N	D	I	T	I	O	N	I	N	G						
M	A	C	H	I	N	E	S													

Item Code No. (ITC Code)

8	4	1	8	6	9	9	0
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Product Description

R	E	F	R	I	G	E	R	A	T	I	N	G		E	Q	U	I	P	M	E	N	T
A	B	S	O	R	P	T	I	O	N		H	E	A	T		P	U	M	P	S		&
C	H	I	L	L	E	R		P	A	C	K	A	G	E								

Item Code No. (ITC Code)

8	4	2	7	2	0	0	0	/	8	4	2	7	1	0	0	0
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Product Description

F	O	R	K	L	I	F	T		T	R	U	C	K	S									
D	I	E	S	E	L	/	E	L	E	C	T	R	I	C									



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Voltas Limited

1. We have audited the attached Consolidated Balance Sheet of **VOLTAS LIMITED** ('the Company') and its subsidiaries ('the Group') as at 31st March, 2006 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated the returns from U.A.E and Qatar Branches audited by other auditors. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. (a) The financial statements of certain subsidiaries which in aggregate represent as at 31st March, 2006, total assets of Rs. 2050.53 Lakhs, total revenues for the year ended on that date of Rs. 1981.82 Lakhs, and the Group's share of losses (net) for the year of Rs. 108.35 Lakhs have been audited by other auditors and we have relied upon such audited financial statements for the purpose of our examination of the consolidated financial statements.

(b) The financial statements of certain joint ventures which in aggregate represent as at 31st March, 2006, total assets of Rs. 5915.54 Lakhs, total revenues for the year ended on that date of Rs. 7234.85 Lakhs and the Group's share of losses (net) for the year of Rs. 59.33 Lakhs have been audited by other auditors and we have relied upon such audited financial statements for the purpose of our examination of the consolidated financial statements.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard-21, Consolidated Financial Statements, Accounting Standard-23, Accounting for Investment in Associates in Consolidated Financial Statements and Accounting Standard-27, Financial Reporting of Interest in Joint Ventures, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries, associates and joint ventures.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual financial statements of the Company, its subsidiaries, joint ventures and associate, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2006;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For S. B. BILLIMORIA & CO.
Chartered Accountants

UDAYAN SEN

Partner

Membership No. 31220

Mumbai,
11th May, 2006

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006

	Schedule	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
SOURCES OF FUNDS				
1. SHARE CAPITAL	A		3306.26	3305.53
2. RESERVES AND SURPLUS	B		23830.20	18648.52
3. TOTAL SHAREHOLDERS' FUNDS			27136.46	21954.05
4. MINORITY INTEREST			26.38	24.17
5. SECURED LOANS	C		6478.67	9426.32
6. UNSECURED LOANS	D		2528.67	3221.74
	TOTAL		36170.18	34626.28
APPLICATION OF FUNDS				
7. FIXED ASSETS	E		16348.78	11125.93
8. INVESTMENTS	F		4614.69	3055.80
9. DEFERRED TAX ASSET (Net) (See Note 5, Schedule 'P')			2563.00	2116.25
10. CURRENT ASSETS, LOANS AND ADVANCES				
(A) Current Assets				
1. Interest accrued on Investments		25.93		14.81
2. Inventories	G	31699.65		26165.52
3. Sundry Debtors	H	44267.31		40369.01
4. Cash and Bank Balances	I	12975.74		16183.37
		88968.63		82732.71
(B) Loans and Advances	J	12685.21		11455.06
		101653.84		94187.77
11. LESS: CURRENT LIABILITIES AND PROVISIONS	K	89010.13		75859.47
12. NET CURRENT ASSETS			12643.71	18328.30
	TOTAL		36170.18	34626.28

(For notes forming part of the Accounts See Schedule 'P'.
The Schedules referred to above form an integral part of the Accounts)

In terms of our Report of even date.

For S. B. Billimoria & Co.
Chartered Accountants

Udayan Sen
Partner

Mumbai, 11th May, 2006

Chairman

Managing Director

Directors

Executive Vice President (Finance)

General Manager - Taxation
& Company Secretary

Mumbai, 11th May, 2006

Ishaat Hussain

A. Soni

N. J. Jhaveri

S.D. Kulkarni

Ravi Kant

N.D. Khurody

Noel N. Tata

M.M. Miyajiwala

V.P. Malhotra



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

	Schedule	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2005 Rupees in Lakhs
1. SALES AND SERVICES		202270.89		155078.79
Less: EXCISE DUTY		6827.17		7372.03
NET SALES AND SERVICES			195443.72	147706.76
2. OTHER INCOME	L		2519.19	1965.31
3. COST OF SALES, SERVICES AND EXPENSES	M		184267.28	142388.83
4. PROFIT BEFORE FINANCIAL ITEMS, DEPRECIATION AND EXCEPTIONAL ITEMS			13695.63	7283.24
5. FINANCIAL ITEMS	N		63.09	443.95
6. DEPRECIATION ON FIXED ASSETS			1409.06	1326.90
7. PROFIT BEFORE EXCEPTIONAL ITEMS			12223.48	5512.39
8. EXCEPTIONAL ITEMS	O		(2619.10)	515.71
9. PROFIT BEFORE TAXATION			9604.38	6028.10
10. PROVISION FOR TAXATION				
– Provision for Current Tax [Including Foreign Income Tax Rs. 277.30 Lakhs (2004-05: Rs. 9.15 Lakhs)]		2333.76		526.69
– Provision for Taxation of Earlier Years		(8.84)		(14.57)
– Provision for Deferred Tax		(446.75)		277.00
– Provision for Wealth Tax		30.05		12.12
– Provision for Fringe Benefit Tax		327.55		Nil
11. PROFIT AFTER TAXATION			2235.77	801.24
12. MINORITY INTEREST IN PROFIT			7368.61	5226.86
13. PROFIT AFTER MINORITY INTEREST AND SHARE OF PROFIT / (LOSSES) OF ASSOCIATES			3.35	1.77
14. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR			7365.26	5225.09
15. AMOUNT TRANSFERRED FROM FOREIGN EXCHANGE TRANSLATION RESERVE			2911.32	1841.40
16. AMOUNT TRANSFERRED FROM FOREIGN PROJECTS RESERVE			11.48	29.39
17. PREACQUISITION ADJUSTMENTS TRANSFERRED TO CAPITAL RESERVE			400.00	50.00
18. MINORITY INTEREST IN LOSSES UPTO 31-3-2005			339.05	406.02
19. PROFIT AVAILABLE FOR APPROPRIATIONS			3.04	4.60
20. APPROPRIATIONS:			11030.15	7556.50
(a) GENERAL RESERVE		4736.97		2748.82
(b) SPECIAL RESERVE		14.61		7.36
(c) PROPOSED DIVIDEND		1985.31		1654.42
(d) TAX ON DIVIDEND		278.44		234.58
21. BALANCE CARRIED FORWARD			7015.33	4645.18
Basic and diluted earnings per share of Rs.10 each (with Exceptional items) (in Rs.) (See Note 9, Schedule 'P')			4014.82	2911.32
			22.26	15.79

(For notes forming part of the Accounts See Schedule 'P'.
The Schedules referred to above form an integral part of the Accounts)

In terms of our Report of even date.

For S. B. Billimoria & Co.
Chartered Accountants

Udayan Sen
Partner

Mumbai, 11th May, 2006

Chairman
Managing Director
Directors

Ishaat Hussain
A. Soni
N. J. Jhaveri
S.D. Kulkarni
Ravi Kant
N.D. Khurody
Noel N. Tata

Executive Vice President (Finance)
General Manager - Taxation
& Company Secretary
Mumbai, 11th May, 2006

M.M. Miyajiwala
V.P. Malhotra

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

A. CASH FLOW FROM OPERATING ACTIVITIES	Rupees in Lakhs	Rupees in Lakhs	2004-2005 Rupees in Lakhs
Net Profit before taxation		9604.38	6028.10
Add - Adjustments for :			
Depreciation	1409.06		1326.90
Provision for Contingencies	(850.00)		300.00
Loss on revaluation of assets of discontinued business	Nil		29.97
Provision for Diminution in value of Investments	(395.71)		261.30
Net Profit on Sale/Retirement of Fixed Assets	(1576.92)		(1388.49)
(Profit)/Loss on Sale of Non-Trade Investments	(32.17)		(3.04)
Interest paid (Net)	355.37		589.88
Income from Investments	(292.28)		(145.93)
Exchange Fluctuation	69.82		15.89
Provision for Leave Encashment	241.40		134.13
Provision for Gratuity	199.54		177.60
(Profit)/Loss on Sale of Trade Investments	410.60		(74.05)
(Profit)/Loss on assets of discontinued operations	Nil		(12.75)
Impairment Written Back	(2773.54)		Nil
Cost of Voluntary Retirement Scheme	6507.87		353.31
		3273.04	1564.72
Operating Profit before Working Capital changes		12877.42	7592.82
Less - Adjustments for:			
Increase/(Decrease) in Inventories	5534.13		8887.28
Increase/(Decrease) in Trade and other Receivables	3898.30		1256.44
Increase/(Decrease) in Loans and Advances	1775.26		597.07
Decrease/(Increase) in Advances from Customers	(2300.87)		(3965.47)
Decrease/(Increase) in Trade Payables	(9530.92)		(4919.95)
		(624.10)	1855.37
Cash generated from operations		13501.52	5737.45
Less:			
Taxes paid	636.43		727.90
Voluntary Retirement /Pension Scheme Payments	6687.68		412.60
		7324.11	1140.50
<i>NET CASH FROM / (USED IN) OPERATING ACTIVITIES</i>		6177.41	4596.95
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(3974.70)		(1548.44)
Sale of Fixed Assets	485.53		1485.43
Proceeds from Surrender of Tenancy Rights	1213.27		139.60
Purchase of Investments	(3215.97)		(501.55)
Sale of Investments	1817.01		592.42
Interest received	34.84		60.86
Income from Investments	281.16		145.93
Investments in Subsidiaries	(142.67)		Nil
Inter Corporate Deposits & Loans	Nil		500.00
<i>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</i>		(3501.53)	874.25
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Share Capital	0.73		Nil
Proceeds from Securities Premium	3.67		Nil
Payment for buyback of shares by subsidiary	Nil		(103.63)
Proceeds of Term Loan	Nil		3000.00
Payment of Finance lease liabilities	Nil		(26.04)
Increase/(Decrease) in other Borrowings	(3640.72)		(736.00)
Interest Paid	(394.36)		(651.24)
Increase/(Decrease) in Unpaid Debentures/Deposits	15.36		(34.74)
Dividend paid including dividend tax	(1868.19)		(1110.59)
<i>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</i>		(5883.51)	337.76
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(3207.63)	5808.96
CASH AND CASH EQUIVALENTS AS AT 1-4-2005 (See Schedule I)		16183.37	10371.60
Add: Cash added on conversion of Associate into a Subsidiary		Nil	2.81
CASH AND CASH EQUIVALENTS AS AT 31-3-2006 (See Schedule I)		12975.74	16183.37

<p>In terms of our Report of even date.</p> <p>For S. B. Billimoria & Co. Chartered Accountants</p> <p>Udayan Sen Partner</p> <p>Mumbai, 11th May, 2006</p>	<p style="text-align: right;">Chairman Managing Director Directors</p> <p style="text-align: right;">Ishaat Hussain A. Soni N. J. Jhaveri S. D. Kulkarni Ravi Kant N. D. Khurody Noel N. Tata M. M. Miyajiwala</p> <p style="text-align: right;">Executive Vice President (Finance) General Manager - Taxation & Company Secretary</p> <p style="text-align: right;">V. P. Malhotra</p> <p style="text-align: right;">Mumbai, 11th May, 2006</p>
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SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006

SCHEDULE 'A': SHARE CAPITAL

	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
1. AUTHORISED		
6,00,00,000 Equity Shares of Rs. 10 each	6000.00	6000.00
40,00,000 Redeemable Preference Shares of Rs.100 each	4000.00	4000.00
TOTAL	<u>10000.00</u>	<u>10000.00</u>
2. ISSUED, SUBSCRIBED AND CALLED UP		
3,30,88,474 Equity Shares of Rs. 10 each	3308.85	3308.85
Less: Calls-in-Arrears	2.59	3.32
TOTAL	<u>3306.26</u>	<u>3305.53</u>

SCHEDULE 'B': RESERVES AND SURPLUS

	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
1. SECURITIES PREMIUM	621.18	617.51
2. CAPITAL RESERVE	155.52	155.52
3. CAPITAL REDEMPTION RESERVE	125.70	125.70
4. CAPITAL RESERVE ON CONSOLIDATION	755.32	760.39
5. GENERAL RESERVE [Net of Deferred Tax Asset of Rs. Nil (2004-05: Rs. 1371 Lakhs)] - (See Note 5, Schedule 'P')	16761.79	12016.23
6. STAFF WELFARE RESERVE	1.00	1.00
7. FOREIGN PROJECTS RESERVE	1169.00	1569.00
8. LEGAL RESERVE (See Note 3, Schedule 'P')	77.80	74.24
9. FOREIGN CURRENCY TRANSLATION RESERVE	274.50	247.65
10. SPECIAL RESERVE	14.61	7.36
11. ADJUSTMENTS ON CONSOLIDATION	(141.04)	162.60
12. PROFIT AND LOSS ACCOUNT	4014.82	2911.32
TOTAL	<u>23830.20</u>	<u>18648.52</u>

SCHEDULE 'C': SECURED LOANS

	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
LOANS FROM BANKS	6478.67	9426.32
TOTAL	<u>6478.67</u>	<u>9426.32</u>

SCHEDULE 'D': UNSECURED LOANS

	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
1. FIXED DEPOSITS	Nil	1193.67
2. SHORT TERM LOANS AND ADVANCES Commercial Paper	1500.00	2000.00
3. OTHER LOANS AND ADVANCES From other than Banks	1028.67	28.07
TOTAL	<u>2528.67</u>	<u>3221.74</u>

Commercial Paper from Banks [maximum amount outstanding at any time during the year: Rs. 4000 Lakhs (2004-05: Rs. 4000.00 Lakhs)]

SCHEDULE 'E': FIXED ASSETS (At Cost or Book Value Less Depreciation)

Particulars	GROSS BLOCK AT COST OR BOOK VALUE					DEPRECIATION						NET BLOCK	
	As at March 31, 2005	Additions	Deduc- tions	Exchange Difference	As at March 31, 2006	Up to March 31, 2005	For the Year	On Deduc- tions	Impairment/ (Reversal of Impairment)	Exchange Difference	Up to March 31, 2006	As at March 31, 2006	As at March 31, 2005
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
					(1+2-3+4)			(See Note 8, Schedule 'P')			(6+7-8+9+10)	(5-11)	(1-6)
	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs	Rupees in Lakhs
1. Goodwill on Consolidation	304.58	Nil	Nil	Nil	304.58	Nil	Nil	Nil	Nil	Nil	Nil	304.58	304.58
2. Leasehold Land	3.02	128.13	Nil	Nil	131.15	Nil	Nil	Nil	Nil	Nil	Nil	131.15	3.02
3. Other Land	163.67	Nil	0.07	Nil	163.60	8.63	Nil	Nil	(8.63)	Nil	Nil	163.60	155.04
4. Buildings (See Notes a,b,c,d, below)	5944.51	1761.03	45.90	1.60	7661.24	2346.53	117.42	17.93	(510.69)	1.32	1936.65	5724.59	3597.98
5. Plant & Machinery	17918.66	728.97	400.05	15.16	18262.74	12809.30	854.79	351.80	(2200.94)	11.89	11123.24	7139.50	5109.36
6. Furniture & Fittings	1649.31	97.09	64.95	1.51	1682.96	1208.75	99.65	56.29	(38.78)	1.26	1214.59	468.37	440.56
7. Vehicles	1013.11	73.47	53.81	7.83	1040.60	514.71	116.02	34.59	(14.50)	6.14	587.78	452.82	498.40
8. Intangible Assets													
- Manufacturing Rights & Technical Know-how	1299.55	19.81	19.81	Nil	1299.55	1260.47	20.76	2.10	Nil	Nil	1279.13	20.42	39.08
- Software	338.94	746.64	Nil	0.25	1085.83	78.38	200.42	Nil	Nil	0.19	278.99	806.84	260.56
	28635.35	3555.14	584.59	26.35	31632.25	18226.77	1409.06	462.71	(2773.54)	20.80	16420.38	15211.87	10408.58
Previous Year	(28389.07)	(1652.44)	(1277.11)	[(-)129.05]	(28635.35)	(13923.78)	(1368.23)	(998.22)	(4029.90)	[(-)96.92]	(18226.77)	(10408.58)	
9. Capital Work-in-Progress [Including advances against Capital Expenditure Rs. 611.49 Lakhs (31-3-05:Rs. 271.38 Lakhs)]					1136.91							1136.91	717.35
					32769.16							16348.78	11125.93

Notes:

- (a) Includes Rs. 0.46 Lakh being cost of shares and bonds in Co-operative Housing Societies.
 (b) Includes Rs.10.48 Lakhs (original cost) and Rs. 2.40 Lakhs (net book value) being lease office improvements. The lease is renewed annually.
 (c) Includes factory building of Rs. 53.82 Lakhs (original cost) and Rs. 8.05 Lakhs (net book value) of factory building constructed on leasehold land, the lease period being fifteen years with a renewal option.
 (d) Includes Rs. 186.40 Lakhs (original cost) and Rs. 41.49 Lakhs (net book value) of rigs acquired on sale and finance lease back and hypothecated to the lessor.

SCHEDULE 'F' : INVESTMENTS (at Cost)

	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
LONG TERM INVESTMENTS		
1. TRADE INVESTMENTS (See Note 4, Schedule 'P')		
Subsidiary Companies	262.30	119.63
Shares (Quoted)	1155.84	1155.84
Shares (Unquoted)	1729.88	2379.88
2. OTHER INVESTMENTS		
Shares (Unquoted)	0.49	0.49
Units of Mutual Fund (Quoted)	164.59	164.59
TOTAL LONG TERM INVESTMENTS	3313.10	3820.43
CURRENT INVESTMENTS		
Units of Mutual Fund (Quoted)	1687.38	42.87
Government Securities (Unquoted)	0.56	0.56
Other Securities (Quoted)	69.86	43.86
TOTAL CURRENT INVESTMENTS	1757.80	87.29
TOTAL INVESTMENTS	5070.90	3907.72
LESS: PROVISION FOR DIMINUTION IN VALUE	456.21	851.92
TOTAL	4614.69	3055.80



SCHEDULE 'G' : INVENTORIES

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
1. STORES AT OR BELOW COST		14.21	17.13
2. STOCK-IN-TRADE:			
(a) Raw Materials and Components, at the lower of Cost (Less: Written off for obsolescence) and Realisable Value	7700.86		6709.66
(b) Work-in-Progress, at cost Less: Amounts Invoiced	101671.46 90371.47		45071.22 <u>35097.58</u>
	11299.99		9973.64
(c) Finished Goods produced and purchased by the Company, at the lower of Cost (Less: Written off for obsolescence) and Realisable Value	12684.59		<u>9465.09</u>
		31685.44	26148.39
TOTAL		31699.65	<u>26165.52</u>

SCHEDULE 'H' : SUNDRY DEBTORS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
Dues in respect of			
1. SALES ON DEFERRED TERMS OF PAYMENT			
Over six months old		121.77	141.54
2. OTHER SALES			
(i) Over six months old	12349.06		13835.80
(ii) Others	34500.48		29180.16
		46849.54	<u>43015.96</u>
		46971.31*	43157.50*
3. Less: PROVISION FOR DOUBTFUL DEBTS		2704.00	2788.49
TOTAL		44267.31	<u>40369.01</u>
* Of the above debts			
(a) Fully secured		5856.09	1287.63
(b) Unsecured, considered good		38411.22	39081.38
(c) Considered doubtful		2704.00	2788.49
TOTAL		46971.31	<u>43157.50</u>
1. Due by Officers		Nil	0.07
2. Maximum due by Officers at any time during the year		0.07	0.08
3. Due by firms or Private companies respectively in which any Director of the Company is a Partner, a Director or a Member		Nil	277.01

SCHEDULE 'I' : CASH AND BANK BALANCES

	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
1. CASH AND CHEQUES ON HAND	2642.12	1711.87
2. BANK BALANCES WITH SCHEDULED BANKS	3345.72	4909.75
3. BANK BALANCES WITH NON-SCHEDULED BANKS	6987.90	9561.75
TOTAL	12975.74	16183.37

SCHEDULE 'J' : LOANS AND ADVANCES

	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
1. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED	9679.29	8251.87
2. ADVANCE PAYMENT OF TAXES	2118.70	2663.81
3. LOANS TO EMPLOYEES	289.56	224.16
4. DEPOSITS WITH CUSTOMERS / OTHERS	1363.72	1055.97
5. INTERCORPORATE DEPOSITS	500.00	500.00
6. BALANCE WITH CUSTOMS, PORT TRUST, ETC.	389.61	547.16
	14340.88*	13242.97*
Less: PROVISION FOR DOUBTFUL ADVANCES	1655.67	1787.91
TOTAL	12685.21	11455.06
* Of the above advances		
(a) Fully Secured	287.03	203.53
(b) Unsecured, considered good	12398.18	11251.53
(c) Considered doubtful	1655.67	1787.91
TOTAL	14340.88	13242.97
1. Due by Officers	4.70	6.64
2. Maximum due by Officers at any time during the year	6.64	7.67



SCHEDULE 'K' : CURRENT LIABILITIES AND PROVISIONS

	Rupees in Lakhs	Rupees in Lakhs	As at 31-3-2005 Rupees in Lakhs
(A) CURRENT LIABILITIES			
1. ACCEPTANCES		9638.83	4642.17
2. SUNDRY CREDITORS		46842.47	43366.18
3. ADVANCE PAYMENTS AND DEPOSITS RECEIVED:			
(a) From Customers / Others	16728.37		14429.06
(b) Against Unexpired Service Contracts	968.43		966.87
		17696.80	15395.93
4. OTHER LIABILITIES		2495.12	1858.60
5. INTEREST ACCRUED BUT NOT DUE ON LOANS		142.62	135.12
6. INVESTOR EDUCATION AND PROTECTION FUND - AMOUNTS LIABLE TO BE CREDITED *:			
(a) Unpaid Dividend		67.35	49.09
(b) Unpaid Matured Deposits		41.69	25.22
(c) Unpaid Matured Debentures		21.02	22.13
(d) Interest accrued on (b) and (c) above		6.18	17.83
TOTAL (A)		76952.08	65512.27
(B) PROVISIONS			
7. PROVISION FOR TAXATION		2364.07	863.09
8. PROPOSED DIVIDEND		1985.31	1654.42
9. PROVISION FOR CORPORATE DIVIDEND TAX		278.44	232.03
10. PROVISION FOR TRADE GUARANTEES		2434.48	2013.03
11. PROVISION FOR LEAVE ENCASHMENT		1129.18	887.78
12. PROVISION FOR FUTURE PENSION		938.17	1117.99
13. PROVISION FOR GRATUITY		2053.40	1853.86
14. PROVISION FOR CONTINGENCIES		875.00	1725.00
TOTAL (B)		12058.05	10347.20
TOTAL (A) + (B)		89010.13	75859.47

* The figures reflect the position as at 31st March, 2006. The actual amount to be transferred to Investor Education and Protection Fund in thereof respect shall be determined on the due dates.

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

SCHEDULE 'L' : OTHER INCOME

	Rupees in Lakhs	Year ended 31st March, 2005 Rupees in Lakhs
1. Miscellaneous Income	568.22	981.76
2. Profit on Sale/Retirement of Fixed Assets (Net)	Nil	26.45
3. Profit on Sale of Non-Trade Investments	32.17	3.04
4. Rent Received	1058.17	954.06
5. Difference in Foreign Exchange (Net)	208.57	Nil
6. Adjustment in respect of previous years (Net)	652.06	Nil
TOTAL	2519.19	1965.31

SCHEDULE 'M' : COST OF SALES, SERVICES AND EXPENSES

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2005 Rupees in Lakhs
1. Stock-in-Trade per 1-4-2005		61245.97	26587.84
2. Purchases and cost of jobs, manufacture and services		206519.93	143468.36
3. Stock-in-Trade per 31-3-2006		122056.91	61245.97
4. Cost of Sales and Services (1 + 2 - 3)		145708.99	108810.23
5. Staff Expenses			
(a) Salaries, Wages and Bonus	16337.57		13074.24
(b) Company's contribution to Provident Funds and other Funds	844.62		842.04
(c) Retiring Gratuity	874.05		496.17
(d) Welfare Expenses	1193.31		1051.11
		19249.55	15463.56
6. Forwarding Charges (Net)		1063.36	959.42
7. Commission other than to Sole Selling Agents under Section 294 of the Companies Act, 1956		1733.46	1338.85
8. Advertising (Net)		998.56	1028.33
9. Rent paid	1787.37		1135.18
Less: Rent recovered	18.44		40.28
		1768.93	1094.90
10. Rates and Taxes		146.81	161.69
11. Insurance		419.52	313.37
12. Stores Consumed		242.68	224.01
13. Power		414.47	439.08
14. Repairs to Buildings		118.07	94.96
15. Repairs to Plant and Machinery		340.43	353.85
16. Travelling		2006.69	2241.62
17. Conveyance		1071.47	722.53
18. Stationery, Postage, Telex and Telephone		1327.34	1249.95
19. Amounts payable to Auditors:			
(a) Audit fees including reimbursement towards expenses Rs. 4.61 Lakhs (2004-05: Rs. 4.48 Lakhs) and Service Tax Rs. 3.67 Lakhs (2004-05: Rs. 3.67 Lakhs)	61.42		59.40
(b) In Other capacity	44.91		39.90
		106.33	99.30
20. Audit fees payable to Branch Auditors		19.88	13.41
21. Audit fees payable to Cost Auditors		0.48	0.50
22. Legal and Professional charges		885.27	1094.88
23. Other expenses (See Note 6, Schedule 'P')		5882.54	5165.15
24. Bad and Doubtful Debts/Advances (Net)		614.75	1450.18
25. Donations and Charities		113.87	47.64
26. Adjustment in respect of previous years (Net)		Nil	21.42
27. Loss on Sale of Fixed Assets (Net)		33.83	Nil
		184267.28	142388.83
TOTAL		184267.28	142388.83


SCHEDULE 'N' : FINANCIAL ITEMS

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2005 Rupees in Lakhs
1. Interest Paid			
(a) On fixed loans	519.74		587.04
(b) On other accounts	124.95		286.82
		644.69	873.86
2. Less: Interest received in respect of sales on deferred payment terms and other accounts (See Note 7, Schedule 'P')		289.32	283.98
		355.37	589.88
3. Less: Income from Investments			
(a) Trade Investments	275.20		131.32
(b) Other Investments	17.08		14.61
		292.28	145.93
TOTAL		63.09	443.95

SCHEDULE 'O' : EXCEPTIONAL ITEMS

	Rupees in Lakhs	Rupees in Lakhs	Year ended 31st March, 2005 Rupees in Lakhs
1. Profit on Sale of Property/Transfer of Development Rights/ Surrender of Tenancy Rights [Including Capital Surplus Rs. 1603.45 Lakhs (2004-05: Rs. 1200.46 Lakhs)]		1610.75	1362.04
2. Profit on Sale of Trade Investments		Nil	74.05
3. Reversal of Contingency Provision		850.00	Nil
4. Advances received written back		Nil	22.99
5. Reversal of Impairment of Assets (See Note 8, Schedule 'P')		2773.54	Nil
		5234.29	1459.08
Less:			
6. Provision for diminution in value of Investments		0.23	261.30
7. Provision for diminution in value of inventory of discontinued business		Nil	11.54
8. Cost of Voluntary Retirement Scheme		6507.87	353.31
9. Loss on revaluation of assets of discontinued business [Net of Profit on sale of assets Nil (2004-05: Rs. 12.75 Lakhs)]		Nil	17.22
10. Provision for doubtful advances (Net)		4.73	Nil
11. Provision for Contingencies (Net)		Nil	300.00
12. Loss on Sale of Trade Investments (Net)		14.66	Nil
13. Settlement of Claims (See Note 8, Schedule 'P')		1325.90	Nil
		7853.39	943.37
TOTAL		(2619.10)	515.71

SCHEDULE 'P' : NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2006

1. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements relate to Voltas Limited ('the Company') and its subsidiary companies, joint ventures and associates. The Consolidated Financial Statements have been prepared on the following basis:

- (i) The Financial Statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and unrealised profits or losses as per Accounting Standard 21 – Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.
- (ii) Foreign subsidiaries and joint ventures of the Company have been classified as 'Non Integral Foreign operations'. Revenue items of such entities are consolidated at the average rate prevailing during the year and Assets and Liabilities are converted at the rates prevailing at the end of the year. All resulting exchange differences have been accumulated in a Foreign Currency Translation Reserve.
- (iii) Investments in associate companies have been accounted under the equity method as per Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.
- (iv) Interests in joint ventures have been accounted by using the proportionate consolidation method as per Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures issued by The Institute of Chartered Accountants of India.
- (v) The Financial Statements of the subsidiaries, associates and joint ventures used in the consolidation are drawn upto the same reporting dates of the Company i.e. 31st March, 2006 except Saudi Ensas Company for Engineering Services Ltd., Weathermaker Ltd. and Universal Voltas LLC, where the accounts are drawn upto 31st December, 2005. The accounts of Agrotech Industries Ltd. have not been consolidated as it is under closure and the investment in the books of Voltas Ltd. is fully provided. Similarly, the accounts of Agro Foods Punjab Ltd., Westerwork Engineers Ltd. and AVCO Marine S.a.S have not been consolidated as they are under liquidation and the investments in the books of Voltas Ltd. are fully provided. The accounts of Sermo-PM India Ltd. have not been consolidated as Voltas Ltd. has divested its share in the joint venture during the year.
- (vi) The excess of the Company's portion of equity of the subsidiaries and joint ventures as at the date of its investment over the cost of its investment is treated as Capital Reserve. The excess of cost of investment over the Company's portion of equity as at the date of investment is treated as Goodwill.
- (vii) Minority interest in the net assets of consolidated subsidiaries consists of:
 - (a) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
 - (b) The minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.
- (viii) Minority interests share of net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- (ix) Intra-group balances and intra-group transactions and resulting unrealised profits have been eliminated.

2. The list of subsidiary companies, joint ventures and associates and the Company's holdings therein are as under:

Name of the Company	Country of Incorporation	Ownership in % either directly or through Subsidiaries	
		2005-2006	2004-2005
Indian Subsidiaries :			
- Simto Investment Company Ltd.		95.41	95.18
- Auto Aircon (India) Ltd.		100.00	100.00
- Agro Food Punjab Ltd. (under liquidation)		100.00	100.00
- Westerwork Engineers Ltd. (under liquidation)		51.00	51.00
- Simtools Ltd.		100.00	100.00
Foreign Subsidiaries :			
- Metrovol FZE	United Arab Emirates	100.00	100.00
- VIL Overseas Enterprises B.V.	The Netherlands	100.00	100.00
- Voice Antilles N.V.	Netherlands Antilles	100.00	100.00
- Weathermaker Ltd. (w.e.f. 20-1-2006)	Isle of Man	88.50	Nil



Name of the Company	Country of Incorporation	Ownership in % either directly or through Subsidiaries	
		2005-2006	2004-2005
Indian Joint Ventures :			
- Universal Comfort Products Private Ltd.		50.00	50.00
- Sermo - PM India Ltd. [See Note (a) below]		—	50.00
Foreign Joint Ventures :			
- Lalbuksh Voltas Engineering and Trading LLC, Muscat	Sultanate of Oman	49.00	49.00
- Weathermaker Ltd. (upto 19.1.2006)	Isle of Man	49.00	49.00
- Saudi Ensas Company for Engineering Services Ltd.	Saudi Arabia	49.00	49.00
- Agrotech Industries Ltd. (Under closure)	Isle of Man	49.00	49.00
- AVCO Marine S.a.S (Under Liquidation)	France	50.00	50.00
- Universal Voltas LLC	United Arab Emirates	49.00	49.00
Associate :			
- Brihat Trading Pvt. Ltd. [See Note (b) below]		33.33	33.33

Notes:

- (a) Sermo-PM India Ltd., a Joint Venture company has not been consolidated as the Company has divested from Joint Venture with effect from 6th October, 2005.
- (b) The accounts of Brihat Trading Pvt. Ltd., an associate company were not available for consolidation. The operations of this company have no significant impact on the revenue, expenses, assets and liabilities of the consolidated accounts.

3. SIGNIFICANT ACCOUNTING POLICIES

- (i) All revenues, costs, assets and liabilities are accounted for on accrual basis.

(ii) SALES AND SERVICES

- (a) Sales exclude sales tax and works contract tax but include excise duty. Consignment sales are excluded from sales and services, but commission earned on such sales is accounted for as part of sales and services.
- (b) Sales and Services are accounted on accrual basis when the sale of goods or services are completed.
- (c) Revenue from long-term contracts, where the outcome can be estimated reliably, is recognised under the percentage of completion method by reference to the stage of completion on the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. Where the outcome of construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that probably will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

Variation in contract work, claims and incentives payment are included in revenue to the extent that they have been agreed with the client and can be reliably measured.

When the current estimate of total contract costs and revenue is a loss, provision is made for the entire loss on the contract irrespective of the amount of work done.

(iii) JOINT VENTURES

The financial statements of the Company reflect its share of Assets, Liabilities, Income and Expenditure of the Joint Venture operations which are accounted on the basis of the audited accounts on line-by-line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the Joint Venture agreements.

(iv) DEPRECIATION / AMORTIZATION

- (a) Depreciation on all assets of the parent company has been provided on Straight Line Basis at the rates prescribed in Schedule XIV to the Companies Act, 1956, except as under :
- (i) Depreciation on furniture and fittings has been provided on written down value basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- (ii) Intangible assets are amortized on Straight Line Basis over their useful life. Manufacturing Rights and Technical Know-how has been amortized over 72 months and Software over 60 months.

- (b) In some subsidiaries, depreciation on leased assets is provided for over the primary lease period or over the specified period as determined under Section 205(5)(a) of the Companies Act, 1956, whichever is shorter.
- (c) In some subsidiaries, depreciation on tools, furniture, fixtures and office equipment is provided for over a period of four years and for motor vehicles over a period of three years. Moulds are depreciated over its useful life.
- (d) In some of the foreign subsidiaries and foreign joint ventures, the cost of assets including intangible assets has been depreciated using Straight Line Basis over their useful lives.
- (e) In one of the Joint Ventures, depreciation on Computers and Vehicles has been charged at 20%.
- (v) **PROVISION FOR TRADE GUARANTEES**
Provision for estimated cost to be incurred in providing warranty service is made in the accounts in the year in which the sale of goods is effected.
- (vi) **LEGAL RESERVE**
In case of some foreign joint ventures, an amount equal to 10% of the annual net profit is transferred to Legal Reserve in compliance with requirements of local laws. This reserve is not available for distribution.
- (vii) **FIXED ASSETS**
Fixed assets are stated at cost less accumulated depreciation and impairment losses.

Own manufactured goods are capitalised at standard cost excluding interest but including excise duty net of CENVAT, octroi duty and receiving/installation charges.

Machinery developed in-house is capitalised at prime cost exclusive of standing charges but inclusive of excise duty net of CENVAT, octroi duty and receiving/installation charges. Additional cost arising out of increase in liability on loans taken for acquisition of plant and machinery resulting from exchange fluctuation is adjusted to the cost of the asset and depreciated over the balance life of the asset.

Interest on borrowed money allocated to and utilised for fixed assets, pertaining to the period upto the date of capitalisation is capitalised.
- (viii) **INTANGIBLE ASSETS**
Intangible assets are stated at cost less accumulated amortization.
- (ix) **IMPAIRMENT OF ASSETS**
The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment of assets. If any indication of such impairment exists, the recoverable amount of those assets is estimated and impairment is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting future cash flows to their present value based on appropriate discount factor. When there is indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised.
- (x) **FINANCE LEASE**
Fixed assets acquired under finance leases are recognised at the lower of the fair value of the leased assets at inception and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the leased term at a constant periodic rate of interest on the remaining balance of the liability.

Rents payable under operating leases are charged to income on a Straight Line Basis over the terms of the operating lease.
- (xi) **INVESTMENTS**
Long-term investments are carried at cost less provision, if any, for permanent diminution in value of such investments. Current investments are carried at lower of cost and fair value.
- (xii) **CURRENT ASSETS**
Current Assets are accounted at cost or realisable value whichever is lower.

Inventories including Work-in-Progress are valued at cost or realisable value whichever is lower, cost being worked out on weighted average basis. Cost includes all charges incurred for bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.

In respect of subsidiaries and in joint ventures (foreign and local), raw materials and spares are valued on FIFO basis.



(xiii) TAXES ON INCOME

Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of applicable tax laws.

Deferred Tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax Assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other Deferred Tax Assets are recognised if there is reasonable certainty that there will be sufficient future taxable income to realize such assets.

(xiv) CONVERSION OF FOREIGN EXCHANGE TRANSACTIONS

(a) The foreign branches of the Company have been classified as "Integral foreign operations". Revenue transactions for the Parent Company (other than depreciation) of foreign branches are incorporated in the Company's accounts at average exchange rate during the year, fixed assets are incorporated at the average rate of the year of acquisition and current assets and liabilities are translated at the rate of exchange prevailing on the last working day of the year. Depreciation is translated at the average rate applicable to fixed assets.

In some subsidiaries, revenue transactions (other than depreciation) are incorporated at opening and closing average exchange rate for the year and fixed assets are incorporated at the opening rate of the current year.

(b) Monetary assets and liabilities relating to foreign currency transactions remaining unsettled at the end of the year are translated at the year-end rate and the difference in translation and realised gains and losses on foreign exchange transactions (other than for fixed assets) are recognised in the Profit and Loss Account. In respect of transactions covered by foreign exchange contracts, the difference between the contract rate and spot rate on the date of the transaction is charged to the Profit and Loss Account over the period of the contract.

(xv) ACCOUNTING FOR VOLUNTARY RETIREMENT SCHEMES

(a) The cost of Voluntary Retirement Schemes / Retrenchment Compensation including ex-gratia and additional Gratuity and Leave Encashment liability arising therefrom is charged to the Profit and Loss Account in the month of separation of employees.

(b) The Present Value of future payments to employees opting for Early Separation Scheme, the additional Gratuity and Leave Encashment liability arising therefrom is charged to the Profit and Loss Account in the month of separation of employees.

(xvi) PREOPERATIVE EXPENSES OF NEW PROJECTS

Directly identifiable preoperative expenses of new projects of capital nature under implementation are carried forward under Capital Work-in-Progress, pending capitalisation.

(xvii) RETIRAL BENEFITS

Cost of retiral benefits for the Parent Company, in respect of employees in India like Provident Fund, Pension, Gratuity and Leave Encashment are accounted on accrual basis. The liability in respect of Gratuity, Pension and Leave Encashment is determined on actuarial basis.

The cost in respect of post retirement medical benefits available to certain categories of staff is accounted on the basis of claims received as they cannot be categorized as Defined Benefit Schemes under AS 15 — Accounting for Retirement Benefits in the Financial Statements of Employers.

In respect of some foreign subsidiaries and foreign joint ventures, provision for end of service gratuity payable to the staff is made at the Balance Sheet date in accordance with the local labour laws.

(xviii) GOING CONCERN

The accounts of Auto Aircon (India) Ltd. have been prepared on a going concern basis on the assumption of continued financial support from Voltas Ltd. Also, the accounts of Simtools Ltd. which has closed down its manufacturing operations have been prepared on a going concern basis since Simtools is exploring diverse business avenues and has not altogether discontinued its business activity.

4. INVESTMENTS

(a) Under a loan agreement for Rs. 60 Lakhs (fully drawn and outstanding) entered into between Agro Foods Punjab Ltd. (AFPL) and the Punjab State Industrial Development Corporation Ltd. (PSIDC), the Company has given an undertaking to PSIDC that it will not dispose off its shares in AFPL till the monies under the said loan agreement between PSIDC and AFPL remain due and payable by AFPL to PSIDC. During 1998-99, the Company had transferred its beneficial rights in the shares of AFPL.

- (b) In respect of Company's investment in 2640 equity shares of Reliance Industries Ltd., there is an Injunction Order passed by the Court in Kanpur, restraining the transfer of these shares. The share certificates are however in the possession of the Company. Pending disposal of the case, dividend on these shares has not been received.
- (c) In respect of Company's investment in Weathermaker Ltd., 106195 Ordinary shares have been lodged for transfer.

5. DEFERRED TAX ASSET

Major components of deferred tax assets and liabilities arising are:

	As at 31-3-2005			
	Deferred Tax Assets Rupees Lakhs	Deferred Tax Liabilities Rupees Lakhs	Deferred Tax Assets Rupees Lakhs	Deferred Tax Liabilities Rupees Lakhs
(i) Depreciation [Net of Deferred tax asset of Rs. Nil (2004-2005: Rs. 1371 Lakhs) arising from Impairment of Fixed Assets]	—	2638	—	1519
(ii) Unabsorbed Depreciation	147	—	229	—
(iii) Voluntary Retirement Scheme	1416	—	637	—
(iv) Unpaid Statutory Liabilities	978	—	843	—
(v) Provision for Doubtful Debts and Advances	1387	—	1482	—
(vi) Provision for Contingencies	295	—	295	—
(vii) Others	978	—	149	—
Total	5201	2638	3635	1519
Net Timing Differences	2563	—	2116	—

6. OPERATING AND ADMINISTRATION EXPENSES

Other Expenses include:

	2004-2005	
	Rupees Lakhs	Rupees Lakhs
Lease Rentals	85.27	79.57

7. Interest received in respect of sales on deferred payment terms and other accounts includes Rs.10.61 Lakhs (2004-2005 : Rs. 81.52 Lakhs) being the interest received on Income Tax Refund.

8. EXCEPTIONAL ITEMS

- (a) In respect of an overseas contract undertaken by the Company's Project - Specific Overseas Special Purpose Vehicle, the Company has, paid an amount of Rs.1325.90 Lakhs towards settlement of claims as an alternative to litigation proceedings which in the opinion of the management would entail exorbitant costs.
- (b) As per the requirement of Accounting Standard (AS)-28, the Company had estimated an impairment of Assets of Rs. 4072 Lakhs for the year 31st March, 2005. Accordingly, as per the transitional provision in the standard, an amount of Rs. 2701 Lakhs net of Deferred Tax Asset of Rs.1371 Lakhs was adjusted against the opening balance of Revenue Reserves. During the current year, the Impairment Loss of Rs. 2773.54 Lakhs has been reversed in accordance with the Accounting Standard (AS)-28.



9. EARNINGS PER EQUITY SHARE

		2004-2005
Net Profit after Minority Interest (Rs. Lakhs)	7365.26	5225.09
Weighted average number of Equity Shares outstanding	330,88,474	330,88,474
Earnings Per Share (Rs.) - Basic and Diluted (Face value of Rs.10 per share)	22.26	15.79

10. LEASES

(A) The Company has acquired Rigs under finance leases. Fixed assets include the following amounts in relation to the above leased assets:

		As at 31-03-2005
	Rupees Lakhs	Rupees Lakhs
Gross Block	186.40	183.04
Less: Accumulated Depreciation	144.91	119.94
Net Block	41.49	63.10

Future minimum lease payments in respect of the above assets as at 31st March, 2006 are summarised below :

		As at 31-03-2005
	Rupees Lakhs	Rupees Lakhs
Total minimum lease payments at the year end	—	17.41
Present value of minimum lease payments	—	16.66
Not later than one year:		
Minimum lease payments	—	17.41
Present Value	—	16.66

(B) Fixed assets under operating lease:

Total future minimum lease payment under non-cancellable operating leases in aggregate and for each of the following future periods:

		As at 31-03-2005
	Rupees Lakhs	Rupees Lakhs
Not later than one year	53.94	22.42
Later than one year but not later than five years	120.14	65.80
Later than five years	13.20	12.59

11. In terms of agreement dated 30th September, 1998, Company's Refrigerators manufacturing facility at Nandalur was transferred on a running business/going concern basis to Electrolux Voltas Ltd. (EVL) on the close of the business hours on 31st March, 1999. In respect of the land for the Nandalur Plant, Deed of Conveyance is pending completion.
12. The Company has accounted in 2004-2005 the profit on transfer of development rights Rs. 505.53 Lakhs in respect of property at Thane for which agreement was executed and consideration received but for which conveyance formalities will be completed at a later date.
13. The Company has accounted in 2003-2004 the profit on transfer of development rights Rs.1735.95 Lakhs in respect of property at Thane and Rs. 2145.53 Lakhs in respect of property at Pune for which agreements were executed and consideration received but for which conveyance formalities will be completed at a later date.
14. The Company had accounted in 1999-2000 for the profit on transfer of development rights Rs 734.12 Lakhs in respect of property at Lalbaug, Mumbai for which agreement for assignment was executed and clearance from the Income Tax Department under Section 269 UC of the Income Tax Act, 1961 was received but for which conveyance formalities will be completed at a later date.

15. CONTINGENT LIABILITIES NOT PROVIDED FOR:

- (a) Guarantees on behalf of other companies : Limits Nil (31-3-2005: Rs. 225 Lakhs) against which amount outstanding was Nil (31-3-2005: Rs. 225 Lakhs).
- (b) Bills and Letter of Credits discounted with Banks : Rs. 1474.27 Lakhs (31.3.2005 : Rs.1096.77 Lakhs)
- (c) Other Guarantees given Rs. 3.36 Lakhs (31-3-2005 : Rs. 1.86 Lakhs)
- (d) Claims not acknowledged as debts Rs. 18486.81 Lakhs (31-3-2005 : Rs. 21575.20 Lakhs) against which a provision has been made for contingencies Rs. 875 Lakhs (31-3-2005 : Rs. 1725 Lakhs). In respect of a contingent liability of Rs. 3808 Lakhs (31-3-2005 : Rs. 2956 Lakhs), the Company has a right to recover the same from a third party.
- (e) Income tax demands in respect of matters :
 - (i) Decided in Company's favour by Appellate Authorities where the Department is in further appeal - Rs. 353.83 Lakhs (31-3-2005 : Rs. 453.55 Lakhs).
 - (ii) Other matters - Rs. 2060.01 Lakhs (31-3-2005 : Rs. 1901.20 Lakhs).
- (f) Duty saved of Rs. 110.74 Lakhs (31-3-2005 : Rs. 110.74 Lakhs) on purchase of capital goods under EPCG license against future export obligations.
- (g) In respect of guarantees aggregating Rs. 30928.06 Lakhs (31-3-2005 : Rs. 27273.50 Lakhs) issued by Banks at the request of the Company in favour of third parties.
- (h) Staff demands under adjudication: Amount indeterminate.
- (i) Liquidated damages, except to the extent provided, for delay in delivery of goods : Amount indeterminate.

16. The Company has consolidated the accounts of the following joint ventures as on 31st March, 2006 and its percentage holding is given below:

Name of the Joint Venture	% Holding
Universal Comfort Products Private Ltd.	50
Lalbuksh Voltas Engineering Services & Trading LLC	49
Weathermaker Ltd.	49
Saudi Ensas Company for Engineering Services Ltd.	49
Universal Voltas LLC	49

The proportionate share of assets, liabilities, income and expenditure of the above joint venture companies included in these consolidated financial statements are given below :

	2004-2005
	Rupees Lakhs
ASSETS	
Net Block (including Capital WIP)	2511.85
Current Assets	7197.26
Loans and Advances	819.28
Deferred Tax Asset	Nil
	10528.39
LIABILITIES	
Reserves and Surplus	1548.59
Secured Loans	1777.83
Unsecured Loans	28.67
Deferred Tax Liability	105.00
Current Liabilities and Provisions	5317.47
	8777.56
	9942.51



	2004-2005
	Rupees Lakhs
INCOME	
Sale of Products and other Services	8343.81
Other Income	18.11
EXPENSES	
Manufacturing and other Expenses	12707.20
Depreciation	249.57
Interest	193.08
Taxes:	
– Current	38.38
– Deferred	38.00
– Earlier years	0.14
CONTINGENT LIABILITIES	2302.61
CAPITAL COMMITMENT	38.55

17 A. Information about Consolidated Segments

Particulars	2004-2005
	Rupees Lakhs
1. SEGMENT REVENUE	
(a) Segment – A (Electro-mechanical Projects and Services)	85558.11
(b) Segment – B (Engineering Products and Services)	15909.56
(c) Segment – C (Unitary Cooling Products for Comfort and Commercial Use)	46171.83
(d) Others	7704.93
Less : Inter segment revenue	265.64
NET SALES / INCOME FROM OPERATIONS	155078.79
2. SEGMENT RESULTS	
(a) Segment – A (Electro-mechanical Projects and Services)	4595.63
(b) Segment – B (Engineering Products and Services)	4009.26
(c) Segment – C (Unitary Cooling Products for Comfort and Commercial Use)	(531.85)
(d) Others	2186.55
Total	10259.59
Less: (i) Interest	589.88
(ii) Other unallocable expenditure net off unallocable income	3641.61
PROFIT BEFORE TAX	6028.10

Particulars	Segment Assets		Segment Liabilities	
	Rupees Lakhs	As at 31-3-2005 Rupees Lakhs	Rupees Lakhs	As at 31-3-2005 Rupees Lakhs
(a) Segment – A (Electro-mechanical Projects and Services)	56597.81	55949.31	49642.57	45960.04
(b) Segment – B (Engineering Products and Services)	9669.97	6530.14	6748.70	2776.57
(c) Segment – C (Unitary Cooling Products for Comfort and Commercial Use)	26504.50	22258.71	17836.23	13860.01
(d) Others	8286.48	6640.68	4060.24	3652.60
Segment Total	101058.76	91378.84	78287.74	66249.22
Unallocated	24121.55	19106.91	10722.39	9610.25
Total	125180.31	110485.75	89010.13	75859.47

Particulars	Capital Expenditure		Depreciation		Non-Cash Expenses other than Depreciation	
	Rupees Lakhs	2004-2005 Rupees Lakhs	Rupees Lakhs	2004-2005 Rupees Lakhs	Rupees Lakhs	2004-2005 Rupees Lakhs
(a) Segment – A (Electro-mechanical Projects and Services)	415.81	370.73	356.69	398.69	1462.27	967.12
(b) Segment – B (Engineering Products and Services)	77.09	49.55	67.12	61.91	402.82	152.45
(c) Segment – C (Unitary Cooling Products for Comfort and Commercial Use)	243.35	638.02	382.16	371.76	1697.13	391.73
(d) Others	1276.82	440.11	181.64	168.44	56.75	241.75
Segment Total	2013.07	1498.41	987.61	1000.80	3618.97	1753.05
Unallocated	1542.07	86.07	421.44	326.10	334.69	1030.02
Total	3555.14	1584.48	1409.05	1326.90	3953.66	2783.07

17B. Information about Consolidated Secondary Business Segments

Particulars	Rupees Lakhs	2004-2005 Rupees Lakhs
Revenue by Geographical Market		
India	128900.83	113789.61
Middle East	60771.46	30992.43
Others	12598.60	10296.75
Total	202270.89	155078.79
Additions to Fixed Assets and Intangible Assets		
India	1756.71	832.74
Middle East	245.22	333.97
Others	11.14	331.70
Total	2013.07	1498.41
Carrying Amount of Segment Assets		
India	65705.23	51655.09
Middle East	30763.55	31252.01
Others	4589.98	8471.74
Total	101058.76	91378.84



18. Related Party Disclosures

(a) List of Related Parties and Relationships

Party	Relation
A. Brihat Trading Private Ltd.	Associate- Shareholding of the Company on its own or along with subsidiaries exceed 20%
B. Joint Ventures Universal Comfort Products Private Ltd. Sermo - PM India Ltd. Saudi Ensas Company for Engineering Services Ltd. Universal Voltas LLC Weathermaker Ltd. (upto 19-1-2006) AVCO Marine S.a.S. (Under liquidation) Lalbuksh Voltas Engineering Services & Trading LLC Agrotech Industries Ltd. (Under closure)	Holdings and/or agreements in conjunction with group companies
C. Tata Sons Ltd.	Promoters holding together with its Subsidiary is more than 20%
D. Key Management Personnel Mr. A.Soni Mr. S.N. Tripathi (upto 24-9-2005)	Managing Director Executive Director

(b) Related Party Transactions

Rupees Lakhs

Transactions	Associates and Joint-Ventures	Key Management Personnel	Promoter	Total
Purchase of Goods [Refer 18 (c) (1)]	7061.63 (5939.16)	— —	— (5.52)	7061.63 (5944.68)
Sale of Goods [Refer 18 (c) (2)]	198.41 (40.43)	— —	6.67 (2.93)	205.08 (43.36)
Service Income [Refer 18 (c) (3)]	263.41 (336.74)	— —	— (12.47)	263.41 (349.21)
Sale of Assets [Refer 18 (c) (4)]	— —	0.68 —	— —	0.68 —
Rental Income [Refer 18 (c) (5)]	16.22 (26.90)	— —	6.67 (41.53)	22.89 (68.43)
Interest Income [Refer 18 (c) (6)]	34.84 (3.25)	— —	— —	34.84 (3.25)
Commision Paid [Refer 18 (c) (7)]	2.53 —	— —	— —	2.53 —
Freight Recovery [Refer 18 (c) (8)]	73.93 (105.90)	— —	— —	73.93 (105.90)
Advertising Recovery [Refer 18 (c) (9)]	176.28 (184.39)	— —	— —	176.28 (184.39)
Warranty Recovery [Refer 18 (c) (10)]	60.31 (91.04)	— —	— —	60.31 (91.04)
Remuneration Paid / Payable [Refer 18 (c) (11)]	— —	152.59 (93.98)	— —	152.59 (93.98)

(b) Related Party Transactions (contd.)

Transactions	Rupees Lakhs			
	Associates and Joint-Ventures	Key Management Personnel	Promoter	Total
Settlement of Claims [Refer 18 (c) (12)]	1325.90	—	—	1325.90
	—	—	—	—
Recovery of Loan [Refer 18 (c) (13)]	—	1.42	—	1.42
	—	(0.48)	—	(0.48)
Interest on Housing Loan [Refer 18 (c) (14)]	—	0.03	—	0.03
	—	(0.08)	—	(0.08)
Unsecured Advances Given - Others [Refer 18 (c) (15)]	—	—	—	—
	(112.93)	—	—	(112.93)
Repayment of Unsecured Advances Given [Refer 18 (c) (16)]	—	—	—	—
	(2.97)	—	—	(2.97)
Other Operating & Administration Expenses - Received/Receivable [Refer 18 (c) (17)]	13.95	—	0.18	14.13
	(8.77)	—	(0.30)	(9.07)
Other Operating & Administration Expenses - Paid/Payable [Refer 18 (c) (18)]	0.31	0.59	44.55	45.45
	(152.03)	—	(3.33)	(155.36)
Intercompany Deposits Placed [Refer 18 (c) (19)]	250.00	—	—	250.00
	(500.00)	—	—	(500.00)
Refund of Intercompany Deposits Placed [Refer 18 (c) (20)]	250.00	—	—	250.00
	—	—	—	—
Provision for Debts and Advances Due [Refer 18 (c) (21)]	782.45	—	—	782.45
	(782.45)	—	—	(782.45)
Consulting Charges Paid [Refer 18 (c) (22)]	—	—	0.02	0.02
	—	—	(13.10)	(13.10)
Refund of Sitting Fees Received from Subsidiary [Refer 18 (c) (23)]	—	0.01	—	0.01
	—	(0.01)	—	(0.01)
Tata Brand Equity [Refer 18 (c) (24)]	—	—	316.09	316.09
	—	—	(224.00)	(224.00)
Interest Expenses [Refer 18 (c) (25)]	23.11	—	—	23.11
	(2.92)	—	—	(2.92)
Commission Received [Refer 18 (c) (26)]	—	—	—	—
	(5.06)	—	—	(5.06)
Intercompany Deposits Placed Due [Refer 18 (c) (27)]	500.00	—	—	500.00
	(500.00)	—	—	(500.00)
Debit Balance outstanding as on 31-3-2006 [Refer 18 (c) (28)]	835.74	—	—	835.74
	(969.32)	(1.42)	—	(970.74)
Credit Balance outstanding as on 31-3-2006 [Refer 18 (c) (29)]	1237.04	46.00	293.23	1576.27
	(1043.38)	—	(213.45)	(1256.83)

Note:- Figures in bracket are of previous year.



(c) Related Party Transaction Details

Details of material (more than 10% of the total related party transactions of the same type) transactions with related party.

Rupees Lakhs

Name of Party	Transaction Value	Transaction Value
		2004-2005
1. Purchase of Goods Universal Comfort Products Private Ltd.	7040.29	5634.11
2. Sale of Goods Universal Comfort Products Private Ltd.	198.41	35.03
3. Service Income Universal Comfort Products Private Ltd.	262.64	333.02
4. Sale of Assets Mr.S.N.Tripathi	0.68	—
5. Rental Income Sermo-PM India Ltd. Tata Sons Ltd.	16.22 6.67	26.90 41.53
6. Interest Income Universal Comfort Products Private Ltd.	34.84	3.25
7. Commission Paid Sermo-PM India Ltd.	2.53	—
8. Freight Recovery Universal Comfort Products Private Ltd.	73.93	105.90
9. Advertising Recovery Universal Comfort Products Private Ltd.	176.28	184.39
10. Warranty Recovery Universal Comfort Products Private Ltd.	60.31	91.04
11. Remuneration Paid / Payable Mr. A. Soni Mr.S.N. Tripathi	117.12 35.47	50.98 43.00
12. Settlement of Claims AVCO Marine S.a.S.	1325.90	—
13. Recovery of Loan Mr. S.N. Tripathi	1.35	0.48
14. Interest on Housing Loan Mr. S.N. Tripathi	0.03	0.08
15. Unsecured Advances Given - Others Simtools Ltd.	—	112.93
16. Repayment of Unsecured Advances Given Simtools Ltd.	—	2.97
17. Other Operating & Administration Expenses - Received/Receivable Lalbuksh Voltas Engineering Services & Trading LLC Sermo-PM India Ltd. Universal Comfort Products Private Ltd.	2.27 4.49 6.27	— 6.38 —
18. Other Operating & Administration Expenses - Paid/Payable Tata Sons Ltd. Universal Comfort Products Private Ltd. Universal Voltas LLC	44.55 — —	— 108.02 44.01

		Rupees Lakhs	
Name of Party	Transaction Value	Transaction Value	
		2004-2005	
19. Intercorporate Deposits Placed			
Universal Comfort Products Private Ltd.	250.00		500.00
20. Refund of Intercorporate Deposits Placed			
Universal Comfort Products Private Ltd.	250.00		—
21. Provision for Debts and Advances Due			
AVCO Marine S.a.S.	782.45		782.45
22. Consulting Charges			
Tata Sons Ltd.	0.02		13.10
23. Refund of Sitting Fees Received from Subsidiary			
Mr. A. Soni	0.01		0.01
24. Tata Brand Equity			
Tata Sons Ltd.	316.09		224.00
25. Interest Expenses			
Universal Comfort Products Private Ltd.	23.11		2.92
26. Commission Received			
Sermo-PM India Ltd.	—		5.06
27. Intercorporate Deposits Placed Due			
Universal Comfort Products Private Ltd.	500.00		500.00
28. Debit Balance Outstanding as on 31-3-2006			
AVCO Marine S.a.S.	782.45		782.45
Sermo-PM India Ltd.	—		127.49
29. Credit Balance outstanding as on 31-3-2006			
Tata Sons Ltd.	293.23		213.45
Universal Comfort Products Private Ltd.	967.98		861.43
Universal Voltas LLC	—		181.95
Weathermaker Ltd.	260.85		—

19. Figures for the previous year have been regrouped/reclassified, wherever necessary.

Chairman

Ishaat Hussain

Managing Director

A. Soni

Directors

N. J. Jhaveri

S.D. Kulkarni

Ravi Kant

N.D. Khurody

Noel N. Tata

Executive Vice President (Finance)

M.M. Miyajiwala

General Manager - Taxation

V.P. Malhotra

& Company Secretary

Mumbai, 11th May, 2006

Details of Subsidiary Companies as at 31st March, 2006

Name of Subsidiary Company	Simto Investment Company Limited (Simto)	Auto Aircon (India) Limited (AAIL)	Simtools Limited (Simtools)	Metrovol FZE (Metrovol) #		VIL Overseas Enterprises B. V. (VOEBV) #		Voice Antilles N. V. (VANV) #		Weathermaker Limited (WML) #@	
	(Rupees in Lakhs)	(Rupees in Lakhs)	(Rupees in Lakhs)	(AED)	(Rupees in Lakhs)	(Euro)	(Rupees in Lakhs)	(USD)	(Rupees in Lakhs)	(AED)	(Rupees in Lakhs)
1. Capital	152.99	1130.00	29.51	2000000	243.80	618729	336.40	400000	178.80	1500000	184.65
2. Reserves and Surplus	421.45	—	—	3438882	419.20	184614	100.37	42095	18.82	3513766	432.54
3. Total Assets (Fixed Assets+Current Assets)	2.87	76.79	32.75	10478727	1277.36	219273	119.21	115055	51.43	12799473	1575.61
4. Total Liabilities (Debts+Current Liabilities)	1.41	117.52	37.45	5039845	614.36	17313	9.41	62960	28.14	7785707	958.42
5. Investments * excluding investment in subsidiary	572.98	—	—	—	—	186722*	101.52	390000	174.33	—	—
6. Turnover/Total Income	74.85	7.86	8.14	2995982	365.21	161976	88.07	70948	31.71	4350243	535.51
7. Profit/(Loss) before Tax	73.49	(22.47)	(17.24)	1245258	151.79	148780	80.89	64370	28.77	1686699	207.63
8. Provision for Tax	0.53	—	(7.00)	—	—	—	—	460	0.20	—	—
9. Profit/(Loss) after Tax	72.96	(22.47)	(10.24)	1245258	151.79	148780	80.89	63910	28.57	1686699	207.63
10. Dividend	—	—	—	**700000	**85.33	154682	84.10	60000	26.82	**1320000	**162.49

The foreign currency figures of Metrovol, VOEBV, VANV and WML have been converted into Indian Rupees on the basis of appropriate exchange rates.

Exchange rate as on 31-3-2006: 1 AED = Rs.12.19; 1 Euro = Rs.54.37; 1 USD = Rs.44.70

@ Financials of WML are for the year ended 31st December, 2005 (1 AED = Rs.12.31).

** Interim dividend paid.



A **TATA** Enterprise

THE MALL OF EMIRATES, DUBAI

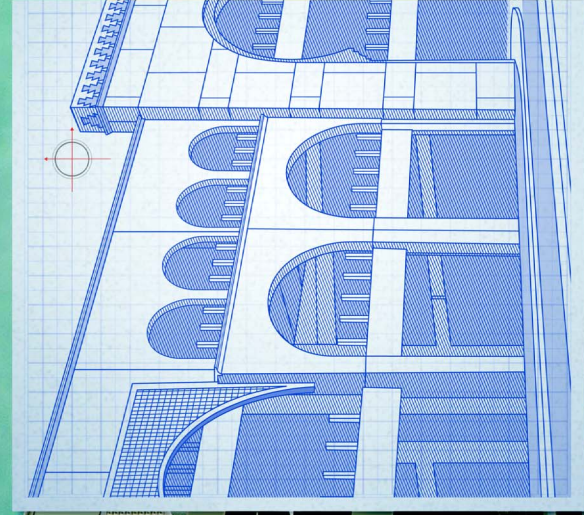
2.4 million sq. ft. area

Largest outside North America

400 discerning clients

A tight deadline

Even then, the cooling
requirement of every single client
was easily addressed.




VOLTAS
THE GLOBAL COOLING EXPERT

VOLTAS LIMITED

Registered Office Voltas House 'A' Dr. Babasaheb Ambedkar Road Chinchpokli Mumbai 400 033
Tel 91 22 6665 6666 Fax 91 22 6665 6231
A **TATA** Enterprise

Accepting the challenges of going global, we at Voltas trusted our means and men. We went about doing our business as usual and repeated our success story wherever we went. The Emirates Palace Hotel in Abu Dhabi, The Mall of Emirates in Dubai and Cyber City Magarpatta in Pune, to name a few. The world has been reminded of Voltas' expertise time and again, giving it the epithet **'The Global Cooling Expert'**.

A **TATA** Enterprise



EMIRATES PALACE HOTEL, ABU DHABI

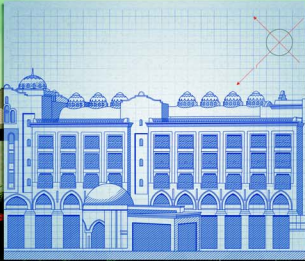
40,000 sq. mts. area

Largest value project

302 rooms, 92 suites

A tough deadline

In spite of such odds, the air conditioning works were completed in record time.



A **TATA** Enterprise



CYBERCITY MAGARPATTA, PUNE

India's most advanced IT hub

12 multi-storey towers

4 million sq. ft. cooling area

Using energy efficient systems

Another example, where the technological expertise of Voltas was put to the test.

